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| To | Brier Dudley | | | From | |
| Co./Dept. | | | | Co. | |
| Phone # | | | | Phone # | |
| Fax # | 206-382-8879 | | | Fax # | |

DEVELOPMENT A

THIS AGREEMENT is entered into this _____ day of _____, 2005 by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft"), and the CITY OF REDMOND, a Washington optional municipal code city (the "City").

RECITALS

- A. Microsoft owns the real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), which Property is located in the Overlake neighborhood of the City.
- B. Microsoft desires to continue to locate and to expand its worldwide corporate headquarters in the City.
- C. Microsoft and the City agree that Microsoft's presence in the community provides economic and community benefit to the City and its residents.
- D. Providing for Microsoft's long term presence in the City affirms existing Land Use and Economic Development Comprehensive Plan policies and supports Microsoft's headquarters expansion plans in the City.
- E. Microsoft and the City desire to establish provisions for the future development and redevelopment of the Property consistent with the amount of development planned for the Overlake neighborhood by the Overlake Neighborhood Plan and Bellevue-Redmond Overlake Transportation Study Update Final EIS issued May 14, 1999 dated ("BROTS").
- F. Both the City and Microsoft recognize the benefits that both will derive from long term facilities planning and development.
- G. Microsoft and the City desire to utilize the provisions of RCW 36.70B that provide for cities to enter into development agreements with property owners to govern the future development of real property.
- H. A development agreement between Microsoft and the City is a collaboration that will provide mutual benefit for the parties as well as the region.

Accordingly, the parties agree:

AGREEMENTS

- 1. Approval of Master Plan. Microsoft shall have the right to develop 2,195,488 square feet of "gross floor area", as defined in the Redmond Community Development Guide ("RCDG") (no areas within a parking structure shall be included in

gross floor area). The 2,195,488 square feet of gross floor area is referred to hereinafter as the "Additional Development". The Additional Development is net of any gross floor area on the Property which is demolished in order to build the Additional Development. The Additional Development includes the use of transferred development rights ("TDRs") and the floor area ratio attributable to the proposed vacation of rights-of-way within the Main Campus. The Additional Development is listed on Exhibit B attached hereto and incorporated herein by this reference.

Any existing developed gross floor area on any properties subject to this Agreement or vested on properties subsequently made subject to this Agreement shall not be counted towards the Additional Development. If this Agreement is amended to eliminate portions of the Property from coverage by this Agreement, then the Additional Development shall be reduced by the amount of gross floor area that could be constructed on the eliminated property at a floor area ratio of 0.40 unless such gross floor area has been transferred to another property that is subject to this Agreement.

The Additional Development shall be constructed on that portion of the Property more particularly described on Exhibit C attached hereto and incorporated herein by this reference ("Main Campus") and on that portion of the Property more particularly described on Exhibit D attached hereto and incorporated herein by this reference ("West Campus"). There is no required phasing of the Additional Development. Microsoft may develop any amount of gross floor area on either the West Campus or the Main Campus at any time.

2. Development Approval Process. The Additional Development shall be approved through the site plan entitlement process as provided in the RCDG. The City shall not impose any condition on the Additional Development that is inconsistent with any provision of this Agreement unless necessary on account of a serious threat to public health and safety.

3. Transportation Demand Management and Parking

a. Transportation Demand Management. The City and Microsoft wish to explore improved partnership in the area of transportation demand management and SOV rate reduction.

i. The City and Microsoft agree on the following background statements relative to transportation demand management:

(1) Managing and reducing single occupant trip rates for workers at Microsoft's Redmond Campuses is a critical element of a balanced transportation program to support Microsoft's continued operation and development. Both parties support the goal of reducing SOV rates at Microsoft's Redmond campuses.

(2) Effective demand management programs provide an appropriate balance of supply and demand strategies, properly reflecting the nature of the

target employee population, the local transportation infrastructure, and the operating requirements of the employer.

(3) Being able to effectively convene its workforce at its Redmond campuses and operate those campuses in an efficient manner are key corporate business function requirements for Microsoft. Demand management programs should be designed to ensure that program elements do not interfere with Microsoft's requirements for convening its workforce or operating its campus in an efficient manner.

(4) Microsoft's current campus-wide SOV rate of 72% is significantly lower than the 78% SOV rate which was assumed for the Microsoft campuses for the year 2012 planning horizon in the BROTS II study, Overlake Neighborhood Plan, and associated Planned Action Ordinance.

(5) Microsoft has in place an existing Transportation Management Program (TMP) which the City has approved, which includes SOV reduction targets and accompanying program elements which meet all state and local trip demand management requirements. That TMP requires that Microsoft target achieving peak hour SOV rates at 70% or lower, and Microsoft has consistently complied with TMP requirements to work towards that target.

ii. Accordingly, Microsoft and the City shall collaborate to re-evaluate the Microsoft TMP, with the following general objectives:

(1) Identify updated peak hour SOV rate targets, to serve as the basis for Microsoft's TMP, as well as support long range land use and transportation planning efforts. The updated peak hour SOV targets to be identified shall improve upon those identified in the current Microsoft TMP (i.e. 70%).

(2) Develop joint recommendations for an updated comprehensive demand management strategy for Microsoft's Redmond campuses, which will include an appropriate balance of supply and demand side programs.

(3) Provides explicit coordination with local and regional transit, bicycle, and pedestrian plans and policies, and which especially integrates the joint transportation planning which both parties have outlined in Section 9 of this Agreement.

(4) Ensure a focus on evaluating and demonstrating innovative approaches to demand reduction that can be extended to other employers and/or neighborhoods.

(5) Ensure consultation and coordination with the Greater Redmond Transportation Management Association.

(6) Recognize and leverage the strong technological focus of Microsoft's Redmond campuses and build demand management program recommendations which leverage that technological focus.

(7) Recognize and leverage the unique characteristics of the Microsoft campuses (size, workforce demographics, commute patterns, technological focus) and assemble strategies which align with those characteristics.

(8) Recognize Microsoft's core business requirements to convene its workforce at the Redmond campuses and operate the campuses in an efficient manner.

(9) Ensure allocation of adequate staffing, with the knowledge, resource availability, and decision-making power, to support completion of the agreed work plan.

(10) Provide a joint report to the Redmond City Council, no later than December 31, 2005, which summarizes background findings, identifies updated demand management and SOV target goals, describes recommended program strategies that support those goals, provides an implementation plan and schedule, and produce recommended amendments, as necessary, to the Microsoft TMP and this Agreement.

iii. The current Microsoft TMP shall continue to apply to existing Microsoft facilities in Redmond, and the Additional Development shall be bound by the terms of the Microsoft TMP existing at time of adoption of this Agreement.

iv. The City may not require modifications to Microsoft's TMP as a condition of approving the Additional Development. Consistent with current City regulations, modifications to Microsoft's TMP may only be required by the City due to Microsoft's failure to make progress towards the SOV targets stated in the TMP and shall follow the change procedure stated in the TMP.

v. To the extent that a modified or restructured Microsoft TMP jointly adopted by Microsoft and the City as a result of the collaborative efforts described in Section 3.a.ii above, then all of Microsoft's facilities in Redmond and any Additional Development shall be bound by the terms of the revised TMP.

b. Parking. Microsoft shall provide parking for the Additional Development in accordance with this Section 3.b. Microsoft shall be allowed to construct a total of 8,450 net new parking stalls for the Additional Development. Microsoft, at its option, may elect to construct less than the 8,450 net new parking stalls. Microsoft shall be allowed to allocate, in its sole discretion, the net new parking stalls between the Main Campus and the West Campus. Microsoft shall be allowed to supply the parking built in support of the Additional Development in above-grade parking

structures, under-building parking structures, or surface parking lots. Microsoft may utilize TDRs to provide additional parking, beyond the 8,450 net new parking stalls, for the Additional Development.

4. Stormwater Detention and Treatment

a. General Standards. All new development shall comply with the stormwater quantity (detention) and quality controls that are in effect on the date of this Agreement. Current city-wide standards for stormwater quantity (detention) and quality controls consist of the 2001 Department of Ecology ("DOE") Stormwater Management Manual for Western Washington (the "2001 DOE Manual") as modified by the City Of Redmond – Clearing, Grading and Stormwater Management Technical Notebook (the "Stormwater Technical Manual") Issue Number 4, effective Oct. 1, 2004.

b. Detention Facilities. Microsoft shall be allowed to detain in underground vaults all stormwater required to be detained as a result of the Additional Development.

c. Stormwater Quality – Treatment. Microsoft shall be allowed to use underground cartridge filter vaults or equivalent technology to mitigate for stormwater quality treatment for all Additional Development located on private property. Additionally, stormwater that reaches Lake Sammamish from Additional Development on the Main Campus will require supplemental phosphorus control for which Microsoft will be allowed to use a combination of underground cartridge filter vaults or equivalent technology and a landscape management plan to mitigate for phosphorus control based on the Stormwater Technical Manual.

d. Basin Facility Improvements and Detention Standards.

i. Bel-Red Basin. Microsoft recognizes the objective to provide adequate water quality and quantity controls sufficient to protect and support the riparian habitat within the Bel-Red Basin. In recognition of this objective, Microsoft agrees to complete by November 1, 2005 or the issuance of building permits for any Additional Development within the basin, whichever occurs first, a stormwater masterplan and downstream analysis for the basin and include within this plan a list of any facilities and improvements needed to achieve this objective. In support of the masterplan's implementation, the City shall accept all detention and release rate standards supported by the conclusions set forth in the plan in lieu of the standards included within the Stormwater Technical Manual, as long as the objective established above will be met. Implementation of the masterplan shall not begin until issuance of the first building permit for Additional Development in this basin.

ii. NE 40th Street Basin. No detention shall be required within this basin so long as Additional Development in the NE 40th Street Drainage Basin, depicted on Exhibit E attached herein by this reference (the "Drainage Basin Map"), will provide stormwater quality controls in effect at the time of development and will be

consistent with the NE 40th Street Drainage Trunk line Analysis Report - dated January 2005.

iii. SR 520/Sears Creek Basin. The standards contained within the Stormwater Technical Manual for water quality and detention shall be utilized for Additional Development within this basin. In compliance with RCDG standards for new development, detention and water quality shall be provided for the entire site. The entire site is any lot, parcel or combination of land permitted under a single development proposal consistent with the definition in RCDG, Section 20A.20.190.

iv. Samamish River Basin. The standards contained in the Stormwater Technical Manual for water quality and detention shall be utilized for Additional Development within this basin. In compliance with RCDG standards for new development, detention and water quality shall be provided for the entire site. The entire site is any lot, parcel or combination of land permitted under a single development proposal consistent with the definition found in RCDG, Section 20A.20.190.

e. Additional Detention. Microsoft shall not be required to bring existing development into compliance with stormwater detention requirements adopted subsequent to the construction of the existing development except as noted in this Section 4.

5. Density Transfer. The density transfer interpretation issued by the City in a letter dated December 18, 2003, which is attached hereto as Exhibit F and incorporated herein by this reference, shall apply to all development rights for the Property.

6. Street Right-of-Way Vacation/Floor Area Ratio. If Microsoft requests the City to do so, the City shall process an application for vacation of any of the public street rights-of-way located on the Property, and City staff shall support and endorse such application. Any vacation will follow the prescribed City process. All compensation for any street vacation shall be paid to the City upon vacation of the street right-of-way as required by law. Microsoft shall be entitled to develop building square footage equal to the square footage of the vacated street right-of-way multiplied by a floor area ratio of 0.40 unless TDRs are used to increase the floor area ratio. The developable building square footage that will result from this Section 6 is included in the Additional Development defined in Section 1. Notwithstanding any street right-of-way vacations, Microsoft shall maintain an open character to its campus from the perspective of persons outside the campus; provided that Microsoft shall be allowed to implement any measures it deems necessary for the security of its facilities and its employees.

7. Mitigation of Transportation Impacts. Microsoft shall mitigate the transportation impacts associated with the Additional Development by performing the following:

a. Construction of Transportation Improvements. Microsoft shall construct both the Transportation Facility Plan Related Mitigation Improvements and

Project Related Mitigation Improvements set forth on Exhibit G attached hereto and incorporated herein by this reference. The City of Redmond shall facilitate all right-of-way acquisitions on any non-Microsoft owned properties that are needed to accommodate any of the proposed transportation improvements shown on Exhibit G. The transportation improvements shall be constructed in accordance with the following schedule:

Transportation Facility Plan Related Mitigation Improvements (BROTS projects)

- i. NE 40th St/159th Ave NE – (BROTS 4.1) – Construct an additional northbound left-turn lane. Construction planned to be complete by December 31, 2006.
- ii. NE 40th St/150th Ave NE (West) – (BROTS 8.1) – Construct a northbound right-turn lane. Beginning of construction planned to coincide with the earlier of (a) the extension of 150th Ave NE (West) between NE 40th and NE 36th, or (b) with the construction of any new building on the West Campus within the area west of 150th Ave (East).
- iii. NE 36th St/148th Ave NE – (BROTS 79.0) – Provide dual southbound left-turn lanes and widen the westbound approach to accommodate a left, shared left-through, and right-turn lanes. Construction planned to begin with the development of any new (not remodeled) building on West Campus.

