

RECORDED AT THE REQUEST OF:
AND AFTER RECORDING RETURN TO:

FOSTER PEPPER PLLC
Attention: Tayloe J. Washburn
1111 Third Avenue, Suite 3400
Seattle, WA 98101-3299



WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein): Development Agreement
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: N/A <input type="checkbox"/> Additional reference #s on page _____ of document(s)
GRANTOR(S) (Last name first, then first name and initials) WR-SRI 120th LLC, a Delaware Limited Liability company <input type="checkbox"/> Additional names on page _____ of document
GRANTEE(S) (Last name first, then first name and initials) City of Bellevue, a municipal corporation <input type="checkbox"/> Additional names on page _____ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range) Lot 3, City of Bellevue Short Plat No. LF06-135856 <input type="checkbox"/> Additional legal is on Exhibit A of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER 1099100102 <input type="checkbox"/> Assessor Tax # not yet assigned

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement” or “Development Agreement”) is entered into as of the effective date, by and between the **CITY OF BELLEVUE**, a Washington municipal corporation (“City”) and **WR-SRI 120th LLC**, a Delaware limited liability company.

RECITALS

- A. Intent. This Development Agreement is for the purposes of setting forth the applicable development standards and other provisions related to the development described herein, and is adopted pursuant to the authority provided in RCW 36.70B.170 *et seq.*
- B. The City Council, in Ordinance 5858, adopted the Bel-Red Subarea Plan establishing a vision for conversion of the historic pattern of light-industrial land use to office, retail and residential development at densities supportive of high capacity transit. The Bel-Red Subarea Plan is implemented through a package of Land Use Code regulations, adopted in Ordinances 5874 and 5876, and an area-wide rezone of the Subarea, adopted in Ordinance 5875.
- C. WR-SRI 120th LLC (“Owner”), owns a 36.01 acre parcel, King County Parcel No.1099100102 (the “Property”) located in a Bel-Red Sub-Area office/residential development node zoned BR-OR-1 and BR-OR-2, as legally described on Exhibit A attached hereto and incorporated herein. This site is within one of the areas identified for concentrated development in a Bel-Red Subarea “node.” The Owner proposes to develop what it has named “The Spring District” (“TSD”) as a Catalyst Project under LUC 20.25D.035 of the City’s Bel-Red Subarea provisions aimed at promoting urban revitalization through timely initial redevelopment. To be considered a Catalyst Project, TSD must be submitted as a phased master development plan (“MDP”) for approval and permitting purposes by the later of 18 months after the Federal Transit Authority issues a Record of Decision on the Sound Transit East Link Project or December 31, 2011. A mixed-use urban community, The Spring District will include office, residential, and retail components. The Owner proposes to include in The Spring District other major public amenities, such as open spaces, and pedestrian plazas.
- D. The Spring District proposal has the potential to embody many of the principles and vision for the corridor articulated by the Bel-Red Steering Committee in its September 2007 Bel-Red Corridor Project Final Report and the City Council in adopting the Bel-Red Subarea Plan and implementing Bel-Red development regulations. The City Comprehensive Plan puts an emphasis on dense nodal development in order to promote energy efficiency and reduce reliance on cars.
- E. While the Owner believes that a market will come to exist in the next several years for both commercial and multifamily development at the Bel-Red project site, the transitional nature of the Bel-Red Corridor, coupled with the scope and duration of TSD, introduces significant additional risk and uncertainty. The Owner must make a large up-front capital investment in

project design and planning in order to prepare an MDP under LUC Part 20.30V and subsequent development applications. Over its full term, the Owner projects the development will cost well in excess of \$1 Billion. Accordingly, and in order to proceed, the Owner needs to have a high level of certainty regarding regulatory approvals and project costs over an extended period of time, particularly given the lengthy approval and development process for Sound Transit's East Link Project.

