

When Recorded, Return to:

City of Snoqualmie
Attention: City Clerk
P.O. Box 987
Snoqualmie, WA 98065

TITLE: SNOQUALMIE MILL VENTURES LLC DEVELOPMENT
AGREEMENT

GRANTOR: SNOQUALMIE MILL VENTURES LLC

GRANTEE: CITY OF SNOQUALMIE

Abbreviated
Legal Description: _____

Assessor Parcel Nos.: 2924089006, 2924089009, 2924089022, 2924089023, 3024089001,
3024089004, 3024089069, 3024089070

Related Document: N/A

**SNOQUALMIE MILL VENTURES, LLC
DEVELOPMENT AGREEMENT**

THIS DEVELOPMENT AGREEMENT (“Development Agreement” or
“Agreement”) is entered into effective the _____ day of October, 2022, by and between
the CITY OF SNOQUALMIE, a Washington municipal corporation (the “City”), and
SNOQUALMIE MILL VENTURES, LLC, a Washington limited liability company
 (“Owner”).

RECITALS

A. The City has authority under RCW 36.70B.170-210 to enter into a development agreement with a person having ownership or control of real property within its jurisdiction that sets forth the development standards and other provisions that apply to, govern and vest the development, use, and mitigation of the development of the real property for the duration specified in the agreement. RCW 36.70B.170(1).

B. Owner is the owner of property (“Property”) in the City located to the north of Borst Lake, also known as the Mill Pond (“Borst Lake/Mill Pond”), and to the east of Mill Pond Road and commonly known as the former Weyerhaeuser Mill site. The Property is legally described in Exhibit A attached to and incorporated in this Agreement by reference.

C. The Property is located in the City’s Planned Commercial Industrial District (“PCI District”). The Snoqualmie Municipal Code (“City Code” or “SMC”), section 17.20.050, states that the purpose of this District is to “provide for imaginative, well-designed, master-planned commercial/industrial development containing compatible and complementary uses, including mixed or single retail, wholesale, service and professional businesses, second-story residential uses above such businesses, office and light industrial uses,” meeting certain standards. Development in the PCI District requires a Planned Commercial Industrial Plan (“PCI Plan”) for development.

D. Owner proposes phased development of the Property (“Project”) pursuant to the Snoqualmie Mill PCI Plan. Under the PCI Plan, a majority of the Property will remain undeveloped and be maintained for open space, trails, landscaping, wetlands and streams, wildlife habitat and flood storage. The remainder of the Property will be developed in phases over approximately 20 years with a total of approximately 1.83 million gross square feet of light industrial/manufacturing, warehouse, office, retail and residential uses.

E. Environmental impacts of the development proposed by the PCI Plan were identified and considered through the Snoqualmie Mill Planned Commercial/Industrial (PCI) Plan Draft and Final Environmental Impact Statements (collectively, the “EIS”).

F. The PCI Plan was the subject of a public review process that included submission of an application, review by City departments, a public hearing before and recommendation of approval by the Hearing Examiner, and review and consideration in multiple public meetings before the City Council. The City Council approved the PCI Plan on _____, 2022.

G. This Development Agreement establishes development standards and processes that will govern and vest the development of the Property for the term of the

Agreement, including mitigation measures and development conditions that are applicable to the Project, to the mutual benefit of the Parties.

H. Now therefore, the Parties agree as follows:

AGREEMENTS

1. Definitions.

All capitalized terms in this Agreement shall have the meaning set forth in Section 23, or, if not defined in Section 23, capitalized terms shall have the meaning set forth in the City of Snoqualmie Municipal Code (“SMC”) as attached hereto and incorporated herein as Exhibit “__”. If there is a conflict between the capitalized terms used in this Agreement and the terms defined in the SMC, the definition set forth in the SMC (Exhibit “__”) shall prevail.

2. Consistency With Law.

The Snoqualmie Mill PCI Plan is consistent with the City of Snoqualmie Comprehensive Plan and applicable City development regulations pertaining to PCI Plans (Exhibit “__”). This Agreement is likewise consistent with the terms and conditions of the Snoqualmie Mill PCI Plan and applicable City development regulations, including development regulations specifically applicable to PCI Plans and deviations allowed pursuant to such development regulations.

3. Property.

The Property consists of approximately 261 acres bounded by the City limits on the north, Borst Lake/Mill Pond on the south, Mill Pond Road on the west, and the “hillside” area owned by King County along 396th Avenue SE on the east. The Property is depicted and more particularly described on Exhibit A. Owner also owns adjacent property in King County located to the north of the Property between the City limits and Urban Growth Area (“UGA”) boundary that is not included in the Property subject to this Agreement (“Adjacent Property”), which is depicted and more particularly described on Exhibit B. The Property does not include Borst Lake/Mill Pond, which Owner does not own.

4. Project Description.

The Project consists of development of the Property pursuant to the Snoqualmie Mill PCI Plan. The Snoqualmie Mill PCI Plan consists of pages IV-1 through IV-32, Appendix D (Master Drainage Plan), and Appendix E (PCI Plan Sheets) of the PCI Plan Application document attached as Exhibit C to this Agreement, and Snoqualmie City Council Resolution No. ____ approving the Snoqualmie Mill PCI Plan. A majority of the overall

site (166 acres, approximately 64%) will remain undeveloped and be maintained for open space, trails, landscaping, wetlands and streams, wildlife habitat and flood storage. The remainder of the Property will be developed in phases over an approximate 10- to 20-year period. Build-out will include a total of approximately 1.83 million gross square feet of light industrial/manufacturing, warehouse, office, retail and residential uses. When fully developed, the site will generate an estimated 3,410 jobs. The PCI Plan divides the Property into three distinct areas (“Planning Areas”) for purposes of planning and permitting. Each Planning Area generally corresponds to a phase of development. The PCI Plan provides detailed information for Planning Area 1, an approximate 102-acre area in the northwestern portion of the Property proposed as the first phase of development. More conceptual information is provided for Planning Areas 2 and 3, which will be developed subsequently. A Property Owners’ Association (“Association”) will be created to own, maintain and manage all common areas in the Project, including but not limited to private roads, stormwater facilities, utilities, and open space. Current uses of the site and limitations thereon set forth in Resolution No. ____ and the Preannexation Agreement adopted therein and as amended, including but not limited to the Ultimate Rally LLC (aka Dirtfish Rally School), will continue until displaced by development over time. Their continued operation until PCI Plan development is governed by Resolution No. ____ and the Preannexation Agreement adopted therein, which are not superseded by this Agreement and the SMC. Continuation of current site uses, including any site or building modifications necessary to facilitate such continuation, are not governed by the PCI Plan or this Agreement.