Project Related Mitigation Improvements

- i. NE 40th St/163rd Ave NE – Install traffic signal and an eastbound right-turn lane. Construction planned to be complete by December 31, 2006.
- ii. NE 36th St/156th Ave NE – Construct an additional southbound left-turn lane. Construction planned to be complete by December 31, 2006.
- iii. Bel-Red Road/Microsoft Campus Connection – Install a connection to Bel-Red Rd from Microsoft Campus, off-set approximately 375 feet to the south from NE 30th Street. Construction planned to be complete in conjunction with the construction of any new (not remodeled) building on the Main Campus.
- iv. NE 31st St/156th Ave NE – Construct an additional westbound left-turn lane. Beginning of construction planned to coincide with (a) the internal Main Campus realignment of 157th Ave NE between NE 31st St and 159th Ave NE, or (b) the construction of at least 1,000,000 net new gross square feet on the Main Campus, whichever (a) or (b) is sooner.

b. Bel-Red Road Access. As provided in that certain Building 36/Bel-Red Road Agreement dated December 2, 2002 by and between Microsoft and the City, Microsoft may construct an access to the Property from Bel-Red Road in the vicinity of Northeast 30th Street as shown on Exhibit H attached hereto and incorporated herein by this reference. Microsoft's access road shall be constructed so it is an off-set "T" intersection with Bel-Red Road approximately 375 feet south of the Northeast 30th Street intersection. Microsoft, at its option, may signalize this access at such time as there are sufficient warrants for a traffic signal at this location.

c. 150th Avenue NE (East) ROW Vacation and 150th Avenue NE (West) Extension. If Microsoft requests the City to do so, the City shall process within six months the application to vacate the public right-of-way on the existing 150th Avenue NE (East), and City staff shall support and endorse such application. In addition, Microsoft shall provide a signalized connection to the West Campus just east of 150th Avenue NE (East) aligned with the Microsoft Building 121/122 driveway on NE 40th Street. The intersection of 150th Avenue NE (East) shall be removed and Microsoft shall install a new signal at the new intersection formed by the Building 121/122 Driveway/West Campus Connection/NE 40th Street. To replace the existing public connection between NE 40th Street and NE 36th Street, Microsoft shall extend 150th Avenue NE (West) to NE 36th Street as public right-of-way. The realigned 150th Avenue NE (West) shall be a public street and shall be classified as a local access street, consistent with the existing 150th Avenue NE (East). If Microsoft elects to perform this transportation system modification, construction is expected, but not required, to occur prior to 2012.

d. Traffic Impact Fees. In consideration of Microsoft constructing the transportation improvements set forth on Exhibit G and in Section 14, the City shall credit against traffic impact fees due to Redmond the cost for the design and construction of the 36th Street Overpass and improvements made and listed in the Redmond Transportation Facilities Plan or subsequently added to the plan or its successor. City staff shall propose for City Council decision the inclusion in the Transportation Facilities Plan of all transportation improvements made and listed in Section 7.a as Project Related Mitigation Improvements, the NE 36th Street Overpass, and the improvements listed in Section 14.

e. Frontage Improvements. Microsoft shall construct all public street improvements along the frontage of the individual parcels as they develop and as required by the RCDG. Frontage improvements may include but are not limited to: property dedications, pavement widening, curb, gutter, planter strips, sidewalks, storm drainage, street lights and conversion of aerial utilities underground.

8. 36th Street Overpass. Through this Agreement, Microsoft is committed to providing greater mobility in the Overlake area. Microsoft, at its option, may request the City to work with Microsoft to provide an overpass across SR 520 in the vicinity of NE 36th Street in order to provide increased network grid diversity for local multi-modal trips

traveling east-west and north-south in the area bounded by NE 40th Street, 148th Avenue NE, NE 20th Street, and 156th Avenue NE. Although such an overpass is not required in order to mitigate in any way the transportation impacts of the Additional Development, Microsoft shall work with the City as set forth in this Section 8 to support the design, environmental review, and construction of an overpass in the vicinity of NE 36th Street, which will include a pedestrian/bicycle lane which will satisfy the purpose and intent of Project #B16 on the 2004-2009 Transportation Improvement Plan. The City of Redmond shall be the lead agency for the conduct of environmental review, and the City shall undertake the necessary processes required for consideration of the addition of the overpass to its Comprehensive Plan, Transportation Facilities Plan, and impact fee list during calendar year 2005. Microsoft shall fund 70% of the cost of the overpass project up to a maximum payment of \$15,200,000.00 provided the following conditions are met:

a. The City shall provide funding allocations from public revenue sources in order to provide the remaining 30% of the funding for the overpass.

b. The City shall coordinate with Microsoft to pursue grant funding at the regional, state, and/or federal level to support construction of the overpass. To the extent any grants are secured, those grants shall reduce the overall cost of the project prior to the allocation of the 70/30 funding obligations.

c. The City shall facilitate acquisition of right-of-way including the exercise of its power of eminent domain if needed to accomplish construction of the overpass.

9. Transportation Advocacy. Microsoft shall work with the City to advocate local and regional transportation solutions that mutually benefit the City and Microsoft and are mutually agreed upon. A primary focus of this effort will be to receive regional and other necessary support for the extension of high capacity transit in the near future to both the Overlake and Downtown Redmond centers and to its appropriate terminus and for the completion of necessary improvements to SR-520.

a. Regional Advocacy. Primary emphasis will be placed on enhancing and expanding the SR 520 corridor and the regional transit infrastructure with an emphasis on High Capacity Transit. Microsoft shall work with the City to develop and update, on an annual basis, a joint regional transportation policy strategy, and coordinate advocacy activities in support of that strategy.

b. Local Advocacy. Primary emphasis will be placed on enhancing and expanding local transit infrastructure and service. Microsoft shall work with the City to develop and update, on an annual basis, a joint local transportation policy strategy, and coordinate advocacy activities in support of that strategy.

10. 40th Street Corridor Enhancement. Microsoft shall pay 50% of the cost, up to a maximum contribution of \$200,000.00, to study and plan a corridor enhancement plan for the NE 40th Street corridor between 148th Avenue NE and Bel-Red Road in order

to advance the current comprehensive plan goals for this corridor, identify necessary modifications to enhance this corridor's appearance consistent with Microsoft's and the City's goals. The study will not commit either Microsoft or the City to fund construction of improvements identified by the study.

11. Landscape Buffering and Tree Protection. In constructing the development contemplated by this Agreement, Microsoft shall undertake the following actions to provide landscape buffers and protect significant trees:

a. Bel-Red Road Buffer. Microsoft shall construct a buffer along Bel-Red Road as shown on Exhibit I attached hereto and incorporated herein by this reference. Implementation of the buffer improvements shown on Exhibit I complies with and satisfies all the requirements of RCDG 20C.70.35.020(2). The buffer shall be implemented prior to occupancy of the first new building or buildings on Main Campus, subsequent to the date of this Agreement, exceeding 25,000 square feet. To guarantee maintenance and survival of new plant materials, Microsoft shall install an irrigation system and shall post performance and maintenance bonds for a period of one year.

b. Tree Protection Plan. Microsoft shall protect significant trees, as defined in the RCDG, on the Property in accordance with the plan set forth on Exhibit J attached hereto and incorporated herein by this reference and in accordance with the following provisions:

- i. An aggregate of 46% of the significant trees on the Property shall be protected.
- ii. An aggregate of 50% of the significant trees on the Main Campus shall be protected in accordance with the quantities indicated on Exhibit J. The percentage of trees protected with individual development projects may vary as long as the aggregate total is achieved for Main Campus.
- iii. An aggregate of 27% of the significant trees on the West Campus shall be protected in accordance with the quantities indicated on Exhibit J. In order to meet the 35% tree retention requirement, Microsoft would be required to retain an additional 125 significant trees. However to meet the intent of saving 35% of the significant trees on the West Campus, Microsoft shall, within one year of the recording of this Agreement, plant 125 evergreen trees six to eight feet in height in locations to be mutually agreed upon by Microsoft and the City. These additional trees shall be planted in open space portions of the West Campus, not intended for future development, with the intent of enhancing existing groves of trees or creating new groves of trees. The trees will not be used in calculations for any other landscape requirements. Microsoft shall guarantee these additional planted trees with a performance bond to be held by the City until such time that the trees have grown to a size of six inches in caliper or it is determined that they are not required to

- achieve the 35% significant tree protection standard for West Campus, at which time the bond shall be released. The percentage of trees protected with individual development projects may vary as long as the aggregate total is achieved for West Campus.
- iv. None of the trees to be counted towards protection percentages shall be ones that were required to be protected in conjunction with Microsoft development projects applied for subsequent to October, 1998, which are Buildings 34, 35, 36, 50, 121, 122, and 123. Notwithstanding the foregoing, no tree retention shall be required for development applications that include only open space areas such as sports fields.
 - v. In accordance with the Tree Preservation ordinance, all removed significant trees shall be replaced at a ratio of 1:1. Additionally, removal of landmark trees shall require review and approval of a Special Exception Request as provided for in the Tree Preservation Ordinance. Approval for removal of landmark trees shall not be unreasonably held by the City, but reviewed on a case by case basis, and landmark trees that are removed shall be replaced at a ratio of 6:1 with trees complying with the requirements of RCDG 20D.80.20-080(5).

12. Public Utilities. So long as the requirements of this Section 12 are met, sufficient sewer and water capacity will exist for the development contemplated by this Agreement. The following conditions shall apply to the provision of sewer and water service to the Additional Development.

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

b. Off-Site Sewer Trunkline Replacement. Portions of the area under this agreement are located in the Overlake South Sewer Basin. The Redmond General Sewer Plan identifies that the downstream sewer trunk needs to be reconstructed to serve future development in this basin. The City of Redmond has used SEPA to mitigate the impact of developments in the basin by charging a mitigation fee for sewer service. The City has used this mitigation money to fund and construct the first phase of the trunk reconstruction. The City has remaining surplus mitigation money intended for the future Phase 2 and Phase 3 of the sewer replacement project. Phase 2 of the project consists of constructing a new 18" sewer from the end of phase 1 in NE 20th Street, South to Bellevue Redmond Road and then west along Bellevue Redmond Road to the existing King County Interceptor. Phase 3 of the project consists of constructing a new 15" sewer from the end of phase 1 in 152nd Avenue NE to the pipe crossing SR520. The City shall design and construct the sewer trunk replacement project prior to December 31, 2007. As mitigation for the Additional Development, Microsoft shall contribute up to \$3.5 million to be combined with the surplus mitigation money previously collected by the City, for the purpose of constructing Phase 2 and Phase 3 of the Overlake South Trunk reconstruction. The City shall contribute \$1.2 million it has collected from sewer impact fees toward the construction cost of this sewer trunk replacement project. Microsoft's contribution shall be provided as follows: \$1 million on June 30, 2006, \$1 million on June 30, 2007, and the balance upon completion of construction of the sewer trunk replacement project. At the completion of the sewer replacement project, an audit will be performed, and all remaining unused funds received by the City will be refunded to Microsoft. The City shall approve a reimbursement agreement in accordance with Redmond Municipal code Chapter 13.12 for reimbursement from properties that may be deemed to benefit from the Overlake South Trunk Improvements. The City shall not withhold any site plan entitlement approval or any building permit approval on account of insufficient sanitary sewer capacity to accommodate the Additional Development.

13. Environmental Review. The environmental review conducted pursuant to the State Environmental Policy Act ("SEPA") for the Additional Development shall occur in accordance with the provisions of this Section 13. Prior to 2012 and the expiration of the existing Planned Action Ordinance for the Overlake neighborhood, that Planned Action Ordinance shall be utilized to satisfy the requirements of SEPA.

