



# City of Bellevue

450 110th Avenue NE  
Bellevue, WA 98004

## Meeting Agenda City Council Regular Meeting

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Tuesday, May 5, 2026

6:00 PM

Council Chambers (1E-126)

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City Council meetings are conducted in a hybrid manner with both in-person and virtual attendance options. To speak at the meeting, you can attend in-person or remotely participate via one of these options:

- [www.zoom.us](https://www.zoom.us) and enter Webinar ID: 871 6827 7098 Password: 534267
- 253-215-8782 and enter Webinar ID: 871 6827 7098

The meeting may also be viewed on BTV Channel 21, or for the best viewing experience watch livestream on Bellevue Television YouTube:

[www.youtube.com/bellevuetelevision](https://www.youtube.com/bellevuetelevision)

### 1. Call to Order

### 2. Roll Call, Flag Salute

- [26-307](#) Jewish American Heritage Month Proclamation
- [26-308](#) Affordable Housing Week Proclamation
- [26-309](#) Bike Everywhere Month Proclamation
- [26-310](#) Building Safety Month Proclamation

### 3. Approval of Agenda

#### 4. Oral Communications

*The total time for oral communications is 30-minutes and topics must relate to City of Bellevue government. Persons speaking to items on the agenda will be called first and, if time remains, persons not speaking on an agenda item will be called. The Presiding Officer is authorized, in each category, to give preference to (1) persons who have not spoken to Council within 60 days prior to the meeting or (2) to persons speaking to items anticipated to come on the agenda within 60 days. Speakers will be allowed up to three minutes to speak, and a maximum of three persons are permitted to speak to each side of any one topic. Please note that testimony provided during oral communications will be recorded.*

*Speakers may register beginning at 12:00 p.m. on the day of the Council meeting using the online link below. In-person assistance to register is available at 5:00 p.m. outside the City Council meeting room on the first floor.*

<https://bellevuewa.gov/council-oral-comms>

#### 5. Reports of Boards and Commissions

#### 6. Report of the City Manager

#### 7. Council Business and New Initiatives

- a) [26-311](#) Council Liaison Recommendation for Appointment to the Human Services Commission

#### 8. Consent Calendar

- a) [26-312](#) Council Minutes  
*Minutes of April 21, 2026 Special Meeting*
- b) [26-313](#) Motion to award Bid No. 26035 for the Cedar Terrace Pump Station Rehabilitation Project to Northwest Cascade, Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$1,996,996, plus all applicable taxes (CIP Plan S-16).
- c) [ORD 6914](#) Ordinance to 1) authorize execution of an agreement with Washington State University to accept \$500,000 in grant funding from the Community Energy Efficiency Program for Energy Smart Eastside to implement heat pump incentives for income-qualified households; and 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$500,000; 3) authorize expenditures of said grant funds.
- d) [ORD 6915](#) Ordinance (1) authorizing execution of a funding agreement with KidsQuest Children's Museum to provide up to \$10,000,000 in funds over the next two biennia to be used by KidsQuest to open a new facility in Bellevue, and (2) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$4,500,000 from the Long-Range Planning Reserve to fund the initial installment.

- e) [RES 10627](#) Resolution authorizing execution of all documents necessary to release an existing wall maintenance easement located at 1425 120th Ave NE.
- f) [RES 10628](#) Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$500,000 to an amount not to exceed \$9,978,810, plus all applicable taxes.

## 9. Public Hearings

*There is no set time limit for public hearings and each speaker will be allowed up to 3-minutes to speak. Speakers may register beginning at 12:00 p.m. on the day of the Council meeting using the online link below. In-person assistance to register is available at 5:00 p.m. outside the City Council meeting room on the first floor. Please note that testimony provided during a public hearing will be recorded. You may sign-up in-person or online using this link:*

<https://bellevuewa.gov/council-public-hearing>

- a) [RES 10629](#) Public Hearing and action on Resolution authorizing the execution of documents necessary to release portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement located at 1425 120th Ave NE which have been determined to no longer be required for continued public service.
- b) [RES 10630](#) Public Hearing and action on Resolution authorizing the execution of documents necessary to release an existing water easement located at 12835 NE Bellevue Redmond Road, which has been declared surplus to the City's needs and is no longer required for providing continued water service; the granting and recording of such release being deemed in the best interest of the public.

## 10. Study Session Items

- a) [26-314](#) Bellevue Grand Connection-Tax Increment Finance update
- b) [26-315](#) Council initiation of the Downtown Livability 2.0 Land Use Code Amendment to update Part 20.25A of the Land Use Code to further implementation of Downtown Livability
- c) [26-316](#) 2026-2027 Federal Agenda

## 11. Land Use Reports

## 12. Other Ordinances, Resolutions and Motions

## 13. Written Reports

**14. Unfinished Business**

**15. New Business**

**16. Executive Session**

**17. Adjournment**

**For alternate formats, interpreters, or reasonable modification requests please phone at least 48 hours in advance 425-452-7810 (voice) or email [counciloffice@bellevuewa.gov](mailto:counciloffice@bellevuewa.gov). For complaints regarding modifications, contact the City of Bellevue ADA, Title VI, and Equal Opportunity Officer at [ADATitleVI@bellevuewa.gov](mailto:ADATitleVI@bellevuewa.gov).**

**Approval of Agenda:** The time at which the agenda is approved. Councilmembers or the City Manager may also suggest adding, withdrawing or moving the order of items on the agenda at this time. A simple majority of Councilmembers present may vote to approve as written or as amended.

**Oral Communications:** This agenda item provides an opportunity for members of the public to address the Council on any subject except quasi-judicial matters or matters scheduled for a public hearing before the Council. The total time for oral communications is 30 minutes, and speakers must limit their presentation to 3 minutes. A maximum of three persons are permitted to speak to each side of any one topic.

**Consent Calendar:** Those matters of business that require action by the Council which are considered to be of a routine and non-controversial nature are placed on the consent calendar. The individual items on the consent calendar are typically approved, adopted, or enacted by one motion of the Council.

**Public Hearings:** Hearings held to receive public comment on important matters before the Council, allowing the public an opportunity to provide input for Council consideration in the decision-making process.

**Study Session Items:** Council reviews and determines the approach to be used on significant policy issues, to receive progress reports on current issues, or to receive information from the City Manager, staff, or other regional officials.

**Land Use:** This is the point on the agenda when land use matters, including the City Hearing Examiners' decisions and recommendations on various land use applications, as well as appeals, are taken up for Council discussion and action. Often the items taken up under this agenda item are quasi-judicial in nature.

**Written Reports:** Council receives updates or progress reports on initiatives, plans, and programs in written format.

**Quasi-Judicial:** Matters where the Council acts in their judicial capacity rather than their legislative capacity.

**Quorum:** Minimum number of voting members who must be present for business to be conducted. A quorum of the Bellevue City Council is four (4) members, a simple majority.

**Ordinance:** Ordinances are legislative acts or local laws. They are the most permanent and binding form of Council action and may be changed or repealed only by a subsequent ordinance.

**Resolution:** Legislation that is adopted to express the policy of the Council or to direct certain types of administrative action.

**Motion:** A motion is typically used to indicate majority approval of a procedural action or to authorize disposition of routine items of business on the Council agenda. It may also be used to direct staff to take certain administrative actions.

**Executive Session:** Private sessions that may be held by the City Council only for the purposes specified in RCW 42.30.110. These include, but are not limited to, issues concerning the buying and selling of real property, certain personnel issues, and litigation. The purpose and length of Executive Sessions is publicly announced prior to recessing into Executive Session.



# City of Bellevue | Proclamation

**Whereas:** Jewish American Heritage Month is an opportunity to honor the rich history, culture and contributions of Jewish Americans to our nation, our state and our community; and

**Whereas:** for generations, Jewish Americans have contributed to the cultural, economic, scientific and civic life of the United States - including here in Bellevue - through leadership in education, business, the arts, public service and social justice; and

**Whereas:** Jewish Americans have demonstrated resilience in the face of discrimination, antisemitism and violence, and continue to advance the values of equality, religious freedom and human dignity; and

**Whereas:** the city of Bellevue stands in solidarity with the Jewish community in condemning antisemitism and all forms of hate, and remains committed to fostering a safe, inclusive and welcoming city for all; and

**Whereas:** Bellevue is strengthened by its diverse faith and cultural communities, including Jewish organizations, congregations and families who contribute to interfaith understanding, civic engagement and community life; and

**Whereas:** Jewish American Heritage Month provides an opportunity to celebrate these contributions and reaffirm our shared commitment to inclusion, respect and belonging.

**Now, therefore, I, Mo Malakoutian, Mayor of the City of Bellevue, Washington, on behalf of the City Council, do hereby proclaim **May 2026**, as**

## **Jewish American Heritage Month**

in Bellevue and encourage all residents to recognize and celebrate the history, culture and ongoing contributions of Jewish Americans to our community and nation.

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Mo Malakoutian, Mayor  
City of Bellevue



# City of Bellevue | Proclamation

**Whereas:** access to safe, healthy and affordable housing is a cornerstone of vibrant, equitable communities and essential to the well-being of residents; and

**Whereas:** the U.S. Department of Housing and Urban Development defines affordable housing as housing for which a household pays no more than 30 percent of its gross income on housing costs, including utilities; and

**Whereas:** the Washington State Department of Commerce projects that by 2044, King County will need nearly 200,000 net new housing units for households at or below 80 percent of the area median income, underscoring the continued urgency of expanding affordable housing options; and

**Whereas:** the city of Bellevue is actively advancing solutions through implementation of its Affordable Housing Strategy, with a goal of producing or preserving 5,700 affordable homes over the next decade, alongside continued investments and partnerships to support housing stability; and

**Whereas:** Bellevue is increasing housing supply through actions such as making city-owned land available for affordable housing development, supporting transit-oriented development, expanding housing opportunities through land use changes and investing in services that support residents experiencing housing instability; and

**Whereas:** Affordable Housing Week is a time for communities across King County to raise awareness, promote solutions and recognize the importance of ensuring access to affordable housing for all.

**Now, therefore, I, Mo Malakoutian, Mayor of Bellevue, Washington, on behalf of the City Council, do hereby proclaim **May 11–15, 2026** as**

## **Affordable Housing Week**

and encourage all residents to recognize the importance of affordable housing in building a strong, inclusive community and to support efforts that expand access to safe, healthy and affordable homes for all.

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Mo Malakoutian, Mayor  
City of Bellevue



# City of Bellevue | Proclamation

- Whereas:** across Washington state, thousands of people choose to travel by bicycle for transportation and recreation, contributing to improved public health, a cleaner environment and a more connected community; and
- Whereas:** the transportation sector remains a leading source of greenhouse gas emissions, making travel choices an important part of reducing environmental impacts and advancing climate goals; and
- Whereas:** building bicycle-friendly communities enhances safety, supports healthier lifestyles and improves neighborhood connectivity while reducing air pollution; and
- Whereas:** the city of Bellevue, through programs such as Choose Your Way Bellevue and in partnership with community organizations, actively supports Bike Everywhere Month each May; and
- Whereas:** Bellevue continues to invest in safe, accessible and connected bicycle infrastructure - including regional trail connections and multimodal corridors - to expand transportation options and support a more inclusive and sustainable transportation system; and
- Whereas:** Bike Everywhere Day on May 15, 2026, encourages residents to experience bicycling as a convenient, healthy and sustainable way to travel.

**Now, therefore, I, Mo Malakoutian, Mayor of the City of Bellevue, Washington, on behalf of the City Council, do hereby proclaim **May 2026**, as**

## **Bike Everywhere Month**

in Bellevue and encourage all residents to consider bicycling for both transportation and recreation, and to enjoy the many benefits it brings to our community year-round.

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Mo Malakoutian, Mayor  
City of Bellevue



# City of Bellevue | Proclamation

**Whereas:** the city of Bellevue recognizes that our growth, resilience and quality of life depend on modern building codes that ensure the safety of our homes, buildings and infrastructure, consistent with Development Services' mission to protect the quality, safety and integrity of the built and natural environment for an equitable, inclusive and livable city; and

**Whereas:** building codes and standards safeguard the public from hazards and emergencies and support safe, sustainable growth, a responsibility shared across Bellevue's Development Services line of business; and

**Whereas:** our confidence in the safety of the buildings that make up our community is made possible through the dedication of building safety and fire prevention officials, as well as architects, engineers, builders, tradespeople, design professionals and city staff who work every day to ensure safe construction; and

**Whereas:** Building Safety Month, sponsored by the International Code Council, highlights the critical role of these often-unseen protections and the professionals who support safe, sustainable and resilient buildings that contribute to Bellevue's long-term prosperity; and

**Whereas:** the 2026 Building Safety Month theme, "Built to Last," emphasizes the importance of durable construction, disaster preparedness and forward-looking practices that help ensure our community remains safe and resilient for generations to come; and

**Whereas:** this month provides an opportunity to recognize and thank the professionals who dedicate their work to protecting lives and strengthening the safety of our community.

**Now, therefore, I, Mo Malakoutian, Mayor of the City of Bellevue, Washington, on behalf of the City Council, do hereby proclaim **May 2026**, as**

## **Building Safety Month**

in Bellevue and encourage all residents, businesses and community partners to recognize the importance of building safety and support practices that help create a safer, more resilient Bellevue.

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Mo Malakoutian, Mayor  
City of Bellevue



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DATE: May 5, 2026

TO: Mayor Malakoutian and City Councilmembers

FROM: Karin Roberts, Deputy City Clerk  
*City Clerk's Office*

SUBJECT: Council Liaison Recommendation for Appointment to the Human Services Commission

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The following recommendation for appointment to the Human Services Commission is being submitted by Councilmember Robinson for your consideration and approval at tonight's Council meeting:

<b><u>Board/Commission</u></b>	<b><u>Liaison</u></b>	<b><u>Recommendation</u></b>
Human Services Commission	Robinson	<b>Position No. 2:</b> Carolyn Besana, serving a partial term expiring on May 31, 2027.

Council may approve the appointment by a motion.

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Special Meeting

April 21, 2026  
6:00 p.m.

Conference Room 1E-113  
Bellevue, Washington

PRESENT: Mayor Malakoutian, Deputy Mayor Hamilton and Councilmembers Bhargava, Briar<sup>1</sup>, Nieuwenhuis, Robinson and Sumadiwirya

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:00 p.m., with Mayor Malakoutian presiding.

City Clerk Charmaine Arredondo called the roll and all Councilmembers were present. Councilmember Robinson led the flag salute.

2. Approval of Agenda

→ Deputy Mayor Hamilton moved to approve the agenda, and Councilmember Nieuwenhuis seconded the motion.

→ The motion carried by a vote of 7-0.

3. Oral Communications

Responding to Mayor Malakoutian, Councilmembers agreed to suspend the usual limit of three speakers on either side of a topic for tonight's meeting.

City Clerk Arredondo said the total time for oral communications is for a period not to exceed 30 minutes and topics must relate to City of Bellevue government. Individuals speaking to items on the agenda will be called first and if time remains, others will be called. The presiding officer is authorized to give preference to individuals who have not spoken to the Council within the past 60 days or who are speaking to items that will come before the Council in the upcoming 60 days. Each speaker is allowed up to three minutes to speak. In compliance with Washington state campaign laws regarding the use of public facilities, no speaker may support or oppose a ballot measure or candidate.

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<sup>1</sup> Councilmember Briar participated remotely.

- (a) Kian Bradley, Eastside Urbanism, said the group is a member of the Streets Are For Everyone (SAFE) Bellevue coalition. He noted their support for the City's Vision Zero program and expressed concern regarding serious injuries and fatalities on Bellevue streets in 2025.
- (b) Vicky Clarke, Deputy Director, Cascade Bicycle Club, spoke in favor of multimodal streets that accommodate walking, biking, rolling, taking transit and driving. She said the SAFE Bellevue coalition urges the Council to fund projects and expand safety improvements citywide.
- (c) Christopher Randels, Director, Complete Streets Bellevue, encouraged the City to move quickly to provide complete streets projects in cost-effective ways. He expressed support for the creation of a transportation benefit district to fund the implementation of complete streets features and Vision Zero infrastructure.
- (d) Karen Armstead, a Vasa Park resident, noted residents' ongoing concerns about traffic and road safety and urged the Council to consider projects in their neighborhood. She said they have had good support from both the Transportation Department and the Bellevue Police Department over the past few months to address their concerns.
- (e) Bob Armstead said City staff have been professional, courteous and informative in working with the Vasa Park neighborhood regarding street safety. He noted the need for sidewalks and crosswalks and asked the Council to consider their neighborhood for transportation investments.
- (f) Tim Hay commented on the role of the automobile throughout U.S. history. He expressed concern about the elimination of parking requirements for certain housing projects and the narrowness of newer parking spaces.
- (g) Maria Hudson expressed concerns regarding the Bellevue Police Department and issues involving her daughter. She urged the Council to request that a third party conduct a review.
- (h) Juan Ramos expressed concern regarding traffic safety and fatalities.
- (i) Heidi Dean noted her interest in the transportation benefit district and encouraged the City to develop a project list if the district is funded.
- (j) Joe Kunzler said the Kirkland City Council is discussing new rules tonight based on the Bellevue City Council's handling of oral communications during meetings. He expressed concern, however, that the Kirkland City Council is not including the rule that the public may speak only about city government-related issues. He thanked Councilmember Nieuwenhuis for his comments expressing concern regarding increasing antisemitism.

#### 4. Consent Calendar

- Deputy Mayor Hamilton moved to approve the Consent Calendar, and Councilmember Nieuwenhuis seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 7-0, and the following item was approved:
  - (a) Motion to approve payment of claims and payroll for the period March 1, 2026 - March 31, 2026.
  - (b) Resolution No. 10618 authorizing the execution of a Memorandum of Agreement (MOA) between the City of Bellevue and King County providing the city up to \$1,700,000 for construction of the South Kirkland Park and Ride Intersections project (CIP Plan No. PW-R-46).
  - (c) Motion to award Bid No. 26003, South Kirkland Park and Ride Intersections project (CIP Plan No. PW-R-46) to Kamins Construction as the lowest responsible and responsive bidder, in an amount not to exceed \$994,956.26, plus all applicable taxes.
  - (d) Resolution No. 10619 authorizing execution of the Telecommunications Right-of-Way Use Agreement with SQF, LLC doing business as Verta.

#### 5. Study Session

- (a) Budget Process and Transportation Investment Workshop

City Manager Diane Carlson introduced discussion regarding the upcoming budget process.

John Resha, Chief Financial Officer/Director, Finance and Asset Management Department, highlighted the components of the workshop discussion and set the broader context for long-term financial planning.

Ray Fleshman, Manager, Budget and Financial Planning, said three public hearings will be held for comments regarding the budget: June 23, September 15 and October 27. The preliminary budget will be presented on September 15 and budget adoption is tentatively scheduled for November 17.

Mr. Resha said the City adopts two-year budgets with a more in-depth analysis of basic operations every 10 years. He noted that the Comprehensive Plan provides a vision and policies for how the City intends to grow over the next 20-40 years.

Emil King, Director, Community Development Department, recalled that the Comprehensive Plan had a major update in 2024. The City's planning policies are also shaped by the

Countywide Planning Policies, Puget Sound Regional Council's Vision 2050 plan and the state Growth Management Act. Mr. King said Bellevue's current population is nearly 158,000 people. The growth targets are to create 70,000 jobs and 35,000 housing units by 2044.

Thara Johnson, Assistant Director, Community Development Department, said numerous functional plans implement the policy guidance of the Comprehensive Plan. Functional plans address a wide range of topics including affordable housing, human services, parks and recreation, economic development, transportation improvements, municipal facilities and environmental stewardship and implement short-term and long-term actions.

Mr. Resha presented a timeline of the City's planning priorities and future levies as well as King County levies through 2036. The City's 2008 parks levy expires at the end of 2029 and the 2022 parks levy expires in 2032. The 2016 neighborhood transportation levy and the 2016 Fire facilities levy expire in 2036. Major planning efforts include the Grand Connection, Civic Campus, Fire Station 5, Fire Station 6 and the potential expansion of Meydenbauer Convention Center. The strategic target areas (STAs) for the budget are community safety and health, high-performance government, thriving people and communities, high quality built and natural environment, safe and efficient transportation, and a vibrant economy.

Councilmember Robinson noted some of her priorities: Safe Routes to Schools, West Lake Sammamish Parkway, transit connections and bike routes. She asked about the impact on taxpayers if the City decides to use its property tax banked capacity. She asked about the funding potential for a transportation benefit district (TBD) using vehicle fees of \$40 versus a \$20 vehicle fee and a 0.1 percent sales tax. She said she would like more information regarding a local improvement district for specific areas (e.g., Vasa Park neighborhood).

Mr. Resha said the City currently has approximately \$7 million in its property tax banked capacity, which would create an additional tax of \$84 annually for the typical Bellevue household. He said the Council may adopt a \$20 vehicle fee and any amount above that, up to \$100, requires a vote of the people. A \$20 vehicle fee would generate approximately \$2 million annually and a 0.1 percent sales tax would generate approximately \$11 million annually.

Councilmember Sumadiwirya said she wants to ensure that as Bellevue grows, the City can provide the infrastructure to sustain a multimodal transportation system, including robust public transit. She expressed concern that a \$20 vehicle fee would be a burden for some drivers.

Councilmember Briar thanked staff for all of their work. She commented on the importance of multimodal transportation and pedestrian infrastructure and suggested prioritizing the equal distribution of pedestrian amenities citywide.

Councilmember Nieuwenhuis expressed concern about decreasing local control and increasing mandates from state government. He said the inventory of homes for sale has increased and Washington has one of the highest unemployment rates in the country. He said state revenues are \$76 million below expectations.

Mr. Resha commented on Bellevue's role in the region and its relationships with the business community and residents. Mr. Nieuwenhuis spoke to the importance of ensuring that infrastructure keeps pace with growth. He questioned the reliability of vehicle fees as a revenue source, noting that there are 600,000 state residents who do not register their cars and pay for car tabs.

Councilmember Bhargava commented on growing uncertainty in the world, including the implications of AI technology. He expressed an interest in implementing a TBD. He suggested creating a framework for prioritizing transportation investments with safety as the top criteria. He noted the challenge of balancing investments in different transportation modes and measuring the impact of the investments. Mr. Bhargava said affordability is a primary concern and he cautioned against additional taxes and fees.

Responding to Mr. Bhargava, Mr. Resha commented on the City's budgeting and prioritization approach over the past several budget cycles. Mr. Resha said all transportation projects include a focus on safety features and design. Mr. Bhargava said it is important to consider changing technologies and human behavior in planning transportation investments.

Deputy Mayor Hamilton encouraged a transparent, strategic and community focused budget process. He said Bellevue has a good track record of maximizing its return on investments. He expressed an interest in considering new revenue sources for transportation projects.

Mr. Hamilton noted that 43 percent of Bellevue's taxes account for 43 percent of the City's revenues. Mr. Resha said two major components of the other 57 percent are utility fees and intergovernmental contracts (e.g., fire services to other communities).

Responding to Mayor Malakoutian, Mr. Resha commented regarding job and housing growth targets. City Manager Carlson commented on staff's efforts related to long-term planning based on previous discussions with the Council. In further response, Ms. Carlson said the public will provide input throughout the year and staff will develop options for consideration.

At 8:06 p.m., Mayor Malakoutian declared a break. The meeting resumed at 8:20 p.m.

Andrew Singelakis, Director, Transportation Department, described four levels of transportation planning: 1) Transportation Improvement Plan (TIP) with all project concepts, 2) Mobility Implementation Plan (MIP) prioritizing projects, 3) Transportation Facilities Plan (TFP), a 20-year financially constrained plan, and 4) Capital Improvement Plan (CIP) covering a six-year period. The program areas for transportation safety and mobility are vehicle mobility, pedestrian and bike mobility, neighborhood mobility, major projects and preservation/reconstruction.

Mr. Resha said the cost of the Grand Connection project is estimated at \$200 million to \$225 million. Kraemer was selected as the General Contractor/Construction Manager to advise on constructability and value capture through final design.

Mr. Resha highlighted the funding gap of \$10.5 million per year for the transportation CIP Plan and new maintenance and a gap of \$10.5 million for the Grand Connection crossing.

Mr. Fleshman listed general revenue tools including the property tax, Business and Occupation (B&O) tax, sales tax, utilities tax, impact fees, real estate excise tax (REET), user fees, levies, vehicle fees and others. He said TBD revenue tools include vehicle fees and a sales tax. Other transportation-specific options include tax increment financing (TIF), transportation impact fees, curb management and automated traffic safety cameras.

Mr. Resha described how implementing the TBD could provide funding for transportation mobility and safety investments and for the Grand Connection crossing project.

Councilmember Nieuwenhuis suggested splitting bike and pedestrian mobility into two separate categories. He expressed concern regarding the continually increasing cost of housing, groceries and other living expenses. He suggested a voter ballot measure instead of councilmanic action to consider additional transportation funding.

Responding to Councilmember Bhargava, Mr. Resha commented on the challenge of balancing proposals for generating and investing tax dollars.

Councilmember Briar concurred with Councilmember Nieuwenhuis' suggestion to separate bike and pedestrian investments. Referring to slide 19, Ms. Briar asked whether allocating 20 percent of the transportation CIP to neighborhood mobility would be adequate to meet those needs. Mr. Singelakis said staff is interested in the Council's input regarding the appropriate percentages for the transportation CIP program areas. Ms. Briar reiterated her interest in providing pedestrian amenities throughout all neighborhoods.

Ms. Briar asked whether it would be possible to have a system for individuals to donate toward vehicle fees for lower income residents. Mr. Resha said he was not sure if that would be feasible or allowed under state law. However, he said staff will look at all options.

Councilmember Robinson emphasized the importance of safety as a factor for every transportation project. She said she shared Councilmember Nieuwenhuis' concern regarding increasing taxes. Ms. Robinson reiterated her priorities: Safe Routes for Schools, Spring Boulevard Zone 3, Lake Sammamish Parkway, transit connections, lined bike routes and Vasa Park neighborhood improvements.

Councilmember Sumadiwirya suggested public outreach regarding long-term planning and levy schedules. She expressed support for pedestrian and bike mobility, neighborhood mobility and major projects.

Deputy Mayor Hamilton concurred with Councilmember Robinson regarding the importance of safety and Vision Zero goals. Mr. Hamilton said he is open to considering new revenue tools for transportation funding. However, he acknowledged the concerns about affordability and taxes. He said Bellevue has a lower property tax rate than many cities in the region and state. Mr. Hamilton wondered whether parks levy funds could be used for the Grand Connection project.

Mayor Malakoutian concurred with his colleagues' comments regarding safety, adding taxes as a last option, finding efficiencies, establishing performance metrics, transparency, accountability and public benefits.

Councilmember Robinson commented on the need for safety improvements on West Lake Sammamish Parkway and suggested that new, limited term revenue tools be considered for specific projects and needs.

Councilmember Bhargava reiterated his priorities of safety, urgency of need, alignment with functional plans, balanced mobility investments, high-impact projects, connectivity, financial discipline and flexibility.

Responding to Councilmember Nieuwenhuis, Mr. Singelakis said the TFP update will reflect specific projects and funding over the 20-year plan. Mr. Nieuwenhuis urged staff to conduct a robust public engagement process while developing the budget. Mark Poch, Deputy Director, commented on staff's strategy to involve residents, neighborhood associations and others. He said staff has reviewed public feedback regarding past processes.

Councilmember Briar noted her priorities of safety and accessibility.

#### 6. Adjournment

At 9:45 p.m., Mayor Malakoutian declared the meeting adjourned.

Charmaine Arredondo, CMC  
City Clerk

/kaw

## CITY COUNCIL AGENDA TOPIC

Motion to award Bid No. 26035 for the Cedar Terrace Pump Station Rehabilitation Project to Northwest Cascade, Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$1,996,996, plus all applicable taxes (CIP Plan S-16).

Lucy Liu, Director

Dave Baisch, Assistant Director of Engineering

Utilities Department

## EXECUTIVE SUMMARY

### ACTION

This motion will award Bid No. 26035 to Northwest Cascade, Inc., for the Cedar Terrace Pump Station Rehabilitation Project, in an amount not to exceed \$1,996,996, plus all applicable taxes.

## RECOMMENDATION

Move to award Bid No. 26035 for the Cedar Terrace Pump Station Rehabilitation Project to Northwest Cascade, Inc.

## BACKGROUND/ANALYSIS

The Cedar Terrace pump station is located on private property which exclusively serves the Cedar Terrace apartment complex built in 1984. This pump station has been operated and maintained by the city since it was acquired in 1985, and several components need replacement. This pump station ultimately discharges to the King County Wastewater Treatment Division (WTD) sewer trunkline via a 90ft force main located within the Cedar Terrace apartment complex and King County Parks properties.

The city performed a business case alternative analysis which evaluated the lifecycle costs of rehabilitating the pump station versus installing new gravity sewer main. Based on the business case alternative analysis, installing gravity sewer main was selected as the preferred option. This project will abandon the existing pump station and replace it with a gravity sewer main through two King County owned properties and three private properties. All easements have been obtained.

Bids were opened on April 2 and are as follows. Please note, these bid amounts do not include Washington State sales tax on applicable bid items.

Contractor	Bid (excluding taxes)
Northwest Cascade, Inc..	\$1,996,996.00
Laser Underground & Earthworks	\$2,356,765.00
C. A. Carey Corporation	\$2,663,176.00
<b>Engineer's Estimate</b>	<b>\$1,773,653.64</b>

The bid from Northwest Cascade, Inc. is \$223,342 or 13% over the Engineer's estimate. This minor variation is within the acceptable range, and the higher price is attributed to the limited number of directional drilling contractors able to bid in a busy market. Staff performed an in-depth analysis of the bid as compared to the Engineer's estimate and have found the bid to be responsive and the low bidder

to be responsible.

To the best of staff's knowledge, all factors that normally contribute to construction expenses have been accounted for in the plans and in the Engineer's estimate. It is our experience that construction projects of this type usually result in some amount of field changes. Such claims are rigorously reviewed and only those that are clearly necessary to accomplish the intent of the contract, but have not been provided for, will be paid.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

Utilities Department policies: To invest resources as necessary to construct, maintain and renew sewer system infrastructure and equipment so that Utility customers are provided with consistent, reliable service.

Utilities Department practice: Rehabilitate or replace deteriorated elements of the wastewater system. CIP Plan No. S-16 has been designated to do this.

Bellevue City Code 4.28.040 requires the city to competitively bid public works in accordance with city Codes and state law. Council approval is required to award the bid where the cost exceeds \$350,000.

### **Fiscal Impact**

Awarding this bid commits the city to payment of \$1,996,996, plus all applicable taxes. This contract is fully funded through Sewer Pump Station Improvements Program (CIP Plan No. S-16). Sufficient funds have been budgeted to fund this contract in the 2025-2030 Utilities Capital Improvement Program (CIP).

## **OPTIONS**

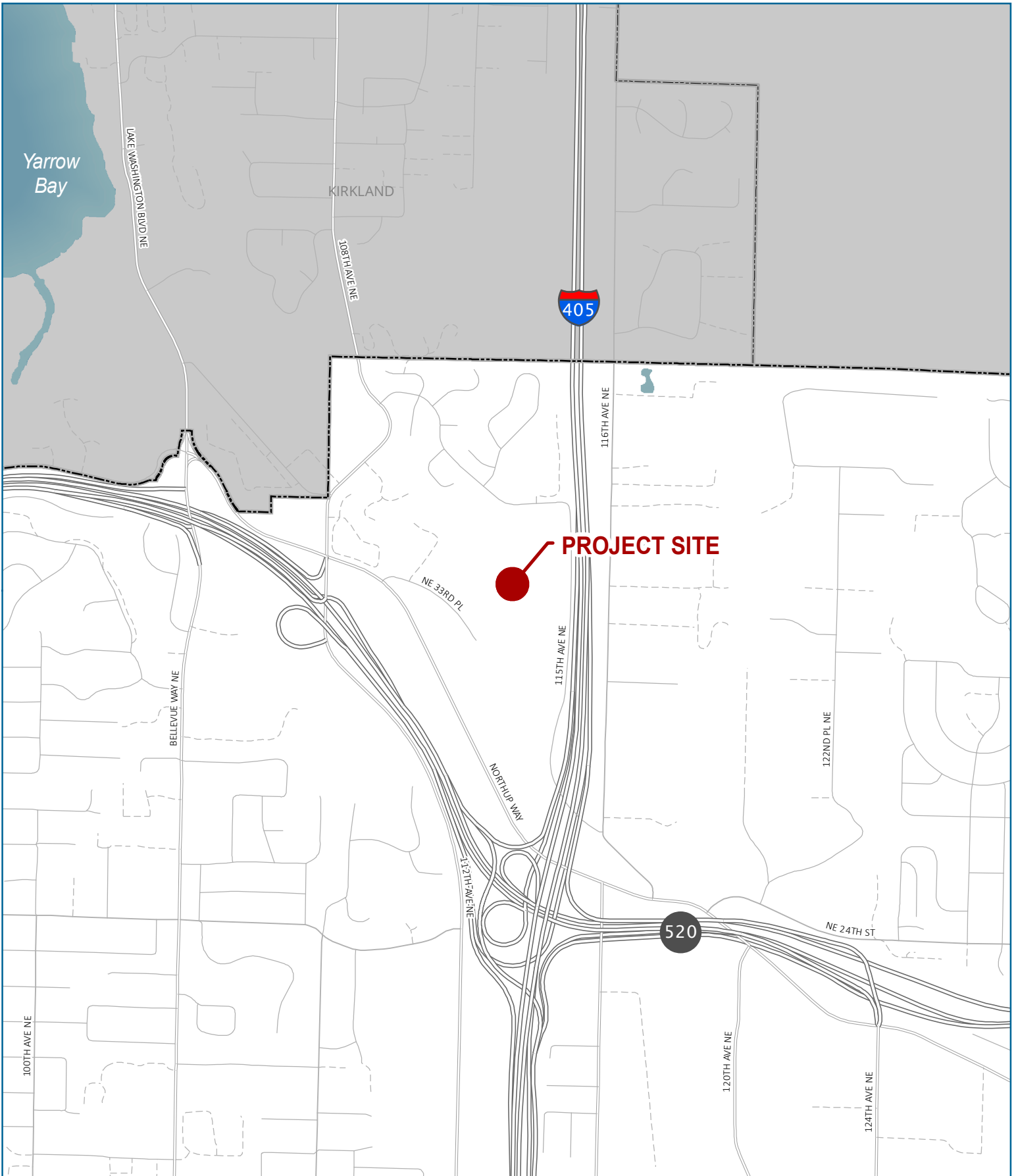
1. Award Bid No. 26035 for the Cedar Terrace Pump Station Rehabilitation Project to Northwest Cascade, Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$1,996,996, plus all applicable taxes (CIP Plan S-16).
2. Reject all bids and provide alternative direction to staff.

## **ATTACHMENTS**

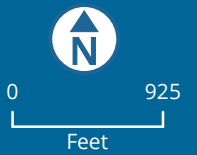
- A. Vicinity Map

## **AVAILABLE IN COUNCIL LIBRARY**

N/A



Utilities  
**CEDAR TERRACE PUMP STATION REHABILITATION**  
 C.I.P. S-16  
 Council Vicinity Map



**CITY COUNCIL AGENDA TOPIC**

Ordinance to 1) authorize execution of an agreement with Washington State University to accept \$500,000 in grant funding from the Community Energy Efficiency Program for Energy Smart Eastside to implement heat pump incentives for income-qualified households; and 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$500,000; 3) authorize expenditures of said grant funds.

Emil A. King AICP, Director  
Thara Johnson, Planning Director  
Jennifer Ewing, Sustainability Manager  
Emily Korn, Energy Smart Eastside Program Coordinator  
*Community Development Department*

**EXECUTIVE SUMMARY****ACTION**

This action authorizes the execution of an agreement with Washington State University (WSU) to accept \$500,000 in grant funding for Energy Smart Eastside (ESE) to implement heat pump incentives for income-qualified households and further amends the 2025-2026 budget to increase the appropriation by that same amount to allow for the additional expenditure authority.

This is one of two actions on tonight's consent calendar related to the ESE program. The other action under separate cover is a resolution authorizing execution to amend a reimbursement contract with Hopelink to manage the heat pump implementation expenses related to this grant.

**RECOMMENDATION**

Move to adopt Ordinance No. 6914

**BACKGROUND/ANALYSIS**

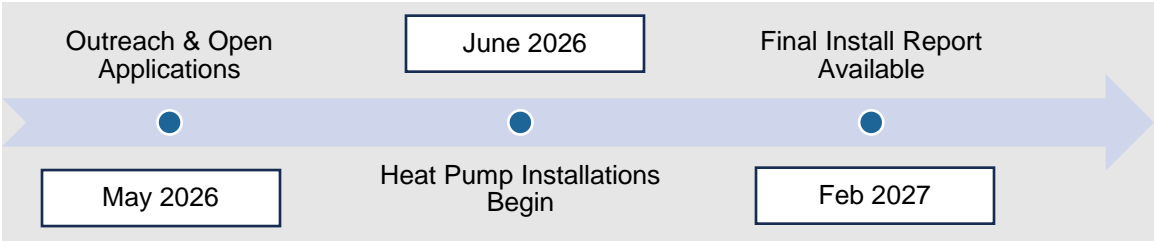
ESE is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership (ECP) and administered by the City of Bellevue with oversight from all participating cities. In November 2025, Bellevue was awarded \$500,000 from the WSU Community Energy Efficiency Program (CEEP) Program to fund the purchase and installation of 22 heat pumps paired with high-impact weatherization measures through the ESE Boost program. The grant will fund purchase and installation of heat pumps for qualified households with a total income at or below 80% of area median income (AMI) through the existing ESE Boost program. It will incorporate high-impact weatherization measures, such as insulation and air sealing to reduce the energy burden of the homeowners, lower program costs, and further decarbonization goals. Of the \$500,000 award, Bellevue will retain and utilize \$170,000, with \$330,000 to be split among the ECP cities of Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish.

Since 2023, the ESE Boost program has installed over 400 full cost-coverage heat pumps in income-qualified homes, affordable housing units, and adult family homes. Heat pumps installed so far will result in an estimated 28,000 metric tons of greenhouse gas emissions savings over the lifetime of the equipment, as well as providing heating security and cooling in households with vulnerable residents such as seniors and the disabled. Approval of this ordinance will supplement other sources of municipal and grant funding (see table below) for this popular and effective program.

2025-2026 Energy Smart Eastside Biennium Funding Sources	Funding Amount
City of Bellevue	\$873,900
City of Issaquah	\$304,000
City of Kirkland	\$197,000
City of Mercer Island	\$113,000
City of Redmond	\$1,095,300
City of Sammamish	\$333,640
Puget Sound Energy Decarbonization Program 2024 Grant	\$288,363
Puget Sound Energy Decarbonization Program 2025 Grant	\$400,000
Department of Commerce HEAR Program 2024 Grant	\$3,031,600
Department of Commerce HEAR Adult Family Home Program	\$1,500,000
Department of Commerce Building Electrification Fund	\$1,000,000
Department of Commerce Climate Planning Grant	\$40,000
Puget Sound Energy Decarbonization Program 2026 Grant	\$700,000
<b>Subtotal</b>	<b>\$9,876,803</b>
Washington State University Community Energy Efficiency Program*	\$500,000
<b>Total Budget</b>	<b>\$10,376,803</b>

\*Pending council approval. Ordinances to execute these agreements and accept grant funding are on tonight's agenda.

As this funding supports an existing program, the project team is prepared to begin execution immediately on council authorization and execution of the funding agreement. Heat pump installations funded by this grant are expected to begin in June this year and be completed by February 2027.



**POLICY & FISCAL IMPACTS**

**Policy Impact**

The Ordinance supports the following Sustainable Bellevue Plan actions.

- C.1.2: Develop outreach and education programming to support residents and businesses in taking action to reduce emissions and environmental impact, with a focus on engagement with Bellevue’s most vulnerable communities.

- B.1.2: Accelerate market transformation of residential space heating away from natural gas to heat pumps.
- B.1.3: Support low- and moderate-income households in adoption of heat pumps through loans and financial incentives.
- B.1.4: Support residents accessing existing weatherization programs through Puget Sound Energy and King County Housing Authority and offer bundled weatherization measures with low-income heat pump installs.
- F.3.1: Embed equity in sustainability program design and implementation, including through prioritizing engagement with underrepresented community members and partnering with community-based organizations to co-design engagement and inform decision making.

### **Fiscal Impact**

Executing this grant agreement will provide \$500,000 in grant funding from WSU CEEP to allow for additional heat pump installations. The city will retain and utilize \$170,000 of the total grant amount to provide heat pump incentives for qualified low-income households in Bellevue, with the remaining \$330,000 distributed to partner cities in the ECP.

Additionally, the action amends the 2025-2026 Operating Grants, Donations, and Special Reserve Fund budget to increase appropriations by \$500,000 to accommodate the grant revenue and corresponding expenditures. Administrative costs for program management are covered within the existing ESE program structure. The grant funding supplements other municipal and grant sources already supporting this ongoing program, allowing enhanced operations through 2027 without additional city investment.

### **OPTIONS**

1. Adopt the Ordinance to 1) authorize execution of an agreement with Washington State University to accept \$500,000 in grant funding from the Community Energy Efficiency Program for Energy Smart Eastside to implement heat pump incentives for income-qualified households; and 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$500,000; 3) authorize expenditures of said grant funds.
2. Do not adopt the Ordinance and provide alternative direction to staff.

### **ATTACHMENTS**

Proposed Ordinance No. 6914

### **AVAILABLE IN COUNCIL LIBRARY**

WSU CEEP Grant Agreement  
 Eastside Climate Partnership Interlocal Agreement  
 2026-30 Sustainable Bellevue Plan  
 2026-30 Sustainable Bellevue Action Plan  
 Energy Smart Eastside (ESE) 2025 Annual Report

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6914

AN ORDINANCE to 1) authorize execution of an agreement with Washington State University to accept \$500,000 in grant funding from the Community Energy Efficiency Program for Energy Smart Eastside to implement heat pump incentives for income-qualified households; and 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$500,000; 3) authorize expenditures of said grant funds.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The City Manager or their designee is authorized to execute a grant agreement with Washington State University to accept up to \$500,000 in Community Energy Efficiency Program funds to support heat pump installation, a copy of which agreement shall be substantially in the form given Clerk's Receiving No. \_\_\_\_\_.

Section 2. The City Manager or designee shall have responsibility for the administration of said monies and shall have all authority necessary to enter into agreements regarding the use thereof.

Section 3. The appropriate administrative officials of the city are authorized to receive and expend monies as permitted by the grant agreement.

Section 4. Upon execution of said grant agreement, the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund, adopted by Ordinance No.6822, as previously amended, shall be further amended to increase the appropriation by \$500,000.

Section 5. The approximate amount and anticipated source of revenue for said grant monies is:

Washington State University	\$500,000
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Provided, however, if the actual revenue received from the anticipated source specified in said agreement shall be more or less than the anticipated amount set forth herein, the appropriations shall be adjusted to be equal to the amount actually received.

Section 6. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

Section 7. This Ordinance shall take effect and be in force 5 days after its passage and legal publication.

Passed by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2026 and signed in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Approved as to form:  
Trisna Tanus, City Attorney

\_\_\_\_\_  
Heather Jones, Assistant City Attorney

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk  
Published \_\_\_\_\_

**CITY COUNCIL AGENDA TOPIC**

Ordinance (1) authorizing execution of a funding agreement with KidsQuest Children’s Museum to provide up to \$10,000,000 in funds over the next two biennia to be used by KidsQuest to open a new facility in Bellevue, and (2) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$4,500,000 from the Long-Range Planning Reserve to fund the initial installment.

Emil A. King AICP, Director  
Jesse Canedo, Chief Economic Development Officer  
Lorie Hoffman, Arts & Creative Economy Manager  
*Community Development Department*

**EXECUTIVE SUMMARY****ACTION**

This Ordinance 1) authorizes the use of \$9,500,000 in previously identified funds from the Long-Range Planning Reserves to support KidsQuest Children’s Museum (KidsQuest) in pursuing a new facility in Bellevue, and 2) amends the 2025-2026 General Fund budget to increase the appropriation by \$4,500,000.

The associated funding agreement is for KidsQuest to acquire, renovate, and build exhibits for an expanded facility in Bellevue.

**RECOMMENDATION**

Move to adopt Ordinance No. 6915

**BACKGROUND/ANALYSIS****Background**

KidsQuest offers high quality children’s programing and is the only children’s museum on the Eastside. Due to the intense need for family-friendly, educational opportunities, KidsQuest has reached the design capacity of their current facility, serving 220,000+ children and families per year in 17,000 square feet. The museum has two options for the future – limit the number of families served while raising admission prices or expand into a facility that allows the museum’s costs to be shared among many more families. They have asked for city support to lean into their mission as an affordable, inclusive museum through the construction of an expanded facility.

In 2024, KidsQuest applied to the city’s Art and Cultural Capital Facility Grants for funding support to expand their service capacity. Recognizing the need in our community, City Council, as part of the 2025-26 budget, identified up to \$10 million in the Long-Range Planning Reserves for the purpose of supporting a new, expanded facility for KidsQuest.

KidsQuest has since entered into a Purchase and Sale agreement with the Bellevue Arts Museum to acquire the Steven Holl Building at the intersection of the Grand Connection and Bellevue Way. In September 2025, the council awarded KidsQuest funding for Phase 1 of this project: \$500,000 for study

and early design of the facility. Funding being considered tonight is \$9,500,000 for building and land acquisition, repairs and renovations, and exhibit construction.

Addressing the need for more museum capacity aligns with council's Strategic Target Area Objective 2.6: Build up Bellevue's arts providers' organizational capacity to increase the breadth and depth of artistic and entertainment offerings for Bellevue's residents and visitors.

### **Project Costs & Securing Public Investment**

The cost to purchase the approximately 36,000-square foot museum, then build the needed exhibits and an endowment to ensure long-term financial health, is estimated to be \$67 million. City support would represent about 15% of overall costs. KidsQuest has outlined a fundraising strategy that includes public, private, and corporate contributions as well as the sale of their current building/land assets in Downtown Bellevue.

All public investment will be secured via a variety of security instruments including a Deed of Trust, Restrictive Covenant, and Promissory Note executed between KidsQuest and the City, and an Intercreditor Agreement and Priority and Subordination Agreement with Kemper Development Company to reflect their interest in the new facility property. Public benefit delivery will be guaranteed for 20 years from the opening of the new museum.

### **Delivery of Public Benefit**

In exchange for public funding from the city, KidsQuest will deliver specific public benefit over the life of the contract. Some items included in the contract are:

- Operation of KidsQuest as a museum consistent with national museum standards, open to the public during regular hours, subject to reasonable admission standards for a period of not less than 25 years from the date of execution.
- Partner with the city to design and deliver targeted expanded programs designated to fill gaps in current needs for out of school time education options for families.
- Work with childcare facilities to deliver expanded education programs in arts and science beyond simple care for families.
- Partner with the city to provide free access and programming for the families staying in the Safe Parking program or other children being served by the city.
- Work with the Bellevue School District and King County Library System to deliver enhanced programs in arts and sciences.
- Add programming to extend the museum's targeted age range into middle and high school students, for example through a "first place of work" program.
- Include an ex-officio seat on the Museum's Board of Directors, during the term of the contract, to ensure strong partnership and fiscal oversight.

### **Social Impacts**

KidsQuest offers \$5 admission price, a 70% discount from the regular entrance fee, for people on public assistance (WIC, Chip, EBT, and Apple Health) and distributes free passes through King County

libraries and other community partners. Scholarships are available for memberships, classes, camps, and workshops. KidsQuest provides expanded opportunities and resources to families to support childhood development and ensure those facing barriers to access can receive much-needed educational resources within their facility.

KidsQuest Children’s Museum sets the next generation up for success. “At-risk” students involved in arts are 23% more likely to attend college than peers with low arts involvement. Low-income students with access to cultural resources score higher in English and Math. Low-income students with a high level of arts experience in school are more likely to attend college, vote, and volunteer in their community (source: Arts Fund Social Impact Study, 2018).

### **Economic Impacts**

Bellevue is the cultural and economic heart of the Eastside, and the city recognizes the substantial cultural activity and economic benefits KidsQuest has brought to the community since opening its first location in 2005 at Factoria Mall. Since its inception, KidsQuest has continuously seen strong demand and in 2017 moved to its current location in Downtown Bellevue to accommodate that demand for service. In total, KidsQuest has served over 3 million people with high-quality experiences. Based on the city’s recent Arts & Economic Prosperity data, staff estimate that since first opening its doors, KidsQuest guests have generated approximately \$165 million in economic activity in Bellevue.

**Looking forward, the economic impacts that will be generated by the expanded facility are estimated to be over \$24 million per year.** Within the first year of the expanded facility’s operation, the public will see a 140% return on investment and a 5,900% return on investment within the 25-year public benefit window.

### **Next Steps**

If approved, staff will finalize the Phase 2 funding agreement, and work with KidsQuest to record the Deed of Trust, Promissory Note, Restrictive Covenant, and record an Intercreditor Agreement and Priority and Subordination Agreement between the City and Kemper Development Company who will retain some rights to the former Bellevue Art Museum property

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

This work advances Bellevue City Council’s Strategic Target Area Objective 2.6: Build up Bellevue’s arts providers’ organizational capacity to increase the breadth and depth of artistic and entertainment offerings for Bellevue’s residents and visitors.

Additionally, Comprehensive Plan policies UD-14 through 16 and ED-14, 22, and 24, support developing, displaying, and performing various artistic expressions and cultural facilities. The policies also recognize the economic development benefits of art and cultural facilities and how they support community activity and gathering.

### **Fiscal Impact**

This project utilizes \$9,500,000 in funds held within the Long-Range Planning Reserves. Per section 8.2.3 of the city’s Comprehensive Financial Policies, the council must authorize spending of the reserve. This use of the reserve has been anticipated by city staff. Adopting this ordinance will amend

the 2025-2026 General Fund budget by \$4,500,000. The remaining amount will be included in the 2027-2028 budget for council review later this year.

## **OPTIONS**

1. Adopt the Ordinance (1) authorizing execution of a funding agreement with KidsQuest Children's Museum to provide up to \$10,000,000 in funds over the next two biennia to be used by KidsQuest to open a new facility in Bellevue, and (2) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$4,500,000 from the Long-Range Planning Reserve to fund the initial installment.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## **ATTACHMENTS**

- A. Phase 2 Funding Agreement between City of Bellevue and KidsQuest Children's Museum with attachments
- B. Intercreditor Agreement
- C. Priority and Subordination Agreement  
Proposed Ordinance No. 6915

## **AVAILABLE IN COUNCIL LIBRARY**

N/A



FUNDING AGREEMENT  
BETWEEN THE CITY OF BELLEVUE AND  
KIDSQUEST CHILDREN'S MUSEUM

THIS FUNDING AGREEMENT (“**Agreement**”) is entered into this \_\_\_\_\_ day of May, 2026, by and between the CITY OF BELLEVUE, a Washington municipal corporation, hereinafter "the City" and KIDSQUEST CHILDREN'S MUSEUM, a non-profit corporation organized under the laws of the State of Washington, hereinafter “KIDSQUEST.”

RECITALS

WHEREAS, KIDSQUEST is a 501 (c)(3) non-profit corporation serving over 200,000 visitors annually with STEAM-centered “learning through play” museum exhibits and educational programming at its current children's museum in Downtown Bellevue; and

WHEREAS, KIDSQUEST has embarked on a campaign to obtain both private and public contributions for the purpose of acquiring, designing, developing, constructing, and operating a new children’s museum in the City; and

WHEREAS, by acquiring a larger building with a higher capacity than its current facility, KIDSQUEST will be able to increase public accessibility to the arts and sciences through additional programming and exhibits, serve additional residents and visitors to the City of Bellevue, and further contribute to the attractiveness and economic viability of Bellevue and the greater Eastside; and

WHEREAS, the City has determined that the provision of cultural opportunities and educational services to a broad range of City residents and visitors of all ages and abilities is in the public interest, and therefore has designated City funds to pay for a portion of the costs of acquisition, design and construction of the New Museum which shall be operated consistently with the public interest and for the benefit of the public; and

WHEREAS, by this Agreement the parties intend to set forth the understandings and conditions that will govern KIDSQUEST's use of such public funds.



## AGREEMENT

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. Term of Performance (the “Term”). The Term of this Agreement shall become effective on the date of last signature (“**Effective Date**”) and shall continue in full force and effect for a period of twenty (20) years following the date of issuance of the final certificate of occupancy (“**Final Certificate of Occupancy**”) for the completed New Museum (as defined below).
  
2. Property Description and Facility Location. In accordance with the terms of this Agreement, KIDSQUEST will be reimbursed by the City, not to exceed the Maximum City Funds (as defined below), for a portion of the cost of the purchase and improvement of real property (the “**Property**”) which is improved by the building commonly known as the “Bellevue Art Museum”, located at 510 Bellevue Way NE, Bellevue, WA 98004, (“**Existing Building**”) which real property is legally described in **Exhibit A**.
  
3. City Investment. In exchange for performing its obligations under this Agreement, KIDSQUEST will receive a potential cumulative award of up to \$10,000,000, consisting of an initial \$5,000,000 and a discretionary \$5,000,000 (“**Maximum City Funds**” or the “**Funds**”) over the 2025-2026 and 2027-2028 biennia as provided in Agreement. The Funds include an initial award of \$500,000 (“**Pre-Acquisition Payment**”) which was previously provided to KIDSQUEST in 2025 for exploratory design work.
  - a. Subject to the terms and conditions of this Agreement, City shall make a second payment of \$4,500,000 (“**Closing Payment**” and together with the Pre-Acquisition Payment, the “**Initial Funds**”) which Closing Payment shall be available to KIDSQUEST upon closing of the Property in 2026;
  - b. In the City’s sole discretion, the City may make additional funds available to KIDSQUEST, of up to \$5,000,000, which may be funded as follows:
    - i. \$2,500,000 (“**Improvement Payment**”) available as a reimbursement for substantial completion of improvements and deferred maintenance projects to the Existing Building (estimated to occur in 2027);
    - ii. \$2,500,000 (“**Occupancy Payment**” and together with the Improvement Payment, the “**Additional Funds**”) available following issuance of the Final Certificate of Occupancy (estimated to be issued in



[2028]);

- iii. City's election to fund all or a portion of the Additional Funds is entirely discretionary on the part of the City and may require additional funding conditions and/or collateral as may be determined by the City in its sole discretion;
  - iv. In order to obtain the Additional Funds, KIDSQUEST shall provide a written request to the City provided no earlier than substantial completion of improvements.
4. Use of Funds. The Funds shall be used exclusively for the reimbursement of eligible costs incurred by KIDSQUEST for the purchase of, and capital improvements to, the Property for the purpose of opening of the new museum (such acquisition together with improvements thereto shall be referred to herein as the "**Project**"). All Funds shall be expended by December 31, 2028, unless extended by the City Manager, subject to the approval of the City Council. In the event the Funds have not been expended by December 31, 2028 due to the fact that the City has determined not to make available all or a portion of the Additional Funds and/or KIDSQUEST has failed to meet the conditions as set forth in this Agreement, including without limitation Section 3 and Section 7, the City shall have no further obligation under this Agreement to provide such Funds to KIDSQUEST. The Funds shall only be used for the purchase of the Property and capital improvements (as determined in accordance with GAAP) to the Existing Building and shall not be used for any other costs, including costs related to marketing or fundraising.
5. Investment Principles. The Parties agree that the City's four investment principles for requests from cultural arts organizations applicable to this Agreement are as follows:
- a. The organization has a sustainable long-term financial model, including strong private sector financial commitment.
  - b. Any agreement for funding must clearly define public benefit to be received in exchange for investment.
  - c. Any agreement for funding shall provide for City involvement in financial oversight.
  - d. The City's funding must be an investment in a facility, or for support of the operation of the facility. The Funds cannot be used for fundraising activities.
6. Project Scope. The Funds provided under this Agreement are intended to facilitate KIDSQUEST'S purchase of the Property and the capital improvements, including deferred maintenance, necessary to transition the Existing Building into the new home of KIDSQUEST's museum operations ("**New Museum**"). The Project consists of relocating



the KIDSQUEST Children’s Museum from 1116 108th St NE, Bellevue, WA to the Property to expand the museum’s footprint and increase capacity to provide a STEAM-centered, community-oriented museum experience to more Bellevue residents and visitors. KIDSQUEST shall construct the Project in accordance with the Project Plans, comprising architectural designs and associated documents (“**Project Plans**”) contemplated in that certain [Pre-Acquisition Payment Agreement, dated \_\_\_\_, 2025, by and between the City and KIDSQUEST], with a scale and scope consistent with the Project description and capital cost estimates, including projects associated with deferred facility maintenance improvements and all planned expenditures described in sufficient detail to assess hard costs, soft costs, contingencies, inflation factors, and the timing of expenditures (“**Project Costs**”).