5. PCI Plan Boundaries.

5.1. Planning Area Boundaries. The Planning Area boundaries depicted on PCI Plan sheets attached hereto as Exhibit “C” are derived from a survey and capable of being located on the ground. The Planning Area boundaries may be modified to incorporate the Adjacent Property through a minor modification pursuant to Section 11.1 below, but otherwise only through the major amendment process pursuant to Section 11.2 below.

5.2. Critical Areas. The boundaries and categories of critical areas, as shown on the scaled map at Sheet ____ of the PCI Plan in Exhibit C are based on actual field data presented in EIS. The City and Owner agree to the boundaries, categories, and information set forth on Sheet ____ of Exhibit “C”. Critical areas and their buffers may be modified from those shown on Sheet ___, Exhibit “C” only as allowed by the conditions of PCI Plan approval (including any deviations), and otherwise only in compliance with the City’s Critical Areas Ordinance (“CAO”) as codified as Ch. 19.12 of the SMC. A copy of the CAO is contained in Exhibit “E”.

5.3. Lot Boundaries. In order to facilitate development of the Project, the size, configuration and number of parcels within the Property may be modified if

approved by the City without amendment of the PCI Plan through boundary line adjustments, lot consolidations, binding site plans, short plats, subdivisions or creation of condominiums.

6. Project Approval.

6.1. PCI Plan. Following thorough review by City staff, the Hearing Examiner, and City Council, the City Council approved the PCI Plan on _____, 2022, by Resolution No. _____. Approval of the development shown in the PCI Plan and described in this Development Agreement is conditioned on Owner's compliance with all conditions of approval specified in Resolution No. __ including providing certain mitigation and improvements by constructing, causing to be constructed or paying Owner's pro rata share of the improvements described in the PCI Plan conditions of approval set forth in Resolution No. __ and this Agreement, including but not limited to those relating to transportation, stormwater, sewer, and water infrastructure. The approved PCI Plan is a land use approval that provides overall development parameters under which phased development and construction of the Project will occur, with Owner to deliver certain specified infrastructure improvements in conjunction with development and construction of specified phases of the Project.

6.2. Project Permit Process. The Project shall be implemented and constructed on the Property through issuance of Development Approvals, in the form of those additional project permits and approvals required by the City Code, state or federal law, the PCI Plan and this Agreement, as applicable, to implement and allow construction of the PCI Plan and infrastructure or improvements required as conditions of PCI Plan approval and this Agreement. Development Approvals include, but are not limited to, boundary line adjustments, lot consolidations, binding site plan approvals, subdivisions, short subdivisions, condominiums, flood improvement permits, final engineering plan reviews, building permits, clear and grade permits, water and sewer connection permits. Development Approvals may be issued only for development that substantially conforms with the PCI Plan and all conditions of approval thereof set forth in Resolution No. __, with "substantial conformance" as described in Conditions 1, 2, and 3 at page 46 of the Staff Report, including any dedications of property to the City or construction of transportation, stormwater, water and sanitary sewer improvements.

6.3. Property Development. Development of the Property shall include the following:

a. **The Property overall.** The Owner shall apply for and obtain approval for a boundary adjustment pursuant to SMC Section 16.04.030(E) and as described in Condition 4 at page 46 of the Staff Report, to align existing property tax

parcel boundaries with PCI Plan Area boundaries. Relocation of lot lines with the PCI Plan boundaries shall be considered “minor changes to existing property lines” that do not “significantly change the configuration, shape or pattern” under SMC 16.04.030.E. A Planning Area may contain more than one property tax parcel following the lot line adjustment.

Prior to Owner’s application for building permits for any Planning Area, the City shall have first approved a set of design guidelines applicable to the respective Planning Area, as described in Conditions 5 through 10 at pages 46-47 of the Staff Report, or Owner shall request that building designs be governed by the design guidelines and design review process established in Chapter 17.32 of the SMC; provided however that the Director or his/her designee shall administratively review building designs under the design guidelines in connection with building permit review.

The Owner will develop covenants, conditions and restrictions (“CC&Rs”) that govern use, site planning and design for future development of respective Planning Areas, or portions thereof. Owner shall include in the CC&Rs any requirements needed to provide compliance with the City-established design guidelines (or design guidelines in Chapter 17.32 SMC, if applicable), as well as other development standards and conditions of approval adopted by the City. Proposed development plans will be reviewed, approved, and enforced by an Architectural Review Committee established by the CC&Rs to ensure compliance with the CC&Rs. The general range of topics addressed in the CC&R’s will include the following: permitted uses; site planning and design; dimensional requirements, including building height, lot coverage, and setbacks; architectural design; building materials; off street parking; landscaping; lighting; signage; outdoor storage; and operational performance standards (e.g., to control noise and other emissions).

b. Planning Area 1. Sheets SP-2 – LS-1 4 of the approved PCI Plan set forth the approved uses; maximum total square footages; building footprints’ building shapes and heights’ open space and pedestrian circulation’ grading’ critical areas’, stormwater, water and sewer utilities; and internal roads and driveways for Planning Area 1, and contain sufficient site plan-level detail such that Owner may seek implementing land use and construction Development Approvals for Planning Area 1, as provided in and subject to this Section.

(i) *Permitted Uses.* Planning Area 1 shall be developed in substantial conformance with the uses set forth on Sheets SP2 – SP4 of the approved PCI Plan. For buildings with facades fronting Mill Street only, the light industrial, manufacturing and/or warehouse uses shall be limited to wine, beer and/or spirits manufacturing, production and warehousing; specialty light industrial / manufacturing uses as defined in SMC Section 17.10.020(UUU); provided however, that the 10,000 square foot limitation on the size of these uses shall not

apply, ground-level retail sales as defined in SMC Section 17.10.020(LLL) including wine, beer and/or spirits tasting and retail sales; retail services as limited below; ground-level restaurant uses; and upper-story multi-family residential located on floors above ground level, as more specifically defined in the following sections. Any request to amend this section to allow other uses shall be processed as a request for a minor amendment subject to Section 11.1 of this Agreement.

