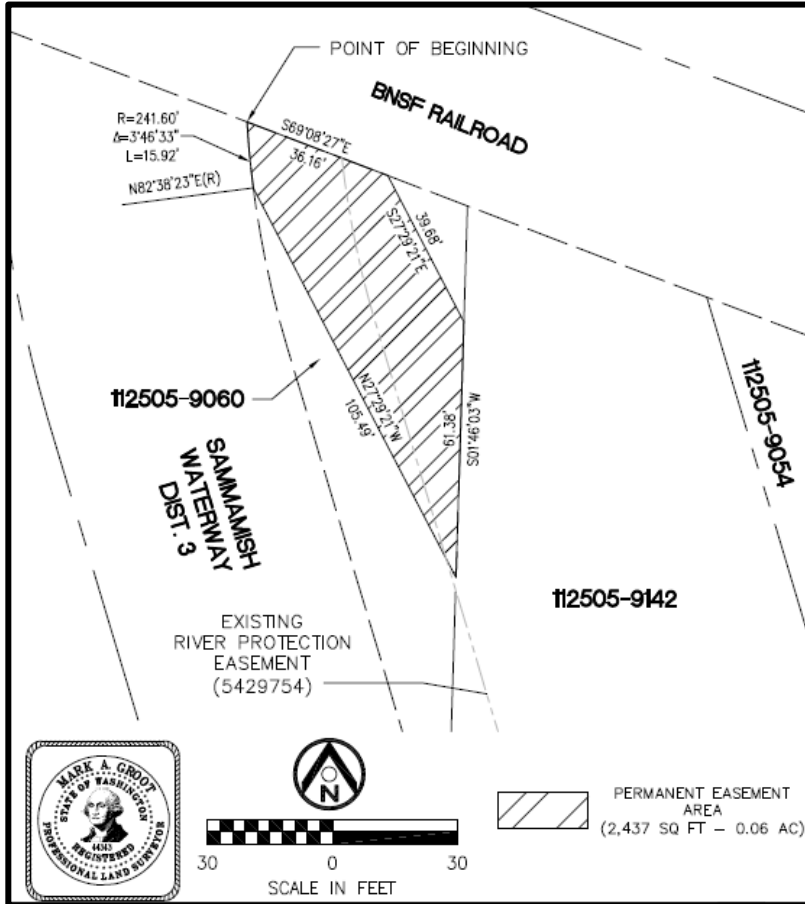


ATTACHMENT C
Appraisal of Lake Hills Trunk Project - Utility Easement

Lake Hills Trunk Project- Utility Easement
8099 Willows Rd NE
Redmond, Washington



Appraisal of

Lake Hills Trunk Project – Utility Easement

Appraisal of a Permanent Utility Easement to be acquired by King County from the City of Redmond for the Lake Hills Trunk Sewer Upgrade Project

Effective Date of Appraisal:

November 19, 2021

Prepared for:

Awet Kassa
Project Representative
King County

King County Contract for Technical Services No. 6209614

Project No. 1116801, Award 114208, Work Order No. 5

Appraised by:

Bates McKee, MAI, CRE, AI-GRS
Eric McKee, Appraiser
Katie Martens, Appraiser

McKee Appraisal

Real Estate | Consulting

1200 6th Avenue, Suite 1805, Seattle, Washington 98101
Tel: 206.343.8909 | www.msreal.com | Fax: 206.386.5777

McKee Reference No. 41240

December 13, 2021

Awet Kassa, Project Representative
King County Department of Natural Resources and Parks
Wastewater Treatment Division
Regulatory Compliance and Land Acquisition Services
201 S Jackson St
Seattle, WA 98104-3855

Name: **Lake Hills Trunk Project -Utility Easement**

Description: *Appraisal of a permanent utility easement to be acquired by King County for the Lake Hills Trunk Sewer Upgrade Project*

Address: 8099 Willows Rd NE
Redmond, Washington

King County Parcel No.: 1125059060
McKee Appraisal No.: 41240

Dear Ms. Kassa:

At your request and authorization, we have prepared the attached appraisal for acquisition. King County requires acquisition of permanent easement rights on a portion of the above-mentioned property in conjunction with the Lake Hills Trunk Sewer Upgrade Project. The permanent utility easement measures 2,437 sf, and is located on a parcel of land which is owned by the City of Redmond. The purpose and intended use of this appraisal is to estimate the value of the permanent utility easement to be acquired for internal use by the client.

The accompanying appraisal has been prepared in conformity with *The Uniform Standards of Professional Appraisal Practice (USPAP)* and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, Washington State law for eminent domain acquisitions, and King County appraisal procedures. This appraisal is subject to the attached Certification, extraordinary assumptions, hypothetical conditions, and General Assumptions and Limiting Conditions.

As a result of our investigation and analysis our conclusions are as follows:

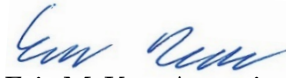
<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Permanent Utility Easement Value	November 19, 2021	\$10,358

Respectfully submitted,



Bates McKee, MAI, CRE, AI-GRS

WA State-Certified General Real Estate Appraiser (1100228)



Eric McKee, Appraiser

WA State-Certified General Real Estate Appraiser (1102525)



Katie Martens, Appraiser

WA State-Registered Real Estate Appraiser Trainee (1002243)

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Summary of Appraisal

King County Wastewater Treatment Division is upgrading a regional sewer line that serves Redmond. The sewer pipes that serve the surrounding neighborhood are reaching capacity and need replacing. The acquisition from the subject property is as a result of The Lake Hills and NW Sammamish sewer pipeline nearing the end of its service life after serving Redmond for 50 years. The County will upgrade approximately 4.5 miles of the sewer line to meet the needs of the growing community. Construction is set to begin in 2021.

Currently, the county is working on the final design stages of the project, which will begin in Redmond's Idylwood neighborhood, continue south along W Lake Sammamish Parkway between Idylwood and Marymoor Parks. From there, the pipe continues south along the Sammamish River Trail crossing the Sammamish River at Leary Way NE to NE 85th St.

As part of the project King County is acquiring a permanent utility easement from the subject property. The proposed permanent utility easement to be acquired consists of a 2,437-sf utility easement that encumbers an area of the property extending from the northwest corner to the southeastern edge of the subject property. The easement encumbers an area that is partially improved with the Sammamish River Trail. The permanent easement is for the purposes of "constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage...." Please see the easement map and the easement description exhibits in the Addenda for a visualization of the easement.

For valuation, we first estimate the value of the land using across the fence (ATF) methodology, by examining unit land value from sales of similarly zoned and situated properties nearby. Essentially, the premise of this methodology is that the best indication of to the subject's land is the value of the land adjacent to it, with emphasis placed on sales of similar properties. Considering the subject's limited use potential (resulting from its location within the setback buffer area of the Sammamish River), this appraisal identifies and analyzes properties with similar development restrictions. These sales have been used to determine a unit land value for the subject. The permanent utility rights to be acquired will diminish the encumbered area by a fraction of the fee simple value of the land. The unit land value, multiplied the easement area and multiplied by the fraction of fee simple land value, results in the concluded value.

Appraisal Description

Property Identification

The subject property is improved with paved trail improvements on a 4,918-sf site. The subject property is located northwest of the intersection of Bear Creek Pkwy and Redmond Way. The subject property is located in the downtown neighborhood within the City of Redmond.

Property Rights Appraised

The property rights appraised are a fee simple (absolute) interest in the property, subject only to the existing easements of record and to the four powers of government in the United States (taxation, eminent domain, police power and escheat). To the extent that the property may be leased or encumbered with other interests, this fee simple interest may be a hypothetical condition that is appropriate for the intended user and use of the appraisal.

Title Report: Easements and Other Restrictions

We have reviewed a variety of documents including King County public records and provided title documents. We have reviewed a subdivision guarantee report provided by King County, prepared by Stewart Title Guaranty Company, dated July 17, 2017. The report notes several easements including a bank protection and/or other flood control works easement.

Of note, there is a title issue listed under recording number 7402130373 for a utility easement which partially overlaps the proposed easement which is the subject of this appraisal. The grantor of this easement was King County, and the Grantee was the Municipality of Metropolitan Seattle. However, King County was apparently not the owner of the property when this easement was granted. Therefore, we assume there is no easement.

Client, Intended User, and Intended Use of Appraisal

This appraisal is to be used to provide information to the client and intended user, King County. The City of Redmond is also an Intended User. The intended use is for acquiring permanent easement rights needed for the proposed project.