7. Detailed Project Plan. As a condition of the City’s continued commitment to provide the Funds, KIDSQUEST shall provide the City with a Detailed Project Plan (the “**DPP**”) for review prior to distribution of the Closing Payment. The **DPP** shall include the following components:
  - a. Updated Project Plans.
  - b. Updated Project budget for all Project Costs including estimates in reasonable detail through issuance of the Final Certificate of Occupancy for the Project; (2) identification, timeline, and costs associated with any deferred maintenance projects or Facility improvement projects planned to be reimbursed by the Improvement Payment; (3) estimated ongoing operating costs for KIDSQUEST’S existing museum facility prior to relocation, and (4) projected pre-opening costs associated with fundraising, staffing, furnishings, exhibit build, relocation, and opening of the new Facility.
  - c. The City’s satisfaction, in its sole discretion, with a written report (“**Sources Report**”) provided by KIDSQUEST containing, in reasonable detail, the anticipated amounts and sources of the funds that will be available to KIDSQUEST to construct and develop the Project to reach final completion, including a breakdown of each source as a percentage of the total Project Cost with sufficient detail to identify the source as either a public or private contribution. KIDSQUEST will be responsible for securing the balance of funding needed to fully fund the Project budget, increased or decreased as appropriate resulting from scope, design and schedule changes and any cost overruns. KIDSQUEST’s fundraising commitment shall be increased to reflect the additional cost of any financing necessary to ensure the availability of funding as needed during construction of the Project (above the projected cost of any such financing reflected in the Project budget). KIDSQUEST agrees to use its best efforts to secure commitments from private individuals, corporations and foundations, and governmental sources (other than



the City) for such funds on a schedule consistent with its Sources Report, attached hereto as Exhibit F. KIDSQUEST’s success in achieving its fundraising objectives shall be evaluated periodically by the City Manager to determine whether KIDSQUEST’s fundraising is timely keeping pace with Project requirements and KIDSQUEST’s obligations under this Agreement. The City’s obligation to fund any remaining payments under this Agreement shall be contingent on the City Manager’s satisfaction with such evaluation. Such evaluation shall include review of KIDSQUEST’s private sector donor pledges, pledge payment experience, anticipated payment dates and any conditions or restrictions on such gifts or pledges and such other relevant information the City Manager may reasonably require. KIDSQUEST’s private sector donor pledges will be reviewed by the City Manager under procedures to protect the confidentiality of donors and KIDSQUEST donor-related information to the extent possible. KIDSQUEST will submit to the City Manager a copy of the pledges in a form acceptable to the City Manager, with donor names verified by the City Manager but omitted from the copy submitted. The City Manager will accept a pledge if it is from a person or entity of substantial net worth in relation to the amount pledged and the City Manager knows of no reason the pledge will not be honored.

- d. Beginning six (6) months after distribution of the Closing Payment, KIDSQUEST will provide periodic fundraising status reports (“**Fundraising Status Reports**”) to the City Manager every six (6) months through the date of payment of the final Occupancy Payment. The Fundraising Status Reports shall be made in writing without disclosing the names of donors and shall contain the beginning balance and any new contributions or pledges obtained, broken down by unrestricted gifts, grants and pledges, and conditional pledges with any restrictions, contingencies, and conditions identified.

8. Continued Operation as a Museum.

- a. Current Location. KIDSQUEST agrees to continue to operate as a children’s museum in the City of Bellevue at their current location providing cultural and educational services as previously agreed under Resolution 9659 and the 2019 and 2025 Amendments to the original 2015 Funding Agreement recorded under Clerk’s Record No. 75545, including museum services as described therein, until expiration of the terms of that Agreement or such time as the Project is complete and KIDSQUEST operations relocate to the New Museum.
- b. New Museum. From the date of substantial completion of the Project as evidenced by the issuance of the Final Certificate of Occupancy, the previous security interest and obligations owed to the City shall be released and KIDSQUEST thereafter agrees to continuously operate as a museum in the City



of Bellevue at the New Museum for a period of at least 20 years from the date of issuance of a the Final Certificate of Occupancy in accordance with the conditions specified in this Agreement.

9. Public Benefit (“Public Benefits”) Contribution at New Museum. During the Term, KIDSQUEST shall comply with the following:
- a. Access to Public. Following issuance of the Final Certificate of Occupancy, the exhibition and interactive spaces of the New Museum shall be open to the public during normal museum hours each week, except for the observance of major holidays. KIDSQUEST may restrict access as is necessary for security purposes and may close portions of the museum, ancillary services, and as is necessary for installation or repairs from time to time.
  - b. Admission Fees. KIDSQUEST will ensure accessibility to the New Museum. The fees charged for regular admission to the New Museum shall be reasonable and comparable to the fees charged by similar children’s museums in similar circumstances. The admission fee schedule shall make provisions for a reduction or waiver of regular admission fees and fees for special events and exhibitions for low-income residents, children, and students. The New Museum shall be made available to low-income residents of Bellevue and the State of Washington by providing reduced admission to all people presenting an EBT (Electronic Benefits Transfer) as an ongoing benefit to the public.
  - c. Museum Services and Public Good. Once the New Museum is operational, KIDSQUEST will ensure access to the New Museum and its programming and develop outreach and enrichment programs for the underserved (“**Outreach Programs**”), such that the New Museum serves the public good and benefits the community. KIDSQUEST will provide these services consistent with its Mission as amended from time to time by its Board of Directors. These services will include, but are not limited to, the following activities:
    - i. Operation of the New Museum as the primary location for KIDSQUEST museum operations and as a museum consistent with national museum standards, open to the public during regular hours, subject to reasonable admission standards.
    - ii. Provision of educational opportunities as a primary function through exhibits and programming.
    - iii. Maintenance and operation of the New Museum as a center of learning in the community by provision of professional artistic and educational experiences for people of all ages.



- iv. Presentation of exhibitions and programs to children, families and the general public that will increase their understanding of art, science, culture and heritage as it relates to the community and the world.
  - v. Cooperation with the Bellevue School District in providing enrichment programs and activities such as teacher training, student workshops and special tours, and encouragement of extensive visitor participation in interpretive and educational programs through lectures, demonstrations, workshops and similar activities.
  - vi. Offer programming aimed at extending the New Museum’s targeted age range into middle and high school through “first place of work” programs, career exploration events, or teen volunteer opportunities.
  - vii. Cooperation with public organizations such as the Bellevue Department of Parks & Community Services, Bellevue College, the Pacific Science Center, Bellevue Convention Center Authority, and the King County Public Library in conducting programs of popular interest.
  - viii. Provision of meeting rooms and other public spaces at the New Museum for public use when available, for which reasonable fees may be charged.
  - ix. New Museum programs shall be made available to low-income residents of Bellevue free or at reduced rates. For purposes of this section “low-income person” means any person living in a household having a household income that does not exceed eighty percent (80%) of the median income for the standard metropolitan statistical area in which Bellevue is located. KIDSQUEST shall request verification of income level through a scholarship application, or through documentation of other income-qualified programs such as AFDC, free and reduced-price school meals, or food stamps.
  - x. Work with the City to design and deliver expanded targeted programs (summer camp, school break camp, workshops, activities in City Parks) designed to address the gap in out-of-school educational options for working families.
  - xi. Partner with the City to provide free access and art and science programming for families staying in the City’s supportive housing programs, including shelters and safe parking.
- d. The schedule and scope of the Public Benefits delineated in this Section 9 may be modified or updated periodically by the Parties, subject to the approval of the Bellevue City Council.

10. Annual Public Benefit Report. KIDSQUEST shall maintain annual records of (i) compliance with the terms of this Agreement and (ii) services provided to low-income and



underserved recipients, and provide this information to the City at the end of each calendar year in the form of a written report (“**Annual Public Benefit Report**”). The Annual Public Benefits Agreement shall document the reduced-fee entry and program dollars and scholarship awards provided to Bellevue residents, including those served in partnership with City programs aimed at providing activities and programming designed to serve working families, underserved populations, and the infirm. Additionally, the Annual Public Benefit Report should contain a detailed report of the number and types of Outreach Programs it has made available to underserved populations, descriptions of the Outreach Programs and the populations targeted for participation, and the number of individuals participating in the Outreach Programs. The Annual Public Benefits Report shall be due to the City no later than December 31 of each calendar year.

#### 11. Property Interest.

- a. Restrictive Covenant. Prior to providing the Closing Payment to KIDSQUEST, KIDSQUEST shall enter into a recordable restrictive covenant in favor of the City which will restrict the use of the Property as a museum for the duration of the Term and which will remain senior even if the City is temporarily subordinated. The Restrictive Covenant will be in substantially the form attached hereto as **Exhibit B.**
- b. City’s Promissory Note and Deed of Trust.
  - i. KIDSQUEST’S obligations under the Restrictive Covenant and this Agreement (as to which KIDSQUEST will be entitled, after an event of default, to notice and reasonable cure periods as provided in the **Restrictive Covenant** and herein) will be evidenced by a promissory note which shall contain an amortization table (“**Note**”) and secured by a deed of trust (the “**City’s Deed of Trust**”) covering KIDSQUEST’S interests and rights in the Property. Initially, the Note will address the Initial Funds and may be amended to the extent the City elects to make available all or a portion of the Additional Funds. The Deed of Trust will be in substantially the form attached hereto as **Exhibit C.** The Note will be in substantially the form attached hereto as **Exhibit D.**
  - ii. Subordination. Reserved.
- c. Property Interest. The Restrictive Covenant and the City Deed of Trust are collectively herein called the “**Property Interest.**”

#### 12. Repayment of City Investment and Default.

- a. KIDSQUEST shall be in default of this Agreement and the City shall have the right to pursue its remedies, including without limitation the right to execute upon its Property Interest, if (i) a final Certificate of Occupancy has not been issued by



- [\_\_\_\_], (ii) the New Museum is not used during the period commencing upon issuance of the final Certificate of Occupancy and ending on the 20<sup>th</sup> anniversary of such date, as a nonprofit children’s museum in accordance with the terms of the Property Interest and this Agreement, specifically including at least the Public Benefits delineated in Section 9, for more than one hundred twenty (120) consecutive days for reasons other than *force majeure* or interruptions caused by large-scale renovation and/or repair or improvement projects initiated after the issuance of the Final Certificate of Occupancy, or (iii) KIDSQUEST otherwise defaults in the performance of its obligations hereunder.
- b. The amount of repayment will reflect straight-line amortization for the twenty (20) year period following issuance of the Final Certificate of Occupancy (the unamortized value thereof being herein called the “**Unamortized Balance**”).
  - c. In the event of such default, the City will give written notice to KIDSQUEST or any successor-in-interest who owns the Project (other than KIDSQUEST’S lender(s) or its respective successors or assigns) (the “**Project Owner**”) the Project Owner declaring it to be in default and specifying the basis thereof. If KIDSQUEST or the Project Owner fails to cure such default within sixty (60) days of receiving such notice of default, the same shall constitute an “**Event of Default.**”
  - d. Upon occurrence of an Event of Default, KIDSQUEST or the Project Owner shall be obligated to repay the City the Unamortized Value of the City Funds within thirty (30) days. If the Unamortized Balance is not repaid to the City within thirty (30) days after such Event of Default, such amount shall thereafter bear interest at the rate of twelve percent (12%) per annum until repaid in full and the City shall be entitled to recover its reasonable attorneys’ fees incurred in collecting the Unamortized Balance of the City Funds. Following an Event of Default, the City may pursue any and all remedies available to it, including without limitation the right to foreclose on the City’s Deed of Trust and take action to ensure that the Project is used for a public purpose, commensurate with the City’s investment therein for the remaining duration of the Term. Prior to the foreclosure of the City’s Deed of Trust, KIDSQUEST and any Project Owner will cooperate with the City in ensuring that this public purpose requirement is met.
  - e. In furtherance of the foregoing, to the extent of any Unamortized Balance, KIDSQUEST hereby assigns and/or shall pay over to the City any amounts received by KIDSQUEST pursuant to that certain (A) [Secured Right of First Refusal Agreement, dated March 1, 2017, by and between Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”) and Bellevue Arts Museum, a Washington nonprofit corporation (“**BAM**”), recorded in King County as Document Number 20170302001417 Kemper and entered into that certain (as amended, the “**ROFR**”) or in the alternative Secured Right of First Refusal Agreement, by and



between Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”) and KIDSQUEST, dated of even date herewith], and recorded in King County as Document Number [\_\_\_\_] (as amended, the “**ROFR**”) and (B) Secured Right to Purchase, by and between Kemper and KIDSQUEST, dated of even date herewith and recorded in King County as Document Number [\_\_\_\_] (“**RTP**”). KIDSQUEST further agrees that Kemper may pay directly to the City an amount equal to the Unamortized Balance from the proceeds otherwise payable to KIDSQUEST under the ROFR and/or RTP.

- f. KIDSQUEST hereby agrees that it shall not modify the terms and conditions of the ROFR and RTP and any deeds of trust securing the foregoing without the prior written consent of the City.
13. Board Representation. Commencing from the date of execution through the Term of this Agreement, the City Manager or their designee shall be entitled to appoint a director of its choosing to the KIDSQUEST Board of Directors (the “**City Director**”). The City’s right to a Director seat shall be reflected in amended Bylaws which define the City Director’s *ex officio* voting role. The City Director’s term shall commence by the next regularly scheduled meeting of the Board following execution of this Agreement, or upon distribution of the Closing Payment, whichever is sooner.
  14. Acknowledgement of City Support. KIDSQUEST shall provide public acknowledgement of the City’s financial support by posting on-site signage in the current facility as well as the New Museum noting the City’s financial contribution to the Project and New Museum and in press releases discussing the proposed new Project as jointly agreed between the parties. The City shall not have any naming rights with respect to the New Museum or any portion thereof.
  15. Relationship of the Parties. In complying with its obligations for receipt of the Funds, KIDSQUEST shall determine the means of accomplishing the results contemplated by this Agreement. Neither KIDSQUEST nor its officers, agents, or employees are employees or agents of the City for any purpose, and this Agreement shall not be interpreted or construed as creating or evidencing an association, joint venture, partnership, or franchise relationship among the parties. KIDSQUEST shall not be entitled to, and shall not attempt to, create or assume any obligation, express or implied, on behalf of the City.
  16. General Administration and Management.

Whenever this Agreement provides for notice to be provided by one party to



another, such notice shall be in writing and directed to the City Attorney and the Executive Director and Legal Counsel of KIDSQUEST at the addresses set forth below, or at such other addresses as to which an addressee party may hereafter give notice to the other party.

All notices and other communications under the Agreement must be in writing and directed as follows:

If to the City:

City of Bellevue  
 City Attorney's Office  
 Attn: Trisna Tanus, City Attorney  
 PO Box 90012  
 Bellevue, WA 98009-9012

If to KIDSQUEST:

KidsQuest Children's Museum  
 Attn: Putter Bert, Executive Director  
 1116 108th Ave NE  
 Bellevue WA 98004

With a copy to:

Erin Albanese  
 Peterson, Russell, Kelly, Livengood  
 1850 Skyline Tower  
 10900 N.E. 4th Street  
 Bellevue, WA 98004

#### 17. Payment Terms.

- a. KIDSQUEST shall comply with the City's requirements for submittal of reimbursement requests to include:
  - i. Bills, invoices, contracts, or other writings evidencing the work performed by contractors or subcontractors on the Project;
  - ii. Proof of payment by KIDSQUEST, including but not limited to, financial statements, receipts from contractor or subcontractor, or other payment confirmation;
  - iii. A written declaration by KIDSQUEST's Executive Director or Financial Officer made under penalty of perjury under the law of the State of



Washington that the documentation supporting the reimbursement request is true and correct; that the expenses have been incurred for the sole purpose described in this Agreement; and that the expenses have been paid in full and the work executed prior to the submission of the reimbursement request.

- b. The City shall disburse the requested Funds to KIDSQUEST within thirty (30) days after written request subject to the payment requirements being satisfied as to any request for Funds.
- c. All Funds shall be expended and invoiced to the City no later than December 31, 2028.
- d. To the extent the Funds are not fully used by KIDSQUEST by such date, the City shall not be obligated to advance the remaining balance of the **Funds** (and in such event the term "Funds" shall mean only the amount so expended by December 31, 2028).
- e. The Funds shall be used solely for the purposes set forth herein and shall not be used for any other costs, including costs related to marketing or fundraising or other similar costs.
- f. KIDSQUEST will be solely responsible for and will file, on a timely basis, all tax returns and payment required to be filed with or made to any federal, state, or local tax authority with respect to KIDSQUEST's receipt of Funds pursuant to the Agreement. KIDSQUEST will be solely responsible for and must maintain adequate records of expenses incurred in the course of performing the Services under the Agreement. No part of KIDSQUEST's compensation will be subject to withholding by the City for the payment of any social security, federal, state or any other employee payroll taxes; nor shall the City be obligated to make any such withholdings and/or payments on behalf of any employee, subcontractors, supplier, or other person working for or engaged by KIDSQUEST under the Agreement.

#### 18. Financial Reporting.

- a. Quarterly Financial Reporting. KIDSQUEST shall produce the following quarterly financial data to the City within sixty (60) days of the end of each quarter:
  - i. Balance Sheet
  - ii. Statement of Cash Flows
  - iii. Profit & Loss Statement (Budget versus Actual)
- b. Year End Financial Reporting. KIDSQUEST shall provide the following annual financial data to the City within one hundred eighty (180) days of the end of KIDSQUEST's fiscal year:



- i. Independent Auditor's Report
    - ii. IRS Form 990 (Return of Organization Exempt from Tax)
    - iii. Updated three-year projection.
  - c. Form. The financial reports provided by KIDSQUEST under this Section shall be substantially in the form currently produced and used by KIDSQUEST, or such other reasonable form for a non-profit entity as KIDSQUEST may hereafter adopt so long as they are prepared in accordance with generally accepted accounting principles consistently applied and in compliance with Washington State statutory obligations for non-profit financial reporting.
19. Maintenance of Records. KIDSQUEST shall maintain records for the Funds in a manner that readily allows for inspection. KIDSQUEST shall also maintain records of services provided for the public good as referred to in Paragraph 10. All records and accounts pertaining to the work performed under this Agreement are to be kept available for inspection by representatives of the City for a period of three (3) years after final payment. Such records shall be made available for inspection by the City during normal business hours upon five (5) days written notice of any inspection request made by the City.
20. Indemnification and Hold Harmless
- a. KIDSQUEST shall protect, defend, indemnify and save harmless the City, its officers, employees and agents from any and all costs, claims, judgments or awards of damages (including without limitation reasonable attorney fees), arising out of or in connection with the performance of this Agreement, including but not limited to the acts or omissions of KIDSQUEST, its contractors, subcontractors, and/or the users of the KIDSQUEST'S services and/or products, except to the extent of injuries and damages caused by the sole negligence of the City. KIDSQUEST agrees that its obligations under this subparagraph extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. In the event the City obtains any judgment or award, and/or incurs any cost arising therefrom including attorneys' fees to enforce the provisions of this Section, all such fees, expenses, and costs shall be recoverable from KIDSQUEST.
  - b. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of KIDSQUEST and the City, or each party's respective officers, officials, employees, and agents, the indemnifying party's liability hereunder shall be only to the extent of the indemnifying party's



negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the parties' waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

- c. KIDSQUEST will indemnify, defend, and hold the City (and its elected officials, officers, employees, successors, assigns, insurers, licensees, distributors, independent consultants, and agents) harmless from all claims, damages, losses, and expenses (including reasonable attorney's fee's incurred on such claims and in proving the right to indemnification) arising out of or resulting from any claim, action, or other proceeding that is based upon (a) KIDSQUEST's breach of any obligations, representations, or warranties under the Agreement, (b) KIDSQUEST's outside business activities, or (c) the infringement or misappropriation by KIDSQUEST of any foreign or United States patent, copyright, trade secret, or other proprietary right in results.
21. Insurance and Risk of Loss. KIDSQUEST shall maintain insurance that is sufficient to protect KIDSQUEST's business against all applicable risks, as set forth in Exhibit E ("**Insurance Requirements**"). KIDSQUEST will cause the indemnified parties to be named as additional insureds on the policy required under the Agreement and shall cause its insurance to be primary to any insurance carried by the indemnified parties. KIDSQUEST will provide the City with certificates of insurance and other supporting materials as the City reasonably may request to evidence KIDSQUEST's continuing compliance with this Section.
  22. Future Support. The City makes no commitment and assumes no obligations for the support, financial or otherwise, of KIDSQUEST's activities except as set forth in this Agreement.
  23. Compliance with Laws.
    - a. KIDSQUEST shall comply with all zoning, land use, environmental, and other laws applicable to the construction and operation of the New Museum.
    - b. KIDSQUEST agrees not to discriminate against any employee or applicant for employment or any other person in performance of this Agreement because of race, color, creed, religion, gender, age, national origin, pregnancy, genetic information, marital status, sexual orientation (including gender identity), or the presence of any sensory, physical, or mental disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for



- a bona fide occupational disqualification.
- c. KIDSQUEST shall comply with all current federal, state, and local laws and ordinances applicable to the work to be done under this Agreement, including where applicable Bellevue City Code 4.28.170.
  - d. The Project may be subject to state prevailing wage law (Chapter 39.12 RCW). KIDSQUEST is advised to consult the Industrial Statistician at the Washington Department of Labor and Industries to determine whether prevailing wages must be paid. The City is not responsible for determining whether prevailing wage applies to the Project or for any prevailing wage payments that may be required by law.
  - e. Violation of this section shall be a material breach of this Agreement and grounds for cancellation, termination or suspension of the Agreement by the City, in whole or in part, and may result in ineligibility for future funding by the City.
24. Governing Law and Venue. This Agreement will be governed by, and construed and interpreted in accordance with, the laws of the State of Washington. Any mediation, arbitration or legal proceeding that arises out of or in connection with this Agreement will be initiated and maintained in King County, Washington. Each party consents to jurisdiction and venue in such courts and waives the right to claim that any such court is an inconvenient forum.
25. Severability. If any provision of the Agreement is held to be invalid or unenforceable for any reason, the remaining provision will continue in full force without being impaired or invalidated in any way. The City and KIDSQUEST agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.
26. Nonwaiver. Any failure by the City to enforce strict performance of any provision of the Agreement will not constitute a waiver of the City's right to subsequently enforce such provision or any other provision of the Agreement.
27. Legal Fees. In any lawsuit between the parties with respect to the matters covered by the Agreement, the substantially prevailing party will be entitled to receive its reasonable attorney's fees and costs incurred in the lawsuit, in addition to any other relief it may be awarded, from the non-prevailing party.
28. Noncompliance. If KIDSQUEST is found to be out of compliance with provisions of this Agreement, the City may seek repayment of the principal amount of the Funds



plus interest and attorney fees, or other appropriate legal remedy.

29. Entire Agreement and Modifications. This Agreement constitutes all of the understandings and agreements between the parties with respect to the City's commitment to provide, and KIDSQUEST's use of, the Funds for the Project. Unless otherwise provided for herein, no amendments, changes, alterations or modifications of this Agreement shall be effective unless executed by written instrument properly signed by both parties.



IN WITNESS WHERE, this Agreement is executed as of the Effective Date.

KIDSQUEST CHILDREN’S MUSEUM,  
a Washington nonprofit corporation

CITY OF BELLEVUE,  
a Washington municipal corporation

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

Putter Bert,  
Executive Director

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

Emil King,  
Community Development Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved As to Form:

Trisna Tanus, City Attorney

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

Courtney Popp, Assistant City Attorney



**Exhibit "A"**

**Legal Description of the Property**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH 2/3 OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE 47, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION LYING WITHIN 104TH AVENUE NORTHEAST, AS CONVEYED TO KING COUNTY BY DEEDS RECORDED UNDER RECORDING NUMBERS 2171154 AND 2467394;

AND EXCEPT THAT PORTION LYING EASTERLY OF A LINE DRAWN PARALLEL WITH AND 150 FEET (MEASURED ALONG THE NORTHERLY LINE OF SAID LOT) EASTERLY OF THE EASTERLY LINE OF SAID 104TH AVENUE NORTHEAST;

AND EXCEPT ANY PORTION THEREOF CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED UNDER RECORDING NUMBERS 5991451 AND 5991453.

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

Tax Parcel ID No. 154410-0272

WHEN RECORDED, RETURN TO:  
City of Bellevue  
Ira McDaniel  
Finance and Asset Management  
P.O. Box 90012  
Bellevue, WA 98009

CR# \_\_\_\_\_ Date \_\_\_\_\_ Loc \_\_\_\_\_

### RESTRICTIVE COVENANT

Grantor: KidsQuest Children’s Museum, a Washington non-profit corporation  
Grantee: City of Bellevue, a Washington municipal corporation  
Legal Description: Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, V.7 P. 47  
Assessor’s Number: 154410-0272

**THIS RESTRICTIVE COVENANT (“Agreement”)** is made this \_\_\_\_\_ day of May, 2026 (**“Effective Date”**) by and between KidsQuest Children’s Museum, a Washington non-profit corporation (**“Grantor”**), and the City of Bellevue, a Washington municipal corporation (**“Grantee”**).

### RECITALS:

A. Grantor owns the real property legally described in Exhibit A attached hereto and incorporated herein by this reference (the **“Property”**);

B. Grantor provides STEAM-centered “learning through play” museum exhibits and educational programming at its hands-on, interactive children’s museum that Grantee has recognized are in the public interest and provide public benefit;

C. Grantor and Grantee are parties to that certain Funding Agreement, dated of even date herewith (as the same may be amended, restated, supplemented or otherwise modified, the **“Funding Agreement”**), pursuant to which Grantee has agreed to make a series of awards to Grantor, in a total amount of no more than \$10,000,000.00 (collectively, the **“Funds”**), for purposes of acquiring, designing, constructing, and maintaining a cultural institution/museum, including without limitation, a facility containing STEAM-centered “learning through play” museum exhibits and educational programming (**“Museum”**), at the Property (**“Facility”**), subject to the terms and conditions and payment schedule contained in the **Funding Agreement**;

D. Grantor’s obligations under this Agreement and the Funding Agreement are secured by that certain Deed of Trust from Grantor in favor of Grantee, of even date herewith, recorded under separate cover, covering Grantee’s rights and interests under the Funding

Agreement and this Agreement (the “**City’s Deed of Trust**”); and

E. Pursuant to the terms of the Funding Agreement, Grantor has agreed to enter into this Agreement in favor of Grantee for purposes of restricting the use of the Property, all as more particularly set forth herein.

## AGREEMENT

**NOW THEREFORE**, for the purposes set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee declare that the Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the following covenants and restrictions:

1. Restrictive Covenant. During the Term (as defined below), Grantor hereby covenants, agrees, and declares that the Property shall be operated solely as a Museum and for ancillary purposes customarily associated with a museum, and otherwise in accordance with the terms and conditions of the Funding Agreement, including without limitation with respect to operating hours and admission fees (“**Restricted Use**”). For purposes of this Agreement, “**Term**” shall mean the period of time, commencing on the date of mutual execution of the Funding Agreement and terminating on the twentieth (20th) anniversary of the issuance of a final certificate of occupancy following the renovations to the Property contemplated by the Funding Agreement.

2. Binding Effect. The covenants and conditions of this Agreement touch and concern, and shall run with, the land and shall be binding upon and inure to the benefit of, respectively, Grantor and its successors and assigns and all subsequent owners of the Property and Facility, and to Grantee and its successors and assigns and all subsequent holders of Grantee’s benefited property interest for the Term hereof, and shall not be extinguished by nonuse or abandonment, or transfer of any interest in the Property. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, entered into after the date hereof shall be conclusively held to have been executed, delivered and accepted subject to the covenants and conditions of this Agreement, regardless of whether such covenants and conditions are set forth in such contract, deed, or other instrument. Furthermore, Grantor acknowledges that the Property was purchased for public purposes with public funds, and Grantor covenants that the Property shall continue to be used for the Restricted Use that constitutes the public purpose of the Funds and that the Property shall not be transferred or conveyed except with Grantee’s prior written consent.

3. Termination. Grantee agrees to reasonably cooperate with Grantor to enter into such documents as are necessary to release this Agreement of record upon the expiration or sooner termination of the Term.

4. Sale of Property. Grantor shall provide Grantee with at least ninety (90) days’ prior written notice if Grantor desires to convey ownership or control over all or any portion of the Property and/or Facility to a third party.

5. Notices. Any notice required by or given in connection with this Agreement must

be written and delivered personally or sent by first class mail USPS or nationally recognized overnight delivery service to the appropriate party at its notice address:

**Grantor:**

KidsQuest Children’s Museum  
Attn: Putter Bert, Executive  
Director  
1116 108th Ave NE  
Bellevue, WA 98004

**Grantee:**

City of Bellevue  
City Attorney’s Office  
Attn: Trisna Tanus, City Attorney  
PO Box 90012  
Bellevue, WA 98009-9012

Either party may, by proper notice to the other party, designate another address for the giving of notices hereunder. All notices shall be deemed given on the date personally delivered, on the third day following transmittance by first class mail, and on the next business day following transmittance by nationally recognized overnight delivery service, in each case in accordance with this Section.

6. Miscellaneous.

a. No Conflict. Grantor represents and warrants to Grantee that it has not executed and shall not execute any other covenant, declaration, or agreement with provisions contradictory to, or in opposition to, the provisions of this Agreement.

b. Attorneys’ Fees. If any suit or other proceeding is instituted by either party arising out of or pertaining to this Agreement, including, but not limited to, filing suit or requesting an arbitration (collectively “**Proceedings**”), and appeals and collateral actions relative to such Proceedings, the substantially prevailing party shall be entitled to recover its reasonable attorneys’ fees and all costs and expenses incurred relative to Proceedings from the substantially non-prevailing party, in addition to such other available relief available to the substantially non-prevailing party.

c. Severability. If any provision of this Agreement becomes illegal, null, void, or unenforceable for any reason, or is held by any court of competent jurisdiction to be so, the remaining provisions will remain in full force and effect.

d. Enforcement. In the event of a breach of any of the covenants or agreements set forth in this Agreement, the parties shall be entitled to any and all remedies available at law or in equity, including, but not limited to, the equitable remedies of specific performance or mandatory or prohibitory injunction issued by an arbitrator or by a court of appropriate jurisdiction.

e. Funding Agreement Governs Disputes Arising from Grantor’s Breach. If Grantor breaches any obligation under the Funding Agreement, this Agreement or the City’s Deed of Trust, the exercise of Grantee’s rights and remedies under this Agreement are subject in each instance to the terms and conditions of the Funding Agreement.

f. Amendments. Any addition, variation, or modification to this Agreement shall be

in writing and signed by Grantor and Grantee or their successors in interest and duly recorded in the real property records of King County, Washington.

g. Governing Law. This Agreement and the performance thereof shall be governed by and interpreted and construed in accordance with the laws of the State of Washington without regard to its conflicts of laws principles.

h. Venue. The venue for any action brought in connection with this Agreement shall be in Superior Court in King County, Washington.

i. Record. Grantor shall cause this Agreement to be recorded in the real property records of King County, Washington.

j. No Third-Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based on any provision of this Agreement.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same document, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

[Signature page on following page]

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

**GRANTOR:**

**KidsQuest Children's Museum,**  
a Washington non-profit corporation

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

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

**GRANTEE:**

**City of Bellevue,**  
a Washington municipal corporation

\_\_\_\_\_  
By: Diane Carlson, City Manager

Approved as to form:

\_\_\_\_\_  
Monica Buck, Deputy City Attorney



**EXHIBIT A**

**Legal Description of Property**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH 2/3 OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE 47, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION LYING WITHIN 104TH AVENUE NORTHEAST, AS CONVEYED TO KING COUNTY BY DEEDS RECORDED UNDER RECORDING NUMBERS 2171154 AND 2467394;

AND EXCEPT THAT PORTION LYING EASTERLY OF A LINE DRAWN PARALLEL WITH AND 150 FEET (MEASURED ALONG THE NORTHERLY LINE OF SAID LOT) EASTERLY OF THE EASTERLY LINE OF SAID 104TH AVENUE NORTHEAST;

AND EXCEPT ANY PORTION THEREOF CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED UNDER RECORDING NUMBERS 5991451 AND 5991453.

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

WHEN RECORDED, RETURN TO:  
City of Bellevue  
Ira McDaniel  
Finance and Asset Management  
P.O. Box 90012  
Bellevue, WA 98009

## DEED OF TRUST

Grantor: KidsQuest Children’s Museum  
Grantee/Beneficiary: City of Bellevue  
Grantee/Trustee: First American Title Insurance Company  
Legal Description (abbreviated): Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, V.7 P. 47  
Assessor’s Tax Parcel ID#: 154410-0272

THIS DEED OF TRUST (this “Deed of Trust”) is made as of \_\_\_\_\_, 2026, by KidsQuest Children’s Museum, a Washington non-profit corporation (the “Grantor”), whose address is 1116 108th Ave NE, Bellevue, WA 98004; to First American Title Insurance Company (the “Trustee”), whose address is 920 Fifth Avenue, Suite 1200, Seattle, WA 98104, for the benefit of City of Bellevue, a Washington municipal corporation, (the “Beneficiary”), whose address is c/o Trisna Tanus, City Attorney, P.O. Box 90012, Bellevue, WA 98009-9012.

## RECITALS

A. The Grantor and the Beneficiary are parties to that certain Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified, the “Funding Agreement”), pursuant to which the Beneficiary has agreed to make a series of awards to the Grantor in periodic payments according to the schedule set forth in the Funding Agreement in the maximum amount of Ten Million Dollars (\$10,000,000) (collectively, the “Funds”), subject to the terms and conditions set forth in the Funding Agreement, and the Grantor has agreed to execute and record that certain Restrictive Covenant of even date herewith, concerning the restriction of the use of the Property (defined in Section 1 below) for purposes of a children’s museum.

B. Pursuant to the terms of the Funding Agreement, the execution and delivery of this Deed of Trust is a material condition precedent to the obligation of the Beneficiary to make the Funds available to the Grantor under the Funding Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which the Grantor hereby acknowledges, the Grantor agrees as follows:

## ARTICLE 1

**1. Granting Clause.** The Grantor irrevocably grants, bargains, sells and conveys to the Trustee and its successors and assigns in trust, with power of sale and with right of entry and possession as provided herein, all of the Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, including leaseholds, in and to the following (collectively, the "Property"):

(a) the real property in King County, State of Washington, described in Schedule A attached and incorporated herein by this reference together with all the tenements, hereditaments, privileges, reversions, remainders, water rights, mineral rights, oil and gas rights, air rights, development rights, royalties, and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues and profits thereof (the "Real Property");

(b) all access rights and easements pertaining to the Real Property; and

(c) all buildings and structures, improvements, and fixtures, and replacements and additions thereto, now or hereafter located in, on, or about the Real Property or used in the operation of the Property. All property mentioned in this subsection (c) shall be deemed part of the realty and not severable wholly or in part without material injury to the Real Property;

**2. Collateral.** The following described estate, property and rights of the Grantor are also included as security for the performance of each covenant and agreement of the Grantor contained herein and the payment of all sums of money secured hereby: all compensation, awards, damages, rights of action and proceeds (including insurance proceeds and any interest on any of the foregoing) arising out of or relating to a taking of or damage to the Property by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, injury or decrease in the value of the Property.

The Real Property and all of the property and rights described in Sections 1 and 2 above are referred to collectively in this Deed of Trust as the "Collateral".

**3. Assignment of Rents.** Grantor hereby absolutely assigns and transfers to Beneficiary all the leases, rents, issues and profits of the leased Property (collectively "Rents"). Although this assignment is effective immediately, so long as no Event of Default exists under the Funding Agreement, Beneficiary gives to and confers upon Grantor the privilege and revocable license to collect as they become due, but not prior to accrual, the Rents and to demand, receive and enforce payment, give receipts, releases and satisfactions. Grantor confirms there has been no prior assignment of leases or Rents by Grantor, and agrees not to further assign such leases or Rents without the prior written approval of Beneficiary. Upon any Event of Default, the revocable license granted by Beneficiary herein shall be automatically revoked without further notice to or demand upon Grantor, and Beneficiary shall have the right, in its discretion, without notice, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the obligations of Grantor, (i) to enter upon and take possession of the Property to the extent permitted by applicable laws, and (ii) notify tenants, subtenants and any property manager to pay Rents to Beneficiary or its designee, and upon receipt of such notice such persons are authorized and directed to make payment as specified in the notice. In such event, Beneficiary shall retain and apply the Rents toward the payment of obligations secured hereby in such priority and proportions as Beneficiary shall deem proper in its reasonable discretion. The assignment of Rents is intended as security for the Funding Agreement pursuant to RCW 7.28.230 and, upon recording of this Deed of Trust, shall immediately perfect the security interest of such Rents in Beneficiary and shall not require any further action by Beneficiary to be perfected as to any subsequent purchaser, mortgagee, or assignee of any interest in the Property. The lien created by this assignment shall, when recorded, be deemed specific, perfected, and choate.

**4. Fixture Filing.** To the extent that any of the Collateral constitutes a fixture, this Deed of Trust will serve as a fixture filing pursuant to the Uniform Commercial Code.

**5. Obligations Secured.** This Deed of Trust secures the full and timely performance of the following liabilities and obligations (collectively, the “Secured Obligations”): all liabilities and obligations of the Grantor to the Beneficiary now or hereafter existing, whether direct or indirect, absolute or contingent or due or to become due, howsoever evidenced, created, incurred or owing, and all modifications, renewals, extensions and rearrangements thereof and substitutions and replacements therefor arising under or in connection with the following:

- (a) This Deed of Trust;
- (b) The Funding Agreement and any of the transactions contemplated thereby; and
- (c) Payment in the amount of Ten Million Dollars (\$10,000,000) with interest thereon, if any, according to the terms of the Promissory Note of even date herewith (“Note”), payable by the Grantor to the Beneficiary, including without limitation any renewals, modifications and extensions thereof.

## ARTICLE 2

**1. Non-Agricultural Use.** The Grantor represents and warrants to the Beneficiary that neither the Real Property nor any other Collateral is used principally for agricultural purposes.

**2. Other Purposes.** The Funding Agreement is not being made for personal, family or household purposes as provided in RCW 19.52.080.

**3. Performance of Obligations.** The Grantor shall strictly comply with all the terms and conditions of the Funding Agreement, Note, and this Deed of Trust, and perform each Secured Obligation in accordance with its terms.

**4. Warranty of Title.** The Grantor represents and warrants that it has good and marketable title to an indefeasible fee simple estate in the Property, subject to no liens, encumbrances, easements, assessments, security interests, claims or defects of any kind prior or subordinate to the lien of this Deed of Trust, except those listed in the Beneficiary’s title insurance policy or approved by the Beneficiary in writing (the “Exceptions”) and real estate taxes and assessments for the current year. The Grantor warrants the Exceptions and the real estate taxes and assessments are not delinquent or in default, and the Grantor has the right to convey the Property to the Trustee for the benefit of the Beneficiary. The Grantor will defend the validity and priority of the lien of this Deed of Trust and the security interest granted herein against any claims or demands other than with respect to the Exceptions.

**5. Grantor’s Defense of Collateral.** The Grantor shall appear in and defend any action or proceeding which may affect the Collateral or the rights or powers of the Beneficiary or the Trustee under this Deed of Trust, and to pay all costs and expenses, including cost of title search and attorney’s fees in a reasonable amount, in any such proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

**6. Beneficiary’s Right to Protect Collateral.** The Beneficiary may commence, appear in, and defend any action or proceeding which may affect the Collateral or the rights or powers of the Beneficiary or the Trustee under this Deed of Trust. The Beneficiary may pay, purchase, contest or compromise any encumbrance, charge or lien not listed as an Exception which in its judgment appears to be prior or superior to the lien of this Deed of Trust. If Grantor fails to do any act required under the Funding Agreement or other Secured Obligations, the Beneficiary, without any obligation to do so and without

releasing the Grantor from any obligations under the Funding Agreement, may make the payment or cause the act to be performed in such manner and to such extent as the Beneficiary may deem necessary to protect the Collateral. The Beneficiary is authorized to enter upon and take possession of the Property for such purposes to the extent permitted by applicable laws. In exercising any of these powers the Beneficiary may incur such expenses, in its absolute discretion, it deems necessary.

**7. Release of Parties or Collateral.** Without affecting the obligations of any party under the Funding Agreement and without affecting the lien of this Deed of Trust and the Beneficiary's security interest in the Collateral, the Beneficiary may, without notice (a) release all or any other party now or hereafter liable for any of the Secured Obligations (including the Grantor), (b) release all or any part of the Collateral from the lien of this Deed of Trust, (c) subordinate the lien of this Deed of Trust or the Beneficiary's security interest in the Collateral, (d) take and/or release any other security for or guarantees of the Secured Obligations, (e) grant an extension of time for performance of the Secured Obligations, (f) modify, waive, forbear, delay or fail to enforce any of the Secured Obligations, (g) sell or otherwise realize on any other security or guaranty prior to, contemporaneously with or subsequent to a sale of all or any part of the Collateral, (h) make advances pursuant to the Funding Agreement, (i) consent to the making of any map or plat of the Real Property, and (j) join in the grant of any easement or the creation of any restriction on the Property. Any subordinate lienholder shall be subject to all such releases, extensions or modifications without notice to or consent from the subordinate lienholder. The Grantor shall pay any trustee's, attorneys', title insurance, recording, inspection or other fees or expenses incurred in connection with release of Collateral, the making of a map, plat or the grant of an easement or restriction. Any subordinate lienholder agrees, by taking its interest subject to this Deed of Trust, that any such action may be taken without notice to or consent from the subordinate lienholder, without impairing the priority of this Deed of Trust.

**8. Condemnation.** The Grantor shall give immediate notice to Beneficiary of any condemnation proceeding (including change of grade) or any offer made related to potential condemnation. In the event any portion of the Property is taken or damaged in an eminent domain proceeding to the extent that the remaining Property can no longer be operated as a museum, the entire amount of the award or such portion as may be necessary to fully satisfy the obligations secured hereby, shall be paid to Beneficiary to be applied to said obligations or, at Beneficiary's election, the entire amount secured hereby shall be immediately due and payable.

**9. Subdivision and Separate Assessment.** Grantor represents and warrants that (a) the Property is assessed for purposes of real estate taxes as a separate and distinct parcel from any other property and (b) the Property has been properly subdivided from all other property in accordance with the requirements of any applicable laws or regulations.

**10. Maintenance of Collateral.** Grantor shall keep the Collateral in good condition and repair; permit no waste thereof; complete any building, structure or improvement being built or about to be built thereon; restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Collateral.

**11. Taxes.** Grantor shall pay before delinquent all lawful taxes and assessments upon the Collateral, and keep the Collateral free and clear of all charges, liens or encumbrances other than the Exceptions. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Collateral hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at 12% per annum, shall be added to and become a part of the debt secured in this Deed of Trust.

**12. Transfers.** Except for leases specifically permitted by Section 13 of this Article II, Grantor will not sell, assign, convey or transfer (collectively, “Transfer”) all or any part of the Collateral or any legal or beneficial interest therein without complying with the applicable terms of the Funding Agreement.

**13. Leases.** Grantor shall not enter into any lease with respect to all or any portion of the Property without the prior written consent of Beneficiary; provided, however, that Grantor may honor the 2026 Lease Agreement with Bellevue Art Museum (“BAM”) described in the Purchase and Sale Agreement entered into between BAM and Grantor, and may enter into leases from time to time with operators of the museum cafe, so long as the cafe leases cover not more than one thousand five hundred (1,500) square feet of space and are for a term (including any possible extensions or renewals) of not more than five (5) years. No lease shall contain any option to purchase, right of first refusal or first offer, or any other rights to acquire or lease other portions of the Property.

**14. Prohibited Liens.** Grantor shall keep the Property free from liens and lien claims of all kinds, superior or inferior to the Deed of Trust, except for the Exceptions, and subject to Grantor’s rights under this Section. Grantor may contest in good faith by appropriate legal or administrative proceedings the validity of any lien, encumbrance or charge so long as (i) Grantor is not in breach of the Funding Agreement, beyond applicable notice and cure periods, (ii) Grantor first deposits with Beneficiary a bond or other security satisfactory to Beneficiary in the amount reasonably required by Beneficiary, (iii) Grantor immediately commences its contest of such lien, encumbrance or charge upon learning of the existence of the lien through commercially reasonable diligence, and continuously pursues the contest in good faith and with due diligence, (iv) foreclosure of the lien, encumbrance or charge is stayed, and (v) Grantor pays any judgment rendered on the claim within ten (10) days after entry of the judgment. Grantor shall discharge or elect to contest and shall post appropriate security for any contest within twenty (20) days of written demand by Beneficiary.

**15. Alterations, Removal, and Demolition.** Other than as expressly contemplated by the Funding Agreement or other agreement executed by Beneficiary, Grantor shall not structurally alter, remove or demolish any Improvements on the Property without Beneficiary’s prior written consent nor shall Grantor remove any fixture that is part of the Property without Beneficiary’s prior written consent, which consent in each case shall not be unreasonably withheld or conditioned, unless the fixture is replaced by an article of equal or better suitability owned by Grantor free and clear of any lien or security interest except such as may be approved in writing by the Beneficiary. Beneficiary shall approve or disapprove (and if disapproval, then the specific reasons therefor) any request for consent under this Section, accompanied by a full explanation of the proposed action and the purpose, necessity, and financing thereof, within thirty (30) business days of receipt of such request, with Beneficiary’s failure to timely approve or disapprove being deemed its approval of the request for consent.

**16. Completion, Repair, Restoration.** In the event of property damage, loss or casualty, Grantor shall promptly complete or repair and restore in good workmanlike manner any Improvements that may be partially constructed, damaged or destroyed and shall pay all costs incurred therefor, provided that if Grantor maintains insurance as required hereby then Grantor’s obligation to repair and restore in case of casualty shall be limited to the insurance proceeds available therefor and any reserves maintained for the Property. Prior to commencement of any construction or restoration costing in excess of \$10,000 following damage, loss or casualty, Grantor shall submit the plans and specifications for Beneficiary’s approval, which approval shall not be unreasonably conditioned, delayed, or withheld, and furnish evidence of sufficient funds to complete the work.

**17. Impairment of Property.** Grantor shall not, without the written consent of Beneficiary, (i) initiate or support any zoning reclassification of the Property, seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in a manner that would result

in such use becoming a nonconforming use under applicable zoning ordinances; (ii) modify, amend or supplement any easement, reservation, restriction, covenant, condition, or encumbrance pertaining to the Property; (iii) impose or consent to any restrictive covenant or encumbrance upon the Property other than the Restrictive Covenant and any Exception, execute or file any subdivision or parcel map affecting the Property or consent to the annexation of the Property to any municipality, or (iv) permit the Property to be used by the public or any person in such manner as might make possible a viable claim of adverse usage or possession or of any implied dedication or easement.

### ARTICLE 3

#### 1. Insurance.

(a) The Grantor shall maintain such insurance on the Collateral as may be required by the Funding Agreement, and in any event in an amount not less than the total debt secured by this Deed of Trust.

(b) If the Grantor fails to maintain any insurance required of it by the Beneficiary, or fails to pay any premiums with respect to such insurance, the Beneficiary may obtain such replacement insurance as it deems necessary or desirable, or pay the necessary premium on behalf of the Grantor, and any sums expended by the Beneficiary in so doing shall be deducted from the Funds under the Funding Agreement. Any such amounts shall be secured hereby.

(c) The amount collected under any insurance policy may be applied to the Secured Obligations in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

2. **Insurance Proceeds.** Grantor shall give immediate notice to Beneficiary of any material loss or damage to the Property or any right therein, whether or not required to be insured against. Such notice shall generally describe the nature and cause of such casualty and the extent of the damage to or destruction of the Property. Beneficiary may, at Beneficiary's option and after at least three (3) business days prior written notice to Grantor (except in case of emergency), commence, appear in and prosecute, in its own name, any action or proceeding, make a claim for, or make any reasonable compromise or settlement concerning such casualty. All proceeds payable as a result of loss or damage shall be paid to Beneficiary, to be applied to reconstruction expenses as set forth below. All compensation, awards, damages, rights of action and proceeds, including the policies and the proceeds of any policies of insurance affecting the Property, are hereby assigned to Beneficiary, but no such assignments shall be effective to invalidate or impair any insurance policy. Grantor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of the Beneficiary and all refunds or rebates made of taxes or assessments on the Property, and Grantor agrees that Beneficiary may at any time collect said return premiums, repayments, refunds, and rebates in the event of any default by Grantor under the Funding Agreement beyond applicable notice and cure periods. No insurance proceeds, or payments in lieu thereof, at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such amounts with its general assets and shall not be liable for the payment of any interest thereon. Unless Beneficiary reasonably determines that Beneficiary's security would be impaired or both Beneficiary and Grantor agree that the repair or restoration of the Improvements on the Property would not be economically feasible, Beneficiary shall permit the proceeds to be used for repair and restoration of the Property on such conditions as Beneficiary may reasonably impose, which may include evidence from Grantor of sufficient funds to complete the work, approval by Beneficiary of the plans and specifications, and periodic disbursement by Beneficiary of the proceeds during the course of

repair and restoration. If (a) the Beneficiary determines that its security would be impaired by use of the proceeds (and any other resources provided by Grantor) for repair or restoration; (b) Grantor and Beneficiary agree that repair or restoration would not be economically feasible; (c) the conditions imposed as referenced in the previous sentence for use of proceeds for repair or restoration are not satisfied; or (d) Grantor fails to proceed with reasonable diligence to repair or restore the Improvements notwithstanding the availability of insurance proceeds, then in any such case Beneficiary may, after deducting its expenses including reasonable attorneys' fees, without in any way affecting the enforceability or priority of the lien of this Deed of Trust or the obligation of the Grantor or any other person for payment of the indebtedness hereby secured or for the reconstruction of the damaged Improvements, whether Grantor is then owner of the Property or not:

(a) Apply all or part of the proceeds against the sums owed under the Funding Agreement without affecting Grantor's obligation to make future payments (if any) as they come due, or

(b) Release all or any part of the proceeds to Grantor, or

(c) In the case of a termination of the Funding Agreement resulting from Grantor's failure to proceed with repair or restoration, cause the proceeds to be used for repair or restoration of the Improvements as stated in this Deed of Trust.

For purposes of this Section, impairment of the Beneficiary's security shall be determined by comparison to the adequacy of the Beneficiary's security prior to the casualty loss.

The provisions of this Section regarding the use and disposition of insurance proceeds shall be subject to the rights of any third parties as set forth in any Exception having priority over this Deed of Trust (unless otherwise agreed by such third parties) and to any requirements of Beneficiary contained in the Funding Agreement.

#### ARTICLE 4

##### 1. Default; Remedies.

(a) The occurrence or happening of any one or more of the following shall constitute an "Event of Default" under this Deed of Trust:

(i) Any failure by Grantor to perform any of its obligations under the Funding Agreement or this Deed of Trust.

(ii) Grantor Transfers all or any part of the Collateral or any legal or beneficial interest therein without complying with the applicable terms of the Funding Agreement.

(iii) Any execution or attachment is levied against any of the Collateral, and such execution or attachment is not set aside, discharged or stayed within ten (10) days after the same is levied.

(iv) A default occurs under any other mortgage, deed of trust or security agreement covering the Collateral, including any Exceptions.

(b) If an Event of Default shall occur, the Beneficiary shall have all remedies provided by law or in equity, including without limitation the right to require the payment of amounts due

under Section 12 of the Funding Agreement without notice of default, notice of acceleration or intention to accelerate, presentment or demand for payment, protest, notice of protest, notice of nonpayment or dishonor, or notices or demands of any kind or character, all of which are hereby waived by Grantor and, without limiting the generality of the foregoing or the remedies provided in any other section hereof or in the Funding Agreement, shall have the following remedies:

(i) the right to foreclose on this Deed of Trust judicially as a mortgage or non-judicially pursuant to the power of sale;

(ii) as a matter of right without bond and without regard to the adequacy of the security, and to the extent permitted by law without notice to Grantor, Beneficiary shall be entitled, upon application to a court of competent jurisdiction, to the immediate appointment of a receiver for all or any part of the Collateral any and rents therefrom, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by a receiver in the State of Washington, all the rights and powers granted to Beneficiary by the Funding Agreement and Deed of Trust; and

(iii) all other remedies which may be available at law or in equity.

The Beneficiary's exercise of any right, power or remedy shall in no event constitute a waiver of any Event of Default nor prejudice the right of the Beneficiary in the exercise of any right hereunder. The Beneficiary's failure to enforce any of its rights, powers or remedies upon the occurrence of an Event of Default shall not constitute a waiver of the default or any subsequent default of its rights and remedies with respect to such default. In the event of foreclosure, the cost of the title premium for the trustee's sale guaranty (or equivalent title policy or report) shall be paid for by the Grantor and shall be added to and be a part of the Secured Obligations. If either this Deed of Trust or the Funding Agreement is referred to an attorney for enforcement or for preservation of the Beneficiary's rights or remedies, and whether or not suit is filed or any proceedings are commenced, all of the Beneficiary's costs and expenses incurred in connection therewith including, without limitation, trustee's and attorneys' fees (including attorneys' fees for any appeal, bankruptcy proceeding or any other proceeding), accountants' fees, appraisal and internal appraisal review fees, inspection fees (including inspections for hazardous substances, asbestos containing materials, and compliance with building and land use codes and regulations), engineering fees, expert witness fees and costs of title reports, and any costs of foreclosure, shall be added to and be a part of the Secured Obligations.

(c) After an Event of Default, and upon the giving of such notice and the expiration of such time as required by law, the Trustee may sell the Property upon any terms and conditions specified by Beneficiary and permitted by applicable law. In such event and upon written request of Beneficiary, Trustee shall sell the Property in accordance with the Deed of Trust Act of the State of Washington ("Deed of Trust Act"), at public auction to the highest bidder. Trustee may postpone any sale by public announcement at the time and place noticed for the sale or as otherwise allowed by law. Neither Trustee nor Beneficiary shall be required to marshal Grantor's assets. Any person except Trustee may bid at Trustee's sale. In the event of a foreclosure sale, Grantor and the holders of any subordinate liens or security interests waive any equitable, statutory, or other right it may have to require marshaling of assets or foreclosure in the inverse order of alienation. If Beneficiary is also the beneficiary of one or more other deeds of trust on the Property, then Grantor agrees (a) that Beneficiary, at its sole option, may cause the Property to be sold subject to the lien(s) of such other deed(s) of trust (regardless of the order of recording thereof and regardless of any other recourse or collateral that Beneficiary may have under for any indebtedness secured hereby or by such other deed(s) of trust), and (b) that Beneficiary may, at its sole option, cause the Property to be sold at a single sale held under both this Deed of Trust and such other deed(s) of trust. Trustee shall deliver to the purchaser at the Trustee's sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust,

and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. Trustee shall apply the proceeds of the sale as follows: (i) to the expenses of sale, including Trustee's fees and attorneys' fees, to the extent that such trustee's fees and charges do not, in the aggregate, exceed the amount which would, by the superior court of the county in which the trustee's sale occurred, have been deemed a reasonable attorney's fee, had this instrument been foreclosed as a mortgage in a non-contested action in that court; (ii) to all the principal and interest evidenced by the Note and all other indebtedness secured by this Deed of Trust; and (iii) the surplus, if any, less the clerk's filing fee, shall be deposited, together with written notice of the amount of the surplus, a copy of the notice of trustee's sale, and an affidavit of mailing as provided in RCW 61.24.080(3), with the clerk of the superior court of the county in which the sale took place. The power of sale conferred by this Deed of Trust is not an exclusive remedy, and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage.

(d) After an Event of Default, and during any construction of improvements on the Property after such Event of Default, Beneficiary shall have the right, but not the obligation, acting directly or through any agent or designee, to enter upon the Property and take or cause to be taken any and all actions necessary or appropriate in Beneficiary's sole judgment to complete, wholly or in part, construction of the improvements, including but not limited to making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, subject to the Beneficiary's right to discontinue any and all such actions at any time without liability. If Beneficiary elects to complete or cause the completion of any ongoing improvements Beneficiary shall not thereby assume any liability or obligation to Grantor or any other person for such completion or for the manner or quality of construction, and, except to the extent due to the gross negligence or willful misconduct of Beneficiary or its officers or agents, Grantor expressly releases Beneficiary and its officers and agents from any such liability to Grantor to the extent permitted by applicable laws. For purposes of this Subsection (d) while the obligations secured by this Deed of Trust remain outstanding, Grantor appoints Beneficiary as its authorized agent, with full power of substitution, to complete any ongoing improvements and to modify, terminate or enter into any contracts for such purpose, in the Grantor's name, or Beneficiary may elect to complete construction in its own name. In either event, all reasonable and customary sums expended by Beneficiary in connection with the completion or attempted completion of the ongoing improvements shall be deemed to have been disbursed to Grantor under the Funding Agreement, and any such sums that exceed Beneficiary's maximum promise to pay Grantor under the Funding Agreement shall constitute a loan to Grantor on commercially reasonable terms and conditions, payable on demand, bearing interest at the rate of 12% per annum, and shall be secured hereby. After an Event of Default has been declared and Beneficiary has given notice to Grantor of Beneficiary's election to complete construction, Beneficiary shall have the exclusive right to exercise any and all rights of Grantor pursuant to any contracts or agreements with respect to the construction of the ongoing improvements and with respect to any related plans, specifications, studies, data, and drawings, without liability to Grantor for any such exercise, except to the extent such liability is due to the gross negligence or willful misconduct of Beneficiary.