(ii) Retail Services. No more than 10% of the linear footage of street-facing façade of retail uses on Mill Street in Planning Area 1 shall be occupied by retail services as defined in SMC Section 17.10.020(MMM) operated as professional service offices. Any request to amend this section to increase the percentage of the linear footage of street-facing faced of retail services on Mill Street to be used as professional service offices shall be processed as a request for a major amendment subject to Section 11.2 of this Agreement.

(iii) Residential Development. Residential uses authorized for Planning Area 1 include up to 160 multi-family rental apartment units, in a mix of studios, 1-, 2- or 3-bedroom units with a maximum average size of 835 square feet, constructed on floors 2 and above in three buildings in the general location designated on Sheets SP-2 – SP-4 of the approved PCI Plan site plan, and subject to the affordable housing requirements of Section 7 of this Development Agreement. Short-term rental of residential units for a term of less than six (6) months), whether by Owner, tenant or via third-party services such as AirBnb, VRBO or similar, is prohibited. Parking for rental residential units shall be provided at a ratio of one (1) parking space per bedroom; for example, one (1) space shall be allocated for each 1-bedroom unit, and 2 parking spaces per each 2-bedroom unit; provided however that this required parking ratio applies only to the extent that the parking can be accommodated in the surface parking areas shown on Sheets ____ consistent with development standards for surface parking lots and without reducing parking for other uses below the quantity required by the SMC.

(iv) Development Approval Process. The boundary line adjustment set forth in Section 6.3(a) will result in Planning Area 1 being composed of one or more lots; provided, however, that if Owner seeks to create additional lots in Planning Area beyond those resulting from the boundary line adjustment for purposes of lease, Owner shall apply for and obtain a binding site improvement plan approval (“BSIP”) pursuant to Ch. 16.12 SMC, a copy of which is attached as Exhibit ___, for Planning Area 1, prior to or contemporaneously with application for building and other construction-level permits. Such BSIP shall be consistent with the uses, square footages, building footprints, building shapes and heights, and internal roads and driveways as shown in the PCI Plan approval,

subject to any major or minor modifications granted pursuant to Section 11 below.

Subsequent to the boundary line adjustment or BSIP approval if sought by Owner under this subsection, Owner shall seek and obtain the following Development Approvals for Planning Area 1:

- (a) Shoreline substantial development permit pursuant to Ch. 19.08 SMC;
- (b) Final engineering plan approval under the Snoqualmie Ridge II Development Standards (“SRIIDS”), as amended, which are hereby incorporated by reference. Final engineering plans governed by the SRIIDS shall include transportation and transportation-related facilities, storm drainage facilities, water and sewer improvements, commercial development, park, open space and recreational facilities (if any), landscaping and wetland and wetland buffer mitigation planting plans, and other specific plan details specified by the Director;
- (c) Clear and grade permit approval under Ch. 15.20 SMC;
- (d) Flood improvement permit approval under Ch. 15.12 SMC;
- (e) Building permit approval and other construction-level permits authorized under Title 15 SMC.

Development Approvals shall be obtained in the order set forth above, unless Owner utilizes the optional consolidated permit review process under SMC 14.30.130. The City may utilize retain outside consultants to conduct permit review at the Owner’s expense pursuant to SMC Section 14.20.050 and the terms of the permit processing Memorandum of Agreement dated April 26, 2017, which is not superseded by this Agreement. Prior to issuance of a Development Approval allowing earth disturbance in Planning Area 1, the Applicant shall obtain the consent of the Department of Ecology to exclusion of Planning Area 1 from the overall site requiring environmental remediation.

c. Planning Areas 2 and 3. Because the PCI Plan does not provide specific uses, square footages, building footprints, building shapes, or internal roads or driveways for Planning Areas 2 and 3, Owner shall apply for and obtain a BSIP approval for Planning Areas 2 and 3, respectively, regardless of whether Owner seeks to lease or otherwise divide Planning Area 2 or 3. The BSIP application shall include the information identified in SMV 16.12.020. . Subsequent to BSIP approval, Owner shall seek and obtain the Development Approvals set forth in and pursuant to Section 6.3(b)(iv) above, for development that is consistent with the approved uses and maximum square footage within each Planning Area, and with the applicable Development Regulations, without the need for amendment of the PCI Plan.

7. Affordable Housing.

Fifteen percent (15%) of the total number of residential dwelling units developed in each building in Planning Area 1 shall be limited to rental to households earning 80% or less of King County area median income (AMI), based on income figures provided annually by Puget Sound Regional Council. The number of affordable units of each type of rental unit developed (*i.e.*, studios, 1-, 2- and 3-bedroom units) shall be proportional to the total number of that type of market rate unit. Owner shall (1) set rental prices at levels that are no more than 30% of the income of a household earning 80% of King County AMI; (2) verify income eligibility for each tenant household on application for rental; and (3) provide a report annually to the Director on or before the first business day of each calendar year, identifying the affordable units, their rental prices, and their occupancy by qualified households. Prior to approval of final civil engineering plans or building permit for the buildings in which residential units are proposed, the Owner shall record against the Planning Area 1 property an affordable housing rental covenant substantially in the form approved by the City Attorney, assuring that:

- a. the property will be developed with and used for rental apartment housing, with rental rates priced to be affordable to households earning 80% or less of the median income for King County for a period of at least 50 years from the date of first occupancy; and
- b. any rental rate increases will be limited to the same percentage increases as the annual median income for King County as a whole during the period of the affordable housing rental covenant.

8. Environmental Review.

As set forth in the Hearing Examiner's Findings, Conclusions and Decisions, the EIS prepared for the Project satisfies the requirements of SEPA for environmental review of the PCI Plan. The City's SEPA Responsible Official will use the EIS as provided in WAC 197-11-600 when considering applications for Development Approvals.

