City of Kenmore

City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
City Council Special Meeting
6:00 p.m., Monday, July 8, 2013
City Council Regular Meeting
7:00 p.m., Monday, July 8, 2013
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Council agendas are also available on our website at www.kenmorewa.gov.

I. 6:00 p.m. - CALL SPECIAL MEETING TO ORDER

II. EXECUTIVE SESSION

Pursuant to RCW 42.30.110(1)(b), Property Acquisition, and RCW 42.30.110(1)(i), Litigation

III. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

IV. ADJOURN SPECIAL MEETING

V. 7:00 p.m. - CALL REGULAR MEETING TO ORDER

VI. ROLL CALL

VII. FLAG SALUTE

VIII. AGENDA APPROVAL

IX. CITIZEN COMMENTS

This is an opportunity to express your views on issues that are important to you and to the community. Please limit your comments to three (3) minutes.

X. CONSENT AGENDA

A. Adopt Minutes for the June 10, 2013 Council Regular Meeting and June 13, 2013 Joint Lake Forest Park/Kenmore Special Meeting

B. Approve Check Nos. 28012 - 28093 in the Amount of $1,664,907.20 and Electronically Transferred Payroll Funds Totaling $62,545.42 and Payroll Check

X. CONSENT AGENDA

No. 210257 in the Amount of $405.77 for the Period Ending June 21, 2013

C. Receive and File April 2013 Financial Report

D. Authorize Wallace Swamp Creek Sediment Pond Dredging - Contract No. 13-1188

XI. BUSINESS AGENDA

A. Briefing on Sediment/Water Test Reports by WA Department of Ecology and WA Department of Health - Nancy Ousley, Assistant City Manager

B. Approve Kenmore Village Purchase & Sale Agreement with Main Street Property Group, LLC - Resolution No. 13-222 - Rob Karlinsey, City Manager

XII. STAFF REPORT

XIII. COUNCILMEMBER REPORTS & COMMENTS

XIV. COUNCILMEMBER INITIATIVES

XV. ADJOURNMENT

XVI. EXECUTIVE SESSION

Pursuant to RCW 42.30.110(1)(i), Litigation, and RCW 42.30.110(1)(i), Potential Litigation

XVII. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

Upcoming Meetings:

Thursday, July 11, 2013	Sediment Reports Public Meeting	5:30-7 Open House/7-8:30 Presentations
Monday, July 15, 2013	City Council Regular Meeting	7:00 p.m.
Tuesday, July 16, 2013	Planning Commission Meeting	7:00 p.m.
Monday, July 22, 2013	City Council Regular Meeting	7:00 p.m.

City of Kenmore, Washington
City Council Regular Meeting
Minutes
June 10, 2013

CALL TO ORDER – Mayor Baker called the regular meeting to order at 7:01 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Bob Hensel, and Councilmembers Brent Smith, Laurie Sperry, Allan Van Ness, Milton Curtis, and Glenn Rogers

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Bryan Hampson, Development Services Director; Jennifer Gordon, Public Works Operations Manager; Leslie Harris, Management Analyst; Cliff Sether, Police Chief; Rod Kaseguma, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Deputy Mark Childers led the flag salute.

AGENDA APPROVAL

It was Council consensus to modify the agenda to add a break following the proclamations. It was Council consensus to approve the agenda as modified.

PROCLAMATIONS

Childhood Cancer Awareness Week Proclamation – June 23-29, 2013

Mark Childers Day Proclamation – June 28 – Mayor Baker read the proclamation into the record and invited citizens to come forward to speak about Deputy Mark Childers. Four citizens came forward to speak. Mayor Baker thanked Deputy Childers for his many years of service on behalf of the City.

At 7:13 p.m. Mayor Baker announced a break for all present to have cake in honor of Deputy Childers. Mayor Baker reconvened the meeting at 7:21 p.m.

CITIZEN COMMENTS

Dennis Mendrey, 6410 NE 182nd Street, Kenmore, was present to thank the City for all the decisions they have made to improve the City. He also stated his concerns regarding loose steel drainage gadgets around trees and low growing trees.

Marella Alejandrino, 6424 NE 188th Street, Kenmore, was present to announce the 15th Annual Kenmore Art Show, June 27-30 at Bastyr University. She handed out invitation cards.

Dave Crawford, 7534 NE 175th Street, Kenmore, was present state his concern regarding wild horsetail, Swamp Creek, and the old fire station building.

Carl Michelman, 5727 NE 197th Street, Kenmore, was present to suggest that the Kenmore Village development be more concentrated in office space rather than retail.

Patrick O'Brien, 6330 NE 181st Street, Kenmore, was present to state his concerns regarding windmills, design elements for Kenmore Village, the Lakepointe site, and the asphalt plant.

John Hendrickson, 5919 NE 202nd Lane, Kenmore, was present to state his concerns regarding the Kenmore Village purchase and sale agreement and City finances.

Mayor Baker thanked the citizens for their comments.

CONSENT AGENDA

Councilmember Laurie Sperry moved to approve the consent agenda as submitted. Deputy Mayor Bob Hensel seconded the motion to Approve the Minutes of the May 20, 2013 City Council Special & Regular Study Session; Approve Check Nos. 27862 - 27952 in the amount of $361,459.75 and Electronically Transferred Payroll Funds Totaling $63,129.50 for the Period Ending May 29, 2013; and Cancel the Regular City Council Meeting for June 17, 2013 Due to the City Council Retreat. The motion passed unanimously.

BUSINESS AGENDA

Adopt Resolution Approving Kenmore Village Purchase & Sale Agreement - Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Larry Benaroya, The Benaroya Company; Mike McKernan, Real Property Investors; and Rod Stevens, Spinnaker Strategies, were present to discuss the Kenmore Village Purchase and Sale Agreement with BCC-RPI Kenmore, LLC. They were also available to answer any questions. City Manager Karlinsey reviewed the process of developing goals for Kenmore Village, identifying potential developers, and evaluating the 16 proposals that the City received. He stated that the current buyers have several key qualities, including offer price, experience and reputation, commitment to the City's goals, access to capital, and the ability to perform in a timely manner. He stated that the purchase of the lower Kenmore Village property will include the Post Office but not the Kenmore Camera property. The purchase price is $1.8 million, which was the highest offer. There will be a 90-day environmental review period and a 180-day feasibility period before the agreement is final. He detailed the terms and plans for the site and stated that construction could begin as early as summer 2014, depending on tenant interest.

- **Public Comment Regarding Kenmore Village Purchase & Sale Agreement**

Mayor Baker opened the public comment period at 8:05 p.m.

The following citizens spoke:

Patrick O'Brien, 6330 NE 181st Street, Kenmore, was present to state his concerns regarding the purchase and sale contract.

Ken Smith, 15816 70th Avenue NE, Kenmore, was present to state his concerns regarding how changes in market conditions would be dealt with under the agreement.

Carl Michelman, 18023 62nd Avenue NE, Kenmore, was present state his concerns regarding the time involved in moving forward with the development project.

Dave Crawford, 7534 NE 175th Street, Kenmore, was present to state his support for the purchase and sale agreement.

Dennis Mendrey, 6410 NE 182nd Street, Kenmore, was present to state his support for the purchase and sale agreement.

Mark Prince, 19330 55th Avenue NE, Kenmore, was present to congratulate the City on the potential sale and to state that he hopes the Post Office will remain in the City.

John Hendrickson, 5919 NE 202nd Lane, Kenmore, was present to state his concerns regarding the purchase price for the property.

As there were no other citizens wishing to speak, Mayor Baker closed the public comment period at 8:22 p.m.

Councilmember Van Ness moved to Adopt Resolution No. 13-218, Approving Kenmore Village Purchase & Sale Agreement with BCC-RPI Kenmore, LLC. Councilmember Rogers seconded the motion. The motion passed unanimously.

Mayor Baker recessed the meeting for a 5-minute break at 8:24 p.m.

Councilmember Sperry left the meeting at 8:30 p.m.

Adopt Zayo Group Franchise – Ordinance No. 13-0359 – Jennifer Gordon, Public Works Operations Manager, was present to give a brief staff report regarding the franchise. She was also available to answer any questions.

Councilmember Van Ness moved to Adopt Ordinance No. 13-0359, Zayo Group Franchise. Councilmember Curtis seconded the motion. The motion passed 6-0.

Adopt 2012 Washington State Building Codes with Amendments – Ordinance No. 13-0360 – Bryan Hampson, Development Services Director, and Jeff LaFlam, Northshore Fire Marshall, were present to give a brief staff report regarding the amended State Building Codes. They were also available to answer any questions. They stated that the State changes the building code every three years, and that it is important for the City to update our code as well in order to maintain local amendments and address any changes in the State code. They stated that the changes were minimal this time, with no significant new additions.

Deputy Mayor Hensel moved to Adopt Ordinance No. 13-0360, 2012 Washington State Building Codes with Amendments. Councilmember Van Ness seconded the motion. The motion passed 6-0.

STAFF REPORT

City Manager Karlinsey stated that staff will have a large amount of work to do over the next 90 days regarding the Kenmore Village purchase and sale agreement. He reminded Council of the

Joint Kenmore/Lake Forest Park City Council Meeting, Thursday, June 13 at 6:00 p.m. at Lake Forest Park City Hall and the City Council Retreat at Bastyr University Board Room, Monday, June 17 at 5:00 p.m.

CITY COUNCILMEMBER REPORTS & COMMENTS

Councilmember Smith stated that last fall he updated the Council on an issue involving easements that the City of Bothell is trying to acquire to the west of the health and wellness center. The City of Bothell wanted to pay a small amount to the Northshore Parks and Recreation Service Area for the easements. With the assistance of our City Attorney working with the City of Bothell Attorney, they came up with a much better solution, which did not involve payment but allows the Senior Center to potentially use that space in the future, and does not diminish the utility of the land as much. He stated that he will forward the Council the resolution that was passed by the Board at their meeting last week.

Mayor Baker reported on a meeting he had with Seniors last Monday. He will attend a Transportation Forum at Bellevue City Hall on June 19th. Mayor Baker stated that the City is going to bring forward a resolution in support of Shoreline for a light rail station at 145th Street and I-5.

EXECUTIVE SESSION

Mayor Baker recessed the meeting at 8:55 p.m. to an executive session to discuss Litigation, pursuant to RCW 42.30.110(1)(i). He stated that the executive session will last for approximately 25 minutes and that no action is anticipated when the meeting is reconvened.

Mayor Baker extended the executive session for ten minutes at 9:20 p.m.

ADJOURNMENT

Mayor Baker adjourned the meeting at 9:30 p.m.

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David Baker, Mayor

ATTEST:

____
Patty Safrin, City Clerk

City of Kenmore, Washington
Special Kenmore City Council Meeting with Lake Forest Park City Council
Minutes
June 13, 2013

CALL TO ORDER –The special meeting of the Kenmore City Council was called to order by Mayor David Baker at 6:00 p.m.

Councilmembers present: Mayor David Baker, and Councilmembers Brent Smith, Allan Van Ness, Glenn Rogers, and Laurie Sperry (arriving late)

Councilmembers excused: Deputy Mayor Bob Hensel and Councilmember Milton Curtis

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; and Kris Overleese, City Engineer

BUSINESS AGENDA

Discussion of issues of mutual interest, including, but not limited to, SR 522 projects; SR 522 speed limits and tolling mitigation issues; public safety improvements and access; and development projects – Mayor Goss began the discussion with speed limits on SR 522. Lake Forest Park City Administrator Pete Rose stated that a little over a week ago he met with the Washington Department of Transportation (WSDOT) Northwest Regional Administrator. He stated that WSDOT is interested in a 40 mph speed limit and is currently processing that through the State Traffic Engineer. If it is accepted, both cities would need to adopt ordinances setting the SR 522 speed limit at 40 mph.

City Engineer Overleese gave an update on the City's current projects on SR 522, including funding sources. There was discussion regarding the need for additional park and ride facilities for both cities. There was discussion regarding tolling mitigation and other SR 522 issues affecting both cities.

Mayor Baker gave an update on the City's purchase and sale agreement for the development of the lower Kenmore Village property. He discussed the waterfront concessions that are currently in place and other waterfront developments which are in process or being considered. He also gave an update on the sediment studies that were recently completed in Kenmore. Assistant City Manager Ousley announced upcoming City meetings regarding the sediment study results.

Assistant City Manager Ousley gave an update on the City's interest in Innovation Partnership Zone (IPZ) status.

ADJOURNMENT

Mayor Baker adjourned the Kenmore special meeting at 7:30 p.m.

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David Baker, Mayor

ATTEST:

____
Patty Safrin, City Clerk

City of Kenmore
Voucher Certification and Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the following claims, paid by checks 28012-28093 which total $1,664,907.20, and electronically transferred payroll funds which total $62,545.42 and payroll check #210257 in the amount of $405.77 are just, due and unpaid obligations against the City of Kenmore/King County/Washington, and that I am authorized to authenticate and certify to said claims.

RJK 6/28/13

City Manager Date

Tommy Gregory 6-24-13

Finance Director Date

Check #	Vendor Name	Description	Check Amount
28012	STATE OF WA DEPARTMENT OF LICENSING	P.E. License Renewal - Kent Vaughn	116.00
28013	HAMBLETON RESOURCES, INC.	Balance Due for K.V. Comp Study	5,250.00
28014	SKAGIT GARDENS	Flower Baskets	1,266.61
28015	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	10,332.44
28016	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	200.00
28017	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	2,611.47
28018	DRS 457	Deferred Comp Payroll Deduction	1,783.33
28019	CITY OF KENMORE FS	Flexible Spending Medical Plans	253.08
28020	BANK OF AMERICA 941	Payroll Taxes	13,315.09
28021	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	10,233.10
28022	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
28023	RAZZ CONSTRUCTION	Progress Pymt #9 - 61st/181st Signal	85,529.94
28024	UNITED STATES POSTMASTER	Newsletter Postage	1,473.35
28025	BAKER, DAVID	6/12-6/18 Mileage Reimbursement	76.28
28026	CITY OF BELLEVUE	3rd Qtr 2013 ARCH Contribution	6,391.00
28027	COASTWIDE LABORATORIES	City Hall Maintenance Supplies	118.05
28028	DAILY JOURNAL OF COMMERCE	RFQ -Sammamish Bridge Consultant	186.20
28029	FIRST AMERICAN TITLE	SR522 West ROW & Easement Title Search	876.00
28030	FIRST AMERICAN TITLE	SR522 West ROW	416.10
28031	FIRST AMERICAN TITLE	Easement Title Search	383.25
28032	FRUHLING SAND & TOPSOIL	Brush & Asphalt Dumping 5/28 & 5/31	75.00
28033	GRAY & OSBORNE, INC	On-Call SWM Svcs 3/31-4/27 Trib. 0057	6,094.10
28034	H.W. LOCHNER, INC.	3/30-4/26 SR522 West A Design/ROW	14,765.58
28035	HOME DEPOT CREDIT SERVICES	Lumber & Hardware	149.24
28036	INSLEE, BEST, DOEZIE & RYDER, P.S.	April Legal Services	37,772.74
28037	JET CITY PRINTING	City Logo Envelopes	301.60
28038	KING COUNTY FINANCE	May Road Services	59,973.70
28039	KING COUNTY FINANCE	May Community Work Program	7,224.00
28040	KING COUNTY FINANCE	April Community Work Program	8,127.00
28041	KING COUNTY OFFICE OF FINANCE	May, 2013 Indigency Screening	1,303.58
28042	KING COUNTY SHERIFF	Police Services January - May, 2013	1,300,254.35
28043	LIGHTHOUSE CONSULTING INC	Apr & May IT/Anti Virus/Spam/Software	7,620.16
28044	NORTHSHORE FIRE DEPT	May Fire Marshal Plan Review	280.00

XB. Approve Check Nos. 28012 - 28093 in the Amount of $1,664,907.20 and Electronically Transferred Payroll Funds Totaling

28045	NORTHSHORE UTILITY DIST	3/31-5/31 Utilities	4,492.40
28046	NORTHSHORE YMCA	Qtr 2 2013 Human Services Fund	1,625.00
28047	OFFICE MAX	Office Supplies	489.23
28048	OFFICE TEAM	Temporary Services - Reception Desk	1,421.95
28049	PUGET SOUND ENERGY	5/2-5/30 Street Lights/Traffic Signals/Gas	8,376.29
28050	CEMEX	Materials/ Asphalt	73.37
28051	TOTAL LANDSCAPE CORP	Apr-June Park & Ride Landscaping	459.90
28052	US POSTAL SERVICE (HASLER)	Refill Postage Meter 12/29/12-6/1/13	4,211.60
28053	WA STATE CONSOLIDATED TECH SVCS	May ListServ	175.00
28054	WA STATE DEPT OF TRANSPORTATION	61st/181st Signal - April Project Costs	1,019.81
28055	WONDERLAND DEVELOPMENT	Qtr 1 2013 Human Services Fund	2,250.00
28056	UPS STORE	Printing Charges - Public Record Requests	39.04
28057	MACLEOD RECKORD	Northshore Summit Park Services	6,855.65
28058	SNOHOMISH COUNTY	Vactor Waste Disposal - May Charges	804.00
28059	HEBERT RESEARCH, INC.	Final Billing for Park Survey	4,394.00
28060	KONICA MINOLTA BUSINESS SOLUTIONS	May Incubator Copier Agreement	209.32
28061	SOUND LAW CENTER	Hearing Examiner Chgs	1,130.50
28062	BANNER BANK CS	Meals, Supplies	606.96
28063	DIGITAL REPROGRAPHICS SERVICES INC.	Printing & Expenses for PRR's	238.22
28064	BANNER BANK NO	Seminar Registration	45.00
28065	BANNER BANK KENMORE	Meals, Supplies, Permits, Training	674.23
28066	BANNER BANK KENMORE	Supplies, Exp, Amazon Cloud Server	690.24
28067	A+ CONFERENCING	Conference Calls	58.84
28068	ALCALDE & FAY	5/15-6/15 Govt. Affairs Consulting	5,018.31
28069	GORDON THOMAS HONEYWELL	May Govt. Affairs Consulting	3,705.52
28070	TOWNE CENTRE HARDWARE	May Charges - Supplies & Materials	625.05
28071	ASP, ANGELA	4th of July Poster Design	210.00
28072	PAWS	May Animal Sheltering Services	330.00
28073	INDEPENDENT STATIONERS	Office Supplies	167.82
28074	ADVANCE TESTING & SERVICE INC	Annual Backflow Testing	540.00
28075	VERIZON WIRELESS	Cell Phone/ Data Plans 5/27-6/26	886.02
28076	HAMPSON, BRYAN	Tuition Reimbursement	2,500.00
28077	FRAUSE	May Econ Dev. - Media/Web Support	5,375.42
28078	BANNER BANK VAN NESS	Parking	9.00
28079	BANNER BANK BAKER	Meals, Expenses, Registrations	1,264.58
28080	BANNER BANK ROGERS	NLC Registration	425.00
28081	JOYCE ZIKER PARKINSON	May Environmental & Legal Services	9,115.00
28082	KBA INC.	61st/181st Contract Administration	318.03
28083	ALLPLAY SYSTEMS LLC	Rhod. Park Swing Belt Replacement	91.98
28084	KENMORE COMMERCIAL LLC	July Rent - Incubator Building	2,856.00
28085	GOODSELL POWER EQUIPMENT #2 INC.	Power Washer Repair Part	20.79
28086	INNOVAC	Emergency Line Jetting 195th/80th	251.30
28087	WEISBAND, BARRY	May Incubator Consulting Services	3,000.00
28088	WINTERBOURNE LANDSCAPE	Qtr 2 2013 Green Roof Maintenance	542.03
28089	HARRIS & SMITH PUBLIC AFFAIRS	May Sediment Study Services	562.50
28090	UTILITIES UNDERGROUND LOCATION CTR	May Locate Services	147.42
28091	SHELTON, CINDY	Reimburse Exp. for 4th of July Supplies	149.70
28092	GEODESIGN INC.	Landslide Consultation	1,147.50
28093	WILCOX, ROBERTA	Reimburse Training Travel Expenses	280.34
210257	FRIANG, SHAWN	Payroll Check	405.77
6/14/2013	PAYROLL	Direct Deposit	62,545.42
			1,727,858.39

XB. Approve Check Nos. 28012 - 28093 in the Amount of
$1,664,907.20 and Electronically Transferred Payroll Funds Totaling

2013	PRIOR VENDOR ACTIVITY		TOTAL	FOR 2013
	A. GAUL CULLEY			766.50
	A+ CONFERENCING			207.27
	AA PARTY RENTALS			354.23
	AAA PRINTING			192.10
	ACTION ENTERTAINMENT			395.00
	ACTIVE SHOOTER TRAINING LLC			800.00
	AFLAC			2,294.50
	ALCALDE & FAY			25,348.53
	ALLIED WASTE SERVICES #172			1,682.74
	ALPHAGRAPHICS US718			342.79
	AM TEST, INC			1,125.00
	AMERICAN GENERAL			2,653.95
	AMERICAN PLANNING ASSOCIATION			1,990.00
	AMERICAN PUBLIC WORKS ASSOCIATION			715.67
	ANCHOR QEA, LLC			84,585.41
	ASSOCIATED BOAT TRANSPORT			1,440.00
	ASSOCIATION OF WA CITIES			14,220.00
	AURORA RENTS			3,215.56
	AWC EMPLOYEE BENEFITS			190,801.12
	BAKER, DAVID			1,686.04
	BANK OF AMERICA 941			144,749.67
	BANNER BANK	BAKER		4,401.46
	BANNER BANK	BH		2,861.58
	BANNER BANK	CS		4,190.17
	BANNER BANK	DB		239.64
	BANNER BANK	JG		5,029.90
	BANNER BANK	JGORDON		7,115.10
	BANNER BANK	KENMORE		13,179.68
	BANNER BANK	LD		1,243.64
	BANNER BANK	NO		5,566.31
	BANNER BANK	PS		2,003.75
	BANNER BANK	ROGERS		3,499.65
	BANNER BANK	VAN NESS		3,415.99
	BASTYR UNIVERSITY			50,200.00
	BINW			16,528.79
	BIS			175.00
	BLACKBAUD			5,204.11
	BROWN, ANDY			250.00
	BUENA VISTA SERVICES, INC.			1,485.00
	BULGER SAFE & LOCK, INC.			130.91
	C. ANDERSON & CO.			930.75
	CALPORTLAND COMPANY			190.80
	CANTEEN REFRESHMENT SERVICES			1,518.46
	CAPITAL ONE COMMERCIAL/ COSTCO			325.31
	CARLSON, THOMAS G.			100.00
	CASCADE PEST CONTROL			711.75
	CEMEX			2,095.07
	CENTER FOR HUMAN SERVICES			6,250.00
	CHAMPION COURIER			51.53
	CHICAGO TITLE			15,000.00

CHIEF LAW ENFORCEMENT SUPPLY	188.21
CITY OF BELLEVUE	45,943.11
CITY OF KENMORE	210.58
CITY OF KENMORE FS	2,783.88
CITY OF LAKE FOREST PARK	347,831.64
CITY OF SHORELINE	1,022.00
CITYWORKS/ AZTECA SYSTEMS INC.	15,620.00
CLARITY SIGNS	4,043.56
COASTWIDE LABORATORIES	5,848.87
CODE PUBLISHING COMPANY	350.00
COLUMBIA RIDGE LANDFILL	2,615.40
COMCAST	1,040.25
CONNELLY, MARC	48.14
CONSOLIDATED PRESS	2,786.33
CONTOUR FENCE CO. INC.	2,011.52
CROWN PRODUCTS LLC	608.49
CSAT, LLC	500.00
CUES	12,537.75
CULLEY, AMBERLY	1,000.00
CURTIS, DR. MILTON	72.24
DAILY JOURNAL OF COMMERCE	245.10
DAY WIRELESS SYSTEMS	225.36
DEPARTMENT OF ECOLOGY	5,540.78
DEPARTMENT OF LABOR AND INDUSTRIES	14,226.45
DEPARTMENT OF LICENSING	52.00
DEPARTMENT OF RETIREMENT SYSTEMS	111,387.53
DRS 457	17,833.30
DURRANT, JEFF	287.58
EARTHCORPS	9,706.47
EASTSIDE TRANSP PARTNERSHIP	200.00
EFFICIENCY INC	987.69
EJ USA, INC.	1,549.96
EMERGENCY SERVICE COORDINATING AGCY	41,832.00
ENTERPRISE SEATTLE	5,000.00
ENVIRONMENTAL SYSTEMS RESEARCH INST	4,779.00
ESA ADOLFSON	1,815.00
EVERGREEN HEALTH	25.00
EVERGREEN PRINT SOLUTIONS	754.02
EVERGREEN SAFETY COUNCIL	175.00
FERGUSON ENTERPRISES INC #1539	948.75
FIRE PROTECTION, INC	959.22
FIRST AMERICAN TITLE	4,325.25
FRAUSE	10,276.52
FRONTIER	33,788.47
FRUHLING SAND & TOPSOIL	603.50
GAMETIME	5,605.96
GARMIRE IRON WORKS, INC.	6,958.73
GEODESIGN INC.	1,669.30
GEOENGINEERS INC	7,495.75
GORDON THOMAS HONEYWELL	14,372.96
GORDON, JENNIFER	72.32
GOVERNMENT FINANCE OFFICERS ASSOC	190.00
GRAINGER	60.07

GRAY & OSBORNE, INC	12,374.71
GREATER BOTHELL CHAMBER OF COMMERCE	45.00
GREGORY, JOANNE	119.92
H.W. LOCHNER, INC.	63,799.68
HAMBLETON RESOURCES, INC.	5,250.00
HANDY ANDY RENT-A-TOOL INC	134.40
HARBOR HISTORY MUSEUM	400.00
HARRIS & SMITH PUBLIC AFFAIRS	7,344.22
HEBERT RESEARCH, INC.	4,394.00
HERO HOUSE	350.00
HOME DEPOT CREDIT SERVICES	376.91
HOPELINK	10,187.50
HORIZON DISTRIBUTORS INC	512.45
HOVDE, RICHARD	106.21
HWA GEOSCIENCES INC.	5,934.41
ICMA RETIREMENT TRUST 457 - 304745	28,383.41
INDEPENDENT STATIONERS	995.23
INGALLINAS BOX LUNCH	43.35
INNOVAC	18,740.20
INSLEE, BEST, DOEZIE & RYDER, P.S.	109,307.08
INTEGRA TELECOM	3,938.09
INTERNATIONAL CITY/CNTY MGMT ASSOC	2,285.02
iWORQ SYSTEMS	1,000.00
JBS INSTRUMENTS	1,052.00
JET CITY PRINTING	878.18
JOYCE ZIKER PARKINSON	37,977.32
JRW ENTERPRISES	1,839.60
JSH PROPERTIES, INC.	5,484.00
KARLINSEY, ROB	7,442.80
KBA INC.	111,772.35
KCDA PURCHASING COOP	526.20
KENMORE COMMERCIAL LLC	14,280.00
KENMORE ELEMENTARY PTA	2,000.00
KENMORE SENIOR CENTER	5,500.00
KING COUNTY ANIMAL SVCS	3,600.00
KING COUNTY FINANCE	170,737.56
KING COUNTY FINANCE W.L.R.D.	2,208.68
KING COUNTY MUNICIPAL CLERKS ASSOC	25.00
KING COUNTY OFFICE OF FINANCE	5,109.07
KING COUNTY RADIO COMM SERVICES	508.34
KING COUNTY RECORDER'S OFFICE	500.00
KING COUNTY SHERIFF	7,778.32
KING COUNTY SHERIFF'S OFFICE	21,428.41
KING COUNTY SUPERIOR COURT CLERK	11,000.00
KING COUNTY TREASURY	37,566.63
KING COUNTY UTILITY COORDINATION CO	40.00
KONICA MINOLTA BUSINESS SOLUTIONS	3,025.26
KUSTOM SIGNALS, INC.	2,111.17
KVO INDUSTRIES, INC	365.00
LIGHTHOUSE CONSULTING INC	6,789.06
LOWE SABRA	250.00
MAIL FINANCE	1,504.56
MILLER STEPHENS, MARY	5,000.00