Fair Market Value Definition

The purpose of this appraisal is to estimate the Fair Market Value of the proposed easement to be acquired. The following definition of Fair Market Value is from the Washington Pattern Jury Instruction 150.08:

Fair market value means the amount in cash that a well-informed buyer, willing but not obliged to buy the property, would pay, and that a well-

informed seller, willing but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable.

Scope of the Appraisal

This appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice, and to standards for eminent domain acquisition appraisals in Washington State. In the course of this assignment, we reviewed the readily available information regarding the subject property and the project. This included information provided by the client, information available from the King County Assessor, King County Recorder's Office, City of Redmond, and other public information. We also reviewed the zoning requirements, neighborhood economics, and other relevant information from a variety of sources.

Ownership of Property

The owner of the property is The City of Redmond.

Sales History, Current Status, Agreements of Sale, Options or Listings of Property

The subject property has not transacted in the last three years. The subject is not currently listed for sale or lease. We are not aware of any purchase option, agreement of sale, or other direct indication of value as of the date of value.

Assumptions, Hypothetical Conditions, Limiting Conditions, and Jurisdiction Exceptions

This appraisal is subject to the Assumptions and Limiting Conditions found at the end of this report, as well as the extraordinary assumptions, hypothetical conditions, and jurisdictional exceptions noted in the following paragraphs. The use of extraordinary assumptions and/or hypothetical conditions might have affected the appraiser's opinions or conclusions.

As described in the "Title Report" section above, the 1974 utility easement (recording number 7402130373) is assumed to not exist.

We assume as an extraordinary assumption that there are no unapparent conditions which affect the value or utility of the property. As an extraordinary assumption we are appraising the subject property as if fee simple, without regard to any actual leases or financial encumbrances that may be present on the property.

This appraisal has been made in conformity with the appropriate State laws, regulations and policies and procedures applicable to appraisal of properties for such purposes.

Unless explicitly noted herein, as an extraordinary assumption or hypothetical condition, we have appraised the subject property as if cleaned of any detrimental environmental conditions.

To the extent that the property is not in fact clean or cleaned, this is a hypothetical condition at the instruction of the client. Please note that further investigation or instruction regarding this assumption may be appropriate and forthcoming and could change the results of this appraisal.

As an extraordinary assumption we assume that the project for which the property is acquired will be constructed as proposed.

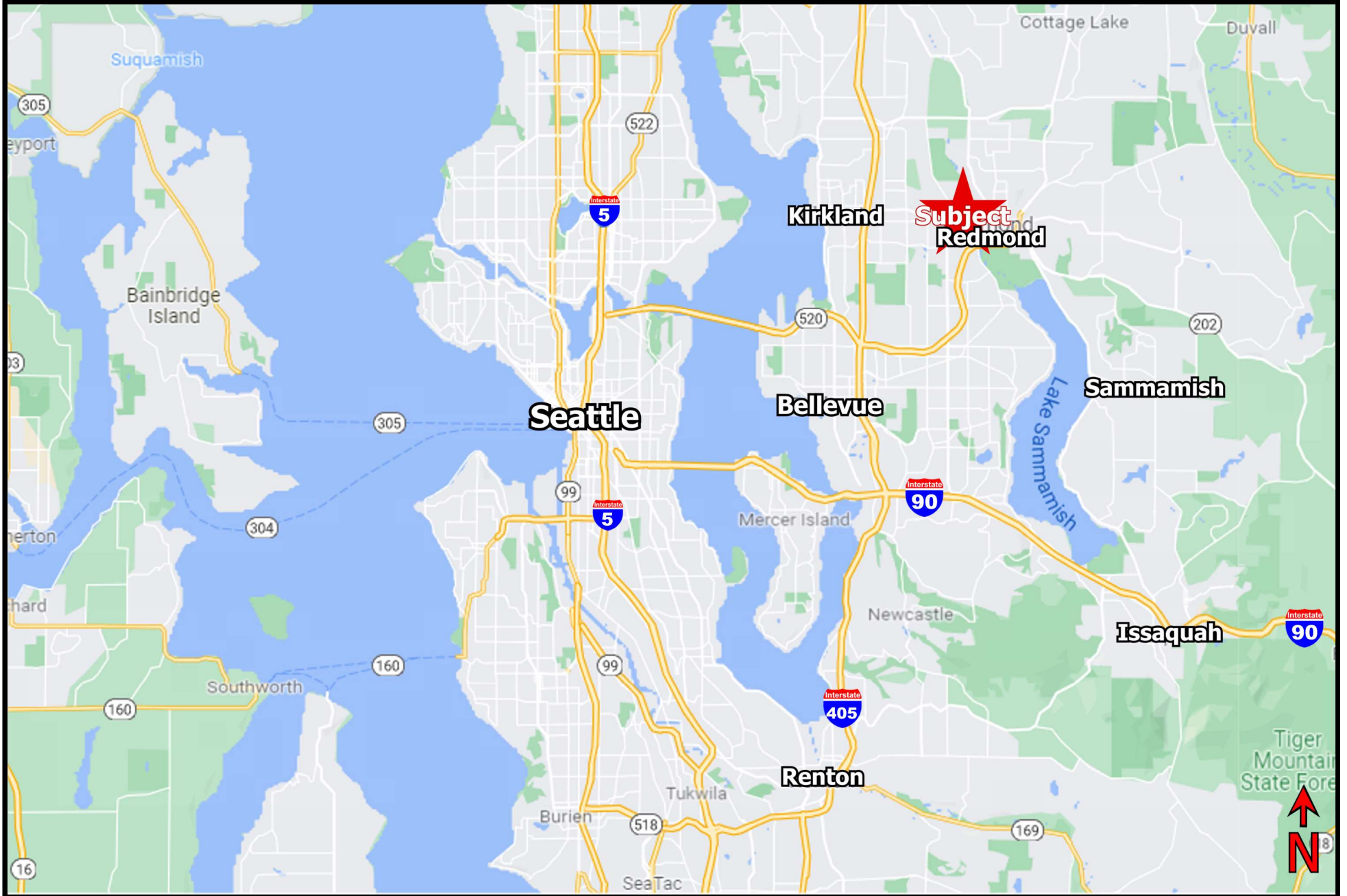
Date of Value

November 19, 2021

Date of Report

December 13, 2021

Neighborhood Map



Neighborhood Description

Regional Overview

The subject property is located on the "Eastside" of the Seattle Metropolitan Area, within the City of Redmond. The metropolitan area essentially consists of King, Pierce, and Snohomish Counties. These counties are in the middle of a five-county area often referred to as the Central Puget Sound Region. Seattle and Bellevue are the focus points of economic activity for all of Western Washington and have reputations for being desirable places to live and work.

The Eastside

The Eastside has a combined population of about 530,000 and is forecast to increase to over 700,000 in the next five years. The Eastside market is considered one of the most desirable residential and employment areas in the Seattle metropolitan area. It is relatively upscale and has witnessed substantial increases in both population and employment in the last 20 years. Specifically, Bellevue and the Eastside are known as centers of the high-tech industry, primarily due to Microsoft's presence. These trends appear likely to continue in the future.

Over 40% of households are in the highest income quartile, which is far more than any other region, as reported by the Puget Sound Regional Council. Nearly two-thirds of Eastside households are over the median income. Many of these households are financed by the prevalent high-tech economy of the Eastside, with Microsoft headquartered only a few miles north of the subject in Redmond. Higher paying jobs lead to greater disposable income, which allows for greater consumer spending supporting local retailers.

City of Redmond

Redmond is located about 12 miles northeast of downtown Seattle and is bordered by Kirkland to the west, Bellevue to the southwest, and Sammamish to the southeast. To the northeast lies Unincorporated King County. The city's Downtown area is just north of Lake Sammamish; residential areas lie north and west of the lake. Overlake, the city's second urban center, is to the west of Lake Sammamish, and connected to Bellevue via the Spring District, and Bel-Red Road. The Sammamish River runs north from the lake along the west edge of the city's downtown.

Redmond is known as a center of technology and is the location for a number of major high-tech companies including Microsoft, Facebook, Nintendo, Google, AT&T and Honeywell. Since 2015, SpaceX has also opened two office locations in Redmond, and has plans to expand their operations. More recently, Facebook has begun to occupy a significant amount of space in the Redmond Willows market. In total, Facebook has claimed 1.4 million square feet of office/flex space in Redmond, in addition to a project underway for an additional 650,000 square feet.

Between 2010 and 2020, Redmond's population has grown by nearly 50% from 54,144 in 2010 to 80,915 as of 2020. This population makes Redmond the 15th largest city in Washington State. According to American Community Survey (ACS), as reported by the Puget Sound Regional Council (PSRC), Redmond's median household income is \$134,844, far above the average for Washington State at \$74,073. Zillow reports the typical home value in Redmond is \$982,874. This value is seasonally adjusted and only includes the middle price tier of homes. Redmond home values have gone up 11.1% over the past year.