Applications for Development Approvals that are not exempt from SEPA review shall be accompanied by a SEPA environmental checklist, which shall reference applicable sections of the EIS along supplemental information as available. The SEPA Responsible Official shall issue threshold environmental determinations for such non-exempt Development Approvals, which may adopt the EIS by reference and may be accompanied by Addenda issued pursuant to WAC 197-11-600 and -625.

9. Vested Rights.

9.1 Development Regulations. Except as otherwise provided in this Agreement, development of the Project shall be vested to and governed by the terms and conditions of PCI Plan approval, including deviations approved therein, and City Development Regulations in effect as of the Effective Date of this Agreement. Except as

expressly stated in Section 9.3 or otherwise in this Agreement, any amendments to or additions made during the term of this Agreement to City Development Regulations shall not apply to or affect the conditions of Development Approvals for development of the Project. As used in this Agreement, “Development Regulations” shall be deemed to include regulations, policies, procedures and guidelines addressing zoning, building and site design, utilities, stormwater regulations, transportation concurrency, and other laws, ordinances, policies, and administrative regulations and guidelines of the City governing land development to the fullest extent allowed by applicable law. The Development Regulations are contained in City Code Title 12, Chapter 12.16 (Street Design Standards), Chapter 12.22 (Commute Trip Reduction), Chapter 12.24 (Transportation Concurrency), Chapter 12.25 (Complete Streets), Chapter 12.26 (Snoqualmie Transportation Benefit District); Title 13 (Water, Sewers and Public Services) (except that generally applicable sewer and water service rates and charges shall apply to the Property); Title 15, Chapter 15.12 (Flood Hazard Regulations), Chapter 15.18 (Surface Water and Storm Water Management), Chapter 15.20 (Clearing and Grading), Title 16 (Subdivisions, Short Subdivisions and Binding Site Improvement Plans), Title 17 (Zoning), and Title 19 (Environment, including Shoreline Regulations (Ch. 19.08) and Critical Areas (Ch. 19.12).

9.2 Deviations. In connection with its approval of the PCI Plan for the Project, the City approved deviations from development standards of general applicability under SMC 17.20.050.I. These deviations include deviations from SMC Ch. 12.16 (street design standards), SMC 17.55.020 (requirement for conditional use permit for second story dwelling units above nonresidential uses and for restaurants and tasting rooms in PCI zone), SMC 17.55.020 (allowing roads, utilities, trails and accessory parking for commercial, industrial and residential uses in the OS2 zone); SMC 17.55.040 (height limits); SMC 19.12.170.H (permitted uses and alterations in wetland buffers) and any additional deviations reflected in the PCI Plan. The PCI Plan approval of deviations for residential development is limited to 160 residential units with an average maximum square footage of 835 square feet per unit and a building height limit of 70 feet at the ridgeline of the roof and 55 feet at the eave line.

9.3 Exemptions. Amendments, additions, increases or other changes to the following plans, policies, laws, ordinances, regulations, fees and monetary charges, adopted by the City following the Effective Date, are exempt from vesting provided in Section 9.1 of this Agreement:

- (a) Permit application, permit review, and inspection fees applicable to any application for Development Approval;
- (b) Water, sewer and stormwater connection charges, general facility charges, and monthly service charges, as the Council may from time to time adopt and/or amend; and

- (c) The Washington State Building Code, including without limitation the International Building Code and such other International or other Uniform Codes adopted by the Washington State Building Code Council and/or the City from time to time, including electrical, building, plumbing, fire and other ancillary uniform or international construction codes adopted pursuant to Chs. 19.27 or 19.27A RCW;
- (d) Impact fees imposed under Title 20 SMC;
- (e) The City's authority to require additional SEPA review and/or mitigation under Ch. 43.21C and Ch. 197-11 WAC in connection with applications for Development Approvals; provided however that the Project shall be vested to the City's substantive SEPA regulations in effect on the Effective Date;
- (f) Any law, ordinance, rule, regulation or policy adopted by the City pursuant to RCW 36.70B.170(4), following written notice to Owner and an opportunity to be heard, that the City deems necessary to address a serious threat to public health and safety;
- (g) Procedural ordinances or regulations of the City which are not substantive, relating to hearing bodies, notices, applications, findings, records, hearings, reports, recommendations and appeals and any other matter of procedure; provided, however, that the Project is vested to the requirements and processes for BSIPs in Ch. 16.12 SMC and BSIP-related provisions of this Agreement in effect on the Effective Date;
- (h) Any plans, polices, ordinances, regulations or Development Regulations that the City must change by direction of, or the City reasonably determines to be necessary to change to comply with, the requirements of any state or federal law or the directive of any state or federal agency or court, in order to avoid being in violation of state or federal law or to preserve the City's eligibility to receive shared revenues, grants or other funding, but only to the extent necessary to comply with such state or federal law. To the extent that the City can comply with such state or federal law or directive by adopting changes to plans, polices, ordinances or regulations that apply prospectively, this exemption shall not apply to permit retroactive changes to the terms, conditions or Development Regulations to which the PCI Plan is vested under this Agreement. Notwithstanding the foregoing, the Project is vested under this Agreement to the Shoreline Master Program in effect on the Effective Date;

- (i) Taxes of any nature of general applicability throughout the City; and
- (j) Additional design guidelines to be prepared by Owner, and reviewed and approved by the City prior to BSIP or subsequent Development Approvals, provided that such design guidelines shall be consistent with the PCI Plan and this Agreement as to any matter addressed herein.

9.4. Future Amendments to Code. Owner may request to be bound by future amendments to the City Code or other regulations, policies, and guidelines affecting development against which Owner is vested by this Agreement; provided, however, that the City may in its reasonable discretion decline Owner's request and apply the Development Regulations in existence as of the Effective Date.

10. Term.

10.1. Term. The term of this Agreement shall be twenty (20) years from the Effective Date, except as provided in this Section. The City and Owner may agree to extend the term of this Agreement, provided that such extension is approved by the City Council and executed by the Mayor in the same manner as this Agreement. Under SMC 17.20.050, the City and Owner intend for the PCI Plan to be in effect for a term concurrent with this Agreement and intend that any extension of this Agreement will have the effect of extending the PCI Plan for a similar extension or renewal term.