(e) After an Event of Default, Beneficiary shall have the right to proceed with respect to any personal property included as part of the Collateral in accordance with Beneficiary's rights and remedies with respect to real property or sell the personal property separately and without regard to the remainder of the Collateral in accordance with Beneficiary's rights and remedies provided by the Uniform Commercial Code, as well as other rights and remedies available at law and equity.

(f) Upon the occurrence and continuation of an Event of Default, Beneficiary is authorized, either by itself or its agent, to be appointed by it for the purpose, or by a receiver appointed by a court of competent jurisdiction, to enter into and upon and take hold and possession of any portion or all

of the Property, both real and personal, and exclude Grantor and all other persons therefrom; to operate and manage the Property and rent and lease the same; to perform such reasonable acts of repair and protection as may be reasonably necessary or proper to conserve the value thereof; and collect any Rents for the benefit and protection of Beneficiary, and from time to time apply or accumulate such Rents in such order and manner as Beneficiary or such receiver, in its sole discretion shall consider advisable to or upon the following: expenses of receivership, if any; the costs of upkeep, maintenance, repair and/or operation of the Property; the repayment of any sums theretofore, or thereafter advanced pursuant to this Deed of Trust, the interest then due or to become due upon under the Funding Agreement secured hereby; the taxes and assessments upon the Property then due or next to become due; or upon the unpaid principal of such indebtedness. The collection or receipt of Rents by Beneficiary, its agent or receiver after notice of default and notice of sale shall not affect or impair such default of notices or any sale proceedings predicated thereon. Any Rents in possession of Beneficiary's agents or receiver at the time of sale and not theretofore applied as herein provided shall be applied in the same manner and for the same purposes as the proceeds of sale. Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts referred to in this paragraph, and any actions referred to in this paragraph may be taken by Beneficiary regardless of whether any notice of default or notice of sale has been given hereunder and without regard to the adequacy of the security for the indebtedness evidenced by the Note. Nothing herein shall require Beneficiary, debtor or receiver appointed to collect any Rents; however, Beneficiary shall be entitled to such appointment at its options in accordance with this Section.

(g) The Property, real, personal or mixed, may be sold as an entirety or in parcels by one sale or by several sales held at one time or at different times, all as Trustee or Beneficiary, in their unrestricted discretion, may elect. Grantor, for and on behalf of itself and all persons including by, through or under Grantor, waives any and all right to have the Property marshalled upon any foreclosure sale, and agrees that upon foreclosure, the Property may be sold as an entirety and not in parcels.

(h) Upon the occurrence and continuation of an Event of Default, Beneficiary, separately or in an action to foreclose this Deed of Trust, shall be entitled without notice and without regard of the adequacy of any security for the Note, the absence of waste or deterioration of the Property or other arguments based on equity, to the appointment of a receiver of the Rents of the Property who shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants herein. Once appointed, at Beneficiary's option, such receiver shall remain in place until the default is cured.

(i) Whenever this Deed of Trust requires that amounts payable by a third party be paid directly to Beneficiary (for example, insurance proceeds and proceeds of claims of loss or damage to the Property), Beneficiary may enforce such rights with a preliminary injunction or temporary restraining order. Grantor agrees that irreparable harm may result if such payments are not made directly to Beneficiary. Grantor agrees not to oppose such a motion for injunction or restraining order provided the arrangements are made to deposit such sums in a third party depository.

**2. Cumulative Remedies; No Election of Remedies.** To the fullest extent allowed by law, all of the Beneficiary's and the Trustee's rights and remedies specified in the Funding Agreement (including without limitation this Deed of Trust) are cumulative, not mutually exclusive and not in substitution for any rights or remedies available at law or in equity. Without waiving its rights in the Collateral, the Beneficiary may proceed against the Grantor, any other party obligated to perform the Secured Obligations or against any other security or guaranty for the Secured Obligations, in such order or manner as the Beneficiary may elect. Except where prohibited by applicable law, the commencement of proceedings to enforce a particular remedy shall not preclude the commencement of other proceedings to enforce a different remedy.

**3. Foreclosure of Lessee's Rights; Subordination.** The Beneficiary shall have the right, at its option, to foreclose this Deed of Trust. The Beneficiary's failure to foreclose against any lessee shall not be asserted as a claim against the Beneficiary or as a defense against any claim by the Beneficiary in any action or proceeding.

## ARTICLE 5

**1. Liability of Trustee.** Trustee shall have no liability or responsibility for, and make no warranties in connection with, the validity or enforceability of any of the Funding Agreement or this Deed of Trust or the description, value or status of title to the Collateral. Trustee shall be protected in acting upon any notice, request, consent, demand, statement, note or other paper or document believed by Trustee to be genuine and to have been signed by the party or parties purporting to sign the same. Trustee shall not be liable for any error of judgment, nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which Trustee may do or refrain from doing in good faith, nor generally shall Trustee have any accountability hereunder except for willful misconduct or gross negligence. The powers and duties of Trustee hereunder may be exercised through such attorneys, agents or servants as Trustee may appoint, and Trustee shall have no liability or responsibility for any act, failure to act, negligence or willful conduct of such attorney, agent or servant, so long as the selection was made with reasonable care. In addition, Trustee may consult with legal counsel selected by Trustee, and Trustee shall have no liability or responsibility by reason of any act or failure to act in accordance with the opinions of such counsel. Trustee may act hereunder and may sell or otherwise dispose of the Collateral or any part thereof as herein provided, although Trustee has been, may now be or may hereafter be, an attorney, officer, agent or employee of Beneficiary, in respect of any matter or business whatsoever. Trustee, however, shall have no obligation to sell all or any part of the Collateral following an Event of Default or to take any other action authorized to be taken by Trustee hereunder except upon the demand of Beneficiary.

**2. Indemnification of Trustee.** Grantor agrees to indemnify Trustee and to hold Trustee harmless from and against any and all claims and expenses directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Collateral, this Deed of Trust, or the Funding Agreement, including but not limited to any claim arising out of or resulting from any assertion or allegation that Trustee is liable for any act or omission of Grantor or any other person in connection with the ownership, development, financing, operation or sale of the Collateral; provided, however, that Grantor shall not be obligated to indemnify Trustee with respect to any claim arising solely from the gross negligence or willful misconduct of Trustee. The agreements and indemnifications contained in this section shall apply to claims arising both before and after the satisfaction of the Secured Obligations and shall survive any foreclosure or deed in lieu thereof and any other action by Trustee to enforce the rights and remedies of Beneficiary or Trustee hereunder or under the Agreement.

**3. Substitution of Trustee; Multiple Trustees.** Beneficiary shall have, and is hereby granted with warranty of further assurances, the irrevocable power to appoint a new or replacement or substitute Trustee. Such power may be exercised at any time without notice, without cause and without specifying any reason therefor, by filing for record in the office where this Deed of Trust is recorded a Notice of Substitution of Trustee. The power of appointment of a successor Trustee may be exercised as often as and whenever Beneficiary may choose, and the exercise of the power of appointment, no matter how often, shall not be an exhaustion thereof. Upon the recordation of such Notice of Substitution of Trustee, the Trustee so appointed shall thereupon, without any further act or deed of conveyance, become fully vested with identically the same title and estate in and to the Collateral and with all the rights, powers, trusts and duties of its predecessor in the trust hereunder with like effect as if originally named as Trustee hereunder. Whenever in this Deed of Trust reference is made to Trustee, it shall be construed to mean each person appointed as Trustee for the time being, whether original or successor in trust. All title, estate, rights, powers, trusts and duties granted to Trustee shall be in each person appointed as Trustee so that any action hereunder by any person appointed as Trustee shall for all purposes be deemed to be, and as effective as,

the action of all Trustees.

**4. Reliance by Trustee.** The Grantor hereby irrevocably authorizes the Trustee, upon presentation to it of an affidavit or declaration by Beneficiary or an officer of Beneficiary setting forth facts showing a default on the obligations secured by this Deed of Trust, to accept as true and conclusive all facts and statements therein and to act thereon hereunder.

## ARTICLE 6

**1. Reconveyance After Payment.** Upon written request of the Beneficiary stating that all obligations secured by this Deed of Trust have been satisfied in full, the Trustee shall reconvey, without warranty, the Collateral then subject to the lien of this Deed of Trust. The Grantor shall pay any costs, trustee's fees and recording fees incurred in so reconveying the Collateral.

**2. Nonwaiver of Terms and Conditions.** Time is of the essence with respect to performance of the obligations under this Deed of Trust. The Beneficiary's failure to require prompt enforcement of any such obligation under this Deed of Trust shall not constitute a waiver of the obligation or any subsequent required performance of the obligation. No term or condition of this Deed of Trust may be waived, modified or amended except by a written agreement signed by the Grantor and the Beneficiary. Any waiver of any term or condition of this Deed of Trust shall apply only to the time and occasion specified in the waiver and shall not constitute a waiver of the term or condition at any subsequent time or occasion.

**3. Waivers and Agreements Regarding Remedies.** To the full extent permitted by applicable laws, Grantor hereby:

(a) agrees that it will not at any time plead, claim or take advantage of any laws now or hereafter in force providing for any valuation, appraisal, stay of execution, extension, or notice of election, and waives and releases all rights of valuation, appraisal, stay of execution, extension and notice of election, to accelerate the Secured Obligations; waives all rights to a marshalling of the assets of Grantor, including the Collateral, or to a sale in the inverse order of alienation in the event of a foreclosure of the Collateral, and agrees not to assert any right under any law pertaining to the marshalling of assets, the sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Beneficiary under the terms of this Deed of Trust to a sale of the Collateral without any prior or different resort for collection, or the right of Beneficiary to the payment of the Secured Obligations out of the proceeds of sale of the Collateral in preference to every other claimant whatsoever;

(b) waives any right to bring or utilize any defense, counterclaim or setoff, other than one which denies the existence or sufficiency of the facts upon which any foreclosure action is grounded. If any defense, counterclaim or setoff, other than one permitted by the preceding clause, is timely raised in a foreclosure action, such defense, counterclaim or setoff shall be dismissed. If such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, such claim may be brought in a separate action which shall not thereafter be consolidated with the foreclosure action. The bringing of such separate action for money damages shall not be deemed to afford any grounds for staying the foreclosure action;

(c) waives and relinquishes any and all rights and remedies which Grantor may have or be able to assert by reason of the provisions of any laws pertaining to the rights and remedies of sureties; and

(d) waives the right to assert any statute of limitations as a bar to the enforcement of this Deed of Trust or any action brought to enforce the Funding Agreement.

**4. Notices.** Any notice given by Grantor, Trustee or Beneficiary shall be in writing and shall be effective (a) on personal delivery to the party receiving the notice, (b) on the second business day after deposit in the United States mail, postage prepaid, and (c) on the next business day after deposit with a nationally recognized overnight courier services, in each case addressed to the party at the address set forth in the preamble to this Deed of Trust (or such other address as a party may specify by written notice in accordance with this Section), or with respect to the Grantor, to the address at which Beneficiary customarily or last communicated with Grantor. Any notice to Grantor shall be effective if given in any other manner authorized by the Funding Agreement or by applicable law; provided, however, that notices of default or notices required under the Deed of Trust Act must be given in writing as specifically set forth in this Section.

**5. Other Agreements.** The terms of this Deed of Trust are intended to supplement and not to replace the terms of the Funding Agreement, and the rights and remedies herein provided to the Beneficiary are intended to be cumulative of and in addition to all rights and remedies conferred by the Funding Agreement.

**6. Severability.** In case any one or more of the provisions contained in this Deed of Trust is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby. In the event of any inconsistency between one or more of the provisions contained in this Deed of Trust and one or more of the provisions contained in the Funding Agreement, the provisions contained in the Funding Agreement shall govern.

**7. Rules of Construction.** This Deed of Trust shall be construed so that, whenever applicable, the use of the singular shall include the plural, the use of the plural shall include the singular, and the use of any gender shall be applicable to all genders and shall include corporations, partnerships, limited partnerships, limited liability companies and other forms of entities. This Deed of Trust inures to the benefit of and binds all parties named herein and their successors and assigns. The headings to the various sections have been inserted for convenience of reference only and shall not be used to construe this Deed of Trust.

**8. Governing Law; Venue.** This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington, excluding its conflicts of laws rules. The venue for any action brought in connection with this Deed of Trust shall be in Superior Court in King County, Washington.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

**IN WITNESS WHEREOF**, the Grantor has executed this Deed of Trust the day and year first written above.

**GRANTOR:**

KIDSQUEST CHILDREN’S MUSEUM, a Washington  
Nonprofit Corporation

By: \_\_\_\_\_  
Name: Putter Bert  
Its: Executive Director

STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF KING         )

I certify that I know or have satisfactory evidence that Putter Bert is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Executive Director of KidsQuest Children’s Museum, a Washington nonprofit corporation, to be the free and voluntary act and deed of such corporation for the uses and purposes mentioned in the instrument.

Date: \_\_\_\_\_

(seal or stamp)

\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Print Name

## SCHEDULE A

### LEGAL DESCRIPTION:

The north 140 feet of the south 185 feet of the north 2/3 of the north half of the west half of Lot 4, Block 2, Cheriton Fruit Gardens, Plat Number 1, according to the plat thereof recorded in Volume 7 of Plats, Page 47, in King County, Washington;

EXCEPT that portion lying within 104<sup>th</sup> Avenue Northeast, as conveyed to King County by deeds recorded under Recording Numbers 2171154 and 2467394;

AND EXCEPT that portion lying easterly of a line drawn parallel with and 150 feet (measured along the northerly line of said lot) easterly of the easterly line of said 104<sup>th</sup> Avenue Northeast;

AND EXCEPT any portion thereof conveyed to the City of Bellevue by deeds recorded under Recording Numbers 5991451 and 5991453.

## PROMISSORY NOTE

\$5,000,000.00

Bellevue, Washington  
May \_\_, 2026

FOR VALUE RECEIVED, KidsQuest Children’s Museum, a Washington nonprofit corporation (“**Maker**”), enters into this Promissory Note (“**Note**”) and promises to pay in lawful money of the United States of America, to the order of City of Bellevue, a Washington municipal corporation (“**Holder**”), at the address designated by Holder, the principal sum of Five Million and 00/100 dollars (\$5,000,000.00) or so much thereof as may be advanced hereunder.

This Note is subject to the terms and conditions of the Funding Agreement of even date herewith (“**Funding Agreement**”) between Holder and Maker, pursuant to which Holder has agreed to advance Funds to Maker for the purposes outlined in the Funding Agreement (the “**Funds**”). Disbursement of the Funds evidenced by this Note is to be made subject to the terms and conditions of the Funding Agreement. Maker agrees that a schedule of the dates and amounts of advances and repayments on this Note certified by an officer of Holder shall be conclusive evidence for all purposes of such dates and amounts. All amounts payable hereunder shall be paid without any set-off or deduction of any nature. Provided Maker is in compliance with the terms and conditions of the Funding Agreement, the amount due under this Note shall be amortized in accordance with Schedule 1 attached hereto.

Holder has no expectation of repayment of the Funds so long as the Maker performs pursuant to the terms and conditions of the Funding Agreement. If, however, the Funds are not used as required by the Funding Agreement during the Term (as that term is defined in the Funding Agreement) or Maker is otherwise in default under the Funding Agreement following expiration of any notice and cure periods, then Holder shall be entitled to the immediate payment of the then existing unamortized principal balance of this Note together with interest at a rate of 12% per annum.

If Maker defaults under this Note, then Maker agrees to pay all of Holder’s costs of collection, including but not limited to, reasonable attorney’s fees incurred by Holder or the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to this Note, including without limitation any arbitration, bankruptcy, trial, or appellate proceedings, Maker will pay Holder’s reasonable costs, including without limitation reasonable attorney’s fees, incurred in all such proceedings.

Maker hereby waives presentment and demand for payment, notice of dishonor, protest, notice of protest, and any other notice not specifically required by the Funding Agreement.

This Note is secured by a Deed of Trust of even date herewith covering property situated in King County, Washington, and shall be construed, enforced and otherwise governed by the laws of the State of Washington.

Notwithstanding anything to the contrary herein, Maker’s respective officers, employees, agents and contractors shall have no personal liability for payment of the indebtedness evidenced hereby or performance of the covenants set forth in this Note, in the Deed of Trust, or in the Funding Agreement, and the recourse of the holder hereof shall be confined to the exercise of its rights under the Funding Agreement and Deed of Trust, provided that nothing shall diminish the Maker’s liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation

or misuse of rents by Maker's assigns and their respective officers, employees, agents and contractors.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

The individual, by signing below, represents and warrants to Holder that they have the authority to sign this Note on behalf of Maker.

**KidsQuest Children's Museum**, a Washington nonprofit corporation

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

Name: Putter Bert

Its: Executive Director

## SCHEDULE 1

Note: Amortization of the amounts due under this Note shall commence on the date of issuance of a final certificate of occupancy by the City of Bellevue following the renovations to the property secured by the Deed of Trust as contemplated by the Funding Agreement.

**Principal Amount:** \$5,000,000.00

**Term:** 20 years from Final Certificate of Occupancy

**Annual Forgiveness:** \$250,000.00

**Interest Rate:** 12% per annum (applicable only upon Event of Default)

*Note: This schedule reflects the Unamortized Balance that would be due upon an Event of Default pursuant to Section 12 of the Funding Agreement.*

Year	Beginning Balance	Annual Forgiveness	Unamortized Balance (Ending Balance)
1	\$5,000,000.00	\$250,000.00	\$4,750,000.00
2	\$4,750,000.00	\$250,000.00	\$4,500,000.00
3	\$4,500,000.00	\$250,000.00	\$4,250,000.00
4	\$4,250,000.00	\$250,000.00	\$4,000,000.00
5	\$4,000,000.00	\$250,000.00	\$3,750,000.00
6	\$3,750,000.00	\$250,000.00	\$3,500,000.00
7	\$3,500,000.00	\$250,000.00	\$3,250,000.00
8	\$3,250,000.00	\$250,000.00	\$3,000,000.00
9	\$3,000,000.00	\$250,000.00	\$2,750,000.00
10	\$2,750,000.00	\$250,000.00	\$2,500,000.00
11	\$2,500,000.00	\$250,000.00	\$2,250,000.00
12	\$2,250,000.00	\$250,000.00	\$2,000,000.00
13	\$2,000,000.00	\$250,000.00	\$1,750,000.00
14	\$1,750,000.00	\$250,000.00	\$1,500,000.00
15	\$1,500,000.00	\$250,000.00	\$1,250,000.00
16	\$1,250,000.00	\$250,000.00	\$1,000,000.00
17	\$1,000,000.00	\$250,000.00	\$750,000.00
18	\$750,000.00	\$250,000.00	\$500,000.00
19	\$500,000.00	\$250,000.00	\$250,000.00
20	\$250,000.00	\$250,000.00	\$0.00
<b>Total</b>		<b>\$5,000,000.00</b>	



## Exhibit "E" Insurance Requirements

KIDSQUEST shall procure and maintain for the duration of this **Agreement** insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by KIDSQUEST, its agents, representatives, employees or subcontractors.

### **A. Minimum Insurance:**

- Commercial General Liability coverage with limits not less than \$1,000,000 per occurrence/ \$2,000,000 annual aggregate, including Stop Gap coverage.
- Crime Policy: Coverage shall include coverage for Employee Dishonesty, Forgery/Theft at a limit of not less than \$500,000
- Workers' Compensation coverage as required by the Industrial Insurance Laws of the State of Washington.
- Director and Officers Coverage in limits not less than \$1,000,000 per occurrence.

B. **Self-Insured Retentions:** Any self-insured retentions must be declared to the City in writing.

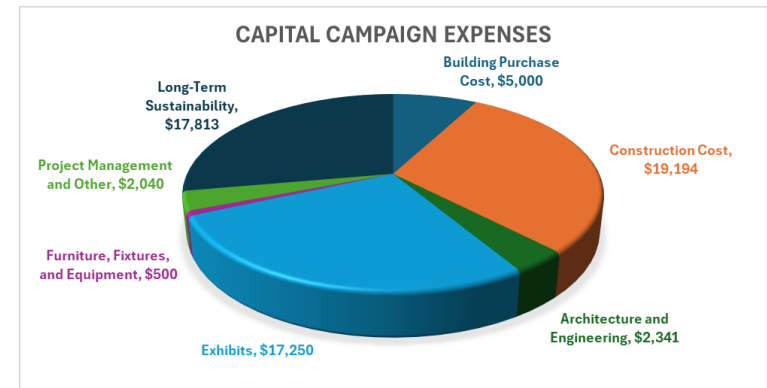
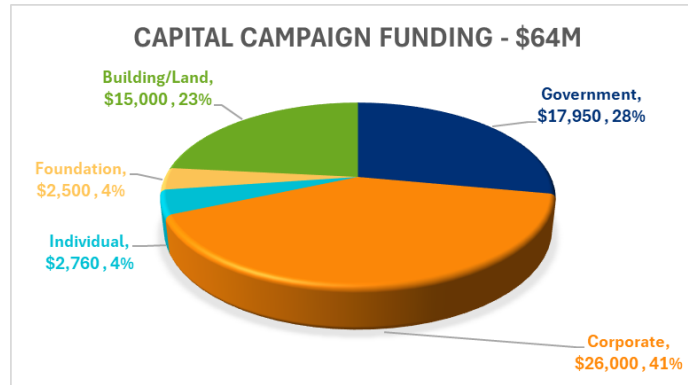
C. **Commercial General Liability:** Commercial General Liability policies must be endorsed to Include the City, its officials, employees and volunteers as additional insureds and provide that such insurance shall be primary as respects any insurance or self-insurance maintained by the City.

D. **Acceptability of Insurers:** Insurance shall be placed with Insurers with an AM Best rating of A:VII or higher.

E. **Verification of Coverage:** KIDSQUEST shall furnish the City with certificates of insurance required by this clause. The certificates are to be received and approved by the City prior to the effective date of the **Agreement** and throughout the term of the **Agreement**. The City reserves the right to require complete, certified copies of all required insurance policies at any time. KIDSQUEST shall notify the City of any cancellation or reduction in coverage of limits of any insurance within seven (7) days of receipt of insurer's notification to that effect.

# KQCM 3.0 Capital Campaign Budget

KQCM 3.0 Capital Campaign Budget		\$000s	% of Total
<b>BUILDING PURCHASE</b>			
Purchase of BAM		\$5,000	
Subtotal of Building Purchase		\$5,000	8%
<b>CONSTRUCTION</b>			
Presconstruction		\$660	
Shell & Core Updates		\$10,000	
Tenant Improvements		\$6,030	
Contingency (15%)		\$2,504	
Subtotal of Construction		\$19,194	30%
<b>ARCHITECTURE AND ENGINEERING</b>			
Architecture and Engineering Fees (13% of Construction)		\$2,036	
Contingency (15%)		\$305	
Subtotal of Architecture and Engineering		\$2,341	4%
<b>EXHIBITS</b>			
Exhibit Design		\$3,750	
Exhibit Build and Fabrication		\$11,250	
Contingency (15%)		\$2,250	
Subtotal of Exhibits		\$17,250	27%
<b>FURNITURE, FIXTURES, AND EQUIPMENT (FFE)</b>			
Furniture		\$100	
Fixtures		\$150	
Equipment		\$250	
Subtotal of FFE		\$500	1%
<b>PROJECT MANAGEMENT AND OTHER</b>			
R&D		\$370	
Program Development		\$250	
Project Admin		\$475	
Opening/Moving Costs		\$945	
Subtotal of Project Management and Other		\$2,040	3%
<b>LONG-TERM SUSTAINABILITY</b>			
Sustainability Fund		\$5,000	
Operating Reserves		\$7,500	
Finance Fees (5% of Budget)		\$2,063	
Debt Retirement		\$3,250	
Subtotal of Long-Term Sustainability		\$17,813	28%
<b>TOTAL EXPENSES</b>		<b>\$64,138</b>	<b>100%</b>



	Phase 1 Phase 2 Phase 3		
<b>BUILDING PURCHASE</b>	5,000	-	-
<b>CONSTRUCTION</b>	5,900	13,294	-
<b>EXHIBITS</b>	2,875	14,375	-
<b>ARCHITECTURE AND ENGINEERING</b>	2,088	253	-
<b>PROJECT MANAGEMENT AND OTHER</b>	540	692	808
<b>FURNITURE, FIXTURES, AND EQUIPMENT (FFE)</b>	-	450	50
<b>LONG-TERM SUSTAINABILITY</b>	749	3,771	13,293
<b>TOTAL</b>	<b>17,152</b>	<b>32,835</b>	<b>14,151</b>

## INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

**THIS INTERCREDITOR AGREEMENT (“Agreement”)** is made as of the \_\_\_\_\_ day of May, 2026, by and among the City of Bellevue, a municipal corporation of the State of Washington (“**COB**”) and Kemper Holdings, LLC, a Washington limited liability company (“**KH**”). Kidsquest Children’s Museum, a Washington nonprofit (“**KQ**”) joins in for purposes of consenting to Section 2 hereof. This Agreement is made with reference to the following facts:

### R E C I T A L S

#### A. COB’S INTEREST

COB and KQ entered into that certain Funding Agreement dated of even date herewith (“**COB Funding Agreement**”), in which COB agreed to provide funds toward purchase and construction of a new children’s museum subject to the terms and conditions set forth in the COB Funding Agreement. Pursuant to the terms of the COB Funding Agreement, KQ entered into that certain Restrictive Covenant of even date herewith, recorded under King County Recording No. \_\_\_\_\_ (“**COB Restrictive Covenant**”). To secure its obligations under the COB Funding Agreement and COB Restrictive Covenant, KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. \_\_\_\_\_ (“**COB DOT**”), naming COB as beneficiary and encumbering KQ’s interest in the Property (as defined below) to secure KQ’s obligations under the COB Funding Agreement. (The COB Funding Agreement, the COB Restrictive Covenant, the COB DOT and any all documents entered into in connection with the COB Funding Agreement are referred to herein as the “**COB Documents.**”)

#### B. KH’S INTERESTS

(a) KQ and KH entered into the Secured Right of First Refusal Agreement of even date herewith, and recorded under King County Recording No. \_\_\_\_\_ (“**ROFR**”), in which KQ granted a right of first refusal to purchase the Property to KH prior to any proposed sale of all or any portion of KQ’s real property subject to the terms and conditions set forth in the ROFR. KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. \_\_\_\_\_ (“**KH ROFR DOT**”), naming KH as beneficiary and encumbering KQ’s interest in the Property to secure KQ’s obligations under the ROFR.

(b) KQ and KH entered into the Secured Right to Purchase Agreement of even date herewith, and recorded under King County No. \_\_\_\_\_ (“**RTP**”), in which KQ granted to KH a right to purchase KQ’s real property subject to the terms and conditions set forth in the RTP. KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. \_\_\_\_\_ (“**KH RTP DOT**”), naming KH as beneficiary and encumbering KQ’s interest in the Property to secure KQ’s obligations under the RTP.

#### C. PURPOSE

The parties wish to enter into this Agreement in order to establish their respective rights regarding the subject matter hereof, all as more fully set forth herein.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements and undertakings herein contained, the parties agree as follows:

### 1. DEFINITIONS

The following terms shall have the meaning set forth below:

“**Property**” means the real property described in Exhibit A attached hereto and any and all buildings, structures, and improvements now or hereafter located thereon together with all the tenements, hereditaments, appurtenances, easements and rights thereto or used in connection therewith or as a means of access thereto, together with all rights, title, and interest that KQ now has or may hereafter acquire, including rents, issues and profits thereof.

### 2. NOTIFICATION; OPTION TO PURCHASE

(a) Notice. For the benefit of COB and KH and for so long as the COB DOT encumbers the Property, COB agrees that, in the event of default by KQ under the COB Documents beyond any applicable notice and cure periods contained in the COB Documents (“**KQ Default**”), COB will not exercise any of its remedies, including foreclosure (whether judicially or nonjudicially), permitted under the COB Documents, until the following occurs:

(i) Following a KQ Default, in the event that COB elects to proceed with foreclosure on the Property pursuant to the COB DOT, COB will provide KH with a copy of the Notice of Sale as required pursuant to RCW 61.24 (“**Notice of Sale**”).

(ii) Following notice to KH as provided above, and subject to Section 2(b) below, COB may pursue any and all remedies available to it under the COB Documents, including without limitation, foreclosure of the COB Deed of Trust.

(b) Option to Purchase.

(i) Commencing on the date of KH’s receipt of the Notice of Sale, KH shall have the right to acquire the Property from KQ (“**Purchase Right**”) by providing written notice of such election to KQ and COB (“**KH Election Notice**”). In the event that KH elects to exercise its Purchase Right, the purchase price for the Property shall be the *lesser* of (1) amount of the unamortized balance of the funds originally granted under the COB Funding Agreement, or (2) Four Million Five Hundred Thousand and 00/100 Dollars (\$4,500,000.00) (collectively, “**KH Payment**”).

(ii) The parties shall close (“**Closing**”) on the conveyance of the Property from KQ to KH no more than sixty (60) days following KH’s receipt of the Notice of Sale.

(iii) Upon Closing, KH shall pay the KH Payment directly to COB in payment in full for KQ’s obligations under the Funding Agreement. KQ hereby consents to such direct payment and hereby assigns any rights in the KH Payment to COB.

(iv) Upon COB’s receipt of the KH Payment: (i) COB shall fully release its security interest in the Property by reconveying the COB DOT; (ii) the Subordination Agreement shall terminate, and (iii) KH shall again become the senior lienholder to the Property with the KH ROFR DOT and KH RTP DOT securing its interests.

(v) Upon Closing, KQ shall (i) transfer title to the Property to KH the consideration of which shall be the KH Payment, and (ii) pay for any applicable real estate excise tax.

(vi) KH, COB and KQ agree to take any and all additional actions and execute, deliver, file and/or record any and all additional agreements, documents and instruments as may be necessary or as COB, KQ or KH may from time to time reasonably request to effect the transactions stated herein and in other provisions of this Agreement.

(c) Nothing contained in this Agreement shall be construed as imposing any obligation on KH to cure any default, including any KQ Default, under the COB Documents.

### 3. FUNDING AGREEMENT

The COB Funding Agreement provides that to the extent the full \$10,000,000 (“**Aggregate Amount**”) is advanced by the COB to KQ, the unamortized balance of the funds disbursed under the COB Funding Agreement shall amortize at a rate of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) per annum on a straight-line basis for an amortization period of twenty (20) years, with amortization commencing on the date of issuance of the final certificate of occupancy for the renovated building located on the Property by the applicable governmental jurisdiction (“**Amortization Term**”). Notwithstanding the foregoing, in accordance with the terms of the COB Funding Agreement, the City will initially fund \$5,000,000 (which includes \$500,000 previously advanced) which will amortize at the rate of \$250,000 per year. The City’s decision to fund the balance of \$5,000,000 of the Aggregate Amount is entirely discretionary. Notwithstanding anything to the contrary herein, COB hereby agrees that, while this Agreement remains in effect, there shall be no future amendment or modification to the COB Funding Agreement that will increase the Aggregate Amount granted under the COB Funding Agreement.

4. **KH’S PURCHASE PRICE PURSUANT TO RTP.** In the event that COB acquires title to the Property via foreclosure or a deed in lieu agreement should KH elect *not* to exercise the Purchase Right as provided in Section 2(b) hereof, COB shall take title to the Property subject to the RTP, among other encumbrances. In such event and notwithstanding anything to the contrary contained in RTP, including without limitation, Section 1.3 of the RTP, in the event that KH exercises its rights under the RTP and purchase the Property from COB, the purchase price for the Property shall be the *lesser* of (1) amount of the unamortized balance of the funds originally granted under the COB Funding Agreement, or (2) Four Million Five Hundred Thousand and 00/100 Dollars (\$4,500,000.00). In the event of any disagreement between the terms and conditions of this Agreement and the RTP, this Agreement shall control. This Section 4 shall survive foreclosure of the COB DOT.

### 5. RECORDING PROCEDURE

At closing of the sale of the Property between KQ and the Bellevue Arts Museum, a Washington nonprofit corporation, pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated on or about September 23, 2025 (“**Property Sale PSA**”), KQ, COB, and KH shall agree to instruct the closing agent to record the applicable documents in the following order of priority:

- (a) ROFR;
- (b) KH ROFR DOT;
- (c) RTP;
- (d) KH RTP DOT;

- (e) COB Restrictive Covenant;
- (f) COB DOT;
- (g) Subordination Agreement;
- (h) Memorandum of this Agreement.

**6. MISCELLANEOUS**

**(a) Obligations Unaffected**

Except as otherwise provided in this Agreement, the COB Documents, ROFR, KH ROFR DOT, RTP, and the KH RTP DOT shall remain in full force and effect. COB hereby acknowledges and consents to the ROFR and RTP between KH and KQ. KH hereby acknowledges and consents to the COB Documents between COB and KQ.

**(b) Entire Agreement**

Except as otherwise stated herein, this Agreement comprises the entire and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, express or implied, and all negotiations or discussions of the parties, oral or written.

**(c) Applicable Law; Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue of any action or proceeding to enforce, interpret or otherwise related hereto shall lie in King County, Washington.

**(d) Successors and Assigns**

This Agreement, and the terms, covenants, and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

**(e) Notices**

All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission during normal business hours, or two business days after deposited in the U.S. mail, postage prepaid, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

KH: Kemper Holdings, LLC  
 c/o Kemper Development Company  
 575 Bellevue Square  
 Bellevue, Washington 98004  
 Attn: President

COB: City of Bellevue  
 450 110th Ave. NE  
 Bellevue, WA 98009

Attn: \_\_\_\_\_

**(f) Amendment**

This Agreement may be amended only by a writing signed by the parties hereto, but this clause shall not impair the validity of any further agreements among fewer than all of the parties hereto as among themselves.

**(g) Legal Fees and Costs**

If any party hereto incurs attorneys' fees or costs because of the failure of one or more of the other parties to comply with any of the covenants or other obligations hereunder, or if any portion of this Agreement or the covenants or obligations hereunder otherwise becomes the subject of litigation or arbitration, the nonbreaching party or (in the case of litigation or arbitration) the prevailing party shall be entitled to reimbursement for its reasonable costs, expenses and attorneys' fees so incurred, including without limitation those incurred prior to the proceeding.

**(h) Counterparts**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all parties execute each counterpart.

**(i) Memorandum; Authority**

The parties hereby agree to record a memorandum of this Agreement in in the form attached hereto as Exhibit B. All parties hereby represent that they have the corporate authority to acknowledge and consent to the execution and recording of this Agreement.

[SIGNATURE PAGES FOLLOWS]

**SIGNATURE PAGE TO  
INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE**

IN WITNESS WHEREOF, the parties hereto have executed into this Agreement as of the day and year first above written.

**KH:**

KEMPER HOLDINGS, LLC,  
a Washington limited liability company

By: Kemper Development Company,  
a Washington corporation

Its: Manager

By: \_\_\_\_\_  
John Carlson  
Its: President

**COB:**

CITY OF BELLEVUE, a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**KQ ACKNOWLEDGEMENT AND AGREEMENT**

For the purposes of acknowledging and agreeing to the applicable provisions hereof, including without limitation, Section 2 hereof:

**KQ:**

KIDSQUEST CHILDREN'S MUSEUM,  
a Washington nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH TWO-THIRDS OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE(S) 47, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION THEREOF LYING WITHIN 104TH AVENUE NORTHEAST, AS CONVEYED TO KING COUNTY BY DEEDS RECORDED UNDER RECORDING NUMBERS 2171154 AND 2467394; AND

EXCEPT THAT PORTION THEREOF LYING EASTERLY OF A LINE DRAWN PARALLEL WITH AND 150 FEET (MEASURED ALONG THE NORTHERLY LINE OF SAID LOT) EASTERLY OF THE EASTERLY LINE OF SAID 104TH AVENUE NORTHEAST; AND

EXCEPT ANY PORTION THEREOF CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED UNDER RECORDING NUMBERS 5991451 AND 5991453.

APN: 154410-0272-00

**EXHIBIT B**

**Form of Memorandum of Intercreditor Agreement and Option to Purchase**

**Return Address**

Perkins Coie LLP  
10885 NE Fourth Street, Suite 700  
Bellevue, Washington 98004  
Attn.: Craig S. Gilbert

**Document Title(s)** (or transactions contained therein):

1. MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

**Reference Number(s) of Documents assigned or released:**

(on page \_\_\_ of documents(s))

**Grantor(s)** (Last name first, then first name and initials):

1. CITY OF BELLEVUE, a municipal corporation of the State of Washington
2. KEMPER HOLDINGS, LLC, a Washington limited liability company

**Grantee(s)** (Last name first, then first name and initials):

1. KEMPER HOLDINGS, LLC, a Washington limited liability company
2. CITY OF BELLEVUE, a municipal corporation of the State of Washington

**Legal description** (abbreviated: i.e. lot, block, plat or section, township, range)

Portion of West half Lot 4, Blk 2, Cheriton Fruit Gardens, Plat No. 1

Full legal is on Exhibit A.

**Assessor's Property Tax Parcel/Account Number**

154410-0272-00

## MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

**THIS MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE (“Memorandum”)** is made as of the \_\_\_\_\_ day of May, 2026, by and among the City of Bellevue, a municipal corporation of the State of Washington (“**COB**”) and Kemper Holdings, LLC, a Washington limited liability company (“**KH**”). Kidsquest Children’s Museum, a Washington nonprofit (“**KQ**”) joins in for purposes of consenting to certain provisions of the Intercreditor Agreement (as defined below).

### RECITALS

**WHEREAS**, KQ owns that certain real property legally described in the attached **Exhibit A** (the “**Property**”) as of the Effective Date;

**WHEREAS**, COB, KH and KQ have entered into that certain Intercreditor Agreement and Option to Purchase, dated of even date herewith (“**Intercreditor Agreement**”);

**WHEREAS**, the Intercreditor Agreement provides for recording this Memorandum in the official real property records of King County, Washington (the “**Records**”), for the purpose of establishing record notice of the existence of the Intercreditor Agreement.

### AGREEMENT

In consideration of the foregoing premises, which are incorporated in this Memorandum by reference, and of the mutual promises and agreements set forth in the Agreement, the receipt and sufficiency of which are hereby acknowledged, Optionor and Optionee hereto agree to the following:

1. Notice. Record notice is hereby provided of the Intercreditor Agreement and the contents thereof, including without limitation, (i) an option to purchase the Property in favor of KH and (ii) an amendment to that certain Secured Right to Purchase Agreement of even date herewith, and recorded under King County No. \_\_\_\_\_ (“**RTP**”) concerning the purchase price for the Property in the event that COB acquires title to the Property.
2. Successors and Assigns. This Memorandum is binding on the parties hereto and each of their respective heirs, executors, administrators, legal representatives, successors and assigns and shall inure to the benefit of each such party.
3. Interpretation. This Memorandum shall be construed by a fair and reasonable interpretation of the words used without regard to which party drafted or caused to be drafted this Agreement. The captions of the paragraphs of this Memorandum are for convenience only and do not limit any terms or provisions.
4. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall constitute one and the same instrument.

*[Signature pages follow]*

SIGNATURE PAGE TO MEMORANDUM OF  
INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

IN WITNESS WHEREOF, KH has executed into this Memorandum as of the day and year first above written.

**KH:**

KEMPER HOLDINGS, LLC,  
a Washington limited liability company

By: Kemper Development Company,  
a Washington corporation

Its: Manager

By: \_\_\_\_\_  
John Carlson

Its: President

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Kemper Holdings, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_.

**COUNTERPART SIGNATURE PAGE  
MEMORANDUM**

IN WITNESS WHEREOF, the COB has executed into this Memorandum as of the day and year first above written.

**COB:**

CITY OF BELLEVUE, a municipal corporation

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of the City of Bellevue, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_.  
My appointment expires: \_\_\_\_\_.

**KQ ACKNOWLEDGEMENT AND AGREEMENT**

For the purposes of acknowledging and agreeing to the applicable provisions of this Memorandum:

**KQ:**

KIDSQUEST CHILDREN’S MUSEUM,  
a Washington nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Kidsquest Children’s Museum, a Washington nonprofit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_.  
My appointment expires: \_\_\_\_\_.

**EXHIBIT A TO MEMORANDUM**

**Legal Description**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH TWO-THIRDS OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE(S) 47, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION THEREOF LYING WITHIN 104TH AVENUE NORTHEAST, AS CONVEYED TO KING COUNTY BY DEEDS RECORDED UNDER RECORDING NUMBERS 2171154 AND 2467394; AND

EXCEPT THAT PORTION THEREOF LYING EASTERLY OF A LINE DRAWN PARALLEL WITH AND 150 FEET (MEASURED ALONG THE NORTHERLY LINE OF SAID LOT) EASTERLY OF THE EASTERLY LINE OF SAID 104TH AVENUE NORTHEAST; AND

EXCEPT ANY PORTION THEREOF CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED UNDER RECORDING NUMBERS 5991451 AND 5991453.

APN: 154410-0272-00

RECORDED AT THE REQUEST OF  
AND AFTER RECORDING RETURN TO:

City of Bellevue  
Attn: Courtney Popp  
450 110th Ave. NE  
Bellevue, WA 98009-9012

**PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT**

**Reference Number(s) of Documents addressed:** 20170302001417 and 20170302001418

**Grantors**

- (1) City of Bellevue, a municipal corporation
- (2) Kemper Holdings, LLC, a Washington limited liability company
- (3) Kidsquest Children’s Museum, a Washington nonprofit corporation

**Grantees:**

- (1) City of Bellevue, a municipal corporation
- (2) Kemper Holdings, LLC, a Washington limited liability company
- (3) Kidsquest Children’s Museum, a Washington nonprofit corporation

**Abbrev. Legal**  
**Descr.** Ptn Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, Vol. 7 P. 47

**Tax Parcel Numbers:** 154410-0272-00

## PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT

**THIS PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT** (this “**Agreement**”) is dated as of May \_\_, 2026 (“**Effective Date**”), by and among Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”), City of Bellevue, a Washington municipal corporation (“**City**”) and Kidsquest Children’s Museum, a Washington nonprofit corporation (“**Kidsquest**”) and together with City and Kemper, the “**Parties**”):

### RECITALS:

- A. As part of King County Case No.: 24-2-20023-1, Shelly Crocker LLC, a Washington limited liability company (“**Receiver**”) was appointed as the general receiver over BAM and its assets which included the real property legally described on Exhibit A attached hereto (“**Property**”);
- B. [Receiver, on behalf of BAM], conveyed the Property to Kidsquest;
- C. Kemper and Kidsquest entered into that certain Secured Right of First Refusal Agreement, dated of even date herewith, and recorded in King County as Document Number [REDACTED] (the “**Kemper ROFR**”). To secure the obligations of Kidsquest under the Kemper ROFR, Kidsquest entered into that certain Deed of Trust in favor of Kemper, dated of even date herewith, and recorded in King County as Document Number [REDACTED] (“**Kemper ROFR Deed of Trust**”);”]
- D. Kidsquest and Kemper entered into that certain Secured Right to Purchase Agreement, dated of even date herewith and recorded in King County as Document Number [REDACTED] (“**Kemper Right to Purchase**”). To secure the obligations of Kidsquest under the Kemper Right to Purchase, Kidsquest entered into that certain Deed of Trust in favor of Kemper, dated of even date herewith, and recorded in King County as Document Number [REDACTED] (“**Kemper Right to Purchase Deed of Trust**” and together with the Kemper ROFR Deed of Trust, the “**Kemper Deeds of Trust**”);

The Kemper ROFR, the Kemper Right to Purchase and the Kemper Deeds of Trust shall be referred to herein as the “**Kemper Documents**”.

- E. City has made, or will make, a grant to Kidsquest (“**City Grant**”) pursuant to the terms and conditions of that certain Funding Agreement, by and between City and Kidsquest, dated of even date herewith (“**Funding Agreement**”), and in connection therewith, Kidsquest executed that certain Restrictive Covenant, dated of even date herewith, in favor of the City and recorded in King County as Document Number [REDACTED] (“**City Restrictive Covenant**”). To secure the obligations of Kidsquest under the City Restrictive Covenant and Funding Agreement, Kidsquest entered into that certain Deed of Trust in favor of City, dated of even date herewith, and recorded in King County as Document Number [REDACTED] (“**City Deed of Trust**”);

The Funding Agreement, City Restrictive Covenant and City Deed of Trust are referred to herein as the “**City Documents**”.

The Kemper Deeds of Trust and the City Deed of Trust shall be referred to herein as the “**Deeds of Trust**”.

The Kemper Documents and the City Documents shall be collectively referred to herein as the “**Restrictive Covenants.**”

- F. The parties desire to provide for Parties desire to provide herein for the relative priority of the various covenants, deeds of trust, and other instruments recorded in connection with the Property, and to undertake certain covenants with respect to the subordination of the priority of their interests under recorded instruments in their favor to certain other instruments which may be put of record hereafter, as more particularly provided herein.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual agreements and undertakings herein contained, the Parties agree as follows:

1. **ISSUANCE OF FINAL CERTIFICATE OF OCCUPANCY.** As of the Effective Date, Kidsquest has acquired the Property and following the Effective Date, intends to substantially renovate the museum located thereon (“**Renovated Museum**”). That date which is the fifth (5th) anniversary of the date of issuance of a final certificate of occupancy, as issued by the City of Bellevue, for the Renovated Museum shall be referred to herein as the “**5-Year Date**”.

2. **PRIORITY PRIOR THROUGH 5-YEAR DATE.** From the Effective Date through the 5-Year Date, regardless of the time City’s or Kemper’s interest in or lien on the Property was or shall be created or recorded, such interests and liens have and shall have the following priorities:

- a. City Restrictive Covenant;
- b. City Deed of Trust;
- c. Kemper ROFR;
- d. Kemper Right to Purchase
- e. Kemper ROFR Deed of Trust; and
- f. Kemper Right to Purchase Deed of Trust.

3. **PRIORITY FOLLOWING 5-YEAR DATE.** Commencing on the day following the 5-Year Date, regardless of the time City’s or Kemper’s interest in or lien on the Property was or shall be created or recorded, such interests and liens have and shall have the following priorities:

- a. Kemper ROFR;
- b. Kemper Right to Purchase;
- c. Kemper ROFR Deed of Trust
- d. Kemper Right to Purchase Deed of Trust;
- e. City Restrictive Covenant;
- f. City Deed of Trust.

4. **GENERAL TERMS REGARDING RESTRICTIVE COVENANTS.**

a. Survival Following Foreclosure. It is acknowledged and agreed by the Parties that each of the Restrictive Covenants, subject to their respective provisions, shall survive foreclosure of any of the Deeds of Trust. Subject to their respective provisions, the Restrictive Covenants shall be binding upon any person acquiring the Property by means of foreclosure or deed in lieu thereof, or who shall succeed to an interest in the Property so acquired, in each case for so long as such person shall retain an interest in the Property.

In furtherance of the foregoing, if any action or proceeding is commenced by the City under the City Deed of Trust, Kemper, as a party to the Kemper Documents, shall not be named as a party therein unless such joinder is required by law; *provided, however*, such joinder shall not result in termination of the Kemper Documents. Similarly, if any action or proceeding is commenced by Kemper under the Kemper Deeds of Trust, City, as a party to the City Documents, shall not be named as a party therein unless such joinder is required by law; *provided, however*, such joinder shall not result in termination of the City Documents

b. Amendment. Without the prior written consent of the City and Kemper (in each case, so long as such party's deed of trust encumbers the Property), City, Kemper and Kidsquest shall not amend, modify, extend, renew or replace any provision of any of the Restrictive Covenants.

c. Restrictive Covenants Apply Simultaneously. The Parties acknowledge that, notwithstanding the priority of the Restrictive Covenants established above, the Restrictive Covenants apply simultaneously and that the grantors thereunder are obligated to comply with each of them regardless of their relative priority or order of recording.

d. No Obligation to Advance Funds. The Parties agree that except for such obligations as Kidsquest may have to City and/or Kemper hereto pursuant to agreements with such party, (i) the Parties do not have any obligations to each other to advance funds or to see to the application of their respective loan proceeds, if any, and (ii) nothing contained in this Agreement shall impair the right of any Party to pursue any right or remedy available to it in any of the agreements, covenants, deeds of trust or options referenced herein.

**5. SUBORDINATION.** In furtherance of the priorities set forth in Section 2 hereof, during the period commencing on the Effective Date and continuing through the 5-Year Date, Kemper hereby consents and subordinates the lien of the Kemper Documents to the City Restrictive Covenant and the lien of the City Deed of Trust.

Additionally, during the period commencing the day following the 5-Year Date, City hereby consents and subordinates the lien of the City Restrictive Covenant and the lien of the City Deed of Trust to the Kemper Documents.

## **6. MISCELLANEOUS PROVISIONS.**

(a) In the event of any conflict or inconsistency between the terms of the Restrictive Covenants and the terms of this Agreement, the terms of this Agreement shall control: (i) the relative priority of the security interests of the Parties in the Property, and (ii) all other rights and obligations that the Parties have agreed to pursuant to this Agreement.

(b) This Agreement shall be binding upon the Parties hereto and their respective successors in interest and assigns. This Agreement shall inure to the benefit of City and Kemper and their respective

successors in interest and assigns. No person other than the Parties and their respective successors in interest and assigns will be entitled to any benefits under this Agreement, whether as a third-party beneficiary or otherwise.

(c) By executing this Agreement, each Party hereby acknowledges and consents to the execution of, and where appropriate, the recording of the Restrictive Covenants by the parties thereto.

(d) This Agreement shall be governed by the laws of the State of Washington. Venue for any action brought in respect of this Agreement shall be in the Superior Court for King County, Washington or in the United States District Court for the Western District of Washington.

(e) If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

(f) The term of this Agreement shall commence on the date hereof and shall continue so long as any two or more of the Restrictive Covenant remains a lien or encumbrance of record on the Property, or any part thereof, but the rights and obligations of City and Kemper hereunder shall terminate upon the full reconveyance of the Property from the City Deed of Trust or upon the full reconveyance of the Property from the Kemper Deed of Trust.

(g) No failure or delay on the part of any Party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

(h) Each Party hereto acknowledges that in the event any Party fails to comply with its obligations hereunder, the other Parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No rights or remedies are hereby granted to Kidsquest except as may be expressly set forth in this Agreement.

(i) Nothing in this Agreement is intended, nor shall it be construed, to in any way limit the exercise by City of its governmental powers (including but not limited to police, regulatory and taxing powers), with respect to Kidsquest, Kemper, or the Property, nor to affect any liens, rights or interests in the Property arising pursuant to those powers or the exercise thereof.

(j) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any Party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such Party.

(k) This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. If this Agreement is executed with blanks for dates or recording numbers of any documents referred to herein, any escrow agent or title insurance company acting on the instructions of City and Kemper, is authorized to insert the dates and/or recording numbers, as applicable.

(l) The provisions of this Agreement are solely for the purposes of defining the relative rights of City, on the one hand, and Kemper, on the other hand. Nothing herein shall impair, as between

Kidsquest and City, the obligation of Kidsquest, to pay to City the obligations secured by the Deed of Trust as and when the same shall become due in accordance with their terms, nor shall anything herein prevent City from exercising all remedies otherwise permitted by applicable law upon default the obligations secured by the City Deed of Trust, subject, however, to the provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

**CITY:**

City of Bellevue, a municipal corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF CALIFORNIA

COUNTY OF

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of the City of Bellevue, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
*(Signature of Notary)*

\_\_\_\_\_  
*(Legibly Print or Stamp Name of Notary)*

Notary public in and for the State of \_\_\_\_\_,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

**KEMPER:**

Kemper Holdings, LLC, a Washington limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF WASHINGTON        )  
  ) ss.  
COUNTY OF KING            )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Kemper Holdings, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
*(Signature of Notary)*

\_\_\_\_\_  
*(Legibly Print or Stamp Name of Notary)*

Notary public in and for the State of Washington  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

**KIDSQUEST:**

Kidsquest Children’s Museum, a Washington nonprofit corporation

By:

ACKNOWLEDGEMENT

STATE OF WASHINGTON        )  
  ) ss.  
COUNTY OF KING            )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Kidsquest Children’s Museum, a Washington nonprofit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
*(Signature of Notary)*

\_\_\_\_\_  
*(Legibly Print or Stamp Name of Notary)*

Notary public in and for the State of Washington  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION**

The North 140 feet of the South 185 feet of the North 2/3 of the North half of the West half of Lot 4, Block 2, CHERITON FRUIT GARDENS, PLAT NO. 1, according to the plat thereof recorded in Volume 7 of Plats, Page 47, in King County, Washington;

Except that portion lying within 104th Avenue Northeast, as conveyed to King County by Deeds recorded under Recording Numbers 2171154 and 2467394;

and Except that portion lying Easterly of a line drawn parallel with and 150 feet (measured parallel with the Northerly line of said lot) Easterly of the Easterly line of said 104th Avenue Northeast;

and Except any portion thereof conveyed to the City of Bellevue by Deeds recorded under Recording Numbers 5991451 and 5991453.

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6915

AN ORDINANCE (1) authorizing execution of a funding agreement with KidsQuest Children’s Museum to provide up to \$10,000,000 in funds over the next two biennia to be used by KidsQuest to open a new facility in Bellevue, and (2) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$4,500,000 from the Long-Range Planning Reserve to fund the initial installment.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1: Ordinance No. 6822, adopted on November 19, 2024, as previously amended, is hereby further amended to increase the appropriation to the 2025-2026 General Fund budget in the amount of \$4,500,000 from the Long-Range Planning Reserve.

Section 2: The City Manager or designee shall have responsibility for the expenditure of said funds and shall have all authority necessary to enter into agreements regarding the use thereof.

Section 3: The City Manager or designee is authorized to execute a Funding Agreement with KidsQuest Children’s Museum to support KidsQuest with up to \$10,000,000 in funds previously identified in the Long-Range Planning Reserve to be used to open a new facility in Bellevue, a copy of which agreement shall be substantially in the form given Clerk’s Receiving No. \_\_\_\_\_.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

Section 5. This Ordinance shall take effect and be in force five (5) days after its passage and legal publication.

Passed by the City Council this \_\_\_\_ day of \_\_\_\_\_, 2026 and signed in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Approved as to form:  
Trisna Tanus, City Attorney

\_\_\_\_\_  
Courtney A. Popp, Assistant City Attorney

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk  
Published \_\_\_\_\_

**CITY COUNCIL AGENDA TOPIC**

Resolution authorizing execution of all documents necessary to release an existing wall maintenance easement located at 1425 120th Ave NE.

Jamie Robinson, Assistant Director  
Loren Matlick, Real Property Manager  
Elizabeth Parsons, Real Property Agent  
*Finance and Asset Management Department*

Tyler Moore, Development Review Manager  
*Transportation Department*

**EXECUTIVE SUMMARY**

**ACTION** This Resolution authorizes the release of an existing wall maintenance easement located at 1425 120th Ave NE which is no longer required.

**RECOMMENDATION**

Move to adopt Resolution No. 10627

**BACKGROUND/ANALYSIS**

The City of Bellevue acquired the existing wall maintenance easement at 1425 120th Ave NE as part of the 120th Avenue NE Street Improvement Project (CIP Project No. PW-R-168). This easement was filed under King County Recording Number 20180329001788.

The subject property is owned by Pine Forest Business Parks, LLC and ARE-Seattle NO. 47, LLC. The proposed development is a four-phase Master Development Plan (MDP) that will construct a total of 784,300 square feet of office space, 425 residential dwelling units, 5,000 square feet of retail and 5,000 square feet of dining.

Due to impacts of development, the property owner has requested that the city release the wall maintenance easement. The property is currently being redeveloped, and the easement will no longer be needed as the new garage and building podium will be supporting the city infrastructure. Transportation Department staff have reviewed the release request and confirmed that the city will have no need for this easement once the developer's improvements are constructed. As such, staff recommend approving the release of this easement bearing King County Recording Number 20180329001788.

The city compensated the property owner for the wall maintenance easement based on the fair market value when it was acquired. Consistent with our procedures for releasing easements, staff recommends that council require compensation for the release of the wall maintenance easement, which is currently valued at \$92,450.

This release will be executed and recorded upon the following conditions being met: 1) issuance of the building permit for the proposed development on the site, and 2) payment being made to the city for the

release of the wall maintenance easement. If these conditions are met within two years of council's approval of this Resolution, then the payment required shall be \$92,450; otherwise the amount shall be based on the then-current appraised value of the easement. If both conditions are not met within five years, the Resolution shall be deemed null and void and any future request to release this easement will require council approval.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### Bellevue City Code

Under Bellevue City Code 4.32.060, the city can dispose of real property interests, including the release of permanent easements, upon approval by the council.