Redmond's affluence is driven largely by Microsoft and supporting vendors, along with other tech companies previously mentioned. Microsoft's main campus is located roughly two miles south of downtown Redmond, just minutes away via SR-520. Microsoft also has offices within nearby downtown Bellevue, the second largest regional hub for business after downtown Seattle.

Redmond has seen an influx of residential and hotel development in the past decade. The Anderson Park Hotel at Redmond Way and 166th Ave NE opened in September 2020 (delayed due to the pandemic) and the Archer Hotel located at the south end of Redmond Town Center opened in May 2019. More than 1,000 residential units are planned, under construction, or recently completed within the downtown Redmond core.

In November 2016 voters approved the extension of the Link Light Rail from the Redmond Technology Center Station at NE 40th St. in Overlake, which is scheduled to open in 2023, to Southeast Redmond and Downtown, with service scheduled to begin in 2024. The Downtown Redmond light rail station will be located between 164th Ave NE and 166th Ave NE. This extension will add 3.4 miles and 2 stations. Anticipated travel time from Downtown Redmond to Downtown Seattle is 45 minutes. Redmond will have access to the 116-mile light rail system using any of the four Redmond Stations.

Access

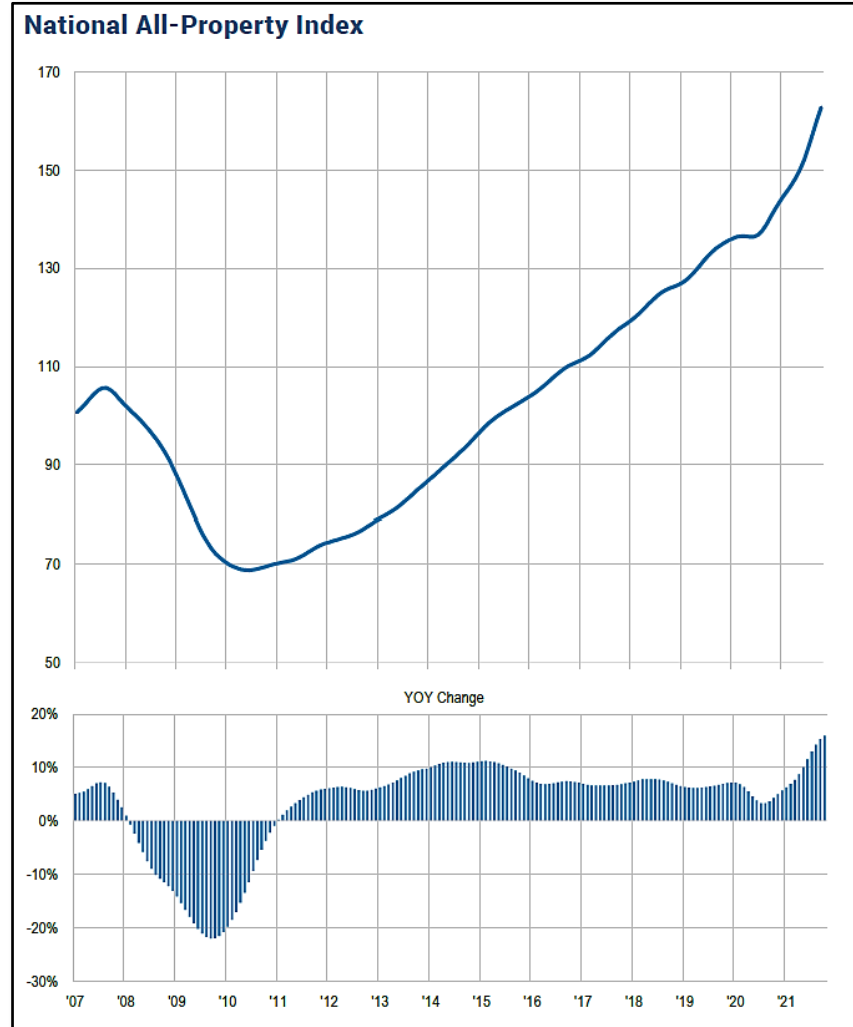
The subject property does not have any frontage on roads, however, is accessible via the Sammamish River Trail. Overall, access to and from the subject is good, and access to major highways and cities throughout the Eastside area is convenient. The subject is located just north of an interchange of Interstate 520, which provides access to downtown Redmond to the north and downtown Bellevue and Seattle to the south and west. The subject is also located about 3 miles from I-405, which is a major regional north and south interstate.

Market Analysis

National Market - Value Trends and Sectors

For a broad understanding of the current conditions in the commercial real estate markets, we have consulted several nationally published price indices. First, the Commercial Property Price Index (CPPI) produced by Real Capital Analytics (RCA), reflecting results through September 2021.

This equally-weighted index reflects repeat sales of the same property in which the initial transaction price was \$2.5 million or more. It is worth noting the data seems to indicate broad value increases after only a mild decline at the outset of the coronavirus pandemic, with 1-year changes averaging +15.9%.

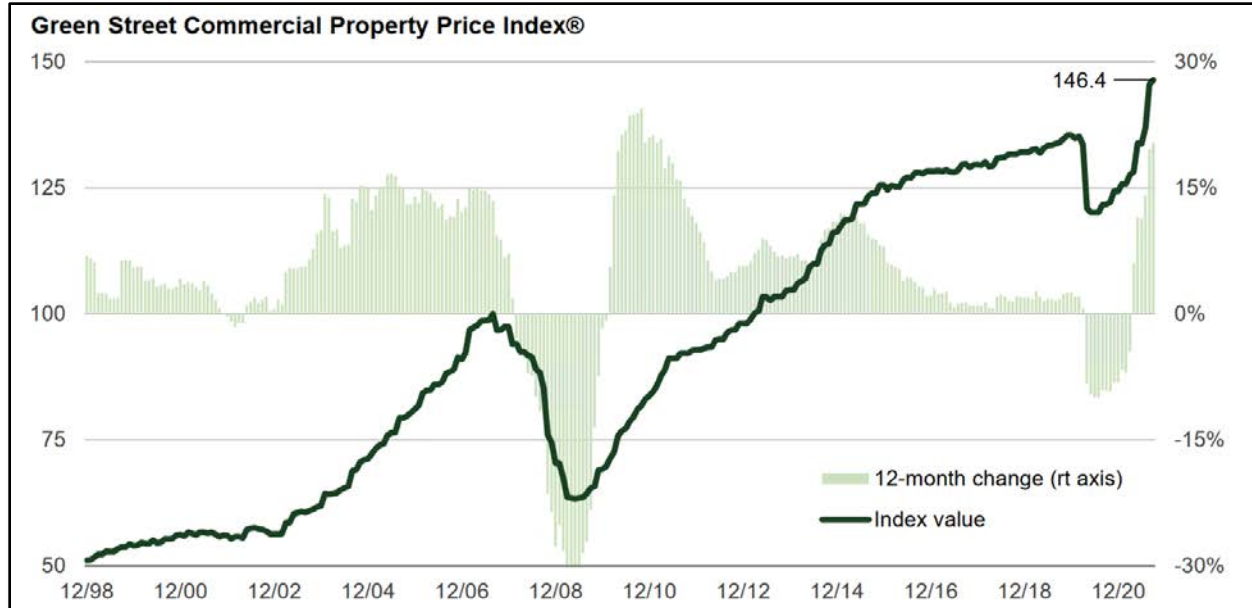


In a detailed examination, no single sector is significantly down. CBD Office continues to struggle as many companies use this time of post-COVID introspection as an opportunity to explore what type of officing structure best suits their needs. Note that while CBD Office is up only 0.9% over the last 12 months, suburban markets have grown 15.6% over the same period. In the same vein, growth of all types in the 6 major metros have grown 10.6% vs the 17.6% growth over all in the non-major metros, including Seattle. In addition, apartment and industrial sectors have risen at a historic clip, 16.8% and 18.9% respectively. All other sectors have grown at double digit rates, in line with the unprecedented 1.7% overall month over month growth of the entire index.