10.2 Nonconformities. If any structure or use in the Project becomes nonconforming following the expiration of this Agreement, then it shall be governed by the provisions of SMC 17.55.040 or SMC 19.08.160, as applicable, in effect on the date of this Agreement. This provision shall survive termination of this Agreement.

11. Amendments to Agreement and PCI Plan.

11.1. Minor amendments. Upon request by the Owner, minor amendments to this Agreement and the PCI Plan may be approved administratively by the Mayor or, if designated by the Mayor, the Director, and with the concurrence of the chair of the Council's Community Development Committee, subject to the limitations in Section 11.3. Minor amendments shall be approved if they (1) do not result in an increase in the square footage of any use approved by the PCI Plan of greater than ten percent (10%), (2) do not include a use not allowed in the Planned Commercial Industrial zoning district under SMC 17.20.020, (3) comply with the applicable Development Regulations, and (4) do not significantly increase the environmental impacts created by the Project, unless those impacts are mitigated to a level that is less than significant. In addition, this Agreement and the PCI Plan may be amended to include the Adjacent Property as a minor amendment provided that the Adjacent Property is annexed into the City and the total aggregate square footage of all development approved by the PCI Plan is not

increased. Further, except for the term of this Agreement, any of the dates set forth in this Agreement may be revised by minor amendment.

11.2. Major amendments. Major amendments are all amendments that do not qualify as minor amendments. Major amendments shall be approved using the processes required for initial approval of the PCI Plan under Chs. 17.20 and 17.050 SMC.

11.3 Applicant for amendment. If Snoqualmie Mill Ventures LLC is the Owner of any portion of the Property, then Snoqualmie Mill Ventures LLC is the only entity that may seek amendment of this Agreement or the PCI Plan. At the time when Snoqualmie Mill Ventures LLC no longer owns any portion of the Property, then the Association will be the only entity authorized to seek amendment of this Agreement or the PCI Plan. No other individuals or entities, including but not limited to future owners of lots within the Property, may seek amendment to the Agreement or the PCI Plan, as it is the intent of the Parties that the Property be designed and developed in a compatible and coordinated manner.

12. Open Space. As described and depicted in the PCI Plan, the majority of the overall site (166 acres, 64%) will remain undeveloped and be maintained for open space, landscaping, wetlands and streams, wildlife habitat and flood storage, and an integrated privately-built and maintained trail system open for public access along with a connection point to the City's planned Riverwalk trail. Within Planning Area 1, the majority of the open space will be contained in a separate lot or tract dedicated to the City (subject to an easement to allow utilities, trails or roads to pass from Planning Area 1 to Planning Areas 2 and 3 and the provisions of Section 21.13 regarding indemnification). The open space to be dedicated is generally depicted on Exhibit ____.

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13. Transportation

13.1. Mill Pond Road. In connection with development of Planning Area 1, and prior to issuance of certificates of occupancy for buildings in Planning Area 1, the Owner will relocate the segment of Mill Pond Road adjacent to the Snoqualmie River and construct a roundabout with a design and in a location approximately as depicted on PCI Plan Sheet SP-3. Owner will dedicate the property extending from the eastern side of the relocated Mill Pond Road to the existing Mill Pond Road right of way to the City. This segment of Mill Pond Road will be designed to road standards described and depicted in the PCI Plan at pages IV-31 through IV-32 and PCI Plan Sheet SP-3 and the SR II Development Standards, as modified herein. In connection with development of Planning Area 3, and prior to issuance of certificates of occupancy for buildings in Planning Area 3, the Owner will construct an extension of Mill Pond Road ("Mill Pond Road Extension") running from the existing Mill Pond Road to the easterly boundary of Planning Area 3, approximately as depicted on PCI Plan Sheet LS-1. The Mill Pond

Road Extension will be a private road designed to the road standards described and depicted in the PCI Plan at pages IV-31 through IV-32 and PCI Plan Sheet SP-3.

13.2. Haul road. The Parties recognize that the existing haul road (“Haul Road”) depicted on Sheet SP-3 of the PCI Plan is an existing private road subject to an easement allowing use by third parties and used historically for truck traffic. Nothing in this Agreement is intended to amend the existing easement or require actions not allowed by the easement. The Haul Road is constrained by wetlands and streams on each side and is not required to be improved to current road standards. The Haul Road will remain a private road and will be improved to the road standards described and depicted in the PCI Plan at pages IV-31 through IV-32 and PCI Plan Sheet SP-3 provided that the Agreement and PCI Plan do not require improvement of the Haul Road if such improvements would require impacts to wetlands or streams or their buffers.

13.3. Internal roads. In connection with development of Planning Area 1, and prior to issuance of certificates of occupancy for buildings in Planning Area 1, the Owner will construct Project accesses and internal roads approximately as shown on PCI Plan Sheet SP-3. These roads will be private roads designed to the road standards described and depicted in the PCI Plan at pages IV-31 through IV-32 and PCI Plan Sheet SP-3. The Owner may modify the locations of access points and internal roads in Planning Area 1 depicted in the PCI Plan as provided in Paragraphs 7.1 and 7.2 of this Agreement. The locations of access points and internal roads within Planning Areas 2 and 3 will be reviewed and approved in connection with development of those Planning Areas.

13.4. Additional transportation mitigation. As required by the conditions of approval of the PCI Plan contained in Ordinance _____, the Project will provide the following off-site transportation mitigation in conjunction with the development of Planning Area 1: the Owner, along with other developments such as Snoqualmie Hill West, shall contribute a pro rata share toward improvements at the side-street approaches at the intersection of Fisher Avenue SE, to achieve acceptable level of service (“LOS”) according to City standards. The Owner’s pro rata share shall be 14% of the Fischer Avenue SE/Snoqualmie Parkway intersection in connection with the development of Planning Area 1. In addition, the Owner shall provide a pro rata share of ____% of the cost of the Snoqualmie Fire Department’s acquisition of a ladder truck. At the time of development application for Planning Areas 2 and/or 3, the Owner will update the transportation analysis as described in Mitigation Measure 39 at page 52 of the Staff Report to the Hearing Examiner on Planned Commercial Industrial Plan Application, PCI 2017-0001/SEPA 2017-0003 (“Staff Report”), attached as Exhibit D. At the time of development application for Planning Areas 2 and/or 3, the Owner will develop analysis for traffic from specific uses proposed and, as needed to achieve acceptable LOS according to City standards, determine and contribute an appropriate pro rata share (if any) for the transportation improvement projects listed in Mitigation

Measure 40 at pages 52-53 of the Staff Report.