- F. The City has issued the Bel-Red Corridor EIS and Addenda (collectively referred to as "EIS"). The EIS analyzes at a programmatic level the impacts of substantial new office, residential, and retail development throughout the Bel-Red corridor. The EIS also assesses the impacts of significant office development in two development nodes within the corridor, including the area in and around the Property.
- G. The City and the Owner acknowledge the importance of developing TSD as a mixed-use neighborhood with significant residential development. To that end, the City and the Owner recognize that the involvement of a residential developer may help in creating a successful project under this Development Agreement.
- H. Development of TSD will meet key objectives of the City embodied in the Comprehensive Plan, the Bel-Red Subarea Plan, the Land Use Code, and other existing city regulations. Specifically, the development of TSD will provide many benefits to the City and the public including, but not limited to, 1) encouraging further redevelopment of the Bel-Red Subarea by providing a central neighborhood and absorbing the substantial risk of being a Catalyst developer in the Sub-Area; 2) enhancing public improvements and infrastructure in an underutilized and underdeveloped area of the city; 3) strengthening the city's economic base with a variety of long-term jobs and near- and long-term construction jobs; and 4) generating substantial City revenues in the form of fees, increased property tax base, and sales tax generation. The City Council therefore finds significant public benefit results from execution of this Development Agreement including, among other things: 1) providing certainty to encourage the required substantial private investment in the planning and development of TSD in years earlier than may otherwise occur; 2) securing orderly development and progressive fiscal benefits for public services, improvements, and facilities planning in the city; 3) ensuring development of certain public amenities in early phases of TSD; 4) providing greater certainty surrounding the timing and amount of residential development in TSD, recognizing that the viability of significant residential development relies on high capacity transit service through the area; and 5) fulfilling and implementing adopted City plans, goals, policies and objectives, including, among others, those embodied in the City's Bel-Red Subarea Plan.
- I. The Development Agreement component of the Legislature's 1995 Regulatory Reform legislation provides a flexible tool with which the City can enter into agreements with property owners for a variety of purposes, broadly authorized in the statute. The legislative finding to this state law, RCW 36.70B. 170-200, emphasizes the challenges posed by lack of predictability in the permitting of development projects: "*The legislature finds that the lack of certainty in the approval of development projects can result in a waste of public and private resources, escalate housing costs for consumers and discourage the commitment to*

comprehensive planning which would make maximum use of resources at the least economic cost to the public....".

- J. A Development Agreement can commit the City for the duration of the Development Agreement to vesting review procedures and standards for implementing decisions, phasing, mitigation measures, development conditions, permitted uses, residential and commercial intensities and "any other appropriate development requirement or procedure."

NOW, THEREFORE, in consideration of the mutual agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the City and WR-SRI 120th LLC hereby agree as follows:

AGREEMENT

A. Spring District Development Components.

1. **Must Meet Catalyst Project Criteria.** In order to be eligible for the modifications to the Land Use Code and other regulations described in this Agreement, Owner must submit an MDP within the time frame required for "catalyst projects" as set forth in the Land Use Code, and such MDP shall demonstrate that the development proposed meets the definition of catalyst project set forth in LUC Section 20.25D.035.

2. **Minimum Contents of MDP.** Owner agrees to include in its application for an MDP development across the Property with a minimum average FAR of 2.5, which shall include the Residentially-restricted Property (as defined in Section H.) In addition, the first phase of any MDP approved under this Agreement shall include development of a public mini-park a minimum of one acre in size (designated as project M3 in the Bel-Red Parks and Open Space Project List in the Comprehensive Plan) and an activated park or recreation space of at least 30,000 contiguous square feet.

B. Development Standards and Vesting Period.

1. **Master Development Plan Application.** As of the Effective Date of this Agreement, until issuance of the MDP approval consistent with the minimum requirements of Section A above, the provisions of this Agreement, and the Governing Regulations specified in Section C below, shall apply to and govern and vest the review and approval, including associated State Environmental Policy Act (SEPA) review, of the MDP application.

2. **Subsequent Land Use Review.** If the MDP application is approved, then such approval shall be vested for a period of fifteen (15) years from the date of the final decision (as defined in Section 20.35.045 of the LUC) on the MDP (the "Vesting Period"). During the Vesting Period and subject to Section T, the City shall not impose any modification of or new or additional Governing Regulations on the MDP or any Land Use Code approvals required for TSD consistent with this Agreement and the MDP. To the extent that neither this Agreement nor the Governing Regulations specified below address a certain subject, element or condition of the Project, then the Project shall be governed by the City's then-existing code.