Change in RCA CPPI October 2021

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	1.0%	4.1%	13.7%	18.6%	32.7%	88.3%
Office - CBD	0.4%	1.4%	0.9%	5.3%	14.4%	83.7%
Office - Sub	0.7%	4.0%	15.6%	19.8%	35.4%	89.7%
Industrial	1.9%	6.1%	18.9%	44.2%	67.5%	142.2%
Retail	1.3%	4.5%	14.2%	12.9%	16.0%	58.9%
Commercial	1.5%	4.8%	14.1%	23.9%	36.3%	92.5%
Apartment	1.4%	4.9%	16.8%	36.4%	66.0%	174.6%
All Types	1.7%	5.3%	15.9%	29.2%	47.8%	121.7%
6 Major Metros All Types	0.5%	2.2%	10.6%	20.4%	35.4%	106.6%
Non-Major Metros All Types	2.2%	6.5%	17.6%	32.4%	52.6%	130.0%

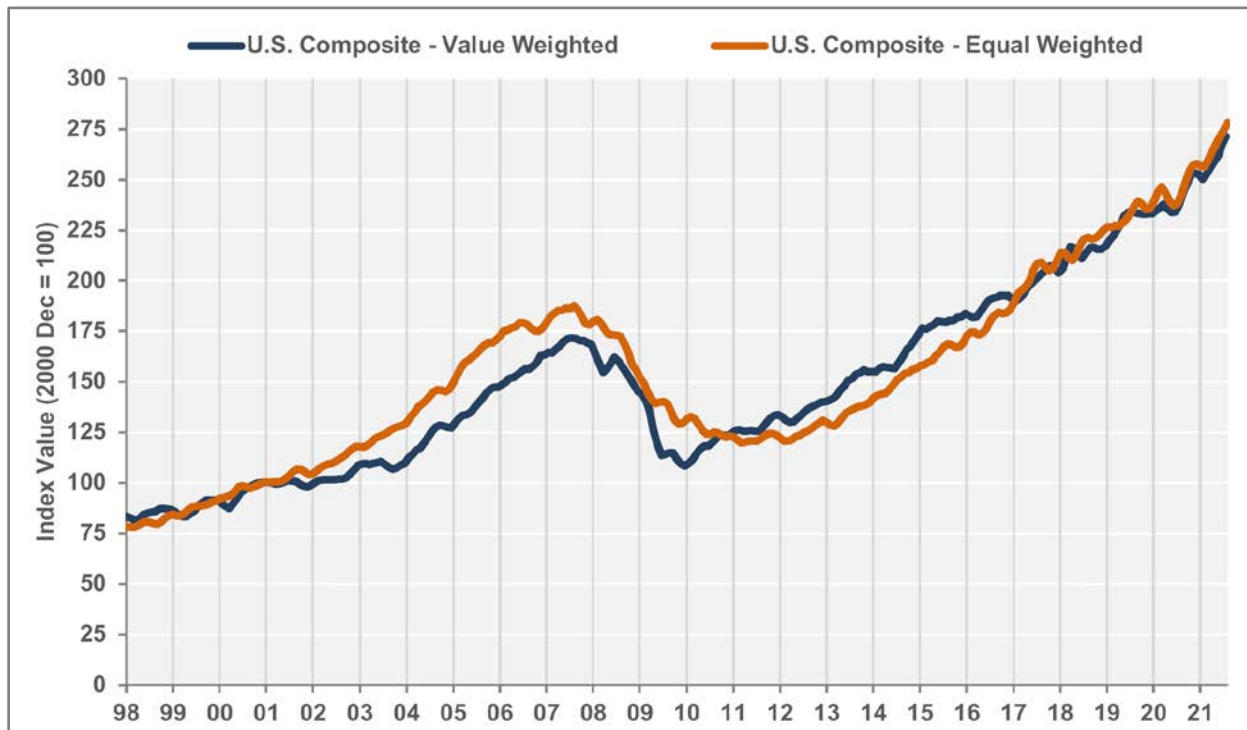
In contrast, the Green Street CPPI has REIT data (institutional properties), is value weighted, and is appraisal-based. The overall index has improved significantly in 2021 and is now 8% above pre-COVID levels. A different perspective is provided by following index, with most recent data released October 7, 2021.



Values have changed significantly for Self-Storage, up 47% in the last 12 month and 40% preCOVID, and for Industrial properties, up 39% in the last 12 months and 40% from preCOVID levels. We note that this index appears to have fluctuated more than other indexes, both downward during the beginning of the pandemic, and upward recently.

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	From Pre Covid
All Property	146.4	1%	20%	8%
Core Sector	150.1	1%	21%	11%
Apartment	183.3	4%	28%	18%
Industrial	234.0	0%	39%	41%
Mall	83.9	0%	9%	-13%
Office	111.4	0%	4%	-6%
Strip Retail	119.3	0%	25%	6%
Health Care	145.9	0%	10%	2%
Lodging	104.4	0%	28%	-4%
Manufactured Home Park	317.4	0%	28%	31%
Net Lease	115.2	0%	25%	16%
Self-Storage	260.0	0%	47%	40%
Student Housing	168.7	0%	22%	9%

A third index is the CoStar Commercial Repeat-Sale Indices (CCRSI), based on repeat sale pairs, with the August 2021 indices as follows:



These indices indicate full value recovery from the start of the coronavirus crisis. Transaction numbers in both composites are 66% greater than the first eight months of 2020, and 295 higher than the first eight months of 2019. Despite stalling during the summer months, both indices posted gains month over month, posting a 14%+ gain so far in 2021, placing them back in line

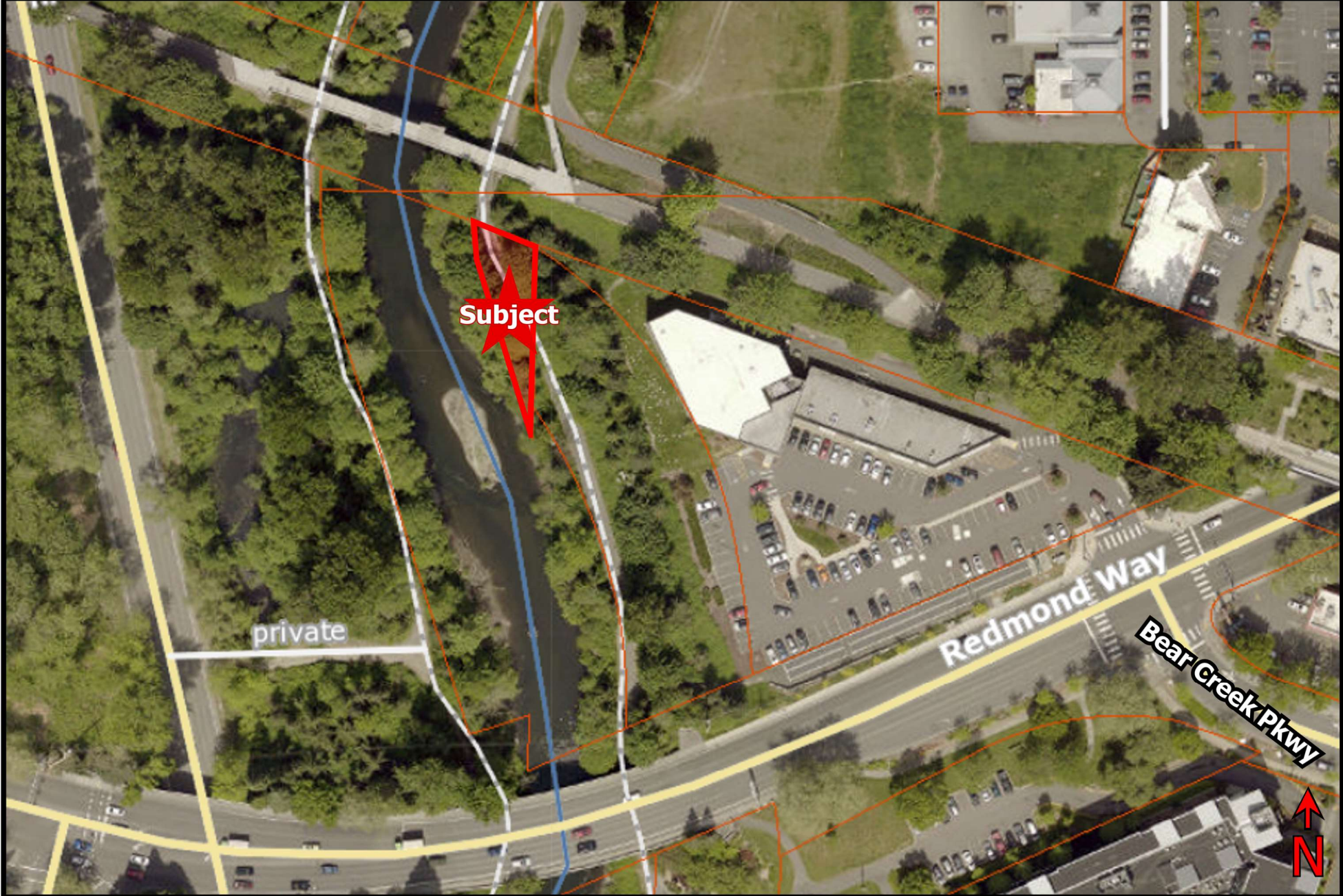
with pre-pandemic predictions. The Value index represents higher value trades in the market. In comparison, the Equal weighted index, which represents less expensive trades, continues its climb from last month by increasing 1.3%. Despite the diversion, sales of distressed assets continue to be limited, and overall net absorption in office, retail and industrial property is expected to reach 334 million square feet, a bar not reached since September 20180.