14. Stormwater.

14.1. Design. The Project has been designed in conformance with the documents identified in SMC Section 15.18.030. Design of the stormwater system will be in conformance with Mitigation Measures 18, 19, and 45 at pages 50 and 53 of the Staff Report. The stormwater system for Planning Area 1 will be constructed approximately as described and depicted in the PCI Plan at pages IV-9 through IV-13, in PCI Plan Appendix D, and at PCI Plan Sheet SD-1. The stormwater system for Planning Areas 2 and 3 will be constructed approximately as described and depicted in the PCI Plan at pages IV-9 through IV-13 and in PCI Plan Appendix D. Additional stormwater design for Planning Areas 2 and 3 will occur when development is proposed. Subject to City acceptance, as part of BSIP approval for any Planning Area, or final engineering plan approval for Planning Area 1 if no BSIP is required, Owner will dedicate and convey to the City via bill of sale such portions of the stormwater system described as follows, subject to the indemnification provision of Section 21.13: The facilities subject to potential future dedication are generally depicted on Exhibit ____.

14.2 Stormwater Utility Fee. The City has assessed Stormwater Utility Fee against the Property and collected that fee pursuant to SMC Ch. 13.10 since the Property was annexed to the City. Under SMC 13.10.005.B, the purpose of the City's combined water, sewer and stormwater utility is to support city stormwater management activities, including "planning, design, construction, operations and maintenance, replacement, and administration of the public stormwater system." The Parties agree that the Stormwater Utility Fee collected from Owner shall be used for planning, design, construction, operations and maintenance, replacement and administration of the City's public stormwater system, including any stormwater facilities dedicated to and accepted by the City under Section 14.1, and activities necessary for compliance with the Western Washington Phase II National Pollutant Discharge Elimination System municipal stormwater permit, consistent with SMC 13.10.005.B.

15. Water supply. The Owner will construct the water system for the Project approximately as described and depicted in the PCI Plan at pages IV-14 through IV-23 and at PCI Plan Sheet WS-1. Subject to City acceptance as part of BSIP approval for any Planning Area, or final engineering plan approval for Planning Area 1 if no BSIP is required, Owner will dedicate and convey via bill of sale such water system improvements and related easement areas specified by the City. The facilities subject to potential future dedication are shown on Exhibit _____. As of the date of this Agreement, Planning Area 1 is estimated to require water supply in the amount of ____ equivalent residential units ("ERUs"). The City possesses sufficient capacity for development of Planning Area 1. Planning Areas 2 and 3 will require additional capacity as set forth in

the EIS and Hearing Examiner's Findings, Conclusions and Decisions. Issuance of building permits for development in Planning Areas 2 and 3 will be contingent on identification of sufficient water supply to serve the development. Development of the water system for the Project will comply with the applicable portions of Mitigation Measures 41 through 49 at pages 53-54 of the Staff Report. The pro rata share of future water system improvements for Planning Areas 2 and 3 will be determined through future study prior to the issuance of building permits within Planning Areas 2 and 3.

16. Sanitary sewer. The Owner will construct the sanitary sewer system for the Project approximately as described and depicted in the PCI Plan at pages IV-24 through IV-30 and PCI Plan Sheets WS-1 and WS-2. Subject to City acceptance as part of BSIP approval for any Planning Area, or final engineering plan approval for Planning Area 1 if no BSIP is required, Owner will dedicate and convey via bill of sale such sanitary sewer system improvements and related easement areas specified by the City. The facilities subject to potential future dedication are shown on Exhibit _____. Development of the sanitary sewer for the Project will comply with the applicable portions of Mitigation Measures 41 through 49 at pages 53-54 of the Staff Report.

17. Critical Areas.

17.1 Streams/Wetlands. For Planning Area 1, the extent of development will be approximately as shown on PCI Plan Sheet SP-2. Development in Planning Area 1 does not impact streams or wetlands. Some development will occur within stream or wetland buffers, approximately as shown on PCI Plan Sheet CA-1. These buffer impacts are allowed by SMC 19.12.160.C, SMC 19.12.170.H, 19.08.560.B, and SMC 17.20.050.I and/or were approved in connection with the PCI Plan approval. Development within Planning Areas 2 and 3 will comply with applicable Development Regulations relating to any proposed alterations to streams and wetlands, including SMC 19.12.160 and 19.12.170.

17.2 Other Critical Areas. Development of the Project will comply with applicable Development Regulations for critical areas, including SMC Ch. 19.12.

18. Fiscal Mitigation Payment.

18.1. Owner acknowledges that the EIS fiscal analysis was premised upon, among other things, payment of property taxes assessed against the Property prior to and subsequent to the development provided for by the PCI Plan and this Agreement. Therefore, Owner covenants, agrees and warrants, for itself, its successors and assigns, that it will either: (a) pay real property tax on the Property (or any subdivided portion thereof) at the same rate and in the same amounts that would be assessed against similarly-situated and similarly-developed property within the City of Snoqualmie, or (b) in the event that Owner applies for any exemption from the real property tax that would

otherwise be assessed against or lawfully due from the Property (or any subdivided portion thereof), Owner will do so only under the following conditions:

18.2 Owner will not seek exemption from the property tax on the Property or any portion thereof until the passage of one (1) year following: (a) completion of construction of all the development authorized under this Agreement for the portion of the Property for which the exemption is sought; (b) the Assessor' valuation of the same and the assessment of at least one year of "new construction" property tax ("Commercial Property Tax Assessment") for that portion of the Property for which the exemption is sought; and (c) payment by Owner of said Commercial Property Tax Assessment for that year;

18.3 After compliance with Section 15.1.1, for any year in which a property tax exemption is granted for the Property or any portion thereof, Owner shall pay a Payment in Lieu of Tax ("PILT"). The amount of the PILT shall be determined in accordance with then-applicable law governing the property tax exemption. In addition to the PILT, for any year in which the Property or any portion thereof qualifies as property tax exempt, Owner shall pay the City a fee for services ("Fee") for fire, police, emergency medical and other general City services that would otherwise be paid for in part by property taxes assessed against the Property. The base amount of the Fee for services shall be the pro rata portion of the Property Tax owed to the City for the Property in the year immediately preceding the property tax exemption, plus an inflation adjustment of 5%, compounded annually for each subsequent year the Property qualifies for tax exempt status. An example of the fee for service calculation is set forth in Exhibit ____.