3. **Approvals Eligible for Extended Vesting.** The Vesting Period shall only apply to Catalyst Projects on the Property, as defined in LUC 20.25D.035, and associated applications, decisions, and permits. Associated applications, decisions, and permits include those submitted with or during a Catalyst Project MDP application and those related applications submitted subsequent to Catalyst Project MDP approval. All other projects, development, and uses on the Property shall be governed without the benefit of this Development Agreement except as indicated in Section E, below.

C. Governing Regulations.

1. **Designation of Governing Regulations.** Except as specified otherwise herein, the existing city development regulations that govern development of the Property and shall be considered vested pursuant to the provisions of this Agreement, include and are limited to the following as they exist on the Effective Date of this Agreement (collectively, the "Governing Regulations"):

- Title 20 – Land Use Code (except process-related provisions, including Part 20.30 and Part 20.35)
- Title 21 – Comprehensive Plan to the extent applied to TSD through the provisions of the LUC

The Parties agree that SEPA applies to permits that will be issued during the Vesting Period. The City shall not exercise its substantive SEPA authority to impose conditions on Land Use Code approvals issued during the Vesting Period in a manner that is inconsistent with the Governing Regulations.

Subject to Section T, these Governing Regulations shall be applied to the Property and TSD during the Vesting Period, except as indicated below.

Except as otherwise specifically provided herein, Owners shall comply with all city ordinances, regulations, development standards and policies in effect at the time of application or issuance of an approval, as the case may be.

2. **Revised Governing Regulations After Sound Transit Operational.** On or after the date Sound Transit's East Link Project or other high-capacity transit operating within a dedicated transit-only right-of-way begins regularly scheduled passenger-carrying service to a transit station within the Property, any application for design review or other required Process II permit under the LUC on the Property shall be subject to the following code provisions (or substitute code sections specifically designated as such by city ordinance) as they exist on the date of issuance of the design review or other Process II decision: LUC 20.25D.030.C (Design Review), LUC 20.25D.110 (Landscape Development), LUC 20.25D.120 (Parking/Circulation), LUC 20.25D.130 (Bel-Red Development Standards), LUC 20.25D.140 (Bel-Red Street Development Standards), LUC 20.25D.150 (Design Guidelines) (collectively referred to as the "Revised Governing Regulations").

3. **Revisions to the Master Development Plan.** Owner acknowledges that it may be required to modify the MDP in order to remain consistent with the Revised Governing

Regulations. Review of such modification shall be based on the Governing Regulations and Revised Governing Regulations. Notwithstanding the provisions of Land Use Code Section 20.30V.160, any other modification, revision or amendment proposed to the MDP during the Vesting Period shall be reviewed against the Governing Regulations and Revised Governing Regulations, so long as the proposed modification, revision or amendment is consistent with the general scope, purpose and intent of this Agreement and the original MDP.

Approval of any modification or revision to the MDP shall not extend the expiration date of the Vesting Period.

D. No Approval of Project-related Actions

The Owner has not made any development proposal relating to The Spring District, and plans to do so consistent with the Catalyst Project provisions of Chapter 20.25D and other applicable provisions of the Bellevue Land Use Code. The execution of this Development Agreement does not, in and of itself, permit any development at this time.

Nothing in this Agreement shall be interpreted to limit the exercise by City of its regulatory powers with respect to any development proposal on the Property, including The Spring District MDP or other regulatory matters in accordance with applicable law. Nor shall this Agreement be interpreted as: a) a determination as to the consistency of The Spring District MDP with applicable plans, codes and ordinances, b) an agreement or commitment to approve any or all development on the Property, nor c) any commitment whatsoever by City with respect to any future City discretionary decisions that may be required for development of the Property. A permit or approval issued by the City after the execution of this Development Agreement shall be consistent with this Development Agreement.

E. Proportional Compliance.

Any proportional compliance requirements in LUC 20.25D.060.G that would otherwise apply to the Property as a result of application of the Existing Development provisions of LUC 20.25D.060.G shall be deferred from the period of the Effective Date of this Agreement through a final decision on the MDP, so long as the MDP is applied for within the timeframe established for catalyst projects in LUC Section 20.25D.035.A. Any deferred proportional compliance obligation shall be waived if the MDP is approved by the City. If Owner fails to apply for the MDP within the required timeframe under this Agreement, or if the MDP is denied, then the proportional compliance obligations deferred under this Section D shall become immediately due and Owner shall apply for any necessary permits or approvals to perform such proportional compliance with 60 days of expiration of the timeframe or issuance of the denial.