#### City Procedure

The city has a procedure in place for releasing or modifying easements. An easement may be released, upon approval by the council, if the easement is no longer needed, there is no foreseeable future need for the easement and, if applicable, the city has obtained any needed replacement easements.

### **Fiscal Impact**

Relinquishing this easement will result in the city receiving \$92,450. If executed, the funds will be deposited into the General Fund.

## **OPTIONS**

1. Adopt the Resolution authorizing execution of all documents necessary to release an existing wall maintenance easement located at 1425 120th Ave NE.
2. Do not adopt the Resolution and provide alternative direction to staff.

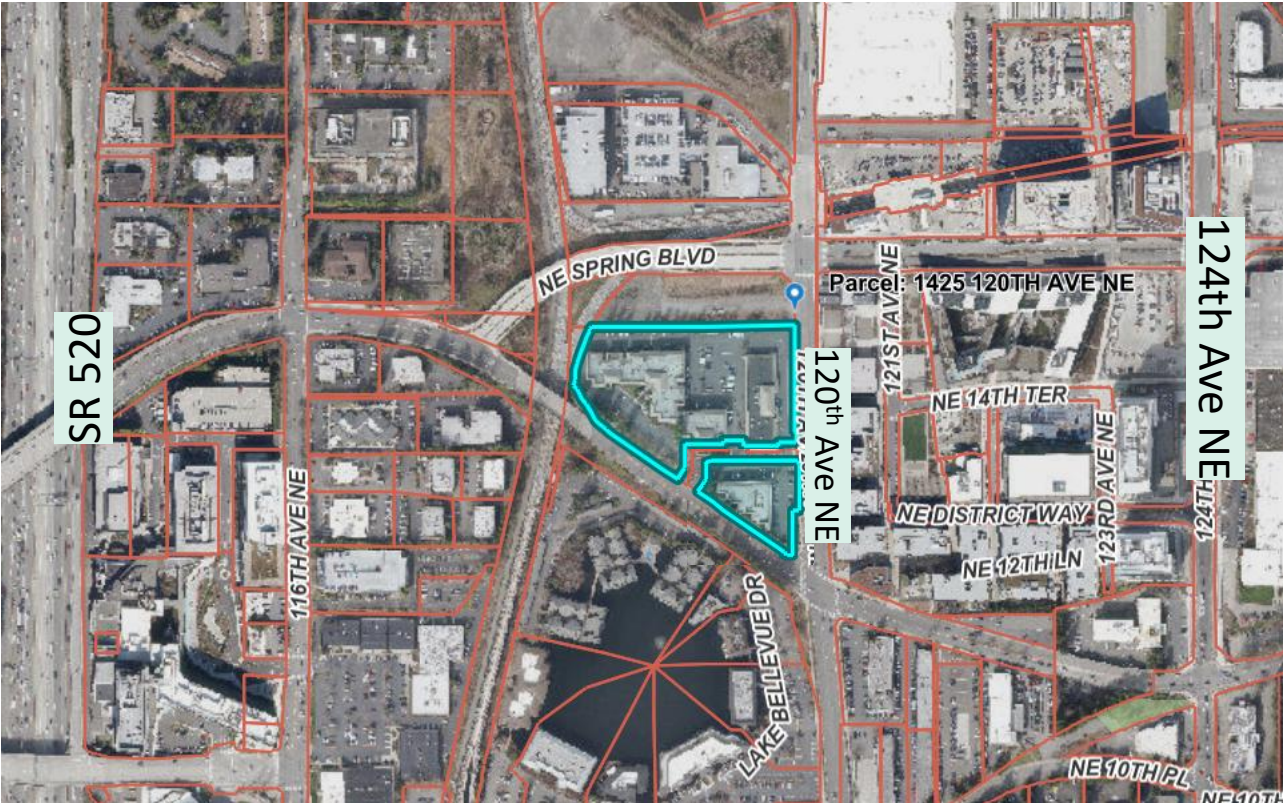
## **ATTACHMENTS**

- A. Vicinity Map
  - B. Easement Exhibit Map
- Proposed Resolution No. 10627

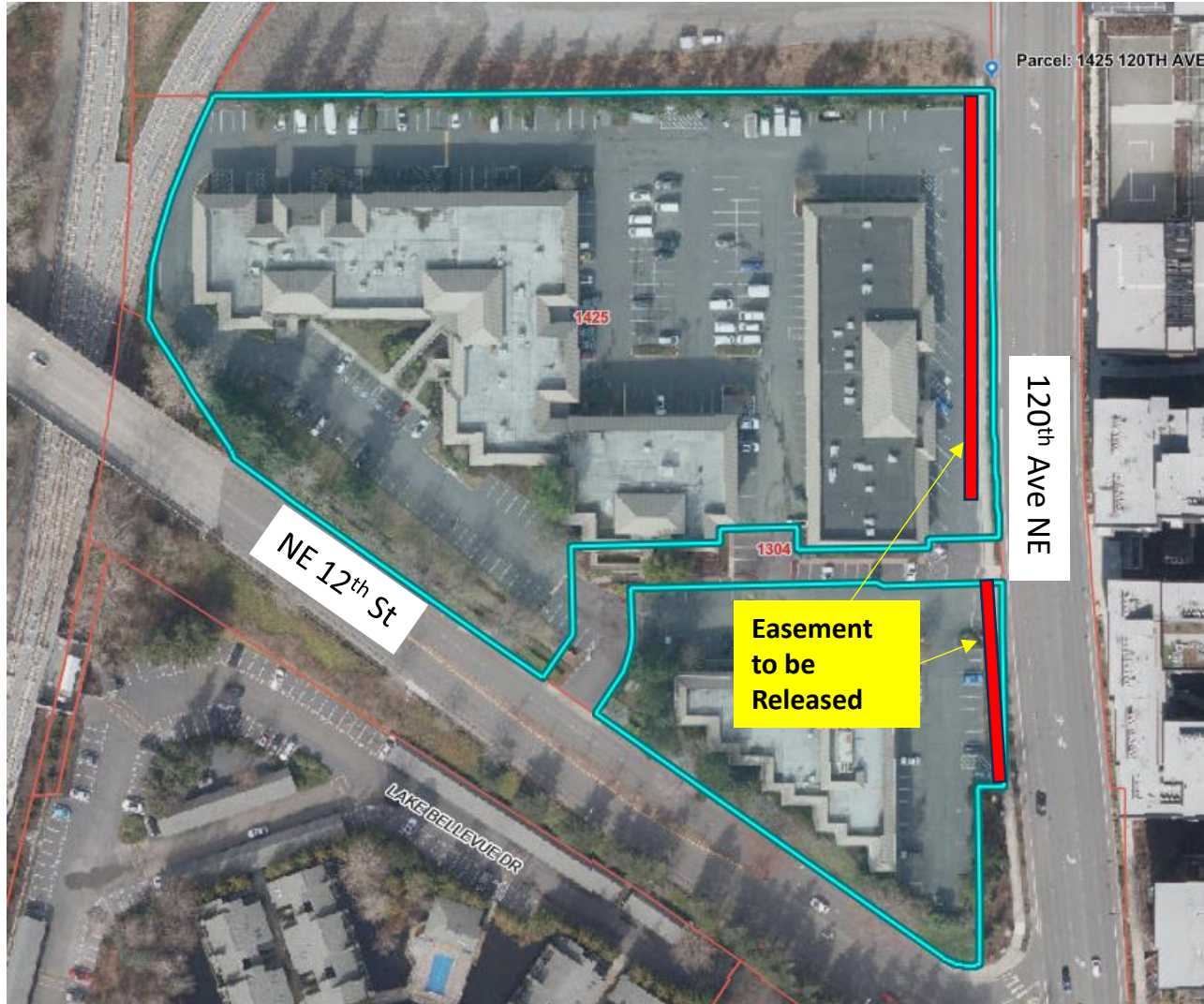
## **AVAILABLE IN COUNCIL LIBRARY**

Copy of easement release

# Vicinity Map



# Proposed Easement Release



CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10627

A RESOLUTION authorizing execution of all documents necessary to release an existing wall maintenance easement located at 1425 120th Ave NE.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute all documents necessary to release an existing wall maintenance easement located at 1425 120th Ave NE, in Bellevue, WA, bearing King County Recording No. 20180329001788, following (1) issuance of the building permit for the proposed development on the site, and (2) payment in the amount of \$92,450, or the then-current appraised value of the wall maintenance easement if payment is not made within two years of the effective date of this Resolution.

Section 2. If the conditions set forth in Section 1 are not completed within five (5) years of the effective date of this Resolution, this Resolution shall be null and void.

Passed by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2026, and signed in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

**CITY COUNCIL AGENDA TOPIC**

Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$500,000 to an amount not to exceed \$9,978,810, plus all applicable taxes.

Emil A. King AICP, Director  
Thara Johnson, Planning Director  
Jennifer Ewing, Sustainability Manager  
Emily Korn, Energy Smart Eastside Program Coordinator  
*Community Development Department*

**EXECUTIVE SUMMARY****ACTION**

The City of Bellevue contracts with Hopelink to fully fund the cost of purchase and installation of heat pumps for low-income households accepted into the Energy Smart Eastside (ESE) Boost program. This action authorizes the increase to the contract by \$500,000 for a total not to exceed amount of \$9,978,810, plus all applicable taxes. Funding for this increase is sourced from a grant awarded to ESE from Washington State University (WSU).

This is one of two actions on tonight's consent calendar related to the ESE program. The other action under separate cover is an ordinance to execute an agreement with WSU's Community Energy Efficiency Program (CEEP) to accept \$500,000 in grant funding and amend the 2025-2026 budget accordingly.

**RECOMMENDATION**

Move to adopt Resolution No. 10628

**BACKGROUND/ANALYSIS**

ESE is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership (ECP) and administered by the City of Bellevue with oversight from all participating cities. The ESE Boost program, which is administered by Hopelink under a separate contract, provides full cost coverage of heat pump installations for qualified households with a total income at or below 80% of area median income (AMI). Hopelink provides income verification services, case management, and pays contractors upon completion of heat pump installations. The program also leverages Hopelink's Energy Assistance program and expertise in providing support for the Eastside's most vulnerable residents who struggle to pay their energy bills. Through this partnership, Hopelink's existing Energy Assistance program clients are eligible to apply to receive a heat pump in their home.

The not to exceed amount of the Hopelink reimbursement contract is periodically amended as new funding sources for the ESE are identified. This amendment increases the Hopelink heat pump

reimbursement account by \$500,000, for a total contract value of \$9,978,810 to reflect \$500,000 in new funding from WSU’s CEEP Grant, as laid out in the following table:

<b>Contract</b>	<b>Amount</b>	<b>Effective Date</b>	<b>End Date</b>
<i>Boost Heat Pump Reimbursement Contract</i>	<i>\$1,700,000</i>	<i>04/10/2024</i>	<i>02/01/2025</i>
<i>Amendment #1 – executed</i>	<i>\$2,710,090</i>	<i>10/01/2024</i>	<i>12/31/2025</i>
<i>Amendment #2 – executed</i>	<i>\$400,000</i>	<i>09/01/2025</i>	<i>12/31/2025</i>
<i>Amendment #3 – executed</i>	<i>\$3,468,720</i>	<i>09/16/2025</i>	<i>12/31/2026</i>
<i>Amendment #4 – approved by council 4/14/26 - pending execution</i>	<i>\$1,200,000</i>	<i>4/14/2026</i>	<i>12/31/2027</i>
<i>Amendment #5 – proposed</i>	<i>\$500,000</i>	<i>This action</i>	<i>12/31/2027</i>
<b>Total</b>	<b>\$9,978,810</b>		

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

The Resolution supports the following Sustainable Bellevue Plan actions.

- C.1.2: Develop outreach and education programming to support residents and businesses in taking action to reduce emissions and environmental impact, with a focus on engagement with Bellevue’s most vulnerable communities.
- B.1.2: Accelerate market transformation of residential space heating away from natural gas to heat pumps.
- B.1.3: Support low- and moderate-income households in adoption of heat pumps through loans and financial incentives.
- B.1.4: Support residents accessing existing weatherization programs through Puget Sound Energy and King County Housing Authority and offer bundled weatherization measures with low-income heat pump installs.
- F.3.1: Embed equity in sustainability program design and implementation, including through prioritizing engagement with underrepresented community members and partnering with community-based organizations to co-design engagement and inform decision making.

### **Fiscal Impact**

Approval of this action obligates the city to pay an additional \$500,000 for a total not to exceed amount of \$9,978,810, plus all applicable taxes, to Hopelink for heat pump reimbursements.

This amendment is funded through a new grant agreement with WSU for \$500,000. An ordinance to accept this grant and subsequently amend the city’s 2025-2026 budget is also on tonight’s consent calendar under separate cover. Pending council’s action on that item, sufficient funding will exist within the amended 2025-2026 budget in the Operating Grants, Donation and Special Reserve Fund and the Restricted Special Purpose Fund.

## **OPTIONS**

1. Adopt the Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$500,000 to an amount not to exceed \$9,978,810, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

## **ATTACHMENTS**

Proposed Resolution No. 10628

## **AVAILABLE IN COUNCIL LIBRARY**

Hopelink – Energy Smart Eastside Boost Heat Pump Reimbursement Contract  
Hopelink –Contract Amendment #4  
Hopelink – Proposed Contract Amendment #5  
Eastside Climate Partnership Interlocal Agreement  
WSU CEEP Grant Agreement  
2026-30 Sustainable Bellevue Plan  
2026-30 Sustainable Bellevue Action Plan  
Energy Smart Eastside (ESE) 2025 Annual Report

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10628

A RESOLUTION authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$500,000 to an amount not to exceed \$9,978,810, plus all applicable taxes.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute an amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$500,000 to an amount not to exceed \$9,978,810, plus all applicable taxes, a copy of which agreement shall be substantially in the form given Clerk's Receiving No. \_\_\_\_\_.

Passed by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2026, and signed in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

**CITY COUNCIL AGENDA TOPIC**

Public Hearing and action on Resolution authorizing the execution of documents necessary to release portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement located at 1425 120<sup>th</sup> Ave NE which have been determined to no longer be required for continued public service.

Jamie Robinson, Assistant Director  
Loren Matlick, Real Property Manager  
Natasha Platin, Sr Real Property Agent  
*Finance & Asset Management Department*

Dwight Smith, Utilities Development Review Manager  
*Utilities Department*

Tyler Moore, Development Review Manager  
*Transportation Department*

**EXECUTIVE SUMMARY****ACTION**

Public Hearing to solicit input on the proposed release of portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement located at 1425 120<sup>th</sup> Ave NE. If approved, the Resolution would authorize execution of the release documents.

**RECOMMENDATION**

Hold the public hearing and move to adopt Resolution No. 10629

**BACKGROUND/ANALYSIS**

On March 17, the City Council approved Resolution No.10593 declaring a portion of a Sidewalk and Utility easement and a portion of a Sidewalk, Utility and Wall easement at 1425 120<sup>th</sup> Ave NE as surplus. The next step in this process is for the council to hold a public hearing. This hearing is an opportunity for the public to comment on the proposed release. Following the hearing, staff requests council action on the proposed resolution authorizing the release of the subject easement.

The Sidewalk and Utility easement was granted to the City on July 26, 2017, under King County Recording No. 20170726001660. The Sidewalk, Utility and Wall easement was granted to the City on March 29, 2018, under King County Recording No. 20180329001787. The subject property is owned by Pine Forest Business Parks, LLC and ARE-Seattle NO. 47, LLC. The proposed development is a four-phase Master Development Plan (MDP) that will construct a total of 784,300 square feet of office space, 425 residential dwelling units, 5,000 square feet of retail and 5,000 square feet of dining. The developer has requested the city partially release these easements because they interfere with the redevelopment of the property.

Utilities and Transportation Department staff have reviewed the release request and confirmed the easements are no longer required.

This public hearing was advertised in the newspaper of record and notices were sent to property owners within a 500-foot radius of the property with the subject easements.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### Bellevue City Code

Under Bellevue City Code 4.32.070 and RCW 35.94.040, the city can dispose of Utilities-owned real property interests, including the release of permanent utility easements, upon a determination by resolution that the property in question is surplus to the city's needs and is not required for providing continued public utility service. Under the same provisions, at a separate Council meeting, the Council can approve the release following a public hearing.

#### City Procedure

The city has a procedure in place for releasing or modifying easements. An easement may be released, upon approval by the council, if the easement is no longer needed, there is no foreseeable future need for the easement and, if applicable, the city has obtained any needed replacement easements.

### **Fiscal Impact**

Relinquishing these easements will result in the city receiving \$73,688. If executed, funds will be receipted in the General Fund for council discretion on future use of the funds.

## **OPTIONS**

1. Hold the Public Hearing and adopt the Resolution authorizing the execution of documents necessary to release portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement located at 1425 120<sup>th</sup> Ave NE which have been determined to no longer be required for continued public service.
2. Hold Public Hearing, do not adopt the Resolution and provide alternative direction to staff.

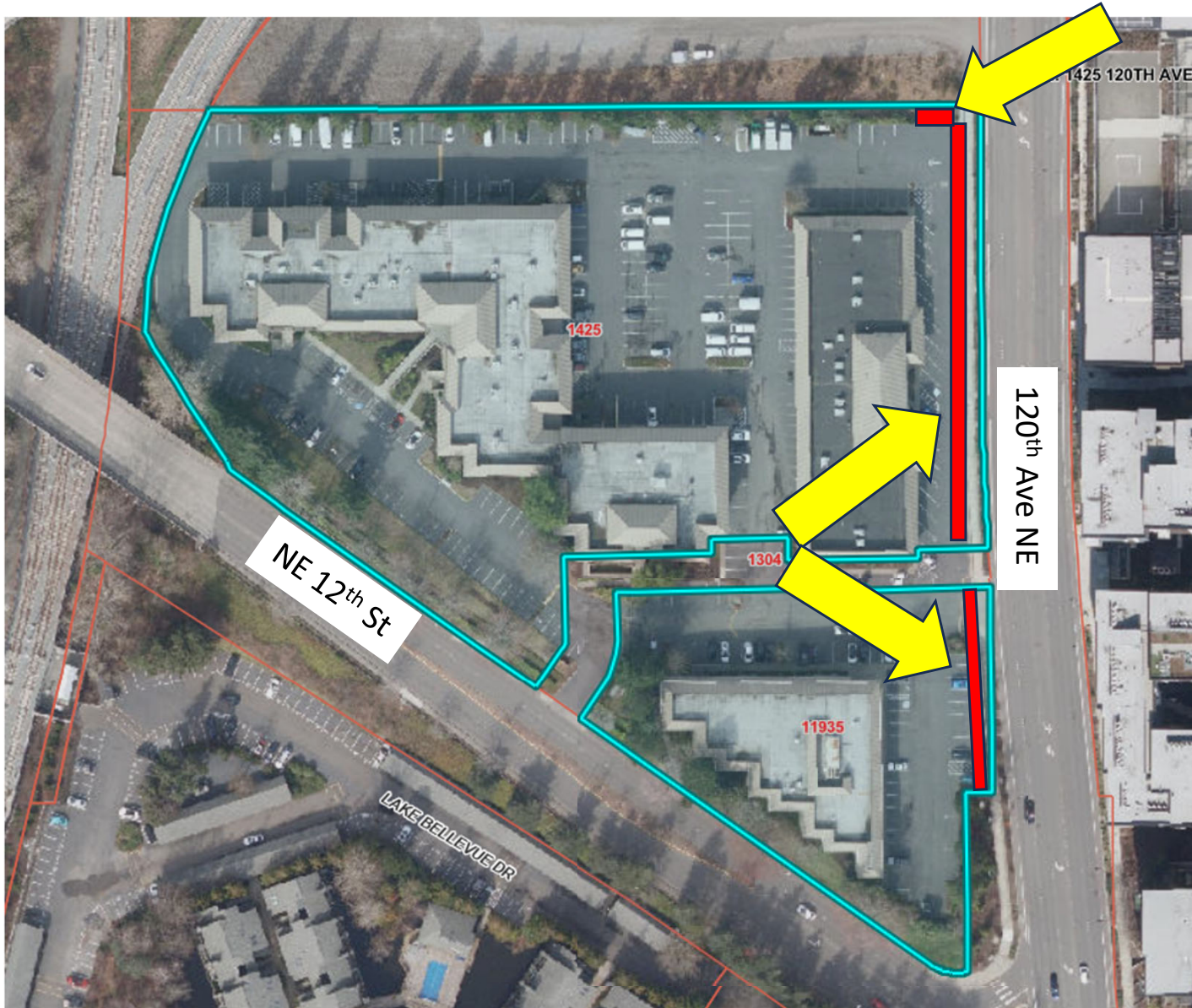
## **ATTACHMENTS**

- A. Easement Exhibit Map
  - B. Vicinity Map
- Proposed Resolution No. 10629

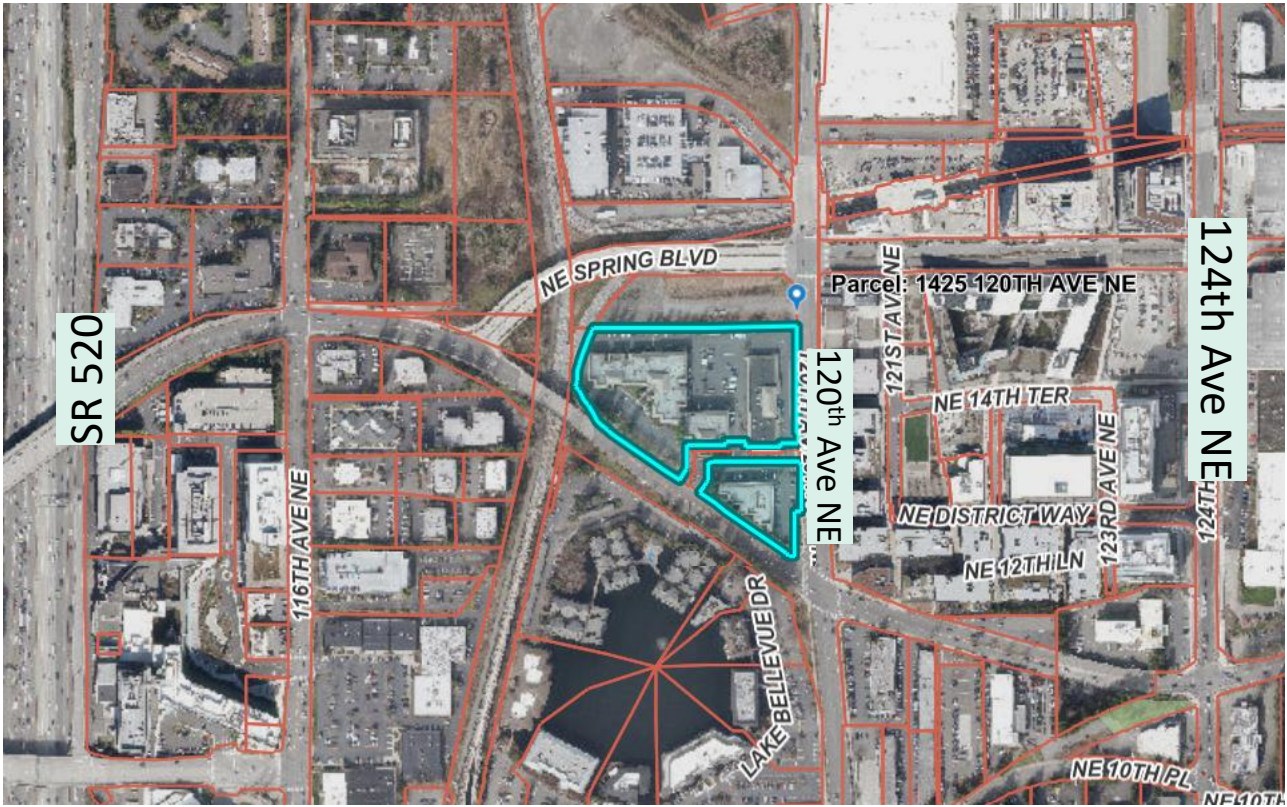
## **AVAILABLE IN COUNCIL LIBRARY**

Copy of two partial release of easements

# Easement Exhibit Map



# Vicinity Map



CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10629

A RESOLUTION authorizing the execution of documents necessary to release portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement located at 1425 120<sup>th</sup> Ave NE which have been determined to no longer be required for continued public service.

WHEREAS, RCW 35.94.040 and Bellevue City Code (BCC) 4.32.070 provide that whenever a city determines by resolution of its legislative authority, that any lands, property, or equipment originally acquired for public utility purposes is surplus to the city's needs and is not required for providing continued public utility service, then such legislative authority by resolution and after a public hearing may cause such lands, property, or equipment to be leased, sold, or conveyed; and

WHEREAS, pursuant to BCC 4.32.070, such resolution shall state the fair market value and such other terms and conditions for such disposition as the Council deems to be in the best public interest; and

WHEREAS, relinquishing these easements will result in the city receiving \$73,688; and

WHEREAS, on March 17, 2026 by Resolution No. 10593, Council declared a portion of a Sidewalk and Utility easement and a portion of a Sidewalk, Utility and Wall easement at 1425 120<sup>th</sup> Ave NE (as depicted on Attachment A) as surplus to the City's needs and no longer required for providing continued public utility service; and

WHEREAS, Council held a public hearing on May 5, 2026, as the required prerequisite to authorizing relinquishment of the easements as depicted in Attachment A; and

WHEREAS, Council finds that the relinquishment of a portion of a Sidewalk and Utility easement and a portion of a Sidewalk, Utility and Wall easement at 1425 120<sup>th</sup> Ave NE in Bellevue, Washington, bearing King County Recording Numbers 20170726001660 and 20180329001787, as depicted on Attachment A, is in the best interest of the public; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute documents necessary to release portions of two easements, one Sidewalk and Utility easement and one Sidewalk, Utility and Wall easement at 1425 120th Ave NE (as depicted on Attachment A), which have been declared surplus to the City's needs and no longer required for providing continued utility service; the granting and recording of such releases being deemed is the best interest of the public, a copy of which releases have been given Clerk's Receiving Nos. \_\_\_\_\_ and \_\_\_\_\_.

Passed by the City Council this \_\_\_\_ day of \_\_\_\_\_, 2026 and signed in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

Attachment A

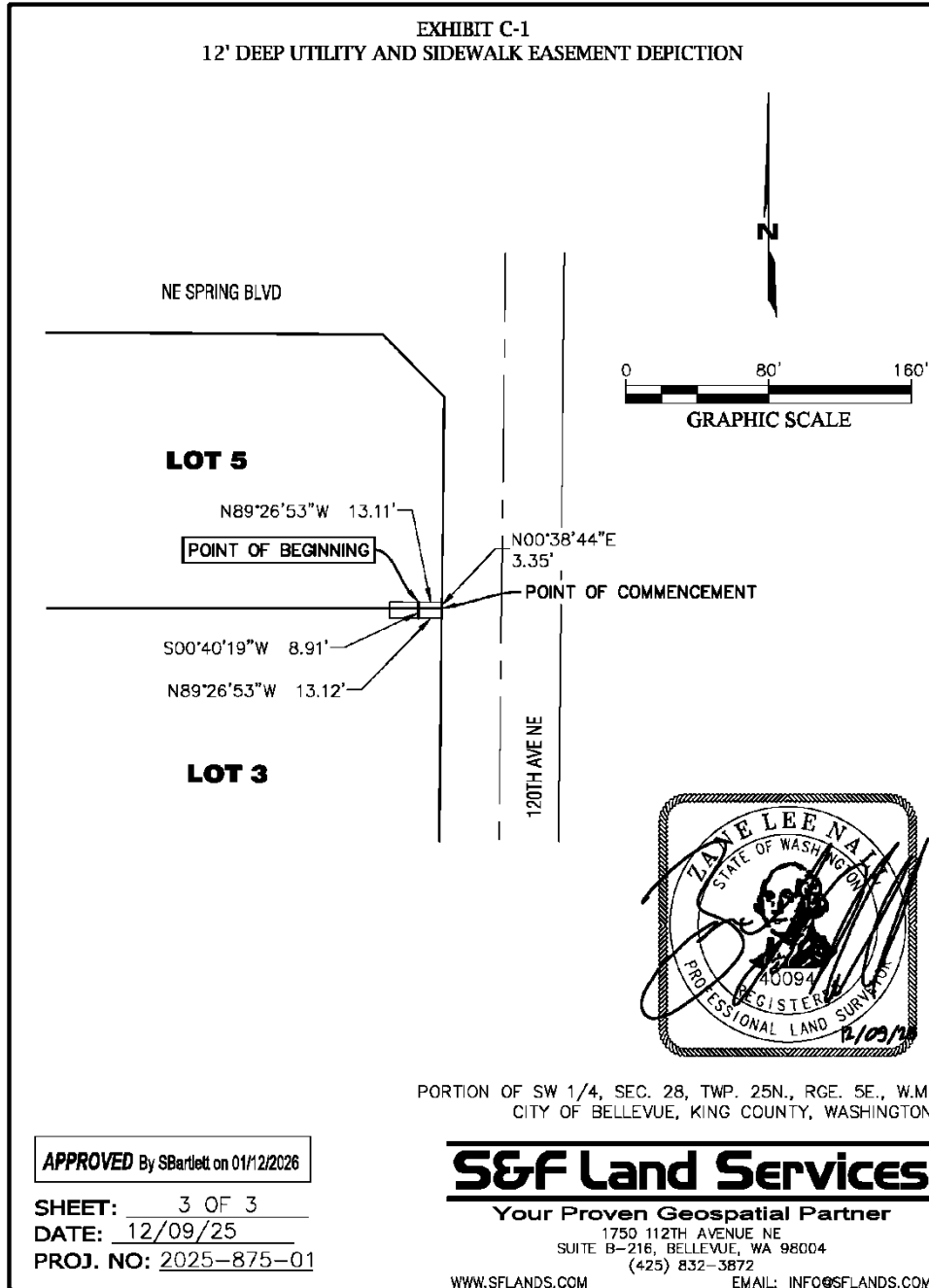
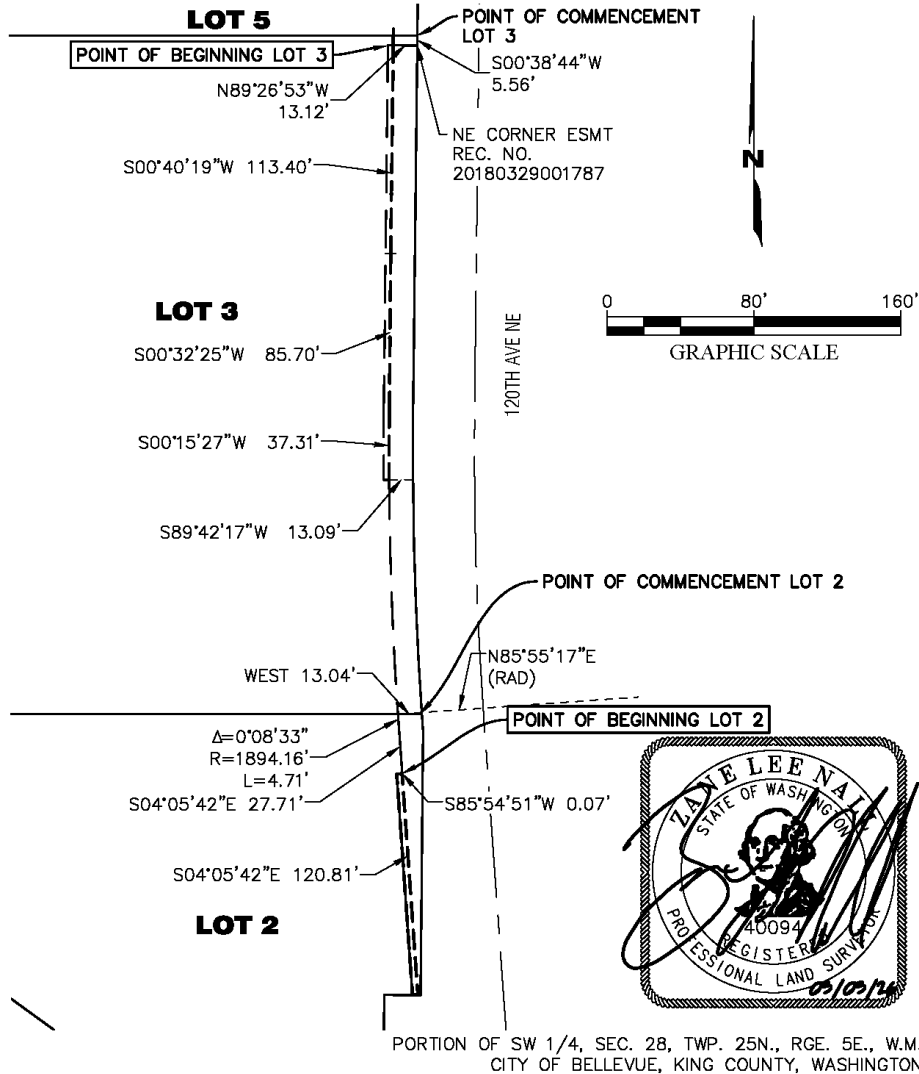


EXHIBIT C-1  
PARTIAL SIDEWALK AND EASEMENT RELEASE DEPICTION



PORTION OF SW 1/4, SEC. 28, TWP. 25N., RGE. 5E., W.M.  
CITY OF BELLEVUE, KING COUNTY, WASHINGTON

**APPROVED - SBartlett**  
03/03/2026 3:15:25 PM

SHEET: 3 OF 3  
DATE: 03/03/26  
PROJ. NO: 2025-875-01

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WWW.SFLANDS.COM

EMAIL: INFO@SFLANDS.COM

**CITY COUNCIL REGULAR SESSION**

Public Hearing and action on Resolution authorizing the execution of documents necessary to release an existing water easement located at 12835 NE Bellevue Redmond Road, which has been declared surplus to the City's needs and is no longer required for providing continued water service; the granting and recording of such release being deemed in the best interest of the public.

Jamie Robinson, Assistant Director  
Loren Matlick, Real Property Manager  
Niki Peng, Real Property Agent  
*Finance & Asset Management Department*

Dwight Smith, Utilities Development Review Manager  
*Utilities Department*

**EXECUTIVE SUMMARY****ACTION**

Public Hearing to solicit input on the proposed partial release of a water easement located at 12835 NE Bellevue Redmond Road. If approved, the resolution would authorize execution of the release document.

**RECOMMENDATION**

Hold the public hearing and move to adopt Resolution No. 10630

**BACKGROUND/ANALYSIS**

On March 24, the City Council approved Resolution No.10598 declaring that a portion of an existing water easement is surplus to the city's needs and is no longer required for providing continued water service. The next step in this process is for the council to hold a public hearing. This hearing is an opportunity for the public to comment on the proposed release. Following the hearing, staff requests council action on the proposed resolution authorizing the release of the subject easement.

The water easement was granted to the City of Bellevue on July 16, 1975, under King County Recording No. 7507160555. The subject property is currently owned by E-P Development LLC, which is in the process of developing the site into a 31-unit market-rate townhome community. As part of the development, the existing water line serving the property has been rerouted to accommodate the new site layout. The previous water line, which served only the subject parcel, has been removed, and the newly constructed water line is now installed, inspected, and in service. The rerouting was necessary because the former alignment was designed to avoid a building that has since been demolished and was previously encroaching into a wetland and its buffer area. The new alignment has been designed to minimize impacts to the wetland and its buffer to the greatest extent practicable while continuing to provide adequate water service to the new townhome community. Downstream users connected to the system were notified in advance of the service switchover. A new easement will be recorded during the construction process to reflect the revised alignment.

As a part of development, the property owner has requested that the city release a portion of the

existing water easement. Utilities Department staff have reviewed this request and determined that the identified portion is no longer needed, as it will be replaced by a new easement granted to the city for the relocated water line.

This public hearing was advertised in the newspaper of record and notices were sent to property owners within a 500-foot radius of the property with the subject easement.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### Bellevue City Code/State Law

Under BCC 4.32.070 and RCW 35.94.040, the city can dispose of Utilities-owned real property interests, including release of permanent easements, determining by resolution that the property in question is surplus to the city's needs and is not required for providing continued public utility service. Under the same provisions, at a separate City Council meeting, the council can approve the release following a public hearing.

#### City Procedure

The city has a procedure in place for releasing or modifying easements. An easement may be released, upon approval by the council, if the easement is no longer needed, there is no foreseeable future need for the easement and, if applicable, the city has obtained any needed replacement easements.

### **Fiscal Impact**

Declaring this easement surplus has no fiscal impact to the city because this easement was provided to the city at no cost. Per the guidance laid out in the city's Easement Release Procedure, no compensation is required for the release of an easement that was obtained at no cost.

## **OPTIONS**

1. Hold the Public Hearing and adopt the Resolution authorizing the execution of documents necessary to release an existing water easement located at 12835 NE Bellevue Redmond Road, which has been declared surplus to the City's needs and is no longer required for providing continued water service; the granting and recording of such release being deemed in the best interest of the public.
2. Hold the Public Hearing, do not adopt the Resolution, and provide alternative direction to staff.

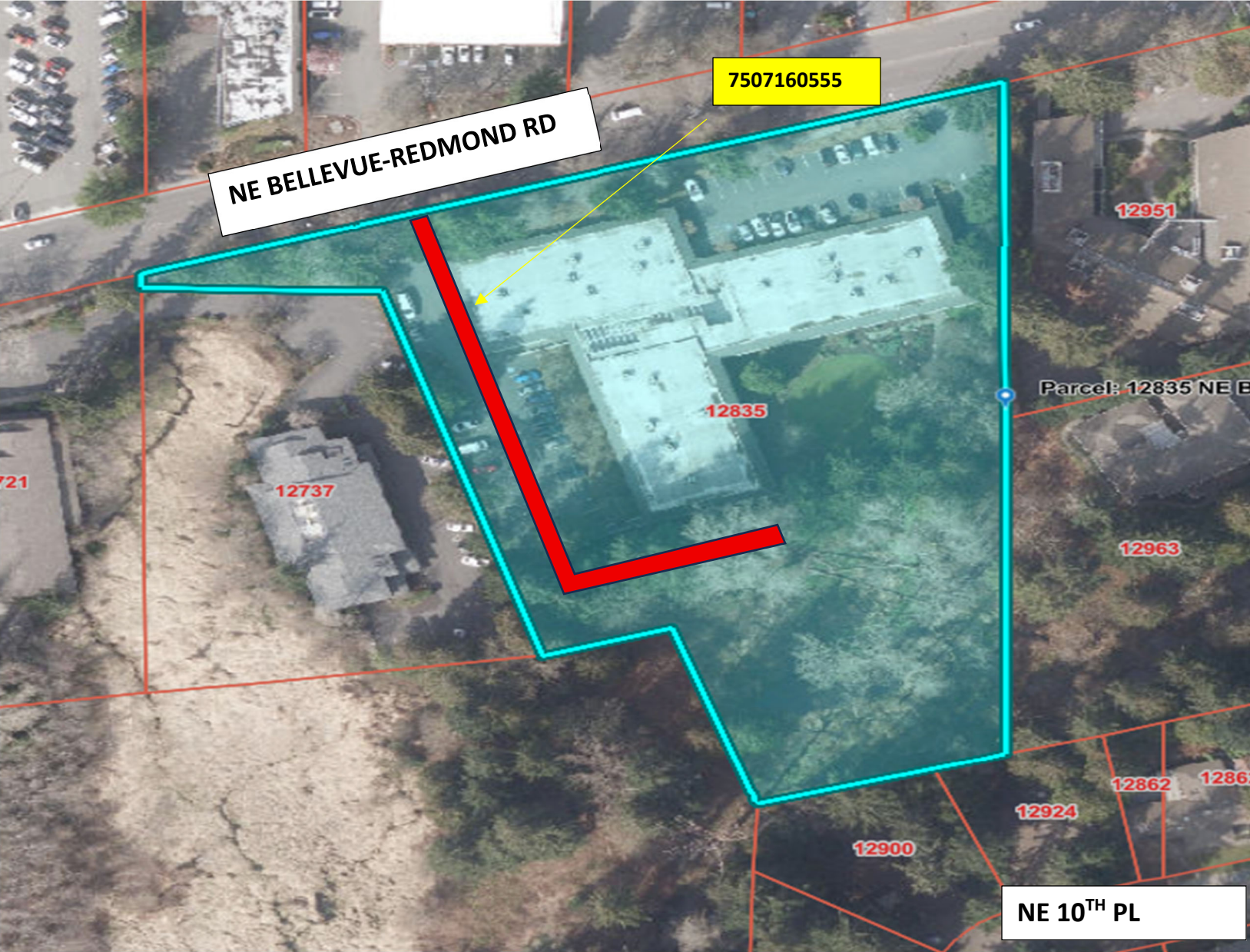
## **ATTACHMENTS**

- A. Easement Exhibit Map
  - B. Vicinity Map
- Proposed Resolution No. 10630

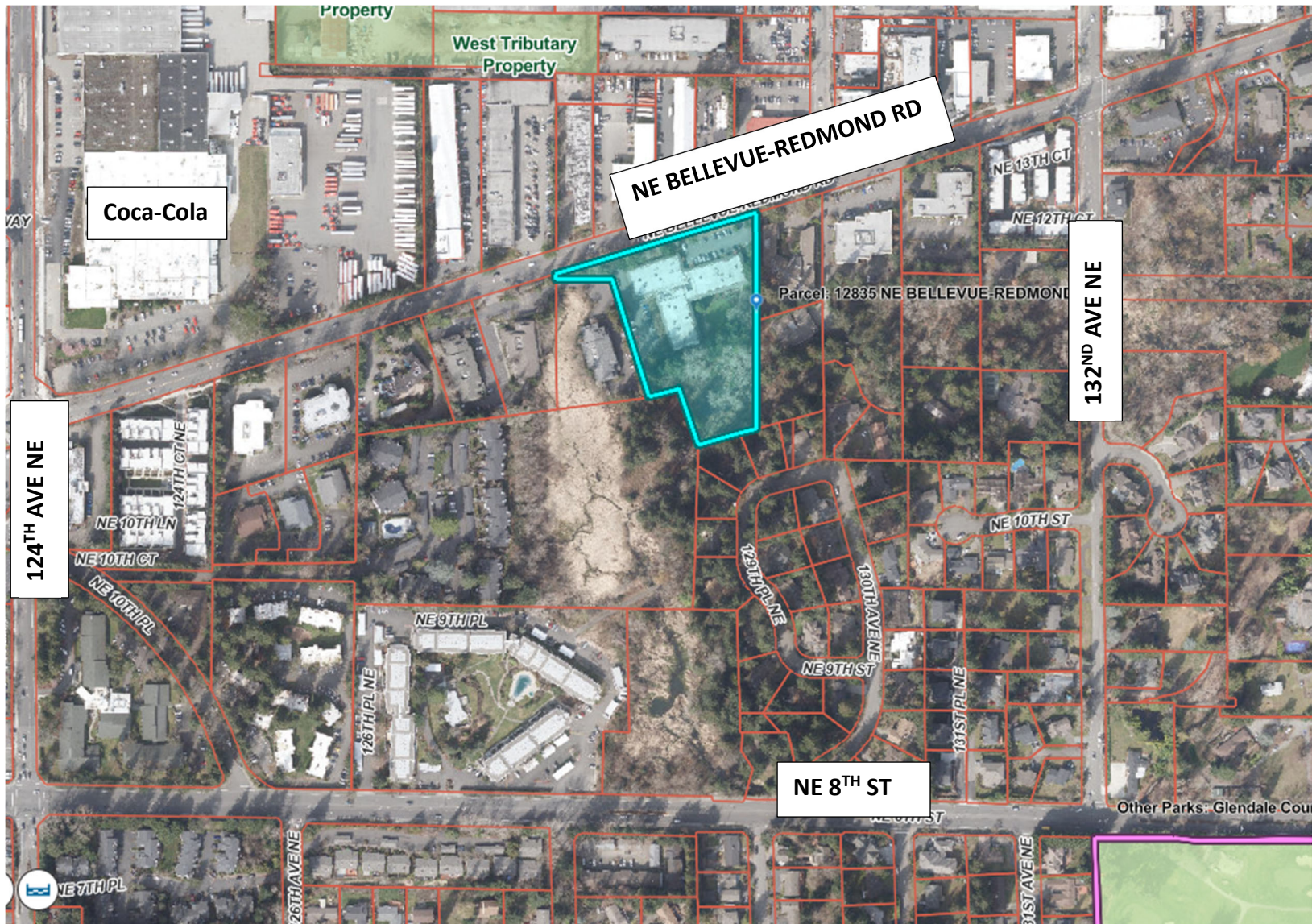
## **AVAILABLE IN COUNCIL LIBRARY**

Copies of the proposed partial release of easement

EASEMENT EXHIBIT MAP



# VICINITY MAP



CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10630

A RESOLUTION authorizing the execution of documents necessary to release an existing water easement located at 12835 NE Bellevue Redmond Road, which has been declared surplus to the City's needs and is no longer required for providing continued water service; the granting and recording of such release being deemed in the best interest of the public.

WHEREAS, RCW 35.94.040 and Bellevue City Code (BCC) 4.32.070 provide that whenever a city determines by resolution of its legislative authority, that any lands, property, or equipment originally acquired for public utility purposes is surplus to the city's needs and is not required for providing continued public utility service, then such legislative authority by resolution and after a public hearing may cause such lands, property, or equipment to be leased, sold, or conveyed; and

WHEREAS, pursuant to BCC 4.32.070, such resolution shall state the fair market value and such other terms and conditions for such disposition as the Council deems to be in the best public interest; and

WHEREAS, the fair market value of said easement is estimated to be \$148,800; and

WHEREAS, the easement was conveyed to the City at no cost and as a result no compensation is required for relinquishment; and

WHEREAS, on March 24, 2026, by Resolution No. 10598, Council declared a water easement (as depicted on Attachment A) as surplus to the City's needs and no longer required for providing continued public utility service; and

WHEREAS, Council held a public hearing on May 5, 2026, as the required prerequisite to authorizing relinquishment of the water easement; and

WHEREAS, Council finds that the relinquishment of a water easement located at 12835 NE Bellevue Redmond Road, Bellevue, Washington, bearing King County Recording No. 7507160555, as depicted on Attachment A, is in the best interest of the public; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute documents necessary to release an existing water easement located at 12835 NE Bellevue Redmond Road which has been declared surplus to the City's needs and is no longer required for providing continued water service; the granting and recording of such release being deemed is the best interest of the public, a copy of which release has been given Clerk's Receiving No. \_\_\_\_\_.

Passed by the City Council this \_\_\_\_ day of \_\_\_\_\_, 2026 and signed in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2026.

(SEAL)

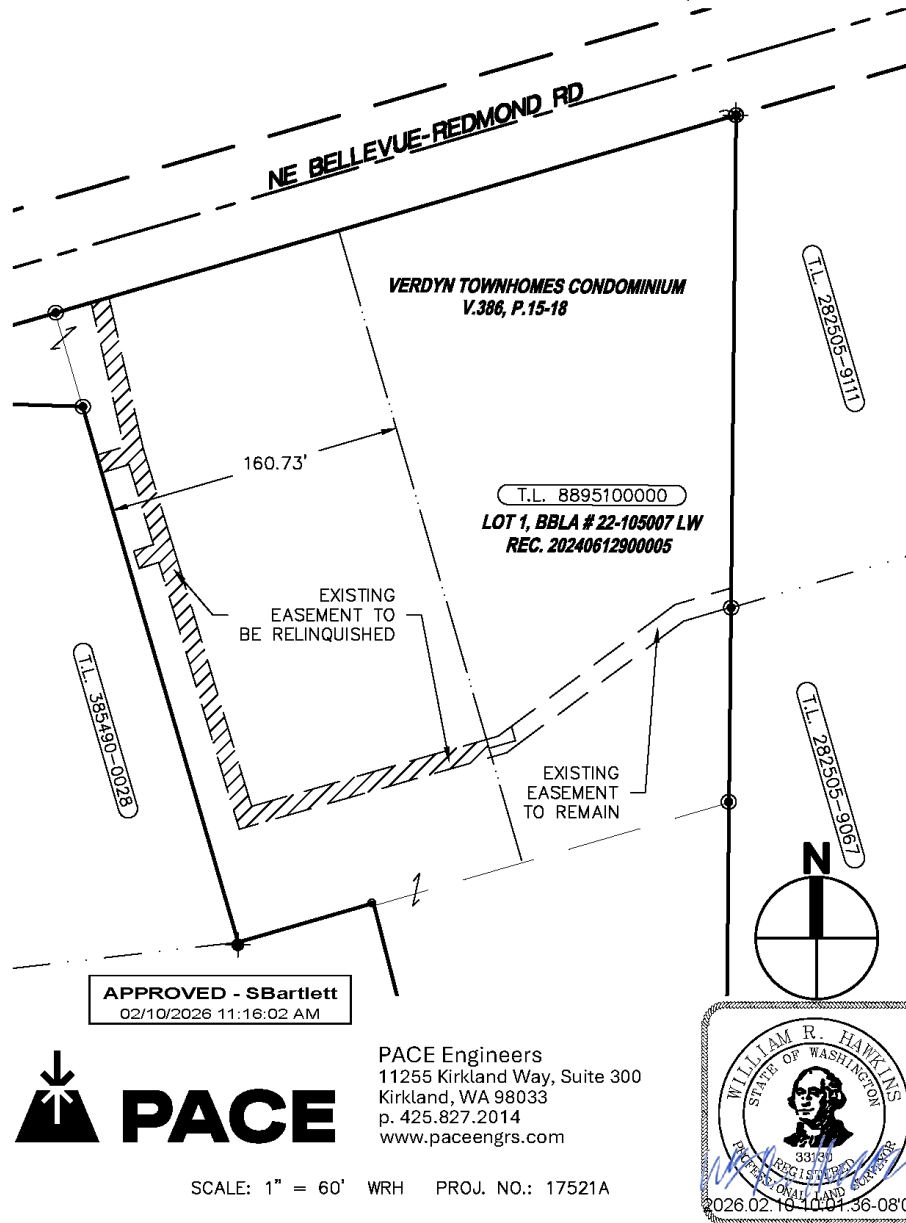
\_\_\_\_\_  
Mo Malakoutian, Mayor

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

Attachment A

WATER LINE EASEMENT REC. 7507160555 RELINQUISHMENT



**CITY COUNCIL AGENDA TOPIC**

Bellevue Grand Connection-Tax Increment Finance update

Genesee Adkins, Deputy City Manager  
Nathan Torgelson, Director, Office of the Grand Connection  
*City Manager's Office*

John Resha, Chief Financial Officer/Director  
*Finance and Asset Management Department*

**EXECUTIVE SUMMARY****DIRECTION**

Staff will provide an explanation of the tax increment finance (TIF) tool, specifically its principles of operation along with its required components and timelines, including the development of the tax increment area map/zone and the TIF Project Analysis. Staff will provide a review of partner taxing districts and engagement with said districts and their participation in contributing their tax allocation revenue to the City of Bellevue's TIF program and project.

**RECOMMENDATION**

Consider directing staff to prepare the TIF Ordinance for final action at a future meeting.

**BACKGROUND/ANALYSIS****Grand Connection Crossing: Vision, Construction Methodology and Funding**

A Council priority since 2012, the Grand Connection Corridor is an ambitious 1.5-mile urban development initiative starting at Meydenbauer Bay Park and connecting to downtown Bellevue and the regional Eastrail trail in Wilburton. The Grand Connection is a vibrant, pedestrian and wheel-friendly corridor sustaining future growth, enhancing livability, and promoting multimodal safety.

With approval from the Washington State Capital Projects Advisory Review Board (CPARB), the city has elected to move forward with a Heavy Civil General Contractor/Construction Manager (GC/CM) delivery method for the Grand Connection Crossing project. This allows the city to engage with a contractor early in the project design lifecycle, referred to as pre-construction, to provide services such as cost estimating, value engineering, schedule planning and constructability reviews. Ultimately, the desired outcome is the reduction of schedule and cost risk during construction and financial stability with a negotiated Maximum Allowable Construction Cost (MACC) with the GC/CM prior to construction starting. Based on most recent estimates (February 2026) the total cost for design, real property acquisition, and construction is approximately \$200,000,000-225,000,000.

TIF has been under evaluation by the city since the legislature passed ESB 5801 and is intended to cover 20-30% of the overall debt service for the capital project. Staff are also evaluating other new revenue sources, including activation of the Transportation Benefit District, regional and federal grants, local improvement district (LID), Business & Occupation tax and banked property tax. The city will also

continue partnering with the Friends of the Grand Connection to engage the corporate and individual philanthropic community.

**Overview of Tax Increment Financing Mechanism:**

Tax increment financing (TIF) is a financing tool that local governments can use to fund public infrastructure in targeted areas to encourage private development and investment (Chapter 39.114 RCW). The steps are:

1. A local government wishing to utilize TIF will designate an "increment area" surrounding the site of the public improvements.
2. As private development occurs within the TIA resulting from the public agency's investment in public improvements, property values rise, and the public agency collects the property tax revenue from the incremental assessed value to pay down the debt service for the public improvements.
3. After the public improvement costs are paid (or 25 years whichever is first), the public agency retires the TIA, and the full assessed value (base + increment) returns to the taxing districts.

ESB 5801 requires that each participating taxing district within a TIA must approve by majority vote of the governing body its partial or full participation in contributing its tax allocation revenues to the City of Bellevue's TIF program and project. TIF is designed to provide a source of tax revenue to pay for needed public improvements that incentivize desired development while seeking no financial harm to those taxing districts that contribute tax allocation dollars as part of their levy inside a TIA.

While taxing districts may experience a temporary reduction in direct property tax revenue due to the allocation of increment funds to the TIA, the changes to the levy calculations such as increases in assessed values from new construction within the TIA and increment growth—can offset these outflows. These adjustments ensure that the district's overall levy capacity and ability to fund public services are preserved or enhanced over time, aligning with TIF's goal of creating no financial harm to contributing districts. In addition, at the conclusion of the TIA, the taxing district would benefit from significant "new" value that would not exist but-for the public investment.

As part of the process to establish a TIF area, a local government must prepare a project analysis, which must include stated objectives of the local government for the designated increment area, the duration of the increment area, identification of all parcels in the area, and other pertinent factors. The project analysis must be submitted 90 days after the formal notice to partner taxing districts to establish a TIF area. The City of Bellevue, working with Stowe Development & Strategies, LLC in association with ECONorthwest (SDS/ECO team), developed a thorough and comprehensive evaluation of a future Tax Increment Financing program and establishment of a Tax Increment Area (TIA) for a significant development opportunity in Bellevue.

The TIA includes property parcels that have a clear development nexus to the Grand Connection Crossing project, while also remaining within the statutory \$500 million assessed value cap for a tax increment area. The proposed TIA covers approximately 63.3 total acres of parcels and the taxable assessed valuation of this TIA for 2025 (based on 2025 certified values) is \$489,463,600. This amount is below both the \$500 million assessed valuation threshold and 20% of the city's total assessed valuation of \$92,820,250,067 for 2025 as it represents only 0.5% of the total.

The city evaluated three development scenarios and chose to assume a Market-Responsive Limited Buildout, which is the most conservative assumption for our debt repayment schedule. This scenario reflects a narrower development footprint based on current conversations with developers and includes only projects with near-term potential and proximity to the Grand Connection Crossing. This results in a nominal TIF revenue of \$84.4 million and a present value of \$41 million, the most conservative revenue outlook modeled.

**Engagement Timeline and Project Analysis:**

Consistent with the requirements in Chapter 39.114 RCW, the city provided notice of its intention to form a TIA to King County Executive, King County Council, King County Library System, King County Flood Control District, Sound Transit, and the Port of Seattle on October 16, 2025 and completed a project analysis to evaluate in detail the proposed TIA designation, the city’s public improvement project – the Grand Connection Crossing, the envisioned private development, and the associated tax increment revenue to fund some of the Grand Connection Crossing costs. The report was then submitted to the Office of the State Treasurer (OST) on January 15, 2026, for review and comment as well as to all the participating taxing districts inside the proposed TIA. The project analysis demonstrates that the Grand Connection Crossing project is necessary to trigger the desired private development within the TIA including accelerated timelines, increased scale, and enhanced project quality. Many property owners indicated the existence of the Crossing would incentivize property owners to develop their adjacent properties on a more accelerated schedule.