18.4. In the event that title to the Property or any portion thereof is conveyed to the United States to be held in trust, all provisions of this Development Agreement as well as applicable federal, state and local laws and regulations referenced in the Development Agreement will continue to apply to Property or portion thereof held in trust.

19. Agreement Binding on Successors.

This Agreement is intended to protect the value of the Property, as well as the public health, safety and welfare of the City of Snoqualmie, and the benefits and obligations inuring to the Property and to the City as a result of this Agreement shall constitute a covenant running with the land, and shall be binding upon the Owner and its heirs, successors and assigns, and upon the City. The Owner shall record this Agreement against the Property in the King County Recorder's Office within ten days after mutual execution of this Agreement. If all or any portion of this Agreement is amended or terminated, the City and Owner shall execute and record appropriate documents to so indicate.

20. Default and Remedies.

20.1 Default. Any failure by a Party to perform any material action required under this Development Agreement shall constitute a default, unless such failure is compelled by order of a court, subject to the provisions of Section 20.2.

20.2 Cures Taking More Than Thirty Days. Except as expressly provided otherwise in this Agreement, no party shall be in default under this Agreement unless it has failed to perform as required under this Agreement for a period of thirty (30) days after written notice of default from any other party. Each notice of default shall specify the nature of the alleged default and the manner in which the default may be cured satisfactorily. If the nature of the alleged default is such that it cannot be reasonably cured within the thirty (30) day period, then commencement of the cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure.

20.3 Rights of Non-Defaulting Party. Except as set forth herein, a party not in default under this Agreement shall have all rights and remedies provided by law or equity, including without limitation damages, specific performance, or writs to compel performance or require action consistent with this Agreement.

20.4 Attorneys' Fees. In any action to enforce or determine a party's rights under this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs.

21. General Provisions

21.1. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Washington.

21.2. Code Citations. All citations and references to the City Code in this Agreement shall refer to those provisions in force as of the date of this Agreement.

21.3. Interpretation. The parties intend this Agreement to be interpreted to the full extent authorized by law as an exercise of the City's authority to enter into development agreements pursuant to RCW 36.70B.170 et seq., and this Agreement shall be construed to exclude from the scope of this Agreement and to reserve to the City, only that police power authority which is prohibited by law from being subject to a mutual agreement with consideration.

21.4. Severability. If any provisions of this Agreement are determined to be unenforceable or invalid in a final decree or judgment by a court of law, then the remainder of this Agreement not decreed or adjudged unenforceable or invalid shall remain unaffected and in full force and effect. In that event, this Agreement shall thereafter be modified, as provided immediately hereafter, to implement the intent of the parties to the maximum extent allowable under law.

21.5. Authority. The obligations to implement mitigation measures, make mitigation payments, or to fund or to provide services, infrastructure, or other facilities agreed to by SMV in this Agreement are made pursuant to, authorized by and/or are consistent with RCW 43.21C.060, WAC 197-11-350, RCW 36.70B.170(4), and RCW 82.02.020. Further, each party respectively represents and warrants that it has the power and authority, and is duly authorized, to enter into this Agreement on the terms and conditions herein stated, and to deliver and perform its obligations under this Agreement.

21.6. Time of the Essence. Time is of the essence of this Agreement and of every provision hereof.

21.7. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof. There are no other agreements, oral or written, except as expressly set forth herein and this Agreement supersedes all previous agreements entered into by the City, oral or written, relating to the Property or the Project except as expressly set forth in this Agreement. This Agreement and attached exhibits may be modified only by a written instrument duly executed by both parties.

21.8. Notice. All communications, notices, and demands of any kind that a party under this Agreement requires or desires to give to any other party shall be in writing and either (i) delivered personally, (ii) sent by facsimile transmission with an additional copy mailed first class, or (iii) deposited in the U.S. mail, certified mail postage prepaid, return receipt requested, and addressed as follows:

If to the City: City of Snoqualmie
c/o City Administrator
P.O. Box 987
Snoqualmie, WA 98065

If to Owner: Snoqualmie Mill Ventures LLC
7001 396th Dr. SE
Snoqualmie, WA 98065

Notice by hand delivery or facsimile shall be effective upon receipt, provided that notice by facsimile shall be accompanied by mailed notice as set forth herein and shall be evidenced by a machine-printed confirmation of successful transmission. If deposited in the mail, certified mail, return receipt requested, notice shall be deemed delivered forty-eight (48) hours after deposited. Any party at any time by notice to the other party may designate a different address or person to which such notice or communication shall be given.

21.9. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to inure to the benefit of any third party.

21.10. Mutual Drafting. Both the City and Owner have participated fully in the drafting of this Agreement, and the rule of construction of ambiguities against the drafter shall not apply to either party.

21.11. Headings. The headings in this Agreement are inserted for reference only and shall not be construed to expand, limit or otherwise modify the terms and conditions of this Agreement.

21.12. Counterparts. This Agreement may be executed in counterparts, with each Party sending a .pdf of its signature to the other Party via email transmission. This Agreement, when fully executed and signature pages exchanged as provided herein shall be effective as the original document.

21.13. Indemnification. Owner releases and agrees to defend, indemnify and hold harmless the City and all of its elected and appointed officials and its employees from all liability, claims, causes of action, fees (including attorneys' and expert fees), penalties, appeals and costs, including but not limited to the costs of defense of any claim or appeal, arising in connection with the approval of or otherwise relating to this Agreement or any agreement superseded thereby; any implementing Development Approvals to the Property; and arising out of the presence on, in or under the Property or release therefrom of any hazardous substances as defined in Ch. 70A.305 RCW or any rule adopted under Ch. 70A.300 RCW (as they now exist or are hereafter amended); any investigation, remedial action, response or other action relating to said hazardous substances referred to herein, except to the extent resulting from the sole negligence of the City or its officers, agents or employees in performance of this Agreement.