Notwithstanding any provision in the associated permits to the contrary, work to complete the proportional compliance obligation shall be completed within 180 days of issuance of the required permits or approvals, unless extended by the City to accommodate any conditions or restrictions on timing of the work.

F. FAR Amenity Bonus System.

1. **Adjustment of Tier 1 Fee-in-lieu Rate.** For a Catalyst Project on the Property, the Owner may choose to comply with the LUC 20.25D.090 requirements for Tier 1 amenities

by paying a fee-in-lieu at a rate of \$3.75 for each square foot of floor area for the first 750,000 square feet of development under the MDP, and by paying a fee-in-lieu rate of \$4.00 for each square foot of floor area above 750,000 square feet. In the alternative, this Development Agreement provision shall not bar the Owner, at its choice, from utilizing the LUC 20.25D.090 standards as of the Effective Date to provide required amenities.

2. **Amenity Rate for Certain Required Open Space.** Owner may receive credit towards required amenities for the mini-park and activated park or recreation space required to be included in Phase 1 of the MDP under Section A above as provided in this Section F.

a) **Mini-Park:** Owner shall receive credit towards required amenities for dedication of the M-3 mini-park at the bonus rate set forth in 20.25D.090.C.7 Tier 1b.2 (Park Dedication) and/or Tier 1b.3 (Park Improvements).

b) **Other Activated Park or Recreation Space:** Owner may receive credit towards required amenities for the activated green space as follows:

- at the Tier 2 bonus rate so long as it is developed according to the design criteria set forth in 20.25D.090.C.7 Tier 2.12 (Active Recreation Area); or
- at the Tier 1b bonus rate set forth in 20.25D.090.C.7 Tier 1b.2 (Park Dedication) if the entire area is dedicated to the City, and it meets the design criteria 2 through 4 in that section; and/or
- at the Tier 1b bonus rate set forth in 20.25D.090.C.7 Tier 1b.3 (Park Improvements) if improvements are made according to the design criteria 1 through 5 set forth in such section.

Unless the activated park or recreation space meets one of the provisions above, it shall not receive credit towards required amenities.

3. **Eligibility for Other City Credits, Bonuses or Offsets.** Notwithstanding any provision of city code to the contrary, any public infrastructure required as a condition of approving the MDP that meets the criteria of LUC 20.25D.035.A.3.a through c shall not be eligible for and shall not earn any of the credits, bonuses, or offsets described in LUC 20.25D.035.A.3.d through f.

G. Concurrency.

The Bellevue Traffic Standards Code, Chapter 14.10 BCC, allows a development agreement to adjust the timing of traffic concurrency analysis and the expiration date of concurrency approval. The City and the Owner agree to the amended analysis time and concurrency expiration date specified below.

1. **Timing of Concurrency Analysis and Determination.** For purposes of approving the MDP, the concurrency analysis pursuant to Chapter 14.10 BCC (the Traffic Standards Code or TSC) shall not be required at the time of the master development plan application. Owner acknowledges that approval of the MDP is not a guarantee, assurance,

acknowledgement or statement of any kind about whether all or any part of the development included in the MDP would satisfy the requirements of Chapter 14.10 BCC, with or without mitigation. Owner acknowledges that approval of the MDP does not limit the City's ability to require compliance with Chapter 14.10 BCC, as modified in this Agreement, which compliance may include denial or conditioning of phases of the MDP. For purposes of compliance with the TSC, the required concurrency analysis and determination shall be conducted on each phase of the MDP, which analysis and determination shall be made at the time of application for the first design review or other required Process II approval for development within such phase.

2. **Vesting of Concurrency Approval.** The concurrency approval issued for each phase shall expire five years from the date of issuance of the Land Use Code approval with which it was issued, provided that such five year period shall be extended consistent with the provisions of BCC 14.10.040.F.1; and further provided that in no event may development consisting of more than 1,000,000 square feet of commercial development be vested at any given time. For purposes of this Paragraph, hotels shall not be considered commercial development.