MINZGHOR, NICHOLAS	740.26
MOBILE ELECTRICAL DISTRIBUTORS INC	20.53
MORGAN SOUND INC	175.20
MR. T'S TROPHIES	296.92
NATIONAL BARRICADE CO	689.85
NATIONAL BUSINESS INCUBATION ASSOC.	525.00
NATIONAL CITIZEN SURVEY	5,025.00
NATIONAL LEAGUE OF CITIES	1,549.00
NATIONAL LIFE OF VERMONT	1,174.45
NATIONWIDE FINANCIAL 401a	113,114.99
NATIONWIDE RETIREMENT SOLUTIONS 457	2,200.00
NEXTEL COMMUNICATIONS	885.09
NEXXPOST	243.43
NORTH COAST ELECTRIC	1,870.42
NORTH LAKE MARINA	1,520.51
NORTHSHORE FIRE DEPT	2,156.00
NORTHSHORE PARK & REC SERVICE AREA	1,360.00
NORTHSHORE SENIOR CENTER	1,650.00
NORTHSHORE UTILITY DIST	19,999.73
NORTHSHORE YOUTH & FAMILY SERVICES	6,250.00
NORTHWEST MARINE TRADE ASSOCIATION	460.00
OFFICE CLEANING CREW	248.00
OFFICE MAX	5,100.59
OFFICE TEAM	2,793.76
OLYMPIC ENVIRONMENTAL RESOURCES INC	1,470.00
OSBORN CONSULTING INC.	16,668.32
OTAK	17,956.91
OUSLEY, NANCY	247.13
OVERLEESE, KRISTEN	135.67
PACIFIC TOPSOILS	7,396.09
PART WORKS INC	544.62
PASSPORT TRAVEL AND TOURS	665.80
PAWS	1,980.00
PENDLETON, MICHAEL	5,773.36
PEOPLES STORAGE	1,150.50
PERSONAL BEST/ TOPHEALTH	395.54
PERTEET INC.	23,530.37
PETTY CASH CUSTODIAN	420.47
PHOTOTAINMENT	1,231.88
PHSI PURE WATER FINANCE	754.71
POTELCO, INC.	1,240.27
PRSA	307.00
PUBLIC HEALTH DEPT. OF KING COUNTY	100.00
PUGET SOUND CLEAN AIR AGENCY	11,309.00
PUGET SOUND ENERGY	69,764.75
PUGET SOUND FINANCE OFFICERS ASSOC	50.00
PURE WATER TECHNOLOGY OF PUGET SOUND	239.82
QUALITY BUSINESS SYSTEMS	2,200.79
RAZZ CONSTRUCTION	733,447.18
REPUBLIC SERVICES	2,527.14
ROD STEVENS	3,625.90
ROGERS, GLENN	104.41
SAFRIN, PATTY	401.00

XB. Approve Check Nos. 28012 - 28093 in the Amount of $1,664,907.20 and Electronically Transferred Payroll Funds Totaling

SARAH ROBERTS	41,208.00
SCHINDLER ELEVATOR CORPORATION	922.17
SCHWARZWALTER, MARK	90.00
SEATTLE TIMES	3,398.59
SELECT AIR SERVICES DBA GREENWOOD	119.19
SESAC	327.00
SHELTON, CINDY	71.40
SHRED-IT	247.50
SIGN UP, SIGN CO, INC	1,008.50
SMITH, BRENT	91.03
SMITH, JARRETT	150.00
SNOHOMISH COUNTY	6,331.00
SNOHOMISH COUNTY SHERIFF'S OFFICE	146,694.15
SOUND CITIES ASSOC	11,767.00
SOUND LAW CENTER	10,531.50
SOUND PUBLISHING, INC.	4,446.30
SPATIAL DEVELOPMENT	1,945.00
SPERRY, LAURIE	61.42
SPINNAKER STRATEGIES	11,799.40
ST OF WA DEPT OF FISH & WILDLIFE	150.00
STATE OF FLORIDA DISBURSEMENT UNIT	3,025.00
STEWART MACNICHOLS HARMELL, INC.	3,600.00
TELESYSTEMS WEST	416.11
THE KIPLINGER LETTER	99.00
TIMEMARK INCORPORATED	119.59
TITAN OUTDOOR, LLC	1,352.39
TOPIA TECHNOLOGY/ BIS	700.00
TOTAL LANDSCAPE CORP	25,472.95
TOWN & COUNTRY FENCE, INC	416.10
TOWNE CENTRE HARDWARE	885.52
TRANE U.S. INC.	4,075.00
UNITED STATES POSTMASTER	1,586.76
UNITED WAY OF KING COUNTY	1,507.00
UNIVERSITY OF WASHINGTON	1,654.00
UPS STORE	1,691.78
URBAN LAND INSTITUTE	225.00
UTILITIES UNDERGROUND LOCATION CTR	187.67
VAN NESS, ALLAN	785.08
VERIZON WIRELESS	4,046.48
W.S.S.O. Advanced Training	500.00
WA ASPHALT PAVEMENT ASSOC.	180.00
WA ASSOC OF CODE ENFORCEMENT	50.00
WA CITIES INSURANCE AUTHORITY	161,036.00
WA FINANCE OFFICERS ASSOCIATION	150.00
WA GUARANTEED EDUCATION TUITION	1,290.00
WA RECREATION & PARK ASSOCIATION	104.00
WA STATE ASSOC OF PERMIT TECHNICIAN	95.00
WA STATE DEPARTMENT OF AGRICULTURE	33.00
WA STATE DEPT OF ENTERPRISE SVCS	6,057.54
WA STATE DEPT OF LABOR & INDUSTRIES	125.30
WA STATE DEPT OF TRANSPORTATION	10,876.14
WAGE WORKS	200.00
WASHINGTON ENERGY SERVICES	28.14

XB. Approve Check Nos. 28012 - 28093 in the Amount of $1,664,907.20 and Electronically Transferred Payroll Funds Totaling

WASHINGTON MUNICIPAL CLERKS ASSOC	75.00
WASHINGTON STATE DEPT OF INFO SERV	700.00
WEINSTEIN AU	1,057.50
WEISBAND, BARRY	12,000.00
WELLS FARGO BANK	1,001.87
WELLS FARGO FINANCIAL	3,287.09
WELWEST CONSTRUCTION INC.	3,482.65
WILCOX, ROBERTA	653.50
WINTERBOURNE LANDSCAPE	542.03
ZEP SALES AND SERVICE	865.49
ZONAR SYSTEMS	525.33
ZUMAR	951.88
	3,703,552.14

XB. Approve Check Nos. 28012 - 28093 in the Amount of
$1,664,907.20 and Electronically Transferred Payroll Funds Totaling

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: April 2013 Financial Report Proposed Council Action/Motion: Receive and File April 2013 Financial Report for the City of Kenmore, Washington	For Council Meeting Agenda of: July 8, 2013 Department: Finance and Administration Prepared by: Joanne Gregory To Be Presented By: N/A Initial & Date Approved by Department Head: JMG 6/28/13 Approved by City Attorney: Approved by Finance Director: JMG 6/28/13 Approved by City Manager: RDK Exhibits/Attachments: April 2013 Financial Report for the City of Kenmore, Washington.

Expenditure Required N/A	Amount Budgeted $47,793,286 Revenues $49,274,877 Expenditures	Appropriation Required N/A

INFORMATION/BACKGROUND:

The April monthly financial report is presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2013-2014 amended biennial budget. The adopted budget was amended on March 25, 2013 and this report reflects the amended appropriations. It also provides an opportunity to identify any potential variances or fluctuations from the budget.

FISCAL CONSIDERATION:

April marks the fourth month of the 24 month 2013-2014 biennium. The monthly schedules attached include the Transportation Benefit District Fund for informational purposes although it is a separate entity. Over $3.3M of interfund transfers from the General Fund to other funds were recorded this month.

On the national level, the unemployment rate declined from 7.6% in March to 7.5% in April, the lowest since December 2008. The Dow Jones closed at 14,839 in April, above the March close of 14,578.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Kenmore Budget Policy 9a: A revenue/expenditure report will be produced monthly so that it can be directly compared to the actual results of the fiscal year to date. Kenmore Budget Policy 9b: All budget amendments, both revenues and expenditures, will be noted in the monthly report.

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The City of Kenmore

PO Box 82607
Kenmore, Washington 98028

MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director
DATE: June 25, 2013
RE: April 2013 Financial Reports for the City of Kenmore, Washington

April 2013 financial information is presented for your review and delivery to the City Council. Attached you will find the following reports:

- General Fund Summary
- General Fund Revenue Graphs
- General Fund Expenditure Graphs
- All Funds Cash Summary
- Other Funds Monthly Activity
- Cash and Investment Report
- Schedule of Investments
- ~~Sales Tax Receipts by Business Type~~ *
- ~~Retail Sales and Use Tax Distribution~~ *
- Real Estate Excise Tax Report
- Monthly Report for Kenmore Village
- SR 522 Phase I Revenue and Expenditure History
- SR 522 Phase II Revenue and Expenditure History

* The Sales Tax Receipts by Business Type & Retail Sales and Use Tax Distribution reports are not included in this month's report. The consultant who compiles these reports retired abruptly without notice and we are unable to get the data. We are working with the WA State Dept. of Revenue and others to resolve this reporting situation as soon as possible.

If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

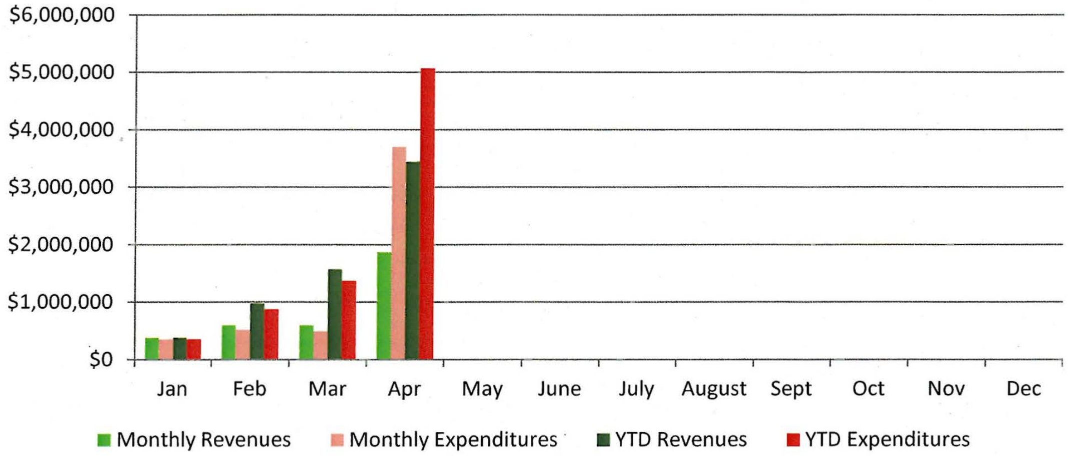
GENERAL FUND

The first section of the monthly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service.

In the context of the biennial budget, April is the fourth month (16%) of the 2013-2014 biennial budget period. For the month of April, expenditures exceeded revenues in the

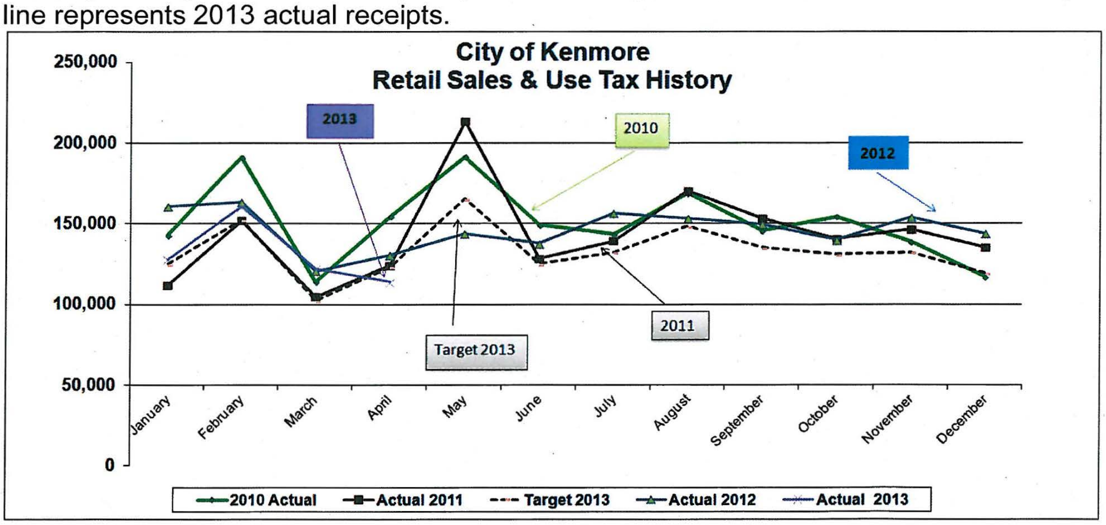
General Fund by $1,829,073. There were $3,316,000 in budgeted interfund transfers this month that caused the expenditures to exceed the revenues.

The following chart illustrates the monthly revenue and expenditure activity in the General Fund through April 2013.



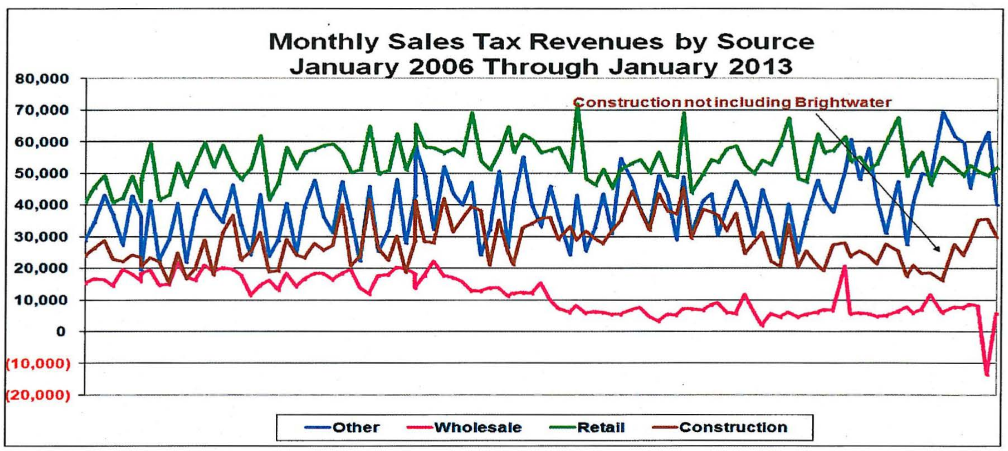
Total **revenues** for the month were **$1,869,114.** Biennium to date revenues are $3,442,666 which is 18% of the budgeted revenues of $19,241,695. Primary sources of revenue for the month included property taxes in the amount of $1,402,020, development fees & permits in the amount of $60,846, retail sales and use taxes in the amount of $113,983, franchise fees in the amount of $74,977 and utility taxes in the amount of $122,911.

A summary of sales tax revenues received in April is attached. These receipts are based on February sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2013 line is a monthly average of actual receipts by month during 2010, 2011, and 2012. The Purple line represents 2013 actual receipts.

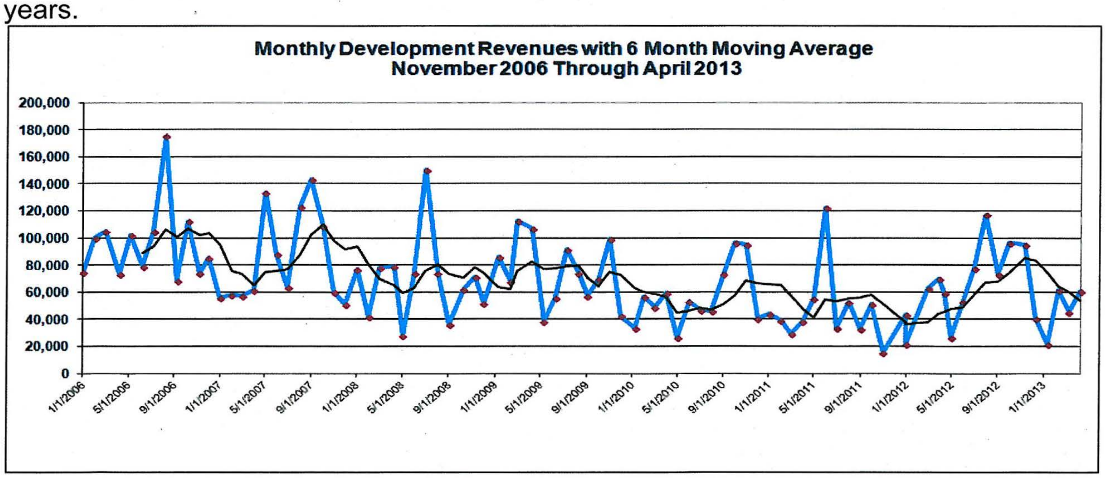


The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2006 through January 2013. Construction sales taxes are shown without the benefit of the Brightwater construction project. This category previously had the benefit of the city hall, Bastyr dorms, fire station and library construction projects which have been completed. The construction segment and "Other" (includes agriculture, services, manufacturing, transportation and utilities) are showing a positive trend of improvement recently. In December, $20,000 was deducted from the City's sales tax receipts by Department of Revenue to correct a prior error (see the dip in the wholesale line). The $20k adjustment was related to a refund request received by the Department of Revenue to reclassify income from retailing to wholesaling.

This graph was not updated for the month of April as we are not yet able to get the detailed data needed for the graph.



The following chart illustrates the development revenue activity over the last seven years.



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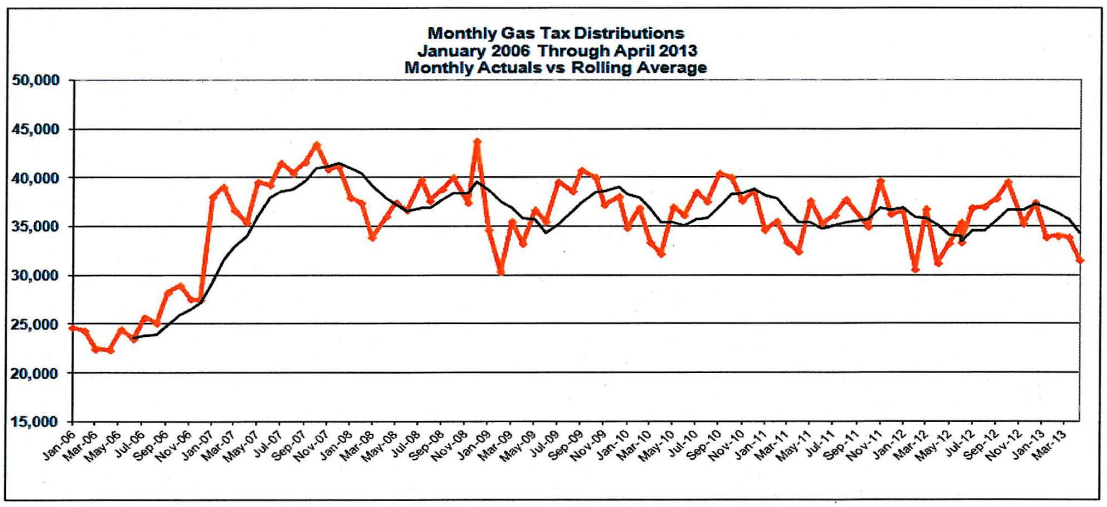
April 2013 expenditures were **$3,698,187.** Biennium to date expenditures are $5,065,445, which is 23% of the amended budget expenditures of $21,857,666. Of the almost $3.7M expenditures in April, $3,316,000 were budgeted interfund transfers including, $2.5M to the Strategic Opportunities Fund, $736,000 to the Street Fund, and $80,000 to the Sammamish Bridge Replacement Fund.

OTHER FUNDS

The April cash activity for all funds is presented on the attached All Funds Cash Summary. Total City cash and investments, at the end of April, totaled $18,965,753. The Other Funds Monthly Activity graphs compare biennium to date revenues and expenditures to the 2013-2014 biennial budget.

The following transactions and activities were of note during the month of April. Total non General Fund revenues were $7,458,259 and total non-General Fund expenditures were $2,458,458.

In the **Street Fund** revenue from gas tax distributions was $31,500. This Fund also received $1,136,000 in interfund transfers. $736k was received from the General Fund and $400k was received from the REET Fund. The following chart shows recent gas tax receipts through March 2013. The revenues reflect economizing by the public and increased use of fuel efficient vehicles.

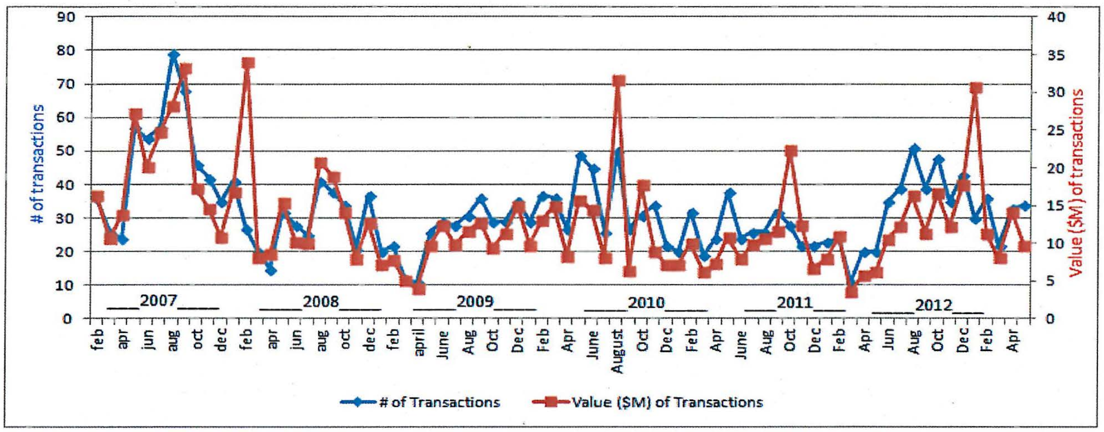


In the **Transportation Capital** Fund the City received $185,150 Federal grant money for the 61st Ave./NE 181st traffic signal. This was the final payment of the $650k grant the City was awarded. The fund also received $918,100 in interfund transfers. $670,100 came from the REET Fund and $248k came from the Transportation Impact Fee Fund. The expenditures consisted of $7,232 being expended on SR 522 Phase I and Phase II projects. A total of $235,907 was spent on the 61st Ave/NE 181st Traffic Signal.

The **Sammamish Bridge Replacement** Fund received an $80k interfund transfer from the General Fund.

The **Real Estate Excise Tax** Fund received $48,671 of real estate excise taxes (REET) in April from sales activity that occurred in March. 34 transactions were reported this month.

The attached Real Estate Excise Tax Report shows the monthly activity since 2007. Below is a chart that shows both the number of real estate transactions and the value of those transactions for the years 2007, 2008, 2009, 2010, 2011, 2012, and 2013.



The **Kenmore Village** Fund received $1,244,213 in April for the sale of the Kenmore Village parcel to Kenmore Camera. $90,820 was also received as reimbursement from Kenmore Camera for expenditures related to the property.

The **Park Capital** Fund received a $190k interfund transfer from the Parks Impact Fee Fund.

The **Surface Water Capital** Fund received $467,011 interfund transfer from the Surface Water Management Fund and a $25k interfund transfer from the Street Fund during the month of April.

The **Strategic Opportunities** Fund received a $2.5M interfund transfer from the General Fund during the month of April.

SUMMARY

This concludes the financial report for the City of Kenmore as of **April 30, 2013**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

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City of Kenmore, Washington
General Fund Summary Report
April 30, 2013

	CURRENT PERIOD 2013-2014				PRIOR PERIOD 2011-2012			
	MONTH April 2013	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	MONTH April 2011	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
REVENUES								
Beginning Fund Balance		5,539,954		5,338,942				4,941,884
Property Taxes	1,402,020	1,622,899	19.2%	8,469,973	971,035	1,129,979	13.7%	8,254,387
Sales and Use Taxes	146,617	674,402	17.0%	3,960,331	153,318	624,068	14.4%	4,339,202
Utility Taxes	122,911	540,614	18.4%	2,942,395	142,553	567,667	18.9%	3,002,082
Other Taxes	19	11,889	19.4%	61,300	485	8,528	8.2%	104,104
Development Fees & Permits	60,846	189,092	15.4%	1,227,303	38,484	151,023	10.5%	1,439,095
Franchise Fees	74,977	150,633	11.5%	1,309,591	61,973	255,526	39.3%	650,588
Intergovernmental and Grants	-698	112,627	17.6%	639,866	39,820	122,950	16.1%	761,476
Investment Interest	5,961	75,545	129.4%	58,400	5,943	9,441	16.9%	56,000
Fines and Forfeitures	0	50	0.0%	0	140	502	n/a	0
Transfers and Other Revenues	56,462	64,914	11.3%	572,536	130	969	0.3%	338,662
Total Revenues	1,869,114	3,442,666	17.9%	19,241,695	1,413,881	2,870,653	15.2%	18,945,596
Total Revenues & Beginning Fund Balance		8,982,620		24,580,637	1,413,881			23,887,480

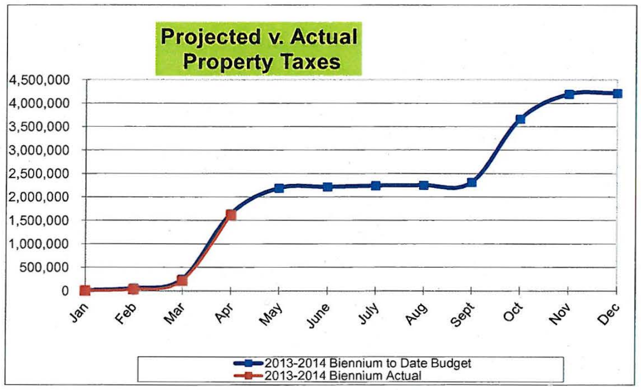
	CURRENT PERIOD 2013-2014				PRIOR PERIOD 2011-2012			
	MONTH April	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	April	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
EXPENDITURES								
Cost Center								
City Council	13,494	38,240	17.9%	213,950	8,129	37,836	17.4%	217,644
City Manager	72,852	358,096	16.8%	2,129,379	62,472	255,744	14.2%	1,796,600
City Clerk	7,923	30,360	12.5%	243,139	20,224	78,272	14.6%	536,261
Finance	23,882	101,719	13.8%	735,429	18,836	82,156	12.9%	639,213
Legal	20,646	83,627	19.4%	430,000	90,402	110,349	22.3%	494,285
Non-Departmental	13,412	290,644	19.0%	1,533,487	81,334	293,277	19.1%	1,532,818
Interfund Transfers	3,316,000	3,316,000	81.8%	4,056,101	0	0	0.0%	1,564,000
Public Safety	43,029	130,739	1.7%	7,553,348	124,488	225,914	3.1%	7,179,563
Engineering	50,724	192,328	14.1%	1,361,385	36,417	137,709	13.2%	1,045,741
Planning &Community Dev	34,258	128,628	13.7%	939,441	25,402	102,864	14.4%	712,632
Land Dev & Permitting	47,311	184,360	14.1%	1,304,736	40,594	163,379	10.9%	1,501,147
Parks & Facility Maintenance	54,657	210,704	15.5%	1,357,271	266,581	411,504	24.3%	1,695,042
Total Expenditures	3,698,187	5,065,445	23.2%	21,857,666	774,879	1,899,004	10.0%	18,914,946
Ending Fund Balance		3,917,175		2,722,971			0.0%	4,972,534
Total Expenditures and Ending Fund Balance		8,982,620		24,580,637				23,887,480

I:\Admin & Finance\Monthly Reports\2013\April.xlsxGeneral Fund

City of Kenmore, Washington
General Fund Revenue Graphs
April 30, 2013

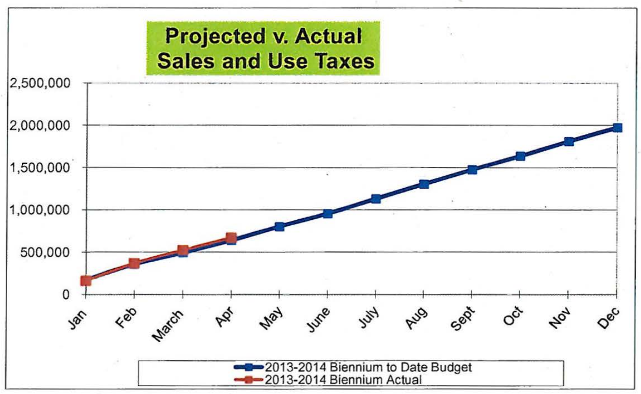
PROPERTY TAXES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	11,954	5,892
Feb	59,028	34,243
Mar	251,297	220,879
Apr	1,644,997	1,622,899
May	2,193,491	
June	2,218,132	
July	2,245,638	
Aug	2,253,168	
Sept	2,313,416	
Oct	3,661,593	
Nov	4,194,035	
Dec	4,213,917	
2013	4,213,917	
Year To Date Actual v. Projected		99%