21.14 Compliance. Subject to the provisions of Section 20 above, in the event Owner shall fail to satisfy any of its obligations under this Agreement, the City shall have the right to exercise any remedy at law or in equity to compel the performance of such obligation, in addition to such remedies as may be provided under the enforcement provisions of the Snoqualmie Municipal Code. In addition, Owner's failure to satisfy any of its material obligations in this Agreement shall constitute a breach of contract and shall be grounds for termination of this Agreement by the City, or for the withholding of Development Approvals otherwise contemplated by this Agreement (including but not limited to the Development Approvals described in Section 4) until such breach has been cured.

21.15. Police Power. Nothing in this Agreement shall be construed to diminish or restrict the police powers of the City as granted by the Washington State constitution or by general law, but this Agreement is an exercise of the City's authority granted under RCW 35A.14.330, and RCW 36.70B.170 through .210 and other powers and is binding on the City for its Term.

22. Exhibits. This Development Agreement includes the following Exhibits, which are incorporated by reference:

Exhibit A: Legal Description of Property

Exhibit B: Legal Description of Adjacent Property

Exhibit C: PCI Plan Application, dated _____

Exhibit D: Staff Report

23. Definitions.

As used in this Agreement, the following terms, phrases and words shall have the meaning and be interpreted as set forth in this Section:

“Adopting Resolution” means the Resolution that approves this Development Agreement, as required by RCW 36.70B.200.

“Adjacent Property” means property located to the north of the Property and existing City limits. The Adjacent Property is more specifically described and depicted on Exhibit B hereto.

“Binding Site Plan Approval” means a commercial site plan as defined in Snoqualmie Municipal Code Section 16.04.050(C), as shown in Exhibit ____.

“City” means the City of Snoqualmie, a Washington municipal corporation.

“Council” means the Snoqualmie City Council, which is the duly elected legislative body of the City of Snoqualmie.

“Deviation” means a deviation from development standards of general applicability approved pursuant to SMC 17.20.050.I as part of the approval of the PCI Plan. Deviations are more specifically identified in Section 6.2 of this Agreement.

“Development Regulations” means those City development regulations codified in the Snoqualmie Municipal Code on the Effective Date, as well as the Snoqualmie Ridge II Development Standards (“SRIIDS”). Development Regulations are more specifically identified in Section 7.1 above; the SRIIDS are adopted by reference in Section 4.2 above.

“Director” means the Snoqualmie Community Development Director.

“Effective Date” means the _____, 2022.

“EIS” means the Snoqualmie Mill Planned Commercial/Industrial Plan Draft and Final Environmental Impact Statements and their respective appendices.

“Development Approvals” mean those project permits and approvals required by the City Code, state or federal law, the PCI Plan and this Agreement, as applicable, to implement and allow construction of the PCI Plan and infrastructure or improvements required as conditions of PCI Plan approval and this Agreement. Development Approvals include, but are not limited to, boundary line adjustments, lot consolidations, binding site plan approvals, subdivisions, short subdivisions, condominiums, flood improvement permits, building permits, clear and grade permits, water and sewer connection permits. Development Approvals are more specifically described in Section 6.2 of this Agreement.

“Mayor” means the duly elected mayor of the City of Snoqualmie.

“Owner” means Snoqualmie Mill Ventures, LLC, a Washington limited liability company, its successors and assigns.

“Planning Area” means the three separate planning areas depicted on Sheet __ of the PCI Plan application document attached as Exhibit C to this Agreement.

“Project” means the development described in the Snoqualmie Mill Planned Commercial / Industrial (“PCI”) Plan, specifically pages IV-1 through IV-32, Appendix D (Master Drainage Plan), and Appendix E (PCI Plan Sheets) of the PCI Plan Application document attached as Exhibit C to this Agreement, and Snoqualmie City Council Resolution No. ____ approving the Snoqualmie Mill PCI Plan. The Project generally consists of 1.83 million gross square feet of light industrial/manufacturing, warehouse, office, retail and residential uses on the Property, as more fully described in Section 3 of this Agreement.

“Property” means approximately 261 acres of property bounded by the City limits on the north, Borst Lake/Mill Pond on the south, Mill Pond Road on the west, and the “hillside” area owned by King County along 396th Avenue SE on the east. The Property is more specifically described and depicted in Exhibit A to this Agreement.

“SMC” means the Snoqualmie Municipal Code.

Dated as of the date first above written.

THE CITY OF SNOQUALMIE,
a Washington municipal corporation

By

Katherine Ross, Its Mayor

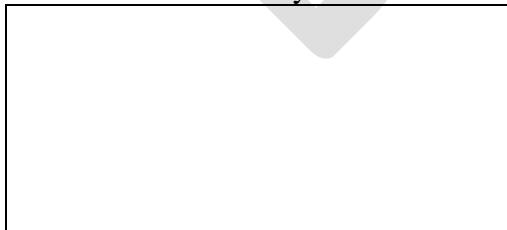
ATTEST:

City Clerk

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me Katherine Ross, to me known to be the Mayor of the CITY OF SNOQUALMIE, a municipal corporation, the municipal corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipal corporation for the uses and purposes therein mentioned, and on oath stated that she was duly authorized to execute such instrument.

Given under my hand and official seal this _____ day of _____, 20__.



Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

SNOQUALMIE MILL VENTURES LLC,
a Washington limited liability company

By _____
_____, Its _____

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, to me known to be the _____ of SNOQUALMIE MILL VENTURES, LLC, a Washington limited liability company, the company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such company, for the uses and purposes therein mentioned, and on oath stated that [he/she] was duly authorized to execute such instrument.

Given under my hand and official seal this _____ day of _____, 2015.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

DRAFT

EXHIBIT B
LEGAL DESCRIPTION OF ADJACENT PROPERTY

DRAFT

EXHIBIT C
APPROVED PCI PLAN

DRAFT

EXHIBIT D

**COMMUNITY DEVELOPMENT DEPARTMENT STAFF REPORT TO THE HEARING
EXAMINER ON PLANNED COMMERCIAL INDUSTRIAL PLAN APPLICATION, PCI
2017-0001/ SEPA 2017-0003**

DRAFT