**Public Briefings:**

As required under Washington State’s TIF legislation, the City of Bellevue must hold two public briefings before the City Council can take action to establish a TIF district (RCW 39.114.020). Building public awareness of the project and the financing tools under consideration is essential ahead of upcoming Council discussions and potential action to fund construction of the Crossing. The Office of the Grand Connection conducted a virtual session on April 22<sup>nd</sup> and an in-person session at Bellevue City Hall on April 23<sup>rd</sup> in compliance with the requirements in RCW 39.114.020 and provided the public with an opportunity to learn about the benefits, current status and next steps for the Grand Connection Crossing. As per state law, the city published a notice of the public briefings in the Seattle Times and posted the information about said public briefings on the city news publication (It’s Your City), the Grand Connection homepage and the City of Bellevue Facebook and Instagram accounts, keeping in compliance with the requirement that public briefings must be published in a legal newspaper or general circulation and posting information on the city’s website and social media sites.

**Action From Taxing Districts:**

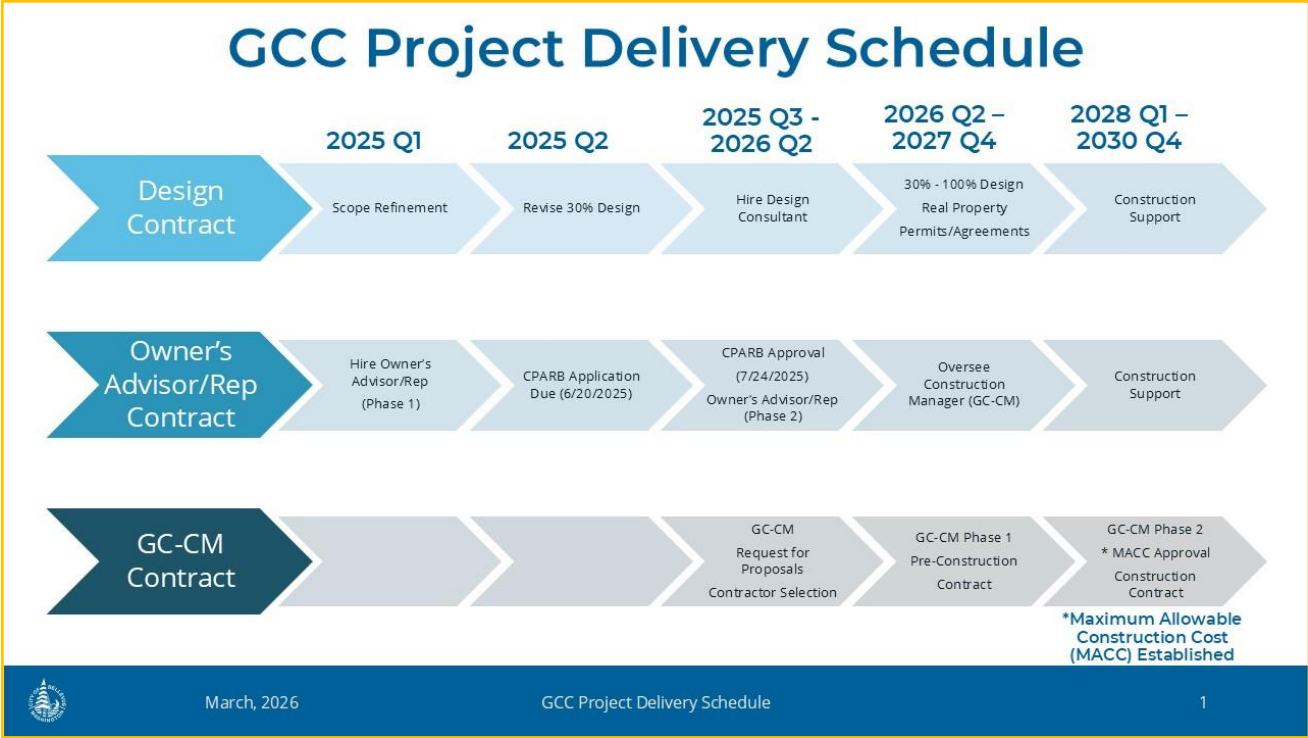
Between January 15 and May 19, the city has engaged with the partner districts to communicate the benefit of establishing a TIF. While each engagement was tailored to the organization’s budget and shared policy alignment between organizations and Bellevue, the focus of engagement was centered around ensuring the amount of property tax revenue redirected to the TIA from each taxing district over the 25-year term (taxes in) is greater than the total increase in each district’s maximum allowable levy during the same period, including both new construction and the increment add-on (taxes out).

As of April 30, the previous and upcoming engagement with taxing districts is:

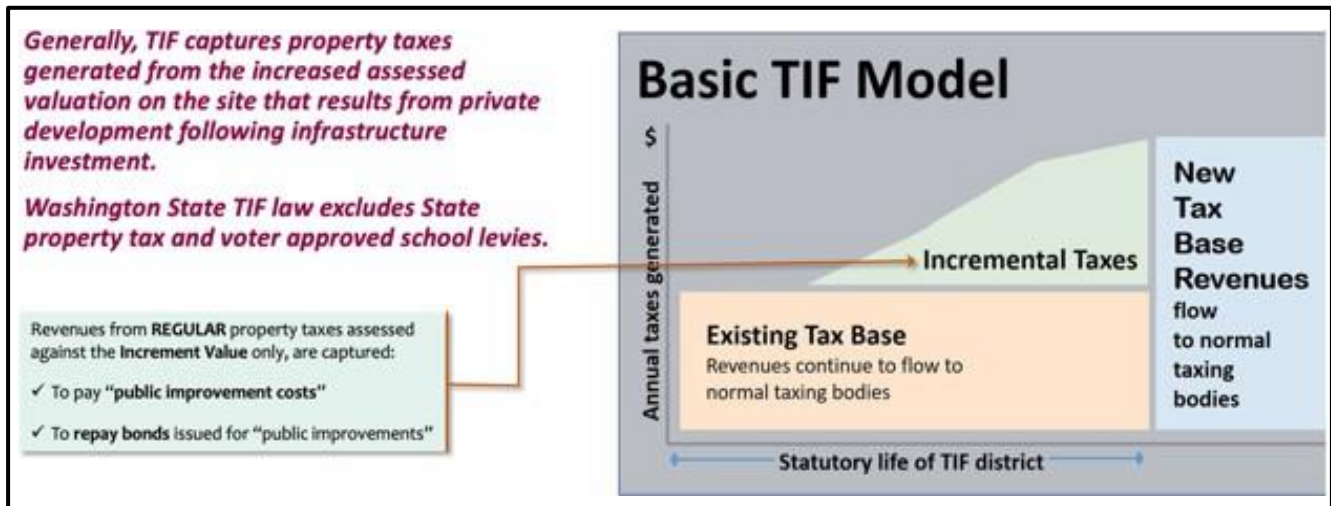
- King County Library System hosted a study session for its board of trustees on March 25 and the Board of Trustees unanimously passed the resolution to fully participate on April 29.

- The Port of Seattle hosted a presentation to its Commission on April 14, and the Commission unanimously passed the resolution to participate fully on April 28.
- Sound Transit had an Executive Committee presentation on April 2, and the Board of Directors unanimously passed the resolution to fully participate within TIF on April 23.
- The King County Flood Control District had an initial discussion of a motion to participate in TIF on April 22 and approved full participation on April 28.
- The King County Executive transmitted an ordinance to the King County Council on April 7 articulating partial participation for the County and King County EMS, at a maximum of \$30 million and with mitigation measures. The County Council’s Budget & Financial Management (BFM) Committee held hearings on April 8 and April 22, and it is tentatively on the agenda for possible action at the King County Council on May 5.

**GCX Construction Timeline**



## TIF Model



## POLICY & FISCAL IMPACTS

### Policy Impact

The Bellevue City Council has consistently advanced the Grand Connection program vision, including it in their Council priorities since 2014. The Grand Connection Crossing is part of the city's greater vision to make downtown more accessible for all those who live, work, learn and play in Bellevue while bolstering our regional transit network. The Grand Connection Crossing is also integral to implementing a coordinated strategy to transform Wilburton into a vibrant, mixed-income, transit-oriented neighborhood, creating housing and mobility opportunities.

### Fiscal Impact

Action on this legislation has no immediate fiscal impact, unless the city establishes a full funding package of revenue for the Crossing. Should the Council take subsequent actions to fund the Crossing, action on this legislation would provide a revenue tool that is estimated to contribute a maximum of \$84.4 million in property taxes generated within the TIF Area that are exclusively limited to paying for construction of the Crossing, including debt service. Funding decisions for the Crossing are anticipated to be part of the city's 2027-2028 biennial budget process in the fall of 2026.

Without action establishing a TIF Area by June 1, 2026, the development of a full funding package will require alternative funding discussions and partnership that would likely result in delays more than a year for construction of the Crossing.

If TIF is not established or if the projected revenue is less than expected, the Office of the Grand Connection will have to investigate other revenue opportunities like state or federal grants or change the scope and delivery of the Crossing. Other funding opportunities could be engaging with the Friends of the Grand Connection for a more aggressive philanthropic scope or the City of Bellevue returning to the State Legislature to investigate other public financing options.

## **OPTIONS**

1. Direct staff to prepare the TIF Ordinance establishing the Tax Increment Finance Area (TIA) for final action at a future meeting.
2. Provide alternative direction to staff.

## **ATTACHMENTS**

- A. Final Project Analysis – Submitted to and Reviewed by the Office of the State Treasurer
- B. Parcels and Owners in the Proposed Bellevue TIF Area
- C. TIF Public Briefings Affidavit and Meeting Notifications

## **AVAILABLE IN COUNCIL LIBRARY**

N/A



**CITY OF BELLEVUE**  
**TAX INCREMENT FINANCING PROJECT ANALYSIS**

*January 14, 2026*

*Updated following OST comments on March 13, 2026*

**GRAND CONNECTION CROSSING**



## ACKNOWLEDGEMENTS

This Project Analysis Report was prepared for the City of Bellevue by Stowe Development & Strategies, LLC in association with ECONorthwest (SDS/ECO team).

The Report represents a thorough and comprehensive evaluation of a future Tax Increment Financing program and establishment of a Tax Increment Area for a significant development opportunity in Bellevue. The production of this report would not have been possible without the participation, collaboration, and guidance of the following individuals and groups.

### City of Bellevue Officials

#### City Council

- Mo Malakoutian, Mayor, Position 3
- Dave Hamilton, Deputy Mayor, Position 7
- Vishal Bhargava, Councilmember, Position 1
- Naren Briar, Councilmember, Position 2
- Jared Nieuwenhuis, Councilmember Position 4
- Lynne Robinson, Councilmember, Position 6
- Claire Sumadiwiryra, Councilmember, Position 5

#### Staff

- Diane Carlson, City Manager
- Genesee Adkins, Deputy City Manager
- Nathan McCommon, Deputy City Manager
- Joseph Todd, Deputy City Manager
- Nathan Torgelson, Director, Office of the Grand Connection
- John Resha, Chief Financial Officer, Finance & Asset Management Director
- Emil King, Community Development Director
- Trisna Tanus, City Attorney
- Monica Buck, Assistant City Attorney

### Legal and Financial Consultants

- Stacey Lewis, Bond Counsel, Pacifica Law Group (limited review capacity as Bond Counsel)

### Increment Financing Consultants

- Bob Stowe, Stowe Development & Strategies (TIF Project Manager)
- Morgan Shook, ECONorthwest

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## About City of Bellevue

Bellevue is the fifth largest city in Washington, with an estimated population of 155,000 (2024). Bellevue is the high-tech and retail center of the Eastside, with more than 160,000 jobs and a downtown skyline of gleaming high-rises. With beautiful parks, top schools and a vibrant economy, Bellevue is routinely ranked among the best mid-sized cities in the country.



While business booms downtown, much of Bellevue retains a small-town feel, with thriving, woodsy neighborhoods and a vast network of trails. With nearly 100 parks, Bellevue is known as a “city in a park.” The city’s crime rates are consistently low.

Retail options abound in Bellevue, and an arts community is taking off in its BelRed neighborhood. Bellevue’s agrarian traditions are celebrated in the spring and fall with popular fairs at the Kelsey Creek Farm Park. More than 300,000 people visit the city’s downtown area the last weekend in July each year for arts and crafts fairs.

The city spans more than 33 square miles between Lake Washington and Lake Sammamish and is a short drive from the Cascade mountains. People can kayak within sight of downtown in the Mercer Slough Nature Park, a 320-acre wetland preserve, or at a couple of Bellevue locations in Lake Washington.

## Introduction/Summary

In late June 2025, the City of Bellevue selected Stowe Development & Strategies in association with ECONorthwest (SDS/ECO team) to conduct a tax increment financing (TIF) analysis for the purpose of spurring viable private development within the city's commercial areas — Wilburton and Downtown Bellevue.

The purpose of this Report is to evaluate in detail the proposed Tax Increment Area (TIA) designation, the city's public improvement project – the Grand Connection Crossing, the envisioned private development, and the associated tax increment revenue to fund some of the Grand Connection Crossing costs. This Report will be submitted to the Office of the State Treasurer (OST) for review and comment as well as to all the participating taxing districts inside the proposed TIA. OST then has 90 days to review any Project Analysis.

The city provided a notice of its intention to form a TIA to all the taxing districts that would be affected or part of the TIA on October 16, 2025 to comply with the noticing requirements of the TIF Act. A TIA can only be formed on June 1 of any year. Forming a TIA before June 1 also satisfies a recent amendment made to the TIF Act (RCW 39.114) when the state adopted Engrossed Senate Bill (ESB) 5801, allowing the city to form a TIA with a maximum of \$500 million of assessed value at the time the TIA ordinance is adopted, and positions the city to adopt a TIA ordinance before the deadline of June 20, 2026 established in the amendment.

ESB 5801 also requires that each participating taxing district within a TIA, must approve by majority vote of the governing body of its partial or full participation in contributing its tax allocation revenues to the city's TIF program and project. The city may still move forward with forming a TIA without the approval of the individual taxing districts but would not receive the tax allocation revenues from that district. Additionally, a preliminary Project Analysis was provided to each of the taxing districts along with early outreach meetings to determine each district's likely participation in the TIA. Formal agreements are currently being pursued with each participating taxing district in a TIA prior to any adoption of a TIA ordinance by the Bellevue City Council.

The impact analysis for each taxing district starting on page 34 concludes the following:

***“In all cases, the total taxes apportioned (those tax dollars that are allocated to pay for TIF public improvements) are slightly less than the total district levy growth, demonstrating that the value added by the increment and new construction offsets most of the taxes apportioned to the jurisdiction.”***

The city is planning on several tiers of potential funding in order to support the design and construction cost associated with the Grand Connection Project — a long envisioned, partially elevated pedestrian corridor from the water’s edge of Lake Washington through downtown and over Interstate 405 into the Wilburton area and to the Eastrail Project Trail. One of the initial phases of the overall project will include the “Crossing” over I-405, connecting downtown to the Eastrail Project — a 42-mile regional trail on a former rail line linking several King and Snohomish County cities. The Crossing is estimated to cost approximately \$230 million. TIF is projected to provide approximately \$41 million (present value) of the total revenue package needed to support the Crossing. More information about the Crossing is included in the TIA Public Improvement Needs and Cost Section of the Report.

## KEY FINDINGS

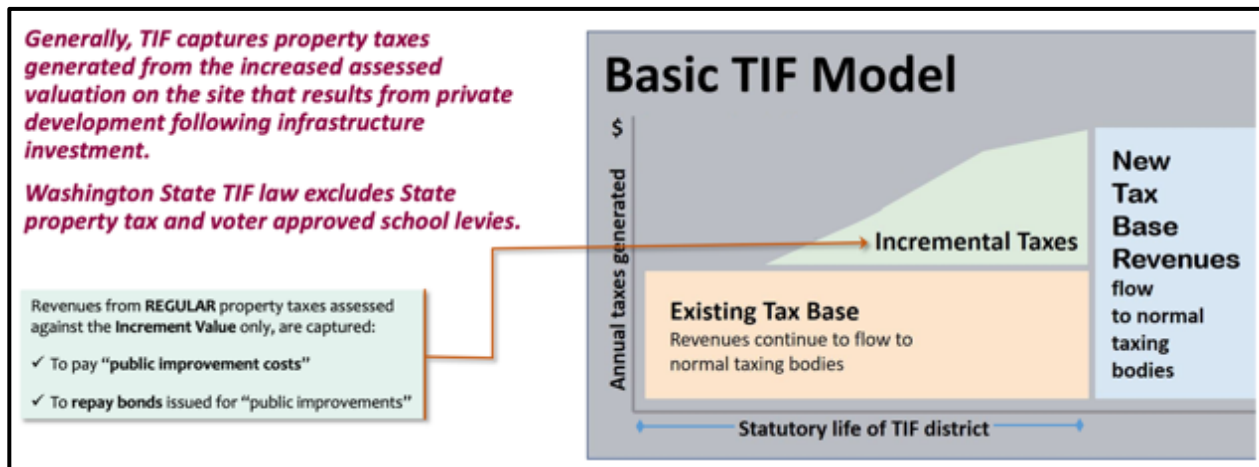
<b>TIA Size</b>	63.3 acres
<b>TIA Assessed Value</b>	\$489,463,600
<b>TIA Levy Rate</b>	\$2.877
<b>TIF Public Improvement Allocation Costs</b>	\$84.4 million to \$128.8 million

<b>Scenarios</b>	<u><i>Development</i></u>
• Full Buildout Scenario	10,709,240 SF
• Phased Buildout Scenario	10,709,240 SF
• Market-Responsive Limited Buildout Scenario	6,539,030 SF

<b>TIF Revenues (over 25 years)</b>	<u><i>Present Value</i></u>	<u><i>Nominal Value</i></u>
• Full Buildout Scenario	\$60.3 million	\$128.8 million
• Phased Buildout Scenario	\$46.1 million	\$104.4 million
• Market-Responsive Limited Buildout Scenario	\$41.0 million	\$84.4 million

TIF is a powerful economic development tool adopted into law in Washington State in 2021. The Washington State Legislature created the TIF Act (codified as chapter 39.114, Revised Code of Washington) for a city, county, or port district to designate a geographical area within the jurisdiction as a TIA. The increment property tax revenue funds the public infrastructure needed by private development in the TIA. Jurisdictions throughout the United States use TIFs to promote economic development.

In general, Washington State's TIF Act is a financing tool that allows a city, county, or port to fund publicly owned infrastructure determined necessary to encourage private development within a TIA. As private development occurs because of the public agency's investment in public improvements, property values rise, and the public agency uses the newly generated property tax dollars to pay for the public improvements. After the public improvement costs are paid, the public agency retires the TIA and the full assessed value (base + increment) returns to the taxing districts. Sponsoring jurisdictions identify TIAs and the public infrastructure, including costs of construction by ordinance. The sponsoring jurisdiction may incur debt through bond issuance to secure financing to make public improvements in the TIA.



**Figure 1: TIF Model**

Source: Stowe Development & Strategies, 2025

### Statutory limits on TIF

- No more than two active increment areas per sponsoring jurisdiction, which cannot overlap and cannot be changed.
- Increment areas (combined) may not total more than \$200 million in assessed valuation, or more than 20% of the total assessed valuation of the sponsoring

jurisdiction, whichever is less, at the time the ordinance designating the TIA is passed. **Note:** *Bellevue is exercising the amendment from ESB 5801 which allows for a single TIA to be formed of no more than \$500 million of assessed valuation. The key provisions for the city with the amended TIF legislation includes the following:*

- The TIA is connected to Interstate 405 and the transportation-related public improvements that will be funded to enhance the integration and connection of neighborhoods within and adjacent to the increment area;
  - The TIA ordinance must be enacted no later than June 30, 2026; and,
  - A governing body of any taxing district within the TIA approves by a majority vote, and according to the governing body's ordinance and publication procedures, the taxing district's partial or full participation in the TIA. If the governing body does not approve its participation, the taxing district's property taxes are not subject to apportionment.
- Once public improvements are identified, additional public improvements cannot be supported with TIF revenues.
  - Construction of public improvements must begin within five years following adoption of the TIF ordinance (with an ability to extend for good cause).
  - Sponsoring jurisdiction may only receive TIF revenues for the time period necessary to pay for the public improvements.
  - TIA must be retired no more than 25 years after the first year in which tax allocation revenues are collected from the TIA.

## **Risks**

Because increased tax revenue will likely be generated after the city begins construction on the Grand Connection Crossing and after private development occurs, using TIF can pose some financial uncertainty. Understanding and accepting a certain level of risk is important as the city will be obligated for the repayment of any debt that is issued and allocated based on TIF revenues, regardless of whether the projected private development occurs. The two main risks are: 1) expected private development does not occur, occurs slower than expected, and/or the type of development and its magnitude is less than expected, and 2) the cost for infrastructure improvements is higher than projected. These risks impact the expected TIF revenues and/or the public infrastructure improvements cost. If revenues are not sufficient to cover the cost, the sponsoring jurisdiction must then use other sources of revenue to pay for the public infrastructure. A mitigation plan may alleviate some risks. Other risks include over-investment of infrastructure, or building infrastructure that isn't necessary for development to occur, resulting in loss

of tax dollars that could have been used for other public purposes. Local governments can guard against and potentially avoid over-investing and under-development by carefully evaluating the local market conditions and analyzing the nexus between the proposed public improvements and private development (also known as the But-For Requirement addressed later in this Report). Utilized correctly, growth and development in a TIA will help pay for the infrastructure investments that encouraged it.

A risk and mitigation plan is included in this Report.

### **Other Revenues and Options**

This Report also examines other anticipated revenues from the projected private development, including sales tax on construction and ongoing sales tax (page 67). The city has multiple levers to direct a successful project utilizing TIA generated revenues and safeguarding its other resources. These options include the amount of debt issued and when to issue debt based upon expected public improvement needs, schedule and private development type and scale, as well as refinement of infrastructure cost estimates.

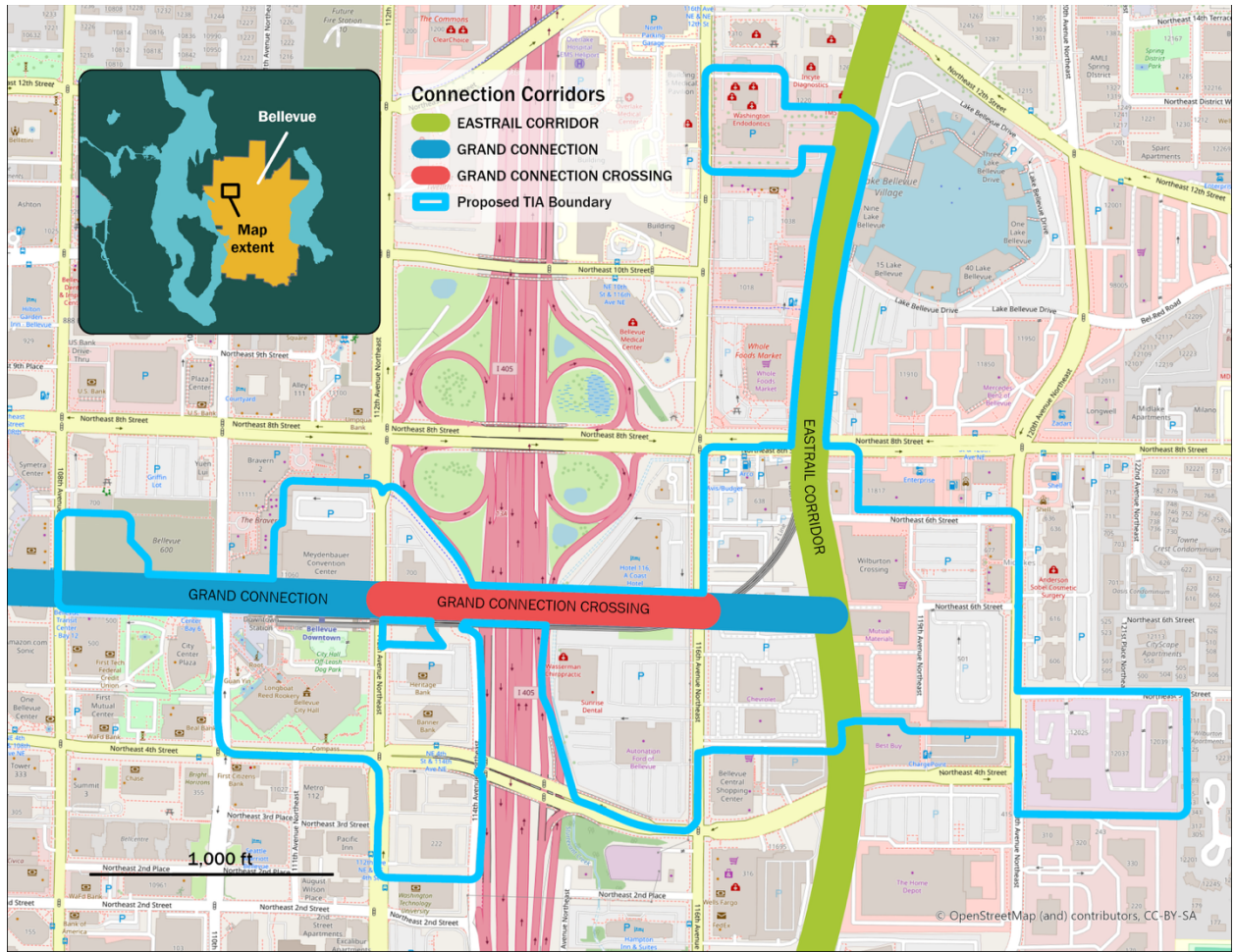
Private development interest and anticipated interest rates will also affect the city's actions; the city can proceed with the identified public improvements in this Report or, because the city has up to five years after passing the TIA ordinance (unless a cause for a delay is necessary), it may modify those plans as conditions change. The city could choose to issue less debt, especially if development interest substantially changes to a very low level, the cost of debt is too high, or another revenue source has materialized for the public improvements. The city could use a pay-as-you-go strategy for the infrastructure; however, doing so will likely delay the timing and reduce the scale of the private development. Finally, the city could also rescind or retire the TIA by ordinance before incurring debt.

## Tax Increment Area

The proposed TIA was developed through a collaborative process between the city and the consultant team to identify parcels that have a clear development nexus to the Grand Connection Crossing project, while also remaining within the statutory \$500 million assessed value cap for a tax increment area. The TIA prioritizes properties that are well-positioned to benefit from Grand Connection Crossing improvements — such as enhanced public spaces, connectivity, and infrastructure — and includes a mix of sites with known development interest, underutilized private parcels, and publicly-owned properties with long-term redevelopment potential.

It also strategically aligns with key corridors, including the Grand Connection corridor, Grand Connection Crossing, and the Eastrail corridor, helping to ensure geographic and programmatic coherence with the city's vision for downtown revitalization and multimodal integration. Timely and strategic investment in the Crossing will be necessary to meet Bellevue's ambitious growth, economic competitiveness, and transportation goals, including the addition of 15,000 new housing units in Wilburton over the next 20 years.

The proposed TIA covers approximately 63.3 total acres of parcels (not including rights-of-way), as shown in Figure 2 below. The taxable assessed valuation of this TIA for 2025 (based on 2025 certified values) is \$489,463,600. This amount is below both the \$500 million assessed valuation threshold and 20% of the city's total assessed valuation of \$92,820,250,067 for 2025 as it represents only 0.5% of the total.



**Figure 2: Potential Tax Increment Area**

Source: ECONorthwest; 2025

The below table summarizes the parcel identification numbers and assessed values of properties in the TIA.

Parcel ID	Area (acres)	2025 Taxable Value
2825059211	0.9	\$5,560,300
2825059251	0.9	\$1,475,900
0670060010	1.3	\$46,257,600
3225059182	1.2	\$0
3225059194	1.9	\$0
3225059003	1.8	\$52,842,700
3225059229	0.8	\$0
3225059231	0.7	\$0
3225059017	0.8	\$0
3225059216	0.8	\$0
3225059199	4.8	\$0
3225059171	1.5	\$44,895,200
3225059004	1.9	\$56,485,600
3225059122	0.6	\$13,786,600
3225059096	0.5	\$13,638,200
3225059172	0.4	\$11,137,700
3225059166	1.6	\$40,138,800
3225059005	4.2	\$0
3225059178	1.3	\$9,690,000
3225059007	4.4	\$37,599,200
3325059033	0.5	\$5,277,800
3325059010	0.4	\$3,227,900
3325059086	0.5	\$4,246,700
3325059036	3.1	\$24,337,500
3325059124	2.4	\$20,234,800
3325059142	2.6	\$21,869,700
3325059143	1.7	\$13,969,200
3325059169	0.7	\$5,449,200
3325059120	5.6	\$36,895,000
3325059134	2.1	\$14,809,200
3325059133	0.8	\$5,638,800
3325059121	4.2	\$0
3325059017	6.3	\$0
<b>Total</b>	<b>63.3</b>	<b>489,463,600</b>

**Table 1: Summary of Tax Parcels**  
*Source: ECONorthwest, 2025*

# Potential Private Development Plan

## Development Plan Configuration

As part of the TIA development process, the consultant team worked closely with the city to identify a set of parcels that could support future development, demonstrate a clear nexus with the Grand Connection project, and collectively remain under the \$500 million cap.

To guide the selection of parcels, the consultant team focused on three primary categories:

### 1. Sites with Known Development Interest

These include privately-owned parcels where developers have previously expressed interest in redevelopment. For these properties, the city provided assumptions about the likely type and scale of future development based on past proposals or discussions. These assumptions helped the consultant team establish realistic expectations about timing, density, and land use and the impact of the Grand Connection Crossing on activating their site.

### 2. Underutilized Private Parcels

The second category includes privately-owned sites that are currently underutilized based on their existing improvements relative to allowed zoning capacity. For these parcels, the consultant team applied a baseline assumption between a 3.5 to 5 Floor Area Ratio (FAR) based on the underlying zoning to estimate potential development yields.<sup>1</sup> Because no specific land uses had been proposed for many of these sites, the consultant team evaluated whether multifamily residential or office uses were more likely, considering factors such as floorplate size, construction feasibility, and market context.

### 3. Publicly Owned Properties (Including City-Owned Sites)

The final category includes sites that are currently owned by the city or other public entities. Some of these parcels are currently used — or planned to be used — for staging and construction activities related to the Grand Connection or light rail projects. This analysis anticipates that these properties will become surplus and suitable for redevelopment over the long term. The consultant team applied the same FAR assumptions used for underutilized private parcels and assigned likely land uses based on site constraints and opportunities.

This framework provides a reasonable planning estimate of potential future development capacity within the TIA and illustrates what could be built under current

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<sup>1</sup> Floor Area Ratio (FAR) refers to the ratio of a building's total floor area to the size of the parcel on which it is located. For example, a FAR of 3.5 on a 10,000-square-foot lot implies a total buildable area of 35,000 square feet.

zoning regulations and site conditions — not what will be built or when. Actual development outcomes will depend on a range of external factors not captured in this analysis, including market demand, infrastructure delivery, and private investment decisions.

Based on the city’s parcel identification and evaluation process, the total development capacity within the proposed TIA is estimated at approximately 10.7 million square feet. This reflects the cumulative potential across a set of sites most likely to be influenced by the Grand Connection Crossing and suitable for redevelopment.

By product type:

- Office represents the largest share of capacity at 7.56 million square feet, underscoring the area’s role as a major employment center.
- Multifamily residential accounts for 2.87 million square feet, supporting Bellevue’s goals for housing growth near transit and urban amenities.
- A 200,000 square foot convention space is assumed as part of the area’s potential civic and visitor infrastructure.
- Retail space is limited to 86,630 square feet, primarily integrated within mixed-use developments.

This development capacity reflects a strong orientation toward commercial and mixed-use activity, with strategic residential and civic components that align with the city’s vision for a connected, vibrant urban core.

Product Type	Development Capacity
Multi-Family	2,867,000
Office	7,555,610
Convention	200,000
Retail	86,630
<b>Total</b>	<b>10,709,240</b>

**Figure 3: Development Capacity by Site Category and Use Type (Square Feet)**

*Source: City of Bellevue and ECOnorthwest, 2025*

# Private Development Assumptions

## Development Scenarios

To evaluate the potential tax increment revenue that could support the Grand Connection Crossing investments, the consultant team developed three illustrative development scenarios. The scenarios are intended to bracket a range of possibilities — from limited near-term development to full buildout over multiple market cycles — and help the city understand the implications of varying development patterns on TIF funding capacity.

Much of the projected development within the TIA remains uncertain and speculative, requiring a conservative approach. Further sensitivity analysis may be required to ensure reliable revenue projections that can effectively support the cost of certain public improvements. Nonetheless, it is expected that additional private development will occur over the term of the TIA, contributing to tax allocation revenues that will support the public improvements needed to enable and sustain that private development.

Each scenario assumes that all development occurs within the set of identified parcels inside the proposed TIA. The primary differences lie in the timing and pace of absorption across those parcels.

### 1. Full Buildout Scenario

The Full Buildout Scenario assumes that all identified parcels within the proposed Tax Increment Area ultimately redevelop, yielding approximately 10.7 million square feet of new development capacity across residential, office, convention, and retail uses.

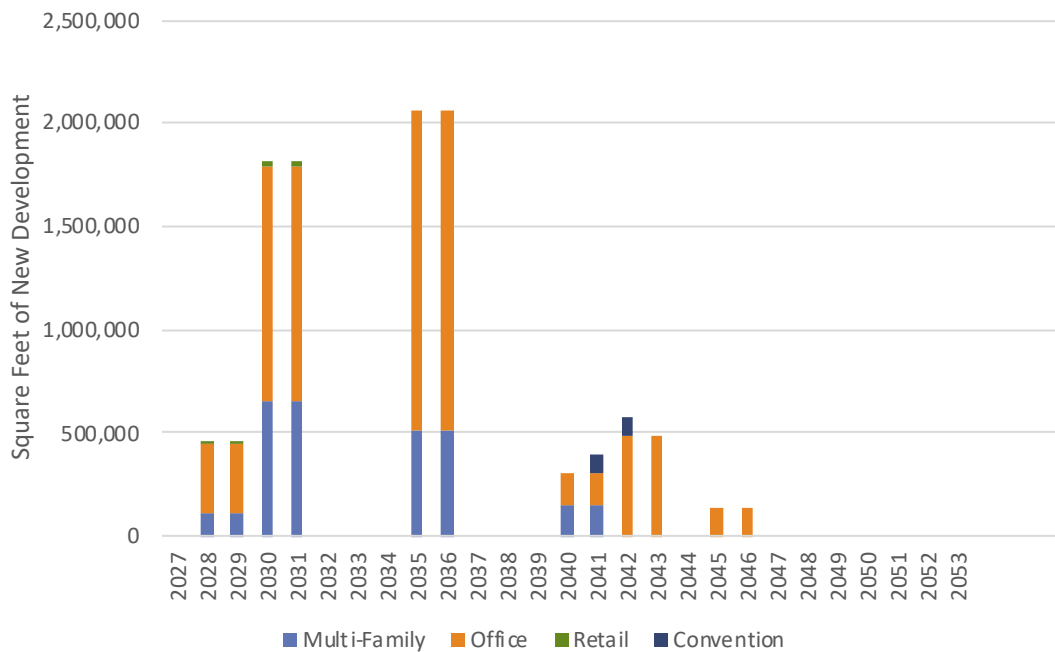
While full buildout is projected by 2042, the scenario staggers development over time to reflect realistic absorption and financing cycles. The chart below illustrates the timing and composition of new development by year, showing concentrated bursts of activity that align with market waves and planning milestones. Although not tied to a specific economic forecast, the pacing reflects the general periodicity of when conditions typically support significant reinvestment.

Office development represents the dominant use across all phases, particularly in the early and middle waves. Multifamily residential plays a meaningful and growing role later in the program. Retail is limited and largely front-loaded. The convention

component appears as a single delivery in the later phase. This scenario highlights the scale of potential urban transformation over the next two decades if all redevelopment opportunities are realized.

However, it incorporates one critical policy condition: the application of the Multi-Family Tax Exemption (MFTE) to qualifying residential development.

The MFTE program is expected to reduce the near-term taxable value of new multifamily projects during the exemption period. While the underlying development activity and timing assumptions remain the same as the Full Buildout Scenario, the assessed valuation impacts—and therefore the resulting tax increment revenues—will differ due to MFTE. These valuation impacts are explored in the next section.



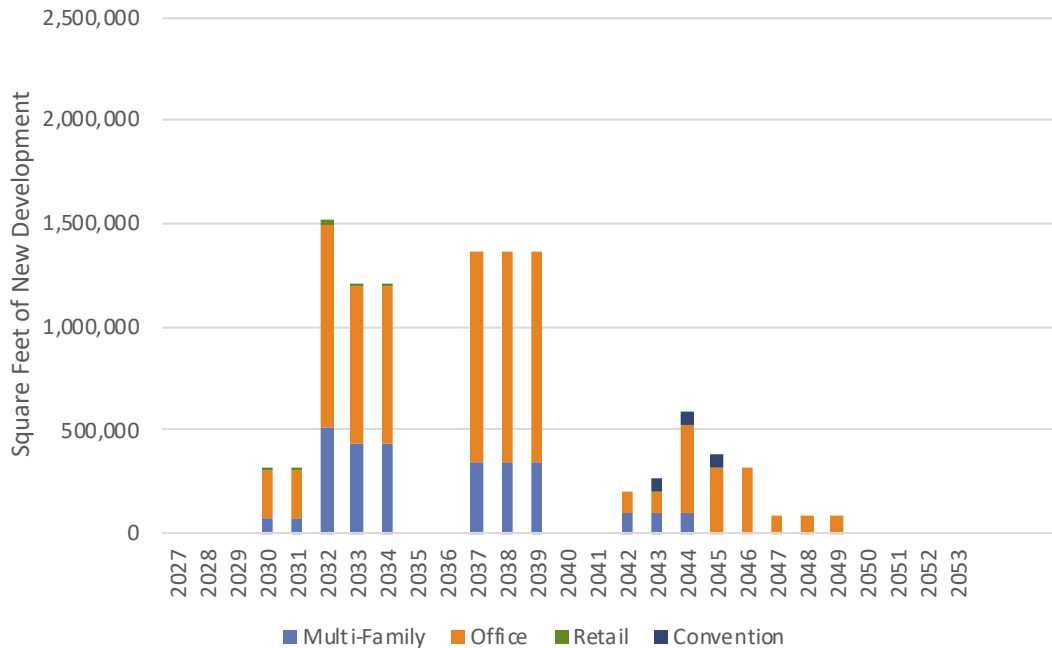
**Figure 4: Full Buildout Scenario**  
*Source: EConorthwest, 2025*

## 2. Phased Full Buildout Scenario

This scenario assumes full absorption of all developable sites within the TIA, but over a more extended timeframe than the original Full Buildout. Development is phased in waves, with the first major wave beginning in 2031, followed by additional waves in the late 2030s and early 2040s. This reflects a more conservative and realistic absorption schedule based on market cycles, entitlement timing, and infrastructure readiness.

The scenario anticipates a total of approximately 6.4 million square feet of new development by 2053, distributed across multiple property types.

The phased absorption results in a slower ramp-up of assessed value and incremental tax revenue, which has direct implications for the timing and adequacy of TIF) and related funding streams. All residential development will be subject to the MFTE.



**Figure 5: Phased Full Buildout Scenario**  
*Source: ECONorthwest, 2025*

### 3. Market-Responsive Limited Buildout Scenario

The Market-Responsive Limited Buildout Scenario represents a more refined and realistic projection of new development within the TIA, based on direct engagement with developers, site-specific context, and proximity to the Grand Connection Crossing. This scenario focuses on the parcels most likely to redevelop in the near to mid-term—those with known development interest, favorable market conditions, or adjacency to public infrastructure investments.

While the Phased Full Buildout Scenario assumed all identified parcels would redevelop over a 25-year period, this scenario eliminates:

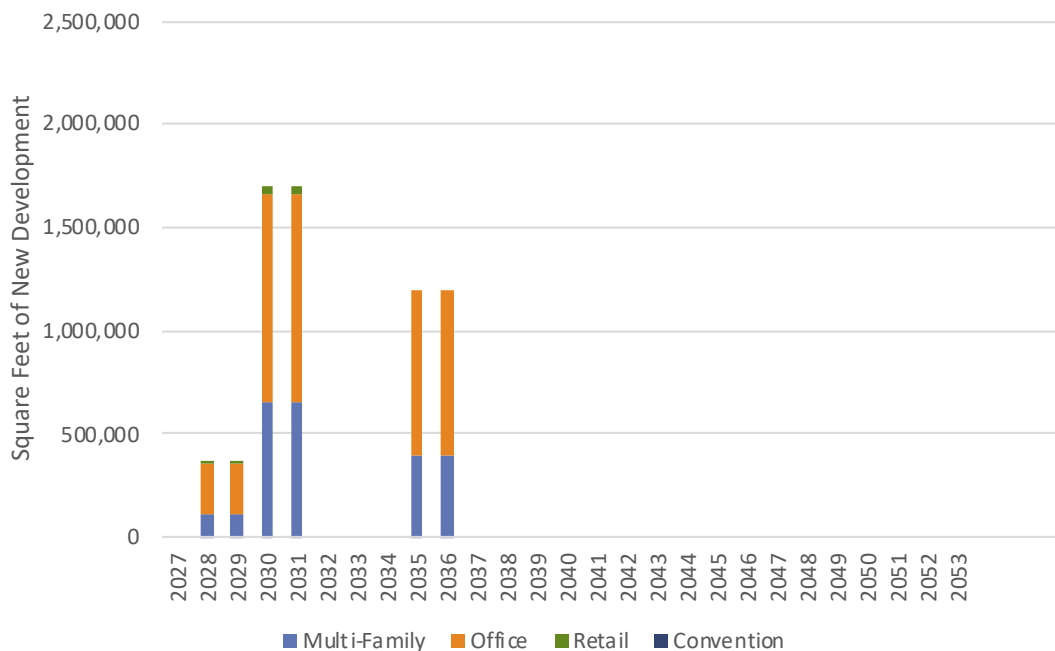
- Speculative long-term redevelopments on public parcels where no active surplus or partner has been identified;

- Lower-probability office or residential projects on isolated or low-intensity parcels; and
- Projects where current land use intensity is already near zoning capacity and not likely to turn over soon.

In total, the Market-Responsive Limited Buildout Scenario results in a lower total development capacity—fewer projects and fewer square feet of new space. However, it reflects a more likely market outcome under today’s conditions and is concentrated on parcels where the Grand Connection Crossing is most likely to catalyze private investment.

The development remains phased across two market cycles, with new square footage largely delivered in 2028–2032 and again in 2035–2036. As shown in the chart below, development is still dominated by office and multifamily uses, though total volume is smaller than the full buildout. Retail remains minimal, and publicly owned convention development is excluded.

This scenario serves as the preferred planning scenario for the city and TIF analysis moving forward, balancing policy ambitions with market realities and current developer interest.



**Figure 6: Market-Responsive Limited Buildout Scenario**

*Source: ECONorthwest, 2025*

The Full Buildout and Phased Full Buildout scenarios include the same total development program—approximately 10.7 million square feet—but differ in timing

and absorption. Both assume full redevelopment of key opportunity sites, including 2.87 million square feet of multifamily housing, 7.56 million square feet of office, 200,000 square feet of convention space, and 86,600 square feet of retail.

By contrast, the Market-Responsive Limited Buildout Scenario reflects a more conservative outcome based on known project interest and likely market absorption. It includes just 6.54 million square feet—roughly 60% of the Full Buildout Scenario—with no convention center, reduced office (4.1 million sq ft), and slightly less multifamily (2.34 million sq ft). Retail remains unchanged across scenarios due to its small footprint and consistent inclusion in mixed-use projects.

This comparison illustrates the potential range of development intensity within the TIA and underscores the importance of infrastructure investment in unlocking full site potential.

Product Type	Full Buildout	Phased Full Buildout	Market-Responsive Limited Buildout
Multi-Family	2,867,000	2,867,000	2,338,000
Office	7,555,610	7,555,610	4,114,400
Convention	200,000	200,000	0
Retail	86,630	86,630	86,630
<b>Total</b>	<b>10,709,240</b>	<b>10,709,240</b>	<b>6,539,030</b>

**Table 2: Comparison of Buildout Scenarios**

*Source: EConorthwest, 2025*

### Development Valuation

To estimate the assessed value of new development within the TIA, the analysis applied valuation assumptions based on local market comparables from recently built or currently proposed projects in the downtown Bellevue and Wilburton areas. These comparables reflect how the King County Assessor values new product at the time of construction and are intended to capture average per-unit or per-square-foot values inclusive of associated improvements such as parking and shared space.

For modeling purposes, the analysis used the following valuation benchmarks:

- Multifamily Residential: \$350,000 per unit. This table reflects an average value per unit, inclusive of residential space and associated structured parking, based on market observations of newly assessed apartment and mixed-use residential projects in the area.

- Office: \$380 per gross square foot. This value includes the full gross building area, including lobby, core, and structured parking components, and is consistent with assessed values for high-quality office buildings recently completed or planned in the area.
- Retail: \$350 per gross square foot. This assumes inline retail or ground-floor commercial space within mixed-use projects, inclusive of shared common areas or lobby frontage.
- Convention: This is the potential expansion of the Meydenbauer Convention Center, and since it is in public ownership, there is no incremental assessed valuation assumed for this property.

Once base-year valuations are established at the time of assumed construction, annual inflation of 3% is applied to estimate nominal assessed values in future calendar years. This allows for modeling of the incremental assessed valuation over time and supports the calculation of tax increment revenue based on anticipated delivery schedules.

The table below summarizes the estimated real market value of new development under each scenario using assumed valuation factors by 2052 at the end of TIF. The Full Buildout Scenario yields an estimated total market value of approximately \$10.4 billion, assuming full taxable value for all new development, accounting for the MFTE, which reduces the taxable value of qualifying residential development.

The Market-Responsive Limited Buildout Scenario—based on a subset of parcels with the most likely near-term development potential—results in a lower estimated value of \$6.1 billion. This reflects reduced scale, MFTE assumptions, and a focus on sites proximate to the Grand Connection Crossing.

Product Type	Taxable Real Market Value
Full Buildout	\$10,351,560,000
Phased Full Buildout	\$9,636,260,000
Market-Responsive Limited Buildout	\$6,094,750,000

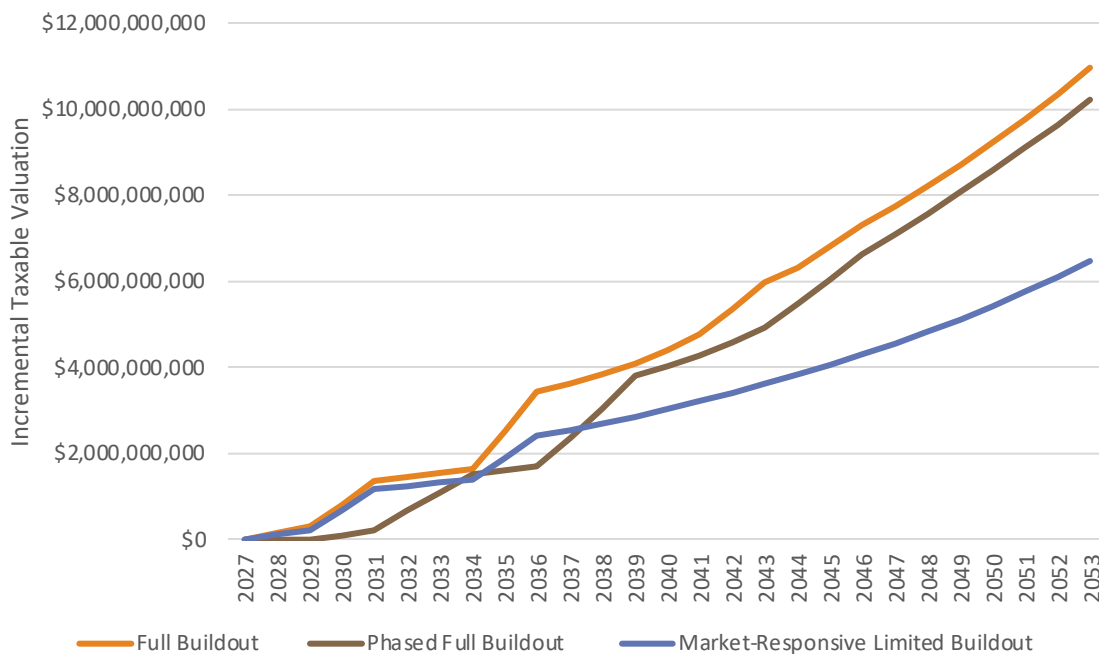
**Table 3: Estimated 2025 Appraised Markey Value by Development Scenario (Inclusive of MFTE-Eligible)**

*Source: EConorthwest, 2025*

The chart below illustrates projected growth in incremental taxable valuation across three development scenarios. These projections reflect differences in development timing, scale, and valuation assumptions:

- The Full Buildout Scenario is adjusted for the impacts of the city’s MFTE program. This scenario assumes all parcels develop over time, but the taxable value of eligible residential development is reduced due to MFTE participation.
- The Phased Full Buildout Scenario reflects a longer period of development. This scenario assumes all parcels develop over time, but the taxable value of eligible residential development is reduced due to MFTE participation.
- The Market-Responsive Limited Buildout Scenario captures a more conservative, near-term scenario based on sites with the strongest development signals today—primarily those in close proximity to the Grand Connection Crossing or with demonstrated market interest. The taxable value of eligible residential development is reduced due to MFTE participation.

Together, these scenarios illustrate how the scale and timing of development—along with residential tax policy—shape the growth of the tax base.



**Figure 7: Comparison of Incremental Taxable Assessed Valuation**

*Source: ECONorthwest, 2025*

## TIA Public Improvement Needs and Costs

The Grand Connection is Bellevue's signature downtown place-making initiative. This project functions as a series of cohesive, connected and memorable spaces and pedestrian-focused experiences and initiatives through Bellevue's thriving central business district. With a length of more than 1.5 miles, the Grand Connection begins at the waterfront of Lake Washington at Meydenbauer Bay Park, and winds through Old Bellevue and Downtown Park. It continues through Bellevue's dynamic retail and civic-focused parts of downtown, across I-405 and ultimately connects with the regional Eastrail in the Wilburton commercial area. A major program element is the Grand Connection Crossing over I-405, which will influence the land use patterns of the Wilburton commercial area and improve connectivity to Bellevue's downtown core.

In addition to the economic benefits from private development, the crossing will:

- Provide a safe and vehicle-free crossing over I-405 for people who walk, bike and roll.
- Improve connectivity from downtown to the wider region by linking to the Eastrail and 175 miles of trails.
- Offer opportunities for more public spaces in Downtown and Wilburton through coordination with both public and private redevelopment.

This summer, the Grand Connection Crossing design team refined the visionary 30% design concepts to reflect a more feasible project cost and delivery schedule while still maintaining community amenities and features.

Below are some key elements the city aims to build by the Crossing's anticipated opening in 2030:

- **Crossing width:** The crossing will be a minimum of 30 feet wide and widen up to 40 feet to cross over I-405.
- **Mode separation:** There will be separate paths for people walking and rolling to improve safety for all users.
- **Landscaping:** Landscaping will be incorporated along the entire crossing.
- **Gathering space:** There will be gathering space at either end of the crossing. In addition, the city will coordinate with adjacent private development to provide additional public space.
- **Vertical connections:** There will be public access points midway at 112th and 116th Avenues NE with an elevator and stairway.

- **City Hall Plaza:** The existing plaza will be modified to accommodate public gathering and improved Downtown access for those biking, walking and rolling to and from the crossing.
- **Development partnerships:** The city will partner with developers to deliver the segment east of I-405 from 116th Avenue NE to the tie-in with Eastrail. The design will also allow for future developments along the alignment to connect with the crossing.

The city received approval from the State’s Capital Projects Advisory Review Board’s Project Review Committee (PRC) to deliver the crossing using the General Contractor/ Construction Manager (GC/CM) methodology in late September 2025. Advantages to using a GC/CM include reduction of construction risks and greater cost certainty. The city is preparing to issue an RFP for procuring a GC/CM contractor in early 2026. Design work will resume once the contractor is selected and joins the Design Team.

Based on the assumptions around the scale and timing of development under the Market-Responsive Limited Buildout Scenario, TIF is projected to support approximately \$41.0 million (2025 present value) of the total costs for the Grand Connection Crossing. Because of the cost associated with the Grand Connection Crossing, the city plans to utilize resources from its Tier 1 and Tier 2 sources as illustrated below. Tier 3 funding is also available (subject to the city council’s authorization, if necessary). The schedule for the remaining elements of the Grand Connection heading west toward the Meydenbauer Bay Park are currently undetermined and will begin subject to public funding and private development activity.

- **Tier 1:** These tools are easily accessible by the city with high political viability.
- **Tier 2:** These tools could be implemented to support funding, but require more socialization and development with the public and stakeholders.
- **Tier 3:** These tools have lower political viability but could be implemented if required.

Tier 1 Funding	Tier 2 Funding	Tier 3 Funding
<ul style="list-style-type: none"> <li>• Tax Increment Financing               <ul style="list-style-type: none"> <li>– Property Tax Increment</li> </ul> </li> <li>• Transportation Benefit District               <ul style="list-style-type: none"> <li>– Sales Tax</li> <li>– Vehicle Tax</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Philanthropic and Private Funds</li> <li>• Dedicated or Specific Funds</li> <li>• Federal and State Grants</li> <li>• Local Improvement District</li> </ul>	<ul style="list-style-type: none"> <li>• Business and Occupation Tax</li> <li>• Banked Property Tax</li> </ul>

**Figure 8: Funding Tiers**

Source: Stowe Development & Strategies, 2025

## Tax Increment Revenue Projections

### Overview of TIF Allocation Revenues

Following guidance issued by the Washington State Department of Revenue (June 29, 2022), the analysis estimates the apportionment of taxes to the TIA. These revenues are available to the sponsoring local jurisdiction for funding the identified public infrastructure projects (that are named in the ordinance). Under the TIF legislation, only certain regular levies are available to the TIA. Using the latest tax rates available (tax year 2025), levy rates in the proposed TIA use \$2.88 of the \$7.32 total levy, approximately 39.3% of the total 2025 levy rate.

Since these are regular levies, the taxes must conform with the constitutional 1% limit as well as the \$5.90 aggregate limits. Both parts of the State School levy as well as local school district excess levies are excluded. In addition, any taxes levied by port districts for the purpose of making payments on bonds would be excluded.

In Washington State, TIF works by directing a share of the growth in property tax revenues to the Tax Increment Area. When a TIA is established, each taxing district within that area continues to receive property tax revenues based on the area's initial assessed value — essentially locking in their baseline funding. As property values increase within the TIA, the additional tax revenue generated from that increment in assessed value is then allocated to fund the TIA's identified public improvements, rather than flowing to the individual taxing districts.

This arrangement remains in effect for the duration of the TIA, meaning the participating taxing districts maintain their base-year revenue level while the incremental growth funds the TIA's development activities

The local government that created the TIA will receive a portion of the regular property taxes levied by each taxing district based off the increment value within the increment area. For the local government that created the TIA, this includes its own portion of their regular levy. Those affected levies will be able to include an increment add-on value (similar to the new construction add-on value) as part of its levy for the years that TIF is in place. Property taxes from the TIA begin on the calendar year immediately following the calendar year in which the TIA takes effect (the TIA takes effect on June 1 following the passage of the ordinance). The County Treasurer will distribute these funds to the local government that created the TIA.

The table below shows the Levy Rate Composition for 2025 Taxes.

Levy Code Area 0330	2025 Taxes Rates	Exempt: State Property Tax	Exempt: Excess and Other Levies	Available for TIF allocation
<b>Total</b>	<b>\$7.323</b>	<b>\$2.246</b>	<b>\$2.199</b>	<b>\$2.877</b>
<b>State</b>				
Part 1	\$1.461	\$1.461		\$0.000
Part 2	\$0.785	\$0.785		\$0.000
<b>King County</b>				
Regular_Current Expense	\$0.497			\$0.497
Regular_Veterans Aid	\$0.004			\$0.004
Regular_Mental Health	\$0.009			\$0.009
LID LIFT_Parks	\$0.197			\$0.197
LID LIFT_Family-Seniors	\$0.100			\$0.100
LID Lift_Crisis Care	\$0.142			\$0.142
LID Lift_Best Start for Kids	\$0.180			\$0.180
County Hospital	\$0.100			\$0.100
Transportation	\$0.039			\$0.039
Marine/Ferry	\$0.008			\$0.008
Conservation Futures	\$0.062			\$0.062
Bond Fund	\$0.022		\$0.022	\$0.000
<b>Port of Seattle</b>				
General Fund	\$0.049			\$0.049
Bond Fund	\$0.052		\$0.052	\$0.000
<b>Flood Control</b>				
Regular Levy	\$0.097			\$0.097
<b>Sound Transit</b>				
Regular Levy	\$0.163			\$0.163
Capital	\$0.000		\$0.000	\$0.000
Reserve	\$0.000		\$0.000	\$0.000
<b>City of Bellevue</b>				
Regular Levy	\$0.762			\$0.762
City Bond	\$0.225		\$0.225	\$0.000
<b>EMS (County)</b>				
Regular Levy	\$0.221			\$0.221
<b>School #405 Bellevue</b>				
Enrichment	\$0.578		\$0.578	\$0.000
Bond	\$0.783		\$0.783	\$0.000
Capital	\$0.539		\$0.539	\$0.000
<b>King County Library District</b>				
Regular Levy	\$0.245			\$0.245

**Table 4: TIA Levy Rates in Use**

Source: EConorthwest analysis of District Levy Rates, 2025

## TIA Allocation Revenue Modeling

New incremental development in the TIA will drive future growth in incremental assessed value. These values will then be multiplied by the levy rate in the respective years to estimate the amount of TIA allocation revenues. To accomplish this, there are four separate analyses below that must be completed.