H. Catalyst Project Residential Requirements and Delay Penalty.

1. **Designation of Residentially-restricted Property.** The master development plan must designate at least 5.8 acres within the MDP for residential use and associated required ground floor commercial or retail uses, exempt ground floor retail and exempt childcare or nonprofit space (as described in LUC Section 20.25D.090). Such area shall be designated as the "Residentially-restricted Property." The MDP shall further establish a requirement that a minimum of 784,000 square feet of residential development, exclusive of the associated uses described above, be developed within the Residentially-restricted Property. A covenant restricting use shall be recorded against the property and run with the land.

2. **Required Timing of Development.** The Residentially-restricted Property shall be developed with residential uses in an amount proportional to the amount of project limit area developed with commercial uses on the Property by no later than the date that Sound Transit's East Link Project or other high-capacity transit operating within a dedicated transit-only right-of-way begins regularly scheduled passenger-carrying service to a transit station within the Property. For purposes of determining compliance with this Section H, "developed with" residential or commercial use means that such development shall be constructed or underway with an issued building permit.

3. **Sale of Residentially-restricted Property.** It is acknowledged that Owner intends to sell the Residentially-restricted Property to a third party. In order to avoid the penalty described in Paragraph 4 below, any sale of Residentially-restricted Property must be to an unrelated third party, and must be closed at least three years prior to Sound Transit's East Link Project or other high-capacity transit operating within a dedicated transit-only right-of-way beginning regularly scheduled passenger-carrying service to a transit station within the Property. Owner acknowledges that additional approvals, including subdivision or binding site plan approvals, may be required in order to create a parcel or parcels of residentially-restricted property for sale to third parties.

4. **Penalty for Failure to Develop Residentially-restricted Property.** A penalty for delay in developing the Residentially-restricted Property by the time set forth in Paragraph 2 above shall be imposed at the time of any application for any approval of further commercial development on the Property if both of the following conditions are satisfied on or after the date that Sound Transit's East Link Project or other high-capacity transit operating within a dedicated transit-only right-of-way begins regularly scheduled passenger-carrying service to a transit station within the Property:

a) WR-SRI 120th LLC is the fee owner of any portion of the Residentially-restricted Property. For purposes of this Development Agreement, WR-SRI 120th LLC will be considered the fee owner of the Property if the fee owner of the Property is an entity related to Shorenstein Properties LLC or Wright Runstad & Company or subsidiaries or affiliates; or if WR-SRI 120th LLC is not the fee owner, the sale of the Residentially-restricted Property was not closed at least three years prior to Sound Transit's East Link Project or other high-capacity transit operating within a dedicated transit-only right-of-way beginning regularly scheduled passenger-carrying service to a transit station within the Property.

b) That portion of the Residentially-restricted Property that is proportional to the amount of project limit area developed with commercial uses is not developed with a residential use.

Penalty to be applied if both of the two above conditions are met: The next application for design review on the Property must include a proposal to develop that portion of Residentially-restricted Property necessary to be proportional to the total of: a) the amount of commercial development developed on the Property; and b) the amount of commercial development proposed in any active building permit on the Property.

I. Term, Amendment, and Termination

This Development Agreement shall go into effect on the date it is executed by the Owner and the City ("Effective Date"). This Development Agreement shall be effective until the later of 18 months after the Federal Transit Authority issues a Record of Decision on the Sound Transit East Link Project or December 31, 2011; provided that the term shall automatically be extended for an additional two years (or such different period agreed to by the parties as a negotiated permit review timeline) so long as an MDP consistent with this Agreement is filed prior to expiration and is diligently pursued by Owner; and further provided that the term of the Development Agreement shall be automatically extended for the effective life of any MDP approved consistent with this Agreement. Upon expiration of such period, as may be extended above, this Development Agreement shall automatically terminate.

Other than as set forth in Section T, no amendment to this Development Agreement shall be effective unless approved by both parties in writing.