The Additional Development is within the scope of environmental review that has already been conducted. Therefore, if the City adopts a new Planned Action Ordinance prior to 2012, the new Planned Action Ordinance shall apply to the Additional Development and shall be utilized to satisfy the requirements of SEPA, but no additional conditions shall be imposed on the Additional Development unless required on account of a serious threat to public health and safety. Similarly, if the current Planned Action Ordinance expires and the City does not adopt a new Planned Action Ordinance, the City shall issue mitigated determinations of non-significance for the Additional Development, but no additional conditions shall be imposed on the Additional Development unless required on account of a serious threat to public health and safety.

14. Transportation Concurrency. All of the Additional Development shall be deemed to have met transportation system concurrency requirements, provided that Microsoft pays the following amounts for the designated improvements and such payments are made prior to occupancy of any more of the Additional Development than the threshold specified for each payment:

| <u>Payment</u> | <u>Transportation Improvement</u> | <u>Occupancy Threshold (net new square feet)</u> |
|----------------|---|--|
| \$ 300,000 | New signal at Old Redmond Road/WLSP (TIP S-32) | Total of 257,000 |
| \$1,250,000 | Rechannelization improvements ELSP and NE 65 th Street - additional NB through lane (TFP-807-01) | Total of 401,000 |
| \$ 300,000 | New signal at NE 116 th St./172 nd Ave. NE (TFP-105) | Total of 507,000 |

Within ten (10) days after this Agreement is recorded, the City shall issue a Certificate of Concurrency for the Additional Development with an expiration date that is the same as the expiration date of this Agreement. No additional transportation analysis and no additional transportation concurrency certificates shall be required for Microsoft to construct all of the Additional Development except for such transportation analysis as is required to be submitted to the City of Bellevue pursuant to that certain Interlocal Agreement Between the Cities of Bellevue and Redmond Regarding Land Use Planning and the Funding and Construction of Transportation Improvements in the Bel-Red/Overlake Transportation Study Area, approved September 30, 1999. Microsoft may construct as much of the Additional Development in any calendar year as it desires; no phasing of the Additional Development is required. Both the City and Microsoft recognize that new transportation concurrency regulations are being developed by the City. Upon adoption of the new regulations, Microsoft, at its option, may elect to be regulated by the new regulations or continue to be regulated by the transportation concurrency regulations vested by this Agreement. If Microsoft elects to be regulated by the new regulations, the City shall refund to Microsoft any payments made pursuant to this Section 14 that would not have been required by the new transportation concurrency regulations.

15. Vested Rights. The provisions of the RCDG in effect on the date of this Agreement shall apply to all Additional Development, except as otherwise provided in this Agreement. Except as otherwise provided herein or by state or federally mandated laws preempting the City's authority to vest regulations for the Additional Development, and excluding revisions to permit processing, plan review fees, and building and fire codes, any amendments or additions made during the term of this Agreement to zoning or development regulations, transportation concurrency regulations, impact fees, SEPA regulations and substantive SEPA policies or other laws, statutes, ordinances,

comprehensive plan policies or other policies governing land development which are identified in this Agreement as applicable to the Additional Development shall not apply to or affect the conditions of the Additional Development, provided that pursuant to RCW 36.70B.170(4) the City reserves authority to impose new or different officially adopted regulations of general applicability, but only if, and to the extent required by a serious threat to public health and safety, as determined by the City Council after notice and an opportunity to be heard has been provided to Microsoft. The Additional Development shall be vested to the development regulations in effect on the date of this Agreement, but Microsoft may elect, in its sole discretion, to be bound by future amendments to those development regulations; provided that Microsoft shall not be allowed to elect to be bound by an amendment to a section of the RCDG unless Microsoft elects to be bound by all the then current amendments to that section of the RCDG. The Additional Development shall not be subject to any development moratoria the City may adopt subsequent to the date of this Agreement unless necessitated by a serious threat to the public health, safety, and welfare.

16. Biennial Review. Microsoft and the City shall meet two years after the date of this Agreement and every two years thereafter to review Microsoft's progress in developing the real property subject to this Agreement.

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

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

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

20. Successors and Assigns. This Agreement shall run with the land and shall be binding upon and benefit the successors and assigns of the parties hereto.

21. Attorneys' Fees. In the event of any dispute concerning this Agreement, the substantially prevailing party shall be entitled to receive its attorneys' fees and costs at trial, at any alternative dispute resolution proceeding and on appeal.

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

23. Exhibits. This Agreement includes the following exhibits:

a. Exhibit A - Legal Description of Property

b. Exhibit B - Additional Development

- c. Exhibit C - Legal Description of Main Campus
- d. Exhibit D - Legal Description of West Campus
- e. Exhibit E - NE 40th Street Drainage Basin
- f. Exhibit F - Density Transfer Interpretation
- g. Exhibit G - Required Transportation Improvements
- h. Exhibit H - Bel-Red Road Connection
- i. Exhibit I - Bel-Red Road Buffer
- j. Exhibit J - Tree Retention Plan

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

MICROSOFT CORPORATION,
a Washington corporation

By: _____
Its: _____

CITY OF REDMOND,
a Washington optional municipal code city

By: _____
Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

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

GIVEN under my hand and official seal this ____ day of _____, 2005.

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

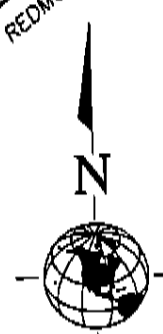
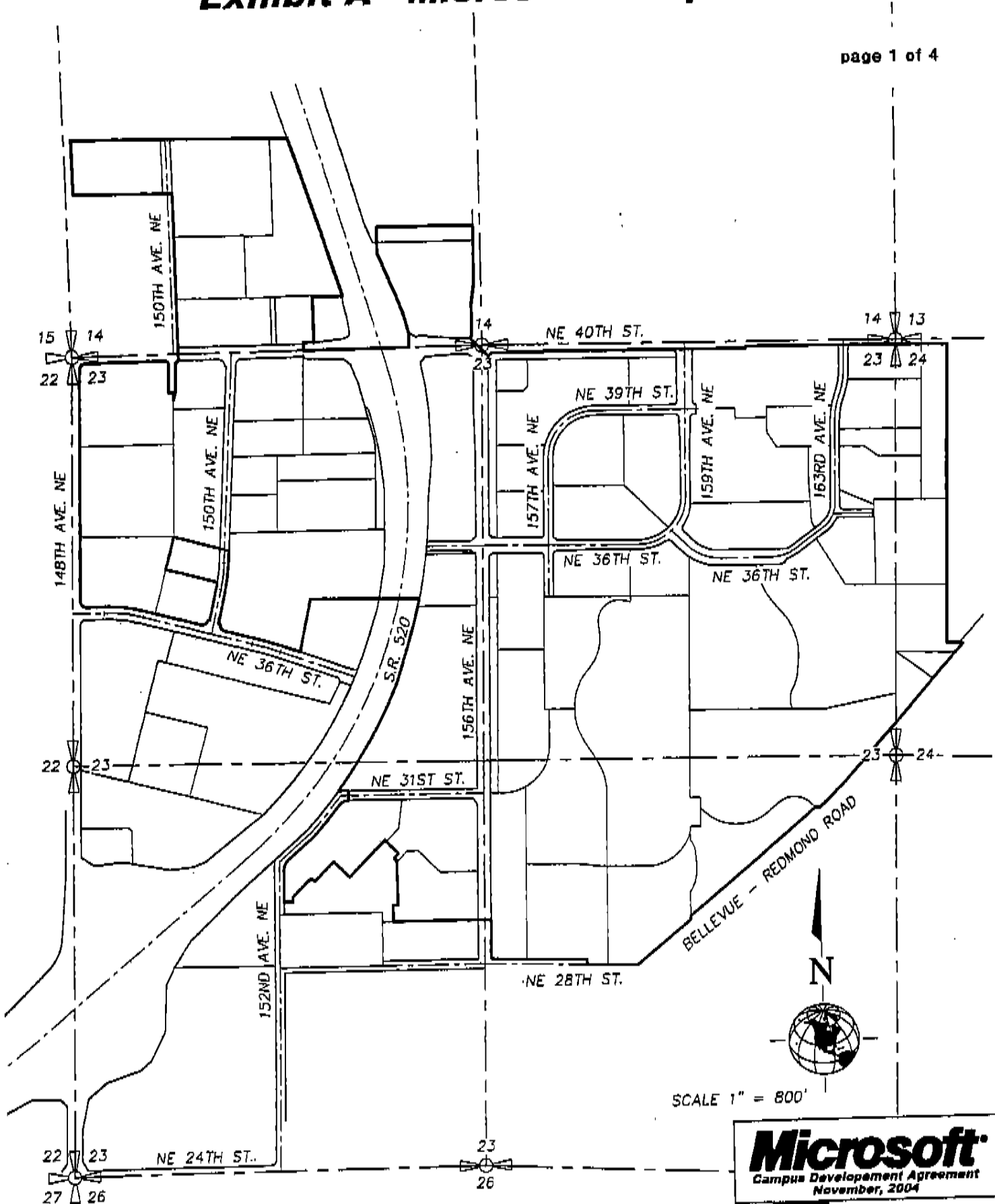
STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

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

GIVEN under my hand and official seal this ____ day of _____, 2005.

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

Exhibit A - Microsoft Campus



SCALE 1" = 800'

Microsoft
 Campus Development Agreement
 November, 2004

W&H
 PART II

3300 Rosie Villa Parkway
 Kirkland, Washington 98033-2972
 (425) 821-4000
 (425) 821-4000 Fax
 www.w&h.com

Exhibit A - Microsoft Campus

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN SECTION 23, THE NORTHWEST QUARTER OF SECTION 24 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

page 2 of 4

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 24, THENCE S89°12'42"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 330.03 FEET; THENCE S00°47'18"W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S01°04'30"W A DISTANCE OF 1,918.14 FEET; THENCE S88°01'29"E A DISTANCE OF 103.85 FEET TO A POINT ON THE NORTH MARGIN OF BELLEVUE-REDMOND ROAD; THENCE S41°25'58"W ALONG SAID NORTH MARGIN A DISTANCE OF 1,074.33 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2,834.93 FEET AND A CENTRAL ANGLE OF 6°40'58", AN ARC LENGTH OF 330.66 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N88°54'27"W A DISTANCE OF 29.46 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N41°26'45"W; THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 2,814.93 FEET AND A CENTRAL ANGLE OF 2°04'43", AN ARC LENGTH OF 102.12 FEET; THENCE TANGENT TO THE PRECEDING CURVE S50°37'58"W A DISTANCE OF 945.49 FEET; THENCE S01°04'31"W A DISTANCE OF 21.68 FEET; THENCE S50°37'58"W A DISTANCE OF 439.59 FEET; THENCE N88°05'47"W A DISTANCE OF 323.39 FEET; THENCE N01°07'07"E A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 28TH ST.; THENCE N88°05'47"W ALONG SAID NORTH MARGIN A DISTANCE OF 605.97 FEET; THENCE N43°50'37"W A DISTANCE OF 15.05 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE; THENCE N01°09'29"E ALONG SAID EAST MARGIN A DISTANCE OF 242.90 FEET; THENCE N89°34'56"W A DISTANCE OF 628.77 FEET; THENCE N00°25'04"E A DISTANCE OF 105.87 FEET; THENCE S89°34'56"E A DISTANCE OF 32.00 FEET; THENCE N00°25'04"E A DISTANCE OF 274.77 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE N45°25'04"E A DISTANCE OF 43.10 FEET; THENCE N44°34'56"W A DISTANCE OF 122.47 FEET; THENCE S45°25'04"W A DISTANCE OF 328.00 FEET; THENCE N44°34'56"W A DISTANCE OF 145.00 FEET; THENCE S45°25'04"W A DISTANCE OF 176.02 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE S45°25'04"W A DISTANCE OF 166.86 FEET; THENCE S00°25'04"W A DISTANCE OF 28.13 FEET; THENCE N89°34'56"W A DISTANCE OF 54.09 FEET TO A POINT ON THE EAST MARGIN OF 152ND AVE. NE; THENCE N01°11'22"E ALONG SAID EAST MARGIN A DISTANCE OF 209.18 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 47°52'59", AN ARC LENGTH OF 58.50 FEET; THENCE TANGENT TO THE PRECEDING CURVE N49°04'21"E A DISTANCE OF 219.59 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N46°47'42"W; THENCE NORTHEASTERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,200.00 FEET AND A CENTRAL ANGLE OF 4°49'28", AN ARC LENGTH OF 269.45 FEET TO A POINT OF REVERSE CURVATURE; THENCE TANGENT TO THE PRECEDING CURVE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 52°14'47", AN ARC LENGTH OF 63.83 FEET TO A POINT ON THE SOUTH MARGIN OF NE 31ST ST.; THENCE RADIAL TO THE PRECEDING CURVE N00°37'37"E A DISTANCE OF 60.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 31ST ST.; THENCE N89°22'23"W ALONG SAID NORTH MARGIN A DISTANCE OF 64.56 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N52°46'26"W; THENCE NORTHERLY ALONG SAID EAST MARGIN AND CURVE, HAVING A RADIUS OF 3,140.00 FEET AND A CENTRAL ANGLE OF 14°30'45", AN ARC LENGTH OF 795.33 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N18°08'10"E A DISTANCE OF 240.50 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N71°40'44"W; THENCE NORTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,130.00 FEET AND A CENTRAL ANGLE OF 5°53'28", AN ARC LENGTH OF 321.82 FEET; THENCE N88°40'08"W A DISTANCE OF 704.91 FEET; THENCE S12°10'31"W A DISTANCE OF 340.80 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.;