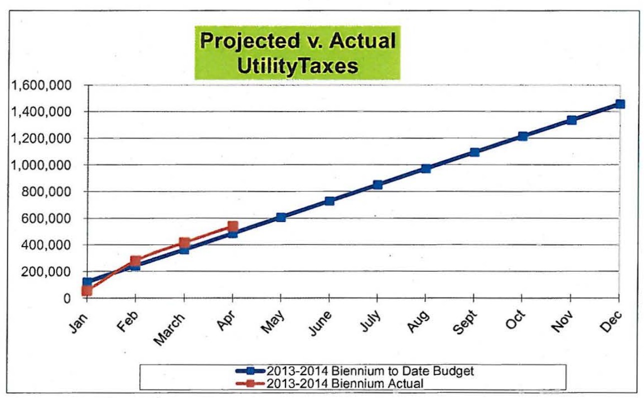
SALES, USE, CRIM JUSTICE TAXES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	174,942	165,280
Feb	361,685	371,653
March	497,400	527,785
Apr	643,196	674,402
May	805,908	
June	959,342	
July	1,133,164	
Aug	1,306,744	
Sept	1,475,984	
Oct	1,637,030	
Nov	1,811,890	
Dec	1,975,227	
2013	1,975,227	
Year To Date Actual v. Projected		105%



UTILITY TAXES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	121,532	56,742
Feb	243,065	281,331
March	364,597	417,703
Apr	486,130	540,614
May	607,662	
June	729,195	
July	850,727	
Aug	972,259	
Sept	1,093,792	
Oct	1,215,324	
Nov	1,336,857	
Dec	1,458,389	
2013	1,458,389	
Year To Date Actual v. Projected		111%



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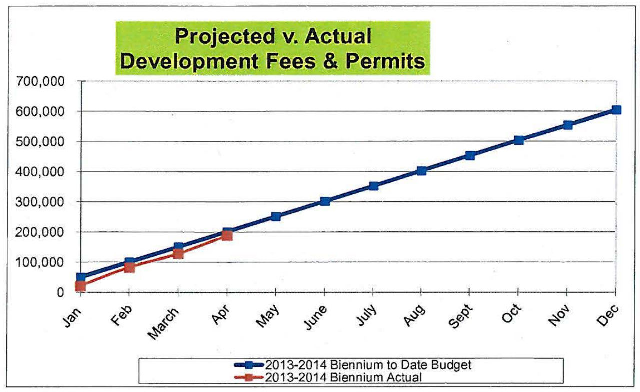
City of Kenmore, Washington
General Fund Revenue Graphs
April 30, 2013

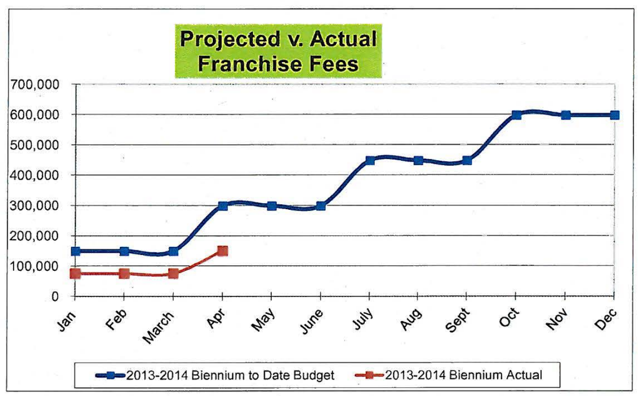
DEVELOPMENT FEES & PERMITS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	50,371	21,332
Feb	100,742	82,718
March	151,113	128,247
Apr	201,484	189,092
May	251,855	
June	302,227	
July	352,598	
Aug	402,969	
Sept	453,340	
Oct	503,711	
Nov	554,082	
Dec	604,453	
2013	604,453	
Year To Date Actual v. Projected		94%



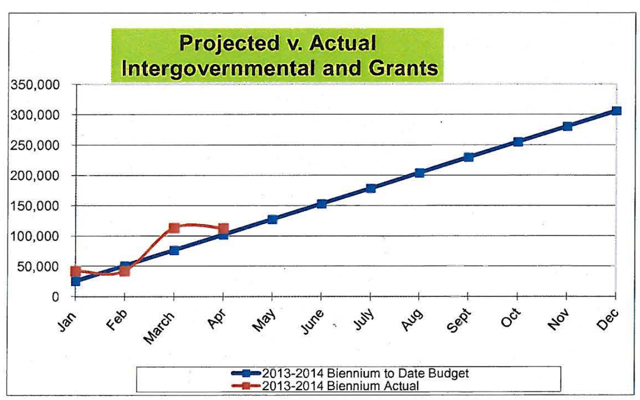
FRANCHISE FEES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	149,431	75,656
Feb	149,431	75,656
March	149,431	75,656
Apr	298,862	150,633
May	298,862	
June	298,862	
July	448,292	
Aug	448,292	
Sept	448,292	
Oct	597,723	
Nov	597,723	
Dec	597,723	
2013	597,723	
Year To Date Actual v. Projected		50%



INTERGOVERNMENTAL & GRANTS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	25,490	42,428
Feb	50,980	42,428
March	76,471	113,326
Apr	101,961	112,627
May	127,451	
June	152,941	
July	178,431	
Aug	203,921	
Sept	229,412	
Oct	254,902	
Nov	280,392	
Dec	305,882	
2013	305,882	
Year To Date Actual v. Projected		110%



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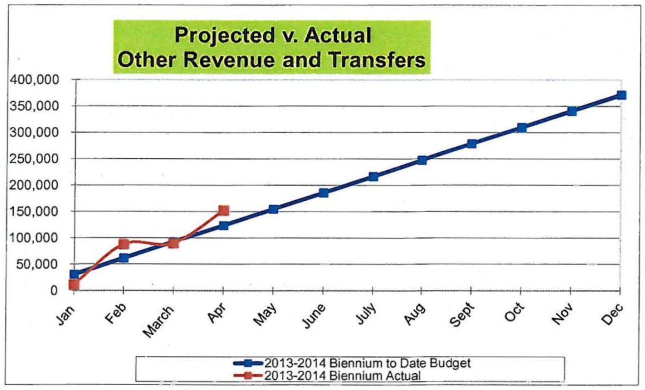
City of Kenmore, Washington
General Fund Revenue Graphs
April 30, 2013

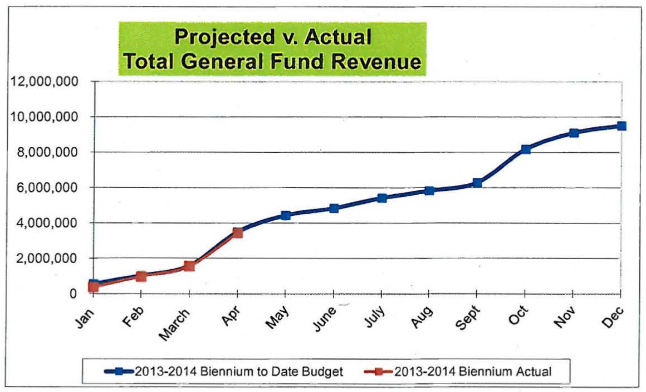
OTHER REVENUES AND TRANSFERS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	30,992	11,617
Feb	61,984	87,759
March	92,975	89,956
Apr	123,967	152,398
May	154,959	
June	185,951	
July	216,942	
Aug	247,934	
Sept	278,926	
Oct	309,918	
Nov	340,909	
Dec	371,901	
2013	371,901	
Year To Date Actual v. Projected		123%



TOTAL GENERAL FUND REVENUE

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	564,712	378,947
Feb	1,026,915	975,789
March	1,583,284	1,573,552
Apr	3,500,596	3,442,666
May	4,440,187	
June	4,846,648	
July	5,425,792	
Aug	5,835,288	
Sept	6,293,161	
Oct	8,180,200	
Nov	9,115,888	
Dec	9,527,491	
2013	9,527,491	
Year To Date Actual v. Projected		98%



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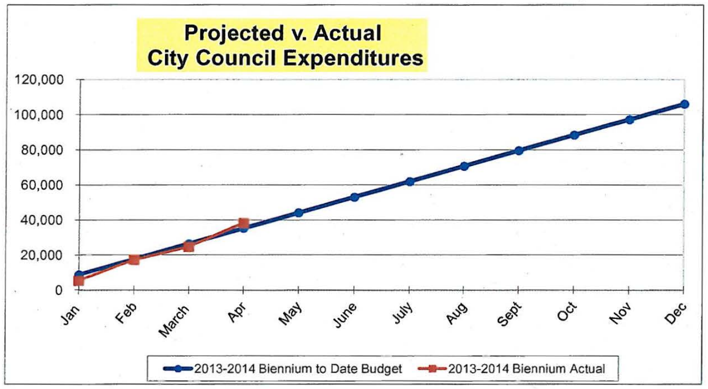
City of Kenmore, Washington
General Fund Expenditure Graphs
April 30, 2013

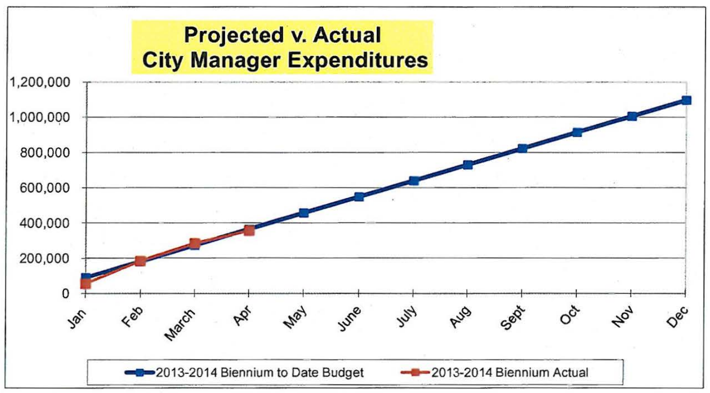
CITY COUNCIL

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	8,843	5,410
Feb	17,686	17,346
March	26,529	24,746
Apr	35,371	38,240
May	44,214	
June	53,057	
July	61,900	
Aug	70,743	
Sept	79,586	
Oct	88,428	
Nov	97,271	
Dec	106,114	
2013	106,114	
Year To Date Actual v. Projected		108%



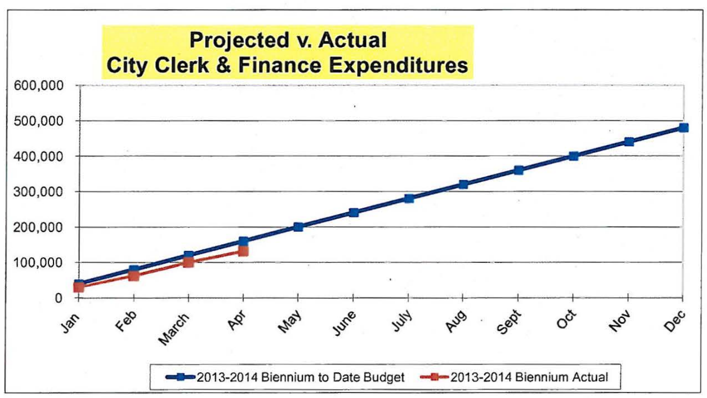
CITY MANAGER

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	91,491	56,142
Feb	182,983	185,503
March	274,474	285,244
Apr	365,965	358,096
May	457,456	
June	548,948	
July	640,439	
Aug	731,930	
Sept	823,421	
Oct	914,913	
Nov	1,006,404	
Dec	1,097,895	
2013	1,097,895	
Year To Date Actual v. Projected		98%



CITY CLERK & FINANCE

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	40,054	30,652
Feb	80,108	62,343
March	120,163	100,274
Apr	160,217	132,079
May	200,271	
June	240,325	
July	280,379	
Aug	320,433	
Sept	360,488	
Oct	400,542	
Nov	440,596	
Dec	480,650	
2013	480,650	
Year To Date Actual v. Projected		82%



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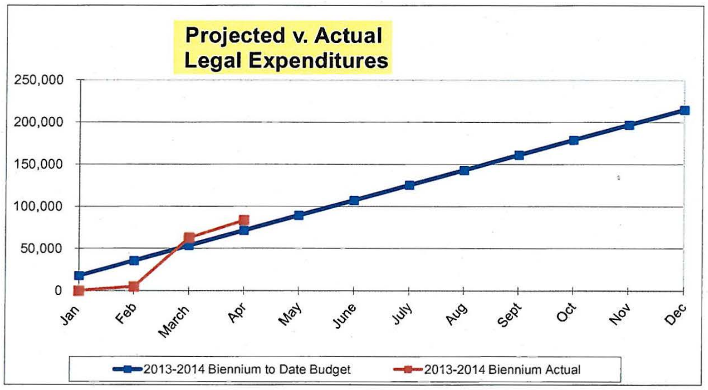
City of Kenmore, Washington
General Fund Expenditure Graphs
April 30, 2013

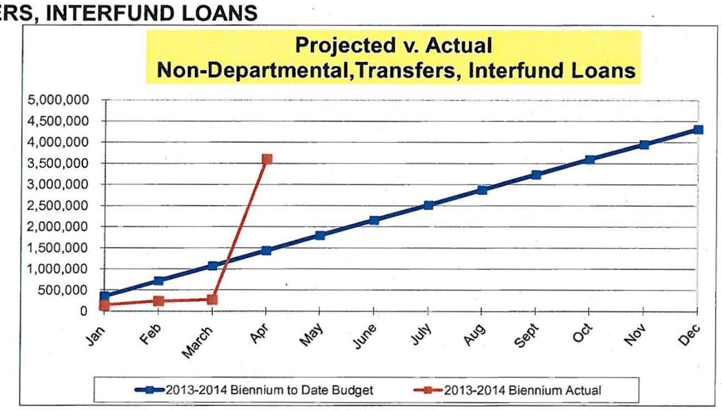
LEGAL

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	17,917	0
Feb	35,833	4,956
March	53,750	62,981
Apr	71,667	83,627
May	89,583	
June	107,500	
July	125,417	
Aug	143,333	
Sept	161,250	
Oct	179,167	
Nov	197,083	
Dec	215,000	
2013	215,000	
Year To Date Actual v. Projected		117%



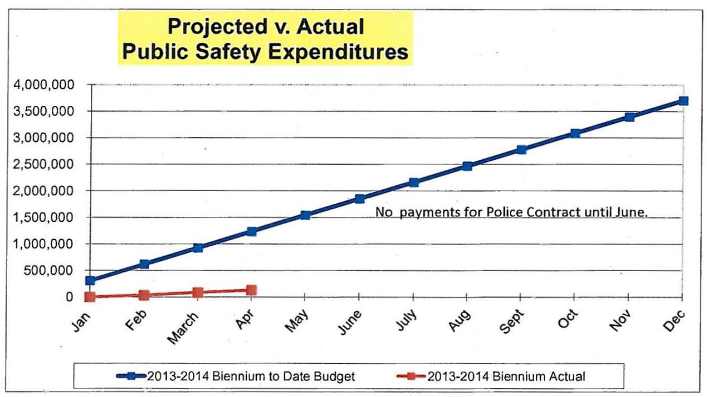
NON-DEPARTMENTAL, TRANSFERS, INTERFUND LOANS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	359,856	142,864
Feb	719,713	240,538
March	1,079,569	277,232
Apr	1,439,425	3,606,644
May	1,799,282	
June	2,159,138	
July	2,518,994	
Aug	2,878,851	
Sept	3,238,707	
Oct	3,598,563	
Nov	3,958,420	
Dec	4,318,276	
2013	4,318,276	
Year To Date Actual v. Projected		251%



PUBLIC SAFETY

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	308,950	537
Feb	617,900	35,598
March	926,850	87,710
Apr	1,235,799	130,739
May	1,544,749	
June	1,853,699	
July	2,162,649	
Aug	2,471,599	
Sept	2,780,549	
Oct	3,089,498	
Nov	3,398,448	
Dec	3,707,398	
2013	3,707,398	
Year To Date Actual v. Projected		11%



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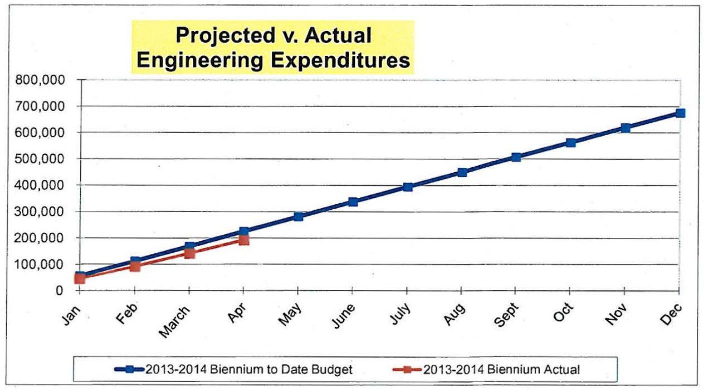
City of Kenmore, Washington
General Fund Expenditure Graphs
April 30, 2013

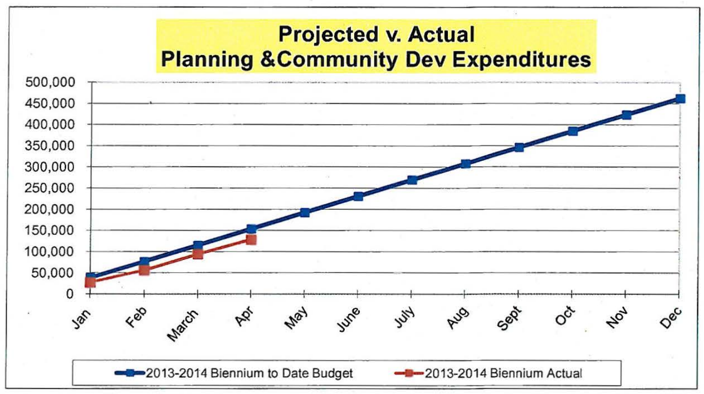
ENGINEERING

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	56,346	45,402
Feb	112,692	92,037
March	169,038	141,604
Apr	225,384	192,328
May	281,730	
June	338,076	
July	394,421	
Aug	450,767	
Sept	507,113	
Oct	563,459	
Nov	619,805	
Dec	676,151	
2013	676,151	
Year To Date Actual v. Projected		85%



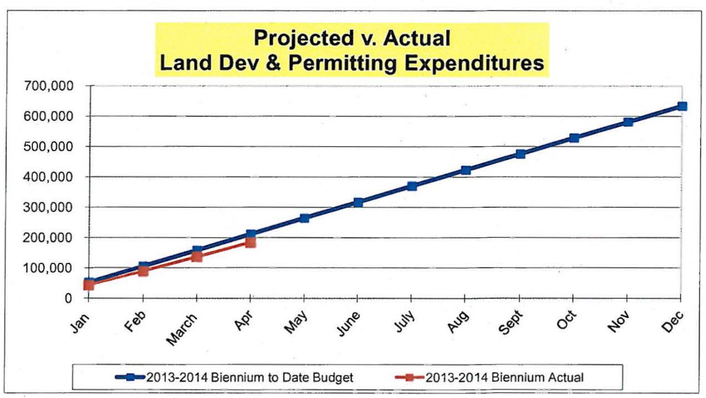
PLANNING & COMMUNITY DEV

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	38,540	27,290
Feb	77,080	56,350
March	115,621	94,369
Apr	154,161	128,628
May	192,701	
June	231,241	
July	269,781	
Aug	308,321	
Sept	346,862	
Oct	385,402	
Nov	423,942	
Dec	462,482	
2013	462,482	
Year To Date Actual v. Projected		83%



LAND DEV & PERMITTING

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	52,883	43,452
Feb	105,766	89,527
March	158,650	137,049
Apr	211,533	184,360
May	264,416	
June	317,299	
July	370,182	
Aug	423,065	
Sept	475,949	
Oct	528,832	
Nov	581,715	
Dec	634,598	
2013	634,598	
Year To Date Actual v. Projected		87%



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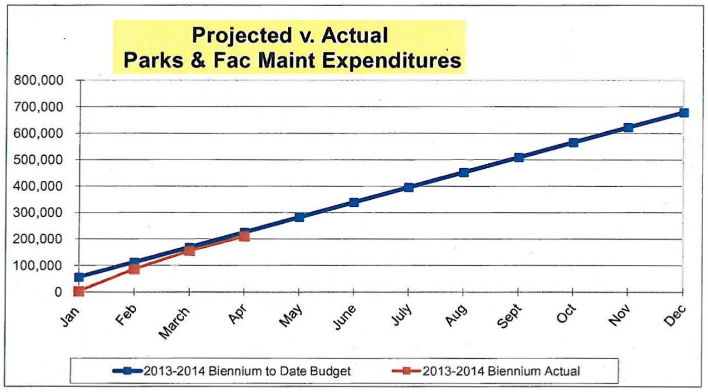
City of Kenmore, Washington
General Fund Expenditure Graphs
April 30, 2013

PARKS & FACILITY MAINT

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	56,544	3,386
Feb	113,088	87,019
March	169,633	156,047
Apr	226,177	210,704
May	282,721	
June	339,265	
July	395,809	
Aug	452,353	
Sept	508,898	
Oct	565,442	
Nov	621,986	
Dec	678,530	
2013	678,530	

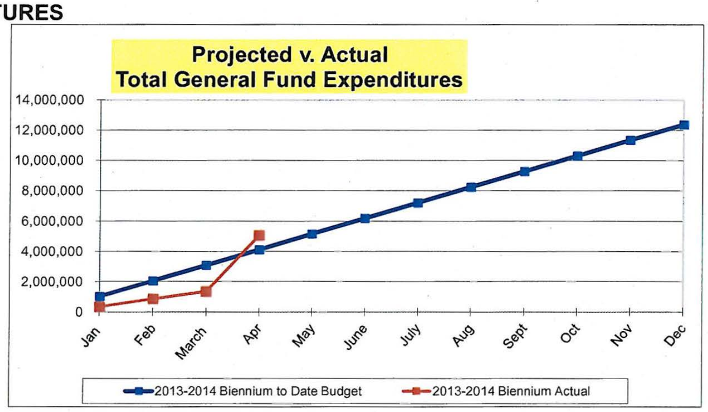
Year To Date
Actual v. Projected 93%



TOTAL GENERAL FUND EXPENDITURES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	1,031,425	355,135
Feb	2,062,849	871,215
March	3,094,274	1,367,258
Apr	4,125,698	5,065,445
May	5,157,123	
June	6,188,547	
July	7,219,972	
Aug	8,251,396	
Sept	9,282,821	
Oct	10,314,245	
Nov	11,345,670	
Dec	12,377,094	
2013	12,377,094	

Year To Date
Actual v. Projected 123%



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City of Kenmore, Washington
All Funds Cash Summary
April 30, 2013

	2011-2012 BIENNIUM TO DATE	BUDGET	APRIL	2013-2014 BIENNIUM TO DATE
GENERAL FUND				
Beginning Cash	4,941,884	4,351,224		4,351,224
Interfund Loan Repayment	0	0		1,200,000
Revenues	18,860,927	19,241,694	1,869,114	3,442,666
Total Sources	23,802,811	23,592,918	1,869,114	8,993,889
Interfund Loans	1,200,000	0		0
Expenditures	18,262,857	21,857,666	3,698,187	5,065,445
Ending Cash	4,339,954	1,735,252		3,928,445
Total Uses	23,802,811	23,592,918	3,698,187	8,993,889
STREET FUND				
Beginning Cash	2,040,582	1,512,463		1,512,463
Interfund Loan	0	0		0
Revenues	2,144,716	3,264,173	1,167,500	1,519,322
Total Sources	4,185,298	4,776,636	1,167,500	3,031,785
Expenditures	2,672,835	3,279,126	97,114	232,266
Ending Cash	1,512,463	1,497,510		2,799,519
Total Uses	4,185,298	4,776,636	97,114	3,031,785
TRANSPORTATION CAPITAL FUND				
Beginning Cash	1,209,197	427,539		427,539
Revenues	4,657,682	11,600,750	1,103,250	1,531,290
Total Sources	5,866,879	12,028,289	1,103,250	1,958,829
Expenditures	4,447,557	11,665,837	250,068	830,508
Ending Cash	1,419,322	362,452		1,128,321
Total Uses	5,866,879	12,028,289	250,068	1,958,829
PUBLIC ART FUND				
Beginning Cash	68,244	68,540		68,540
Revenues	1,296	600	0	0
Total Sources	69,540	69,140	0	68,540
Expenditures	1,000	1,000	0	0
Ending Cash	68,540	68,140		68,540
Total Uses	69,540	69,140	0	68,540
PARK IMPACT FEE FUND				
Beginning Cash	1,354,455	1,610,440		1,610,440
Revenues	285,604	346,567	10,148	12,685
Total Sources	1,640,059	1,957,007	10,148	1,623,125
Expenditures	24,963	220,000	190,000	190,000
Ending Cash	1,615,096	1,737,007		1,433,125
Total Uses	1,640,059	1,957,007	190,000	1,623,125
TRANSPORTATION IMPACT FEE FUND				
Beginning Cash	545,655	240,535		240,535
Revenues	916,135	876,670	33,736	42,170
Total Sources	1,461,790	1,117,205	33,736	282,705
Expenditures	1,221,255	822,500	248,000	248,000
Ending Cash	240,535	294,705		34,705
Total Uses	1,461,790	1,117,205	248,000	282,705
SWAMP CREEK BASIN FUND				
Beginning Cash	1,762,640	1,581,067		1,581,067
Revenues	16,536	16,000	0	0
Total Sources	1,779,176	1,597,067	0	1,581,067
Expenditures	198,109	160,000	0	0
Ending Cash	1,581,067	1,437,067		1,581,067
Total Uses	1,779,176	1,597,067	0	1,581,067
TRANSPORTATION BENEFIT DISTRICT FUND				
Beginning Cash	0	0		0
Revenues	0	535,000	0	0
Total Sources	0	535,000	0	0
Expenditures	0	535,000	0	5,000
Ending Cash	0	0		(5,000)
Total Uses	0	535,000	0	0
SAMMAMISH BRIDGE REPLACEMENT FUND				
Beginning Cash	0	0		0
Revenues	0	80,000	80,000	80,000
Total Sources	0	80,000	80,000	80,000
Expenditures	0	0	0	0
Ending Cash	0	80,000		80,000
Total Uses	0	80,000	0	80,000

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City of Kenmore, Washington
All Funds Cash Summary
April 30, 2013

	2011-2012 BIENNIUM TO DATE	BUDGET	APRIL	2013-2014 BIENNIUM TO DATE
REAL ESTATE EXCISE TAX FUND				
Beginning Cash	1,866,318	1,965,806		1,965,806
Revenues	1,497,557	1,147,317	48,671	214,700
Total Sources	3,363,874	3,113,123	48,671	2,180,505
Expenditures	2,386,812	2,365,050	1,060,490	1,070,100
Ending Cash	977,062	748,073		1,110,405
Total Uses	3,363,874	3,113,123	1,060,490	2,180,505
KENMORE VILLAGE FUND				
Beginning Cash	60,725	151,088		151,088
Interfund Loan	1,200,000			0
Revenues	555,153	1,692,340	1,337,906	1,347,548
Total Sources	1,815,878	1,843,428	1,337,906	1,498,636
Interfund Loans	0	0		1,200,000
Expenditures	1,663,002	339,200	44,563	82,954
Ending Cash	152,875	1,504,228		215,682
Total Uses	1,815,878	1,843,428	44,563	1,498,636
PARK CAPITAL FUND				
Beginning Cash	0	0		0
Revenues	0	678,534	194,464	194,803
Total Sources	0	678,534	194,464	194,803
Expenditures	0	635,000	9,952	9,952
Ending Cash	0	43,534		184,852
Total Uses	0	678,534	9,952	194,803
SURFACE WATER MANAGEMENT FUND				
Beginning Cash	1,590,280	1,419,392		1,419,392
Revenues	3,739,336	3,799,176	485,817	869,859
Total Sources	5,329,616	5,218,568	485,817	2,289,251
Expenditures	3,908,437	4,919,887	544,508	829,064
Ending Cash	1,421,179	298,681		1,460,187
Total Uses	5,329,616	5,218,568	544,508	2,289,251
SURFACE WATER CAPITAL FUND				
Beginning Cash	0	0		0
Revenues	0	2,369,261	492,011	492,011
Total Sources	0	2,369,261	492,011	492,011
Expenditures	0	2,369,261	0	632
Ending Cash	0	0		491,379
Total Uses	0	2,369,261	0	492,011
STRATEGIC RESERVE FUND				
Beginning Cash	1,264,464	1,264,464		1,264,464
Interfund Loan Repayment	0			0
Revenues	0	0	0	0
Total Sources	1,264,464	1,264,464	0	1,264,464
Interfund Loans	0			0
Expenditures	0	0	0	0
Ending Cash	1,264,464	1,264,464		1,264,464
Total Uses	1,264,464	1,264,464	0	1,264,464
STRATEGIC OPPORTUNITIES FUND				
Beginning Cash	0	0		0
Revenues	0	2,525,062	2,500,850	2,502,352
Total Sources	0	2,525,062	2,500,850	2,502,352
Expenditures	0	364,100	11,577	51,688
Ending Cash	0	2,160,962		2,450,664
Total Uses	0	2,525,062	11,577	2,502,352
EQUIPMENT REPLACEMENT FUND				
Beginning Cash	524,310	490,603		490,603
Revenues	188,365	155,142	0	0
Total Sources	712,675	645,745	0	490,603
Expenditures	222,072	276,250	2,198	4,145
Ending Cash	490,603	369,495		486,458
Total Uses	712,675	645,745	2,198	490,603
TRUST AND AGENCY (NON BUDGETED FUND)*				
Beginning Cash	278,859	247,209		247,209
Revenues	122,994	0	3,905	7,020
Total Sources	401,854	247,209	3,905	254,229
Expenditures	154,645	0	0	1,690
Ending Cash	247,209	247,209		252,539
Total Uses	401,854	247,209	0	254,229
TOTALS				
Beginning Cash	17,507,613	15,330,369		15,330,369
Interfund Loan	0	0	0	1,200,000
Revenues	32,986,301	48,328,286	9,327,373	12,256,425
Total Sources	50,493,914	63,658,655	9,327,373	28,786,794
Interfund Loan	1,200,000	0	0	1,200,000
Expenditures	34,965,435	49,809,877	6,156,655	8,621,442
Ending Cash	15,330,370	13,848,778		18,965,352
Total Uses	51,495,805	63,658,655	6,156,655	28,786,794

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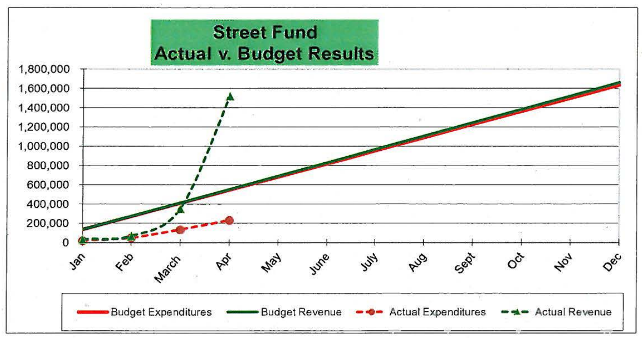
XC. Receive and File April 2013 Financial Report

City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

STREET FUND

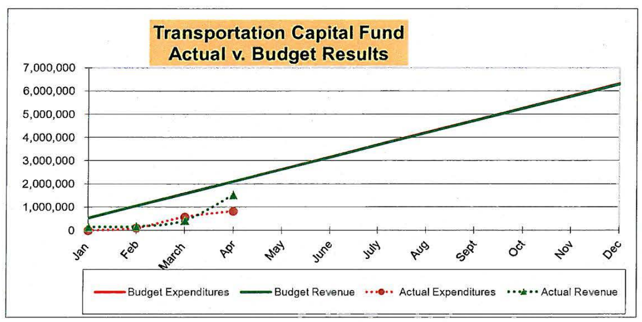
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	136,066	20,826	138,310	33,895
Feb	272,131	50,658	276,620	67,931
March	408,197	135,152	414,931	351,822
Apr	544,263	232,266	553,241	1,519,322
May	680,328		691,551	
June	816,394		829,861	
July	952,460		968,171	
Aug	1,088,525		1,106,481	
Sept	1,224,591		1,244,792	
Oct	1,360,657		1,383,102	
Nov	1,496,722		1,521,412	
Dec	1,632,788		1,659,722	
2013-2014	3,279,126		3,264,173	
Total Actual to Date vs Total Budget		7%		47%



The Street Fund accounts for street maintenance operations, funded by the State's fuel tax and transfers from the General Fund.