In summary these national indices all show an improvement following the sharp declines during the coronavirus. All show that the industrial market has continued to be strong. The overall sentiment is that market values declined, on average, immediately following the onset of the pandemic. Not a surprising as buyers became cautious as a result of uncertainty. After some time, and now with economic stimulus and vaccines at hand, the markets are relatively enthusiastic, even if only because well-positioned real estate may be a good defensive investment relative to other investment classes. In general, the value indices indicate that commercial properties have largely recovered from the uncertainty decline, with current value generally akin to pre-pandemic levels.

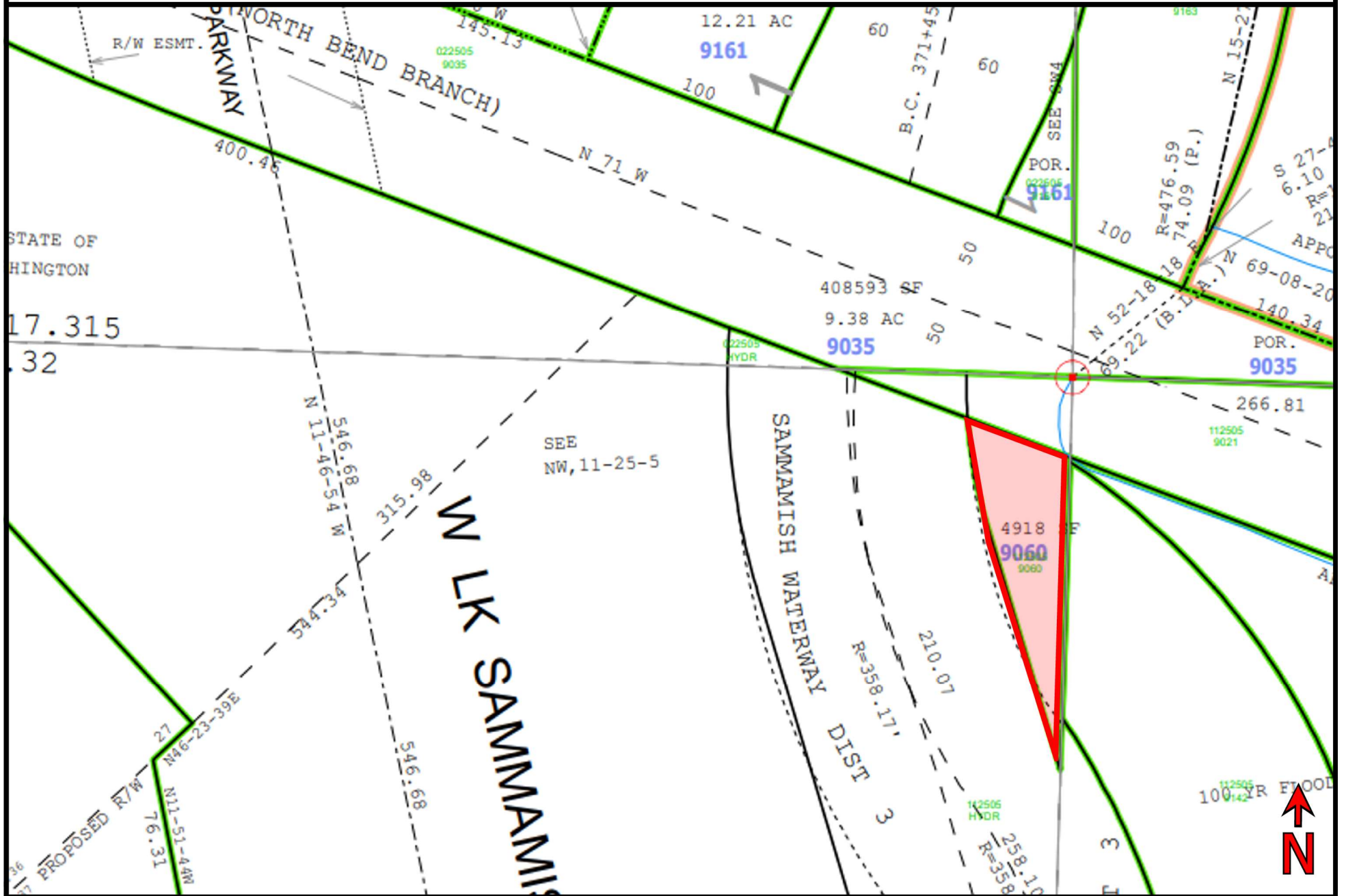
The immediate situation is the most important adjustment factor for most individual sectors and geographical situations, although the longer-term future prospects for selective retail and office sectors, in particular, are less certain right now. As summarized in PWC's Emerging Trends 2021, *"Confidence in future demand for and use of retail space, office buildings, apartments, and other mainstays of property has dropped significantly"*, going on to attribute this to the lack of quantifiable information about an outcome, or *"Knightian uncertainty"*. The specific future will be dependent on the course of the pandemic, and the possibly changing sentiments in both employment and consumer sectors, and for now real estate investors are cautiously watchful.

In terms of the subject land the allowed uses are limited due to its location within a setback buffer area from the Sammamish River. For instance, development with substantial building improvements, or storage yard uses are not allowed. The resulting highest and best use conclusion is for recreational, assemblage, speculation, or other special purpose uses which could be allowed within the area of the subject easement. As a result, the market of potential users, or buyers of the subject property is limited and there are few transactions of similar properties. Nevertheless, increased demand in the region, with limited supply of similar properties, leads to a generally positive outlook and upward value trend for this market segment.