J. Binding Effect; Assignability.

This Development Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors, heirs, legatees, representatives, receivers, trustees, successors, transferees

and assigns. Prior to submittal of an MDP consistent with this Agreement, Owner may not assign its interest or obligations under this Agreement without the City's prior written consent, which shall not be unreasonably withheld. If an MDP consistent with this Development Agreement is submitted, Owner may assign its interest and obligations under this Agreement without the City's consent. Notwithstanding the foregoing, Owner may assign its interest and obligations hereunder to an affiliate or related entity owned, controlled by or under common control with Owner without necessity of City's consent but only following delivery of written notice of such assignment, together with such documents as are reasonably necessary to confirm the relationship between Owner and such affiliated entity.

K. Representations and Warranties.

Each signatory to this Development Agreement represents and warrants that he or she has full power and authority to execute and deliver this Development Agreement on behalf of the Party for which he or she is signing, and that he or she will defend and hold harmless the other Parties and signatories from any claim that he or she was not fully authorized to execute this Development Agreement on behalf of the person or entity for whom he or she signed. Upon proper execution and delivery, this Development Agreement will have been duly entered into by the Parties, will constitute as against each Party a valid, legal and binding obligation that shall run with the land, and will be enforceable against each Party in accordance with the terms herein.

L. Specific Performance and Enforcement.

The Parties specifically agree that damages are not an adequate remedy for breach of this Development Agreement and that the Parties are entitled to compel specific performance of all material terms of this Development Agreement by any Party in default hereof. All terms and provisions of this Development Agreement are material. Nothing in this Agreement modifies the City's ability to pursue its otherwise applicable enforcement provisions for violations of any permits issued for TSD.

M. Governing Law and Venue.

This Development Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Jurisdiction over and venue for any action arising out of or relating to this Development Agreement shall be exclusively in the state and federal courts of King County, Washington. In the event of any apparent conflicts between the provisions of the city code or ordinances and this Development Agreement, this Development Agreement shall prevail.

N. Full Understanding.

The Parties each acknowledge, represent and agree that they have read this Development 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 Development Agreement after sufficient review and understanding of its contents.

O. Counterparts; Facsimile Signatures.

This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. Facsimile signatures on this Agreement shall constitute original signatures of the Parties.

P. Attorneys' Fees.

Should it be necessary for any Party to this Development Agreement to initiate legal proceedings to adjudicate any issues arising hereunder, the Party or Parties to such legal proceedings who substantially prevail shall be entitled to reimbursement of their attorneys' fees, costs, expenses, and disbursements (including the fees and expenses of expert and fact witnesses) reasonably incurred or made by the substantially prevailing Parties in preparing to participate in mediation or arbitration, to bring suit, during suit, on appeal, on petition for review, and in enforcing any judgment or award, from the other Party or Parties.

Q. Waiver.

The waiver by a party of a breach of any provision of this Development Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by that party. No waiver shall be valid unless in writing and signed by the party against whom enforcement of the waiver is sought.

R. Severability.

This Development Agreement is expressly made and entered into under the authority of RCW 36.70B.170 *et seq.* This Development Agreement does not violate any federal or state statute, rule, regulation or common law known; but any provision which is found to be invalid or in violation of any statute, rule, regulation or common law shall be considered null and void, with the remaining provisions remaining in full force and effect.

S. Equal Opportunity to Participate in Drafting.

The Parties have participated and had an equal opportunity to participate in the drafting of this Development Agreement. No ambiguity shall be construed against any Party based upon a claim that the Party drafted the ambiguous language.

T. Reservation of City Authority.

As required by RCW 36.70B.170(4) and notwithstanding any other term of this Development Agreement, the City reserves the right to establish and impose new or different additional regulations to the extent required to address a serious threat to public health and safety.

U. Notice.

All correspondence and any notice required in this Development Agreement shall be delivered to the following parties:

City of Bellevue

Attention: Ms. Carol Helland
Land Use Director
450 110th Avenue NE
PO Box 90012
Bellevue, WA 98009
Email: chelland@bellevuewa.gov

with a copy to:

Lori Riordan, City Attorney
450 110th Avenue NE
PO Box 90012
Bellevue, WA 98009
Email: LRiordan@bellevuewa.gov

WR-SRI 120th LLC

c/o Shorenstein Realty Services
Attention: Mr. Todd Sklar
235 Montgomery Street, 16th Floor
San Francisco, CA 94104
Email: tsklar@shorenstein.com

c/o Wright Runstad & Company
Attention: Mr. Greg Johnson
1201 Third Avenue
Suite 2700
Seattle, WA 98101
Email: gjohnson@wrightrunstad.com

with a copy to:

Mr. Tayloe Washburn
Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, WA 98101
Email: washt@foster.com

V. Final and Complete Agreement.

This Development Agreement constitutes the final and complete expression of the Parties on the development standards governing the Owner's development of the Property. This Development Agreement may not be modified, interpreted, amended, waived or revoked orally, but only by a writing signed by all Parties. This Development Agreement supersedes and replaces all prior agreements, discussions and representations on all subjects discussed herein, without limitation. No Party is entering into this Development Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Development Agreement.

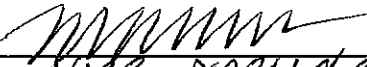
W. Recording Required.

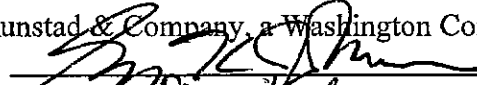
This Agreement shall be recorded with King County at Owner's expense.

X. Execution and Effective Date.

The Effective Date of this Agreement is the date on which it is fully executed by the City and Owner representatives. The following representatives of the Parties are authorized to, and do hereby, execute on behalf of the party so indicated.

OWNER:
WR-SRI 120TH LLC, a Delaware limited liability company
By: **SRI EIGHT 120TH LLC**,
A Delaware limited liability company,
Its Managing Member

By: 
Its: vice president
Date: 9 July 04

By: **WRC BEL-RED LLC**,
A Washington limited liability company
By: **Wright Runstad Associates Limited Partnership**, a Washington limited partnership,
its Manager
By: **Wright Runstad & Company**, a Washington Corporation, its general partner
By: 
Its: President

CITY OF BELLEVUE:

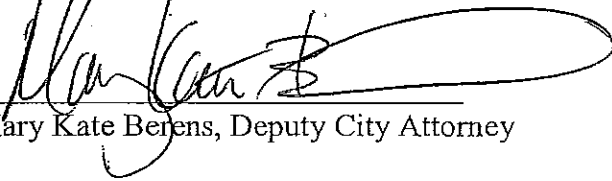


Steven R. Sarkozy, City Manager

Date: 7/10/2009

APPROVED AS TO FORM:

Lori M. Riordan, City Attorney



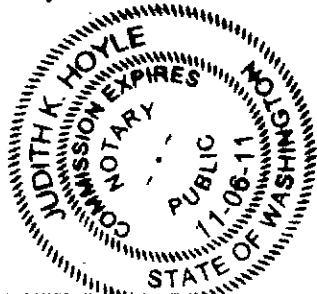
Mary Kate Berens, Deputy City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Todd Sklar is the person who appeared before me and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Vice President of SRI EIGHT 120th LLC, Managing Member of WR-SRI 120th LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: July 9, 2009.

Notary Seal



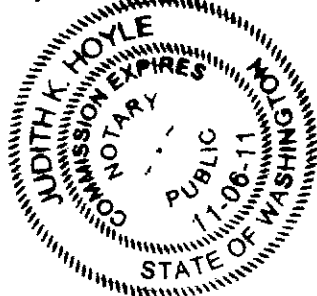
Judith K Hoyle
JUDITH K HOYLE (Print Name)
Notary Public Residing at Chimacum WA
My appointment expires: 11-6-11

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Gregory K Johnson is the person who appeared before me and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the President of Wright Runstad & Company, general partner of Wright Runstad Associates Limited Partnership, Manager of WRC BEL-RED LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: July 9, 2009.

Notary Seal



Judith K Hoyle
JUDITH K HOYLE (Print Name)
Notary Public Residing at Chimacum WA
My appointment expires: 11-6-11

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Steven R. Sarkozy is the person who appeared before me and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the City Manager of the CITY OF BELLEVUE to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: July 10, 2009

Notary Seal



Janna Dee Steedman
JANNA DEE STEEDMAN (Print Name)
Notary Public
Residing at Sumner WA
My appointment expires: 12/20/12

Exhibit A
Legal Description of Property

Lot 3 of City of Bellevue Short Plat No. LF-06-135856, Recorded under King County Recording No. 20070319900012