Microsoft
Campus Development Agreement
November, 2004



3300 Menlo Villa Parkway
Bellevue, Washington 98001-8072

360.800.8000
(425.292.4000) Fax

Exhibit A - Microsoft Campus

page 3 of 4

THENCE N69°25'34"W ALONG SAID NORTH MARGIN A DISTANCE OF 117.56 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 LEFT HAVING A RADIUS OF 2,040.00 FEET AND A CENTRAL ANGLE OF 5°18'02", AN ARC
 LENGTH OF 188.72 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N74°43'36"W A DISTANCE OF 190.60 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°04'44", AN ARC
 LENGTH OF 61.49 FEET;
 THENCE RADIAL TO THE PRECEDING CURVE N76°38'52"W A DISTANCE OF 10.00 FEET TO
 A POINT ON THE EAST MARGIN OF 150TH AVE. NE.;
 THENCE N13°21'08"E ALONG SAID EAST MARGIN A DISTANCE OF 212.53 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 LEFT HAVING A RADIUS OF 1,030.00 FEET AND A CENTRAL ANGLE OF 9°47'20", AN ARC
 LENGTH OF 175.97 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N03°33'48"E A DISTANCE OF 79.81 FEET;
 THENCE N74°43'17"W A DISTANCE OF 364.45 FEET;
 THENCE S15°16'43"W A DISTANCE OF 215.40 FEET;
 THENCE S74°43'17"E A DISTANCE OF 339.44 FEET TO THE BEGINNING OF A NON-TANGENT
 CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N78°58'17"W;
 THENCE SOUTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 970.00 FEET AND A
 CENTRAL ANGLE OF 2°19'25", AN ARC LENGTH OF 39.34 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE S13°21'08"W A DISTANCE OF 207.16 FEET;
 THENCE N76°38'52"W A DISTANCE OF 10.00 FEET TO THE BEGINNING OF A NON-TANGENT
 CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N76°38'52"W;
 THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 40.00 FEET AND A
 CENTRAL ANGLE OF 91°55'35", AN ARC LENGTH OF 64.18 FEET TO A POINT ON THE
 NORTH MARGIN OF NE 36TH ST.;
 THENCE TANGENT TO THE PRECEDING CURVE N74°43'17"W ALONG SAID NORTH
 MARGIN A DISTANCE OF 366.09 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 LEFT HAVING A RADIUS OF 1,040.00 FEET AND A CENTRAL ANGLE OF 14°44'31", AN ARC
 LENGTH OF 267.59 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N89°27'48"W A DISTANCE OF 111.41 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 90°42'50", AN ARC
 LENGTH OF 63.33 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
 THENCE TANGENT TO THE PRECEDING CURVE N01°15'02"E ALONG SAID EAST MARGIN A
 DISTANCE OF 1,485.45 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°46'38", AN ARC
 LENGTH OF 61.98 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST;
 THENCE S89°58'20"E ALONG SAID SOUTH MARGIN A DISTANCE OF 511.27 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 91°13'22", AN ARC
 LENGTH OF 39.80 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE S01°15'02"W A DISTANCE OF 173.82 FEET;
 THENCE S88°44'58"E A DISTANCE OF 30.00 FEET;
 THENCE S01°15'02"W A DISTANCE OF 50.06 FEET;
 THENCE N15°17'20"E A DISTANCE OF 53.59 FEET;
 THENCE N01°15'02"E A DISTANCE OF 173.87 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 77°28'04", AN ARC
 LENGTH OF 33.80 FEET TO A POINT ON THE SOUTHERLY EXTENSION OF THE EAST
 MARGIN OF 150TH AVE. NE;
 THENCE N00°41'17"W ALONG SAID EXTENSION AND EAST MARGIN A DISTANCE OF
 1,063.59 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE
 NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID
 SOUTHWEST QUARTER;
 THENCE N89°19'44"W ALONG SAID EXTENSION AND SOUTH SUBDIVISION LINE A
 DISTANCE OF 642.00 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
 THENCE N00°56'54"W ALONG SAID EAST MARGIN A DISTANCE OF 343.46 FEET TO A POINT
 ON THE NORTH LINE OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER;
 THENCE S89°07'00"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 1,390.19
 FEET TO A POINT ON THE WEST MARGIN OF STATE ROUTE 520;
 THENCE S17°40'00"E ALONG SAID WEST MARGIN A DISTANCE OF 1,066.32 FEET;
 THENCE N89°45'35"W A DISTANCE OF 192.98 FEET;
 THENCE S00°25'26"E A DISTANCE OF 287.74 FEET TO A POINT ON THE NORTH MARGIN OF
 NE 40TH ST;
 THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 66.36 FEET;
 THENCE S00°01'46"E A DISTANCE OF 50.00 FEET TO THE CENTERLINE OF NE 40TH ST;
 THENCE S89°58'20"E ALONG SAID CENTERLINE A DISTANCE OF 678.69 FEET;
 THENCE N00°01'40"E A DISTANCE OF 92.89 FEET TO A POINT ON THE EAST MARGIN
 OF STATE ROUTE 520;
 THENCE N15°39'03"W ALONG SAID EAST MARGIN A DISTANCE OF 117.90 FEET;



Exhibit A - Microsoft Campus

page 4 of 4

THENCE N20°23'42"W A DISTANCE OF 91.20 FEET;
THENCE N22°20'00"W A DISTANCE OF 339.32 FEET;
THENCE N00°09'21"W A DISTANCE OF 166.67 FEET TO A POINT ON THE NORTH LINE OF
THE SOUTH 100.00 FEET OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF
SAID SOUTHWEST QUARTER;
THENCE S89°32'32"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 618.87 FEET
TO A POINT ON THE WEST MARGIN OF 156TH AVE. NE;
THENCE S00°06'59"W ALONG SAID EAST MARGIN A DISTANCE OF 359.63 FEET;
THENCE S07°37'24"W A DISTANCE OF 153.08 FEET;
THENCE S00°06'59"W A DISTANCE OF 191.89 FEET;
THENCE S26°48'12"W A DISTANCE OF 21.77 FEET;
THENCE S44°40'25"E A DISTANCE OF 159.74 FEET;
THENCE N46°09'48"E A DISTANCE OF 30.54 FEET TO A POINT ON THE SOUTH MARGIN OF
NE 40TH ST;
THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 326.67 FEET;
THENCE N00°49'30"E A DISTANCE OF 4.50 FEET;
THENCE S89°10'30"E A DISTANCE OF 1,279.49 FEET;
THENCE N01°06'38"E A DISTANCE OF 12.00 FEET;
THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 956.73 FEET;
THENCE S89°12'42"E A DISTANCE OF 330.04 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THOSE PORTIONS LYING WITH THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
NE 31ST ST., NE 36TH ST., NE 39TH ST., NE 40TH ST., 150TH AVE. NE, 156TH AVE. NE, 157TH AVE.
NE, 159TH AVE. NE, 163RD AVE. NE AND S.R. 520.

CONTAINS 15,394,360 SQ. FT. +/- (353.41 ACRES)



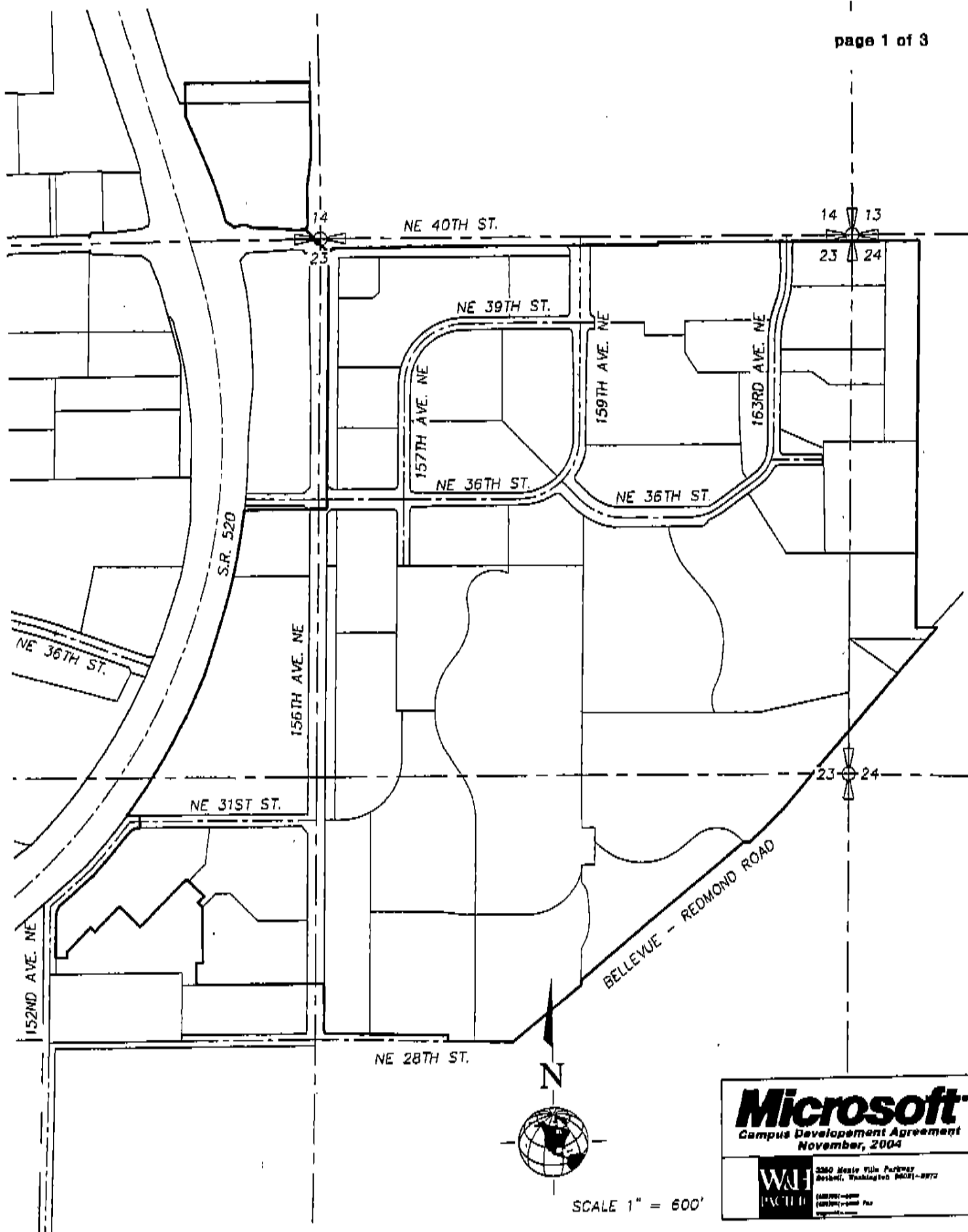
Microsoft Proposed New Development under the Development Agreement

1/10/2005

Exhibit B

| Development Location | Net New Microsoft Development in Square Feet | Additional Development through Square Footage transfers & Right of Way transfers | Additional Square Footage allowed through Transfer of Development Rights | Total Square Footage of Development Before Demolition | Proposed Demolition on Main Campus included in Net New Square Feet | Proposed Demolition on West Campus | Total Microsoft Development in DA Request |
|----------------------|--|--|--|---|--|------------------------------------|---|
| <u>Main Campus</u> | 1,124,291 | 0 | 372,468 | 1,496,759 | 222,471 | | 1,496,759 |
| <u>West Campus</u> | 629,631 | 416,185 | 207,531 | 1,253,347 | | (554,618) | 698,729 |
| | | | | | | | 2,195,488 |