Aerial Photograph



Site Map

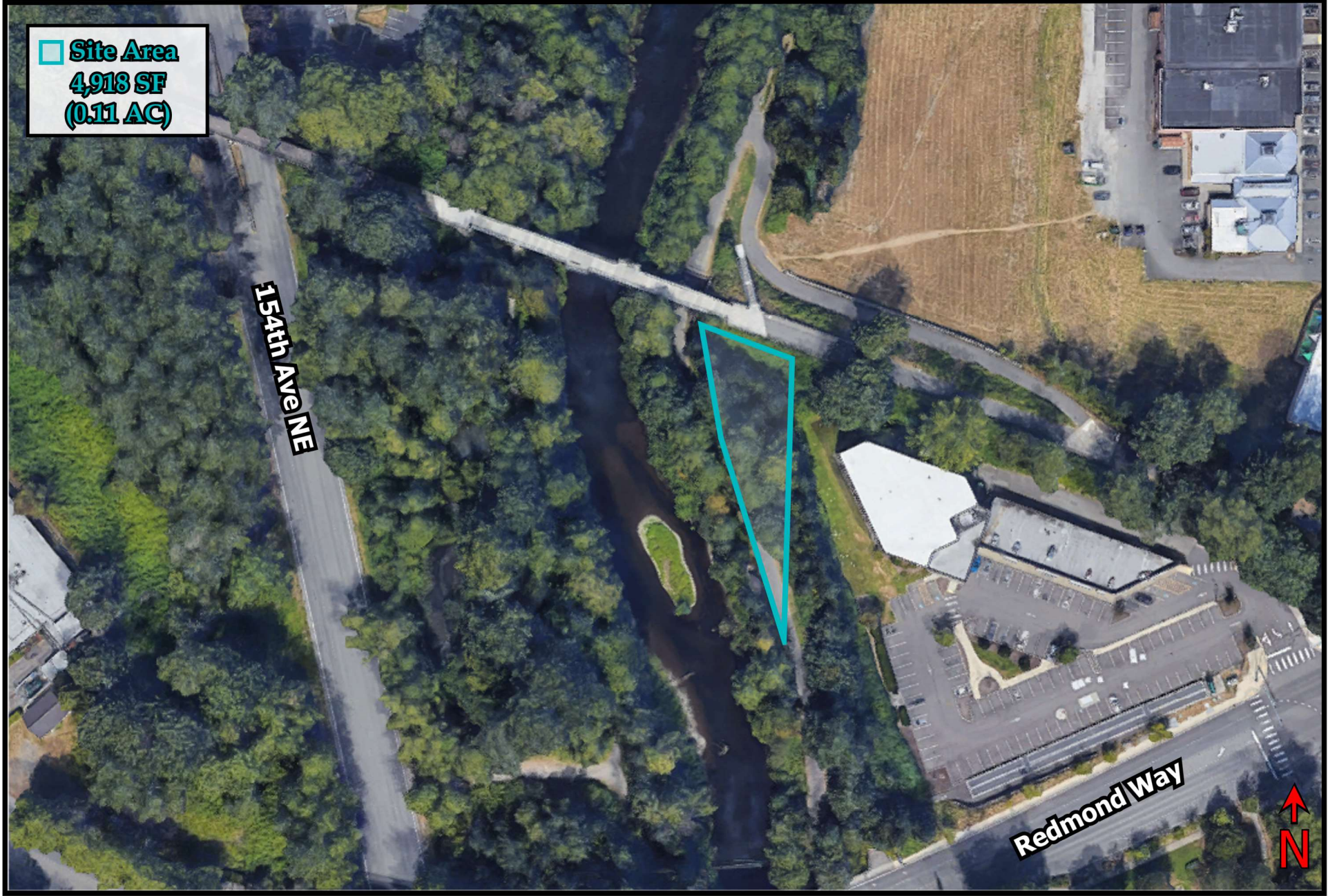


Site Plan

□ Site Area
4,918 SF
(0.11 AC)

154th Ave NE

Redmond Way



Property Description

The subject property is an easement area within a larger tax parcel. Please refer to the Aerial Photograph and to the Site Map, depicting the tax parcel upon which the proposed easement is located.

Land Area	The area of the proposed utility easement measures 2,437 sf, within a larger tax parcel area of 4,918 sf.
Land Shape	The shape of the tax parcel is triangular.
Site Frontage	The tax parcel has no direct street frontage.
Site Access	Pedestrian access through the property is provided by the (Sammamish River Trail) which is partially located on the subject property.
Topography & Environmental Conditions	The site is generally level throughout. The site slopes gently downward from northeast to southwest (toward the Sammamish River). The presence of the Sammamish River (which is effectively adjacent to the west of the subject) results in significant environmental factors which affect the subject developability and utility. The most significant environmental factors include that the subject is located within a flood plain and within the river setback area, where additional zoning and development restrictions apply.

Zoning

The subject is zoned SMT (Sammamish Trail) by the City of Redmond. SMT is one of four mixed-use residential/office zones within the City designed to provide for significant residential growth, as well as for professional, business, health, and personal services. With a wide range of employment opportunities are allowed, the zones are intended for dense employment and residential uses in the downtown area, while allowing supporting retail, service and entertainment uses within walking distance. Zoning requirements include no minimum lot area, minimum street frontage is 30', and setbacks vary by use. The maximum base building height is 5 stories, and site coverage varies depending on use. Maximum density for commercial development is 1.25 FAR, and residential development is variable.

The subject lies adjacent to the Sammamish River and is subject to shoreline regulations as part of the City of Redmond's Shoreline Master Program.

More specifically, the subject is located in the Urban Conservancy environment under the Shoreline Master Use Program, which is applied as a zoning overlay. This designation limits use to agriculture, nurseries, or tree farms, water dependent utilities, accessory or underground utilities, stormwater conveyance facilities, utility lines attached to existing bridge structures and underground lines, underwater or over water crossings, bridges, regional light rail transit structures and facilities, car-top boat rentals, pedestrian oriented kiosks or carts, produce or handcraft stands, water-oriented recreational development, water-oriented recreation, public piers, docks, fishing/viewing platforms and boardwalks, non-motorized and motorized boating, nonmotorized boat ramps, trails, public access, habitat conservation and recreation, wetland mitigation, dredging, water withdrawals, flood control structures, and environmental or cultural interpretations.

However, for most of the allowed uses, development standards require a 200' buffer/setback, which due to the proximity of the subject property to the Sammamish River and its width, most allowed uses in the Urban Conservancy environment are not feasible.

DEVELOPMENT STANDARDS	
Agriculture and Resource Management	
Density	.10 du/ac
Buffer/setback ¹	200 feet
Maximum impervious surface	5 percent
Minimum lot frontage	300 feet
Maximum building height	30 feet
Utilities	
Density	n/a
Buffer/setback ¹	200 feet
Maximum impervious surface	n/a
Minimum lot frontage	n/a
Maximum building height	n/a
Transportation Facilities	
Density	n/a
Buffer/setback ¹	200 feet
Maximum impervious surface	n/a
Minimum lot frontage	n/a
Maximum building height	n/a
Residential	
Density	.2 du/ac
Buffer/setback ¹	200 feet
Maximum impervious surface	10 percent
Minimum lot frontage	20 feet
Maximum building height	30 feet
Recreational	
Density	n/a
Buffer/setback ¹	200 feet
Maximum impervious surface	10 percent
Minimum lot frontage	300 feet
Maximum building height	30 feet

The zoning code specifically allows for the following improvements within the setback area:

- a. Stormwater conveyance systems and underground utilities;
- b. Trails subject to the Public Access policies and regulations of the Shoreline Master Program; and
- c. Bridges which are part of a regional transit system where there is a demonstrated public need and the location has been selected through a regional transit planning process. Buffer setbacks do not apply to transportation crossings; however, buffer crossing impacts shall be minimized and mitigated.

The subject is currently improved with a public trail and underground utility uses. These uses represent two of the most common uses along the Sammamish River and are considered as two

of the primary highest and best use types for the subject's land which otherwise has limited use potential based on the setback factors identified in this section.

Highest and Best Use

"Highest & Best Use" is defined by the Appraisal Institute as:

The reasonably probable and legal use of vacant land or improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.

The concept of Highest and Best Use is based on the most profitable and valuable use that is both probable and appropriately supported. The Highest and Best Use must meet four criteria: it must be legally permissible, physically possible, financially feasible, and maximally productive.

Highest and Best Use as Vacant and Unimproved

Legally Permissible

Please see the zoning description in the preceding pages of this report. The subject is zoned SMT, a fairly permissive commercial zoning designation in Redmond.

The subject is located within the Urban Conservancy designation of the Shoreline Jurisdiction, and is located within a 200' buffer/setback, significantly reducing the type and size of any legally permissible development or improvements. The primary allowed uses within the buffer area include public trails and underground utilities. Further uses could be for recreational uses (as long as the vegetation of the site is not disrupted), or for residential development density. Since the density use is not affected by the proposed easement which is the subject of this appraisal, the acquisition of the easement does not result in a loss of value for this use.

Physically Possible

Based on the allowed uses (primarily including trails, utilities, bridges and residential development density), the subject could physically support such uses.

Financially Feasible & Maximally Productive

The concluded highest and best use of the subject site as if vacant is for trails, utilities, bridges and residential development density.

Highest and Best Use as Improved

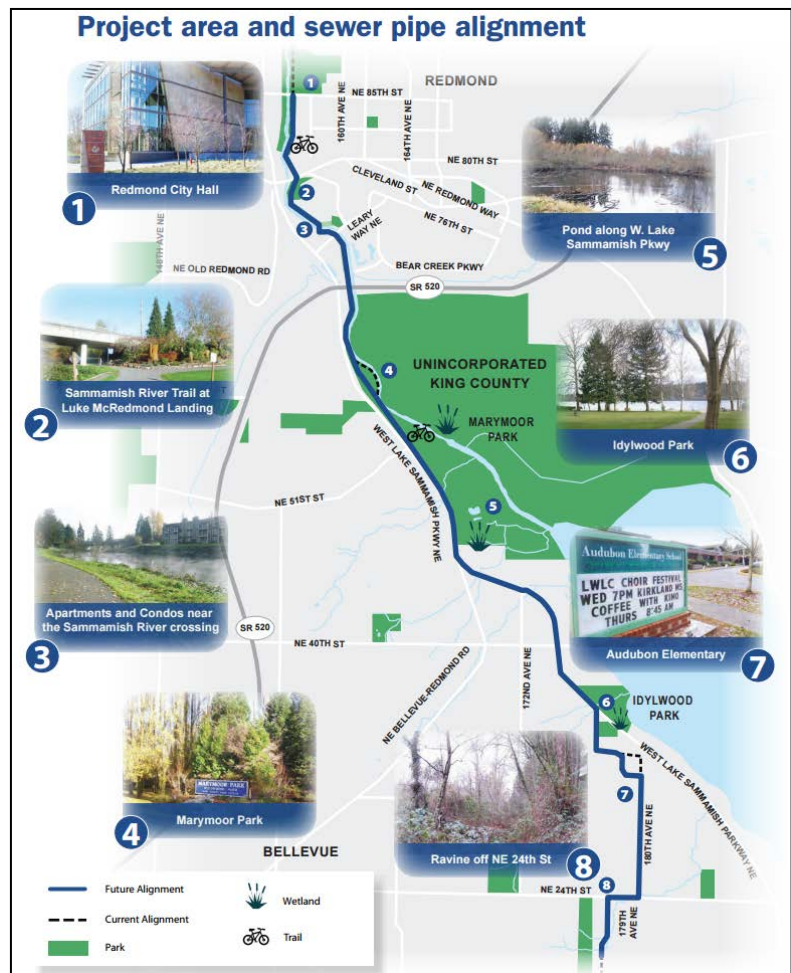
The subject property is improved for trail use and existing and proposed utility uses. These uses are consistent with the highest and best use as if vacant, and it is concluded that the highest and best use as improved is for continued public or recreational uses.