- **Forecast incremental TIA assessed value.** Based on the development program, the future assessed value is estimated by assigning market-based improvement prices based on the land use and size of the proposed development.
- **Forecast jurisdiction assessed value.** Outside of growth in the incremental assessed value in the TIA, it is necessary to forecast growth in the city's overall assessed value (not counting the incremental growth in the TIA).
- **Forecast the highest lawful levy.** For each taxing jurisdiction in the TIA, future levies must be estimated. To do so, the amount of new construction, other add-on value, 101% limit factor, total levy limit, and the maximum allowable levy must be taken into consideration. From that interplay, it is possible to estimate what the given levy will be for any respective jurisdiction in the future.
- **Forecast levy rates.** Once the levy and assessed value are known in future years, it is possible to calculate the levy rate (divide the levy by thousands of assessed value). TIA allocations are made by multiplying the levy rate by the incremental TIF assessed value.

To model TIA allocation of property tax revenues, a 25-year cash flow model was created to reflect development over time and applied the appropriate property tax base productivity and property tax rates to estimate the stream of future property tax revenues.

### TIA Allocation Revenues

Using the private development assumptions identified above, future assessed values of those improvements are estimated and serve as a foundation for the expected TIA allocation revenues. For example, if a building is constructed in a certain year, the assessor assesses it, and the incremental assessed value is determined by subtracting that base value. This increment value is then multiplied by a forecast of the levy rate in the respective year to determine the TIA allocation revenues from all the affected TIF regular levies.

Tax increment revenues from the TIA effectively exclude any contribution from multifamily residential development over the 25-year term. This reflects two conservative assumptions about the application of Bellevue's MFTE program:

- Extension of existing MFTE Projects: Projects currently enrolled in Bellevue's 12-year MFTE program are assumed to recertify for an additional 12-year term, contingent on future city council authorization. Although this policy change has not been adopted, this scenario assumes it could occur.
- Adoption of 20-Year MFTE under HB 1494: All new multifamily residential development beginning in 2029 is assumed to qualify for a 20-year exemption as allowed under HB 1494, adopted by the Washington State Legislature in 2025.

Together, these assumptions result in no taxable value from multifamily improvements being added to the property tax base during the term of the TIA. While land value and nonresidential portions (e.g., ground-floor retail or structured parking) still generate tax increment, the exemption of residential improvements substantially reduces overall TIF revenues. This treatment has been carried through all scenarios to reflect a conservative revenue outlook and illustrate the fiscal implications of current and potential MFTE policy choices. Tax increment revenues from the TIA effectively exclude any contribution from multifamily residential development over the 25-year term

The city's MFTE program provides property tax exemptions from ad valorem taxation for multiple-unit rental housing. Under the city's current 12-year program, generally at least 20% of residential units in a project must be affordable to households at or below 80% of area median income (AMI). The TIA allocation revenue projections account for all future private residential development occurring under these exemption programs.

The MFTE program exempts only the residential portion of a multifamily project from property taxes; it does not exempt the underlying land or associated nonresidential components, such as ground-floor retail or structured parking. As a result, incremental assessed value from these nonexempt portions will continue to grow and contribute to TIF revenues over time, even for projects receiving the MFTE exemption.

Tables 5 through 8 summarize the discounted value of 25 years of TIA allocation revenues that would flow to the city based on each of the identified development program scenarios. The analysis assumed the TIA is created in 2026 using 2025 certified values. Due to the lagging nature of the property tax, the first year of the calculated increment will be in 2027 for 2028 taxes. Therefore, TIA allocation revenues will run through the end of tax year 2052.

The revenues are shown in present value and nominal dollars. The present values are discounted at a rate of 4.5% to approximate the city's cost of capital (i.e., based on debt and issuance costs to give some approximate present-day value of the TIA cash flows). The nominal dollars are shown since this is ultimately the amount that the city can draw upon to service principal and interest on its debt payments. These values are shown in the tables below.

### **Summary of TIA Allocation Revenues Across Scenarios**

The projected tax increment revenues vary substantially across the three development scenarios, driven by differences in development scale, timing, and the treatment of multifamily tax exemptions — particularly the assumption that all new multifamily development beginning in 2029 qualifies for a 20-year exemption under HB 1494.

To estimate the potential tax increment revenues available to support the Grand Connection Crossing, this analysis modeled three scenario-based forecasts:

- **Full Buildout:** Assumes full realization of the planned development program across all sites, with rapid absorption and maximum square footage achieved. MFTE applies to all residential improvements, limiting their taxable value.
- **Phased Full Buildout:** Reflects the same ultimate development program as Full Buildout, but assumes a slower absorption schedule over time. MFTE still applies, reducing taxable value from residential components.
- **Market-Responsive Limited Buildout:** A conservative scenario that includes only a subset of sites expected to develop in the near term due to proximity to the Grand Connection and stronger market signals. Like the other scenarios, MFTE applies to all residential development.

As shown in the table below, the present value of tax increment revenues across all taxing districts ranges from approximately \$41.0 million under the Market-Responsive Limited Buildout Scenario to \$60.3 million under the Full Buildout

Scenario. The nominal (undiscounted) values range from \$84.4 million to \$128.8 million, highlighting the fiscal outputs between scale, timing, and MFTE policy.

Scenario	Present Value (All Districts)	Nominal Value (All Districts)
Full Buildout	\$60,340,000	\$128,814,000
Phased Buildout	\$46,060,000	\$104,393,000
Market-Responsive Limited Buildout	\$40,990,000	\$84,447,000

**Table 5: Allocation Revenues**

*Source: EConorthwest, 2025*

The projected tax increment revenues vary widely across the three development scenarios, reflecting differences in development scale, timing, and the policy treatment of multifamily tax exemptions. These scenarios provide a risk-based spectrum to assess potential funding available to support the Grand Connection Crossing.

- **Full Buildout Scenario.** This scenario assumes full development of all identified parcels, including office, multifamily, retail, and convention uses. It generates the highest potential revenue, with a nominal value of \$128.8 million and a present value of \$60.3 million across all taxing districts.
- **Phased Full Buildout Scenario.** This scenario assumes the same development scale as Full Buildout Scenario but applies a conservative assumption that development is delayed. Despite the same total square footage, this policy treatment reduces tax increment revenues to a nominal value of \$104.4 million and a present value of \$46.1 million.
- **Market-Responsive Limited Buildout Scenario.** This scenario reflects a narrower development footprint based on current conversations with developers and includes only projects with near-term potential and proximity to the Grand Connection Crossing. It also assumes the MFTE policy is in place for all multifamily development. This results in a nominal TIF revenue of \$84.4 million and a present value of \$41.0 million, the most conservative revenue outlook modeled.

Across all scenarios, the City of Bellevue and King County together comprise over 70% of total projected TIF revenues, given their relative levy rates. Other overlapping jurisdictions — Sound Transit, EMS, King County Library District, Port of Seattle, and Flood Control — contribute smaller but still meaningful amounts. Present value allocations for these districts range from \$680,000 to \$10.7 million, depending on the scenario.

	TIA Allocation Revenue	
	Present Value	Nominal Value
City of Bellevue	\$15,740,000	\$33,625,000
King County	\$28,800,000	\$61,454,000
Port of Seattle	\$1,000,000	\$2,145,000
Sound Transit	\$3,340,000	\$7,136,000
EMS (County)	\$4,530,000	\$9,672,000
King County Library District	\$5,030,000	\$10,730,000
Flood Control	\$1,900,000	\$4,052,000
<b>Total</b>	<b>\$60,340,000</b>	<b>\$128,814,000</b>

**Table 6: TIF Allocation Revenues for the Full Buildout Scenario**

Source: ECONorthwest calculations, 2025

	TIA Allocation Revenue	
	Present Value	Nominal Value
City of Bellevue	\$11,990,000	\$27,183,000
King County	\$22,000,000	\$49,848,000
Port of Seattle	\$770,000	\$1,741,000
Sound Transit	\$2,550,000	\$5,788,000
EMS (County)	\$3,460,000	\$7,845,000
King County Library District	\$3,840,000	\$8,705,000
Flood Control	\$1,450,000	\$3,283,000
<b>Total</b>	<b>\$46,060,000</b>	<b>\$104,393,000</b>

**Table 7: TIF Allocation Revenues for the Phased Buildout Scenario**

Source: ECONorthwest calculations, 2025

	TIA Allocation Revenue	
	Present Value	Nominal Value
City of Bellevue	\$10,650,000	\$21,941,000
King County	\$19,600,000	\$40,357,000
Port of Seattle	\$680,000	\$1,407,000
Sound Transit	\$2,270,000	\$4,685,000
EMS (County)	\$3,080,000	\$6,351,000
King County Library District	\$3,420,000	\$7,047,000
Flood Control	\$1,290,000	\$2,659,000
<b>Total</b>	<b>\$40,990,000</b>	<b>\$84,447,000</b>

**Table 8: TIF Allocation Revenues for the Market Responsive Limited Buildout Scenario**

Source: ECONorthwest calculations, 2025

These scenarios have been developed to help assess potential risk based on different levels of development within the TIA. Understanding and accepting a certain level of risk is important as the city will be obligated for the repayment of any bond debt that

is issued for the infrastructure improvements, regardless of whether the projected private development and property tax materialize.

The city has identified the Market-Responsive Limited Buildout Scenario as the most likely development scenario to occur at this time as a conservative approach. In the event that additional known and planned developments materialize in the near future, the city may revisit the scenario selection or explore alternative development scenarios to reflect updated assumptions or policy direction.

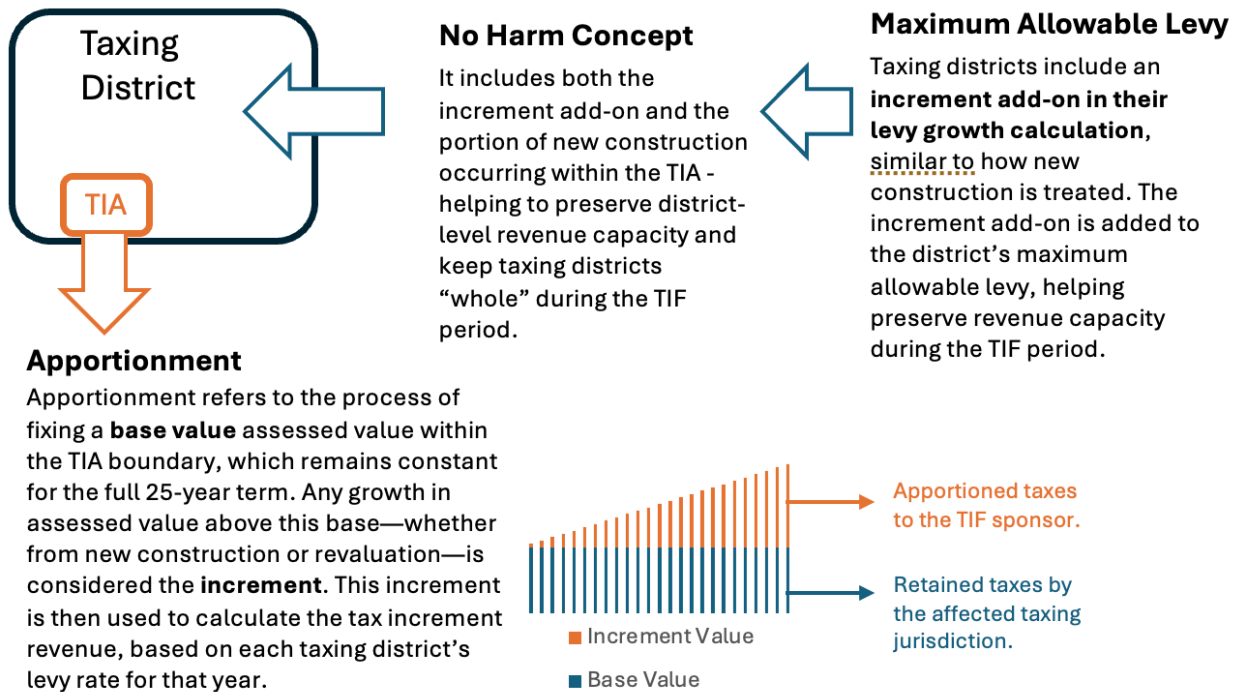
## Impacts to Other Taxing Districts

Washington’s property tax system is already complex and often counterintuitive, and the use of TIF doesn’t necessarily make it easier to understand. While TIF is designed to redirect a portion of property tax revenue toward infrastructure investments, it also introduces new mechanisms—like apportionment, the increment add-on, and the no harm provision—that modify how taxes are calculated and distributed.

The graphic below offers a simplified illustration of how the 2021 TIF legislation changed two key aspects of the property tax system: (1) how property tax revenues are apportioned within a TIA, and (2) how the maximum allowable levy for each taxing district is adjusted to keep districts “whole” over time. While it doesn’t capture all the technical details, this framework helps explain the fundamental structure of TIF in Washington and how the no harm provision is intended to function in practice.

The 2021 TIF legislation introduced two fundamental changes to Washington’s property tax system:

- 1: Property tax revenues are apportioned within a designated TIA, allowing the increment—the growth in assessed value above a base year—to be apportioned and directed toward local infrastructure investments.
- 2: It adjusted how much tax can be levied at the taxing district level, ensuring that districts can account for any apportioned property taxes (commonly referred to as the “no harm” provision).



**Figure 9: How Washington's 2021 TIF Law Changed Property Tax Allocation and Levy Limits**

Source: ECONorthwest, 2025

TIF in Washington State as adopted and amended, is designed to provide a source of tax revenue to pay for needed public improvements that incentivize desired development while seeking no financial harm to those taxing districts that contribute tax allocation dollars as part of their levy inside a TIA. TIF sponsors are required to prepare a project analysis that includes:

- An assessment of impacts on local fire services, public hospital services, emergency medical services, and other junior taxing districts within the TIA.
- Identification of any necessary mitigation for these services.

To estimate the levy impact on jurisdictions, it is essential to examine two key factors: first, the portion of property taxes apportioned within the TIA that results in reduced collections for taxing districts at the TIA level; and second, the overall levy impact at the broader jurisdiction level, which is supported by adjustments to the levy calculation process.

While taxing districts may experience a temporary reduction in direct property tax revenue due to the allocation of increment funds to the TIA, the changes to the levy calculation—such as increases in assessed values from new construction within the TIA and increment growth—can offset these losses. These adjustments ensure that the district’s overall levy capacity and ability to fund public services are preserved or enhanced over time, aligning with TIF’s goal of creating no financial harm to contributing districts.

### **How do Jurisdictions have their Property Taxes Apportioned under TIF**

When a TIA is established, property taxes are divided into two portions. First, the base value represents the assessed value of real property within the area before it was designated. Taxes based on this value continue to go to the taxing districts, such as library districts, or counties, at their regular levy rates. Second, the increment value—the increase in property value within the TIA generates additional tax revenues, which are allocated to the local government that created the TIA. These increment funds are used exclusively to finance public improvements within the TIA.

For example, consider a generic taxing district scenario:

- In the 2021/2022 tax year, before the TIA was established, the total assessed value (AV) was \$1,000,000 with a levy rate of \$1.25 per \$1,000 AV, resulting in \$1,250 in total taxes, all allocated to the taxing district.
- In 2022/2023, after the TIA was created, the base value remains \$1,000,000, but an increment value of \$200,000 is added due to increased property

assessments. With a reduced levy rate of \$1.20 per \$1,000 AV, the total tax is \$1,440. Of this, \$1,200 is allocated to the taxing district (based on the base value), while \$240 is allocated to the local government to fund the identified public improvements.

- In 2023/2024, the base value is still \$1,000,000, and the increment value grows to \$400,000. At a levy rate of \$1.10 per \$1,000 AV, the total tax is \$1,540, with \$1,100 going to the taxing district and \$440 allocated to the local government for the identified public improvements.

This apportionment ensures that taxing districts continue to receive revenues based on the base value, while the local government captures the increment value to fund public improvements, incentivizing further development.

### **Levy Calculation and Changes Under Tax Increment Financing**

In Washington state, regular property tax levies are primarily non-voted and are governed by several legal limitations to ensure fairness and prevent excessive taxation. These limitations define how much taxing districts can levy and include:

1. Certified Levy Request Amount: The amount a taxing district requests through its budget process.
2. Authorized Levy Amount: The levy amount approved by the district's governing body through a resolution or ordinance.
3. Statutory Dollar Rate Limit: Caps the maximum levy rate per \$1,000 of assessed property value, specific to each type of taxing district.
4. Levy Limit (101% Growth Limit): Restricts the increase in a taxing district's levy to 1% over the highest levy amount from the past three years, plus an allowance for new construction and state-assessed utility value.
5. \$5.90 Aggregate Limit: Prevents the total of all regular levies (excluding state levies and a few others) from exceeding \$5.90 per \$1,000 of assessed value.
6. One percent Constitutional Limit: Ensures that the total property tax on any property does not exceed 1% of its true and fair market value, except for voter-approved excess levies.

Washington's Constitution mandates that property taxes must be uniform within a taxing district, meaning properties of equal market value must be taxed at the same rate. The only exception is for agricultural, timber, and open-space lands, which may be assessed based on their current use rather than market value, as authorized by the Constitution. These legal constraints ensure that property taxation is both equitable and predictable, balancing the need for government funding with taxpayer protections. While most regular levies are subject to these limitations, there are

specific variations depending on the type of levy, as detailed in taxing district regulations.

The 101% levy limit restricts most taxing districts in Washington State to an annual property tax levy increase of no more than 1% over the highest lawful levy from prior years, unless specific conditions are met. Additional funds for new construction, property improvements, annexations, and refunds are allowed, along with increases in value from state-assessed property and tax increment financing areas.

The creation of a TIA affects the county assessor's levy calculations by increasing the levy limit based on the rise in assessed value within the increment area (e.g., increment add-on). However, this increase does not carry forward as part of the district's highest lawful levy since 1985. The assessor must determine two key components:

- **Tax Allocation Base Value:** This is the assessed value of real property within the increment area for property taxes imposed in the year in which the increment area takes effect (which is the June 1st following passage of the ordinance). For example, if the area takes effect in 2022, the base value is based on assessed values determined in the 2021 assessment year for taxes imposed in 2022.
- **Increment Value:** This is the increase in the assessed value of real property above the base value within the increment area. This value cannot be included in other levy calculations, such as for new construction or state-assessed utility value.

These rules ensure the proper calculation of levy limits while keeping the increment value separate from other taxable components.

Figure 10 below is from the Department of Revenue that demonstrates how taxing districts calculate their maximum allowable levy using factors like new construction and increment value. Included directly below are descriptions of key tax terms:

1. **Highest Lawful Levy:** The district's highest lawful levy is calculated at \$16,665,000 by applying the 101% limit factor to the prior highest lawful levy of \$16,500,000.
2. **New Construction Addition:** The value of new construction (\$450,000,000) is multiplied by the prior year's levy rate (\$0.21 per \$1,000 AV) to add \$94,500 to the levy.

3. Utility Increase: A utility value increase of \$24,000,000 adds \$5,040 to the levy, using the same rate.
4. Increment Value: The increment value of \$30,000,000 (excluding new construction) adds another \$6,300 to the levy.
5. Total Levy Limit: Adding these components yields a total levy limit of \$16,770,840.
6. Statutory Maximum Levy: The district's total taxable value (\$38,300,000,000) multiplied by the statutory maximum rate (\$0.45 per \$1,000 AV) results in a maximum statutory levy of \$17,235,000.
7. Maximum Allowable Levy: The lesser of the total levy limit (\$16,770,840) and the statutory maximum levy (\$17,235,000) determines the district's maximum allowable levy, set at \$16,770,840.
8. New Highest Lawful Levy: The increment value increase (\$6,300) is excluded when calculating the new highest lawful levy, resulting in a final figure of \$16,764,540.

Step	Description	Calculation	Result
a.)	Highest lawful levy	$\$16,500,000 \times 101\%$ limit factor	\$16,665,000
b.)	New construction	$\$450,000,000 \times \$0.21 /$ \$1,000 AV	\$94,500
c.)	Utility increase	$\$24,000,000 \times \$0.21 /$ \$1,000	\$5,040
d.)	Increment value, less new construction in increment area	$\$30,000,000 \times \$0.21 /$ \$1,000	\$6,300
e.)	Total levy limit (sum of a through d)	Sum of a through d	\$16,770,840
f.)	Statutory maximum levy	$\$38,300,000,000 \times$ $\$0.45 / \$1,000$	\$17,235,000
g.)	Maximum allowable levy for this year (lesser of e or f)	Lesser of e or f	\$16,770,840
h.)	New highest lawful levy since 1985 (Lesser of e minus d, or f. If f is the lesser, carry forward the greater of a or f)	Lesser of e minus d, or f	\$16,764,540

**Figure 10: DOR Example of Levy Calculation**

Source: Department of Revenue Special Notice ([https://dor.wa.gov/sites/default/files/2022-07/sn\\_22\\_LegislativeChangesTaxIncrementFinancing.pdf](https://dor.wa.gov/sites/default/files/2022-07/sn_22_LegislativeChangesTaxIncrementFinancing.pdf)), 2025

The DOR calculation illustrates how districts integrate growth from new construction and increment values into their levy limits while adhering to statutory constraints.

### **How Development in a TIA Grows a District's Levy**

When development occurs within a TIA, it directly increases a district's levy through two key mechanisms: new construction and increment value growth.

- **Year 1: New Construction**

- Assume \$10 million in new construction occurs within the TIA during the first year. This new construction is added to the district's assessed valuation and contributes to the levy add-on amount. If the prior year's levy rate was \$1.00 per \$1,000 AV, the new construction adds \$10,000 to the district's levy. This amount becomes part of the district's levy capacity for the current year.

- **Year 2: Increment Value Growth**

- By the second year, additional property value growth in the TIA occurs, with the total increment value increasing by \$15 million, including \$5 million from new construction. The new construction is treated as before, adding \$5,000 to the levy at the same rate of \$1.00 per \$1,000 AV. The remaining \$10 million in increment value (less the new construction value) is also added to the district's levy calculation, contributing an additional \$10,000 to the levy.

- **Cumulative Impact on Levy**

- Year 1: \$10,000 added from \$10 million in new construction.
- Year 2: \$5,000 from new construction + \$10,000 from increment value growth = \$15,000. Total Levy Add-On by Year 2: \$25,000.

Under TIF, over time both new construction (the portion attributable to TIF) and the increment value growth (excluding the value of new construction) contribute to the district's levy add-on amount. As development within the TIA continues, these additions ensure that the district benefits financially from increased property values while supporting public improvements funded by the TIA.

### **Projecting Potential District Impacts**

this analysis examines the impacts on jurisdictions by comparing the property taxes within the proposed TIA that are allocated to the sponsoring jurisdiction — City of Bellevue in this case — with the additional levy capacity enabled by the development. It also considers changes to the levy computation for affected tax increment levies. Specifically, this includes:

- The add-on value above the 1% limit factor for new construction (occurring in the TIA that would be counted as part of the district’s overall new construction add-on).
- The add-on value for the tax increment value.

This approach ensures that the needs of junior taxing districts are considered while maintaining the viability and benefits of TIF for local governments.

Districts’ levy rates are projected forward by estimating assessed valuation growth and new construction across the entire district. The projected levy rate is then applied in two ways:

- **Tax Apportionment:** It is used to apportion property taxes between the base value and increment value in the TIA. This represents the amount the jurisdiction contributes to the TIA from its general revenues.
- **Levy Growth:** The projected levy rate is also used to calculate the district’s overall levy contributions from new construction add-ons and increment add-ons. Together, these elements uphold the “no harm” provision by compensating for the district’s contributions to the TIA.

For jurisdictions approaching their statutory maximum levy, the analysis is based on long-term trends in assessed valuation growth and the 101% limit factor. Most districts are projected to see their levy rates decline over time due to rising property values, reducing the likelihood of hitting their statutory maximum rates. However, real estate market volatility and potential policy decisions, such as levy lifts or other tax measures, could influence future levy rates and raise this risk.

Jurisdictions can ask voters to approve a levy lid lift, either for a single year or for multiple years (up to 6 years), allowing them to exceed the 101% levy growth limit up to the statutory maximum. While a taxing district with an approved levy lid lift may see a relative reduction in “taxes-in” due to the formation of a TIA, this impact is likely minor compared to the overall revenue increase generated by the levy lid lift — particularly if the TIA represents a small portion of the district’s total area.

Given these dynamics, the results should be interpreted as projections under current conditions and trends, recognizing the uncertainties inherent in a 25-year analysis. While the apportionment and levy mechanisms are modeled based on the best available data, actual outcomes may differ due to policy shifts, market changes, or other unforeseen factors. The table below compares the total taxes apportioned to

each jurisdiction with the total district levy growth, which includes new construction and increment growth enabled by the development within the TIA. In all cases, the total taxes apportioned (those tax dollars that are allocated to pay for TIF public improvements) are slightly less than the total district levy growth, demonstrating that the value added by the increment and new construction offsets most of the taxes apportioned to the jurisdiction. The combination of the add-on value for new construction and increment growth which is applied to the levy across the entire district, provides a source of revenue to pay for service demands which may be caused by the development inside the TIA — creating the “no-harm” provision referenced above.

### How to Read This Table

This table compares property tax revenues allocated to the TIA (“Taxes Out”) with the total levy growth for each taxing district (“Taxes In”) over the life of the TIA. It helps illustrate how much revenue each district contributes to the TIA and how that compares to their total allowable property tax growth under state law.

- Total Taxes Apportioned (Taxes Out): The amount of property tax revenue redirected to the TIA from each taxing district over the 25-year term.
- District Levy Growth: Total (Taxes In): The total increase in each district’s maximum allowable levy during the same period, including both new construction and the increment add-on.
- District Levy Growth: New Construction: The portion of levy growth attributable to new construction activity within the TIA.
- District Levy Growth: Increment: The portion of levy growth attributable to the increase in assessed value within the TIA, excluding new construction (i.e., the increment add-on).

Jurisdiction	Taxes Out	Taxes In		
	Total Taxes Apportioned	District Levy Growth: Total	District Levy Growth: New Construction	District Levy Growth: Increment
City of Bellevue	\$21,941,000	\$22,994,000	\$1,026,000	\$21,965,000
King County	\$40,357,000	\$42,293,000	\$1,891,000	\$40,401,000
Port of Seattle	\$1,407,000	\$1,476,000	\$66,000	\$1,409,000
Sound Transit	\$4,685,000	\$4,912,000	\$220,000	\$4,693,000
EMS (County)	\$6,351,000	\$6,655,000	\$298,000	\$6,358,000
King County Library District	\$7,047,000	\$7,387,000	\$331,000	\$7,056,000
Flood Control	\$2,659,000	\$2,789,000	\$125,000	\$2,664,000
<b>Total</b>	<b>\$84,447,000</b>	<b>\$88,506,000</b>	<b>\$3,957,000</b>	<b>\$84,546,000</b>

This table provides a snapshot of the “no harm” provision in action—showing how taxing districts are permitted to grow their levies to offset the value being captured by the TIA, thus helping maintain fiscal neutrality over the life of the project.

**Table 9: TIF Allocation Revenues Compared to District Levy Gains (Market-Responsive Limited Buildout Scenario), Nominal amount**

*Source: ECONorthwest calculations, 2025. (Note: numbers may not total due to rounding)*

Taxing districts are “giving up” some revenue to help fund the Grand Connection Crossing, but they’re also allowed to increase their levy limits to make up for that lost value. The “Increment” column shows how much additional levy capacity they gain to offset the taxes going to the TIA. For example, King County levies are projected to contribute about \$40.4 million to the TIA, but it can increase its levy by \$42.3 million from the increment alone — meaning it can fully “recover” that lost revenue over time.

## Key Comparisons:

Taxing districts are “giving up” some revenue to help fund the Grand Connection Crossing, but they’re also allowed to increase their levy limits to make up for that lost value. The “Increment” column shows how much additional levy capacity they gain to offset the taxes going to the TIA. For example, King County levies are projected to contribute about \$40.4 million to the TIA, but it can increase its levy by \$40.4 million from the increment alone — meaning it can fully “recover” that lost revenue over time.

In short, taxing districts give up direct access to some revenue in the near term, but benefit from long-term growth in assessed value. The result is that all districts are projected to be made whole through additional levy capacity, even while supporting major infrastructure investments.

- **City of Bellevue:** Total taxes apportioned are \$21.94 million, slightly below the district levy growth of \$22.99 million, which includes \$1.03 million from new construction and \$21.97 million from the increment.
- **King County:** Total taxes apportioned are \$40.36 million, slightly below the district levy growth of \$42.29 million, with \$1.89 million from new construction and \$40.40 million from the increment.
- **Port of Seattle:** Total taxes apportioned are \$1.41 million, slightly below the district levy growth of \$1.48 million, which includes \$66,000 from new construction and \$1.41 million from the increment.
- **Sound Transit:** Total taxes apportioned are \$4.69 million, slightly below the district levy growth of \$4.91 million, with \$220,000 from new construction and \$4.69 million from the increment.
- **EMS (County):** Total taxes apportioned are \$6.35 million, slightly below the district levy growth of \$6.66 million, which includes \$298,000 from new construction and \$6.36 million from the increment.
- **King County Library District:** Total taxes apportioned are \$7.05 million, slightly below the district levy growth of \$7.39 million, with \$331,000 from new construction and \$7.06 million from the increment.
- **Flood Control:** Total taxes apportioned are \$2.66 million, slightly below the district levy growth of \$2.79 million, which includes \$125,000 from new construction and \$2.66 million from the increment.

Combined, total taxes apportioned across all districts are \$84.4 million, compared to total district levy growth of \$88.5 million, which includes \$4.0 million from new construction add-on and \$84.5 million from the increment add-on.

This analysis illustrates that development-driven growth within the proposed TIA is generally sufficient to support district levy increases that approximate the taxes apportioned, benefiting each jurisdiction overall. However, these estimates reflect a simplified structure and do not account for potential economic fluctuations, policy changes, or future levy lid lifts, any of which could affect individual taxing jurisdictions' ability to increase their levy within the statutory levy limits or alter the distribution of future tax revenues.

The following tables provide a summary account of all affected taxing levies, offering insight into how property tax revenues are distributed and the fiscal impact of development within the TIA on taxing jurisdictions.

This analysis includes the following:

- **Base Value and Increment Value:** A summary of the original property value and the additional value generated by development within the TIA.
- **Tax Rate for the Given Year:** The levy rate applied to the base and increment values.
- **Total Property Tax Collected:** Split into the portion allocated to the TIA and the portion allocated to the taxing district itself.
- **Levy Add-Ons:** Separate columns detail the additional levy capacity generated from new construction and the increment value.

### **How to read the following tables**

This section explains how taxes and levy add-ons are calculated and apportioned in a TIA, using the columns in the provided table:

1. Assessment Year (Column 1): This represents the year in which the county assessor evaluates property values within the TIA. These assessments determine the taxes for the following year.
2. Base Value (Column 2): The base value is the property value within the TIA at the time the TIF ordinance is created. This value is frozen and forms the basis for calculating taxes allocated to the original taxing jurisdictions.
3. Increment Value (Column 3): The increment value is the portion of the property value above the base value. This additional value is used to calculate the portion of property taxes allocated to the TIA and reflects the amount of development that is projected within each private development scenario outlined in this Report.
4. Levy Rate (Column 4): This is the projected property tax rate for the taxing jurisdiction in the assessment year. It is applied to the base and increment values to determine the total property taxes collected.

5. Total Property Tax (Column 5): This is the total property tax collected within the TIA for the respective assessment year. It is calculated by applying the levy rate to the total assessed value (base value + increment value).
6. Tax Allocated to TIF (Column 6): This is the portion of property taxes allocated to TIF. This represents the *Total Taxes Out*. It is calculated by multiplying the increment value by the levy rate for the respective year.
7. Tax Allocated to City (Column 7): This is the portion of property taxes allocated back to the taxing jurisdiction (e.g., the city). It is calculated by multiplying the base value by the levy rate for the respective year.

### **Factors Impacting Levy Add-ons**

- A. New Construction (Column A): This reflects the value of new development in the TIA for the respective assessment year. It is estimated by multiplying the amount of new units or square footage by market-derived value assumptions as part of the development projection.
- B. Levy Add-on for New Construction (Column B): This is the additional levy revenue generated by new construction. It is calculated by multiplying the new construction value by the levy rate from the previous year, consistent with standard levy calculation practices.
- C. Increment Value Excluding New Construction (Column C): This adjusts the increment value (Column 3) by subtracting the value of new construction, ensuring that new construction is not double-counted in levy add-ons.
- D. Levy Add-on for Increment Value (Column D): This is the additional levy revenue generated from the adjusted increment value (Column C). It is calculated by multiplying the adjusted increment value by the levy rate from the previous year.
- E. Total Taxes In: at the bottom of the table, the total taxes in is summed. It sums Column B (the levy add on from new construction) and Column D (the levy add-on from increment value).

This framework shows how the apportionment of property taxes within the TIA works while capturing the benefits of new construction and increment growth in the taxing jurisdiction's overall levy.

City of Bellevue											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to City of Bellevue	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,464,000	\$0	\$0.683	\$334,000	\$0	\$334,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,464,000	\$0	\$0.651	\$319,000	\$0	\$319,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,464,000	\$103,645,000	\$0.621	\$369,000	\$64,000	\$304,000	\$103,645,000	\$68,000	\$0	\$0	\$68,000
2030	\$489,464,000	\$216,617,000	\$0.593	\$419,000	\$128,000	\$290,000	\$106,754,000	\$66,000	\$109,863,000	\$68,000	\$135,000
2031	\$489,464,000	\$675,486,000	\$0.566	\$659,000	\$382,000	\$277,000	\$445,872,000	\$264,000	\$229,614,000	\$136,000	\$401,000
2032	\$489,464,000	\$1,175,263,000	\$0.540	\$899,000	\$635,000	\$264,000	\$459,248,000	\$260,000	\$716,015,000	\$405,000	\$665,000
2033	\$489,464,000	\$1,245,779,000	\$0.515	\$894,000	\$642,000	\$252,000	\$0	\$0	\$1,245,779,000	\$673,000	\$673,000
2034	\$489,464,000	\$1,320,526,000	\$0.492	\$890,000	\$649,000	\$241,000	\$0	\$0	\$1,320,526,000	\$681,000	\$681,000
2035	\$489,464,000	\$1,399,757,000	\$0.469	\$887,000	\$657,000	\$230,000	\$0	\$0	\$1,399,757,000	\$688,000	\$688,000
2036	\$489,464,000	\$1,879,154,000	\$0.448	\$1,061,000	\$842,000	\$219,000	\$395,412,000	\$186,000	\$1,483,743,000	\$696,000	\$882,000
2037	\$489,464,000	\$2,399,177,000	\$0.428	\$1,235,000	\$1,026,000	\$209,000	\$407,274,000	\$182,000	\$1,991,903,000	\$892,000	\$1,075,000
2038	\$489,464,000	\$2,543,128,000	\$0.408	\$1,238,000	\$1,038,000	\$200,000	\$0	\$0	\$2,543,128,000	\$1,088,000	\$1,088,000
2039	\$489,464,000	\$2,695,715,000	\$0.390	\$1,242,000	\$1,051,000	\$191,000	\$0	\$0	\$2,695,715,000	\$1,101,000	\$1,101,000
2040	\$489,464,000	\$2,857,458,000	\$0.372	\$1,245,000	\$1,063,000	\$182,000	\$0	\$0	\$2,857,458,000	\$1,114,000	\$1,114,000
2041	\$489,464,000	\$3,028,906,000	\$0.355	\$1,250,000	\$1,076,000	\$174,000	\$0	\$0	\$3,028,906,000	\$1,127,000	\$1,127,000
2042	\$489,464,000	\$3,210,640,000	\$0.339	\$1,254,000	\$1,088,000	\$166,000	\$0	\$0	\$3,210,640,000	\$1,140,000	\$1,140,000
2043	\$489,464,000	\$3,403,279,000	\$0.324	\$1,260,000	\$1,101,000	\$158,000	\$0	\$0	\$3,403,279,000	\$1,154,000	\$1,154,000
2044	\$489,464,000	\$3,607,475,000	\$0.309	\$1,265,000	\$1,114,000	\$151,000	\$0	\$0	\$3,607,475,000	\$1,167,000	\$1,167,000
2045	\$489,464,000	\$3,823,924,000	\$0.295	\$1,271,000	\$1,127,000	\$144,000	\$0	\$0	\$3,823,924,000	\$1,181,000	\$1,181,000
2046	\$489,464,000	\$4,053,359,000	\$0.281	\$1,277,000	\$1,140,000	\$138,000	\$0	\$0	\$4,053,359,000	\$1,194,000	\$1,194,000
2047	\$489,464,000	\$4,296,561,000	\$0.268	\$1,284,000	\$1,153,000	\$131,000	\$0	\$0	\$4,296,561,000	\$1,208,000	\$1,208,000
2048	\$489,464,000	\$4,554,355,000	\$0.256	\$1,291,000	\$1,166,000	\$125,000	\$0	\$0	\$4,554,355,000	\$1,222,000	\$1,222,000
2049	\$489,464,000	\$4,827,616,000	\$0.244	\$1,299,000	\$1,179,000	\$120,000	\$0	\$0	\$4,827,616,000	\$1,236,000	\$1,236,000
2050	\$489,464,000	\$5,117,273,000	\$0.233	\$1,307,000	\$1,193,000	\$114,000	\$0	\$0	\$5,117,273,000	\$1,250,000	\$1,250,000
2051	\$489,464,000	\$5,424,309,000	\$0.222	\$1,316,000	\$1,207,000	\$109,000	\$0	\$0	\$5,424,309,000	\$1,265,000	\$1,265,000
2052	\$489,464,000	\$5,749,768,000	\$0.212	\$1,324,000	\$1,220,000	\$104,000	\$0	\$0	\$5,749,768,000	\$1,279,000	\$1,279,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$21,941,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>		<b>\$22,994,000</b>

**Table 10: TIF Summary for City of Bellevue (Market Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

King County											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to King County	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,463,600	\$0	\$1.340	\$656,000	\$0	\$656,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,463,600	\$0	\$1.201	\$588,000	\$0	\$588,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,463,600	\$103,645,000	\$1.146	\$680,000	\$119,000	\$561,000	\$103,645,000	\$124,000	\$0	\$0	\$124,000
2030	\$489,463,600	\$216,617,000	\$1.094	\$772,000	\$237,000	\$535,000	\$106,754,000	\$122,000	\$109,863,000	\$126,000	\$248,000
2031	\$489,463,600	\$675,486,000	\$1.044	\$1,216,000	\$705,000	\$511,000	\$445,872,000	\$488,000	\$229,614,000	\$251,000	\$739,000
2032	\$489,463,600	\$1,175,263,000	\$0.996	\$1,658,000	\$1,170,000	\$487,000	\$459,248,000	\$479,000	\$716,015,000	\$747,000	\$1,226,000
2033	\$489,463,600	\$1,245,779,000	\$0.950	\$1,649,000	\$1,184,000	\$465,000	\$0	\$0	\$1,245,779,000	\$1,241,000	\$1,241,000
2034	\$489,463,600	\$1,320,526,000	\$0.907	\$1,641,000	\$1,197,000	\$444,000	\$0	\$0	\$1,320,526,000	\$1,255,000	\$1,255,000
2035	\$489,463,600	\$1,399,757,000	\$0.865	\$1,634,000	\$1,211,000	\$423,000	\$0	\$0	\$1,399,757,000	\$1,269,000	\$1,269,000
2036	\$489,463,600	\$1,879,154,000	\$0.826	\$1,955,000	\$1,551,000	\$404,000	\$395,412,000	\$342,000	\$1,483,743,000	\$1,284,000	\$1,626,000
2037	\$489,463,600	\$2,399,177,000	\$0.788	\$2,275,000	\$1,890,000	\$386,000	\$407,274,000	\$336,000	\$1,991,903,000	\$1,644,000	\$1,981,000
2038	\$489,463,600	\$2,543,128,000	\$0.752	\$2,279,000	\$1,912,000	\$368,000	\$0	\$0	\$2,543,128,000	\$2,003,000	\$2,003,000
2039	\$489,463,600	\$2,695,715,000	\$0.717	\$2,284,000	\$1,933,000	\$351,000	\$0	\$0	\$2,695,715,000	\$2,026,000	\$2,026,000
2040	\$489,463,600	\$2,857,458,000	\$0.684	\$2,291,000	\$1,956,000	\$335,000	\$0	\$0	\$2,857,458,000	\$2,049,000	\$2,049,000
2041	\$489,463,600	\$3,028,906,000	\$0.653	\$2,298,000	\$1,978,000	\$320,000	\$0	\$0	\$3,028,906,000	\$2,073,000	\$2,073,000
2042	\$489,463,600	\$3,210,640,000	\$0.623	\$2,306,000	\$2,001,000	\$305,000	\$0	\$0	\$3,210,640,000	\$2,097,000	\$2,097,000
2043	\$489,463,600	\$3,403,279,000	\$0.595	\$2,315,000	\$2,024,000	\$291,000	\$0	\$0	\$3,403,279,000	\$2,121,000	\$2,121,000
2044	\$489,463,600	\$3,607,475,000	\$0.567	\$2,324,000	\$2,047,000	\$278,000	\$0	\$0	\$3,607,475,000	\$2,145,000	\$2,145,000
2045	\$489,463,600	\$3,823,924,000	\$0.541	\$2,335,000	\$2,070,000	\$265,000	\$0	\$0	\$3,823,924,000	\$2,170,000	\$2,170,000
2046	\$489,463,600	\$4,053,359,000	\$0.517	\$2,347,000	\$2,094,000	\$253,000	\$0	\$0	\$4,053,359,000	\$2,194,000	\$2,194,000
2047	\$489,463,600	\$4,296,561,000	\$0.493	\$2,359,000	\$2,118,000	\$241,000	\$0	\$0	\$4,296,561,000	\$2,220,000	\$2,220,000
2048	\$489,463,600	\$4,554,355,000	\$0.470	\$2,372,000	\$2,142,000	\$230,000	\$0	\$0	\$4,554,355,000	\$2,245,000	\$2,245,000
2049	\$489,463,600	\$4,827,616,000	\$0.449	\$2,386,000	\$2,167,000	\$220,000	\$0	\$0	\$4,827,616,000	\$2,271,000	\$2,271,000
2050	\$489,463,600	\$5,117,273,000	\$0.428	\$2,401,000	\$2,192,000	\$210,000	\$0	\$0	\$5,117,273,000	\$2,297,000	\$2,297,000
2051	\$489,463,600	\$5,424,309,000	\$0.409	\$2,417,000	\$2,217,000	\$200,000	\$0	\$0	\$5,424,309,000	\$2,323,000	\$2,323,000
2052	\$489,463,600	\$5,749,768,000	\$0.390	\$2,433,000	\$2,242,000	\$191,000	\$0	\$0	\$5,749,768,000	\$2,350,000	\$2,350,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$40,357,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>		<b>\$42,293,000</b>

**Table 11: TIF Summary for King County (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

Sound Transit											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to Sound Transit	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,464,000	\$0	\$0.146	\$72,000	\$0	\$72,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,464,000	\$0	\$0.139	\$68,000	\$0	\$68,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,464,000	\$103,645,000	\$0.133	\$79,000	\$14,000	\$65,000	\$103,645,000	\$14,000	\$0	\$0	\$14,000
2030	\$489,464,000	\$216,617,000	\$0.127	\$90,000	\$28,000	\$62,000	\$106,754,000	\$14,000	\$109,863,000	\$15,000	\$29,000
2031	\$489,464,000	\$675,486,000	\$0.121	\$141,000	\$82,000	\$59,000	\$445,872,000	\$57,000	\$229,614,000	\$29,000	\$86,000
2032	\$489,464,000	\$1,175,263,000	\$0.116	\$192,000	\$136,000	\$57,000	\$459,248,000	\$56,000	\$716,015,000	\$87,000	\$142,000
2033	\$489,464,000	\$1,245,779,000	\$0.110	\$191,000	\$137,000	\$54,000	\$0	\$0	\$1,245,779,000	\$144,000	\$144,000
2034	\$489,464,000	\$1,320,526,000	\$0.105	\$191,000	\$139,000	\$52,000	\$0	\$0	\$1,320,526,000	\$146,000	\$146,000
2035	\$489,464,000	\$1,399,757,000	\$0.100	\$190,000	\$141,000	\$49,000	\$0	\$0	\$1,399,757,000	\$147,000	\$147,000
2036	\$489,464,000	\$1,879,154,000	\$0.096	\$227,000	\$180,000	\$47,000	\$395,412,000	\$40,000	\$1,483,743,000	\$149,000	\$189,000
2037	\$489,464,000	\$2,399,177,000	\$0.091	\$264,000	\$219,000	\$45,000	\$407,274,000	\$39,000	\$1,991,903,000	\$191,000	\$230,000
2038	\$489,464,000	\$2,543,128,000	\$0.087	\$265,000	\$222,000	\$43,000	\$0	\$0	\$2,543,128,000	\$233,000	\$233,000
2039	\$489,464,000	\$2,695,715,000	\$0.083	\$265,000	\$224,000	\$41,000	\$0	\$0	\$2,695,715,000	\$235,000	\$235,000
2040	\$489,464,000	\$2,857,458,000	\$0.079	\$266,000	\$227,000	\$39,000	\$0	\$0	\$2,857,458,000	\$238,000	\$238,000
2041	\$489,464,000	\$3,028,906,000	\$0.076	\$267,000	\$230,000	\$37,000	\$0	\$0	\$3,028,906,000	\$241,000	\$241,000
2042	\$489,464,000	\$3,210,640,000	\$0.072	\$268,000	\$232,000	\$35,000	\$0	\$0	\$3,210,640,000	\$243,000	\$243,000
2043	\$489,464,000	\$3,403,279,000	\$0.069	\$269,000	\$235,000	\$34,000	\$0	\$0	\$3,403,279,000	\$246,000	\$246,000
2044	\$489,464,000	\$3,607,475,000	\$0.066	\$270,000	\$238,000	\$32,000	\$0	\$0	\$3,607,475,000	\$249,000	\$249,000
2045	\$489,464,000	\$3,823,924,000	\$0.063	\$271,000	\$240,000	\$31,000	\$0	\$0	\$3,823,924,000	\$252,000	\$252,000
2046	\$489,464,000	\$4,053,359,000	\$0.060	\$272,000	\$243,000	\$29,000	\$0	\$0	\$4,053,359,000	\$255,000	\$255,000
2047	\$489,464,000	\$4,296,561,000	\$0.057	\$274,000	\$246,000	\$28,000	\$0	\$0	\$4,296,561,000	\$258,000	\$258,000
2048	\$489,464,000	\$4,554,355,000	\$0.055	\$275,000	\$249,000	\$27,000	\$0	\$0	\$4,554,355,000	\$261,000	\$261,000
2049	\$489,464,000	\$4,827,616,000	\$0.052	\$277,000	\$252,000	\$26,000	\$0	\$0	\$4,827,616,000	\$264,000	\$264,000
2050	\$489,464,000	\$5,117,273,000	\$0.050	\$279,000	\$254,000	\$24,000	\$0	\$0	\$5,117,273,000	\$267,000	\$267,000
2051	\$489,464,000	\$5,424,309,000	\$0.047	\$281,000	\$257,000	\$23,000	\$0	\$0	\$5,424,309,000	\$270,000	\$270,000
2052	\$489,464,000	\$5,749,768,000	\$0.045	\$282,000	\$260,000	\$22,000	\$0	\$0	\$5,749,768,000	\$273,000	\$273,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$4,685,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>	<b>\$4,912,000</b>	

**Table 12: TIF Summary for Sound Transit (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

EMS (County)											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to EMS (County)	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,463,600	\$0	\$0.220	\$97,000	\$0	\$97,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,463,600	\$0	\$0.210	\$93,000	\$0	\$93,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,463,600	\$103,645,000	\$0.200	\$107,000	\$19,000	\$88,000	\$103,645,000	\$20,000	\$0	\$0	\$20,000
2030	\$489,463,600	\$216,617,000	\$0.191	\$122,000	\$37,000	\$84,000	\$106,754,000	\$19,000	\$109,863,000	\$20,000	\$39,000
2031	\$489,463,600	\$675,486,000	\$0.182	\$191,000	\$111,000	\$80,000	\$445,872,000	\$77,000	\$229,614,000	\$40,000	\$116,000
2032	\$489,463,600	\$1,175,263,000	\$0.174	\$261,000	\$184,000	\$77,000	\$459,248,000	\$75,000	\$716,015,000	\$118,000	\$193,000
2033	\$489,463,600	\$1,245,779,000	\$0.166	\$260,000	\$186,000	\$73,000	\$0	\$0	\$1,245,779,000	\$195,000	\$195,000
2034	\$489,463,600	\$1,320,526,000	\$0.158	\$258,000	\$188,000	\$70,000	\$0	\$0	\$1,320,526,000	\$197,000	\$197,000
2035	\$489,463,600	\$1,399,757,000	\$0.151	\$257,000	\$191,000	\$67,000	\$0	\$0	\$1,399,757,000	\$200,000	\$200,000
2036	\$489,463,600	\$1,879,154,000	\$0.144	\$308,000	\$244,000	\$64,000	\$395,412,000	\$54,000	\$1,483,743,000	\$202,000	\$256,000
2037	\$489,463,600	\$2,399,177,000	\$0.138	\$358,000	\$297,000	\$61,000	\$407,274,000	\$53,000	\$1,991,903,000	\$259,000	\$312,000
2038	\$489,463,600	\$2,543,128,000	\$0.131	\$359,000	\$301,000	\$58,000	\$0	\$0	\$2,543,128,000	\$315,000	\$315,000
2039	\$489,463,600	\$2,695,715,000	\$0.125	\$360,000	\$304,000	\$55,000	\$0	\$0	\$2,695,715,000	\$319,000	\$319,000
2040	\$489,463,600	\$2,857,458,000	\$0.120	\$361,000	\$308,000	\$53,000	\$0	\$0	\$2,857,458,000	\$323,000	\$323,000
2041	\$489,463,600	\$3,028,906,000	\$0.114	\$362,000	\$311,000	\$50,000	\$0	\$0	\$3,028,906,000	\$326,000	\$326,000
2042	\$489,463,600	\$3,210,640,000	\$0.109	\$363,000	\$315,000	\$48,000	\$0	\$0	\$3,210,640,000	\$330,000	\$330,000
2043	\$489,463,600	\$3,403,279,000	\$0.104	\$364,000	\$319,000	\$46,000	\$0	\$0	\$3,403,279,000	\$334,000	\$334,000
2044	\$489,463,600	\$3,607,475,000	\$0.099	\$366,000	\$322,000	\$44,000	\$0	\$0	\$3,607,475,000	\$338,000	\$338,000
2045	\$489,463,600	\$3,823,924,000	\$0.095	\$368,000	\$326,000	\$42,000	\$0	\$0	\$3,823,924,000	\$341,000	\$341,000
2046	\$489,463,600	\$4,053,359,000	\$0.090	\$369,000	\$330,000	\$40,000	\$0	\$0	\$4,053,359,000	\$345,000	\$345,000
2047	\$489,463,600	\$4,296,561,000	\$0.086	\$371,000	\$333,000	\$38,000	\$0	\$0	\$4,296,561,000	\$349,000	\$349,000
2048	\$489,463,600	\$4,554,355,000	\$0.082	\$373,000	\$337,000	\$36,000	\$0	\$0	\$4,554,355,000	\$353,000	\$353,000
2049	\$489,463,600	\$4,827,616,000	\$0.078	\$376,000	\$341,000	\$35,000	\$0	\$0	\$4,827,616,000	\$357,000	\$357,000
2050	\$489,463,600	\$5,117,273,000	\$0.075	\$378,000	\$345,000	\$33,000	\$0	\$0	\$5,117,273,000	\$361,000	\$361,000
2051	\$489,463,600	\$5,424,309,000	\$0.071	\$380,000	\$349,000	\$31,000	\$0	\$0	\$5,424,309,000	\$366,000	\$366,000
2052	\$489,463,600	\$5,749,768,000	\$0.068	\$383,000	\$353,000	\$30,000	\$0	\$0	\$5,749,768,000	\$370,000	\$370,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$6,351,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>	<b>\$6,655,000</b>	

**Table 13: TIF Summary for EMS (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

Flood Control											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to Flood Control	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,463,600	\$0	\$0.083	\$41,000	\$0	\$41,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,463,600	\$0	\$0.079	\$39,000	\$0	\$39,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,463,600	\$103,645,000	\$0.076	\$45,000	\$8,000	\$37,000	\$103,645,000	\$8,000	\$0	\$0	\$8,000
2030	\$489,463,600	\$216,617,000	\$0.072	\$51,000	\$16,000	\$35,000	\$106,754,000	\$8,000	\$109,863,000	\$8,000	\$16,000
2031	\$489,463,600	\$675,486,000	\$0.069	\$80,000	\$46,000	\$34,000	\$445,872,000	\$32,000	\$229,614,000	\$17,000	\$49,000
2032	\$489,463,600	\$1,175,263,000	\$0.066	\$109,000	\$77,000	\$32,000	\$459,248,000	\$32,000	\$716,015,000	\$49,000	\$81,000
2033	\$489,463,600	\$1,245,779,000	\$0.063	\$109,000	\$78,000	\$31,000	\$0	\$0	\$1,245,779,000	\$82,000	\$82,000
2034	\$489,463,600	\$1,320,526,000	\$0.060	\$108,000	\$79,000	\$29,000	\$0	\$0	\$1,320,526,000	\$83,000	\$83,000
2035	\$489,463,600	\$1,399,757,000	\$0.057	\$108,000	\$80,000	\$28,000	\$0	\$0	\$1,399,757,000	\$84,000	\$84,000
2036	\$489,463,600	\$1,879,154,000	\$0.054	\$129,000	\$102,000	\$27,000	\$395,412,000	\$23,000	\$1,483,743,000	\$85,000	\$107,000
2037	\$489,463,600	\$2,399,177,000	\$0.052	\$150,000	\$125,000	\$25,000	\$407,274,000	\$22,000	\$1,991,903,000	\$108,000	\$131,000
2038	\$489,463,600	\$2,543,128,000	\$0.050	\$150,000	\$126,000	\$24,000	\$0	\$0	\$2,543,128,000	\$132,000	\$132,000
2039	\$489,463,600	\$2,695,715,000	\$0.047	\$151,000	\$127,000	\$23,000	\$0	\$0	\$2,695,715,000	\$134,000	\$134,000
2040	\$489,463,600	\$2,857,458,000	\$0.045	\$151,000	\$129,000	\$22,000	\$0	\$0	\$2,857,458,000	\$135,000	\$135,000
2041	\$489,463,600	\$3,028,906,000	\$0.043	\$151,000	\$130,000	\$21,000	\$0	\$0	\$3,028,906,000	\$137,000	\$137,000
2042	\$489,463,600	\$3,210,640,000	\$0.041	\$152,000	\$132,000	\$20,000	\$0	\$0	\$3,210,640,000	\$138,000	\$138,000
2043	\$489,463,600	\$3,403,279,000	\$0.039	\$153,000	\$133,000	\$19,000	\$0	\$0	\$3,403,279,000	\$140,000	\$140,000
2044	\$489,463,600	\$3,607,475,000	\$0.037	\$153,000	\$135,000	\$18,000	\$0	\$0	\$3,607,475,000	\$141,000	\$141,000
2045	\$489,463,600	\$3,823,924,000	\$0.036	\$154,000	\$136,000	\$17,000	\$0	\$0	\$3,823,924,000	\$143,000	\$143,000
2046	\$489,463,600	\$4,053,359,000	\$0.034	\$155,000	\$138,000	\$17,000	\$0	\$0	\$4,053,359,000	\$145,000	\$145,000
2047	\$489,463,600	\$4,296,561,000	\$0.032	\$156,000	\$140,000	\$16,000	\$0	\$0	\$4,296,561,000	\$146,000	\$146,000
2048	\$489,463,600	\$4,554,355,000	\$0.031	\$156,000	\$141,000	\$15,000	\$0	\$0	\$4,554,355,000	\$148,000	\$148,000
2049	\$489,463,600	\$4,827,616,000	\$0.030	\$157,000	\$143,000	\$14,000	\$0	\$0	\$4,827,616,000	\$150,000	\$150,000
2050	\$489,463,600	\$5,117,273,000	\$0.028	\$158,000	\$144,000	\$14,000	\$0	\$0	\$5,117,273,000	\$151,000	\$151,000
2051	\$489,463,600	\$5,424,309,000	\$0.027	\$159,000	\$146,000	\$13,000	\$0	\$0	\$5,424,309,000	\$153,000	\$153,000
2052	\$489,463,600	\$5,749,768,000	\$0.026	\$160,000	\$148,000	\$13,000	\$0	\$0	\$5,749,768,000	\$155,000	\$155,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$2,659,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>	<b>\$2,789,000</b>	