TRANSPORTATION CAPITAL FUND

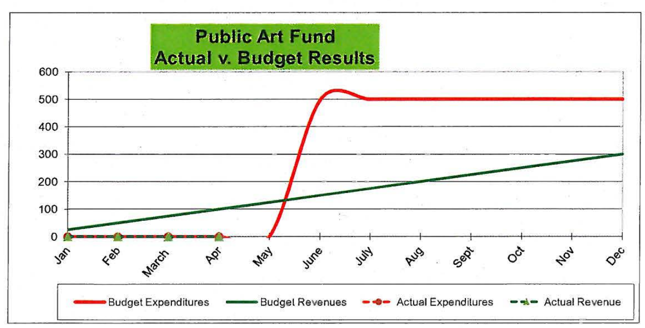
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	525,903	0	524,563	143,512
Feb	1,051,806	108,258	1,049,125	166,545
March	1,577,709	580,440	1,573,688	428,039
Apr	2,103,612	830,508	2,098,250	1,531,290
May	2,629,515		2,622,813	
June	3,155,419		3,147,375	
July	3,681,322		3,671,938	
Aug	4,207,225		4,196,500	
Sept	4,733,128		4,721,063	
Oct	5,259,031		5,245,625	
Nov	5,784,934		5,770,188	
Dec	6,310,837		6,294,750	
2013-2014	11,575,837		11,600,750	
Total Actual to Date vs Total Budget		7%		13%



The Transportation Capital Fund accounts for capital improvements to the City's streets and SR 522, funded by various grants plus City resources from real estate excise tax and transportation impact fees. All phases of improvements to SR 522 are now accounted for in this fund. There is a time lag between project expenditures and reimbursements from grants; this accounts for the lower revenues compared to the expenditures.

PUBLIC ART FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	25	0
Feb	0	0	50	0
March	0	0	75	0
Apr	0	0	100	0
May	0		125	
June	500		150	
July	500		175	
Aug	500		200	
Sept	500		225	
Oct	500		250	
Nov	500		275	
Dec	500		300	
2013-2014	1,000		600	
Total Actual to Date vs Total Budget		0%		0%



This fund accounts for public art authorized by Ordinance 01-0115. One percent (1%) of public project construction contracts is contributed to this fund to provide for public art displays or performing arts events as authorized by the City Council.

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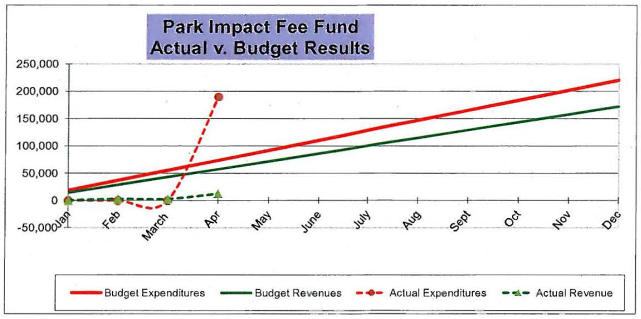
City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

PARK IMPACT FEE FUND

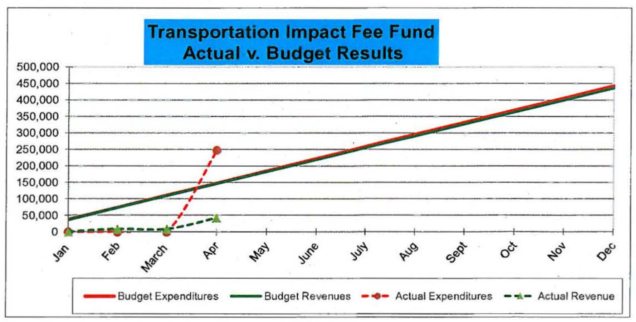
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	18,333	0	14,351	0
Feb	36,667	0	28,702	2,537
March	55,000	0	43,054	2,537
Apr	73,333	190,000	57,405	12,685
May	91,667		71,756	
June	110,000		86,107	
July	128,333		100,458	
Aug	146,667		114,809	
Sept	165,000		129,161	
Oct	183,333		143,512	
Nov	201,667		157,863	
Dec	220,000		172,214	
2013-2014	220,000		346,567	
Total Actual to Date vs Total Budget		86%		4%



This fund accounts for City imposed park impact fees on new development. Expenditures are for public park acquisitions and improvements.
In the 2011-2012 budget, expenditures represent transfers to Muncipal Capital Fund for improvements to City parks.

TRANSPORTATION IMPACT FEE FUND

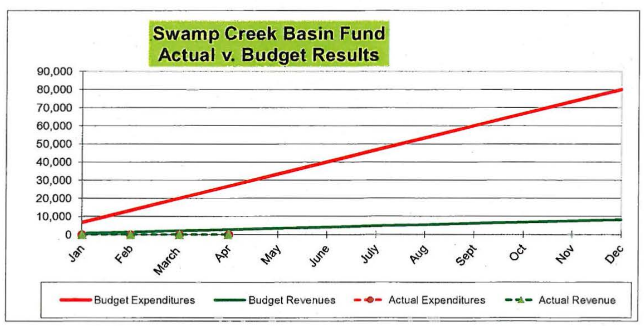
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	36,875	0	36,331	0
Feb	73,750	0	72,662	8,434
March	110,625	0	108,993	8,434
Apr	147,500	248,000	145,324	42,170
May	184,375		181,655	
June	221,250		217,987	
July	258,125		254,318	
Aug	295,000		290,649	
Sept	331,875		326,980	
Oct	368,750		363,311	
Nov	405,625		399,642	
Dec	442,500		435,973	
2013-2014	822,500		876,670	
Total Actual to Date vs Total Budget		30%		5%



This fund accounts for City imposed transportation impact fees on new development. Expenditures are for public transportation improvements.

SWAMP CREEK BASIN FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	6,667	0	683	0
Feb	13,333	0	1,367	0
March	20,000	0	2,050	0
Apr	26,667	0	2,733	0
May	33,333		3,417	
June	40,000		4,100	
July	46,667		4,783	
Aug	53,333		5,467	
Sept	60,000		6,150	
Oct	66,667		6,833	
Nov	73,333		7,517	
Dec	80,000		8,200	
2013-2014	160,000		16,000	
Total Actual to Date vs Total Budget		0%		0%

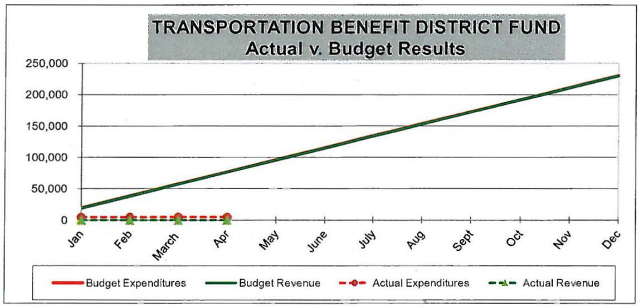


This fund accounts for the Memorandum of Agreement with King County which provided funds reserved for surface water projects, improvements, and maintenance within the Swamp Creek Basin.

City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

TRANSPORTATION BENEFIT DISTRICT FUND

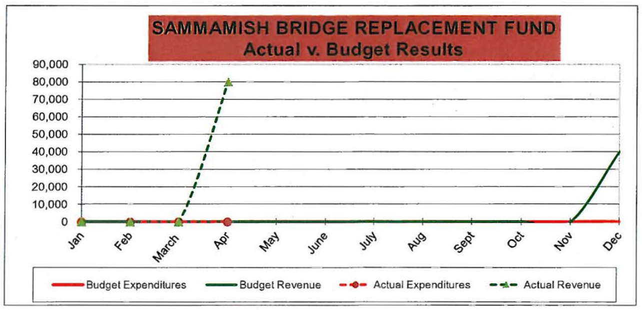
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	19,167	5,000	19,167	0
Feb	38,333	5,000	38,333	0
March	57,500	5,000	57,500	0
Apr	76,667	5,000	76,667	0
May	95,833		95,833	
June	115,000		115,000	
July	134,167		134,167	
Aug	153,333		153,333	
Sept	172,500		172,500	
Oct	191,667		191,667	
Nov	210,833		210,833	
Dec	230,000		230,000	
2013-2014	535,000		535,000	
Total Actual to Date vs Total Budget		1%		0%



The Transportation Benefit District fund accounts for the $20 vehicle license tab fees levied on vehicles located in the Kenmore city limits. The revenue generated will be used in maintaining the City's transportation system.

SAMMAMISH BRIDGE REPLACEMENT FUND

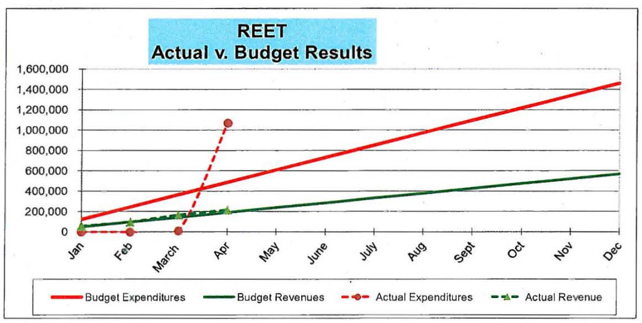
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	0
March	0	0	0	0
Apr	0	0	0	80,000
May	0		0	
June	0		0	
July	0		0	
Aug	0		0	
Sept	0		0	
Oct	0		0	
Nov	0		0	
Dec	0		40,000	
2013-2014	0		80,000	
Total Actual to Date vs Total Budget		0%		100%



The Sammamish Bridge Replacement fund is a fund used to put money aside for the replacement of the West Sammamish bridge.

REAL ESTATE EXCISE TAX FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	121,671	0	47,456	55,801
Feb	243,342	0	94,911	96,082
March	365,013	9,610	142,367	166,028
Apr	486,683	1,070,100	189,823	214,700
May	608,354		237,278	
June	730,025		284,734	
July	851,696		332,190	
Aug	973,367		379,645	
Sept	1,095,038		427,101	
Oct	1,216,708		474,557	
Nov	1,338,379		522,012	
Dec	1,460,050		569,468	
2013-2014	2,365,050		1,147,317	
Total Actual to Date vs Total Budget		45%		19%



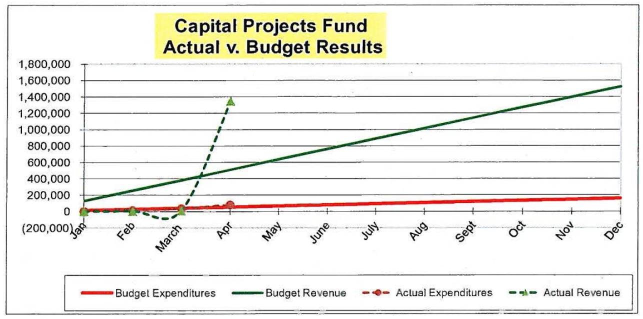
The Real Estate Excise Tax Fund accounts for the 1/2% real estate excise taxes levied by the City which are restricted to capital projects and improvements. Expenditures include park improvements and transfers to the Transportation Capital Fund for transportation improvements.

I:\Admin & Finance\Monthly Reports\2013\April.xlsxOther Funds Graphs

City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

KENMORE VILLAGE FUND

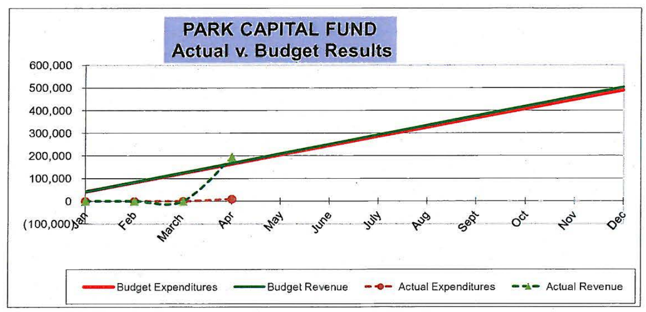
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	13,467	3,120	126,918	2,050
Feb	26,933	14,302	253,837	4,650
March	40,400	38,391	380,755	9,641
Apr	53,867	82,954	507,673	1,347,548
May	67,333		634,592	
June	80,800		761,510	
July	94,267		888,428	
Aug	107,733		1,015,347	
Sept	121,200		1,142,265	
Oct	134,667		1,269,183	
Nov	148,133		1,396,102	
Dec	161,600		1,523,020	
2013-2014	339,200		1,692,340	
Total Actual to Date vs Total Budget		24%		80%



The Kenmore Village Fund accounts for leasing activity within Kenmore Village

PARK CAPITAL FUND

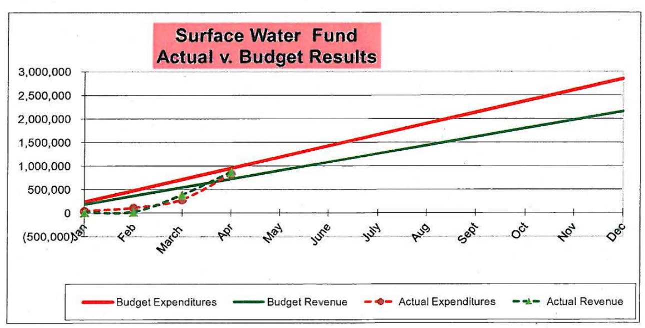
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	40,833	0	41,961	0
Feb	81,667	0	83,922	340
March	122,500	0	125,884	340
Apr	163,333	9,952	167,845	194,803
May	204,167		209,806	
June	245,000		251,767	
July	285,833		293,728	
Aug	326,667		335,689	
Sept	367,500		377,651	
Oct	408,333		419,612	
Nov	449,167		461,573	
Dec	490,000		503,534	
2013-2014	650,000		663,534	
Total Actual to Date vs Total Budget		2%		29%



The Park Capital fund will account for Park Capital Projects formerly included in the Municipal Capital fund. In addition, distributions from the King County Proposition 2 Parks Expansion Levy will be receipted into this fund

SURFACE WATER MANAGEMENT FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	237,469	40,806	179,928	11,144
Feb	474,938	109,357	359,856	20,625
March	712,407	284,556	539,784	384,041
Apr	949,875	829,064	719,712	869,859
May	1,187,344		899,640	
June	1,424,813		1,079,569	
July	1,662,282		1,259,497	
Aug	1,899,751		1,439,425	
Sept	2,137,220		1,619,353	
Oct	2,374,688		1,799,281	
Nov	2,612,157		1,979,209	
Dec	2,849,626		2,159,137	
2013-2014	4,919,887		3,799,176	
Total Actual to Date vs Total Budget		17%		23%



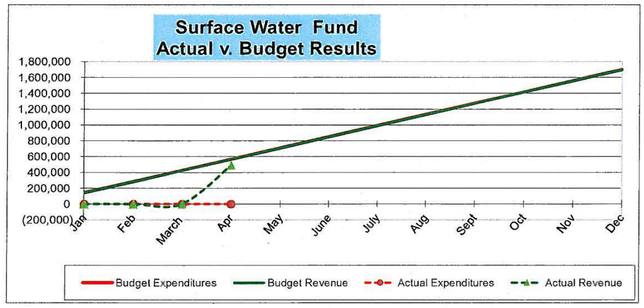
This fund accounts for receipts from surface water assessments. The assessments are collected through the property tax billings; the majority of the receipts are collected in May and November. Expenditures are for surface water maintenance activities such as sweeping and drainage as well as capital improvements.

I:\Admin & Finance\Monthly Reports\2013\April.xlsxOther Funds Graphs

City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

SURFACE WATER CAPITAL FUND

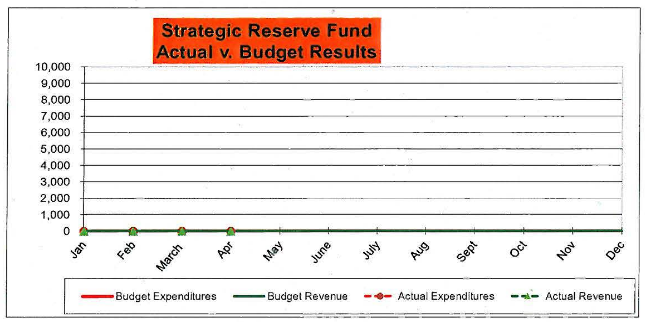
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	141,438	0	141,438	0
Feb	282,877	0	282,877	0
March	424,315	632	424,315	0
Apr	565,754	632	565,754	492,011
May	707,192		707,192	
June	848,631		848,631	
July	990,069		990,069	
Aug	1,131,507		1,131,507	
Sept	1,272,946		1,272,946	
Oct	1,414,384		1,414,384	
Nov	1,555,823		1,555,823	
Dec	1,697,261		1,697,261	
2013-2014	2,369,261		2,369,261	
Total Actual to Date vs Total Budget		0%		21%



This fund accounts for the expenditures for Surface Water Capital Improvements. Revenue sources for this fund include a variety of federal, state, or local grants, surface water management fees transferred from the Surface Water Management Fund and real estate excise taxes.

STRATEGIC RESERVE FUND

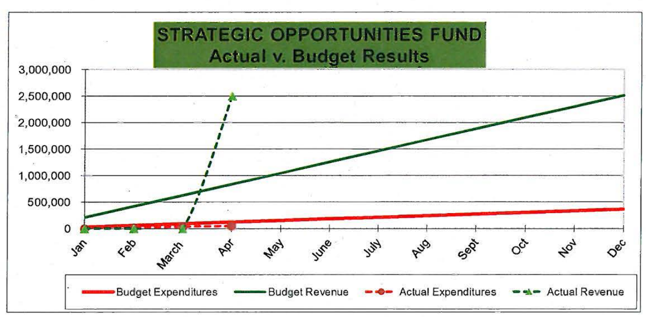
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	0
March	0	0	0	0
Apr	0	0	0	0
May	0		0	
June	0		0	
July	0		0	
Aug	0		0	
Sept	0		0	
Oct	0		0	
Nov	0		0	
Dec	0		0	
2013-2014	0		0	
Total Actual to Date vs Total Budget		0%		0%



This fund was created to serve as the City's emergency reserve fund. Per State Statute, the fund cannot exceed $.375 per $1,000 of the City's assessed value and is fully funded at $1,264,464 for 2011. No expenditures are anticipated or have been budgeted at this time.

STRATEGIC OPPORTUNITIES FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	30,342	2,856	209,375	0
Feb	60,683	16,847	418,750	1,502
March	91,025	40,110	628,125	1,502
Apr	121,367	51,688	837,500	2,502,352
May	151,708		1,046,875	
June	182,050		1,256,250	
July	212,392		1,465,625	
Aug	242,733		1,675,000	
Sept	273,075		1,884,375	
Oct	303,417		2,093,750	
Nov	333,758		2,303,125	
Dec	364,100		2,512,500	
2013-2014	364,100		2,525,062	
Total Actual to Date vs Total Budget		14%		99%



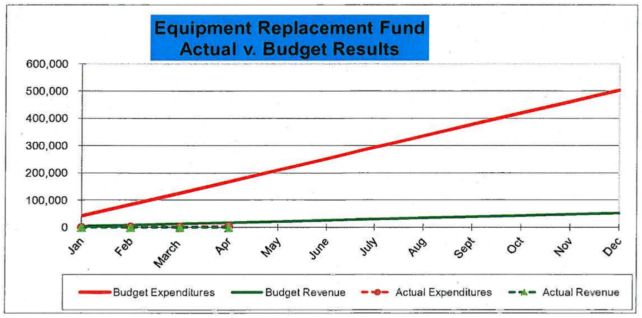
The purpose of the Strategic Opportunities Fund is to have funds available for "rainy days" and for the City to make key investments or take advantage of strategic opportunities as they present themselves. For 2013-14, the Business Incubator expenditures are budgeted in this fund.

I:\Admin & Finance\Monthly Reports\2013\April.xlsxOther Funds Graphs

City of Kenmore, Washington
Other Funds Monthly Activity
April 30, 2013

EQUIPMENT REPLACEMENT FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	41,883	0	4,321	0
Feb	83,767	1,948	8,642	0
March	125,650	1,948	12,963	0
Apr	167,534	4,145	17,283	0
May	209,417		21,604	
June	251,301		25,925	
July	293,184		30,246	
Aug	335,067		34,567	
Sept	376,951		38,888	
Oct	418,834		43,208	
Nov	460,718		47,529	
Dec	502,601		51,850	
2013-2014	276,250		155,142	
Total Actual to Date vs Total Budget		2%		0%



This fund is used to maintain a reserve for future replacement of equipment, including, but not limited to furniture, computers and vehicles. Payments are received from various operating departments and funds that benefit from or use the assets.