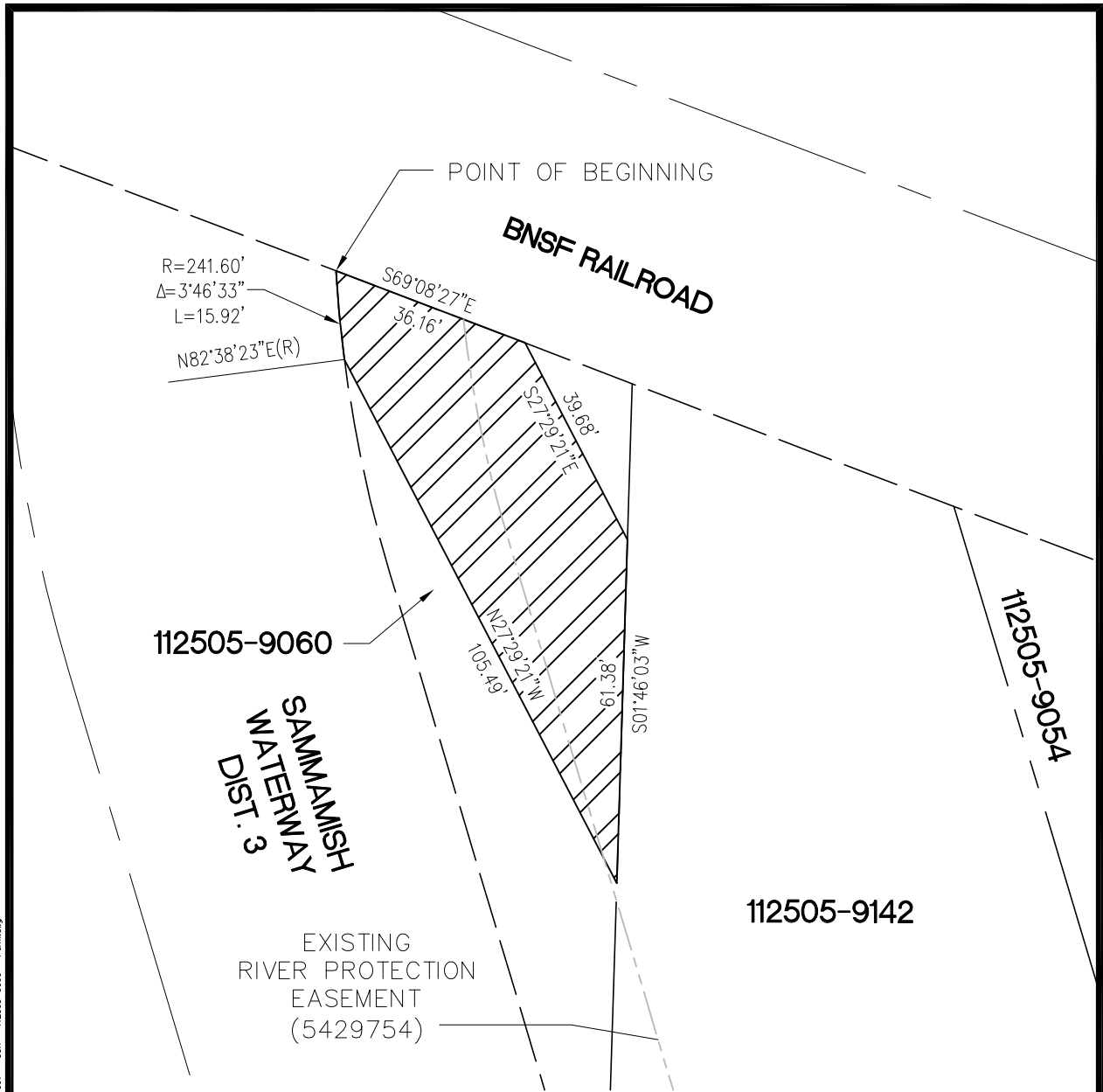
Lake Hills Trunk Project

In the next several years, King County will work to complete the Lake Hills Trunk Sewer Upgrade Project. Nearing maximum capacity and the end of its service life, upgrades to the existing sewer system will ensure reliable service to the community in the coming years.

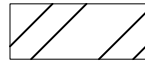
The County will upgrade approximately 4.5 miles of the sewer line to meet the needs of the growing community. Construction is set to begin in 2024.

The project will begin in Redmond’s Idylwood neighborhood, continue south along W Lake Sammamish Parkway between Idylwood and Marymoor Parks. From there, the pipe continues south along the Sammamish River Trail crossing the Sammamish River at Leary Way NE to NE 85th St. When complete, the new pipe will provide sewer service for 50 years or more.





SCALE IN FEET



PERMANENT EASEMENT
AREA
(2,437 SQ FT - 0.06 AC)

LHT/NWLSI SEWER UPGRADE PROJECT

PERMANENT EASEMENT
EXHIBIT FOR PROJECT PARCEL NO. 43
PARCEL TAX IDENTIFICATION NO. 112505-9060



1 ALLIANCE
GEOMATICS
SURVEYING & MAPPING

MBE/DBE

1261A 120TH Ave NE
BELLEVUE, WA 98005

OFFICE: 425-502-8171

DRAWN BY: M. GROOT

DATE: 12/02/21

madsproed 12/02/21 1:28pm - C:\2021\14-007\HDP_CADD\HILLS_SEWER\Drawings\14-007 - 029 - 112505-9060 - Perm.dwg

Property Rights to be Acquired

The proposed acquisition is for a permanent utility easement which will encumber a 2,437-sf area of the property extending from the northwest corner to the southeastern edge of the subject tax parcel. The permanent easement is for the purposes of “constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage....”

Construction on this portion of the trunk will begin in 2024. There will be 3 months of active construction during an anticipated 3-year work period, where King County will monitor the site and make any necessary adjustments.

The Project will result in a permanent change to the property rights. After the acquisition, the property will be encumbered by a new permanent utility easement of 2,437 sf of the land area. On-site activities will include constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage. The easement is also subject to the following terms and conditions:

- 1) When in the process of performing any work in the easement area, construction procedures shall be used so that access to its property is not blocked.
- 2) The easement area will be restored, and any private improvements disturbed, damaged, or destroyed, during execution of the work, will be restored as nearly as practical to the condition as existed immediately before the work.
- 3) The property owner shall retain the right to use the easement area as long as such use does not interfere with the easement rights granted. The owners shall not, however, have the right to:
 - a) Erect or maintain any buildings or structures within the easement area; or
 - b) Plant trees, shrubs or vegetation having root patterns, which may cause damage to or interfere with the utilities placed within the easement area;
or
 - c) Develop, landscape, or beautify the easement area in any way, which would unreasonably increase the cost of constructing in, maintaining, or restoring the easement area and any private improvements therein.

Easement Valuation

In this section we analyze the compensable impact of the rights to be acquired. For this valuation we have first estimated the value of the land using across the fence (ATF) methodology, by examining unit land value from sales of similarly zoned and situated properties nearby. Essentially, the premise of this methodology is that the best indication of to the subject's land is the value of the land adjacent to it, with emphasis placed on sales of similar properties. Considering the subject's limited use potential, we specifically focused on properties with similar obstacles to development, and which also had limited use potential.

These sales have been used to determine a unit land value for the subject. The permanent utility rights to be acquired will diminish the value of the encumbered area by a fraction of the fee simple value of the land (since the owner retains significant rights within the easement area). The unit land value, multiplied the easement area and multiplied by the fraction of fee simple land value, results in the concluded value compensation of this appraisal.