Exhibit C - Microsoft Main Campus



Microsoft
 Campus Development Agreement
 November, 2004

W&H
 INCORPORATED

3360 Monte Villa Parkway
 Bellevue, Washington 98007-8972
 (206) 451-1000
 (206) 451-1001 Fax
 www.wandh.com

Exhibit C - Microsoft Main Campus

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN SECTION 23, THE NORTHWEST QUARTER OF SECTION 24 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

page 2 of 3

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 24, THENCE S89°12'42"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 330.03 FEET; THENCE S00°47'18"W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S01°04'30"W A DISTANCE OF 1,918.14 FEET; THENCE S88°01'29"E A DISTANCE OF 103.85 FEET TO A POINT ON THE NORTH MARGIN OF BELLEVUE-REDMOND ROAD; THENCE S41°25'58"W ALONG SAID NORTH MARGIN A DISTANCE OF 1,074.33 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2,834.93 FEET AND A CENTRAL ANGLE OF 6°40'58", AN ARC LENGTH OF 330.66 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N88°54'27"W A DISTANCE OF 29.46 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N41°26'45"W; THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 2,814.93 FEET AND A CENTRAL ANGLE OF 2°04'43", AN ARC LENGTH OF 102.12 FEET; THENCE TANGENT TO THE PRECEDING CURVE S50°37'58"W A DISTANCE OF 945.49 FEET; THENCE S01°04'31"W A DISTANCE OF 21.68 FEET; THENCE S50°37'58"W A DISTANCE OF 439.59 FEET; THENCE N88°05'47"W A DISTANCE OF 323.39 FEET; THENCE N01°07'07"E A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 28TH ST.; THENCE N88°05'47"W ALONG SAID NORTH MARGIN A DISTANCE OF 605.97 FEET; THENCE N43°50'37"W A DISTANCE OF 15.05 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE; THENCE N01°09'29"E ALONG SAID EAST MARGIN A DISTANCE OF 242.90 FEET; THENCE N89°34'56"W A DISTANCE OF 628.77 FEET; THENCE N00°25'04"E A DISTANCE OF 105.87 FEET; THENCE S89°34'56"E A DISTANCE OF 32.00 FEET; THENCE N00°25'04"E A DISTANCE OF 274.77 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE N45°25'04"E A DISTANCE OF 43.10 FEET; THENCE N44°34'56"W A DISTANCE OF 122.47 FEET; THENCE S45°25'04"W A DISTANCE OF 328.00 FEET; THENCE N44°34'56"W A DISTANCE OF 145.00 FEET; THENCE S45°25'04"W A DISTANCE OF 176.02 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE S45°25'04"W A DISTANCE OF 166.86 FEET; THENCE S00°25'04"W A DISTANCE OF 28.13 FEET; THENCE N89°34'56"W A DISTANCE OF 54.09 FEET TO A POINT ON THE EAST MARGIN OF 152ND AVE. NE; THENCE N01°11'22"E ALONG SAID EAST MARGIN A DISTANCE OF 209.18 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 47°52'59", AN ARC LENGTH OF 58.50 FEET; THENCE TANGENT TO THE PRECEDING CURVE N49°04'21"E A DISTANCE OF 219.59 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N46°47'42"W; THENCE NORTHEASTERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,200.00 FEET AND A CENTRAL ANGLE OF 4°49'28", AN ARC LENGTH OF 269.45 FEET TO A POINT OF REVERSE CURVATURE; THENCE TANGENT TO THE PRECEDING CURVE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 52°14'47", AN ARC LENGTH OF 63.83 FEET TO A POINT ON THE SOUTH MARGIN OF NE 31ST ST.; THENCE RADIAL TO THE PRECEDING CURVE N00°37'37"E A DISTANCE OF 60.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 31ST ST.; THENCE N89°22'23"W ALONG SAID NORTH MARGIN A DISTANCE OF 64.56 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N52°46'26"W; THENCE NORTHERLY ALONG SAID EAST MARGIN AND CURVE, HAVING A RADIUS OF 3,140.00 FEET AND A CENTRAL ANGLE OF 14°30'45", AN ARC LENGTH OF 795.33 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N18°08'10"E A DISTANCE OF 240.50 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N71°40'44"W; THENCE NORTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,130.00 FEET AND A CENTRAL ANGLE OF 11°07'49", AN ARC LENGTH OF 608.03 FEET TO A POINT ON THE

Microsoft
Campus Development Agreement
November, 2004



2350 Route 98 Parkway
Bellevue, Washington 98004-4172
(425) 882-4477
(425) 882-4478 Fax
microsoft.com

Exhibit C - Microsoft Main Campus

NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 23;
 THENCE NON-TANGENT TO THE PRECEDING CURVE S89°34'20"E ALONG SAID NORTH LINE A DISTANCE OF 405.25 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE;
 THENCE N01°09'29"E A DISTANCE OF 1,265.89 FEET;
 THENCE N44°40'25"W A DISTANCE OF 159.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST;
 THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 57.36 FEET;
 THENCE N83°54'06"W A DISTANCE OF 85.11 FEET;
 THENCE N87°06'35"W A DISTANCE OF 120.15 FEET;
 THENCE N62°29'52"W A DISTANCE OF 28.18 FEET;
 THENCE N87°28'57"W A DISTANCE OF 23.02 FEET;
 THENCE S76°19'15"W A DISTANCE OF 42.20 FEET;
 THENCE N56°28'22"W A DISTANCE OF 52.35 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520;
 THENCE N15°39'03"W ALONG SAID EAST MARGIN A DISTANCE OF 117.90 FEET;
 THENCE N20°23'42"W A DISTANCE OF 91.20 FEET;
 THENCE N22°20'00"W A DISTANCE OF 339.32 FEET;
 THENCE N00°09'21"W A DISTANCE OF 166.67 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH 100.00 FEET OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 14;
 THENCE S89°32'32"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 618.87 FEET TO A POINT ON THE WEST MARGIN OF 156TH AVE. NE;
 THENCE S00°06'59"W ALONG SAID EAST MARGIN A DISTANCE OF 359.63 FEET;
 THENCE S07°37'24"W A DISTANCE OF 153.08 FEET;
 THENCE S00°06'59"W A DISTANCE OF 191.89 FEET;
 THENCE S26°48'12"W A DISTANCE OF 21.77 FEET;
 THENCE S44°40'25"E A DISTANCE OF 159.74 FEET;
 THENCE N46°09'48"E A DISTANCE OF 30.54 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST;
 THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 326.67 FEET;
 THENCE N00°49'30"E A DISTANCE OF 4.50 FEET;
 THENCE S89°10'30"E A DISTANCE OF 1,279.49 FEET;
 THENCE N01°06'36"E A DISTANCE OF 12.00 FEET;
 THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 956.73 FEET;
 THENCE S89°12'42"E A DISTANCE OF 330.04 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THOSE PORTIONS LYING WITHIN THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
 NE 31ST ST., NE 36TH ST., NE 39TH ST., NE 40TH ST., 156TH AVE. NE, 157TH AVE. NE, 159TH AVE. NE AND 163RD AVE. NE.

CONTAINS 11,089,369 SQ. FT. +/- (254.58 ACRES)

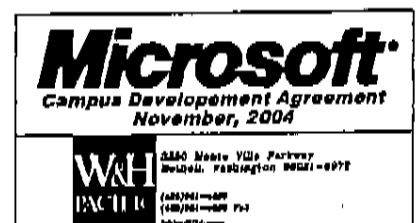
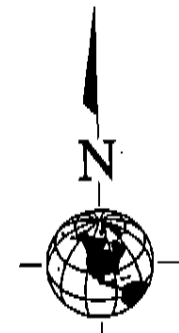
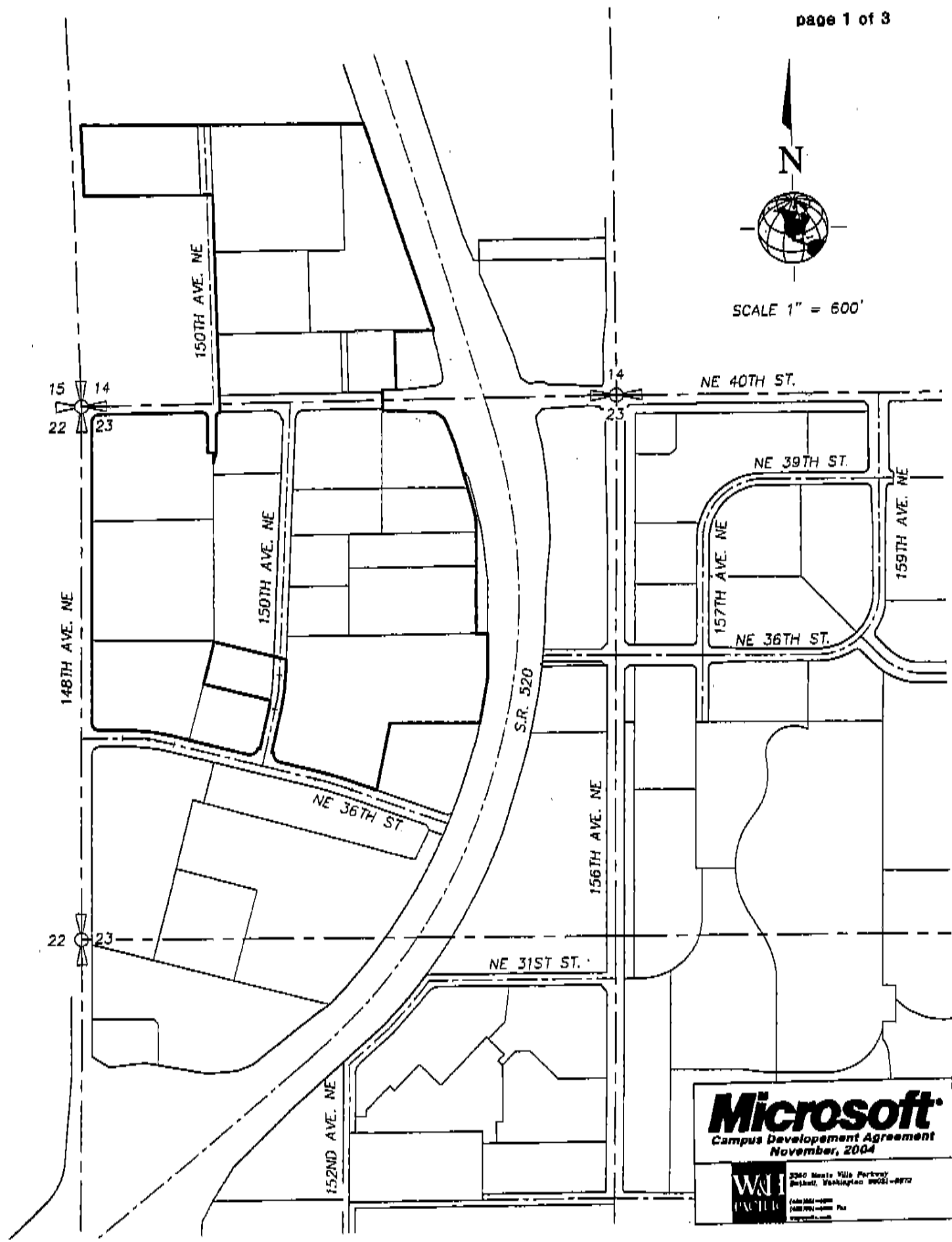


Exhibit D - Microsoft West Campus



SCALE 1" = 600'