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City of Kenmore, Washington
Cash and Investment Report
April 30, 2013

Fund	Beg. Cash & Inv. from Prev. Mo.	Monthly Revenues	Monthly Expenditures	End. Cash & Inv. Current Month
General	$5,744,240	$1,869,114	$3,698,187	3,915,167
Street	1,729,132	1,167,500	97,114	2,799,518
Transportation Capital	1,266,922	1,103,250	250,068	2,120,105
Public Art	68,541	0	0	68,541
Park Impact Fee	1,617,635	10,148	190,000	1,437,783
Transp Impact Fee	248,970	33,736	248,000	34,706
Swamp Creek Basin	1,581,067	0	0	1,581,067
Transportation Benefit District	-5,000	0	0	(5,000)
Sammamish Bridge Replacement	0	80,000	0	80,000
Real Estate Excise Tax	1,133,479	48,671	1,060,490	121,660
Kenmore Village	-1,075,878	1,337,906	44,563	217,466
Park Capital	340	194,464	9,952	184,852
Surface Water Management	1,520,665	485,817	544,508	1,461,975
Surface Water Capital	-632	492,011	0	491,379
Strategic Reserve	1,264,465	0	0	1,264,465
Strategic Opportunities	-38,609	2,500,850	11,577	2,450,664
Equipment Replacement	488,654	0	2,198	486,457
Trust & Agency	248,630	3,905	0	252,535
Totals	$15,792,623	$9,327,373	$6,156,655	$18,963,341

Fund	Cash, Savings, Local Govt Investment Pool	(> One Year) Fixed Investments	Total
General	$1,184,780	$2,744,068	3,928,848
Street	1,949,519	850,000	2,799,519
Transportation Capital	1,128,323	0	1,128,323
Public Art	53,541	15,000	68,541
Park Impact Fee	503,127	930,000	1,433,127
Transp Impact Fee	4,707	30,000	34,707
Swamp Creek Basin	181,068	1,400,000	1,581,068
Transportation Benefit District	-5,000	0	(5,000)
Sammamish Bridge Replacement	80,000	0	80,000
Real Estate Excise Tax	1,110,404	0	1,110,404
Kenmore Village	-234,321	450,000	215,679
Park Capital	184,852	0	184,852
Surface Water Management	950,188	510,000	1,460,188
Surface Water Capital	491,379	0	491,379
Strategic Reserve	414,465	850,000	1,264,465
Strategic Opportunities	2,450,664	0	2,450,664
Equipment Replacement	36,457	450,000	486,457
Trust & Agency	152,535	100,000	252,535
Totals	$10,636,687	$8,329,068	$18,965,755

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City of Kenmore, Washington
Schedule of Investments
April 30, 2013

Report by Security	Investment #	Type	Maturity Date	Purchase Date	Rate	Yield	Possible Call Date	Principal or Balance	Yield Equivalents
		Average Yield to Maturity-Securities						Overall Average Yield	0.45%
Piper Jaffray									
	313371PC4	FHLB	12/12/2014	6/7/2011	0.88%	0.88%	no call	991,238.90	8,722.90
	3136G0QY0	FNMA	7/25/2017	7/25/2012	0.75%	0.75%	7/25/2013	1,000,000.00	7,500.00
	31771J4M9	FICO	9/26/2017	8/14/2012	1.13%	1.13%	non callable	894,731.88	10,137.31
Total Piper Jaffrey Purchases								**2,885,970.78**	**26,360.21**
Seattle Northwest Securities									
								-	-
Time Value Investments									
	313586QR3	FNMA	7/5/2014	6/7/2011	1.00%	compounds	no call	998,858.37	9,988.58
	31398A4N9	FNMA	10/15/2013	12/8/2010	1.00%	1.00%	4/15/2011	999,990.00	9,999.90
	31359MEL3	FNMA	4/22/2017	10/22/2012	0.86%	0.86%	no call	999,468.08	8,595.43
Total TVI Purchases								**2,998,316.45**	**28,583.91**
Wells Fargo Bank									
									-
Total Wells Fargo Purchases								-	-
Banner Bank CD's									
	5740005425	CD	2/6/2013	2/6/2012	0.45%	0.45%		1,195,585.97	5,380.14
Total Banner Bank CD's								**1,195,585.97**	**5,380.14**
Sound Community Bank CD's									
	18299229	CD	2/11/2014	8/17/2012	0.65%	0.65%		1,000,000.00	6,500.00
Total Sound Community Bank CD's								**1,000,000.00**	**6,500.00**
Opus Bank CD's	280140042	CD	3/16/2015	3/15/2011	1.15%	1.15%		249,194.49	2,865.74
Total Cascade Bank CD's								**249,194.49**	**2,865.74**
TOTAL ALL SECURITIES								**$ 8,329,067.69**	**$ 69,690.00**
		Banner Checking and Savings				**0.10%**	**Banner**	**6,386,038.38**	6,386.04
		Opus Bank				**0.20%**		**11,086.16**	22.17
		Cash						**1,005.00**	-
		Local Government Investment Pool				**0.24%**	**LGIP**	**4,238,556.11**	9,960.61
									-
				Total Accounts				**$ 18,965,753.34**	**86,058.81**

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XC. Receive and File April 2013 Financial Report

City of Kenmore, Washington
Real Estate Excise Tax Report
April 30, 2013

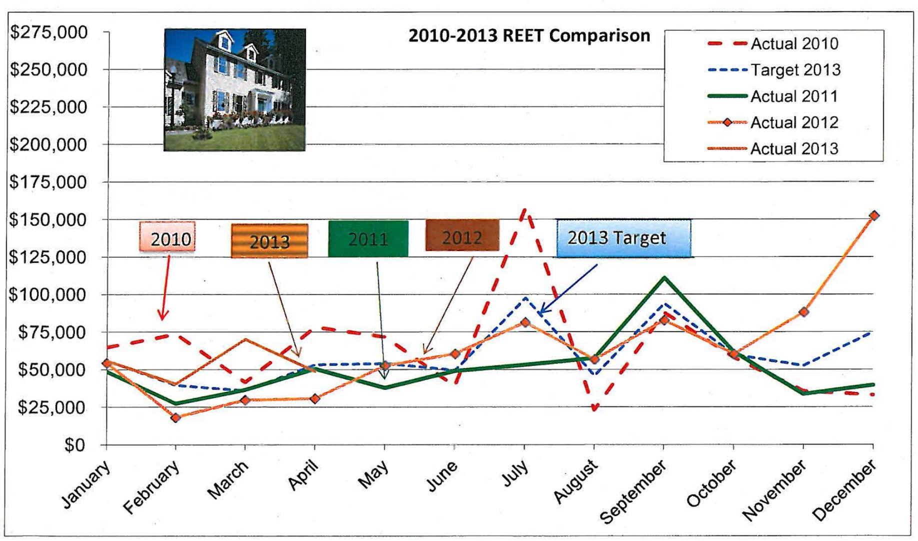
Real Estate Excise Taxes (REET)
2009 - 2013 Monthly Receipts

	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Target 2013
January	64,792	48,679	54,359	55,801	55,943
February	73,383	27,294	18,064	40,281	39,580
March	41,445	36,507	29,691	69,946	35,881
April	78,233	50,463	30,662	48,671	53,119
May	71,622	37,671	52,575		53,956
June	38,919	48,938	60,408		49,422
July	158,221	53,012	81,316		97,516
August	23,033	57,471	56,626		45,710
September	87,734	111,107	82,785		93,875
October	57,761	61,805	60,265		59,944
November	35,585	33,475	88,057		52,372
December	32,962	39,510	152,262		74,911
	$763,689	$605,931	$767,070	$214,700	$712,230

For 2013, REET is $81,923 more than the same period last year and more than the 2013 target by $30,177

Real Estate Excise Taxes (REET)
2010 - 2013 Property Sales > $500,000
sales actually occur in the prior month; there is a 30 day lag between sales and when the City receives the reve

	2010	2011	2012	2013	Taxes from > $500,000 Sale Amounts 2010	2011	2012	2013
January	3,790,500	1,046,085	5,515,283	3,380,165	18,763	5,178	27,301	16,732
February	4,805,000	547,257	1,152,000	3,417,500	23,785	2,709	5,702	16,917
March	1,149,000	1,100,000	750,000	3,514,000	5,688	5,445	3,713	17,394
April	1,779,000	1,075,000	870,000	1,570,450	8,806	5,321	4,307	7,774
May	1,859,000	2,372,000	2,796,250		9,202	11,741	13,841	0
June	540,000	2,605,000	1,215,000		2,673	12,895	6,014	0
July	18,013,000	3,354,950	4,196,500		89,164	16,607	20,773	0
August	1,020,000	3,045,950	1,756,200		5,049	15,077	8,693	0
September	11,276,760	15,691,044	4,859,500		55,820	77,671	24,055	0
October	610,000	7,873,950	3,087,500		3,020	38,976	15,283	0
November	1,020,000	875,000	8,334,960		5,049	4,331	41,258	0
December	2,178,000	2,189,000	23,033,200		10,781	10,836	114,014	0
	$48,040,260	$41,775,236	$57,566,393	$11,882,115	237,800	206,787	284,954	58,817



* NOTE THE 2013 TARGET IS BASED ON A 3-YEAR AVERAGE (2010-2012) OF ACTUAL RECEIPTS.

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City of Kenmore, Washington
Monthly Report for Kenmore Village
April 30, 2013

Revenues		April 2013		Biennium-to-Date		Biennium Budget
Lease Income (USPS & Kenmore Village)	$	-	$	4,241	$	317,940
Return of Security Deposit		-		0		0
Other Rent Income		2,050		7,450		15,000
Landlord Expense (CAM*) Reimbursement		-		0		0
Insurance Proceeds		-		0		0
Sale of Property		1,335,034		1,335,034		1,250,000
Leasehold Excise Returned		822		822		14,900
Total Revenues	$	1,337,906	$	1,347,548		1,597,840
Expenditures						
6700 Building Improvements	$	-	$	-		11,000
Property Management		-		3,263		43,200
Utilities and Insurance - Kenmore Village		28,886		32,006		103,400
Repairs, Maintenance, Other Services		-		-		
Total Expenditures	$	28,886	$	35,269		157,600
Net Income (Loss)	$	1,309,020	$	1,312,279	$	1,440,240

I:\Admin & Finance\Monthly Reports\2013\April.xlsxKenmore Village (2)

City of Kenmore, Washington
SR 522 Phase I Revenue and Expenditure History
as of April 30, 2013

Actuals Received on Cash Basis

Phase I

Stage 3 Burke Gilman Trail @73rd Ave NE-nearing completion
Stage 1 SR 522 Central Segment 65th to 73rd and other improvements, in construction
Stage 2 SR 522 West Segment 57th to 65th and other improvements, pending funding

		Secured:	Cumulative through 2008	2009	2010	2011	Year to Date 2012	April 2013	Year to Date 2013	Life to Date
Revenues:										
Wa State Transportation Improve. Board:										
	to Street Fund	5,047,000	851,786	0	0	0	0	0	0	**851,786**
	to Arterial Street Fund	0	148,214	2,545,308	1,501,692	0	0	0	0	**4,195,214**
Wa State Gas Tax		4,663,620	3,119,047	1,765,416	0	0	0	0	0	**4,884,463**
Federal Surface Transportation Prog		12,045,444	1,708,895	8,535,460	1,781,817	0	55	0	0	**12,026,227**
Brightwater		15,000	15,000	0	0	0	0	0	0	**15,000**
Federal: Wa State Dept of Trans Signal		357,914	0	0	546,862	0	0	0	0	**546,862**
King County Parks		906,500	514,616	201,467	0	0	0	0	0	**716,083**
King County Roads		350,000	350,000	0	0	0	0	0	0	**350,000**
Northshore Utility District Reimb		432,400	80,559	0	0	0	259,387	0	0	**339,946**
Puget Sound Energy Reimb		264,100	0	0	0	0	0	0	0	**0**
Northshore School Dist Reimb		22,258	0	0	0	0	0	0	0	**0**
Library Reimb		10,000	0	0	0	0	0	0	0	**0**
Comcast Reimb		168,800	88,620	0	0	0	113,383	0	0	**202,003**
Urban Partners		75,000	0	25,000	54,438	0	0	0	0	**79,438**
Fire District Reim		49,000	0	0	0	0	63,245	0	0	**63,245**
City Art Fund		126,486	0	0	0	0	0	0	0	**0**
BWR St. 1 Ph. 1 Settlement			0	0	0	0	0	0	0	**0**
U of WA IT Reimbursement			0	0	0	0	26,113	0	0	**26,113**
City Light Reimbursement			0	0	0	0	0	0	23,033	**23,033**
City Funds:		5,607,250	0	0	0	0	200,000	0	0	**200,000**
	Transfer from REET Muni Cap		1,083,250	0	3,290,000	0	0	0	0	**4,373,250**
	Transfer from Street Fund		0	0	521,870	0	0	0	0	**521,870**
Stage 1/181st	Transfer from REET Muni Cap		0	334,000	0	0	0	0	0	**334,000**
Stage 2	Transfer from REET Muni Cap	700,000	0	700,000	0	470,174	157,468	0	0	**1,327,642**
	Transfer from Trans Impact Fees		900,000	0	0	0	0	0	0	**900,000**
									0	**0**
Total Revenues		30,840,772	8,859,987	14,106,651	7,696,679	470,174	819,651	0	23,033	**31,976,175**
Expenditures:										
	Street Fund		15,148,961	1,090	0	0	0	0	0	**15,150,051**
	Street-Interfund Loan Interest		0	0	0	0	0	0	0	**0**
	1% Art Fund		0	0	0	0	0	0	0	**0**
	Arterial Street Fund		253,860	11,708,313	2,874,519	154,162	418,047	0	5,170	**15,414,070**
Stage 2 Design	Arterial Street Fund			483,830	435,358	132,834	102,132	0	0	**1,154,154**
	Muni Cap Fund		46,782	0	0	0	0	0	0	**46,782**
Total Expenditures			15,449,603	12,193,233	3,309,877	352,046	520,179	0	5,170	31,765,058

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City of Kenmore, Washington
SR 522 Phase II Revenue and Expenditure History
as of April 30, 2013

Phase II
SR 522 East Segment, 73rd to 83rd, nearing completion

Actuals Received on Cash Basis

	Secured:	Cumulative through 2008	2009	2010	2011	2012	April 2013	Year to Date 2013	Life to Date
Revenues:									
Wa State Transportation Improve. Board:	**3,450,000**	3,145,975	131,526	172,500	0	0	0	0	**3,450,000**
Sound Transit	**8,192,307**	8,192,307	0	0	0	0	0	0	**8,192,307**
Brightwater	**250,000**	0	0	0	0	0	0	250,000	**250,000**
Federal Grant via WSDOT	**697,312**	578,381	91,120	0	6,683	0	0	0	**676,184**
Federal: WSDOT Signal/Overlay	**683,608**	185,272	498,322	0	0	0	0	0	**683,594**
Regional Mobility WSDOT	**1,800,000**	1,441,827	358,173	0	0	0	0	0	**1,800,000**
King County Metro	**400,000**	0	0	400,000	0	0	0	0	**400,000**
Wa State Gas Tax Grant	**8,336,380**	4,636,717	2,951,182	439,620	0	0	0	0	**8,027,519**
Comcast Reimb	**147,770**	92,680	0	55,090	0	0	0	0	**147,770**
Northshore Utility District Reimb	**1,621,486**	1,024,376	441,836	0	0	112,124	0	11,494	**1,701,954**
Northshore School District Reimb	**28,914**	0	0	0	2,694	2,444	0	0	**5,138**
PSE Reimbursement	**150,000**	0	0	0	0	0	0	0	**0**
Integra Reimbursement		0	0	0	0	9,144	0	0	**9,144**
City: Art Fund	**161,006**	0	0	0	0	0	0	0	**0**
City:	**2,870,793**			0	0	0	0	0	**0**
Investment Earnings		92,191	15,331	2,532	0	0	0	0	**110,054**
Fuel Tax		274,153	0	0	0	0	0	0	**274,153**
Transfer of Trans Impact Fees		512,000	430,698	450,000	387,500	0	0	0	**1,392,698**
Transfer from Street Fund		0	0	1,000,000	0	0	0	0	**1,000,000**
Transfer of REET		1,096,420	0	0	215,307	0	0	0	**1,096,420**
Total Revenues	**28,789,576**	21,272,299	4,918,188	2,519,742	612,184	123,712	0	261,494	**29,216,936**
Expenditures:									
Arterial Street		22,497,211	4,671,626	1,068,152	1,403,237	48,234	7,232	11,256	**29,699,715**
Interfund Loan Interest		127,175	0	0	0	0	0	0	**127,175**
Art 1%		0	0	0	0	0	0	0	**0**
Transportation Impact Fee Fund		100,000	0	0	0	0	0	0	**100,000**
Total Expenditures		22,724,386	4,671,626	1,068,152	1,403,237	48,234	7,232	11,256	**29,926,890**

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City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Dredging of Wallace Swamp Creek Park Sediment Pond.

For Council Meeting Agenda of: July 8, 2012

Department: **Engineering**

Prepared by: **Richard Sawyer**

To Be Presented By: NA

	Initial & Date
Approved by Department Head:	6/21/13 KO
Approved by City Attorney:	
Approved by Finance Director:	JMG 6/28/13
Approved by City Manager:	VPok

Exhibits/Attachments: NA

Proposed Council Action/Motion:
Authorize the City Manager to execute Contract 13-C1188 with Welwest Construction Inc. in an amount not to exceed $86,265 for the dredging of Wallace Swamp Creek Park Sediment Pond.

Expenditure Required $86,265 Amount Budgeted $160,000 Appropriation Required $0

INFORMATION/BACKGROUND:
The Wallace Swamp Creek Park sediment pond requires dredging each year. Dredging of the pond is required per Chapter 13.35 Kenmore Municipal Code and the City's 2007 Western Washington Phase II Municipal Stormwater Permit. The City's maintenance standards require sediment removal from typical ponds when sediment accumulation exceeds 10%, however, the Wallace Swamp Creek Park pond was designed to hold up to 50% sediment accumulation before requiring dredging. Staff currently estimates 89% sediment accumulation in the Wallace Swamp Creek Park pond.

The apparent lowest bid on June 28, 2013 was from Welwest Construction Inc. in the amount of $86,265. The work must be conducted within the fish window and late July or early August will offer the best conditions for conducting the work.

FISCAL CONSIDERATION:
The City currently has $160,000 budgeted in the 2013-2014 biennium budget to complete dredging in 2013 and 2014. Last year, the project cost was $38.56 per cubic yard ($69,411 total to remove 1,800 yards of material). This year's project cost will be $35.94 per cubic yard ($86,265 total to remove 2,400 yards of material).

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:
Consistent with Kenmore Mission Statement to provide effective and efficient services.
Consistent with 2013-2014 Biennium Budget.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: **Briefing by WA Department of Ecology and WA Department of Health on Sediment/Water Test Results Reports** **Proposed Council Action/Motion:** Presentation and Discussion	**For Council Meeting Agenda of: 8 July 2013** **Department: Executive** **Prepared by: Nancy Ousley** **Initial & Date** **Approved by Department Head:** NKo 29 June 2013 **Approved by City Attorney:** **Approved by Finance Director:** [signature] 7/1/13 **Approved by City Manager:** [signature] **Exhibits/Attachments:** News Release for July 11 meeting

Expenditure Required $	**Amount Budgeted $**	**Appropriation Required $**

INFORMATION/BACKGROUND:

The City of Kenmore and WA Department of Ecology partnered to fund testing of lake sediments and water in the Kenmore area in late 2012. The results of the tests were reported by Anchor QEA in March 2013. The Department of Ecology and Department of Health have prepared reports that provide additional interpretation and context of the test results, which will be presented and discussed at a Public Meeting on July 11 at Kenmore City Hall.

Representatives from Ecology and Health will provide a brief presentation to the Council on what will be presented at the July 11 meeting. The Department of Ecology's Environmental Evaluation Report was completed in May 2013 and is available at City Hall, Kenmore Public Library and through the City's and Ecology's websites. Department of Health's Health Consultation Report is expected to be posted on the Department of Health website the week of July 1, and will be linked through the City website.

According to the reports, sediment and water in public access areas such as Log Boom Park, Department of Fish and Wildlife Boat Launch and Lyon Creek Park in Lake Forest Park is safe. The only locations that exhibited elevated levels of chemicals were at two private marinas.

FISCAL CONSIDERATION:

The City's financial commitment to the Anchor QEA contract is $114,527. Other funders are the Department of Ecology, NorthLake Marina owner, and the City of Lake Forest Park. The total contact amount authorized is $163,477.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to Implement the Economic Development Strategy
Advance the public's access and connection to the waterfront
Continue to seek opportunities to complete a successful Lakepointe development

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XIA. Briefing on Sediment/Water Test Reports by WA Department of Ecology and WA Department of Health - Nancy Ousley, Assistant

Washington State Department of Ecology - June 18, 2013

13-153

Lake sediments safe in Kenmore area; public meeting set on recent studies

KENMORE – Public areas along Lake Washington's northern tip are safe for swimming and other in-water recreation, according to assessments of lake sediments and water quality.

Findings will be presented at a public meeting set for July 11 at Kenmore City Hall, 18120 68th Ave. N. E., beginning at 5:30 p.m. with an informal open house. A presentation and question-and- answer session will begin at 7 p.m.

Officials and experts from the city of Kenmore, the state Departments of Ecology and Health and other agencies will be available to answer questions.

The meeting will focus on three key developments:

City/state sediment study: Kenmore and Ecology jointly funded a study that examined sediment samples at Log Boom Park, Kenmore Navigation Channel, Kenmore Industrial Park, the lower reach of the Sammamish River, including the Department of Fish and Wildlife (WDFW) boat launch, and at Lake Forest Park's Lyon Creek Waterfront Park. Concentrations of dioxin and other toxic substances in the sediments at most of these locations were consistent with or lower than background levels found in soil in other parts of the Seattle urban area.

The study also found dioxins in sediments above background levels at two private marinas. Ecology, the two private marina owners and the state Department of Natural Resources have agreed to cooperate on further evaluating sediment cleanup and dredge planning at these two locations, which are not swimming areas.

Lake Forest Park and commercial lakefront property owners helped fund the study or provided access for the sampling.

Department of Health assessment: The Washington Department of Health evaluated the sampling study data within Kenmore and concluded that contact with sediments outside the two private marinas – Harbour Village Marina and Northlake Marina – is not expected to harm people's health in the study area. This includes Logboom Park, the WDFW boat launch, and areas with limited public access such as the navigation channel and near the Kenmore Industrial Park (KIP) site.

Kenmore Navigation Channel dredging project: One goal of the Kenmore sediment study was to determine potential sediment disposal options for the future maintenance dredging of the Kenmore Navigation Channel, which the U.S. Army Corps of Engineers (Corps) would undertake, subject to Congressional funding. The dredging would provide better vessel access to waterfront businesses. The city continues to work with the state's congressional delegation and the Corps to include the maintenance dredging in a future budget and work program.

The Dredged Material Management Program (DMMP), a four-agency group that evaluates sediments for dredging purposes, reviewed sediment results for preliminary evaluation. DMMP's members are the Corps, U.S. Environmental Protection Agency, Ecology, and Washington Department of Natural Resources. Because the recent testing was performed at a preliminary screening level, DMMP would require further analyses closer to the time of any dredging to determine if material would be suited for in-water disposal at an approved open water disposal site.

To view the reports:

- The City/Ecology sediment study: at Kenmore City Hall, Kenmore Library, and Lake Forest Park Library
- The DMMP report

Kenmore and Ecology conducted the studies in response to citizen concerns about health and environmental safety in Lake Washington and to gather information for planning for permits for work to maintain the navigation channel.

###

Media Contacts:

Larry Altose, Ecology media relations, 425-649-7009, larry.altose@ecy.wa.gov

Rob Karlinsey, Kenmore City Manager, 425-398-8900, rkarlinsey@kenmorewa.gov

Maura O'Brien, Ecology Toxics Cleanup Program, 425-649-7249, Maura.obrien@ecy.wa.gov

Joanne Snarski, Washington State Department of Health, Office of Health & Safety, 360-236-3371, joanne.snarski@doh.wa.gov

Laura Inouye, Ecology Dredged Material Management Program representative, 360-407-6165, lino461@ecy.wa.gov

For more information:

Kenmore area sediment sampling results available on these two websites:

- Kenmore Industrial Park: https://fortress.wa.gov/ecy/gsp/Sitepage.aspx?csid=2134
- Harbour Village Marina: https://fortress.wa.gov/ecy/gsp/Sitepage.aspx?csid=9197

Jan. 17, 2013 Ecology/City of Kenmore news release on sediment study (www.ecy.wa.gov/news/2013/017.html)

Washington State Department of Health Consultations (www.doh.wa.gov/consults)

Dredged Material Management Program (www.nws.usace.army.mil/Missions/CivilWorks/Dredging.aspx)

City of Kenmore – Kenmore Sediment Sampling (www.kenmorewa.gov/Page.aspx?cid=3152)

Ecology's social media (www.ecy.wa.gov/about/newmedia.html)

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Purchase and Sale Agreement – former King County Park & Ride Proposed Council Action/Motion: Adopt a resolution approving a purchase and sale agreement with Main Street Property Group LLC.	For Council Meeting Agenda of: July 8, 2013 Department: City Manager's Office Prepared by: Rob Karlinsey, City Manager Initial & Date Approved by Department Head: ______ Approved by City Attorney: A.S. via email Approved by Finance Director: [initials] Approved by City Manager: [signature] Exhibits/Attachments: Exhibit A Kenmore Village Position Statement and Downtown Goals Exhibit B Summaries of Potential Buyers Exhibit C Resolution and Purchase & Sale Agreement with Main Street Property Group LLC

Expenditure Required $0 Amount Budgeted $N/A Appropriation Required $0

INFORMATION/BACKGROUND:

In the first half of 2012, the City began an extensive community involvement process to 1) review goals for the downtown, 2) develop a position statement for the Kenmore Village properties, and 3) establish strategic next steps to take the properties to market and thereby sell the properties to buyer(s) who would further the City's goals and bring new investment to downtown Kenmore. The community involvement process included multiple meetings, forums, and open houses to obtain public input on the Kenmore Village properties. The resulting downtown goals and Kenmore Village position statement are attached as Exhibit A.

Late last year, the City retained two brokerage firms to list the Kenmore Village properties for sale. Jones Lang LaSalle (JLL) listed the upper lot (former park & ride), and Colliers International listed the lower lots (the shopping center). The two firms listed the properties with the downtown goals and position statement in mind, and they emphasized key points from the goals and position statement.

Soon after the properties were listed, about 16 offers/proposals were received, about half of which were for the lower commercial lots. The other proposals were for the upper lot (former park & ride) or both upper and lower lots. Colliers, JLL, the City Manager, Assistant City Manager, and Spinnaker Strategies interviewed all potential buyers for the properties. Based on the goals for the properties and the principles outlined in the Position Statement, four potential buyers for each of the properties were recommended to move forward in the process.

These potential buyers (eight total) were presented to the City Council and the public at the February 25, 2013 City Council meeting. At that meeting, public comment was invited during the discussion of this agenda item. The summaries of these eight potential buyers are attached as Exhibit B.

After the February 25, 2013 City Council meeting, the city manager, assistant city manager and the brokerage firms continued follow up meetings and conversations with the finalists for each property. Based on price offered for the properties, financial wherewithal, experience, reputation, ability to deliver in a timely manner, and alignment with the goals and position statement, the team began direct negotiations with RPI/Benaroya for the lower commercial lots and with Main Street Property Group LLC (MainStreet) for the upper lot (former park & ride).

At the June 10, 2013 City Council meeting, the City Council adopted a resolution approving a purchase and sale agreement with RPI/Benaroya (BCC-RPI Kenmore LLC for the project) for the Kenmore Village shopping center properties, including the post office, but not including the upper lot known as the former King County Park & Ride (current location of the interim skate park and across 68th Avenue from City Hall). At that same meeting, Main Street Property Group LLC was announced as the likely buyer for the upper lot (former King County Park & Ride).

Former King County Park & Ride Lot Purchase & Sale Agreement with Main Street Property Group LLC

The City Manager's Office and JLL have been in negotiations regarding the sale of the former King County Park & Ride property from the City to MainStreet. Similar to RPI/Benaroya, MainStreet is being recommended based on its offer price on the property, experience, financial wherewithal, ability to execute in a timely manner, and alignment with the City's goals and position statement for the property.

MainStreet is a real estate development firm dedicated to the vision, construction and operation of landmark mixed-use properties. MainStreet's team of experienced professionals strives to acquire, develop, construct and operate properties in vibrant locations, complimenting and respecting each property's natural and developed surroundings. With experience in market and site analysis, acquisitions, development, land-use planning, financing, construction and the architectural process, MainStreet designs and builds each property to reflect its commitment to sustainability and walkability, focusing always on each property's enduring investment. Current examples of MainStreet's projects include two new buildings in downtown Bothell (Six Oaks, a mixed use project consisting of 203 apartments and 6500 square feet of commercial space and The 104, a 115 unit apartment building) and one mixed-use building, Slater 116 in Kirkland consisting of 108 apartments and 10,000 square feet of commercial space including a coffee shop.

MainStreet currently plans to develop and construct at least 160 quality apartment units on the former park & ride site. A portion of the units will be affordable under King County definitions and in keeping with the current deed restriction for the site. At least five of the affordable units will be set as affordable at 50% of median household income.

The proposed purchase and sale agreement for this former park & ride property is included with this Agenda Bill. Major components of the PSA include:

Purchase Price: $3.6 million; $180,000 earnest money and additional $200,000 earnest money at SEPA and site plan approval.
Environmental Feasibility Period & Inspection: 60 Days.
Closing: Upon Building Permit Issuance, with an outside deadline of June 30, 2015.
Schedule: Buyer to submit complete site development permit within 90 days of the end of the environmental feasibility period; Construction shall commence no later than 24 months following the closing date.

Following purchase and sale agreement execution, a development agreement describing exterior design expectations, coordination with the Kenmore Village commercial property, affordability details, 12-year property tax abatement period, phasing, and other deal points is anticipated. Assuming the purchase and sale agreement is executed and its contingencies met within expected time periods, MainStreet hopes to be under construction on the site in June 2014.
FISCAL CONSIDERATION: See above.
COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED: Goal #1: Economic Development and Goal #4, Downtown Development

Exhibit A

Kenmore Village Position Statement & Downtown Goals

City Of Kenmore, Washington

Positioning Statement

"Kenmore Village is a walkable place with a public square where Kenmore-area residents and workers can meet their daily needs and see one another face-to-face."

Definition and Discussion

"Kenmore Village": This refers to the former portions of the shopping center and the park-and-ride lot now owned by the City and the park. This positioning statement envisions a commercial area with a public square, with residential uses adjacent to and possibly above the commercial areas.

"Walkable Place": "Walkable" here has two meanings: both walkable within and walkable to. While most standard shopping centers are walkable in the sense that distances are not so great that shoppers have to get in their cars and drive between stores, the monotony of the parking lots and the fact of walking down drive lanes discourages most people from going more than several hundred feet. In a truly walkable place, pedestrians feel safe and there are interesting things along the route that draw them forward. The second meaning of "walkable", "walkable to", means that Kenmore Village is perceived to be a walkable destination, that it is either within walking distance of neighborhoods or work places or other stores, or that the route itself is interesting enough to make the walk.

The second word here, "place", implies not just that this is a piece of property or real estate or a destination for day-to-day needs, but that it has a sense of place, an interesting character and personality that comes as much from what goes on there as from the buildings and layout.

"Public square": This will be a place the public owns and controls, where people can sit down without worrying about when the stores or shopping center close. It is a public place at the center of things, where people from different backgrounds can strike up a conversation. It is important that this square be integrated with other uses so that it has life day to day. Just because it is a public square and carries the civic identity does not mean that it cannot have less formal and more active uses on the side, like a skateboard park or pea patches.

"Kenmore area residents and workers": While the users may initially be mostly nearby residents, over time this should serve as amenity for nearby businesses, so workers can walk to coffee, take a break from work and hold business meetings there either outside or in restaurants and coffee shops. Things like a gym will also serve draw worker use.

Final 090612

It is also important to define residents inclusively, to include not just middle-income families but seniors, low-income families, latch-key kids, single people, the elderly, teens hanging out together, childless couples, empty nesters, and those who speak a foreign language at home. Recognizing the variety of these different kinds of people will lead to more interesting design and programming. One of the best prospects for animating this space is meeting the needs of the large number of people already living nearby who do not now have much improved outdoor space to enjoy.