**Table 14: TIF Summary for Flood Control District (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

King County Library District											
1	2	3	4	5	6	7	A	B	C	D	E
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to King County Library District	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)
2027	\$489,463,600	\$0	\$0.220	\$108,000	\$0	\$108,000	\$0	\$0	\$0	\$0	\$0
2028	\$489,463,600	\$0	\$0.210	\$103,000	\$0	\$103,000	\$0	\$0	\$0	\$0	\$0
2029	\$489,463,600	\$103,645,000	\$0.200	\$119,000	\$21,000	\$98,000	\$103,645,000	\$22,000	\$0	\$0	\$22,000
2030	\$489,463,600	\$216,617,000	\$0.191	\$135,000	\$41,000	\$93,000	\$106,754,000	\$21,000	\$109,863,000	\$22,000	\$43,000
2031	\$489,463,600	\$675,486,000	\$0.182	\$212,000	\$123,000	\$89,000	\$445,872,000	\$85,000	\$229,614,000	\$44,000	\$129,000
2032	\$489,463,600	\$1,175,263,000	\$0.174	\$289,000	\$204,000	\$85,000	\$459,248,000	\$84,000	\$716,015,000	\$130,000	\$214,000
2033	\$489,463,600	\$1,245,779,000	\$0.166	\$288,000	\$207,000	\$81,000	\$0	\$0	\$1,245,779,000	\$137,000	\$217,000
2034	\$489,463,600	\$1,320,526,000	\$0.158	\$287,000	\$209,000	\$77,000	\$0	\$0	\$1,320,526,000	\$219,000	\$219,000
2035	\$489,463,600	\$1,399,757,000	\$0.151	\$285,000	\$211,000	\$74,000	\$0	\$0	\$1,399,757,000	\$222,000	\$222,000
2036	\$489,463,600	\$1,879,154,000	\$0.144	\$341,000	\$271,000	\$71,000	\$395,412,000	\$60,000	\$1,483,743,000	\$224,000	\$284,000
2037	\$489,463,600	\$2,399,177,000	\$0.138	\$397,000	\$330,000	\$67,000	\$407,274,000	\$59,000	\$1,991,903,000	\$287,000	\$346,000
2038	\$489,463,600	\$2,543,128,000	\$0.131	\$398,000	\$334,000	\$64,000	\$0	\$0	\$2,543,128,000	\$350,000	\$350,000
2039	\$489,463,600	\$2,695,715,000	\$0.125	\$399,000	\$338,000	\$61,000	\$0	\$0	\$2,695,715,000	\$354,000	\$354,000
2040	\$489,463,600	\$2,857,458,000	\$0.120	\$400,000	\$342,000	\$58,000	\$0	\$0	\$2,857,458,000	\$358,000	\$358,000
2041	\$489,463,600	\$3,028,906,000	\$0.114	\$401,000	\$345,000	\$56,000	\$0	\$0	\$3,028,906,000	\$362,000	\$362,000
2042	\$489,463,600	\$3,210,640,000	\$0.109	\$403,000	\$349,000	\$53,000	\$0	\$0	\$3,210,640,000	\$366,000	\$366,000
2043	\$489,463,600	\$3,403,279,000	\$0.104	\$404,000	\$353,000	\$51,000	\$0	\$0	\$3,403,279,000	\$370,000	\$370,000
2044	\$489,463,600	\$3,607,475,000	\$0.099	\$406,000	\$357,000	\$48,000	\$0	\$0	\$3,607,475,000	\$375,000	\$375,000
2045	\$489,463,600	\$3,823,924,000	\$0.095	\$408,000	\$362,000	\$46,000	\$0	\$0	\$3,823,924,000	\$379,000	\$379,000
2046	\$489,463,600	\$4,053,359,000	\$0.090	\$410,000	\$366,000	\$44,000	\$0	\$0	\$4,053,359,000	\$383,000	\$383,000
2047	\$489,463,600	\$4,296,561,000	\$0.086	\$412,000	\$370,000	\$42,000	\$0	\$0	\$4,296,561,000	\$388,000	\$388,000
2048	\$489,463,600	\$4,554,355,000	\$0.082	\$414,000	\$374,000	\$40,000	\$0	\$0	\$4,554,355,000	\$392,000	\$392,000
2049	\$489,463,600	\$4,827,616,000	\$0.078	\$417,000	\$378,000	\$38,000	\$0	\$0	\$4,827,616,000	\$397,000	\$397,000
2050	\$489,463,600	\$5,117,273,000	\$0.075	\$419,000	\$383,000	\$37,000	\$0	\$0	\$5,117,273,000	\$401,000	\$401,000
2051	\$489,463,600	\$5,424,309,000	\$0.071	\$422,000	\$387,000	\$35,000	\$0	\$0	\$5,424,309,000	\$406,000	\$406,000
2052	\$489,463,600	\$5,749,768,000	\$0.068	\$425,000	\$392,000	\$33,000	\$0	\$0	\$5,749,768,000	\$410,000	\$410,000
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$7,047,000</b>				<b>Total Taxes In (Sum of Column B+D)</b>	<b>\$7,387,000</b>	

**Table 15: TIF Summary for King County Library District (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

Port of Seattle												
1	2	3	4	5	6	7	A	B	C	D	E	
Assessment Year	Base Value	Increment Value	Levy Rate	Total Property Tax	Tax Allocated to TIF	Tax Allocated to Port of Seattle	New Construction	Levy Add-on: New Constr.	Increment Value (less New Construction)	Levy Add-on: Increment Value	Total Taxes In (Column B +D)	
2027	\$489,463,600	\$0	\$0.044	\$22,000	\$0	\$22,000	\$0	\$0	\$0	\$0	\$0	
2028	\$489,463,600	\$0	\$0.042	\$21,000	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	
2029	\$489,463,600	\$103,645,000	\$0.040	\$24,000	\$4,000	\$20,000	\$103,645,000	\$4,000	\$0	\$0	\$4,000	
2030	\$489,463,600	\$216,617,000	\$0.038	\$27,000	\$8,000	\$19,000	\$106,754,000	\$4,000	\$109,863,000	\$4,000	\$9,000	
2031	\$489,463,600	\$675,486,000	\$0.036	\$42,000	\$25,000	\$18,000	\$445,872,000	\$17,000	\$229,614,000	\$9,000	\$26,000	
2032	\$489,463,600	\$1,175,263,000	\$0.035	\$58,000	\$41,000	\$17,000	\$459,248,000	\$17,000	\$716,015,000	\$26,000	\$43,000	
2033	\$489,463,600	\$1,245,779,000	\$0.033	\$58,000	\$41,000	\$16,000	\$0	\$0	\$1,245,779,000	\$43,000	\$43,000	
2034	\$489,463,600	\$1,320,526,000	\$0.032	\$57,000	\$42,000	\$15,000	\$0	\$0	\$1,320,526,000	\$44,000	\$44,000	
2035	\$489,463,600	\$1,399,757,000	\$0.030	\$57,000	\$42,000	\$15,000	\$0	\$0	\$1,399,757,000	\$44,000	\$44,000	
2036	\$489,463,600	\$1,879,154,000	\$0.029	\$68,000	\$54,000	\$14,000	\$395,412,000	\$12,000	\$1,483,743,000	\$45,000	\$57,000	
2037	\$489,463,600	\$2,399,177,000	\$0.027	\$79,000	\$66,000	\$13,000	\$407,274,000	\$12,000	\$1,991,903,000	\$57,000	\$69,000	
2038	\$489,463,600	\$2,543,128,000	\$0.026	\$80,000	\$67,000	\$13,000	\$0	\$0	\$2,543,128,000	\$70,000	\$70,000	
2039	\$489,463,600	\$2,695,715,000	\$0.025	\$80,000	\$67,000	\$12,000	\$0	\$0	\$2,695,715,000	\$71,000	\$71,000	
2040	\$489,463,600	\$2,857,458,000	\$0.024	\$80,000	\$68,000	\$12,000	\$0	\$0	\$2,857,458,000	\$72,000	\$72,000	
2041	\$489,463,600	\$3,028,906,000	\$0.023	\$80,000	\$69,000	\$11,000	\$0	\$0	\$3,028,906,000	\$72,000	\$72,000	
2042	\$489,463,600	\$3,210,640,000	\$0.022	\$80,000	\$70,000	\$11,000	\$0	\$0	\$3,210,640,000	\$73,000	\$73,000	
2043	\$489,463,600	\$3,403,279,000	\$0.021	\$81,000	\$71,000	\$10,000	\$0	\$0	\$3,403,279,000	\$74,000	\$74,000	
2044	\$489,463,600	\$3,607,475,000	\$0.020	\$81,000	\$71,000	\$10,000	\$0	\$0	\$3,607,475,000	\$75,000	\$75,000	
2045	\$489,463,600	\$3,823,924,000	\$0.019	\$81,000	\$72,000	\$9,000	\$0	\$0	\$3,823,924,000	\$76,000	\$76,000	
2046	\$489,463,600	\$4,053,359,000	\$0.018	\$82,000	\$73,000	\$9,000	\$0	\$0	\$4,053,359,000	\$77,000	\$77,000	
2047	\$489,463,600	\$4,296,561,000	\$0.017	\$82,000	\$74,000	\$8,000	\$0	\$0	\$4,296,561,000	\$77,000	\$77,000	
2048	\$489,463,600	\$4,554,355,000	\$0.016	\$83,000	\$75,000	\$8,000	\$0	\$0	\$4,554,355,000	\$78,000	\$78,000	
2049	\$489,463,600	\$4,827,616,000	\$0.016	\$83,000	\$76,000	\$8,000	\$0	\$0	\$4,827,616,000	\$79,000	\$79,000	
2050	\$489,463,600	\$5,117,273,000	\$0.015	\$84,000	\$76,000	\$7,000	\$0	\$0	\$5,117,273,000	\$80,000	\$80,000	
2051	\$489,463,600	\$5,424,309,000	\$0.014	\$84,000	\$77,000	\$7,000	\$0	\$0	\$5,424,309,000	\$81,000	\$81,000	
2052	\$489,463,600	\$5,749,768,000	\$0.014	\$85,000	\$78,000	\$7,000	\$0	\$0	\$5,749,768,000	\$82,000	\$82,000	
<b>Total Taxes Out (Sum of Column 6)</b>					<b>\$1,407,000</b>		<b>Total Taxes In (Sum of Column B-)</b>					<b>\$1,476,000</b>

**Table 16: TIF Summary for Port of Seattle (Market-Responsive Limited Buildout Scenario)**

Source: ECONorthwest calculations, 2025

# Financing Plan/Duration of TIA

The city anticipates issuing three series of Limited Tax General Obligation bonds (“LTGO” non-voted debt) of approximately equal amounts to coincide with the Grand Connection Crossing construction schedule and private development timelines and each structured with a 20-year amortization and a 10-year par call. The anticipated bond amounts are \$75 million in 2026; \$80 million in 2027, and \$75 million in 2028. TIF revenues will only pay for a portion of the bond debt service for the Grand Connection Crossing as shown below.

Additionally, the city is not currently expecting to capitalize interest during the first three years of the financing when TIF revenues alone are not expected to be sufficient to cover debt service. Instead, the city plans to pay any difference between debt service and TIF revenues from non-TIF revenues. The city will reimburse itself for any feasibility studies, including engineering design work to accurately project costs that occurred prior to the expected adoption of the Ordinance designating a TIA in May 2026. The city also plans to reimburse itself for any non-TIF revenue sources that are needed to meet the city’s debt service payments associated with the Grand Connection Crossing.

### Debt Capacity

Non-voted debt cannot exceed 1.5% of the value of taxable property within the city. Based on an assessed value of \$92.972 billion in 2025, the city has \$1.395 billion in total non-voted debt capacity and will have \$1.066 billion after accounting for \$0.329 billion of currently outstanding non-voted debt and obligations. As shown below, the city has sufficient capacity for the issuance of the proposed \$0.230 billion (\$230 million) of LTGO debt related to the TIF public improvements and is expected to have approximately \$0.836 billion in debt capacity available after this level of proposed debt issuance.

Please note that capacity for debt does not yet equal ability to pay debt service.

	<b>2025</b>
Assessed Valuation	\$92.972 billion
Non-Voted Debt Capacity (1.5% of AV)	\$1.395 billion
Less Outstanding Non-Voted Debt	\$0.329 billion
New Non-Voted Debt	\$1.066 billion
Less: Financing Proposed	\$0.230 billion
<b>Projected Remaining Non-Voted Capacity</b>	<b>\$0.836 billion</b>

**Table 17: Debt Capacity**

Source: Stowe Development & Strategies, 2026

### **Potential TIA Debt Scenarios**

The city's LTGO bonds are projected to have an interest cost of approximately 4.5%. If the city issues LTGO bonds totaling \$230 million to fund the Grand Connection Crossing, it will be responsible for debt service regardless of whether private development occurs as projected or assessed values increase within the TIA. Based on the Market-Responsive Limited Buildout Scenario, TIF revenues are projected to cover approximately \$84.4 million in nominal debt service over the 25-year period — roughly 24% of the total \$353.6 million in cumulative debt service obligations. The remaining Tier 2 and Tier 3 funding sources will be required to cover the balance of approximately \$271.2 million.

Due to the structure of TIF and the revenue limitations imposed by the MFTE, early-year TIF revenues are minimal. To manage this timing gap, the city intends to use internal funds as an interim loan to cover the debt service assigned to be supported by TIF revenues. These internal loans would be repaid once sufficient increment revenue is available. This strategy enables the city to move forward with project implementation while maintaining flexibility in the funding structure.

- Total projected debt service across all bonds is \$353.6 million.
- Debt service payments begin in 2026, with additional series layered in during 2027 and 2028.
- Combined annual payments total approximately \$17.68 million from 2028 to 2045, before stepping down in later years as bonds mature.

Level annual debt service structure across each issue helps ensure predictability in repayment, with internal borrowing bridging the gap between early-year shortfalls and long-term TIF revenue growth.

Table 18 below includes the anticipated three debt issuances supporting the city's Grand Connection Crossing.

Year	Issue 1	Issue 2	Issue 3	Combined Debt
2026	\$5,765,711			\$5,765,711
2027	\$5,765,711	\$6,150,092		\$11,915,802
2028	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2029	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2030	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2031	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2032	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2033	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2034	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2035	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2036	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2037	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2038	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2039	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2040	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2041	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2042	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2043	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2044	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2045	\$5,765,711	\$6,150,092	\$5,765,711	\$17,681,513
2046		\$6,150,092	\$5,765,711	\$11,915,802
2047			\$5,765,711	\$5,765,711
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				
<b>Total P&amp;I</b>	<b>\$115,314,216</b>	<b>\$123,001,831</b>	<b>\$115,314,216</b>	<b>\$353,630,264</b>

**Table 18: Conceptual Debt Service Schedule**

*Source: ECONorthwest, 2025*

The tables below summarize potential debt service payments and projected TIF support and shortfalls that will need to be covered by other city revenue sources (see funding tiers described on page 25 of this Report) based on the private development within the proposed TIA.

Table 19 summarizes the projected debt service coverage under the Market-Responsive Limited Buildout Scenario for the Grand Connection Crossing. Over the full debt term for the three bond issuances, the city will face a total debt service obligation of approximately \$353.6 million, supported by annual payments ranging from \$5.8 million to \$17.7 million. Tax increment revenues from the TIA (Tier 1 TIF Funding) are projected to generate \$84.4 million, or roughly 24% of the total debt obligation, with the remaining \$269.2 million covered by other funding tier sources.

The early years of the financing period show limited TIF revenue contributions due to slow initial development and the delayed effect of rising assessed value, particularly given MFTE exemptions. TIF coverage ratios are near zero through 2029, gradually rising to 0.24 by 2045. Full debt service coverage from TIF (i.e., a 1.0 ratio) is not achieved until 2048, and is only sustained through the final years (2048–2052) when no new debt service is due and TIF revenue remains active. These results underscore the importance of interim funding mechanisms (e.g., internal loans) to bridge early gaps, and highlight the long-term revenue potential of the Grand Connection investment despite near-term limitations.

Tax Year	Full Build Out				
	Tier 1 TIF Funding	Debt Service	Other Tier 1, Tier 2 and 3 Funding	Surplus (Shortfall)	TIF Debt Service Coverage
2026	\$0	\$5,765,711	\$5,765,711	\$0	0.00
2027	\$0	\$11,915,802	\$11,915,802	\$0	0.00
2028	\$0	\$17,681,513	\$17,681,513	\$0	0.00
2029	\$337,000	\$17,681,513	\$17,344,513	\$0	0.02
2030	\$671,000	\$17,681,513	\$17,010,513	\$0	0.05
2031	\$1,763,000	\$17,681,513	\$15,918,513	\$0	0.14
2032	\$2,847,000	\$17,681,513	\$14,834,513	\$0	0.24
2033	\$2,880,000	\$17,681,513	\$14,801,513	\$0	0.24
2034	\$2,914,000	\$17,681,513	\$14,767,513	\$0	0.24
2035	\$2,948,000	\$17,681,513	\$14,733,513	\$0	0.24
2036	\$4,300,000	\$17,681,513	\$13,381,513	\$0	0.35
2037	\$5,647,000	\$17,681,513	\$12,034,513	\$0	0.45
2038	\$5,714,000	\$17,681,513	\$11,967,513	\$0	0.45
2039	\$5,779,000	\$17,681,513	\$11,902,513	\$0	0.46
2040	\$5,846,000	\$17,681,513	\$11,835,513	\$0	0.46
2041	\$6,034,000	\$17,681,513	\$11,647,513	\$0	0.48
2042	\$6,221,000	\$17,681,513	\$11,460,513	\$0	0.50
2043	\$6,660,000	\$17,681,513	\$11,021,513	\$0	0.52
2044	\$7,099,000	\$17,681,513	\$10,582,513	\$0	0.55
2045	\$7,182,000	\$17,681,513	\$10,499,513	\$0	0.56
2046	\$7,365,000	\$11,915,802	\$4,550,802	\$0	0.85
2047	\$7,547,000	\$5,765,711	\$0	\$0	1.79
2048	\$7,633,000	\$0	\$0	\$0	1.00
2049	\$7,722,000	\$0	\$0	\$0	1.00
2050	\$7,811,000	\$0	\$0	\$0	1.00
2051	\$7,901,000	\$0	\$0	\$0	1.00
2052	\$7,993,000	\$0	\$0	\$0	1.00
Total	\$128,814,000	\$353,630,264	\$265,657,553	\$0	

**Table 19: TIF Allocated Debt Service - Full Buildout Scenario**

*Source: EConorthwest calculations, 2025*

Tax Year	Phased Full Build Out				
	Tier 1 TIF Funding	Debt Service	Other Tier 1, Tier 2 and 3 Funding	Surplus (Shortfall)	TIF Debt Service Coverage
2026	\$0	\$5,765,711	\$5,765,711	\$0	0.00
2027	\$0	\$11,915,802	\$11,915,802	\$0	0.00
2028	\$0	\$17,681,513	\$17,681,513	\$0	0.00
2029	\$0	\$17,681,513	\$17,681,513	\$0	0.00
2030	\$0	\$17,681,513	\$17,681,513	\$0	0.00
2031	\$217,000	\$17,681,513	\$17,464,513	\$0	0.01
2032	\$433,000	\$17,681,513	\$17,248,513	\$0	0.02
2033	\$1,344,000	\$17,681,513	\$16,337,513	\$0	0.08
2034	\$2,045,000	\$17,681,513	\$15,636,513	\$0	0.12
2035	\$2,741,000	\$17,681,513	\$14,940,513	\$0	0.16
2036	\$2,773,000	\$17,681,513	\$14,908,513	\$0	0.16
2037	\$2,805,000	\$17,681,513	\$14,876,513	\$0	0.16
2038	\$3,687,000	\$17,681,513	\$13,994,513	\$0	0.21
2039	\$4,564,000	\$17,681,513	\$13,117,513	\$0	0.26
2040	\$5,439,000	\$17,681,513	\$12,242,513	\$0	0.31
2041	\$5,501,000	\$17,681,513	\$12,180,513	\$0	0.31
2042	\$5,565,000	\$17,681,513	\$12,116,513	\$0	0.31
2043	\$5,706,000	\$17,681,513	\$11,975,513	\$0	0.32
2044	\$5,846,000	\$17,681,513	\$11,835,513	\$0	0.33
2045	\$6,226,000	\$17,681,513	\$11,455,513	\$0	0.35
2046	\$6,530,000	\$11,915,802	\$5,385,802	\$0	0.55
2047	\$6,834,000	\$5,765,711	\$0	\$0	1.19
2048	\$6,975,000	\$0	\$0	\$0	1.00
2049	\$7,120,000	\$0	\$0	\$0	1.00
2050	\$7,262,000	\$0	\$0	\$0	1.00
2051	\$7,347,000	\$0	\$0	\$0	1.00
2052	\$7,433,000	\$0	\$0	\$0	1.00
Total	\$104,393,000	\$353,630,264	\$286,442,553	\$0	

**Table 20: TIF Allocated Debt Service - Phased Full Buildout Scenario**

*Source: ECONorthwest calculations, 2025*

Tax Year	Market-Responsive Limited Buildout				
	Tier 1 TIF Funding	Debt Service	Other Tier 1, Tier 2 and 3 Funding	Surplus (Shortfall)	TIF Debt Service Coverage
2026	\$0	\$5,765,711	\$5,765,711	\$0	0.00
2027	\$0	\$11,915,802	\$11,915,802	\$0	0.00
2028	\$0	\$17,681,513	\$17,681,513	\$0	0.00
2029	\$249,000	\$17,681,513	\$17,432,513	\$0	0.01
2030	\$495,000	\$17,681,513	\$17,186,513	\$0	0.03
2031	\$1,474,000	\$17,681,513	\$16,207,513	\$0	0.08
2032	\$2,447,000	\$17,681,513	\$15,234,513	\$0	0.14
2033	\$2,475,000	\$17,681,513	\$15,206,513	\$0	0.14
2034	\$2,503,000	\$17,681,513	\$15,178,513	\$0	0.14
2035	\$2,533,000	\$17,681,513	\$15,148,513	\$0	0.14
2036	\$3,244,000	\$17,681,513	\$14,437,513	\$0	0.18
2037	\$3,953,000	\$17,681,513	\$13,728,513	\$0	0.22
2038	\$4,000,000	\$17,681,513	\$13,681,513	\$0	0.23
2039	\$4,044,000	\$17,681,513	\$13,637,513	\$0	0.23
2040	\$4,093,000	\$17,681,513	\$13,588,513	\$0	0.23
2041	\$4,139,000	\$17,681,513	\$13,542,513	\$0	0.23
2042	\$4,187,000	\$17,681,513	\$13,494,513	\$0	0.24
2043	\$4,236,000	\$17,681,513	\$13,445,513	\$0	0.24
2044	\$4,284,000	\$17,681,513	\$13,397,513	\$0	0.24
2045	\$4,333,000	\$17,681,513	\$13,348,513	\$0	0.25
2046	\$4,384,000	\$11,915,802	\$7,531,802	\$0	0.37
2047	\$4,434,000	\$5,765,711	\$1,331,711	\$0	0.77
2048	\$4,484,000	\$0	\$0	\$0	1.00
2049	\$4,536,000	\$0	\$0	\$0	1.00
2050	\$4,587,000	\$0	\$0	\$0	1.00
2051	\$4,640,000	\$0	\$0	\$0	1.00
2052	\$4,693,000	\$0	\$0	\$0	1.00
Total	\$84,447,000	\$353,630,264	\$292,123,264	\$0	

**Table 21: TIF Allocated Debt Service - Market-Responsive Limited Buildout Scenario**

Source: ECONorthwest calculations, 2025

## Notices/Early Outreach to Impacted Taxing Districts

Washington State law requires formal notice to be provided to each impacted taxing district at least 90 days prior to the submission of the Project Analysis to OST. The city has previously provided informal notice and engaged in early communication with each of the taxing districts regarding its early interest and intention to form a TIA. On October 16, 2025, the city issued a formal notice and invitation to the taxing districts inside the TIA to considering opting-in to the TIA.

The city has continued discussions with the various taxing districts regarding potential impacts, address questions from the taxing districts as part of the city's investigation of which taxing districts will opt-in and participate in the city's TIA as further described below. The city plans to create formal agreements with each participating taxing districts inside the TIA prior to the adoption of any Ordinance forming a TIA. Additional notices will be provided to each taxing district which includes the TIA within its boundaries following the adoption of any TIA ordinance.

The taxing districts whose property tax levy would be directly impacted by TIF include:

- City of Bellevue
- King County
- Port of Seattle
- Flood Control
- Sound Transit
- Emergency Medical Services (County EMS)
- King County Library District

### **Taxing Districts Opt-In Requirements**

As referenced previously, the TIF Act was amended in 2025 with ESB 5801 allowing the city to form a TIA up to \$500 million of assessed value subject to each taxing districts approval inside the proposed TIA. This approval must be by a majority vote of the governing body of its partial or full participation in contributing its tax allocation revenues to the city's TIF program and project. The city may still move forward with forming a TIA without the approval of the individual taxing districts but would not receive the tax allocation revenues from that district.

Based on the city's engagement discussions with each taxing district, this Report assumes that each district will opt-in to the TIA via some agreement, ordinance, or resolution adopted by each of the governing bodies. The city will continue to pursue formal agreements and decisions with those participating taxing districts for

adoption by the respective governing bodies and the Bellevue City Council prior to the adoption of any TIA ordinance.

## **But-For-Requirement**

Washington State's TIF law requires the local government sponsor of the tax increment area to make the following findings:

- (i) The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the increment area and to increase the assessed value of real property within the increment area;
- (ii) Private development anticipated to occur within the increment area as a result of the proposed public improvements will be permitted consistent with the permitting jurisdiction's applicable zoning and development standards;
- (iii) The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and,
- (iv) The increased assessed value within the increment area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed development with the proposed public improvements.

These findings (specifically sections i, iii, and iv) are commonly referred to as the "But-For-Requirement". The name comes from the assertion that private development would not occur but-for provision of the public improvements through the use of TIF. This requirement is a foundational element of TIF, which directs public tax dollars generated by the development to only those public improvement projects necessary to support the proposed development.

This analysis demonstrates that Bellevue's proposed TIA satisfies the above statutory requirements through a comprehensive framework examining both market validation and development history.

### **The Purpose of the But-For Requirement**

Although TIF is relatively new to Washington state governments, the But-For-Requirement and associated analysis is not.

Many local governments have examined their return on infrastructure investment from the generation of ongoing tax revenues associated with private development projects. Additionally, for most local governments, infrastructure demand exceeds revenue capacity, forcing local governments to make priority decisions regarding infrastructure projects that are funded with tax dollars and determining which projects can be paid for by developers.

The But-For-Requirement for TIF formalizes the analysis and requires the local government sponsoring TIF to provide convincing evidence showing that tax dollars from the TIA are reasonably necessary to make the development possible.

If the proposed development would occur without TIF, public tax dollars should not be used because it will cost taxpayers more than it should for the resulting development or growth. However, if TIF is used to encourage a development that would not otherwise be reasonably expected to happen, the tax base can be increased. A larger tax base helps pay for needed services and can control the growth of new taxes. The But-For-Requirement is critical to determining the proper use of public tax dollars.

## **Bellevue’s “Unlock and Attract” Model**

### Part 1: Unlock (Code Amendments)

Over the last decade, the City of Bellevue has been preparing to encourage and support a vibrant mixed-use urban center in its Downtown and the Wilburton area. In 2017, Bellevue’s Downtown “Livability Initiative” was implemented with the adoption of code amendments by the city council to increase building heights and floor areas along with regulations for enhanced pedestrian amenities. In 2022, the city launched the Wilburton Vision Implementation plan to set in motion code amendments to help transform the transit-oriented development area on the westside of Wilburton into a walkable, vibrant, sustainable, mixed use community. In June of 2025, the city council adopted a package of code amendments to implement the Wilburton vision.

The adopted code amendments have created the regulatory framework for the envisioned private development, providing the legal foundation that allows private development to occur consistent with the city’s desired vision.

### Part 2: Attract (Grand Connection Crossing)

The Grand Connection Crossing serves as the magnet for private development and investment functioning as an accelerant that reduces development risk perceptions, increases project lease-up rates and rental premiums, and shortens stabilization periods for new projects. The Grand Connection Crossing sends a strong signal about the city’s commitment to the area’s transformation, encouraging developers to move from cautious to more aggressive investment timelines.

## **The Synergy**

Both parts of Bellevue’s model must exist simultaneously in order for the vision to be implemented. This Unlock and Attract model recognizes that successful urban development requires both public sector leadership in creating attractive places and regulatory flexibility that allows the market to respond appropriately to new conditions.

## **But-For Analysis Framework**

To determine if private development would occur without the Grand Connection Crossing, the city created the following comprehensive framework:

### Method 1: Direct Developer and Property Owner Engagement

The city contacted developers and property owners within the proposed TIA to assess the likelihood, timing, and scale of development with and without the Grand Connection Crossing. These outreach efforts focused on understanding whether private development would proceed absent the Grand Connection Crossing, how the project might accelerate or expand development potential, and what specific barriers the Grand Connection Crossing helps address — including access, site connectivity, and development visibility.

A portion of the anticipated development capacity within the TIA is located on publicly owned sites, including properties owned by the city. These sites are currently underutilized and represent key redevelopment opportunities contingent on improved market conditions and infrastructure support. This nexus between public investment and private development readiness strengthens the “but for” rationale for using TIF — particularly for catalyzing activity on land the city directly controls or influences.

### Method 2: Permit/Entitlement & Development Pattern Analysis

The city evaluated whether any construction permits, land use entitlements, pre-development activity, or historical development patterns demonstrated project viability without the Grand Connection Crossing.

## **But-For Analysis Findings**

### Finding 1: Regulatory Framework Alone Has Not Triggered Development

#### Evidence/Analysis:

- Despite the 2017 Downtown Livability Initiative code amendments that unlocked significant development capacity, development activity within the proposed TIA has remained limited
- The 2025 Wilburton code amendments further enhanced development potential, yet permit and entitlement analysis shows minimal/no construction activity
- The "Unlock" portion of the model has been in place for up to eight years in Downtown and recently implemented in Wilburton, but has not been sufficient to attract private investment at the envisioned scale

**Conclusion:** Code amendments alone—while necessary—are insufficient to trigger the desired private development without the corresponding public infrastructure improvements.

### Finding 2: Development Consistent with Zoning and Development Standards

#### Evidence/Analysis:

The city's code amendments—the Downtown Livability Initiative (2017) and Wilburton Vision Implementation (2025)—have established the regulatory framework that permits the anticipated development. All private development projected to occur within the TIA will be subject to the city's standard entitlement process and compliance with applicable development standards.

**Conclusion:** The anticipated private development is fully consistent with and permitted under Bellevue's current zoning and development standards.

### Finding 3: Developer Validation and Economic Impact

#### Evidence/Analysis:

Direct consultation with property owners and developers within the TIA confirms that:

- Projects require the Grand Connection Crossing as a catalyst to justify pro forma assumptions and reduce perceived development risk
- Lease-up rates, rental premiums, and stabilization timelines are directly tied to the quality and completion of the Grand Connection Crossing

- Developers will move from "cautious to more aggressive investment timelines" once the city demonstrates a funding commitment to the Grand Connection Crossing

**Conclusion:** Private sector validation establishes that the Grand Connection Crossing is the critical "Attract" component that transforms development economics. Developers explicitly confirm their investment decisions and project timelines are contingent upon the funding and completion of Grand Connection Crossing.

#### Finding 4: TIF-Enabled Development vs. No TIF

##### Evidence/Analysis:

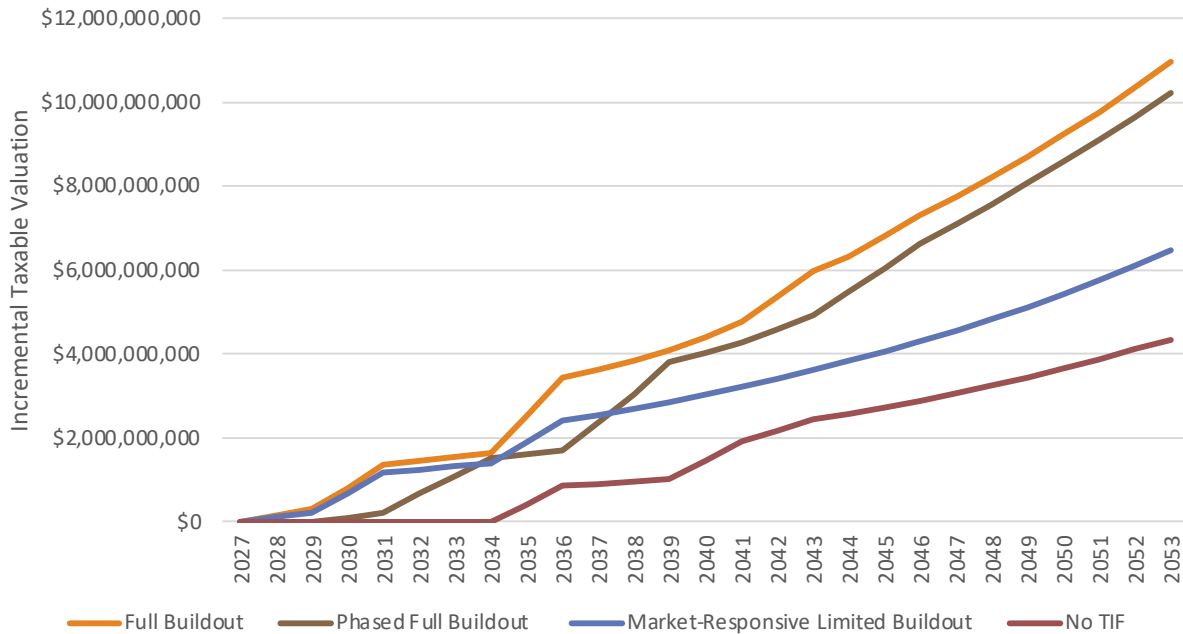
Notwithstanding the need and benefit of the Unlock and Attract approach, it is recognized that some form of private development, over a longer time frame, will occur without the Grand Connection Crossing.

The No TIF scenario reflects the city's conservative baseline, developed through two analytical approaches: (1) direct outreach to landowners and developers within the TIA and (2) review of historic permit activity and development timing. Under this scenario, the total development is expected to reach only about 42 percent of what could be achieved under the Full Buildout Scenario and 68% of the Market-Responsive Limited Buildout Scenario supported by the Grand Connection Crossing. Additionally, this more limited development is likely to occur over a longer timeframe, aligned with broader regional growth cycles rather than catalyzed investment from the infrastructure project.

The difference in development between the Market-Responsive Limited Buildout Scenario and a No TIF scenario, highlights the catalytic effect of the Grand Connection Crossing. Under the Market-Responsive Limited Buildout Scenario, approximately 6.5 million square feet of new development is anticipated — nearly 2.1 million square feet more than the 4.48 million square feet projected under the No TIF scenario.

This additional development is spread across all major use types, with the most significant increase in office space (705,000 square feet) and multifamily residential (1.23 million square feet). Retail development also sees a modest boost of 25,000 square feet. These differences underscore the importance of infrastructure improvements in unlocking development potential on key parcels within the TIA, particularly those requiring enhanced access or public-private coordination to proceed.

The figure below compares the amount of assessed valuation growth in both the TIF-enabled private development and no TIF scenarios.



**Figure 11: Taxable Real Property - TIF Enabled Scenarios compared to NO TIF Scenario**

Source: ECONorthwest calculations, 2026

The taxable assessed value under the Market-Responsive Limited Buildout Scenario is projected at approximately \$6.1 billion, compared to \$4.1 billion in the No TIF Scenario — a difference of \$2 billion by 2052. This differential reflects both a larger scale of development and a more accelerated timeline enabled by the Grand Connection Crossing. In the No TIF Scenario, fewer parcels are expected to redevelop, and those that do are assumed to be delivered later and at lower intensity due to lingering access or feasibility constraints.

By contrast, the Market-Responsive Limited Buildout Scenario assumes that public investment helps unlock redevelopment on key parcels — especially those publicly owned — resulting in earlier and denser absorption. This additional assessed value is a central justification for the TIF mechanism, as it represents increment that would likely not occur—or would be significantly delayed—without the Grand Connection Crossing.

This analysis demonstrates:

- Scale Differential: Without TIF, development reaches only 42% of the potential buildout capacity.
- Timeline Delay: Development is deferred into future market cycles, delaying project absorption.
- Assessed Value Impact: The No TIF scenario generates substantially lower increases in assessed value compared to the TIF-enabled scenarios presented in this report.
- Economic Acceleration: The Grand Connection Crossing acts as a catalytic investment, accelerating development and nearly doubling the scale of private investment compared to the No TIF baseline.

**Conclusion:** While some level of development may eventually occur without TIF, it represents only 42% of the potential full buildout and is significantly delayed. The pronounced differences in scale, timing, and assessed value growth provide a clear rationale for using TIF, consistent with Washington State law.

### **But-For Conclusion**

Based on the city's comprehensive analysis framework, the evidence clearly establishes that the proposed TIA satisfies Washington State's But-For-Requirement (specifically sections i, iii, & iv):

#### **Requirement (i): Public Improvements Expected to Encourage Development**

✓ **MET** - The Grand Connection Crossing serves as the "Attract" component of the city's model, functioning as an accelerant that reduces risk, increases returns, and shortens timelines for private development. Developer engagement confirms that the public improvements will encourage private investment.

#### **Requirement (ii): Permitted Consistent with Zoning and Development Standards**

✓ **MET** - The city's code amendments (Downtown Livability Initiative and Wilburton Vision Implementation) have established the regulatory framework that permits anticipated development. All projects will be subject to standard entitlement processes and compliance with applicable zoning and development standards.

### **Requirement (iii): Development Would Not Reasonably Be Expected Without Public Improvements**

✓ **MET** - Evidence demonstrates that:

- Code amendments alone (2017-2025) have not triggered development at the desired scale
- Absence of permits and entitlements despite favorable zoning confirms market gap
- Developer testimony establishes that projects are contingent on Grand Connection infrastructure
- While some baseline development may eventually occur, it will be substantially reduced in scale, timing, and quality without TIF

### **Requirement (iv): Increased Assessed Value Greater With Public Improvements**

✓ **MET** - This Report establishes that:

- Baseline assessed value increase without TIF will be significantly less than with the Grand Connection Crossing
- The public improvements generate incremental assessed value through accelerated timelines, increased scale, and enhanced project quality
- The tax increment generated represents significant "new" value that would not exist but-for the public investment

This analysis demonstrates that the Grand Connection Crossing is necessary to attract private investment at the scale, timing, and quality envisioned by the community. Tax increment financing represents the appropriate tool to bridge the gap between current market conditions and the city's urban transformation goals, ensuring that public tax dollars are used strategically and that the resulting tax base expansion benefits all stakeholders.

## Additional Incremental Taxes

Any city LTGO bonds issued for Grand Connection Crossing will be backed by the city's full faith and credit, meaning bondholders can make a legal claim against the general revenue of the city if a default occurs. However, the city can use any unrestricted revenue sources it has available to satisfy its debt obligations. Washington state tax policy has conditions that allow governments to grow their tax bases to collect additional revenues.

This relationship creates a mutually reinforcing benefit of housing and commercial development with additional tax revenues. New land development represents a direct financial investment in land preparation and building structures. Those structures, occupied by residential neighborhoods and businesses, increase the lands' productive economic capacity. That economic value generates taxable bases at the land, business operation, and transaction levels, represented in land value, retail sales, business income, etc. State tax policy allows government jurisdictions to tax these bases (subject to rate, annual increase and other limitations) to fund needed public services and infrastructure.

Outside of the TIF, allocations and the base value of property tax that would flow to TIF jurisdictions, the development, and occupation of buildings in the TIA will generate other incremental taxes to those jurisdictions. Tax revenues can be differentiated into three categories:

- One-time Revenues. These revenues are tied to construction. Specifically, they include the retail sales tax on construction (materials and labor), which is taxable under Washington state law.
- Recurring Revenues. These revenues are derived from the occupation of structures by residents and businesses. Specific revenues include retail sales tax, and utility taxes.
- Capital Restricted Revenues. These revenues are restricted to capital and include real estate excise taxes.

### **CITY OF BELLEVUE**

The City of Bellevue is the local service provider for police, public works, community development, parks, and other local services. To support these services, the city collects a range of general and restricted taxes, these include the following.

#### ***Sales & Use Taxes***

**Sales Tax** - Of the 10.6% sales tax currently collected in the city on general retail purchases, a 1% "local" share of the tax accrues to local jurisdictions. The city receives 85% of the 1% local tax and King County gets 15%. This tax is levied on businesses in

the area, and on construction activity and some transactions related to housing and business, such as certain online purchases and the delivery of personal and commercial goods. The current rate accruing to the city for the local option is 0.85%. The incremental growth of this revenue is based on pro-rata population growth in the TIF development. The city also receives a population pro rata share of 90% of the city allocation of King County's 0.1% criminal justice sales tax. Increase in the criminal justice tax is modeled on net increases in population due to development.

The sales tax relies on estimates of new construction value and consumer taxable retail sales spending. These assumptions are driven by valuation and use assumptions in the development program detailed below.

### ***Utility Taxes***

The city imposes utility taxes on the gross receipts of various utility services, including electricity, water, wastewater, solid waste, telecommunications, cable, and natural gas. For this analysis, current city tax rates were applied to estimate revenues based on a generalized productivity factor for utility expenditures per resident and employee. The following utility tax rates were used:

- Natural Gas Distribution: 5.0%
- Water Distribution: 10.4%
- Electric (Light and Power): 5.0%
- Wastewater (Sewerage System): 5.0%
- Solid Waste Collection: 4.5%
- Cable Television Service: 4.8%
- Telephone Service (Landline): 6.0%
- Cellular Telephone Service: 6.0%

These rates reflect the most recent utility business tax schedule adopted by the city.

### ***Business and Occupations Taxes***

To estimate potential revenue from Bellevue's Business and Occupation (B&O) tax, the analysis applies a simplified gross receipts tax model using a uniform tax rate of 0.1596%, which reflects the City of Bellevue's rate on service-based businesses. Although Bellevue's actual B&O tax structure includes rate tiers by business classification, this single rate is used for modeling purposes to provide a generalizable estimate of potential revenue growth attributable to development within the Tax Increment Area (TIA).

Gross business income is modeled as a function of employment growth associated with new development. Specifically, the analysis assumes an average gross business income of \$90,000 per employee, based on industry benchmarks and city-level business data. This per-employee income assumption is multiplied by the estimated

number of new jobs generated from office and retail development under each scenario to estimate total gross receipts, which are then taxed at the 0.1596% rate.

This approach provides a consistent and transparent method for estimating the order-of-magnitude B&O tax revenue impacts of different development scenarios, while recognizing that actual collections will vary based on the mix of business types, exemptions, and credits applied over time.

### ***Real Estate Excise Tax (REET)***

Real estate transactions are subject to a 0.5% on the value of the transaction. REET revenues are placed in the capital restricted funds to finance capital projects. REET revenues are uncertain given volatility in the real estate market. Since REET is based on the total value of real estate transactions each year, the amount of REET revenues the city receives can vary substantially from year to year based on the normal fluctuations in the real estate market. During years when the real estate market is active, revenues are higher, and during softer real estate markets, revenues are lower.

### ***Summary of Additional City Tax Results***

Based on the approximate timing of the new development within the TIA, the additional taxes the city and King County would receive are identified below. These tables represent a 25-year cash flow of incremental tax revenues to the city and County in 2025 dollars (e.g., all future tax revenues have been discounted at 4.5% back to 2025 values). Nominal values are also provided.

The projected incremental non-property tax revenues total approximately \$135.8 million in present value and \$246.0 million in nominal terms over the life of the TIA. The largest source is sales tax on construction, contributing \$39.5 million in present value, followed by ongoing B&O tax at \$36.3 million. Utility taxes contribute \$25.5 million (present value), while ongoing sales tax adds another \$14.2 million (present value), and REET contributes \$12.8 million (present value). B&O tax on construction adds \$7.4 million (present value). Together, these revenues represent an important complementary funding stream to support infrastructure investments beyond what is generated through TIF.

	Incremental Taxes	
	Present Value	Nominal Value
Sales Tax on Construction	\$39,500,000	\$55,430,000
Ongoing Sales Tax	\$14,240,000	\$31,570,000
B&O on Construction	\$7,440,000	\$10,440,000
Ongoing B&O Tax	\$36,340,000	\$76,900,000
Utility Taxes	\$25,510,000	\$51,219,000
REET	\$12,780,000	\$20,480,000
<b>Total Incremental Revenues</b>	<b>\$135,800,000</b>	<b>\$246,039,000</b>

**Table 22: Additional City Taxes (Market-Responsive Limited Buildout Scenario)**

*Source: ECONorthwest calculations, 2025*

## KING COUNTY

King County applies several local option sales taxes authorized under state law to fund specific countywide programs and services. These include:

- A 0.1% Criminal Justice sales tax, which supports public safety and criminal justice services across the county and its cities.
- A 0.9% Transit sales tax, which is the largest component and helps fund Metro transit operations, maintenance, and expansion.
- A 0.1% Mental Health and Drug Services tax, which supports behavioral health, treatment, and recovery services.
- A 0.1% Cultural Access tax, which provides funding for arts, heritage, and cultural organizations throughout the county.

These tax rates are additive to the state sales tax and are applied uniformly throughout King County. Each tax is authorized under a separate provision of state law and is earmarked for its respective purpose.

### Summary of Additional County Tax Results

King County benefits significantly from construction and building-related activity because several of its key funding sources — particularly for transit operations and social services — are tied directly to sales tax revenues. As construction generates substantial taxable sales of materials and contractor services, increased building activity directly boosts revenue for Metro transit, behavioral health programs, and criminal justice services, all of which rely on dedicated local sales tax levies authorized by the state. This makes construction a particularly important economic driver for the County’s general fund and service delivery capacity.

The projected incremental sales tax revenues (present value) from Grand Connection Crossing-related development total between \$68.5 million and \$119.4 million in nominal terms. The majority of this revenue is allocated to METRO Transit, reflecting

the significant share of the 0.9% transit sales tax. The remaining revenues are split evenly across Criminal Justice, Mental Health and Drug Services, and Cultural Access, each generating approximately \$5.7 million over the life of the project. These

revenues illustrate how King County’s voter-approved sales tax programs benefit directly from new construction and development activity within the TIA.

	Incremental Taxes	
	Present Value	Nominal Value
Criminal Justice	\$5,710,000	\$9,950,000
METRO Transit	\$51,400,000	\$89,540,000
Mental Health and Drug Services	\$5,710,000	\$9,950,000
Cultural Access	\$5,710,000	\$9,950,000
<b>Total Incremental Revenues</b>	<b>\$68,530,000</b>	<b>\$119,390,000</b>

**Table 23: Additional County Taxes (Market-Responsive Limited Buildout Scenario)**

*Source: ECONorthwest calculations, 2025*

## Jobs Analysis

The job analysis considers two sources of employment tied to the TIA. First, the construction of private development will create jobs in the construction industry. These jobs will occur during the construction and are therefore “one-time” events. Once the buildings are constructed, commercial-oriented buildings will be used for commercial purposes. These jobs are “ongoing”, meaning they are permanent on the condition of occupation within the TIA. The following sections summarize these job estimates, and the methods used to derive them.

### Construction Employment

Construction of the development over the anticipated build-out period would create temporary construction jobs within the region and State. The jobs estimated in the table below and are derived by using the 2025 value of construction investment for the private development scenarios and interpolating them into the Washington State Office of Financial Management’s Input/Output model.

The model relates spending in an industry sector to the number of jobs directly supported by that same investment. While the model estimates the number of jobs generated in the state of Washington, it is likely that most of these workers would come from the immediate region. The region is rapidly growing in population, such that many of the jobs created would be additive to existing jobs within the region. Ultimately, the income earned by workers would bring additional spending to the city that would not have otherwise occurred.

ECONorthwest estimated the total number of construction jobs based on the spending by scenario. The number of jobs at any given time would vary depending on the timing and scale of development. As expected, the scale of the investment in the Full Buildout Scenario produces the largest amount of construction jobs, in this case, 16,800 construction jobs.

Scenario	Construction Jobs
Full Buildout	16,800
Phased Full Buildout	16,800
Market-Responsive Limited Buildout	10,100

**Table 24: Construction Jobs**

*Source: ECONorthwest calculations and OFM Input/Output Model, 2025*

## Ongoing Employment

Based on the types of uses and square feet of building area, ECONorthwest estimated the potential number of jobs the development would support when built. These numbers are derived from the ratio estimate of building area to number of employees. The U.S. Energy Information Administration releases data from the 2018 Commercial Buildings Energy Consumption Survey (CBECS) that provides building characteristics information for commercial buildings in 2018 in the U.S. (the latest year of data). The data contain the average building square foot per worker by building use. Using the amount of planned development square footage by building use at full buildout of the scenarios, these ratios can be applied (less a vacancy rate of 5%) to estimate the number of ongoing jobs.

<b>Employment Uses</b>	<b>Full Buildout (and Phased)</b>	<b>Market-Responsive Limited Buildout</b>
Office	17,000	9,260
Retail and Food & Beverage	80	80
Convention	150	0
<b>Total Jobs</b>	<b>17,230</b>	<b>9,340</b>

**Table 25: Ongoing Jobs**

*Source: 2018 CBECS, Table B1. Summary table: total and means of floorspace, number of workers, and hours of operation, 2018 (Release date: September 2021)*

## Impact Assessment and Mitigation

Affordable Housing: No residential housing will be displaced from the envisioned development. It is expected that as additional market rate and affordable housing is built, demand will be lowered, and housing costs will be reduced over the long-term and become more affordable. The increased number of housing units from development within the TIA will help house a growing population base, meeting the demand with supply. Without additional housing in Bellevue, affordability will only become increasingly challenging.

Local Business Community: In addition to the new residents, 9,340 ongoing jobs will be created based on the Market-Responsive Limited Buildout Scenario. Likewise, 10,100 construction jobs will be introduced in private construction investment for development (Market-Responsive Limited Buildout Scenario). These new jobs supported by significant private investment will benefit other businesses in the city as well as the surrounding jurisdictions.

Local School District: The Bellevue School District's property tax levies (enrichment, capital, and bond) are excluded from TIF under the law. The increased assessed values generated in the TIA will operate to lower the rate per thousand of assessed value of levies imposed by the district. School district Enrichment and Capital Levies are excess levies, and the districts periodically ask voters to maintain existing levels of purchasing power via voted ballots. Bond levies ask voters to approve bonds to expand or improve their facilities and to approve excess property tax levies as necessary to pay debt service on the bonds. The effect of growth in the tax base coming from TIF will have two implications. First, it increases the tax base of the district, meaning that lower overall tax rates (per thousand of AV) are needed to fund a similar level of service. Second, it increases the proportion of the tax base that is commercial which leverages the relative voting power of residential households to support school expenditures backed by these excess levies (voter approved or otherwise).

Local Fire/EMS Service & Public Hospital District:

Under RCW 39.114, a mitigation plan is required only if the TIA is expected to affect 20% or more of the assessed value of a public hospital district, regional fire protection district, or EMS district. Based on County assessment data, the total assessed value supporting the King County EMS levy and the County hospital levy is approximately \$873,376,861,846. The assessed value within the proposed TIA is \$489,463,600, which represents approximately 0.056% of the total Countywide assessed value supporting those levies. This is far below the 20% statutory threshold

that would trigger a mitigation requirement. Because the proportion of the Countywide EMS levy base affected by the TIA is so small, no mitigation plan is required for the King County EMS district.

With respect to the King County hospital levy, the statute distinguishes between public hospital districts and other hospital service providers. The King County hospital levy is a Countywide levy (renovation of Harborview Medical Center) rather than a standalone public hospital district, and therefore the statutory mitigation requirement in RCW 39.114.020(5)(a) does not apply in the same manner. Nevertheless, the relative impact of the TIA is extremely small, again approximately 0.056% of the Countywide assessed value, and therefore does not materially affect the County hospital levy or associated services. Accordingly, no mitigation plan is necessary.

Finally, mitigation provisions related to regional fire protection districts do not apply in this case. Local fire and emergency response services within the TIA are provided directly by the City of Bellevue rather than by a fire district, and therefore there is no regional fire protection district impacted by the proposed TIA.

# Risk Assessment and Mitigation Plan

## Overview

As identified in the Introduction of this analysis, TIF is a powerful economic development tool to finance public improvements that catalyze private development. However, as with any financing mechanism that relies on projected future growth, TIF involves inherent risks that must be carefully assessed and mitigated. This Risk Assessment and Mitigation Plan identifies potential risks associated with the proposed TIA, quantifies the city's exposure to fund the Grand Connection Crossing, and establishes a comprehensive, multi-layered mitigation framework to protect the city's financial position and ensure successful project delivery.

The city faces four primary risk categories:

- (1) Private Development Underperformance - development may not occur as projected, may occur slower than anticipated, at reduced scale, or with different product types than expected;
- (2) Public Improvement Cost Escalation - construction costs may exceed planning-level estimates due to inflation, design changes, unforeseen conditions, or permit delays;
- (3) Revenue Generation Shortfalls - TIF revenues may fall short even if development occurs, due to lower assessed values, multi-family tax exemptions, lower levy rates, or policy changes; and,
- (4) External Economic Factors - broader conditions including recession, rising interest rates, market demand shifts, or legislative changes may compound impacts on both development and revenues.

Additionally, the city faces various secondary risks, including permit delays for both the Grand Connection Crossing and private development projects, construction schedule impacts, assessed value variances from County Assessor determinations, interest rate volatility, and potential changes to TIF legislation or levy rates within the TIA.

## Development Sensitivity Analysis

To understand the range of potential fiscal outcomes and inform mitigation planning, the city has analyzed four development scenarios: (1) Full Buildout; (2) Phased Full Buildout; and, (3) Market-Responsive Limited Buildout. The Market-Responsive Limited Buildout Scenario has been selected as the most likely private development scenario to occur. This sensitivity analysis demonstrates that the even under the Market-Responsive Limited Buildout Scenario, the TIA generates sufficient revenues to support the city's targeted contribution to Grand Connection Crossing debt service, provided the mitigation strategies are deployed as outlined below.

## **Financial Exposure and Obligations**

Under the Market-Responsive Limited Buildout Scenario, the TIA is projected to generate approximately \$84.4 million (nominal value) in tax increment revenues over the 25-year TIA period (2027-2052). The city plans to issue three series of LTGO bonds totaling \$230 million: \$75 million in 2026, \$80 million in 2027, and \$75 million in 2028 totaling \$353.6 million in principal and interest payments. TIF revenues will support approximately 24 percent of the total Grand Connection Crossing debt service, with other funding sources (Transportation Benefit District, philanthropic contributions, & dedicated city funds) covering the remaining amount.

The city will be required to meet debt service requirements for all three bond series regardless of TIF revenue generation. TIF revenues reduce the reliance of other funding sources and the city's General Fund exposure but do not eliminate the underlying debt service obligation.

## **Comprehensive Five-Level Mitigation Framework**

The city has developed a prioritized, five-level mitigation framework providing financial protection and operational flexibility to address revenue-debt gaps, particularly in the early years before private development stabilizes.

### Level 1: Structural Debt Management

**Strategic Debt Issuance Timing:** The city will apply TIF allocation revenues only to the 2028 bond series (\$75M), while funding debt service for the 2026 and 2027 series through non-TIF sources. This approach reduces early-year exposure when private development is just beginning and TIF revenues are lowest.

**Interest-Only Structure (Years 1-5):** The city may structure each bond series with interest-only payments during the first five years, transitioning to principal and interest payments in years 6-25. This better aligns early debt service with initial TIF revenue generation, mitigates revenue risk during the development stabilization period, and accommodates multi-family tax exemption impacts on early revenues. The trade-off is higher principal and interest payments in later years and increased total interest cost, but this is offset by stronger revenue projections in the out-years as development matures.

Switching to interest-only payments for the first five years of each bond issuance provides the city with greater flexibility during the early implementation phase of the Grand Connection Crossing. Between 2026 and 2030, annual debt service remains relatively low—ranging from \$3.4 million to \$10.4 million—before increasing in later years as principal repayment begins. This structure allows the city to reduce upfront budget pressures and better align debt obligations with the expected timing of development and revenue generation within the TIA, particularly

in the early years when TIF revenues are projected to be minimal due to delayed development and MFTE-related tax exemptions.