Microsoft
 Campus Development Agreement
 November, 2004

W&H
 PACIFIC

3240 Meade Villa Parkway
 Redmond, Washington 98073-8970
 (509) 881-4444
 (509) 881-4444 Fax
 www.wahpac.com

Exhibit D - Microsoft West Campus

page 2 of 3

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN THE NORTHWEST QUARTER OF SECTION 23 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 23, THENCE S89°58'20"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 88.31 FEET; THENCE S00°01'40"W A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S89°58'20"E ALONG SAID SOUTH MARGIN A DISTANCE OF 511.27 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 91°13'22", AN ARC LENGTH OF 39.80 FEET; THENCE TANGENT TO THE PRECEDING CURVE S01°15'02"W A DISTANCE OF 173.82 FEET; THENCE S88°44'58"E A DISTANCE OF 30.00 FEET; THENCE S01°15'02"W A DISTANCE OF 50.06 FEET; THENCE N15°17'20"E A DISTANCE OF 53.59 FEET; THENCE N01°15'02"E A DISTANCE OF 173.87 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 77°28'04", AN ARC LENGTH OF 33.80 FEET TO A POINT ON THE SOUTHERLY EXTENSION OF THE EAST MARGIN OF 150TH AVE. NE; THENCE N00°41'17"W ALONG SAID EXTENSION AND EAST MARGIN A DISTANCE OF 1,063.59 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER; THENCE N89°19'44"W ALONG SAID EXTENSION AND SOUTH SUBDIVISION LINE A DISTANCE OF 642.00 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE; THENCE N00°56'54"W ALONG SAID EAST MARGIN A DISTANCE OF 343.46 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER; THENCE S89°07'00"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 1,390.19 FEET TO A POINT ON THE WEST MARGIN OF STATE ROUTE 520; THENCE S17°40'00"E ALONG SAID WEST MARGIN A DISTANCE OF 1,066.32 FEET; THENCE N89°45'35"W A DISTANCE OF 192.98 FEET; THENCE S00°25'26"E A DISTANCE OF 287.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST; THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 66.36 FEET; THENCE S00°01'46"E A DISTANCE OF 20.00 FEET; THENCE S00°00'10"E A DISTANCE OF 60.00 FEET; THENCE S00°01'40"W A DISTANCE OF 20.00 FEET; THENCE S87°40'38"E A DISTANCE OF 82.41 FEET; THENCE S84°42'24"E A DISTANCE OF 51.22 FEET; THENCE S87°36'03"E A DISTANCE OF 120.80 FEET; THENCE S83°34'57"E A DISTANCE OF 54.18 FEET; THENCE S21°26'32"E A DISTANCE OF 131.05 FEET; THENCE S14°52'35"E A DISTANCE OF 351.79 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 270.00 FEET AND A CENTRAL ANGLE OF 16°03'27", AN ARC LENGTH OF 75.67 FEET; THENCE TANGENT TO THE PRECEDING CURVE S01°10'52"W A DISTANCE OF 531.14 FEET; THENCE S89°37'19"E A DISTANCE OF 56.13 FEET TO A POINT ON THE WEST MARGIN OF SR 520; THENCE S01°17'18"W ALONG SAID WEST MARGIN A DISTANCE OF 214.15 FEET; THENCE S10°35'40"W A DISTANCE OF 233.89 FEET; THENCE N88°40'08"W A DISTANCE OF 441.93 FEET; THENCE S12°10'31"W A DISTANCE OF 340.80 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.; THENCE N69°25'34"W ALONG SAID NORTH MARGIN A DISTANCE OF 117.56 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 2,040.00 FEET AND A CENTRAL ANGLE OF 5°18'02", AN ARC LENGTH OF 188.72 FEET; THENCE TANGENT TO THE PRECEDING CURVE N74°43'36"W A DISTANCE OF 190.60 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°04'44", AN ARC LENGTH OF 61.49 FEET; THENCE RADIAL TO THE PRECEDING CURVE N76°38'52"W A DISTANCE OF 10.00 FEET TO A POINT ON THE EAST MARGIN OF 150TH AVE. NE.; THENCE N13°21'08"E ALONG SAID EAST MARGIN A DISTANCE OF 212.53 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,030.00 FEET AND A CENTRAL ANGLE OF 9°47'20", AN ARC LENGTH OF 175.97 FEET; THENCE TANGENT TO THE PRECEDING CURVE N03°33'48"E A DISTANCE OF 79.81 FEET;

Microsoft
Campus Development Agreement
November, 2004



2040 Monte Villa Parkway
Bellevue, Washington 98001-0972
206-467-1000
206-467-1000 Fax
www.wjpartners.com

Exhibit D - Microsoft West Campus

THENCE N74°43'17"W A DISTANCE OF 364.45 FEET;
 THENCE S15°16'43"W A DISTANCE OF 215.40 FEET;
 THENCE S74°43'17"E A DISTANCE OF 339.44 FEET TO THE BEGINNING OF A NON-TANGENT
 CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N78°58'17"W;
 THENCE SOUTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 970.00 FEET AND A
 CENTRAL ANGLE OF 2°19'25", AN ARC LENGTH OF 39.34 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE S13°21'08"W A DISTANCE OF 207.16 FEET;
 THENCE N76°38'52"W A DISTANCE OF 10.00 FEET TO THE BEGINNING OF A NON-TANGENT
 CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N76°38'52"W;
 THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 40.00 FEET AND A
 CENTRAL ANGLE OF 91°55'35", AN ARC LENGTH OF 64.18 FEET TO A POINT ON THE
 NORTH MARGIN OF NE 36TH ST.;
 THENCE TANGENT TO THE PRECEDING CURVE N74°43'17"W ALONG SAID NORTH
 MARGIN A DISTANCE OF 366.09 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 LEFT HAVING A RADIUS OF 1,040.00 FEET AND A CENTRAL ANGLE OF 14°44'31", AN ARC
 LENGTH OF 267.59 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N89°27'48"W A DISTANCE OF 111.41 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 90°42'50", AN ARC
 LENGTH OF 63.33 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
 THENCE TANGENT TO THE PRECEDING CURVE N01°15'02"E ALONG SAID EAST MARGIN A
 DISTANCE OF 1,485.45 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE
 RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°46'38", AN ARC
 LENGTH OF 61.98 FEET TO THE TRUE POINT OF BEGINNING.

page 3 of 3

EXCEPT THOSE PORTIONS LYING WITHIN THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
 NE 40TH ST. AND 150TH AVE. NE.

CONTAINS 4,304,991 SQ. FT. +/- (98.83 ACRES)

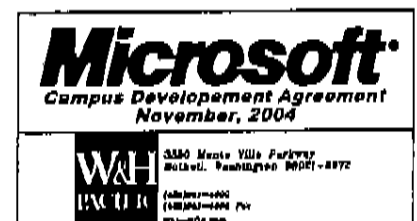
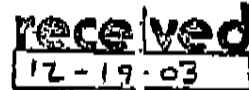




EXHIBIT F



THE CITY OF REDMOND
PLANNING DEPARTMENT

December 18, 2003

Nancy Bainbridge Rogers
Cairncross & Hempelmann, P.S.
524 Second Avenue, Suite 500
Seattle, WA 98104-2323

RE: Interpretation of RCDG 20C.60.25-020 Note 5 For a Specific Proposal

Dear Ms. Bainbridge Rogers:

Your September 30, 2003 letter requests review of a planned transfer of density and impervious surface coverage in the Overlake neighborhood, and a determination of whether the transfer as proposed complies with the Redmond Community Development Guide. The properties involved are mapped on Exhibit A, attached.

Based on a review of the Redmond Community Development Guide policies and regulations, I conclude that the transfer of density that you propose is allowed by city regulations, and anticipated by the Overlake Neighborhood plan. The relevant policies and regulations are cited and discussed below.

Basis for Decision

The Redmond Community Development Guide provisions for the Overlake Business and Technology zone (referred to as OV in the use and site requirement charts) set a maximum floor area ratio, but allow the floor area ratio to be averaged across contiguous properties. RCDG 20C.60.25-020, note 5, states:

For properties under a common ownership that are contiguous or separated only by rights-of-way, FARs may be calculated based on the average FAR across those properties, and density and impervious surface coverage may be transferred among contiguous properties provided the averages or transfers are consistent with all other applicable regulations.

Since there is no specific RCDG definition of the word 'contiguous', the common meaning of the word shall apply. That is, contiguous means *adjacent, next to, or touching at a point or boundary*. The RCDG defines public rights of way, so no interpretation is necessary. Technical staff has not reviewed current public or private ownership of parcels and rights of way, but if the parcels mapped are in common ownership, and if the streets mapped are used or planned to be

Nancy Bainbridge Rogers
December 18, 2003
Page 2

used as public thoroughfares, then the proposed transfer is consistent with the letter and intent of the RCDG.

Overlake Neighborhood Plan

The Redmond Community Development Guide policies affecting the Overlake Neighborhood provide the policy basis for the above cited code provision.

First, a portion of the OV zoned area is designated as an Advanced Technology Center by the RCDG, and as an Advanced Technology and Manufacturing Center by the King County Countywide Planning Policies. Vision 2020 also recognizes the area as a Center. The area therefore has priority for transportation improvements under regional policies, to accommodate planned growth. The transfer as proposed moves relatively more of the Overlake neighborhood's potential development into the designated center, consistent with local and regional policy.

Overlake Neighborhood policies encourage concentration of employment where it can best be served by existing and future transportation investments, as follows:

N-OV-59 Encourage higher intensity employment development within walking distance of 156th Avenue NE north of NE 31st Street and south of NE 40th Street

BROTS

The proposed transfer is consistent with policies resulting from the Bellevue Redmond Overlake Transportation Study update (BROTS). Those policies place a specific limit on commercial development in the area, based on planned and funded transportation improvements, as follows:

N-OV-75 The Overlake Neighborhood Plan allows a total development capacity of 15.4 million square feet of retail, office, research and development, manufacturing and distribution uses within Redmond's Overlake Neighborhood. The public facilities and services necessary to accommodate this growth are required by this neighborhood plan. As more transit services become available in Overlake or progress is made towards meeting non-single-occupancy vehicle travel objectives, the amount of development that can be accommodated should be reevaluated.

The transfer as proposed will be consistent with the 15.4 million square foot limit, provided that the sending parcels are restricted in use by the amount transferred, until the area wide cap on commercial development is changed.

We understand that your client will be doing long range planning for your properties, to enable timely review of specific development proposals in the future. This has been a successful approach in other areas, and quite welcome. Although the overall amount of growth in Overlake

Nancy Bainbridge Rogers
December 18, 2003
Page 3

will remain constant if this transfer of density is implemented, traffic analysis will be needed with specific development proposals to determine whether changes in traffic distribution affect portions of the local transportation system.

Please let me know if there are questions about this interpretation, or if you need more information. We look forward to working with you on planning for the area.
Sincerely,