"Daily Needs": This is in contrast to comparison goods purchased in Lynwood, Northgate or University Village. As used here, "daily needs" includes cash and non-cash goods, services and experiences.

On the commercial side, this could include food stores, restaurants, coffee houses, hair salons, pet stores, toy stores, banks, wealth managers, realtors, title companies, insurance firms, gyms, yoga parlors, clothing and shoe stores, stationery and specialty paper stores, knitting and quilting stores, rug and furnishing stores, tutoring and test preparation, ice cream stores, art and framing, optometrists, medical clinics, dentists, pet care, and mailing stores. The key distinction is between high volume/ low service establishments found in the malls and low-volume/ high service establishments found more locally, where convenience, staff training and customer relationships are critical to success.

On the public service side this will or could include reading at the library, book check out and meetings held at the library; visits to the post office, license renewal at a DMV office, and picking up permits at City Hall.

On the civic and non-profit side, this could include a community center, a re-located senior center, a youth club, and garden-club maintenance of the public square or nearby arbors.

At the personal and individual level, this could mean making Kenmore Village a destination for a walk, sitting in the park and watching kids or other people, meeting there as a starting point for rides with a bicycling group, or joining an exercise group in the park.

"See One Another Face to Face": Two people passing in a supermarket parking lot may glance at one another or, if they know one another, stop briefly to talk, but Kenmore Village will provide a place where people can slow down enough to talk and even sit down if they want to. The promise of the place is that you will regularly run into someone you know or even make new friends there.

City of Kenmore

Downtown Goals

On June 14, 2012, Council affirmed that the objective is to bring the Kenmore Village properties to market in a way that advances the City's goals for the downtown. These goals are a realization of many hours of community effort and involvement over the years and are summarized as follows:

- Integrate existing businesses and add new commercial businesses which include local shopping and dining opportunities. Encourage businesses that draw patrons during both the day and evening.
- Promote high density residential development including housing opportunities meeting the housing needs of a variety of income levels and which also support transit.
- Strengthen connections (particularly pedestrian connections) between the downtown quadrants, neighborhoods and waterfront. Capture pass through traffic on SR522 and the Burke Gilman trail.
- Create a destination, unique community gathering space and promote community events that bring residents together and meet the needs of a range of ages and interests.
- Improve ("beautify") the physical environment through design guidelines, sidewalks, landscaping, street trees, public art and signage.
- Provide a development that is responsive to the market and is fiscally responsible.

Exhibit B

Summaries of Potential Buyers

Kenmore Village Lower Commercial Lots: Summary of Top Four Recommended Candidates

Presented at the February 25, 2013 City Council Meeting

	Company Background	Examples of Past Development Projects (not necessarily inclusive of all projects)	Project Summary
RPI - Benaroya	The Benaroya Company is a leading full-service real estate company based in Bellevue, Washington. Benaroya Company acquires, develops and manages properties in prime Pacific NW locations. For more than half a century, the Benaroya name has been synonymous with integrity, excellence, and value.Established in 1956, The Benaroya Company has completed a wide range of real estate projects including data centers; medical, technology and office facilities; retail and industrial for a wide range of global and regional companies. Under the leadership of Larry Benaroya, the company employs 25 professionals with expertise in all aspects of commercial real estate.	Group Health Medical Center Puyallup 23rd & Madison Mixed Use–Safeway/Apartments Lower Queen Anne Mixed Use--Safeway & Apartments LA Fitness Kent	Going to pursue retail, office, medical uses; Understands the project must include "town green"
Tourmaline - IDG	Tourmaline Capital is a private real estate investment firm focused on the development, acquisition and operation of retail properties on the West Coast. The company invests in anchored shopping centers, targeting development, value-add and core-plus assets. Irwin Development Group is dedicated to retail, office, commercial ground up development with a geographical focus on the Pacific Northwest. David Irwin is president of Irwin Development and has a vast experience of ground up development.	Triangle Mall, Longview, WA US Bank Plaza Sacramento Aurora Center - Fairbanks Fremont Hub - Fremont, CA	Going to pursue retail, office, medical uses; Understands the project must include "town green".
Teutsch Partners	Teutsch Partners, LLC was formed in 1987 as a privately owned, regionally focused, commercial real estate services and development company. Since that time, the fi rm has grown into a fully integrated real estate concern, providing exceptional service to our clients while demonstrating a commitment to our core values of integrity, responsiveness and quality work. While continuing to provide corporate real-estate advisory services to some of the Pacifi c Northwest's prominent organizations, Teutsch Partners has developed a varied portfolio of favorably performing commercial real estate assets. This portfolio of development expertise includes; commercial offi ce buildings, industrial parks, retail uses, multi-family residential, mixed use marina facilities, and medical offi ce buildings serving both practicing professionals and biotech related research facilities. Teutsch Partners is founded on the belief that real estate is fundamentally a local business based on superior knowledge, experience and a commitment of loyalty and contribution to the community in which it is based.	Pavilion United General Hospital, Sedro Wooley, WA Overlake Bellevue Clinic Covington Medical Office Building Wedgewood Retail Center 9th & Pine Apartments w/ground floor retail - In process	Going to pursue retail, office, medical uses; Understands the project must include "town green".
KG Investment Management	KG was founded in 2001 and currently employs over 40 commercial real estate professionals in 6 locations in Washington and Oregon. KG's principals and professionals are recognized experts in the Pacific Northwest commercial real estate industry. Individually and collectively the KG team has acquired, developed, financed, managed and sold billions of dollars of commercial real estate over the past two plus decades. KG currently has over 10 million square feet of retail, industrial and office properties under management and 11.45 acres of development land in various stages of entitlement. Collectively KG's Development Team has over 100 years experience in commercial real estate and has been involved is some of the most prestigious properties in the Pacific Northwest.	Ballard Blocks - Trader Joes, LA Fitness Bellevue Development Site (aka "Auto Row") - In Process Bellevue Midlakes - Commencing this summer.	Going to pursue retail, office, medical uses; Understands the project must include "town green"

Kenmore Village Recommended Top Four Proposals: Upper Lot
Presented at the February 25, 2013 City Council Meeting

Potential Buyer	Experience	Project Summary	Other Notes/Observations
Main Street Properties	Founders of CamWest, one of top 3 largest homebuilders in the region. Actively building several apartment buildings including two separate projects in Bothell.	Proposing approximately 160 apartment units on the upper lot in a wrap product with tuck under and surface parking - the surface parking will not be visible from the street. This project would be coming on line when other projects (apartments near UW Bothell, for example) would be wrapping up.	Want to be under construction in 2014.
Lake Union Partners	Actively building a few hundred apartment units in Seattle and Portland. Company was formed in 2009 and is comprised of principals who each came from other development companies. As a company has completed construction on one building thus far.	Proposing approximately 160 aparment units and about 240 parking stalls in a wrap product with tuck under and surface parking.	Want to be under construction in 2014.
Polygon Homes	Have built thousands of homes throughout Washington and Oregon ranging from less than $200k to over $700k in value.	Proposing 80 - 95 "for sale" Brownstone style brick townhomes. Polygon has a similar brown-stone town home project soon to get started in neighboring city.	This project is one of two townhome proposals as opposed to apartments. One key issue: 25% affordability requirement. Begin construction in 2014.
Intracorp	Have constructed nearly 7,000 condo, townhome, and infill aparment projects up and down the west coast.	Proposing 90-120 attached 2-4 bedroom townhomes initially as "for rent" product but positioned as future "for sale" units.	Simlar to Polygon above, key issue is affordability requirement. Begin construction in 2014.

Exhibit C

Resolution and Purchase & Sale Agreement

CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 13-

A RESOLUTION OF THE CITY OF KENMORE, WASHINGTON, APPROVING A PURCHASE AND SALE AGREEMENT WITH MSPT VI LLC.

WHEREAS, the City of Kenmore 2003 Downtown Plan and 2009 Economic Development Strategy contain guiding goals and principles that support the stimulation of economic revitalization of the City's Downtown area in a manner that supports and retains independent and community-scale businesses and other development; and

WHEREAS, the City owns certain real property in the City's Downtown area, which consists of land developed with structures and other improvements, commonly known as the King County Park & Ride parcel (the "Property"); and

WHEREAS, the City Council has determined that the Property is surplus to the City's needs, and that it would be in the best interests of the City and the general public to sell the Property; and

WHEREAS, MSPT VI LLC desires to acquire the Property, with the intent to redevelop the Property; and

WHEREAS, the City and MSPT VI LLC have negotiated a purchase and sale agreement for the transfer of the Property to MSPT VI LLC, consistent with the terms and conditions of the Agreement for Purchase, Sale and Redevelopment of Property for Residential Purposes, which includes Addendum No. 1 to said Agreement, attached to this Resolution as **Exhibit A**;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Confirmation of Surplus Property Status. In Ordinance No. 07-0262, the City Council (1) declared approximately 9.72 acres in the downtown area of the City (known as the Kenmore Village Shopping Center, City Hall and Park & Ride parcels) ("Downtown Site"), which includes the Property, to be surplus property no longer needed for City purposes, and (2) authorized the sale of the Downtown Site to Kenmore Partners, LLC pursuant to a Disposition and Development Agreement. The Disposition and Development Agreement was terminated, and portions of the Downtown Site have been sold to James and Martha Donovan and to BCC - RPI Kenmore, LLC. In connection with the sale of the Property to MSPT VI LLC as described in Section 2 of this Resolution, the City Council confirms the surplus property declaration and sale authorization of Ordinance No. 07-0262, by declaring again that the Property, which was included in the Downtown Site, is surplus property no longer needed for City purposes and authorizing again the sale of the Property, which is in the best interests of the City.

Section 2. Approval of Sale of Property. The City Council approves the sale of the Property to MSPT VI LLC, a Washington limited liability company. The City Council approves and authorizes the City Manager to execute on behalf of the City the Agreement for Purchase, Sale and Redevelopment of Property for Residential Purposes, including Addendum No. 1 to Agreement for Purchase, Sale and Redevelopment of Property for Residential Purposes, substantially in the form attached to this Resolution as **Exhibit A** and incorporated herein by this reference (the "Agreement").

Section 3. Authority for Amendments to the Agreement. The City Council approves and authorizes the City Manager to execute in the name and on behalf of the City one or more written amendments to the Agreement (A) to extend (i) the 90-day Feasibility Contingency Period provided in Sections 1.b and 7.a of the Agreement for an additional 30 days (for a total Feasibility Contingency Period of 120 days), (ii) to extend the 180-day Development Agreement Contingency Period provided in Sections 1.f and 7.h of the Agreement for an additional 30 days beyond the Developer's 30 day extension period (for a total Development Agreement Contingency Period of 240 days) and/or (iii) the Closing Date for up to an additional five (5) business days if needed to complete any documentary or logistical matters necessary for Closing, and/or (B) as necessary to correct any scrivener errors or make other minor, non-substantive changes which do not change the material terms of the Agreement.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS ___ DAY OF JULY, 2013.

CITY OF KENMORE

____
Mayor David Baker

ATTEST/AUTHENTICATED:

____
Patty Safrin, City Clerk

Approved as to form:

____
Rod Kaseguma, City Attorney

Exhibit A to Resolution 13-

Purchase and Sale Agreement with MSPT VI LLC

AGREEMENT FOR PURCHASE, SALE AND DEVELOPMENT OF PROPERTY FOR RESIDENTIAL PURPOSES

THIS AGREEMENT FOR PURCHASE, SALE AND DEVELOPMENT OF REAL PROPERTY FOR RESIDENTIAL PURPOSES (this "**Agreement**") is entered and made effective as of the _____ day of July, 2013 (the "**Effective Date**"), by and between MSPT VI LLC, a Washington limited liability company ("**Buyer**"), and the City of Kenmore, a Washington municipal corporation ("**Seller**").

WHEREAS, Seller owns the real property located in the City of Kenmore, King County, Washington, legally described on **Exhibit A** hereto (the "**Real Property**"), which, along with all of the structures and improvements located thereon or thereunder and all rights and interests of Seller appurtenant thereto are collectively referred to herein as the "Property"; and

WHEREAS, Seller desires to sell and Buyer desires to purchase the Property on the terms and subject to the conditions set forth in this Agreement, which terms and conditions include, as a condition to Closing, that Seller and Buyer shall agree upon terms of a Development Agreement setting forth the standards for Buyer's development and use of the Property following Closing;

NOW, THEREFORE, in consideration of the promises made in this Agreement, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Seller hereby agrees to sell and convey the Property to Buyer, and Buyer hereby agrees to purchase and accept the Property from Seller, on the terms and conditions expressly set forth in this Agreement.

1. Key Dates.

a. Effective Date. As stated in the opening paragraph hereof.

b. Feasibility Period. Period ending September ____, 2013 [**Section 7(a)**]. ***[60 days after Effective Date – to be filled in at execution]***

c. Code Amendment. Amendment to the Kenmore Municipal Code described in Section 7(l) shall be accomplished not later than end of Feasibility Period, as provided in **Section 7(l)**.

d. Seller Notice of Termination to King County Metro. Seller to deliver 6-month notice of termination of right to occupy the Property to King County Metro upon Buyer's waiver of Feasibility Contingency or September 30, 2013, whichever first occurs. Seller acknowledges in any event that King County Metro's right of occupancy must terminate and King County Metro must vacate the Property on or before March 31, 2014 as provided in **Section 6** hereof.

e. Site Development Permit Application. Buyer to submit within ninety (90) days after end of Feasibility Period, as provided in **Section 7(k)**.

f. Development Agreement Deadline. January ___, 2014, ***[180 days after Effective Date]*** subject to up to sixty (60) days extension as provided in **Section 7(h)**.

g. Seller Notice to North Shore Utility District. To cause NSUD to vacate not later than March 31, 2014 [**Section 6**].

h. Closing Date. Five (5) business days after Buyer notified in writing by City of Kenmore that the Building Permit is available for issuance; Outside Closing Date is June 30, 2015, subject to extension as stated in **Section 5**.

i. Post-Closing Construction Commencement Date. Buyer shall proceed with construction and shall complete those residential units described in the Development Agreement, fronting 68th Avenue N.E. Such construction shall commence not later than twenty-four (24) months after Closing [**Ex. D** – Declaration, Paragraph 1].

2. Purchase Price. The Purchase Price is Three Million Six Hundred Thousand Dollars ($3,600,000), payable in cash at closing, with credit for the Earnest Money.

3. Escrow Agent and Title Insurance Company. The parties hereby appoint Scott Smouse (**"Escrow Agent"**) of Chicago Title Company (**"Title Company"**), located at 701 Fifth Avenue, Suite 3400, Seattle, Washington 98104 to serve as Escrow Agent for this transaction. Buyer and Seller shall execute and deliver to Escrow Agent such instructions as may be necessary or convenient to implement the terms of this Agreement and close the transaction contemplated by this Agreement, provided that they are not inconsistent with the terms of this Agreement.

4. Earnest Money.

a. Upon execution of this Agreement, Buyer shall execute and deliver to Escrow Agent a promissory note in the amount of One Hundred Eighty Thousand Dollars ($180,000) (the **"Earnest Money"**) in the form attached as **Exhibit B** (the **"Earnest Money Note"**). The Earnest Money shall be applicable to the Purchase Price at closing.

b. If Buyer delivers written notice of waiver of the Feasibility Contingency, Buyer shall within one (1) business day of delivering such notice replace the Earnest Money Note with cash in the amount of the full sum of the Earnest Money; failure to timely deliver such cash in place of the Earnest Money Note shall cause Buyer's notice of waiver of the Feasibility Contingency to be null and void, and this Agreement shall terminate and Buyer shall have no further right or interest in or to the Property or this Agreement. Upon Buyer's notice of waiver of the Feasibility Contingency and delivery of cash in replacement of the Earnest Money Note, Ninety Thousand Dollars ($90,000) of the Earnest Money shall be deemed fully earned in consideration of the agreements of Seller under this Agreement and shall be released by Escrow Agent to Seller without requirement of further instruction. Thereafter, Escrow Agent shall release (and is hereby instructed by Buyer and Seller to do so) an additional Thirty Thousand Dollars ($30,000) of said Earnest Money to Seller at the end of each successive period of thirty (30) days following the date of Buyer's delivery to Seller of Buyer's notice of waiver of the Feasibility Contingency, to a maximum of three (3) of such thirty day periods.

c. If the Earnest Money has not been fully disbursed to Seller at such time as Buyer and Seller have signed a written agreement approving the Development Agreement (as described in Section 7(g)), the remainder of the Earnest Money shall at that time be disbursed by Escrow Agent to Seller.

d. All Earnest Money when disbursed to Seller as described herein shall be deemed fully earned and wholly non-refundable to Buyer, but applicable to the Purchase Price.

e. If Escrow Agent requires written consent or confirmation from Buyer to disburse said funds to Seller, Buyer hereby agrees promptly to provide such consent or confirmation as is reasonably required by Escrow Agent for such disbursement.

f. If for any reason the Earnest Money or portions thereof should not be disbursed to Seller at the times here indicated, upon each of the times so stated here, those portions of the Earnest Money here designated shall nonetheless be deemed fully earned by Seller and fully non-refundable to Buyer and shall be disbursed to Seller in any event not later than the termination of this Agreement or at Closing, whichever first occurs.

g. Within one (1) business day after the following have occurred: (i) the parties' mutual execution of the Development Agreement, (ii) City approval of the Site Plan necessary for Buyer's development of the Property as defined in the Development Agreement, and (iii) written notice to Buyer of SEPA approval for Buyer's proposed project to be constructed on the Property, Buyer shall deposit cash in the amount of an additional Two Hundred Thousand Dollars ($200,000) with Escrow Agent as additional earnest money (the "Additional Earnest Money"), which funds shall be deemed fully earned by Seller and wholly non-refundable to Buyer once deposited with Escrow Agent. Once the Additional Earnest Money is so deposited, all references in this Agreement to the "Earnest Money" shall thereafter be read to mean the Earnest Money and the Additional Earnest Money combined, along with any and all interest earned thereon.

h. Escrow Agent shall deposit the Earnest Money into an interest-bearing account, and Buyer shall deliver to Escrow a W-9 and/or such other documents as Escrow Agent may require for purposes of making such deposit. All interest earned thereon shall be credited to Buyer and shall be deemed the property of the party otherwise entitled to the Earnest Money at closing or other termination of this Agreement.

i. Notwithstanding any other term or provision of this **Section 4** (or of this Agreement), if a Seller Default shall exist as defined in this Agreement and if Buyer exercises the right to terminate this Agreement due to such Seller Default, or due to a failure of a Buyer Condition to Closing, then, without limitation on any other remedy that may be available to Buyer if such termination is due to a Seller Default, upon such termination Seller shall promptly refund to Buyer all of the Earnest Money previously disbursed to Seller, and Escrow Agent shall disburse to Buyer any Earnest Money then still held by Escrow Agent.

5. <u>Closing</u>. Closing shall take place on or before the Closing Date stated in **Section 1(h)**. If for any reason any of the Conditions to Closing have not been satisfied and Closing does not occur by the Outside Closing Date stated in **Section 1(h)**, then either Seller or Buyer shall have the right, but not the obligation, to terminate this Agreement by giving written notice to the other stating unequivocally that this Agreement is terminated due to failure to complete Closing by the Outside Closing Date. *Provided,* a party may not terminate this Agreement under this Section if the failure to close by the Outside Closing Date is due to that party's failure to perform its obligations under this Agreement; *provided further,* if receipt of the Building Permit is delayed due to appeal of or other legal challenge to SEPA Approval, City adoption of the Development Agreement or other action related to issuance of the Building Permit (any or all of the foregoing, "**Legal Challenge**"), the Outside Closing Date shall be extended to the date that is sixty (60) days following the final conclusion by final judgment, settlement or otherwise, beyond any applicable appeal period, of all such Legal Challenge.

6. <u>Buyer's Possession</u>. Buyer acknowledges King County Metro currently uses and has the right to occupy the Property which use and right of occupancy are subject to termination on six (6) months notice from Seller. Seller agrees to provide such notice at the time specified in **Section 1(d)** hereof. In addition, Buyer acknowledges North Shore Utility District ("**NSUD**") currently has a right to use the Property for construction staging, which right Buyer agrees may continue following Closing but not beyond the dated specified in **Section 1(g)**. Seller agrees to give such notice and take such action as necessary to cause NSUD to have fully vacated and removed all of its equipment and property from the Property by said date. Without

consent of Buyer, which consent shall not be unreasonably withheld, Seller shall not make or allow any material changes to the physical condition of the Property except as contemplated by this Agreement or as required by applicable law. Subject to the rights of King County Metro and NSUD, which Seller shall cause to terminate on or before the date specified in **Sections 1(d)** and **1(g),** Buyer shall be entitled to possession of all of the Property following Closing.

7. Conditions to Closing.

a. Feasibility Contingency. Buyer's obligation to purchase the Property is contingent on and subject to Buyer's determination, in Buyer's sole discretion, that Buyer is satisfied with the Property and the terms of this Agreement in all respects, that Buyer has determined it has the financial ability to fulfill all of the terms and conditions of this Agreement, that the Property is satisfactory for Buyer's intended uses and that any and all conditions, restrictions and limitations on such use based on this Agreement, the Development Agreement and the Declaration (each as defined *infra* in this Agreement), matters of title or public record affecting the Property, zoning, location, demographics, traffic, environmental and geophysical and all other factors of any kind are acceptable to Buyer and that Buyer is prepared to complete the transaction described herein pursuant to the terms of this Agreement (the "**Feasibility Contingency**"). Buyer and its authorized contractors, engineers, surveyor, appraiser, consultants, employees, lenders and agents shall have full opportunity during the Feasibility Period specified in **Section 1(b)** hereof to enter and inspect the Real Property and to review the Property Reports and to study all other aspects of the Property, including, but not limited to its physical condition, location, environmental condition, traffic patterns, demographics, marketing potential, surrounding area, and all other conditions or characteristics of the Property as Buyer deems pertinent to Buyer's decision to acquire the Property. For this purpose, "**Property Reports**" means all reports, documents and other materials pertaining to the Property as listed or described on **Exhibit C** hereto, to the extent in the possession of Seller or Seller's contractor(s), attorney(s) or agent(s). Buyer acknowledges that the Property Reports include materials provided to Seller by third parties as well as materials Seller has prepared or maintained for its own purposes, which are not necessarily current, complete or accurate, and that Buyer will review the same with the knowledge that Seller makes no representation or warranty of any kind, express or implied, as to the Property Reports, including as to the completeness, accuracy, currentness, or other characteristic thereof and that the Property Reports consist solely of one form of information provided to Buyer for its convenience in its investigation of the Property subject to the above disclaimer of warranties and representations.

b. This Agreement shall automatically terminate without requirement of notice, and the Earnest Money shall be returned to Buyer without requirement of demand by Buyer or approval by Seller, unless, on or before the end of the Feasibility Period, Buyer gives written notice to Seller stating that the Feasibility Contingency is either satisfied or waived by Buyer. If Buyer provides such notice prior to the end of the Feasibility Period, the Earnest Money shall become non-refundable as described in Section 4 above, and the parties shall proceed in accordance with this Agreement. If Buyer does not provide such notice, this Agreement shall terminate, Buyer shall return the Property Reports to Seller, and Escrow Agent shall deliver the Earnest Money to Buyer.

c. Title. Buyer shall have accepted the condition of title to the Property and Title Company shall be prepared to issue the Title Policy to the Buyer as of the Closing Date in accordance with **Section 9** below.

d. Deliveries. Each party shall have delivered all documents, funds and materials required to be delivered by it in accordance with **Section 8** below.

e. No Seller Default. Seller shall not be in default of any of Seller's obligations under this Agreement.

f. Representations and Warranties. On the Closing Date, the respective representations and warranties of the parties contained in **Sections 10 and 11** are true and correct, as if made as of the Closing Date, except as provided in **Section 12.**

g. No Damage or Destruction. There shall have been no casualty, condemnation or other event affecting the Property as described in **Section 13** hereof (entitled "Damage/Destruction").

h. Development Agreement Contingency. The parties shall have reached agreement to the form, content, terms and conditions of a Development Agreement pursuant to RCW Ch. 36.70 setting forth the standards for Buyer's development and use of the Property consistent with the terms set forth in **Addendum No. 1** to this Agreement, which Addendum is hereby incorporated into and made a part of this Agreement. If Buyer and Seller have not agreed in writing on the precise form, content, terms and conditions of the Development Agreement (which agreement in writing may be by a separate document attaching the agreed-upon form of the Development Agreement to be executed at Closing, or by execution of a Development Agreement which is by its terms contingent on Closing) by the Development Agreement Deadline specified in **Section 1(f)**, then Buyer shall have the right either to extend the Development Agreement Deadline for an additional thirty (30) days or terminate this Agreement; Buyer shall be deemed to have elected to terminate this Agreement unless it provides written notice to Seller prior to the end of the Development Agreement Deadline stated above of Buyer's exercise of the right to extend the Deadline by thirty days as herein provided. If Buyer elects so to extend the Development Agreement Deadline and at the end of such extension Buyer and Seller still have not reached agreement on the form, content, terms and conditions of the Development Agreement, then *either* (i) the Development Agreement Deadline may be extended by mutual agreement in writing signed by both Buyer and Seller, *or* (ii) in the absence of such mutual agreement, *either* of Buyer or Seller shall have the right, but not the obligation, to terminate this Agreement by giving written notice of termination pursuant to this Section to the other party. *Provided,* if agreement upon or execution of the Development Agreement is delayed beyond the Development Agreement Deadline due to Legal Challenge, as defined in **Section 5 hereof**, the Development Agreement Deadline shall be extended to the date that is sixty (60) days following the final conclusion by final judgment, settlement or otherwise, beyond any applicable appeal period, of all such Legal Challenge.

i. If this Agreement is terminated by either Buyer or Seller under any of the provisions of this Section permitting termination due to failure of the parties to reach agreement on the Development Agreement, then in any such event one-half (1/2) of the Earnest Money shall be returned to Buyer and one-half (1/2) of the Earnest Money shall be retained by Seller, and Buyer shall have no further rights or interests with respect to the Property or under this Agreement.

j. Property Covenants Contingency. Buyer shall have agreed to execute and permit recording of a Declaration of Covenants incorporating the terms listed on **Exhibit D** to this Agreement (the "**Declaration**"). Buyer and Seller shall agree on the form of the Declaration prior to the end of the Feasibility Period. If Buyer waives the Feasibility Contingency, Buyer shall be deemed to have approved the then most recent version of the Declaration exchanged between the parties.

k. SEPA and Site Plan Approval and Issuance of the Building Permit. Buyer's proposed development of the Property shall have received SEPA and Site Plan approval (which may, but need not necessarily be included as part of the Development Agreement) and the Building Permit for Buyer's development of the Property in accordance with the Development Agreement shall be ready for issuance. Buyer agrees to, and shall, submit a complete site development permit application within the time period stated in **Section 1(e)**. If Buyer fails to do so, Seller shall provide notice to Buyer of such failure, upon receipt of which Buyer shall have ten (10) Business Days to complete its application and submit additional information specified by the City's Department of Development Services in accordance with Kenmore Municipal Code 19.25.050. Completeness of the application for these purposes shall be assessed in accordance with state and local standards for issuance of a "determination of completeness." If Buyer fails to make such submission within such ten (10) Business Day period following its receipt of Seller's notice, then Seller shall have the right, but not the obligation, to terminate this Agreement by notice to Buyer, upon Buyer's receipt of which, this Agreement shall terminate, one-half of the Deposit shall be returned to Buyer and the other half of the Deposit shall be retained by Seller, and Buyer shall have no further right or interest in the Property or this Agreement.

l. City Code Amendments. The City of Kenmore, acting in its governmental capacity, shall have modified its City Code Chapters 18.77 (Affordable Housing) and 3.65 (Multi-Family Tax Abatement) applicable to the Property so that:

i) the low-income housing requirements applicable to the Property shall be read to mean twenty-five percent (25%) of the residential units shall be made available for rental or leasing residents with household income not greater than eighty-five percent (85%) of the King County median household income as published by King County from time to time, of which at least five (5) of the residential units shall be made available for rental or leasing to residents with incomes at or below fifty percent (50%) of the King County median household income level; and

ii) the conditions to qualify for property tax abatement based on providing affordable housing shall be amended so that the standard for affordable housing shall be revised from eighty percent (80%) of King County median household income to eighty-five percent (85%) of King County median household income.