Beginning in 2031, annual debt service increases significantly as full principal and interest payments come due, peaking at approximately \$21.4 million per year from 2033 through 2044. This backloaded structure ensures that the largest payments occur when new development is largely complete and taxable values are at their highest. While this strategy raises total borrowing costs—cumulative principal and interest increase from \$353.6 million to \$372.1 million—it helps the city manage risk and cash flow in the near term. Overall, the interest-only period supports smoother financial implementation while maintaining long-term affordability.

Year	Issue 1	Issue 2	Issue 3	Issue 4	Combined Debt
2026	\$3,375,000				\$3,375,000
2027	\$3,375,000	\$3,600,000			\$6,975,000
2028	\$3,375,000	\$3,600,000	\$3,375,000		\$10,350,000
2029	\$3,375,000	\$3,600,000	\$3,375,000		\$10,350,000
2030	\$3,375,000	\$3,600,000	\$3,375,000		\$10,350,000
2031	\$6,983,536	\$3,600,000	\$3,375,000		\$13,958,536
2032	\$6,983,536	\$7,449,105	\$3,375,000		\$17,807,640
2033	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2034	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2035	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2036	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2037	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2038	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2039	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2040	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2041	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2042	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2043	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2044	\$6,983,536	\$7,449,105	\$6,983,536		\$21,416,176
2045	\$6,682,809	\$7,449,105	\$6,983,536		\$21,115,449
2046		\$7,128,330	\$6,983,536		\$14,111,865
2047			\$6,682,809		\$6,682,809
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
<b>Total P&amp;I</b>	<b>\$121,327,308</b>	<b>\$129,415,795</b>	<b>\$121,327,308</b>		<b>\$372,070,410</b>

**Table 26: Debt Service - Interest Only**  
*Source: ECONorthwest calculations, 2025*

Interfund Loans: The city maintains approximately \$158 million (2026 Budgeted) in available reserves that can be deployed as interfund loans to cover any gap between TIF revenues and assigned Grand Connection Crossing debt service. Loans can be provided on an interest-bearing basis with repayment scheduled as TIF revenues exceed annual debt allocation, ensuring minimal impact on the city's General Fund operations or other capital programs.

#### Level 2: Additional Incremental General Revenue Deployment

Private development within the TIA generates not only TIF-captured property tax increment but also additional incremental revenues from city sales tax on construction and from new commercial activity, business & occupation (B&O) tax from new businesses, utility taxes and real estate excise tax (REET). Based on the Market-Responsive Limited Buildout Scenario, the city will receive approximately \$146.0 million (nominal value) in additional incremental revenues over the 25-year TIA term. The deployment strategy reserves 70% of incremental revenues for operating cost increases associated with new development (police, fire, parks, etc.), excludes restricted revenues (e.g., criminal justice sales tax, REET), and deploys the remaining 30% (approximately \$43.8 million) to cover TIF revenue shortfalls if Level 1 mitigation proves insufficient.

Year	Market-Responsive Limited Buildout with Taxes					
	Tier 1 TIF Funding	Additional Tax Share (30%)	TIF Debt Service	Other Tier 1, Tier 2 and 3 Funding	Cumulative Surplus (Shortfall)	TIF Debt Service Coverage
2026	\$0	\$0	\$5,765,711	\$5,765,711	\$0	0.00
2027	\$0	\$552,000	\$11,915,802	\$11,363,802	\$0	0.05
2028	\$0	\$781,500	\$17,681,513	\$16,900,013	\$0	0.04
2029	\$249,000	\$2,946,000	\$17,681,513	\$14,486,513	\$0	0.18
2030	\$495,000	\$3,779,700	\$17,681,513	\$13,406,813	\$0	0.24
2031	\$1,474,000	\$1,352,400	\$17,681,513	\$14,855,113	\$0	0.16
2032	\$2,447,000	\$773,400	\$17,681,513	\$14,461,113	\$0	0.18
2033	\$2,475,000	\$788,400	\$17,681,513	\$14,418,113	\$0	0.18
2034	\$2,503,000	\$3,005,400	\$17,681,513	\$12,173,113	\$0	0.31
2035	\$2,533,000	\$3,764,400	\$17,681,513	\$11,384,113	\$0	0.36
2036	\$3,244,000	\$1,733,400	\$17,681,513	\$12,704,113	\$0	0.28
2037	\$3,953,000	\$1,301,400	\$17,681,513	\$12,427,113	\$0	0.30
2038	\$4,000,000	\$1,322,400	\$17,681,513	\$12,359,113	\$0	0.30
2039	\$4,044,000	\$1,349,400	\$17,681,513	\$12,288,113	\$0	0.31
2040	\$4,093,000	\$1,376,400	\$17,681,513	\$12,212,113	\$0	0.31
2041	\$4,139,000	\$1,403,400	\$17,681,513	\$12,139,113	\$0	0.31
2042	\$4,187,000	\$1,433,400	\$17,681,513	\$12,061,113	\$0	0.32
2043	\$4,236,000	\$1,463,400	\$17,681,513	\$11,982,113	\$0	0.32
2044	\$4,284,000	\$1,493,400	\$17,681,513	\$11,904,113	\$0	0.33
2045	\$4,333,000	\$1,526,400	\$17,681,513	\$11,822,113	\$0	0.33
2046	\$4,384,000	\$1,556,400	\$11,915,802	\$5,975,402	\$0	0.50
2047	\$4,434,000	\$1,592,400	\$5,765,711	\$0	\$0	1.05
2048	\$4,484,000	\$1,625,400	\$0	\$0	\$0	0.00
2049	\$4,536,000	\$1,661,400	\$0	\$0	\$0	0.00
2050	\$4,587,000	\$1,700,400	\$0	\$0	\$0	0.00
2051	\$4,640,000	\$1,739,400	\$0	\$0	\$0	0.00
2052	\$4,693,000	\$1,775,400	\$0	\$0	\$0	0.00
Total	\$84,447,000	\$43,797,000	\$353,630,264	\$257,088,953		

**Table 27: Debt Service Performance Market-Responsive Limited Buildout Scenario with 30% Incremental**

*Source: ECONorthwest calculations, 2025*

Including incremental taxes in the funding strategy significantly improves the city's ability to meet debt service obligations for the Grand Connection Crossing, especially during the early and middle years of repayment when Tax Increment Financing (TIF) revenues alone are insufficient. In this scenario, the city allocates 30% of its incremental tax revenues (e.g., sales tax, B&O tax, REET, and utility taxes) toward covering debt service. Over the 25-year period, this contribution totals approximately \$43.8 million, providing critical support to help close funding gaps and reduce reliance on Tier 2 and Tier 3 sources.

The addition of tax revenues materially increases TIF debt coverage. The combination of TIF revenues and the additional tax revenues allows the city to eliminate shortfalls in nearly every year of the repayment period. By 2047, total combined contributions are sufficient to fully cover annual debt service, and from 2048 onward, both TIF and the additional tax revenues exceed obligations, creating a financial surplus. This approach provides the city with greater certainty, reduces risk exposure, and strengthens the overall financing strategy for this transformative infrastructure investment.

### Level 3: Additional Transportation Benefit District Funding

The Bellevue City Council approved a Transportation Benefit District (TBD) in 2023. The city's current plan is to activate this previously approved TBD to fund approximately 40 percent (approximately \$141.4 million) of the Grand Connection Crossing total cost (principal and interest associated with debt issuance). The remaining sources of funds would be from Tier 2 funding sources (philanthropic-private funds and dedicated/specific funds of the city) representing approximately 36 percent of the total Grand Connect Crossing cost (approximately \$127.8 million). TIF would support the remaining amount 24 percent of the total costs (\$84.4 million).

In the event that TIF or other Tier 2 funding sources are less than expected, the city has additional capacity within the TBD—approximately 50 percent more or \$121 million over a 20-year period—that it could exercise if necessary. This provides a substantial financial backstop using a dedicated transportation funding source appropriate for the Grand Connection Crossing, with the Council retaining policy flexibility on timing and level. The consideration is that activating additional TBD capacity beyond what is currently planned increases the tax burden and should be reserved for significant revenue gaps requiring Council policy decisions that balance debt service needs with taxpayer impact.

### Level 4: Reserve Funds and Capital Project Reprioritization

The city maintains multiple fund reserves identified in the State Audit Report Summary in Appendices) totaling \$158 million (budgeted in 2026) that could support debt service if initial mitigation levels prove insufficient. Deployment will maintain minimum reserve requirements established by city policy, prioritize reserves least critical to ongoing operations, require Council approval above specified thresholds, and include repayment plans from future TIF or other revenues. Additionally, if necessary, the city may reprioritize planned capital expenditures to redirect resources toward the Grand Connection Crossing debt service through annual capital improvement plan reviews that identify lower-priority projects for delay or scope reduction based on community needs assessment and Council approval.

## Level 5: Enhanced Revenue Authority

The Bellevue City Council has established banked levy capacity that could be activated if needed, providing additional revenue up to \$134.5 million over a 20-year period if approved by the City Council. Additionally, the city council could increase the B&O tax rate to support the Grand Connection Crossing debt service, with potential revenue of up to \$154 million over 20 years. Together, these strategies provide up to \$2.8 million in additional annual revenue capacity. However, this level should be reserved for significant, sustained revenue gaps as it increases tax burden on citywide taxpayers or businesses, requires careful policy competitive impacts (B&O) and taxpayer burden (property tax), and should be deployed as a last resort after all other mitigation levels have been exhausted.

### **Financial Mitigation Framework Summary**

Depending on the actual revenue-debt gap, the city has multiple levels of mitigation identified above to satisfy its debt obligations associated with the assigned revenues to support a portion of the debt for the Grand Connection Crossing if private development does not occur as expected in accordance with the Market-Responsive Limited Buildout Scenario or construction cost increase for the project.

### **Private Development Mitigation Strategies**

Beyond financial mitigation, the city has developed strategies to reduce the likelihood of private development underperformance. The city may pursue development agreements as authorized by RCW 36.70B.170, or other contractual agreements with owners/developers of key development sites within the TIA to establish predictable development timelines and standards, provide mutual commitments regarding development milestones, and clarify roles and responsibilities with respect to infrastructure and facilities. Agreements of this nature are voluntary and may help reduce uncertainty about development timing and scale, clarify public and private obligations with respect to with development milestones, provide early warning if development plans change, and creates a framework for addressing unforeseen challenges collaboratively and efficiently.

The city will also conduct ongoing market monitoring of development activity and permit applications within the TIA, real estate market conditions (office, retail, residential), developer interest and site acquisition activity, and comparable development activity in Eastside markets. This enables proactive adjustments to mitigation strategies, debt issuance timing, or public improvement phasing based on real-time market intelligence.

## **Public Improvement Cost Containment**

Beyond mitigating revenue and private development risks, the city will actively manage public improvement costs to reduce the likelihood of cost escalation. The Grand Connection Crossing cost estimates included in this analysis include industry-standard unit costs, significant contingency allowances to buffer construction market volatility, and escalation factors for inflation over the multi-year construction period. Construction costs will be further refined prior to the issuance of any debt.

The city will use a GC/CM alternative delivery method for the Grand Connection Crossing, which provides early contractor involvement in design and cost estimating, collaborative approach to value engineering and cost optimization, transparent cost tracking throughout design and construction, flexibility to adjust scope or phasing based on budget constraints, and risk sharing between city and contractor.

## **Secondary Risk Management**

The city addresses secondary risks—including permit delays for both private and public projects, economic slowdown or recession, assessed value variances from County determinations, interest rate volatility affecting borrowing costs, construction delays due to weather, legislative changes modifying TIF structures, and lower levy rates than anticipated—through conservative development and revenue projections, prudent fiscal management, experienced project management and adaptive implementation. The city will continue these practices throughout TIA implementation and Grand Connection delivery, ensuring responsible management of taxpayer resources and successful project outcomes.

## **Conclusion: A Robust Risk Management Framework**

The city has developed a comprehensive, multi-layered approach to identifying and mitigating risks associated with the formation of a TIA and the Grand Connection Crossing project. Four primary risk categories and multiple secondary risks have been systematically identified and analyzed. Four development scenarios quantify the range of potential outcomes and inform mitigation planning. Five levels of financial mitigation provide significant revenue capacity to address revenue-debt gaps. Proven project delivery methods will manage public improvement costs. And an ongoing monitoring and flexible response framework addresses unforeseen challenges.

This framework reflects the city's commitment to responsible financial stewardship while pursuing transformative economic development and infrastructure improvements. By proactively identifying risks, quantifying exposure, and establishing comprehensive mitigation measures, the city protects taxpayers, maintains financial stability, and positions the TIA for successful implementation. The mitigation framework provides substantial capacity exceeding plausible

revenue gaps under reasonable scenarios, while preserving flexibility to respond to changing conditions. This approach enables the city to pursue the significant public benefits of the Grand Connection Crossing and associated private development with appropriate risk management and fiscal responsibility.

## **Next Steps**

There are a number of actions that will occur before the Bellevue City Council formally considers the formation of a TIA. First, is to receive and review feedback offered by the Office of the State Treasurer related to this Project Analysis. Second, based on any feedback, the TIF team will evaluate and make appropriate adjustments to the proposed TIF program. Third, is to identify which taxing districts will participate in the TIA and then to reach formal agreements with those taxing districts prior to the adoption of any TIA ordinance. Fourth, is to conduct two separate public briefings on the proposed TIA and provide formal notice in the local newspaper. There are also a number of planning, engineering, finance, and legal activities that will occur to advance the proposed public improvements and private development.

Below is summary of the remaining actions:

- A.** Continue Opt-In Discussions & Agreements with Taxing Districts
- B.** Two Public Briefings
- C.** TIA Ordinance Development/Presentation/Discussion with City Council
- D.** City Council Consideration of TIA Ordinance

## Schedule

<b>Analysis &amp; Planning</b>	
Conduct Preliminary TIA Assessment (Step 1)	July - October, 2025
Conduct Early Outreach With Taxing Districts	September - October 2025
Notice of Intent to Taxing Districts	10/16/25
Complete Project Analysis (Step 2)	November - January 2026
<b>Outreach &amp; Review</b>	
Submit Project Analysis to OST for 90-day Review	1/14/26
Submit Project Analysis to Taxing Districts for Review	1/14/26
Continue Outreach With Taxing Districts	November - April 2026
OST Review Period Expires	4/14/26
<b>Taxing Districts Opt-In Process/Agreement</b>	
Discuss Preliminary TIF Assessment with Taxing Districts and Opt-in Process	November - December 2025
Discuss Project Analysis with Taxing Districts and Create Specific Opt-in Approval Proces for each District	January - March 2026
Finalize District Opt-in Agreements Prior to TIA Formation	April - May 2026
<b>TIA Adoption Formation</b>	
City Council TIF Briefing	To be determined
Present OST Comments to City Council	April - May 2026
1st Public Briefing	April - May 2026
2nd Public Briefing	April - May 2026
City Council Work Session - TIA Formation Ordinance Review	April - May 2026
Council to Consider Adoption of TIA Ordinance	5/19/26
<b>Implementation</b>	
Execute Developer Agreements as Warranted	2026 onward
Evaluate Development Readiness/Market Conditions	2026-2028
Implement/Approve Project Funding Sources	2025-2026
Issue Debt and/or Construct Improvements	2026-2028
Monitor Development Activity and TIF Resources	2026 onward

**Figure 12: Schedule**  
*Stowe Development & Strategies, 2026*

## Findings | Bottom Line

The envisioned private development within the proposed TIA would not be viable without the city's intervention to fund the Grand Connection Crossing. The city has demonstrated a strong nexus between anticipated private development and the Grand Connection Crossing.

There are no anticipated negative impacts on affordable housing, the local business community, the local school district, and the local taxing districts.

Based on all of the above findings and information contained in this Project Analysis, the City of Bellevue's proposed TIA meet both the spirit and the letter of Washington State's TIF Act.

# APPENDICES

- State Audit Report Summary
- Consultant Team Bios



# State Audit Report Summary

**City of Bellevue, WA**  
**Available Funds for Debt Service**  
**5-year Table**

	<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Actual 2023</b>	<b>Actual 2024</b>	<b>Actual and Estimated 2025</b>	<b>Budgeted 2026</b>
Beginning Cash Available for Debt Service	120,052,000	136,160,000	144,305,000	136,174,000	131,392,000	166,780,000
Operating Revenue Available for Debt Service						
Operating Revenue	273,966,000	292,433,000	317,788,000	323,649,000	340,105,000	392,578,000
Operating Expenditures	(251,044,000)	(267,141,000)	(302,829,000)	(330,112,000)	(319,280,000)	(374,862,000)
Operating Income (Loss)	22,922,000	25,292,000	14,959,000	(6,463,000)	20,825,000	17,716,000
Total Revenue Available for Debt Service	142,974,000	161,452,000	159,264,000	129,711,000	152,217,000	184,496,000
Debt Service (General Obligation)	(24,660,867)	(21,095,336)	(23,085,833)	(27,764,902)	(29,951,536)	(29,955,390)
Other inflows (outflows)	6,173,000	(8,531,000)	2,430,000	5,793,000	3,000,000	3,500,000
<b>Ending Available Cash Balance</b>	<b>124,486,133</b>	<b>131,825,664</b>	<b>138,608,167</b>	<b>107,739,098</b>	<b>125,265,464</b>	<b>158,040,610</b>

**Figure 13: Available Funds for Debt Service**  
*City of Bellevue, 2026*

# Consultant Team Bios

## Bob Stowe - Principal



Bob Stowe is the principal and founder of Stowe Development & Strategies — a company he formed in 2016 to help public sector clients succeed with their economic and community development interests. With 38 years of experience in progressive community transformations, Bob is one of the Northwest’s most innovative and entrepreneurial real estate and community developers. He uses sound long- range fiscal planning skills and has achieved enviable results in leading redevelopment efforts from the dream stage to construction. This is true for projects large and small, straightforward and complex.

Bob’s understanding and experience with tax increment financing, master plan development, transit oriented development, placemaking, negotiation of purchase and sale agreements, development agreements, public benefit agreements, and his ability to create public private partnerships make him an ideal public sector development partner.

Bob has been responsible for leading, managing, coordinating, and implementing a wide variety of complex and multi-faceted projects including, downtown revitalization plans, civic center plans and development, master plans, public-private partnerships, and transit-oriented developments to name a few.

Bob was the City Manager for the City of Bothell, Washington from 2005 to 2016 where he was the architect and leader of Washington’s largest and most successful publicly-led downtown revitalization. Under Bob’s leadership, this project utilized a Local Infrastructure Financing Tool award (AKA TIF light) as part of the funding package that stimulated private investment of over \$300 million; a very big step in achieving the City’s 25-year goal of \$650 million. The fact that nearly half that goal was reached in just a few years, during the Great Recession, and with leverage from public/private collaboration, made it all the more remarkable.

Bob guided the development of approximately \$150 million in public sector improvements (relocation of a state highway, creation of new streets, storm water system, parks, environmental clean-up, etc.) identified as necessary to achieve the revitalization vision. The massive public development plan and schedule also needed to align with private sector purchase of surplus land from the City, environmental remediation, public streets to be developed by the private sector, and on-site mixed-use development. Precise scheduling, communication and the ability to respond to changing conditions were skills that Bob successfully delivered on this project.

Before arriving in Bothell, Bob was the City Manager for the City of Mill Creek for nine years and helped lead development of the award-winning Mill Creek Town Center in the early 2000s. His first downtown transformation project began with the revitalization of Downtown Dayton, Washington in the late 1980s.

The hallmark of Bob’s effort is his commitment to create well designed and environmentally sustainable places where people want to live, work, and come together to celebrate. Bob has tackled the most difficult and complex projects, achieving the redevelopment and economic dreams of several communities with his failure is not an option approach.

### EDUCATION

- MBA, Albers School of Business & Economics, Seattle University (with honors).
- BA, Urban and Regional Planning, Eastern Washington University.

## Morgan Shook - Director/Partner



Morgan Shook is a Senior Policy and Economic Analyst working in real estate, land use, and transportation economics, and finance. He has deep expertise in economic, market and financial analytics that he brought to bear in business, enterprise, and policy settings.

Morgan has worked for a range of government, business, and non-profit clients to advance their missions that in diverse set areas and topics.

Morgan has worked on every form of tax increment financing in Washington including Community Revitalization Financing, Local Infrastructure Financing Tool, Local Revitalization Financing LRF, Landscape Conservation and Local Infrastructure Program, as well as the recently passed Tax Increment Financing bill in the 2021 legislative session.

Before joining ECONorthwest, Morgan worked in biotechnology development at the Institute for Systems Biology, and health disparities research at the University of Chicago. Morgan recently served on the Seattle Planning Commission.

### EDUCATION

- M.U.R.P., Portland State University
- B.S. Molecular Biology, University of Puget Sound
- Certificate in Commercial Real Estate Development, University of Washington Extension

### Areas of Expertise

- Economic Development
- Affordable Housing
- Land Use Planning
- Market & Feasibility Analysis
- Infrastructure & Finance Funding
- Transit-Oriented Development

Prepared by:

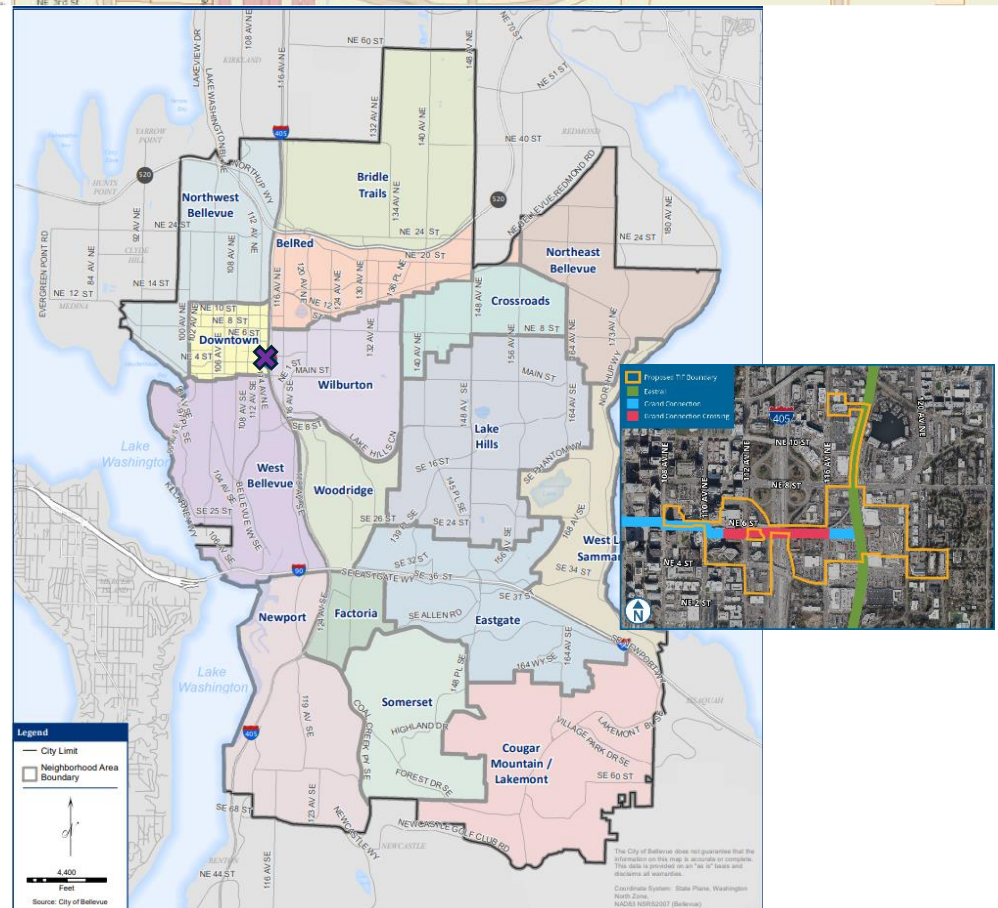


*In association with:*



**Parcels and Owners in Proposed Bellevue TIF Area**

APN	Property Owner
2825059211	Varqa Properties LLC
2825059251	Overlake Hospital Medical Center
670060010	Acorn Development
3225059182	MEYDENBAUER CENTER
3225059194	MEYDENBAUER CENTER
3225059003	700 112th LLC
3225059229	CPSRTA (Sound Transit)
3225059231	CPSRTA (Sound Transit)
3225059017	CoB - (City Hall - Dog Park)
3225059216	CoB - (City Hall Plaza)
3225059199	CoB - (City Hall)
3225059171	JG 520 Building LLC (Legacy)
3225059004	JG 400 Building LLC (Legacy)
3225059122	WALLACE/SCOTT BELLEVUE I LLP
3225059096	Wallace/Scott Bellevue I LLC
3225059172	Wallace/Scott Bellevue I LLC
3225059166	Wallace/Scott Bellevue I LLC
3225059005	City of Bellevue - Lincoln Center
3225059178	BELLEVUE NORTHWEST LLC ALCO INVESTMENT COMPANY +MAX CAPITAL LLC
3225059007	LLC
3325059033	PMAR INC
3325059010	MIDLAKES I LLC
3325059086	SNOHOMISH REAL ESTATE LLC
3325059036	BETA-BELLEVUE AUTO CENTER L.L.C
3325059124	BELLEVUE DEVELOPMENT OWNER LLC
3325059142	BELLEVUE DEVELOPMENT OWNER LLC
3325059143	EVERED MARJORIE LINCK
3325059169	8TH STREET BK LLC
3325059120	TRF CAPITAL LLC
3325059134	Mutual Real Estate Holdings
3325059133	Mutual Real Estate Holdings
3325059121	Bellevue SD #405
3325059017	Bellevue SD #405



# The Seattle Times

## AFFIDAVIT OF PUBLICATION

Laura Milstead  
City of Bellevue Dept of Transportation  
PO Box 90012  
Bellevue WA 98009

### STATE OF WASHINGTON, COUNTIES OF KING AND SNOHOMISH

The undersigned, on oath states that he/she is an authorized representative of The Seattle Times Company, publisher of The Seattle Times of general circulation published daily in King and Snohomish Counties, State of Washington. The Seattle Times has been approved as a legal newspaper by orders of the Superior Court of King and Snohomish Counties.

The notice, in the exact form annexed, was published in the regular and entire issue of said paper or papers and distributed to its subscribers during all of the said period.

04/07/2026

Agent Frankie Flight Signature Frankie Flight

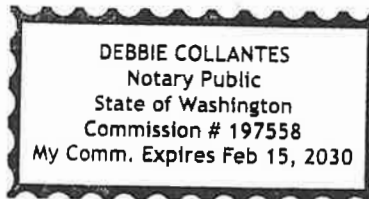
Subscribed and sworn to before me on 04/07/2026

Debbie Collantes

Debbie Collantes

(Notary Signature) Notary Public in and for the State of Washington, residing at Seattle

Publication Cost: \$236.98  
Order No: 112609  
Customer No: 185  
PO #:



**CITY OF BELLEVUE  
PUBLIC BRIEFING NOTICE  
Tax Increment Financing Program for  
the Grand Connection Crossing**

Publication Cost: \$236.98  
Order No: 112609  
Customer No: 185  
PO #:

NOTICE IS HEREBY GIVEN that the City of Bellevue will conduct public briefings regarding the proposed Tax Increment Financing (TIF) program to fund the public infrastructure improvement - Grand Connection Crossing. The Grand Connection Crossing is a multi-modal, non-motorized crossing over Interstate 405 that creates new public spaces, improves east west connectivity in Bellevue, supports 15,000 future housing units in Wilburton, and unlocks economic vitality across a 1.5 mile urban spine.

The briefings will include a description of the increment area, the public improvements proposed to be financed with the tax allocation revenues, and an estimate of tax revenues for the participating local governments and taxing districts, including the amounts allocated to the increment public improvements.

The city will hold one virtual briefing on **Wednesday, April 22**, and one in person briefing on **Thursday, April 23**. Details for both briefings are provided below.

**Virtual Briefing: April 22, 2026, at 6 p.m.** with public access available at: <https://teams.microsoft.com/meet/288538749638?p=wAsuf9KLg804iVvLco> (Meeting ID: 288 538 749 638; Passcode: hN23dW6M).

Or by telephone: Dial US +1 206 452 7011 (Phone conference ID: 157 011 043).

**In person Briefing: April 23, 2026, at 6 p.m.** in the City Council Chamber, Bellevue City Hall, 450 110th Avenue NE, Bellevue, WA 98004.

Both briefings will provide the same information. Registration is available at [BellevueWA.gov/office-grand-connection](http://BellevueWA.gov/office-grand-connection) for both briefings but it is not required to attend either session.

This public briefing is an opportunity for residents and other stakeholders to ask questions or provide comment on the proposed Tax Increment Financing program. Interested persons are encouraged to attend and provide written and/or oral testimony.

Additional information on the subject matter may be obtained by contacting Nathan Torgelson, Director of the Office of the Grand Connection, at [ntorgelson@bellevuewa.gov](mailto:ntorgelson@bellevuewa.gov). For questions regarding access to the briefings, call Laura Milstead, Public Information Officer, at 425 452 6995.

Affidavit of posting has been filed with the City Clerk for the Bellevue City Council.

Dated this 2nd day of April, 2026.

Charmaine Arredondo, CMC  
City Clerk

**CITY COUNCIL AGENDA TOPIC**

Council initiation of the Downtown Livability 2.0 Land Use Code Amendment to update Part 20.25A of the Land Use Code to further implementation of Downtown Livability

Jake Hesselgesser, Acting Director  
Nick Whipple, Code and Policy Director  
Mathieu Menard, Senior Planner  
*Development Services Department*

**EXECUTIVE SUMMARY****DIRECTION**

Downtown Livability (DTL) 2.0 aims to look back on Part 20.25A (Downtown) of the Land Use Code (LUC) that was adopted in 2017 and make updates to address code provisions that are not functioning as intended. Staff will present the proposed scope of the DTL 2.0 Land Use Code Amendment (LUCA), along with the community engagement approach and timeline.

Following discussion, staff requests that Council initiate the DTL 2.0 LUCA and direct the Planning Commission to review and process it.

**RECOMMENDATION**

Consider directing staff to initiate work on the DTL 2.0 LUCA and direct the Planning Commission to review and process the LUCA.

**BACKGROUND/ANALYSIS****Background**

Completed in 2017, the original Downtown Livability code amendments were a major overhaul of the Downtown code intended to be the next evolution of Bellevue's growth. As the first major update of the Downtown code since 1981, the amendments substantially changed development standards and requirements in the downtown core. The updated code focused on open space, the Grand Connection (formerly named the pedestrian corridor), the amenity incentive program, station area planning and building scale and design. These changes have largely led to the Downtown environment that is present today.

In the almost decade since the adoption of Downtown Livability, changing conditions and staff and stakeholder experience with the code have prompted the need to update Downtown Livability to ensure the vision for Downtown is fulfilled. Unlike the original Downtown Livability, DTL 2.0 is not intended to be an overhaul of the code but rather builds upon the current code to address implementation gaps and challenges from the 2017 LUC and current Downtown and city-wide needs.

**Scope**

The scope of DLT 2.0 focuses on reinforcing the current vision for Downtown and improving the LUC to ensure its continued success. Through the Housing Opportunities in Mixed-Use Areas (HOMA) LUCA, staff has gathered input on City Council and stakeholder concerns with the current operation of the Downtown LUC. The gathered input has formed the foundation of the proposed DTL 2.0 scope.

At this time staff is proposing to explore the following topics. Additional changes to the Land Use Code may be determined through continued outreach and to align with established policy. The topics proposed to be covered through DTL 2.0 are:

- Enhance downtown vibrancy after 5 p.m. by evaluating a range of evening-oriented uses like entertainment and cultural venues and exploring incentives for rooftop and outdoor amenity spaces to promote evening activation and social gathering opportunities.
- Preserve the historic development pattern along Main Street in Old Bellevue by strengthening incentives and design standards that provide smaller storefronts and fine-grained block patterns as well as encouraging existing facades to be retained through the amenity incentive program.
- Revise code provisions that constrain housing production and increase development costs such as restrictive building floor plate limits and certain requirements in the perimeter overlay.
- Clarify and reconcile code language that is currently unclear or internally inconsistent.
- Support implementation of the Grand Connection through updated clear and objective standards.
- Refine building design requirements, including floorplate dimensions, weather protection height and depth, and build-to line requirements.
- Eliminate or update commonly granted departures.
- Explore consolidating use tables.
- Update active use criteria and requirements.
- Recalibrate amenity incentive criteria and points to make the amenity incentive system more effective.
- Minor updates to pedestrian, transportation and landscaping requirements to ensure a welcoming pedestrian environment and consistency with existing transportation standards.

While additional scope items may emerge through the outreach process, DTL 2.0 is not expected to include new or major changes to the amenity incentive system, nor increases to floor area ratios or building heights.

### **Engagement**

As the LUCA is anticipated to be of significant interest to several stakeholder groups, extensive outreach is planned. The main body of outreach is planned to occur over the summer months and will include:

- **In-person and virtual kick-off and informational sessions.** The kick-off sessions will provide information on the scope and timeline of the LUCA and an opportunity for input on the scope or on existing concerns with the code.
- **Meetings with stakeholder groups.** These meetings will allow stakeholder groups to provide direct input on the LUCA and will include Downtown residents and nearby neighborhood associations, Old Bellevue Merchant's Association, Bellevue Downtown Association, the Bellevue Chamber of Commerce, Downtown property owners, and various development groups
- **Attendance at City events.** Staff anticipates attending City events in the Downtown area to gather direct input.
- **Tabling in public locations throughout Downtown.** Staff will gather direct input from Downtown residents, workers and visitors by tabling at heavily trafficked areas Downtown such

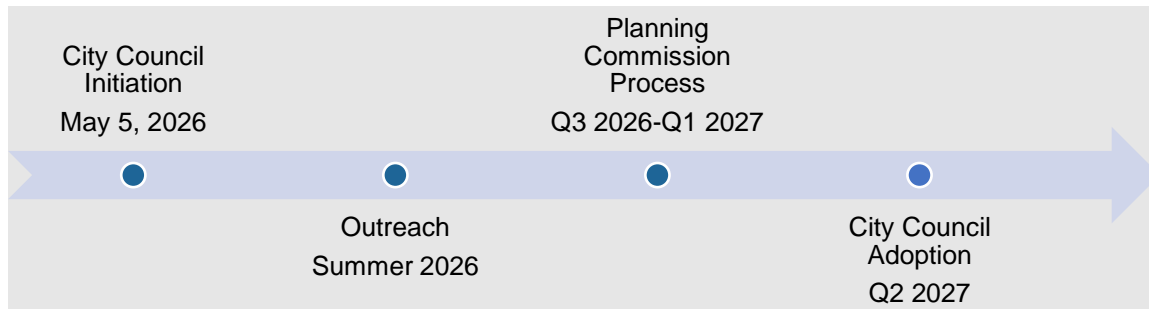
as the light rail station, Main Street, along the Grand Connection, and within Downtown Park

- **Direct meetings with individuals and groups as requested.** Staff will meet with interested individuals and groups as requested to provide information and take comments.
- **Digital outreach.** A dedicated webpage has been published with information on the LUCA, including relevant materials, timelines, and staff contact information. Staff will also utilize existing City newsletters and email lists to spread information about the LUCA to a wider audience.
- **Process IV requirements.** Consistent with Chapter 20.35 LUC procedural requirements, public input will be solicited by a notice of application, notice of public hearing and the required public hearing.
- **Coordination with Internal Stakeholders.** Staff will collaborate with affected departments, including the Office of the Grand Connection, Development Services, Community Development and Transportation.

Outreach will focus on providing information, identifying concerns with the existing code and vetting proposed code changes. An engagement plan is included as Attachment A.

### Anticipated Timeline

Overall, the project is anticipated to be completed in approximately one year.



## POLICY & FISCAL IMPACTS

### Policy Impact

The LUCA will be consistent with adopted city policy, including the Comprehensive Plan, Downtown Subarea Plan and Economic Development Plan.

### Fiscal Impact

There are no fiscal impacts anticipated with this LUCA.

## OPTIONS

1. Direct staff to initiate work on the DTL 2.0 LUCA and direct the Planning Commission to review and process the LUCA.
2. Do not initiate this LUCA and provide alternative direction to staff.

**ATTACHMENTS**

A. Engagement Plan

**AVAILABLE IN COUNCIL LIBRARY**

N/A



# Downtown Livability 2.0 LUCA Engagement Plan

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Updated April 30, 2026

## Project Introduction and Background

Downtown Livability 2.0 (DTL 2.0) Land Use Code Amendment (LUCA) aims to further improve the Downtown code by addressing provisions that are not functioning as intended. These include regulations that create confusion, introduce unnecessary complexity or cost, hinder residential development, or are simply outdated.

This LUCA will also explore opportunities to calibrate the amenity incentive program as it relates to protecting historic facades or other significant design features in Old Bellevue, address land use code (LUC) changes to emphasize transit-oriented development, and interface with the planning for the Grand Connection crossing.

Through input from the Housing Opportunities in Mixed-Use Areas (HOMA) LUCA as well as internal coordination, staff has begun to gather concerns with the existing code from both code users and review staff. These concerns generally relate to building massing, location, and design requirements, such as, build-to-lines, floorplates, active uses, and incentive calibration.

## LUCA Outcomes

- Clarify and streamline the LUC
- Maintain the historic nature of Old Bellevue
- Encourage housing
- Support the Grand Connection implementation

## Input Needs

- Clarity on what is and is not working with the current code
- What residents enjoy and do not enjoy about Downtown
- Any challenges businesses are facing locating in Downtown
- Challenges facing Grand Connection completion
- What may impact neighboring areas both positively and negatively
- Input on proposed code

## Stakeholder Overview

<b>Partners:</b> <i>Most impacted, desire lots of input, will follow closely</i>	<b>Advisors:</b> <i>Highly interested and/or whose input we want to solicit</i>	<b>Participants:</b> <i>Some interest, may or may not want to provide input</i>
<ul style="list-style-type: none"> <li>• Downtown Residents</li> <li>• Downtown Businesses</li> <li>• Downtown Developers</li> <li>• Office of the Grand Connection, Land Use and Transportation Review Staff, Community Development</li> </ul>	<ul style="list-style-type: none"> <li>• Neighboring community associations including Lochleven, Vuecrest, and Meydenbauer</li> <li>• Bellevue Downtown Association (BDA), Chamber Permitting, Land Use, Sustainability &amp; Housing Committee (PLUSH), Old Bellevue Merchants Association (OBMA), Visit Bellevue</li> </ul>	<ul style="list-style-type: none"> <li>• Residents outside of Downtown area</li> <li>• Visitors</li> <li>• Sound Transit, King County Metro</li> <li>• Housing Development Consortium (HDC)</li> <li>• Bellevue Development Committee (BDC)</li> </ul>

## Engagement Overview

### Phases of Engagement

#### Phase 1: Internal Coordination & Launch

- Timeframe: January-May 2026
- Gather initial input from stakeholders about the Downtown code through HOMA LUCA
- Discuss code implementation challenges with Land Use Planners and other internal staff
- Integrate HOMA, Old Main IOC, and internal stakeholder input
- Initiated project with Council
  - Ensure scope is well defined
- Outcome: Well defined LUCA scope

#### Phase 2: Preliminary Outreach & Draft Development

- Timeframe: June-September 2026
- Engage with:
  - Development Community and Groups
  - Downtown Residents
  - Neighboring Residents and Neighborhood Associations, including Lochleven, Vuecrest, and Meydenbauer
  - OBMA, BDA, PLUSH
  - Small Businesses
  - Internal Stakeholders
- Engagement methods:
  - In-person and virtual info sessions
  - Attending group meetings

- Attending City events
  - Tabling
  - Digital outreach and updates
- Outcome: Draft LUCA for Planning Commission Review

### **Phase 3: Planning Commission & Draft Refinement**

- Timeframe: October 2026 – February 2027
- Detailed outreach on code draft
- LUCA draft engagement methods:
  - In-person and virtual info sessions
  - Attending group meetings
  - Digital outreach and updates
- Present drafts to PC
- Outcome: Planning Commission recommendation

### **Phase 4: City Council Review & Action**

- Timeframe: March–May 2027
- Present PC recommendation to Council
- Continued outreach as needed
- Outcome: Council action on LUCA

**CITY COUNCIL AGENDA TOPIC**

2026-2027 Federal Agenda

Katie Kuciemba Halse, Assistant Director of Intergovernmental Relations  
Genesee Adkins, Deputy City Manager  
*City Manager's Office*

**EXECUTIVE SUMMARY****DIRECTION**

Staff is asking the council to discuss and consider adopting the draft 2026-2027 Federal Agenda. Council could adopt the Federal Agenda at this meeting or at a subsequent meeting.

**RECOMMENDATION**

Discuss and consider adopting the 2026-2027 Federal Agenda.

**BACKGROUND & ANALYSIS**

The City of Bellevue has an important role in intergovernmental relations to ensure that the City's interests are represented at all levels of government, and to achieve positive funding and policy outcomes.

**Draft 2026-2027 Federal Agenda**

The Bellevue City Council adopts a federal agenda each year, typically in May, to:

- clearly communicate Bellevue's top priorities to Congress and federal agencies,
- compete for and secure funding for major infrastructure and community investments,
- strengthen relationships with the City's federal delegation and agency partners; and
- align federal action with Bellevue's long-term goals for transportation, housing, public safety, economic development and utilities.

Adoption of the agenda also provides an opportunity to convey Bellevue's high-level vision and guiding principles, along with a clear understanding of the projects, funding requests, and policy priorities the city will advance in 2026–2027. The draft agenda connects our overarching city goals to near-term federal opportunities, recognizing that the federal fiscal year runs from October 1 to September 30. It is structured similarly to recent state legislative agendas, with a focused set of priority issues relevant for 2026-2027, as well as broader federal policy areas of ongoing interest.

The recommended priority issues for 2026-2027 are:

- **Transportation and Mobility**

*Highlights:* Safer Signals Program, Safe Streets and Roads for All, RapidRide K Line, railbanking and Eastrail

- **Essential Water Infrastructure**

*Highlights:* Utility infrastructure funding, fish passage and culverts, contaminants of emerging concern

- **Housing and Safety Net Programs**

*Highlights:* Affordable housing supply, safety net and pass-through programs

Because federal budgets and legislation evolve throughout the year, the city will also engage on emerging policy items that advance the City's six strategic target areas.

### **Current Context: 120<sup>th</sup> Congress**

The following information provides context on the current federal landscape shaping the 2026–2027 Federal Agenda.

#### ***FY2027 Budget Proposal***

President Donald Trump released his fiscal year (FY) 2027 budget proposal on April 3, proposing a 10% reduction in non-defense discretionary spending alongside increased defense funding. Many of the proposed cuts target long-standing local government programs — such as Community Development Block Grants (CDBG), the HOME Investment Partnership Program, and Economic Development Administration (EDA) grants — that have historically been preserved by Congress with bipartisan support.

However, the FY2027 budget environment introduces additional uncertainty. Ongoing disagreements over FY2026 funding and growing reliance on the budget reconciliation process signal a potential shift away from traditional bipartisan appropriations, which could impact how and when federal funds reach local governments. Further, recent use of “pocket rescissions” to withhold congressionally approved funding raises concerns about the reliability and timing of federal investments, even when appropriated, creating added risk for cities planning around federal resources.

The President's budget proposal also includes several targeted increases and new resources for local governments. The Department of Justice proposes \$100 million for a new Model Cities Initiative grant program to support coordinated strategies across federal, state, local, and tribal partners to reduce violence and strengthen law enforcement capacity. Additionally, the Environmental Protection Agency proposes a \$7 million increase for drinking water disaster response, bringing total funding to \$122 million.

**Anticipated Federal Policy Issues**

Several major federal policy items are expected to shape the 2026-2027 landscape and inform Bellevue’s federal advocacy priorities:

- **Surface Transportation Reauthorization:** Congress is expected to begin work on reauthorization of federal surface transportation programs, creating an opportunity to advocate for continued investment in multimodal infrastructure, safety, and regional mobility.
- **Water Infrastructure and Environmental Program Reauthorizations:** Federal discussions around water infrastructure funding and program reauthorization—including State Revolving Funds and wastewater and stormwater programs—will be important for advancing utility investments and regulatory flexibility.
- **Affordable Housing and Homelessness Policy:** Congress continues to consider legislation and funding levels affecting affordable housing production, rental assistance, and homelessness response, though progress remains incremental.
- **Technology, AI, and Online Safety Policy:** Congress is actively considering legislation related to artificial intelligence, including proposals that could limit state and local regulatory authority, as well as online safety measures and broader efforts to regulate the technology sector. These policies could have implications for local governance, privacy, and service delivery.
- **Other Emerging Issues:** Reauthorization of the Farm Bill and potential reforms to Federal Emergency Management Agency (FEMA) programs may affect food systems, disaster response and resilience funding available to local governments. Additional issues to monitor include telecommunications and broadband, energy policy, and federal permitting reform.

**Congressional Funding Requests**

Last year (FY 2026), Bellevue successfully submitted two congressional appropriations funding requests for the congressional delegation’s consideration. A summary table appears below:

City of Bellevue – FY 2026 Congressional Funding Awards			
<b>Lake Washington Sanitary Sewer Lake Lines Program</b>	Funds will help to complete the Management Plan focused on policy development, financial analysis, and capital program development.	\$500,000	<b>Awarded</b> - DelBene - Cantwell
<b>Bellevue Grand Connection: I-405 Crossing - Downtown to Eastrail</b>	Funds will support the completion of the 30%-100% design.	\$2M	<b>Awarded</b> - Smith - Cantwell

Congress will once again allow consideration of Congressionally Directed Spending (CDS) or Community Project Funding (CPF) proposals in the appropriations process. Like previous years, there are rules and regulations for submitting funding requests including: nonprofit eligibility restrictions, tighter submission deadlines, restricted eligible accounts, and prohibited project categories.

City of Bellevue – Submitted FY 2027 Congressional Funding Requests			
<p><b>Safer Signals Program: Real-Time Traffic Signal Safety Interventions</b></p> <p><i>Submitted through: Transportation, Housing and Urban Development</i></p>	<p>Funds would help implement the Real-Time Traffic Signal Safety Interventions pilot (U.S. Department of Transportation SMART Grant Program award) by deploying technology that enables real-time signal timing adjustments to reduce vehicle–pedestrian conflicts at high-risk intersections.</p>	<p>\$1M</p>	<p><b>Advanced</b> - Smith</p>

While the Senate timeline is still pending, the House Appropriations Committee has released its FY2027 appropriations markup schedule, spanning April 17 through June 24. Based on the schedule, the Transportation, Housing and Urban Development (THUD) appropriations bill is expected to advance in late May and early June, providing an important window for Bellevue’s federal advocacy efforts.

**Timeline and Next Steps**

Adopting the Federal Agenda in May aligns well with the City’s priorities and upcoming advocacy efforts. Mayor Malakoutian, Deputy Mayor Hamilton and city staff will travel to Washington, D.C. in early June to advance Bellevue’s funding requests and key policy priorities, reinforce relationships with the congressional delegation, and build connections within the Administration and federal agencies.

Throughout the remainder of the year, staff and city officials will advance the 2026–2027 Federal Agenda. This includes partnering with the National League of Cities (NLC) to advocate on behalf of cities, track grant opportunities and participate in trainings. Councilmembers and the Intergovernmental Relations team will host members of Congress in Bellevue during in-state work periods (such as August “recess”) to highlight local needs and successful federal investments. Additionally, the city will collaborate with public and private partners to prepare for future grant opportunities and federal funding requests.

**POLICY & FISCAL IMPACTS**

**Policy Impact**

An adopted Federal Agenda serves as an important messaging document for the City, encapsulating the most important federal-level policy positions for Bellevue in 2026-2027. It is important that the city be clear in articulating the City’s needs and following through on strategic opportunities, as Congress and federal agencies’ actions can have a wide range of impacts on the city.

**Fiscal Impact**

Federal funds are a significant consideration for a number of city programs. Federal funds come to the City through a variety of avenues. Formula funds come to the city through Metropolitan Planning Organizations or state agencies. Additionally, the city benefits from competitive programs that are overseen and awarded either directly by federal agencies themselves or at the regional level through the Puget Sound Regional Council (PSRC).

**OPTIONS**

1. Adopt the 2026-2027 Federal Agenda.
2. Do not adopt the Federal Agenda and provide alternative direction to staff.

**ATTACHMENTS**

- A. City of Bellevue 2026-2027 Draft Federal Agenda

**AVAILABLE IN COUNCIL LIBRARY**

N/A



# City of Bellevue 2026-2027 Federal Agenda

Bellevue welcomes the world. Our diversity is our strength.  
We embrace the future while respecting our past.

## Key Federal Priorities

### Transportation and Mobility

Bellevue supports a transportation system that is sustainable, reliable and predictable where mode choices are abundant and safe. As Congress considers a surface transportation reauthorization and associated legislation, Bellevue supports stable, long-term federal investment in safety, multimodal mobility and infrastructure modernization. Bellevue supports policy that strengthens federal safety investments, improves regional funding certainty, preserves critical discretionary programs and streamlines pathways for advancing locally prioritized safety projects.

- **Safer Signals Program:** In 2024, Bellevue was awarded a USDOT Strengthening Mobility and Revolutionizing Transportation (SMART) Program Stage 1 grant to help deploy pedestrian-focused technology treatments. To ensure delivery of that pilot, Bellevue requests federal appropriations funding for its Safer Signals Program, which will further deploy intelligent sensor-based infrastructure with smart technology traffic signals to improve safety for all travel modes at signalized intersections.
- **Safe Streets and Roads for All (SS4A):** Reducing fatal and serious injury collisions on city streets is a top priority for Bellevue. The City seeks federal partnership through an SS4A grant application. Bellevue's proposal will implement data-driven infrastructure improvements and deploy innovative safety technologies along Bellevue's High Injury Network, targeting investments where they are needed most.
- **RapidRide K Line:** King County Metro's RapidRide K Line will connect Bellevue College, downtown Bellevue, and Kirkland with fast, frequent, and reliable transit service. Bellevue supports Metro's request for Small Starts funding for this project which recently received a "medium-high" rating from the Federal Transit Administration.
- **Railbanking and Eastrail:** Bellevue supports efficient management of railbanked properties and reducing barriers to railbanking new properties. Bellevue supports King County's BUILD award for \$25 million for Eastrail, an essential connector which will provide a safe travel option between the fast-growing, regional economic centers of Bellevue and Renton.

## Essential Water Infrastructure

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The health, safety and economic vitality of Bellevue's growing community depend on continued federal investment in essential water infrastructure. These investments support local jobs, strengthen economic stability and ensure the reliable systems that residents and businesses depend on. As Congress considers reauthorization of key water infrastructure programs, Bellevue supports policies that ensure safe, reliable and affordable drinking water, wastewater and stormwater services.

- **Funding for utility infrastructure:** Bellevue supports federal grant and low-interest loan funding for critical water, wastewater and stormwater infrastructure to reduce the burden on local ratepayers, including expanded opportunities through the Clean Water State Revolving Fund (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA).
- **Water quality and emerging contaminants:** Bellevue ratepayers are facing untenable rate increases due to state and federal regulatory requirements. Bellevue supports federal policies that ensure cities and utilities are designated as "passive receivers" of contaminants of emerging concern, and receive a narrow exemption from liability and adequate resources to address local needs.
- **Fish passage and culverts:** Bellevue urges Congress to invest in local barrier culvert correction for both state and local governments to reduce flooding and improve fish passage.

## Housing and Safety Net Programs

Bellevue strives to be a community in which every individual has access to necessary resources, housing and supportive services. We seek partnership in creating an equitable and caring community where everyone can thrive.

- **Affordable housing supply:** Bellevue supports a comprehensive federal housing policy that preserves local decision making while making substantial federal investments in housing. Investments should include direct capital investments, support for keeping people housed through existing programs, expanded access to rental assistance and homeownership opportunities that include more first-time buyer programs, and financial tools such as the low-income housing tax credit (LIHTC).
- **Safety net and pass-through programs:** Bellevue urges Congress to provide full and reliable funding for programs that improve affordability and reduce poverty, including a permanent program for household utility assistance, nutrition assistance, Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Section 8 housing and Community Development Block Grants (CDBG). Reliable funding is essential to prevent individuals and families from requiring more costly interventions and to ensure stability for vulnerable populations.

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*Bellevue thanks our congressional delegation members for their project funding support:*

**Grand Connection: I-405 Crossing:** Funding supports final design and community engagement for the project — part of a broader pedestrian-oriented corridor stretching from Lake Washington through downtown Bellevue to the regional Eastrail in Wilburton.

**Lake Washington Sanitary Sewer Lake Lines Program:** Funding will help Bellevue identify solutions for replacing the nearly 15 miles of sewer lines along the shorelines of Lake Washington.

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# Federal Policy Statement

The City of Bellevue's vision is organized around six strategic target areas: High Performance Government, Vibrant Economy, Safe & Efficient Transportation System, High Quality Built & Natural Environment, Community Safety & Health, and Thriving People & Communities. As federal budgets and proposed legislation evolve, Bellevue encourages a strong local-federal partnership, protecting the ability for cities to make decisions that reflect our growing community.

## ■ **Immigrant and refugee community support:**

- Bellevue is committed to ensuring all community members feel safe accessing services and participating in civic life, regardless of immigration status. The city supports federal policies that maintain access to essential government services, protect public safety and enable local governments to effectively serve diverse communities.
- Bellevue supports comprehensive immigration reform that strengthens asylum and refugee systems, improves application processing timelines, protects key visa programs such as H-1B, and reduces federal barriers to employment for newly arrived asylum-seekers. Expanding lawful work opportunities supports local economies and promotes community stability.

## ■ **Public safety and first responders:**

- Bellevue urges Congress to support resources for recruiting, hiring, training, and retention efforts of first responders.
- Bellevue supports strengthening public safety operations through innovative technologies to improve efficiency, effectiveness and accountability.
- Bellevue supports partnerships to enhance data-sharing, real-time intelligence capabilities and community engagement to enhance public trust and transparency.

## ■ **Innovation, emerging technologies and cybersecurity:**

- Bellevue supports funding and policies that advance artificial intelligence (AI) and smart technologies in ethical and transparent ways while protecting privacy, building public trust, and expanding equitable access to digital tools. Continued federal investment in broadband, cybersecurity, digital upskilling, and workforce development — as well as aligned policies that support responsible AI in government — are essential to ensure residents, workers and small businesses benefit safely and fairly.
- Bellevue encourages increased funding to local governments to strengthen the protection of critical government functions, systems and services from cybersecurity threats. The City supports fully funding the State and Local Cybersecurity Grants (SLCGP) and Building Resilient Infrastructure and Communities (BRIC) program to enhance local resilience and safeguard essential operations.

## ■ **Fiscal sustainability and governance:**

- Bellevue supports expanded access to federal credit assistance tools, tax incentives and other financing mechanisms that strengthen a city's ability to finance major public works and diversify local infrastructure funding.
- Preserve and protect tax-exempt municipal bonds, a critical tool for enabling affordable, low-cost financing of local infrastructure and housing projects.
- Bellevue supports simplifying grant applications and compliance processes to reduce barriers and improve project delivery.

## ■ **Economic and workforce development:**

- Bellevue supports investments and policies that foster public-private partnerships, attract international visitors, deliver transit-oriented development, support small businesses and microbusinesses, and promote innovation.
- Bellevue supports expanding the capacity of our region's education, training, and workforce partners — including higher education institutions, trade and apprenticeship programs, and skills-development providers — to offer work-based learning opportunities, upskilling pathways, and industry-recognized degrees and certifications.
- Bellevue supports increased federal investment in childcare to expand access for working families and help reduce child poverty.

## ■ **Resilient infrastructure and clean energy:**

- Bellevue supports sustained investment in preparedness and resilience for the built and natural environment to reduce risk, minimize disruption and protect critical infrastructure from extreme weather.
- Bellevue recommends continued federal support for reliable and diversified energy sources, including renewable energy, energy-efficient buildings, EVs and charging infrastructure.
- Bellevue supports expanding federal funding tools, including energy tax credits, Conservation Block Grants and building retrofit incentives that help local governments deliver cost-effective projects and maximize existing assets.
- Bellevue supports investments that improve environmental and community health, including programs that protect open space, restore and protect habitat and expand transportation options that reduce congestion and improve mobility.
- Bellevue supports federal investment that reduces long-term costs and improves air quality by leveraging grants, rebates and tax incentives that help lower emissions.

## ■ **I-405/SR 167 corridor:**

- Bellevue supports infrastructure improvements to maximize the effectiveness of the I-405 and SR 167 corridor, update and implement the I-405 Master Plan, and upgrade the efficiency of state highways and regional corridors. Key segments that need investment include interchange improvements at SR 520 and 124th Avenue NE; I-405 Improvements at I-90 and SR 520; and South Downtown I-405 Access/Lake Hills Connector.