Roberta Lewandowski
Planning and Community Development Director

cc: Jim Roberts, Assistant Planning Director
David Rhodes, Public Works Director

Microsoft Overlake Properties

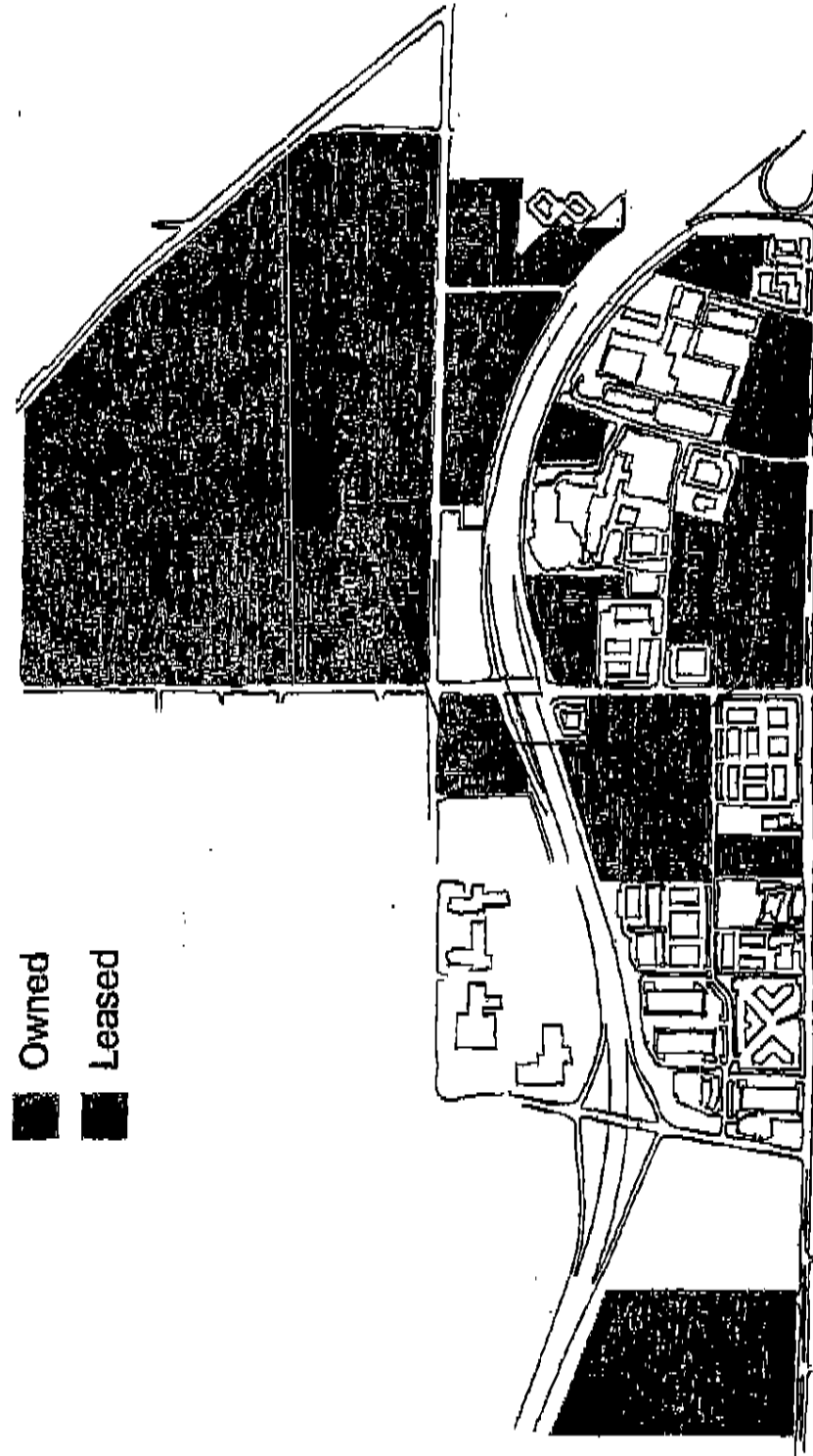
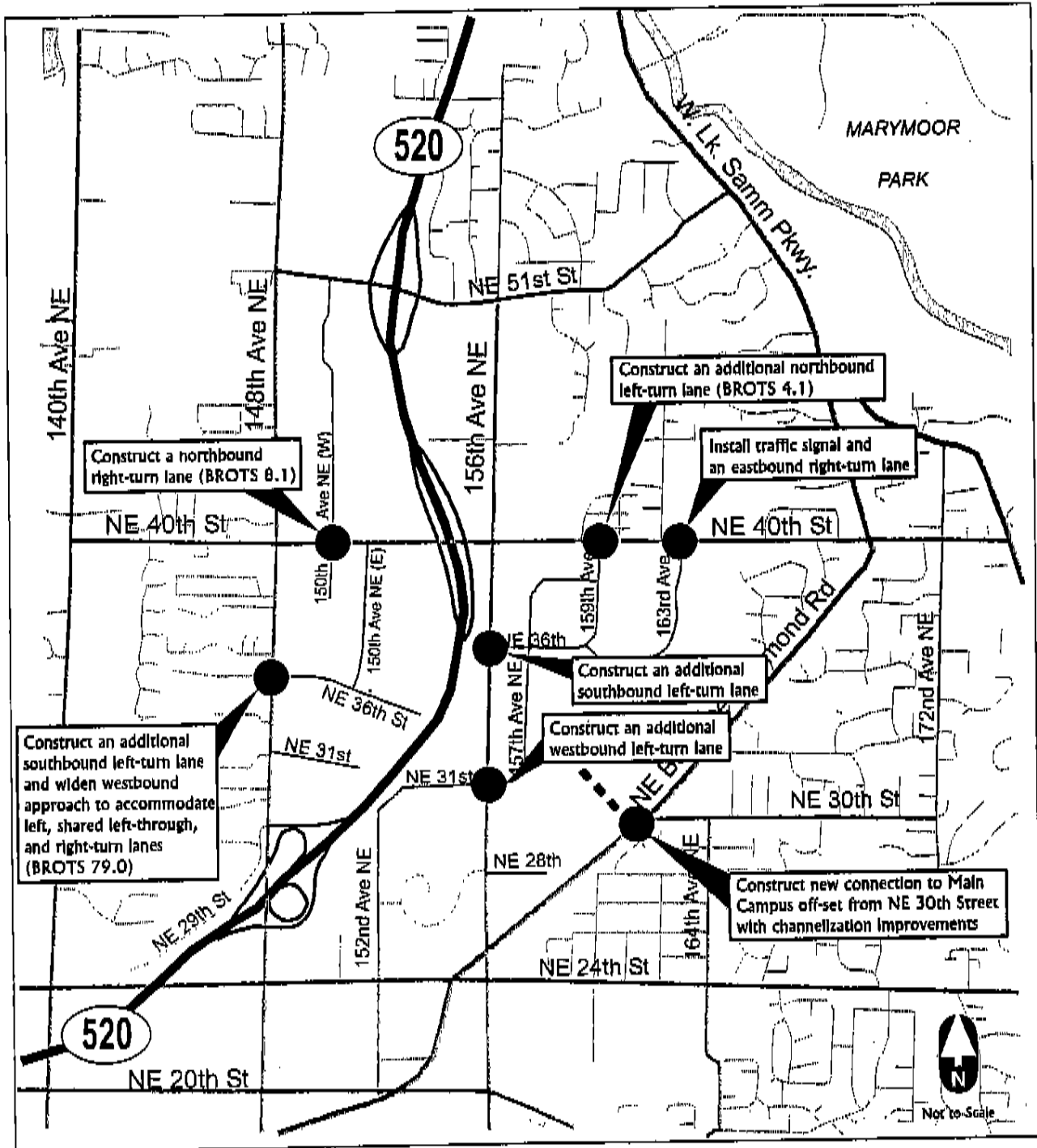


Exhibit A

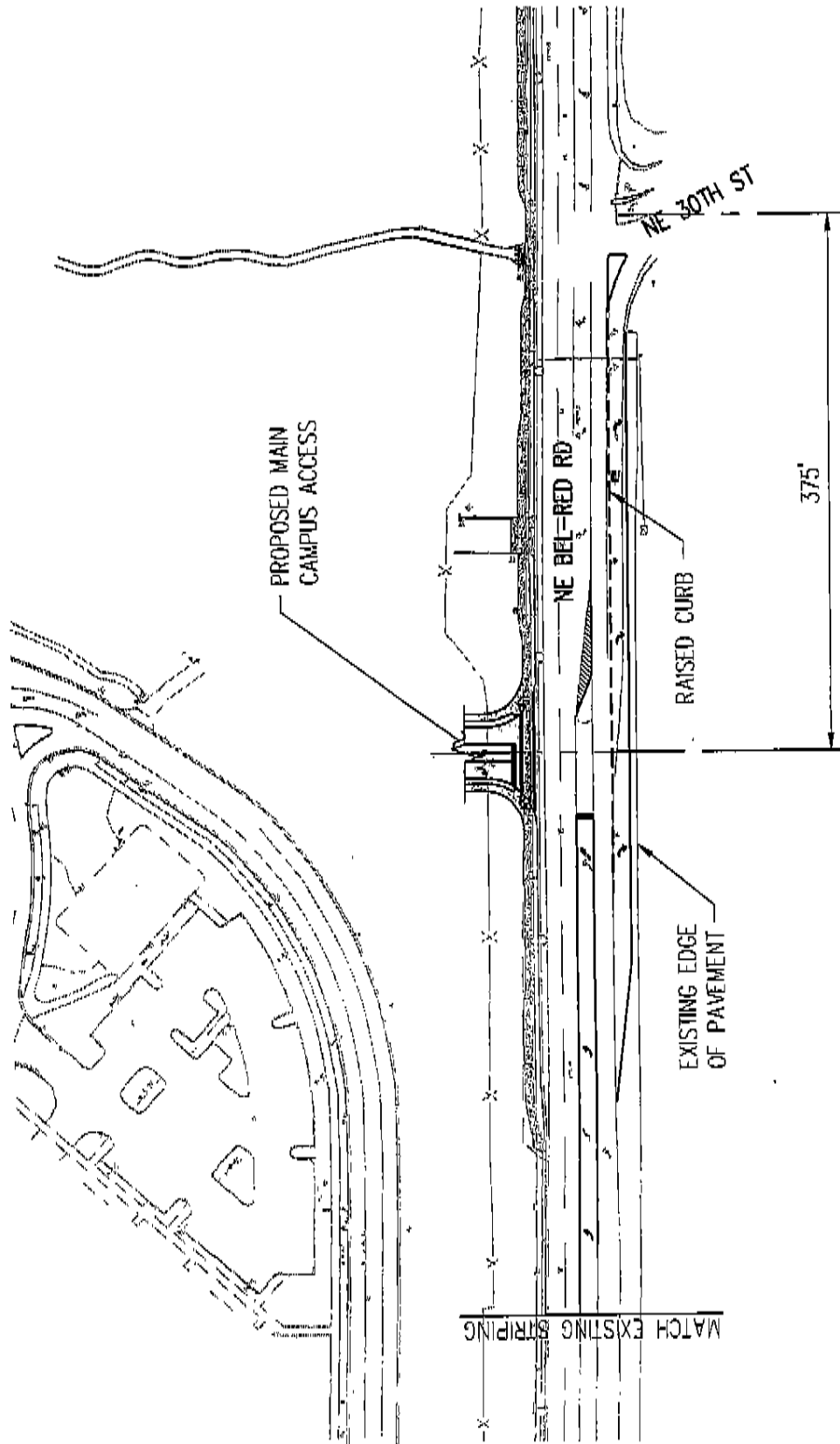
Exhibit G - Proposed Transportation Improvements



Microsoft
 Campus Development Agreement
 December 2004

 Transportation Engineering Northwest

Exhibit H - Main Campus Access on Bel-Red Road





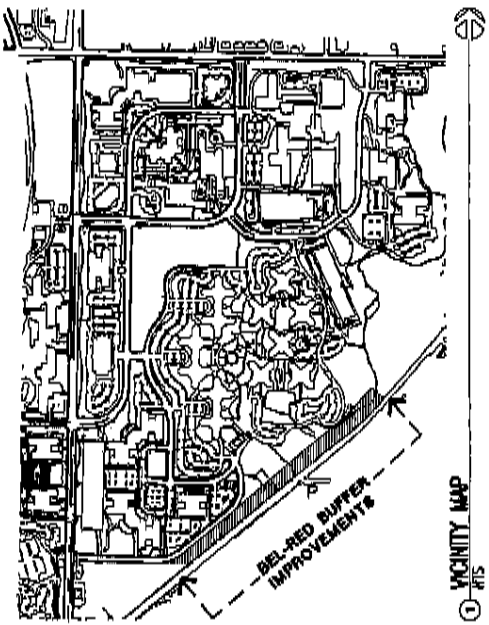
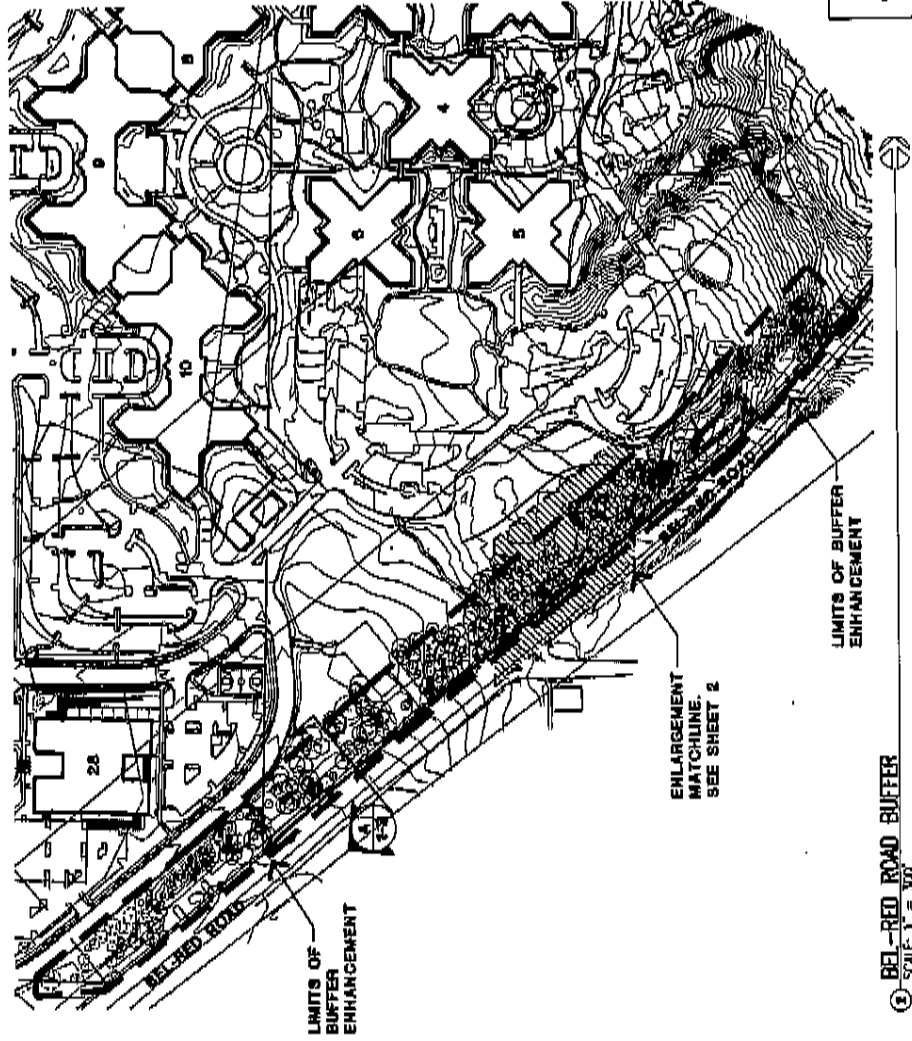
| | |
|---|---|
|  Microsoft Campus Development Agreement December 2004 |  kpfi Consulting Engineers |
|---|---|