If the City Code is not amended as provided in both parts of this Subsection by the end of the Feasibility Period, Buyer shall have the option, in its sole discretion, to extend the Feasibility Period for a period of up to thirty (30) days. If the City Code is not amended within the extended Feasibility Period, this Agreement shall terminate and the entire Earnest Money shall be returned to the Buyer.

m. Surplus Declaration. Prior to the commencement of the Feasibility Period, the City Council of Seller shall declare by resolution recorded in the public records of the Seller that the sale of the Property is duly authorized by all applicable law including Chapter 3.55 of the Kenmore Municipal Code, the requirements of which (including public hearing pursuant to Section 3.55.020) shall have been satisfied.

n. Waiver of Seller Disclosure Statement. Buyer and Seller agree and acknowledge that the Property constitutes "Commercial Real Estate" as defined in RCW 64.06.005. Buyer has been advised of its right to receive a completed seller disclosure statement (**"Seller Disclosure Statement"**) regarding the Property pursuant to RCW Chapter 64.06. Buyer hereby waives (a) the right to receive the Seller Disclosure Statement from Seller pursuant to RCW Chapter 64.06, and (b) the right to rescind this Agreement based on Buyer's lack of receipt of such a Seller Disclosure Statement. Except as otherwise disclosed in the diligence materials delivered by Seller to Buyer, Seller represents that it would not have answered "Yes" to any of the disclosure questions in the "Environmental" section of the statutory form of the Seller Disclosure Statement." The provisions of this **Section 7(m)** shall survive the Closing or termination of this Agreement.

8. Closing Procedures, Costs and Pro-rations.

a. Deliveries. Each of the parties shall deliver the following to Escrow Agent not later than 12:00 Noon, Pacific Time, on the business day immediately preceding the Closing Date (except as to the Funds, which may be delivered by wire transfer on the morning of the Closing Date), with all documents or instruments to be signed by a party, duly executed and acknowledged if required:

i) Seller's Deliveries:

(1) the Deed;

(2) Real Estate Excise Tax Affidavit, executed by Seller;

(3) Title Company Affidavit(s) or Indemnity(ies) as required under Section 9 below;

(4) two executed counterparts of an affidavit by Seller to the effect that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended (if required);

(5) two executed counterparts of the Development Agreement (unless previously executed by the parties);

(6) closing or settlement statement prepared by Escrow Agent with amounts and adjustments in accordance with this Agreement;

(7) such other documents, instruments and instructions as may be required by Escrow Agent in accordance with standard escrow closing practices in the county in which the Real Property is located for closing of the transaction in accordance with this Agreement.

ii) Buyer's Deliveries:

(1) Funds in an amount sufficient to complete Buyer's purchase of the Property in accordance with this Agreement (the "**Funds**");

(2) Real Estate Excise Tax Affidavit, executed by Buyer;

(3) Two executed counterparts of the Development Agreement (unless previously executed by the parties);

(4) closing or settlement statement prepared by Escrow Agent with amounts and adjustments in accordance with this Agreement;

(5) such other documents, instruments and instructions as may be required by Escrow Agent in accordance with standard escrow closing practices in the county in which the Real Property is located for closing of the transaction in accordance with this Agreement.

b. Closing Costs. Closing costs shall be allocated and pro-rated between the parties as follows:

i) Seller and Buyer hereby expressly waive any requirement for escrow to ascertain, pro-rate and/or pay any utility charges relating to the Property, which Seller and Buyer agree they will take care of outside of escrow.

ii) The cost of an ALTA Standard Owner's Policy of Title Insurance as described below shall be paid by Seller. The cost of any extended coverage, endorsements, or coverage in addition to that provided on the Standard form shall be borne by Buyer.

iii) Seller shall pay all real estate excise taxes for transfer of title of the Real Property to Buyer.

iv) Seller shall pay one-half of the escrow fees, and Buyer shall pay one-half of the escrow fees.

v) Seller shall pay the real estate commission owing to Jones Lang LaSalle as provided in **Section 21** of this Agreement;

vi) If Buyer obtains financing for this transaction, Buyer shall pay all costs of financing, including, but not limited to, loan fees, lender attorney's fees, and the premium for the lender's policy of title insurance.

vii) Each party shall bear its own legal and consulting fees incurred in connection with this transaction.

9. Title.

a. Deed. At closing, Seller shall convey title to the Real Property to Buyer by Statutory Warranty Deed subject only to the Permitted Exceptions (as defined below), substantially in the form of **Exhibit D** hereto (the "**Deed**").

b. Title Review. Seller shall order, not later than the Effective Date, and request the Title Company to deliver to Buyer a preliminary commitment for title insurance relating to the Property (the "**Title Commitment**") together with the underlying documents forming the basis for the exceptions. Buyer may also obtain an ALTA/ACSM survey of the Real Property during the Feasibility Period. Buyer shall have the right to object to any matter affecting the condition of title to the Real Property as disclosed in the Title Commitment by giving written notice of such objection to Seller, except Buyer acknowledges Seller acquired the Property by statutory warranty deed from King County, Washington, dated January 6, 2005, recorded January 10, 2005 under King County Recording No. 20050110001850, which deed includes a covenant requiring the Property to include "high density housing with at least twenty-five percent of the units satisfying the affordability criteria of K.C.C. 4.56.070(E) as it may be amended from time to time", which deed and requirements constitute a Permitted Exception which Seller does not agree to remove. Buyer and Seller shall coordinate with each other and, as applicable, with the Title Company to cause any title matters to which Buyer objects to be resolved during the Feasibility Period. If Buyer gives notice that the Feasibility Contingency is satisfied or waived, such notice shall be deemed approval of the condition of title to the Real Property as disclosed in the Title Commitment. All matters disclosed on the Title Commitment, except those matters the Title Company or Seller (or both of them) has agreed to cause to be removed prior to closing, shall constitute "**Permitted Exceptions.**" *Provided,* if as part of the above process or pursuant to Subsection (c) below Seller gives written notice to Buyer stating Seller will cause any title-related matter to which Buyer has objected to be removed, cured or corrected prior to Closing, Seller shall be obligated to do so and failure by Seller to cause such action to be completed prior to Closing in accordance with such notice given to Buyer shall constitute a Seller Default hereunder.

c. Supplemental Title Matters. If any lien, encumbrance, title defect, or other matter affecting title to the Property is first disclosed to Buyer after Buyer has given notice of satisfaction or waiver of the Feasibility Contingency, Buyer shall have the right to give written notice to Seller objecting to such new matter, provided such notice must be given within five (5) business days after Buyer has been given notice by Seller or the Title Company (in the case of the latter, by supplement to the Title Commitment), or the business day immediately preceding the Closing Date, whichever is sooner. If Seller fails to notify Buyer within three (3) business days after Seller's receipt of such notice from Buyer, or by the business day immediately preceding the Closing Date, whichever first occurs, Buyer shall have the right, but not the obligation, to terminate this Agreement and receive return of the Earnest Money. If Buyer gives no notice objecting to such new matter within the time stated above, or if Buyer elects to accept title to the Real Property subject to such newly disclosed matter, such matter shall be deemed a Permitted Exception.

d. Title Policy. If Buyer or Seller has ordered title insurance as provided above, following the Closing, the Title Company shall issue in Buyer's favor an ALTA Standard Form Owner's Policy of Title Insurance (the "**Title Policy**"), in an amount not less than the Purchase Price, insuring Buyer's ownership of fee title to the Property, subject only to the Permitted Exceptions, standard printed exceptions appearing in the Title Policy form, and general and special property taxes and assessment installments payable after the Closing Date. If Buyer desires or is required by its lender to obtain extended title insurance coverage, specific endorsements or other coverage beyond ALTA standard owner's coverage, Buyer shall be responsible, at its cost, for taking all actions necessary to obtaining such additional or extended coverage or endorsements, the availability or obtaining of which shall not be a condition to Closing or to Buyer's obligations under this Agreement; *provided,* Seller shall be obligated reasonably to cooperate with Buyer in obtaining such additional coverage, and, without limitation on such obligation to cooperate, Seller hereby agrees to sign and deliver to the Title Company the Title Company's standard affidavit or indemnity as may be required for purposes of insuring Buyer's title against claims for liens for labor, materials, equipment, or professional services provided to or for the benefit of the Property prior to closing or the claim of any person claiming to be entitled to possession or occupancy of the Property other than as disclosed by Seller on a certified rent roll pertaining to the Property and given to Buyer as of the Effective Date.

10. Representations and Warranties of Seller. Seller represents and warrants to Buyer the following:

a. Title. Seller is the holder of fee title to the Real Property subject only to the Permitted Exceptions.

b. Authority to Perform. Seller has full authority to perform all of Seller's obligations under this Agreement, including, but not limited to all necessary right, title and authorization to sell, assign, convey, transfer and deliver to Buyer, according to the terms of this Agreement, all documents, instruments, materials, rights, entitlements and interests comprising the Property.

c. No Conflict. Neither the execution of this Agreement nor the performance by Seller of its obligations hereunder or consummation by Seller of the transactions described herein will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any contract, lease, or agreement (written or oral) with respect to the ownership, operation, maintenance, use or occupancy of the Property or to which Seller is a party; (ii) violate any restriction to which either the Property or Seller is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Seller or any of its principals, members, partners, officers, managers or owners is aware.

d. No Prior Rights. No person or entity is the holder of or entitled to exercise any option, right of first refusal, right of first option or similar right to acquire the Property or any portion thereof.

e. Condemnation and Litigation. There is no threatened, pending or planned condemnation proceeding or other litigation, claim or proceeding, in law or in equity, relating to or otherwise affecting the Property.

f. Violations. Seller has not received any notice, suit, order, or judgment, by or on behalf of any federal, state, county or municipal authority, claiming or finding any violation by the Property of any code, ordinance, statute, regulation, court ruling or other law pertaining to real property use, zoning, building, fire, air pollution, water pollution, hazardous substances, or public health or safety, or any notice, suit, order, or judgment seeking or requiring any improvement, alteration, correction or other work on the Property.

g. Hazardous Materials. Seller has no actual knowledge of the presence on or in or the release from the Property of any Hazardous Materials except in minimal quantities which do not exceed any limitation under applicable environmental laws or as is disclosed in or by the environmental reports and documents provided to Buyer as part of the Property Information. As used herein, "Hazardous Material" means any hazardous waste or other substances listed, defined or classified as hazardous, dangerous, radioactive, toxic, solid waste or a pollutant or contaminant in any Environmental Law. The term "**Environmental Law**" includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the federal Clean Water Act (33 U.S.C. Section 1251 et seq.), or the Washington Model Toxics Control Act, RCW chapter 70.105B et seq.

h. No Liens or Unpaid Amounts. All amounts due or owing for labor, materials, equipment or lienable services furnished with respect to the Property have been paid in full or will be paid in full and discharged by the Closing Date.

i. Survival. All of the representations and warranties of Seller contained in this **Section 10** will survive the Closing Date.

11. Representations and Warranties of Buyer. Buyer represents and warrants to Seller the following:

a. Buyer's Existence. Buyer is a validly formed limited liability company and has paid all fees and met all licensing and registration requirements due the State of Washington.

b. Authority to Perform. Buyer has full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on Buyer's behalf execute and deliver the Agreement and all documents to be delivered to Seller hereunder are and will be duly authorized to do so and have the full authority to bind Buyer to this Agreement.

c. Litigation. There is no litigation, claim or proceeding pending or, to Buyer's knowledge, threatened, against Buyer or any of Buyer's members or principals before any court or administrative agency which might result in Buyer being unable to consummate this transaction.

d. No Conflict. Neither the execution of this Agreement nor the performance by Buyer of its obligations hereunder or consummation by Buyer of the transactions described herein will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any contract, lease, or agreement (written or oral) to which Buyer is a party; (ii) violate any restriction to which Buyer is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Buyer or any of its principals, members, partners, officers, managers or owners is aware.

e. Survival. All of the representations and warranties of Buyer contained in this **Section 11** will survive the Closing Date.

12. Changes in Representations and Warranties. The foregoing representations and warranties are to be made by the parties as of the Effective Date. As a condition to closing, each of such representations and warranties shall also be true without material exception as of the Closing Date. If after the Effective Date a party making a representation and warranty (the "**Representing Party**") becomes aware of facts that would cause such representation and warranty to be untrue in any material way or containing a material omission, the Representing Party shall notify the other party (the "**Nonrepresenting Party**") in writing within five (5) Business Days after the Representing Party's discovery of such facts, and shall include copies of documents or materials, if any in the Representing Party's possession or reasonably within its access, related to such facts. If a representation and warranty can no longer be accurately made by the Representing Party and this is (i) due to a state of facts first arising or first discovered or brought to the attention of the Representing Party after the Effective Date and (ii) not intentionally caused by the Representing Party, and if (iii) such new state of facts materially and adversely affects a right, remedy or obligation of the Nonrepresenting Party under

this Agreement, or will prevent a party from performing as required herein, or, in the case of Buyer, materially increases the costs associated with Buyer's intended use of the Property or materially decreases value of the Property, then the Nonrepresenting Party may by written notice to the Representing Party elect to terminate this Agreement. In such event, Buyer shall return the Property Reports to Seller, and Escrow Agent shall deliver the Earnest Money to Buyer. Such election to terminate must be exercised within ten (5) Business Days after the Nonrepresenting Party receives the written notice from the Representing Party as provided above, which notice must specify each representation and warranty which is not or is no longer true in some or all respects and the facts causing such representation and warranty not to be entirely true without material exception. During such 5-day period, however, the parties shall negotiate in good faith about possible solutions to address the change in facts, which may include proposals for courses of actions to cure the issue or price adjustments or such other solution as may be mutually agreed upon by the parties; however, neither party shall be required or compelled to accept or agree upon a resolution which diminishes such party's rights or the value of its interests under this Agreement.

13. Indemnification. In addition to and not in place of any other agreement, express or implied, to indemnify or hold the other harmless, Seller and Buyer each agrees to indemnify and hold the other harmless as follows:

a. Seller's Indemnities. Seller agrees to indemnify and hold Buyer harmless from any and all costs, damages, losses, claims, judgments, and other amounts, including attorney's fees and costs relating thereto, only to the extent resulting or arising from or proximately caused by the material falsity of any of Seller's representations expressly stated in this Agreement.

b. Buyer's Indemnities. Buyer agrees to indemnify and hold Seller harmless from any and all costs, damages, losses, claims, judgments, and other amounts, including attorney's fees and costs relating thereto, resulting or arising from or proximately caused by the material falsity of any of Buyer's representations expressly stated in this Agreement.

14. Damage/Condemnation. If on or before the Closing Date the Property is materially damaged due to casualty or catastrophe, or condemnation proceedings are commenced with respect to all or a portion of the Property, and such damage or condemnation materially affects Buyer's intended use thereof, then Buyer shall have the right, at its sole election, by giving notice to Seller, either to terminate this Agreement or to proceed with the purchase in accordance with this Agreement.

15. Default and Remedies.

a. Seller's Remedies; Liquidated Damages. IF BUYER DEFAULTS IN ITS OBLIGATION TO PURCHASE THE PROPERTY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT, INCLUDING THE TERMS AND CONDITIONS AS TO THE TIME OF ITS PERFORMANCE OF ITS OBLIGATIONS HEREUNDER, THE PARTIES HAVE DETERMINED AND AGREED THAT SELLER WILL SUSTAIN ACTUAL LOSS AND DAMAGES, THE AMOUNT OF WHICH IS NOT SUSCEPTIBLE TO PRECISE ASCERTAINMENT AND THAT ACCORDINGLY, IN THE EVENT OF SUCH BREACH BY BUYER, SELLER, AS ITS SOLE AND EXCLUSIVE REMEDY, SHALL HAVE THE RIGHT TO TERMINATE ITS OBLIGATION TO COMPLETE THE TRANSACTION (PROVIDED SELLER IS NOT THEN IN A

MATERIAL DEFAULT UNDER THIS AGREEMENT) AND, UPON SO DOING, WILL BE ENTITLED TO RECEIVE THE EARNEST MONEY AS LIQUIDATED DAMAGES. BY PLACING THEIR INITIALS BELOW, BUYER AND SELLER ACKNOWLEDGE THEIR AGREEMENT TO THIS LIQUIDATED DAMAGES PROVISION. IT IS AGREED THAT THE SOLE AND EXCLUSIVE REMEDY FOR SELLER IN THE EVENT BUYER FAILS, IN BREACH OF THIS AGREEMENT, TO PURCHASE THE PROPERTY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT, SHALL BE SELLER'S RECEIPT AND RETENTION OF THE ABOVE REFERENCED SUM AS LIQUIDATED DAMAGES. PAYMENT OF THE ABOVE REFERENCED SUM TO SELLER IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES FOR BUYER'S BREACH OF ITS OBLIGATION TO PURCHASE THE PROPERTY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT. PROVIDED, THE FOREGOING SHALL NOT LIMIT OR RESTRICT ANY RIGHT OR REMEDY OF SELLER FOR BUYER'S BREACH OF ANY OF ITS OBLIGATIONS TO BE PERFORMED POST-CLOSING OR BREACH OF ANY DUTY OF BUYER EXPRESSED HEREIN TO INDEMNIFY, DEFEND OR HOLD HARMLESS SELLER OR SELLER-RELATED PARTIES.

INITIALS OF PARTIES' REPRESENTATIVES:

BUYER: S______ SELLER: ________

b. Buyer's Remedy. If Seller fails in any material way to perform any of its obligations under this Agreement and if such failure results in a failure to satisfy a condition to Closing or materially interferes with the ability of Buyer to conduct its investigation of the Property or to obtain SEPA approval or Site Plan approval or to perform its obligations or receive the intended benefits to Buyer under this Agreement, then Buyer (provided that Buyer is not then in a material default under this Agreement), as its sole and exclusive remedy, may either (a) terminate its obligation to complete the Transaction, in which case Buyer may recover the Earnest Money plus all Buyer's actual, documented out-of-pocket expenses paid to third parties in connection with Buyer's due diligence investigation of the Property plus an amount equal to ten percent (10%) of such expenses, or (b) enforce specific performance of the obligation Seller to sell the Property pursuant to this Agreement, provided that any action seeking specific performance must be commenced within sixty (60) days after the date then scheduled for Closing, or if no Closing date has then been scheduled or can be ascertained, then within sixty (60) days after the date on which Buyer has first given Seller notice of Seller's failure in a material way to perform any of its obligations under this Agreement. Buyer hereby knowingly and intentionally waives all remedies for Seller's failure in performance (including any right to obtain damages from Seller), except those specifically provided for in this Section.

c. Buyer and Seller each agree that neither of them shall seek or be entitled to receive an award of consequential, incidental damages, punitive or exemplary damages in the event of a breach by the other, prior to closing, of the terms, obligations, covenants or conditions of this Agreement. The remedies provided to each party in this **Section 15** shall, however, apply solely in the event of a breach, default or failure to perform which causes or results in termination of this Agreement prior to closing. In the event of any breach, default, violation, or failure to perform any other term or covenant of this Agreement relating to matters which do not affect or relate to the Closing or which occur after the closing of this Agreement, or involving a right to indemnification as to claims brought by third parties, Seller and Buyer shall each retain all rights and remedies available in law or in equity, including, in such event, the right to attorney's fees as set forth in this Agreement.

16. Disclaimer of Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES STATED IN **SECTION 10** ABOVE, SELLER SPECIFICALLY DISCLAIMS ALL WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE (INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR USE OR ACCEPTABILITY FOR THE PURPOSE INTENDED BY BUYER) WITH RESPECT TO THE PROPERTY OR ITS CONDITION OR THE CONSTRUCTION, PROSPECTS, OPERATIONS OR RESULTS OF OPERATIONS OF THE PROPERTY. THE DISCLAIMERS IN THIS SECTION SPECIFICALLY, BUT WITHOUT LIMITATION, EXTEND TO: (1) MATTERS RELATING TO HAZARDOUS MATERIALS AND COMPLIANCE WITH ENVIRONMENTAL LAWS, (2)GEOLOGICAL CONDITIONS, INCLUDING SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND STREAMS AND RESERVOIRS AND OTHER UNDERGROUND WATER CONDITIONS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER, EARTHQUAKE FAULTS, AND MATTERS RELATING TO FLOOD PRONE AREAS, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARDS, (3) DRAINAGE, (4) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, CONDITIONS OF SOIL FILL, SUSCEPTIBILITY TO LANDSLIDES, AND THE SUFFICIENCY OF ANY UNDERSHORING, (5) ZONING AND SUBDIVISION AND COMPLIANCE WITH ZONING AND SUBDIVISION LAWS, (6) THE VALUE AND PROFIT POTENTIAL OF THE PROPERTY AND (7) DESIGN, QUALITY, SUITABILITY, STRUCTURAL INTEGRITY AND PHYSICAL CONDITION OF THE PROPERTY AND COMPLIANCE OF THE PROPERTY WITH ANY LAWS (INCLUDING BUILDING CODES AND SIMILAR LAWS, THE AMERICANS WITH DISABILITIES ACT OF 1990 AND THE FAIR HOUSING AMENDMENTS ACT OF 1988). BUYER REPRESENTS AND WARRANTS TO SELLER THAT BUYER IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED BUYER OF REAL ESTATE. BUYER ACKNOWLEDGES THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND WARRANTIES STATED IN **SECTION 10** OF THIS AGREEMENT, BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY STATEMENT OF SELLER OR ANY OFFICER, DIRECTOR, TRUSTEE, AGENT, EMPLOYEE OR OTHER PERSON ACTING OR PURPORTING TO ACT ON BEHALF OF SELLER OR ANY AFFILIATE OF SELLER. BUYER ACKNOWLEDGES THAT IT HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS AS TO THE CONDITION OF THE PROPERTY AND ALL MATTERS BEARING UPON THE PROPERTY AND THE CONSTRUCTION, PROSPECTS, OPERATIONS AND RESULTS OF OPERATIONS OF THE PROPERTY AS IT DEEMS NECESSARY TO PROTECT ITS INTERESTS. BUYER IS ACQUIRING THE PROPERTY "AS IS" AND "WHERE IS" AND WITH ALL FAULTS, DEFECTS, ENVIRONMENTAL CONDITIONS OR OTHER ADVERSE MATTERS. EXCEPT WITH RESPECT TO A BREACH OF ANY OF SELLER REPRESENTATIONS AND WARRANTIES CONTAINED IN **SECTION 10** HEREOF, BUYER, EFFECTIVE ON THE DATE OF CLOSING, RELEASES EACH OF SELLER, ALL AFFILIATES THEREOF AND ALL PRINCIPALS, AGENTS, MEMBERS, MANAGERS, SPECIAL MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES AND REPRESENTATIVES OF EACH OF THE FOREGOING (ALL OF THE FOREGOING COLLECTIVELY, THE "**SELLER-RELATED PARTIES**") FROM ANY STATUTORY, COMMON LAW, AND/OR OTHER CLAIMS, LIABILITIES, OBLIGATIONS,

CAUSES OF ACTION, COSTS, LOSSES OR DAMAGES OF ANY AND ALL KINDS AND NATURE, KNOWN OR UNKNOWN, THAT BUYER MAY HAVE AGAINST ANY OF THE SELLER-RELATED PARTIES ARISING FROM IN WHOLE OR IN PART, OR RELATING IN ANY WAY TO THE CONDITION OF THE PROPERTY OR ITS SUITABILITY FOR BUYER'S PURPOSES, INCLUDING ANY CLAIM, OBLIGATION OR LIABILITY ARISING WITH RESPECT TO ANY APPLICABLE OR ENVIRONMENTAL LAWS OR DUE TO THE PRESENCE, STORAGE, DISPOSAL, RELEASE OR THREATENED RELEASE OF A HAZARDOUS MATERIAL OR OTHER ENVIRONMENTAL CONTAMINATION ON, WITHIN, OR FROM THE PROPERTY BEFORE, AS OF, OR AFTER THE CLOSING DATE OR WITH RESPECT TO ANY LAWS GOVERNING THE CONDITION OF THE PROPERTY INCLUDING THE AMERICANS WITH DISABILITIES ACT AND SIMILAR LAWS AT THE LOCAL, STATE OR FEDERAL LEVEL.

Each of Buyer and Seller has separately initialed this provision to indicate its agreement to the foregoing statements and waivers.

SELLER:__________ BUYER: CG

17. Survival and Time Limitation for Bringing Claims. The representations and warranties in **Sections 10 and 11** hereof will survive Closing, but only for a period of **two years**, and no claim shall be allowed on any such representation or warranty unless notice of the claim and a detailed statement of the basis for the claim is delivered by the claimant to the other party by the second anniversary of the Closing Date (the **"Claims Deadline"**), and, if such notice of claim is timely given, a lawsuit or, if applicable, arbitration proceeding in accordance with this Agreement is commenced within ninety (90) days after such notice and detailed statement of the basis for the claim has been provided to the party against whom such claim is made. Time is of the essence hereof. Each of Buyer and Seller acknowledges that, by this Section, the parties have modified the statute of limitations for any claims to be brought arising from or otherwise based on the breach of any representation or warranty of the other as expressly stated in this Agreement and that such modification has been specifically bargained for and is intentionally adopted, approved and made a part of this Agreement and a condition to the bringing of any such claim. Any statute of limitations otherwise applicable to any such claims shall be deemed modified and amended by this Section. Nothing in this Section limits the disclaimers, waivers and releases in **Section 16**, all of which have also been specifically bargained for and will survive Closing without limit as to time.

18. As Is Purchase and Release of Claims.

a. Except as expressly represented or warranted herein, Seller is selling and Buyer is acquiring the Property **AS IS, WHERE IS**, with all faults and defects, whether patent or latent. Except as otherwise expressly stated in this Agreement, Seller has not made and Buyer has not received or relied on any other representations, express or implied, regarding the Property. Buyer acknowledges that any and all information, feasibility or marketing reports, environmental or physical condition reports, or other information of any type that Buyer has received or may receive from Seller or any representative, agent, employee or broker of any of Seller is furnished on the express condition that Buyer shall or would make an independent verification of the accuracy of any and all such information, all such information being furnished without any representation or warranty whatsoever, express or implied, by Seller or by any employee, agent or representative action on behalf of Seller. Buyer shall rely upon its own inspection and its own professional advisors in its examination of the Property and all improvements thereon. Buyer hereby represents, warrants, and covenants to Seller that Buyer has conducted Buyer's own investigation of the Property and the physical condition thereof, including, without limitation, accessibility and location of utilities, use of hazardous materials on, from, or under the Property, earthquake preparedness of the Property, all matters concerning the Property with respect to taxes, assessments, income and expense data, bonds, permissible uses, zoning, covenants, conditions and restrictions, and other matters which in Buyer's judgment are necessary or advisable or might affect or influence Buyer's use of the Property, or bear upon the value and suitability of the Property for Buyer's intended purposes, or Buyer's willingness to enter into this Agreement. Buyer recognizes that Seller would not agree to sell the Property except on an **"AS IS, WHERE IS"** basis, and acknowledges that neither Seller nor any principal, agent, manager, member, employee, broker or representative of Seller has made any representations or warranties of any kind in connection with the Property except those expressly stated in **Section 10** of this Agreement.

b. Except for any claim that may arise from a breach of the Seller Representations and Warranties stated **Section 10** of this Agreement, if Closing occurs, Buyer shall be deemed to have expressly waived all claims it may have against Seller and against any or all of the Seller-Related Parties (defined above) in any way relating to the Property or its condition, with the sole exception of any claim Buyer may have under the Deed or any document or instrument delivered by Seller to Buyer (directly or through Escrow Agent) at Closing. Except as to any claim arising under the Deed or any document or instrument delivered by Seller at Closing, Buyer's release hereunder includes any claim which may be brought by, through or under Buyer for any costs, losses, demands, penalties, fines, liens, judgments, injuries, liabilities, damages, expenses, demands, claims, actions or causes of action, whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or related to the Property, or any portion thereof, and/or any construction defects, errors, omissions, or other conditions, latent or otherwise, geotechnical and seismic, affecting the Property, or any portion thereof, including the environmental condition of the Property or any law applicable thereto. By its initials below, Buyer expressly acknowledges and confirms that this Subsection (b) and immediately-preceding Subsection (a) have been specifically negotiated and bargained for, form an essential term of this Agreement, and have been voluntarily and knowingly accepted and approved by Buyer.

____
Buyer's Initials

19. Assignment. Buyer acknowledges Seller has specifically elected to enter this Agreement with Buyer based in material part on Seller's assessment of Buyer's qualifications and suitability for the project described herein and accordingly, Buyer agrees it may not and shall not assign its rights in or to this Agreement without the prior written consent of the Seller, which consent may be granted, withheld or conditioned on such terms as Seller determines in its sole and absolute discretion. *Provided,* Buyer may assign Buyer's interests in this Agreement to a limited liability company, limited partnership, limited liability partnership or other business entity in which Buyer or Buyer's principals control more than fifty percent (50%) of the ownership interests, which assignment shall not require Seller's consent but will be effective only on Seller's receipt of notice thereof.

20. Brokers/Agents. The brokerage firm of Jones Lang LaSalle (**"Broker"**) has been retained by Seller as Seller's broker for this transaction, and, upon completion of Closing (and conditioned thereon), Seller shall pay a real estate commission to Broker in accordance with a separate

commission agreement between Seller and Broker (the terms of which govern Seller's obligations to Broker and are not modified or amended by this Agreement). Seller and Buyer each represents to the other that, except as to Broker, neither has retained or employed the services of a real estate agent or broker in connection with this transaction and each agrees to indemnify and hold the other harmless from any claim by any person asserting the right to a real estate commission from this transaction on the basis of any contract, agreement or other understanding such agent or broker claims to have entered with the party making the representation at the beginning of this sentence.

21. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given and received (i) on the date of personal delivery, (ii) two business days following the date of deposit in the United States first class mail, postage prepaid, and addressed as set forth below, or (iii) on the date of electronic transmission, either by electronic mail or facsimile (confirmation received) to the e-mail address or facsimile number listed below if so sent by 5:00 p.m., Pacific Time, provided such e-mail or facsimile is sent on a Business Day (and if not, then on the first business day after the sending of such electronic mail or facsimile). Said addresses and numbers may be changed by written notice sent in the same manner.

To Seller:	**To Buyer:**
City of Kenmore Attn: Rob Karlinsey, City Manager 18120 68th Ave NE Kenmore, WA 98028 Fax: 425-481-3236 Email: rkarlinsey@kenmorewa.gov With a copy to: Inslee Best Doezie & Ryder, P.S. Attn: Andrew L. Symons 777 108th Ave. N.E., Suite 1900 Bellevue, WA 98004 Fax: (425) 635-7720 Email: asymons@insleebest.com	MSPT VI, LLC Attn: Kelly Price/Kim Faust 11415 Slater Avenue NE, Suite 100 Kirkland, WA 98033 Fax: (425) 968-5887 Email: kellyjohnprice@gmail.com kfaust@mspgroupllc.com With a copy to: Perkins Coie LLP Attn: Kristine R. Wilson 10885 NE 4th Street, Suite 700 Bellevue, WA 98004 Fax: (425) 635-2400 Email: KRWilson@perkinscoie.com

22. Miscellaneous.

a. Confidentiality. If for any reason this Agreement is terminated or canceled and does not close, then all records, documents and materials of any kind provided between Seller and Buyer shall promptly be returned to the provider, and neither party shall publish or disclose to third parties or use for its own benefit any financial, business, proprietary or other information provided or disclosed by the other party in connection with this Agreement. The parties agree that any all media communications (e.g., press releases) or public announcements (e.g., website updates) distributed by the parties regarding this Agreement and its execution or implementation shall be mutually reviewed and agreed upon. The agreement stated in this Section shall survive closing or termination of this Agreement.

b. Entire Agreement; No Oral Modifications. This Agreement, including its Recitals, Addendum No. 1, and the Exhibits referred to herein and attached hereto, all of which Recitals, Addendum No. 1 and Exhibits are incorporated into and made a part of this Agreement, along with the original of all documents hereafter signed by the parties in the form of the Exhibits hereto or in such form as is otherwise agreed upon by the parties in accordance with this Agreement, constitute the entire contract, agreement, understanding and arrangement by and between the parties with respect to the subject matter hereof. This Agreement cannot be changed or modified other than by a written agreement executed by both parties. All references herein to "this Agreement" or "the Agreement" shall mean this Agreement and all of is recitals and Exhibits and Addendum No. 1 as well as any and all amendments and addenda hereafter mutually executed by the parties which state they are included in or part of this Agreement.

c. Survival of Covenants. Those covenants and undertakings expressly specified in this Agreement as surviving termination of this Agreement or surviving closing shall not terminate by transfer of title or be merged within the covenants of the Deed or any other document executed or delivered at closing.

d. Binding Nature; No Third Party Beneficiaries. All rights and obligations arising out of this Agreement shall inure to the benefit of and be binding upon the respective successors, heirs, assigns, administrators, executors and marital communities, if any, of the parties hereto. *Provided,* this Agreement is entered solely for the benefit of the parties and their respective heirs, assigns or successors. No other parties are intended as beneficiaries hereof and no person not referred to in the first sentence of this subsection shall have a right to enforce or bring an action on this Agreement.

e. Attorney's Fees. In the event a lawsuit, arbitration proceeding or other proceeding in litigation should be commenced by or against any party hereto to enforce, interpret, construe or apply any of the terms and conditions of this Agreement, or to terminate this Agreement (whether the same shall proceed to judgment or otherwise), the predominantly prevailing party shall receive from the other a reasonable sum as attorney's fees together with costs, and the arbitrator shall have authority to award such fees. A party required to seek judicial enforcement of an arbitration award or an order compelling arbitration or any appeal from any arbitration decision or court decision hereunder shall be entitled to receive an award of the attorney's fees and costs (including fees paid to arbitrators) reasonably incurred by such party upon prevailing in such proceeding.

f. Time. Time is of the essence hereof.

g. Computation of Time; Business Days; Time for Notices. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which the period of time runs shall be excluded, and the last day of such period shall be included, unless it is not a Business Day, in which case the period shall be deemed to run until the end of the next Business Day. The term "**Business Day**" as used here means any day on which banks in Kenmore, Washington are required to be open for business, excluding

Saturdays and Sundays. All periods of time referred to in this Agreement in terms of a number of days shall mean calendar days unless expressly stated otherwise.

h. Invalidity. If any provisions of this Agreement shall be invalid, void or illegal, it shall in no way affect, impair or invalidate any of the other provisions hereof.

i. No Partnership. Nothing contained in this Agreement shall be deemed or construed as creating a partnership or joint venture between Seller and Buyer or between Buyer and any other party, or cause Seller or Buyer to be responsible in any way for the debts or obligations of the other arising from any act, contract, event or transaction undertaken pursuant to or in any other way related to this Agreement.

j. Commonly Used Terms. As used herein, "including" has the same meaning as "including, but not limited to".

k. No Personal Liability of Officers or Directors. Buyer acknowledges that this Agreement is entered into by Seller as a municipal corporation and Buyer aggress that no individual officer, council member, employee or representative of Seller shall have any personal liability under this Agreement or any document executed in connection with the transactions contemplated by this Agreement. Likewise, Seller acknowledges that this Agreement is entered into by Buyer as a limited liability company and Seller agrees that no individual officer, director, member, employee or representative of Buyer shall have any personal liability under this Agreement.

l. Captions. The captions of this Agreement are inserted solely for the convenience of reference only and do not define, describe or limit the scope or intent of this Agreement or its terms.

m. Further Assurances. If at any time either of the parties reasonably determines that any further assignments, conveyances, assurances or instruments are reasonably necessary or desirable to carry out the provisions of this Agreement, the appropriate Party shall execute and deliver, or cause to be executed and delivered, any and all property assignments, conveyances, assurances, or instruments and to do, or cause to be done, all things reasonably necessary or property to carry out fully the provisions of this Agreement, provided that such things shall be at no additional material cost, expense or liability to such party beyond those costs, expenses and liabilities set forth in or contemplated by this Agreement.

n. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original thereof, and such counterparts shall together constitute but one and the same agreement.

o. Tax Deferred Exchange. Seller agrees to cooperate with Buyer in all ways reasonable in consummating this transaction as part of a simultaneous or non-simultaneous tax-deferred exchange pursuant to 1031 of the Internal Revenue Code of 1986, as amended, providing that (i) Seller shall not be required to take title to any property other than the Property, and (ii) the Closing Date shall not be delayed or extended thereby. Buyer has the right to assign its rights hereunder to an accommodation entity ("**Intermediary**") who will cause the closing to occur on Buyer's behalf. In the event of such assignment, all of Buyer's liabilities, representations and warranties under this Agreement shall remain those of Buyer, and Seller shall not seek recourse against the Intermediary with respect to such liabilities or for the breach of any such representations or warranties. Seller shall execute all documentation reasonably required by the Intermediary to memorialize said relief from liability as to the Intermediary. Seller agrees that performance by the Intermediary in effectuating an exchange will be treated as if such performance were made by Buyer, and Buyer shall remain the primary obligor for the full and timely performance by such Intermediary of all obligations of the Buyer under this Agreement. In the event of any breach of any such obligations of Buyer, Seller shall proceed directly against Buyer. Seller shall not be required to assume any liabilities as a result of the exchange transaction that are in addition to those which would exist if the transaction were effectuated as a sale and not an exchange.

[*Signatures on following page*]

DATED the day and year first written above.

SELLER:	BUYER:
CITY OF KENMORE	MSPT VI, LLC By: Main Street Property, LLC, Its Manager
By: ______ Name: ______ Title: ______	By: ______ Name: ERIC CAMPBELL Title: CEO

EXHIBIT A
[LEGAL DESCRIPTION]

That portion of the east 720 feet of Government Lot 1, Section 11, Township 26 North, Range 4 East, W.M., in King County, Washington, lying north of the Plat of Northlake Terrace Addition, according to the plat thereof recorded in Volume 33 of Plats, page 20, in King County, Washington, lying south of the follow description line:

Beginning at a point that is 300.00 feet south of the northeast corner of said Government Lot 1 as measured along the east line thereof;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 190.34 feet to a point designated Point "A" (for reference purposes);
thence continue north 87°44'38" west along said line, a distance of 529.67 feet to the west line of said east 720 feet of Government Lot 1 and the terminus of said line;

EXCEPT the east 30 feet thereof conveyed to King County for road by deed recorded under Recording Number 2963377;

TOGETHER WITH an easement for ingress and egress over the following described tract of land:

Beginning at a point that is 300.00 feet south the northeast corner of Government Lot 1, Section 11, Township 26 North, Range 4 East, W.M., in King County, Washington, as measured along the east line thereof;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 190.34 feet to a point designated Point "A" and the TRUE POINT OF BEGINNING of this tract;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 446.01 feet to a point on a curve, from which the radial point of said curve bears north 84°37'32" west, a distance of 488 feet;
thence along said curve to the left, with a central angle of 07°36'03", an arc distance of 64.74 feet;
thence north 02°13'38" west, a distance of 93.92 feet;
thence on a 512 foot radius tangent curve to the right of a central angle of 04°45'55", an arc distance 42.58 feet;
thence north 02°32'19" east, a distance of 89.14 feet, to the south right-of-way line of N.E. 185th Street as recorded under Recording Number 4791700, said point is 10.00 feet south of, when measured at right angles from, said north line of Government Lot 1;
thence south 02°32'19" west, a distance of 89.26 feet;
thence on a 488 foot radius tangent curve to the left, with a central angle of 04°45'55", an arc distance of 40.59 feet;
thence south 02°13'36" east, a distance of 93.92 feet;
thence on a 512 foot radius tangent curve to the right, with a central angle of 03°22'02", an arc distance of 30.09 feet to a point of reverse curvature;
thence on a 25 foot radius curve to the left, with a central angle of 88°53'04", an arc distance 38.78 feet;
thence south 87°44'38" east parallel with said north line, a distance of 287.18 feet;
thence on a 502.90 foot radius tangent curve to the right, with a central angle of 12°32'32", an arc distance of 110.09 feet to Point "A" and the TRUE POINT OF BEGINNING of this description.

EXHIBIT B
[EARNEST MONEY NOTE]

EARNEST MONEY NOTE

$180,000.00 Place: Kenmore,
Washington

Date: July ___,
2013

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are acknowledged by the undersigned, MSPT VI LLC, a Washington limited liability company ("Maker"), agrees to pay to the order of Chicago Title Insurance Company ("Payee"), the sum of One Hundred Eighty Thousand Dollars ($180,000.00)(U.S.), payable upon Maker's delivery of Maker's waiver of the Feasibility Contingency as described in Section 4(b) of that certain Agreement for Purchase, Sale and Development of Property for Residential Purposes, of even date herewith, in which Maker is the Buyer and the City of Kenmore, a Washington municipal corporation, is the Seller (the "Agreement").

This Note is evidence of Maker's obligation to pay the Earnest Money pursuant to the Agreement and is the Earnest Money Note referred to in the Agreement.

If this Note is placed in the hands of an attorney for collection, or if suit is brought hereon, Maker shall pay to Payee the amount of attorney's fees and costs reasonably incurred by Payee for the enforcement and collection of this Note.

All amounts due under this Note shall bear interest at twelve percent (12%) per annum from and after a default hereunder.

DATED the day and year first stated above.

MSPT VI LLC, a Washington limited liability company

By:______________________________________
Name: ____________________
Title: ____________________

EXHIBIT C
[PROPERTY REPORTS]

As promptly as possible following execution of this Agreement, Seller shall provide or make available to Buyer for inspection and/or copying as requested by Buyer or Buyer's agents or consultants, each of the following, to the extent in Seller's possession, which consist of the Property Reports described in the Agreement:

1. All environmental reports and studies reporting on the environmental condition of the Real Property, including, but not limited to all Phase I and Phase II environmental reports, and all documents of any nature reporting on the presence of any "Hazardous Substances" (as defined in the Agreement) on, in, under or above the Property;
2. All documents, materials or written information reporting on the presence, release, run-off or other condition of any Hazardous Substances on any real property adjacent to the Property;
3. All soils reports, geotechnical reports and other reports, correspondence and documents reporting on or describing the geotechnical, structural or other condition of the soils and subsurface materials in, under or comprising the Real Property or any portion thereof;
4. All documents pertaining to applications for or issuance of governmental approvals for construction on or development of the Real Property, including, but not limited to building or land use permits, conditional use permits, development permits and applications for the foregoing, all applications and approvals relating to the Shoreline Management Act, and all similar materials;
5. Plans, specifications, blue-prints, design documents and construction documents pertaining to any existing or proposed construction or development of improvements on the Real Property or on adjacent real property owned by the City;
6. As-built documents for all improvements presently existing on or under the Real Property or on or under the adjacent "Kenmore Village" real property owned by Seller, including, but not limited to such documents for underground utilities, docks, wharves, piers and sub-surface structures;
7. All surveys of the Real Property or any portion thereof;
8. All leases, licenses and rental agreements pertaining to or affecting the Property or any portion thereof;
9. Tax statements for the Property for each of the last two tax years;
10. All service contracts affecting the Property;
11. Billings for the past twelve (12) months for utilities, services and other expenses pertaining to the Property;
12. All correspondence of any nature between Seller and any government agency pertaining to the Property, including, but not limited to notices, citations, orders, and correspondence relating thereto;

13. All City and franchise utility agreements applicable to the Real Property or the adjacent "Kenmore Village" real property owned by Seller;

14. A complete list of City of Kenmore and other governing jurisdiction fee schedules for permits or approvals and any available information regarding anticipated or pending fee increases.

EXHIBIT D
[DEED]

WHEN RECORDED RETURN TO:

STATUTORY WARRANTY DEED

THE GRANTOR, __________________, for and in consideration of __________________, in hand paid, conveys and warrants to ___________________, THE GRANTEE, the following described real estate (the "Property"), situated in the County of _____________, State of Washington:

See Exhibit A attached hereto and by this reference incorporated herein.

SUBJECT TO all matters of record and those matters identified on Exhibit B hereto (the "Permitted Exceptions").

Abbreviated Legal Description:

Tax Account No.:

____

By: ______________________________

Name: ______________________________

Title: ______________________________

Accepted and Acknowledged:

________________________ (Grantee)

By: ___________________________
Name: ____________________
Title: ____________________

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that the persons appearing before me and making this acknowledgment are the persons whose true signatures appear on this document.

On this _____ day of ________________, 2013, before me personally appeared ________________________ and ________________________, to me known to be the ________________________ and ________________________, respectively, of ________________________, the __________________ that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said ________________, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

____
Notary Public in and for the State of Washington,
residing at ____________________________
My commission expires: __________________

____
[Type or Print Notary Name]

(Use This Space for Notarial Seal Stamp)

Legal Description

EXHIBIT B TO DEED

Permitted Exceptions

EXHIBIT E
[DECLARATION OF COVENANTS]

At Closing, Buyer shall execute and agree to recording of a Declaration of Covenants with respect to the Property (with legal description attached as Exhibit 1 to the Declaration) containing the following essential terms in addition to all other terms and provisions necessary to the completeness and enforceability of the instrument and for its recording, which Declaration shall be recorded immediately after recording of the Deed and prior to recording of any deed of trust, security instrument or other document affecting Buyer's title to the Property. The following essential terms shall be included as part of the Declaration:

1. Following Closing, Buyer shall proceed with construction and shall complete those residential units described in the Development Agreement, fronting 68th Avenue N.E. Such construction shall commence not later than twenty-four (24) months after Closing (the "**Commencement Date**"). If Buyer fails to commence construction by the Commencement Date, then the City shall have the option to repurchase the Real Property ("**Repurchase Option**") for the purchase price paid by Buyer for the Real Property under the Purchase and Sale Agreement. If Buyer fails to commence construction by the Commencement Date and the City has not exercised the Repurchase Option in writing by the 180th day after the Commencement Date, then the Seller shall be deemed to have waived its right to exercise the Repurchase Option as of such 180th day. The closing of the repurchase shall be not later than sixty (60) days following the City's exercise of the Repurchase Option on a business day selected by the City on not less than fifteen (15) days written notice to the Buyer. The Declaration shall define "commencement of construction" and shall further provide that the Commencement Date shall be extended, on a day-for-day basis, for all delays caused by *Force Majeure,* defined as "acts of God" or the public enemy; civil war, insurrection or riots; fires, explosions or serious accidents; strikes or labor disputes; inability to obtain necessary materials, accessories, equipment or parts from the manufacturers thereof not caused or contributed to by the party claiming delay for such reason; weather or soils conditions which necessitate delays; acts or failure to act or delay in acting of any public or governmental entity, including to issue permits or approvals for the construction of the residential units described in the Development Agreement (provided that all submissions by Buyer are timely, substantially complete and in accordance with applicable submittal requirements); or other cause beyond the reasonable control of the party claiming excused delay for such reason. Each party shall notify the other promptly of the occurrence of any such event, occurrence or condition, as a condition to claiming such event, occurrence or condition constitutes *Force Majeure* and shall act promptly to proceed with its performance as promptly as practicable after such cause for delay ceases or is terminated.

2. <u>No Transfer of Property Prior to Completion</u>. Buyer acknowledges Seller has agreed to enter into this Agreement with Buyer in part based on the qualifications of the individuals owning and exercising management control of Buyer. In entering this Agreement, Seller has relied on the agreement that such ownership and management control will not change during the period of development of the Property and satisfaction of all conditions of the Development Agreement. Accordingly, Buyer agrees that, until all site development conditions under the Development Agreement have been satisfied and certificate(s) of occupancy have been issued for all residential units to be constructed on the Property as set forth in the Development Agreement, Buyer shall not sell, assign, convey or otherwise transfer (all of the foregoing, "Transfer") the Property (or a majority or controlling interest in Buyer) to any person or entity other than Buyer and Buyer's principals as of Closing. Such restrictions or prohibitions shall not apply to (i) any residential lease of any unit in the Project (but shall apply to a ground lease of all or substantially all of the Property or any substantial portion thereof to any person or entity not a resident of the Property); (ii) any mortgage, deed of trust, security agreement or security instrument granted or entered by Buyer to provide financing for Buyer's purchase of the Property or performance of its obligations under this Declaration; or (iii) a Transfer, or series of Transfers which in the aggregate, does not or do not result in a change in more than forty-nine percent (49%) of the ownership interests in the Property or in Buyer and does not or do not change or resulting in a change of management control of the Property or Buyer.

3. In the event a court of competent jurisdiction determines the prohibition on Transfer stated in this Declaration is unenforceable in whole or in part, then Seller shall have a right-of-first-refusal to acquire

the Property, or portion thereof to be Transferred, exercisable within ninety (90) days after such determination is made and memorialized by court order or judgment. [The specific terms of this right-of-first refusal shall be stated and agreed upon prior to the end of the Feasibility Period in such detail as is necessary to its enforceability as part of the terms of the Declaration].

4. Remaining necessary terms to implement the covenants described above.

Date, signatures and acknowledgements

EXHIBIT 1 TO DECLARATION OF COVENANTS

[LEGAL DESCRIPTION]

ADDENDUM NO. 1 TO
AGREEMENT FOR PURCHASE, SALE AND DEVELOPMENT
OF PROPERTY FOR RESIDENTIAL PURPOSES

This Addendum No. 1 (this "**Addendum**") is made a part of and incorporated into that certain Agreement for Purchase, Sale and Development of Property for Residential Purposes of even date herewith (the "**Agreement**") entered by and between the City of Kenmore, a Washington municipal corporation ("**Seller**"), and MSPT VI, LLC, a Washington limited liability company ("**Buyer**"), with respect to the real property legally described on ***Exhibit A*** hereto ("**Property**"). As used herein, "**City**" means the City of Kenmore acting in its governmental and regulatory capacity. All other initially-capitalized terms used herein, unless otherwise specifically defined herein, have the definitions given to such terms in the Agreement.

1. Development Agreement. In addition to (and not in lieu of) all other terms and conditions of the Agreement, as a condition precedent to Closing, not later than the Development Agreement Deadline, Buyer and the City shall have agreed in writing to the form, content, terms and agreement of a Development Agreement to be entered pursuant to RCW 36.70B.170, *et. seq.* (the "**Statute**"), setting forth the applicable development standards for Buyer's development of the Property (the "**Development Agreement**"). Such written agreement between Buyer and City approving the Development Agreement may be in the form of a writing attaching the agreed-upon form of the Development Agreement, stating a document in such form shall be executed at Closing, or by the Development Agreement itself stating that its effectiveness is conditioned on completion of Closing.

2. Terms Included. The Development Agreement shall include the following terms and conditions, along with all other terms and conditions in the Agreement and as necessary to comply with the Statute:

a. Buyer shall develop the Property as a residential project comprised of high quality residential rental units which may (but shall not be required to) include a mix of town home and apartment style units (the "**Project**") and may be converted to a condominium at some later date at the option of the Buyer. During the period of negotiation and formation of the Development Agreement, Buyer shall hold at least two (2) meetings with City staff to review Buyer's proposed exterior designs.

b. Not less than twenty-five percent (25%) of the residential units in the Project shall be dedicated to Affordable Housing use, meaning those units shall meet the City's Affordable Housing Criteria for the Property as set forth in City Code Chapter 18.77 and as required by the conditions of the Deed from King County, Washington, to Seller dated January 6, 2005, recorded January 1, 2005, under King County Recording No. 20050110001850 and shall be offered exclusively to residential applicants whose total household income is not greater than eighty-five percent (85%) of the King County median household income as published by King County, Washington from time to time, and at least five (5) of the above-referenced units shall be offered and rented exclusively to residents whose total household income does not exceed fifty percent (50%) of the King County median household income as published by King County, Washington from time to time the King County median household income as published by King County, Washington from time to time. It is the parties' intent that the 12-year real estate tax abatement period per Kenmore Municipal Code Chapter 3.65 shall apply and that, accordingly, during the Feasibility Period, the City will issue a letter to Buyer stating if the Project, as then designed according to documents and information provided by Buyer to the City, qualifies for such treatment.

c. The Development Agreement shall include terms addressing the following:

- Vesting and term of the agreement.

- As to street frontage, utility undergrounding and code-maintained frontage improvements required and such costs to Developer may offset mitigation fees, if applicable.
- Coordination with owners of Kenmore Village and Kenmore Camera properties as to matters including circulation, parking, pedestrian connections, sight lines, view corridors, and exterior design standards.
- Affordability details, including but not limited to the 12-year property tax abatement (as referenced in Paragraph (b) above).
- Permit applications to be processed and subject to approval on a phased basis to include (among others):
    - Foundation
    - Site
    - Building
- Completion of the project to proceed on a phased basis with Certificates of Occupancy (**"CO"**) to be available at completion of each phase. At completion of each phase and issuance of the CO for that phase, the restriction on Buyer's transfer of the property and related rights shall be lifted as to that phase (subject to subdivision and other legal requirements for any sale or transfer). City to work as permitting agency to review all subdivision or boundary line adjustments as applicable subject to all then-applicable requirements. This provision does not affect the Buyer's commitment to timely complete construction of the Project as a whole.
- Appropriate density standards that provide reasonable assurances to Buyer that density will not be artificially limited.
- Parking ratio/bike storage standards that recognize the urban, transit-friendly location and provide greater maximum density potential and increased flexibility to Buyer (D.A. to take into account biking element).
- Quality exterior design and materials
- Possible green buffer and/or interface along 68th Avenue including expanding or reducing setback requirements
- Drainage standards and surface water runoff policies
- Recreation/Open Space; Location of "Town Green" on the retail property
- Flexibility related to existing landscaping requirements consistent with overall design of Project.
- Traffic mitigation and park fees to be addressed as applicable (dependent on traffic study).
- Impact fee credits, as applicable, for affordable housing component.
- Timing, or extension, of existing trip reservations (taking into account Metro's current use)
- Language and conditions (including Buyer payment of additional fees to offset any added personnel review costs) for possible "fast track" or "expedited" (to be defined as part of Agreement) permit review and approval process.
- Appropriate language acknowledging intent of Buyer and City to work cooperatively in good faith to address or respond to other issues that may arise during Feasibility Period.
- Establishment of a "Certificate of Performance" or "Certificate of Completion" to be issued by the City upon completion of Buyer covenants on completion of each phase, terminating obligations of the Development Agreement and its provisions as to that phase except for provisions expressly surviving termination of the Development Agreement, *i.e.*, "milestones" language.

- Other deal points either already outlined in the PSA (utility undergrounding, schedule, etc.) or yet to be introduced.

d. City to waive the development agreement application fee.

DATED as of July _____, 2013.

SELLER:	BUYER:
CITY OF KENMORE	MSPT VI, LLC By: Main Street Property group, LLC, Its Manager
By: ___________________________ Name: ____________________ Title: ____________________	By: ___________________________ Name: Eric Campbell Title: CEO

EXHIBIT A TO ADDENDUM NO. 1

That portion of the east 720 feet of Government Lot 1, Section 11, Township 26 North, Range 4 East, W.M., in King County, Washington, lying north of the Plat of Northlake Terrace Addition, according to the plat thereof recorded in Volume 33 of Plats, page 20, in King County, Washington, lying south of the follow description line:

Beginning at a point that is 300.00 feet south of the northeast corner of said Government Lot 1 as measured along the east line thereof;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 190.34 feet to a point designated Point "A" (for reference purposes);
thence continue north 87°44'38" west along said line, a distance of 529.67 feet to the west line of said east 720 feet of Government Lot 1 and the terminus of said line;

EXCEPT the east 30 feet thereof conveyed to King County for road by deed recorded under Recording Number 2963377;

TOGETHER WITH an easement for ingress and egress over the following described tract of land:

Beginning at a point that is 300.00 feet south the northeast corner of Government Lot 1, Section 11, Township 26 North, Range 4 East, W.M., in King County, Washington, as measured along the east line thereof;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 190.34 feet to a point designated Point "A" and the TRUE POINT OF BEGINNING of this tract;
thence north 87°44'38" west parallel with the north line of said Government Lot 1, a distance of 446.01 feet to a point on a curve, from which the radial point of said curve bears north 84°37'32" west, a distance of 488 feet;
thence along said curve to the left, with a central angle of 07°36'03", an arc distance of 64.74 feet;
thence north 02°13'38" west, a distance of 93.92 feet;
thence on a 512 foot radius tangent curve to the right of a central angle of 04°45'55", an arc distance 42.58 feet;
thence north 02°32'19" east, a distance of 89.14 feet, to the south right-of-way line of N.E. 185th Street as recorded under Recording Number 4791700, said point is 10.00 feet south of, when measured at right angles from, said north line of Government Lot 1;
thence south 02°32'19" west, a distance of 89.26 feet;
thence on a 488 foot radius tangent curve to the left, with a central angle of 04°45'55", an arc distance of 40.59 feet;
thence south 02°13'36" east, a distance of 93.92 feet;
thence on a 512 foot radius tangent curve to the right, with a central angle of 03°22'02", an arc distance of 30.09 feet to a point of reverse curvature;
thence on a 25 foot radius curve to the left, with a central angle of 88°53'04", an arc distance 38.78 feet;
thence south 87°44'38" east parallel with said north line, a distance of 287.18 feet;
thence on a 502.90 foot radius tangent curve to the right, with a central angle of 12°32'32", an arc distance of 110.09 feet to Point "A" and the TRUE POINT OF BEGINNING of this description.