Exhibit I - Bel-Red Road Buffer
Sheet 1 of 3



Microsoft
Campus Development Agreement
November, 2004

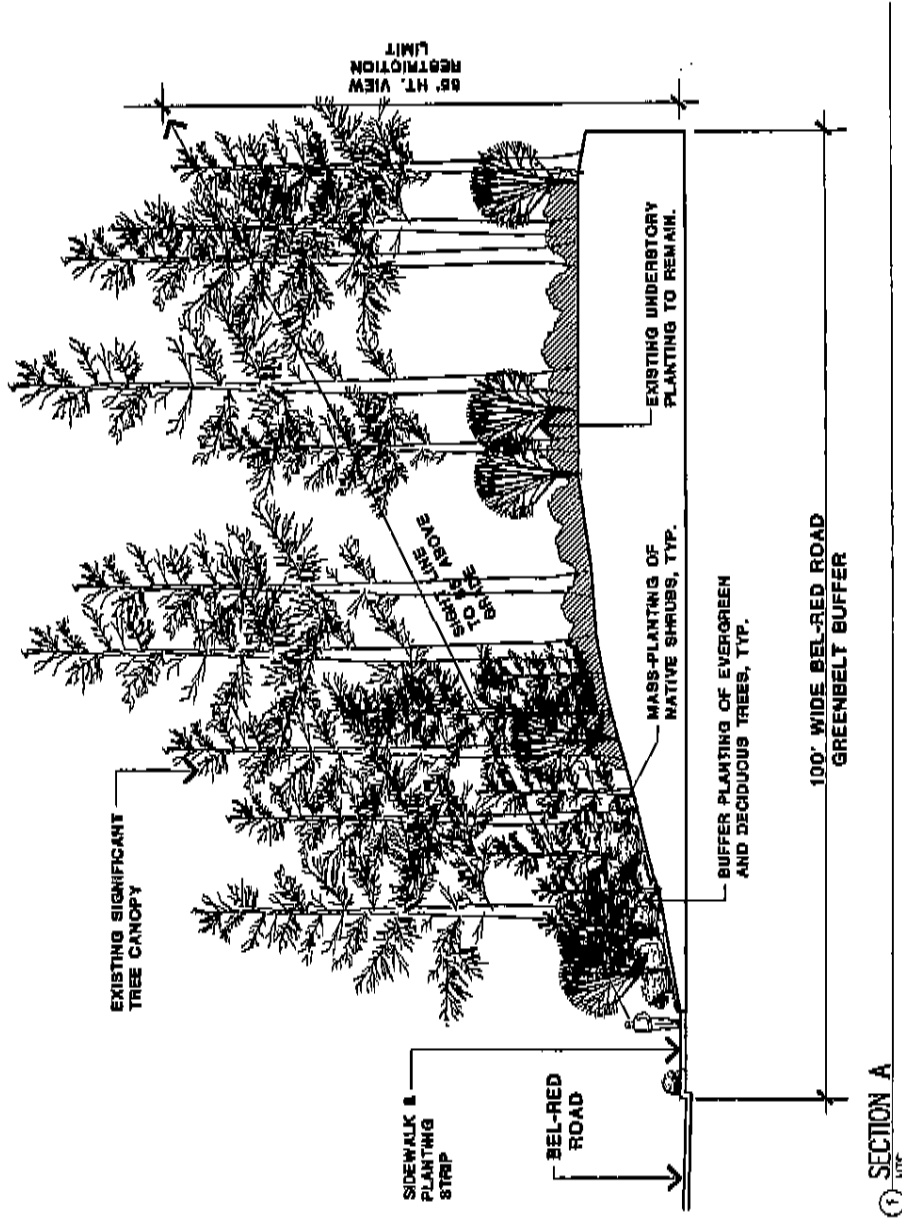
Brumbaugh & Associates
Landscape Architecture

② BEL-RED ROAD BUFFER
SCALE: 1" = 300'

① VICINITY MAP
1/15

Exhibit 1 - Bel-Red Road Buffer

Sheet 3 of 3

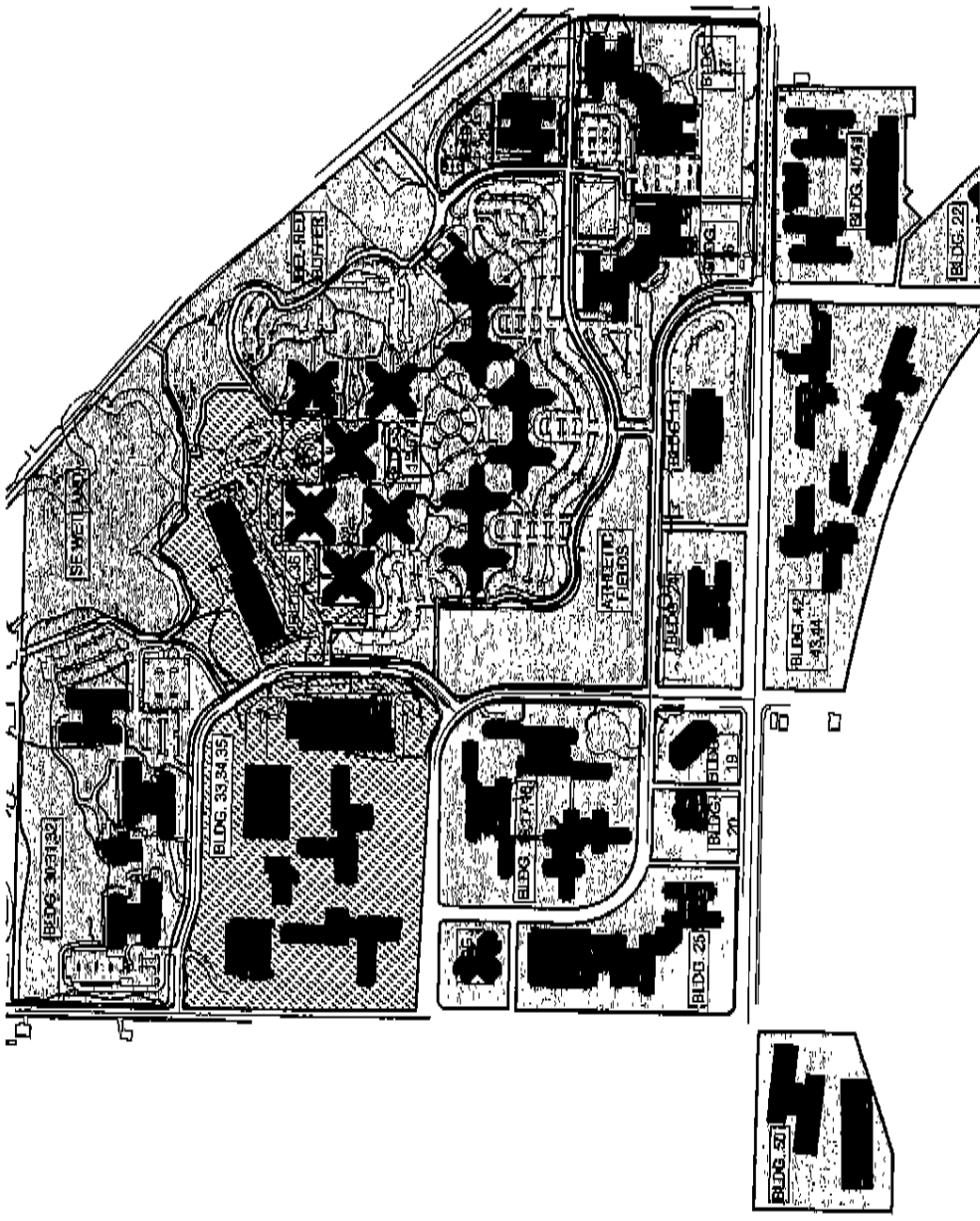


SECTION A
N15

Microsoft
Campus Development Agreement
November, 2004

Brumbaugh & Associates
Landscape Architecture

Exhibit J - Tree Retention Plan
Sheet 1 of 2



LEGEND

| | |
|---|--|
| Properties included in Developer Agreement: | |
| Properties exempt from Developer Agreement: | |

| | |
|---|-------|
| Main Campus Existing Significant Tree Quantity: | 6,976 |
| Proposed 35% Retention: | 2,441 |

Microsoft
Campus Development Agreement
November, 2004

Brumbaugh & Associates
Landscape Architecture

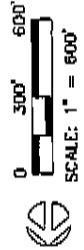


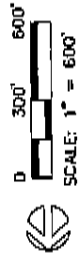
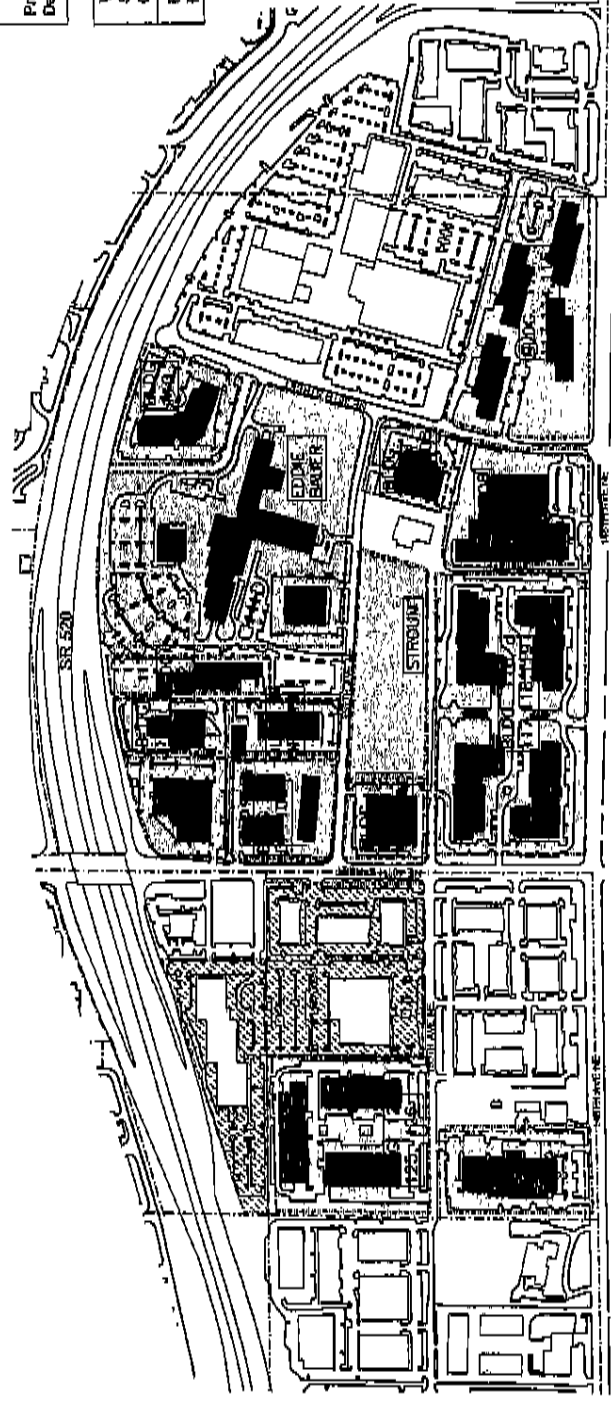


Exhibit J - Tree Retention Plan
 Sheet 2 of 2

| LEGEND | |
|---|---|
| Properties included in Developer Agreement: |  |
| Properties exempt from Developer Agreement: |  |

| | |
|---|-------|
| West Campus Existing Significant Tree Quantity: | 1,663 |
| Proposed 35% Retention: | 582 |



Microsoft
 Campus Development Agreement
 November, 2004

Brumbaugh & Associates
 Landscape Architecture