First, the unit land value of the subject site is determined on a \$/sf basis. In valuing the subject site, we have used the Sale Comparison Approach, analyzing transactions of vacant land properties with similar obstacles to development, and which also had limited use potential to derive units of comparison. These units are then used to indicate an overall value for the 2,437 sf area to be encumbered by the permanent utility easement. Please refer to the *Land Sale Comparison Summary* for more details of our value analysis.

The selected sales transacted between January 2017 and April 2020, with unadjusted indications between \$3.06/sf and \$9.20/sf of land area. Site areas range from around 435 sf to 5,000 sf of usable area, bracketing the subject site area of 4,918 sf. All of the properties represent low utility land, which have obstacles to development, similar to the subject. We have analyzed the comparisons on the basis of price per square foot of land area, as is typical in the market. Upward adjustments for market conditions are necessary for each sale comparison.

The comparisons present a time adjusted range of unit prices from approximately \$3.79/sf to \$12.32/sf for the subject. The sales bracket the subject in terms of size and location, and all have limited functional utility like the subject. Overall, the indicated range is narrow and compelling. Considering the data, we conclude to a unit value for the subject property of **\$5.50/sf**.

We have also considered the value of the site improvements located on the subject property in the form of an asphalt trail, which is roughly 15' wide, and 100' long, for a total improved area of about 1,500 sf (representing about 60% of the 2,437 sf easement area). For the purposes of estimating construction costs associated with the improvements we have used the Marshall Valuation Service, which is a cost estimating manual based on national cost surveys and construction experience.

To estimate the total replacement cost of these improvements, we have analyzed the costs reported by Marshall for 2" asphalt paving on a 2" base, indicating a range of \$2.15/sf - \$3.17/sf and for a concrete sidewalk, indicating a range of \$5.11/sf - \$7.75/sf, found in Section 66, Page 2. To these base cost figures, local and current cost multipliers are applied. Finally, we have accounted for depreciation. While the exact construction date of the subject's trail improvements is unknown, the trail appears to be in good condition. Therefore, we recognize that the improvements have been depreciated, and we account for this by using a figure of 25%. After adjustments, the cost figures indicate a refined range of \$2.50/sf - \$9.01/sf. Considering the data, and the fact that the subject is an asphalt trail in good condition, we conclude towards the middle of the range, about \$5.00/sf of improvement area. Considering that the improved trail area consists of about 60% of the land within the proposed easement area, the average improvement value contribution is about \$3.00/sf of the subject easement area.

Adding the concluded land value of \$5.50/sf to the value of the improvements results in a total unit site value for the subject of **\$8.50/sf**. At 2,437 sf, the total value of the easement area is calculated at **\$20,715**.

The easement does not significantly restrict the use of the property, since the use of the property was already by use restrictions, as it is located within the Shoreline Jurisdiction, and within the buffer/setback area. Additionally, the owner may continue to use the area for its current use as a public trail after placement of the easement, except for disruption during the three-year construction period.

The analysis of easement impacts should account for the actual loss of property rights at hand. In this case, easement restricts the ability to construct improvements within the easement area (which was already restricted), to plant trees, shrubs or vegetation having root patterns which may cause damage to or interfere with the utilities placed within the easement area, and the ability to develop, landscape or beautify the easement area in any way which would unreasonably increase the cost to construct, maintain, or restore the easement area and any private improvements located within the easement area. The property owner retains the right to use the easement area as long as it does not interfere with the rights granted. The subject property's current use as a public trail would remain, and the trail improvements will be restored to the same condition as existed before any work in the easement area. Thus, while some rights are taken by the easement, most of the existing rights remain.

Construction rights will temporarily impact the usefulness of the property during construction of the project. Actual construction use is scheduled to begin in 2024, and will total a period of 3 years with approximately 3 months of active use.

Please refer to the Land Lease Rate Comparisons in the Addenda. Based on these comparisons we estimate a typical land lease rate of return for a short term lease of 8.00% per year, over the 3-years of project construction. At \$20,715 total value the rent for 3 year is calculated at \$4,972 total for initial construction, equivalent to roughly 25% of the total land value.

The easement also grants rights for ongoing maintenance and reconstruction in the future, including access or exclusive use as needed. In other words, after the initial construction impact of about 25% there will be some “permanent” loss in value related to the use of the easement area including the near-term permanent utility use, and longer-term future maintenance or construction. We estimate the additional permanent easement value, after initial construction, at about 25% of land value (or about the same impact as for the initial construction). Therefore, we estimate the total value of the easement today, before initial construction, at about 50% of land value.

Please see the table below which summarizes the conclusion of this appraisal.

Land Value (\$/sf)	\$8.50
x Land Area (sf)	2,437
= Value of Easement Area	\$20,715
x Easement Value % of Fee	50%
= Value of Easement	\$10,358

ADDENDA

Land Sale Comparison Summary
Land Lease Rate Comparisons
Utility Easement
Utility Easement Description
Title Report
Certification
Ordinary Assumptions and Limiting Conditions
Appraisers' Experience & Qualifications

LAND SALE COMPARISON SUMMARY

City of Redmond Land
Land Sale Comparison Summary - Limited Utility Sales

Name/Address	Zoning	Land Area (sf/ac)	Sale Date	Sale Price	\$/sf Land	Mkt Cond. Adjusted \$/sf Land	Comments
1 Lake Stevens Lot 11303 S Lake Stevens Rd Lake Stevens, WA APN: 29061900106500	R9600	435 0.01	Jun-17	\$4,000	\$9.20	\$12.32 + 34%	Small 3' x 145' parcel located between two lakefront homes. Parcel has 3' of frontage on Lake Stevens. All cash financing. Property was purchased by neighboring house in order to maintain spacing from neighbor. Openly marketed, arms length transaction.
2 Poverty Bay Site 292 XX 1st Ave S Federal Way, WA APN: 7202500130	RS9600	1,566 0.04	Sep-17	\$12,000	\$7.66	\$10.04 + 31%	Two blocks from Poverty Bay. Utilities in street. Small triangular site. Purchased using a real estate contract. Part of the Redondo Bay Tranquility Plat, and subject to easements granted to Lakehaven Sewer District.
3 Ravenna Site 9541 Ravenna Ave NE Seattle, WA APN: 5101404962	NC2-40	2,275 0.05	Jun-17	\$12,850	\$5.65	\$7.57 + 34%	Small wedge of land with just east of Lake City Way. The neighboring parcel has a billboard. Advertised as being able to support a food truck, coffee stand, signage, etc.
4 Kirkland Residential Tract A, NE 116th Pl Kirkland, WA APN: 3558800470	RSX 7.2	4,902 0.11	Jan-17	\$15,000	\$3.06	\$4.22 + 38%	Advertised as not a buildable lot. Level lot in Juanita area. All utilities in street. Flag shaped lot. Underground utility easement prevent structure over easement area.
5 Surplus Parcel 9 XXX 196th Ave NE Redmond, WA APN: 0525069142	RA5P	4,728 0.11	Apr-20	\$16,000	\$3.38	\$3.79 + 12%	Seller was King County. Surplus parcel sale. Unbuildable lot due to narrow shape. FHA financing. Originally listed for \$8k. Purchased by neighboring lot.
6 Puget Sound Beach Frontage 14 XXX Seattle, WA APN: 2225039041	SF 7200	5,000 0.11 Usable Area	Oct-19	\$20,000	\$4.00	\$4.56 + 14%	Unbuildable lot on the sound. No road or utilities to site and septic system not allowed. Recreational purposes only. Originally listed for \$35k. All cash financing. Buyer purchased for recreation, and wanted to own lot on Sound. Lot area totals 7,383 sf however usable area is reduced due to tidelands.
Subject							
City of Redmond Land 8099 Willows Rd NE Redmond, WA 98052	SMT	4,918					Triangular parcel with Sammamish River Trail running through site. No street frontage. Located within Shoreline Jurisdiction and within 200' shoreline buffer. Utility is minimal. Site is about 56' wide at the most northern point, and narrows considerably further south. Site is fairly level.

LAND LEASE RATE COMPARISONS

Land Lease Rate Comparison Summary

Site Location	Start Date	Initial Term (years)	Renewal Options	Total Term	Land Area sf	Improvements Proposed by Lessee	Rate of Rent / Land Value	Comments
1 Multiple Sites North Seattle Seattle, WA	2018-2019	99	none	99		Office Tower/ Apartment & Hotel	5.5%	Five year escalations based on CPI but with a minimum and cap. Every 25 years marked to market but with a cap of 20% above CPI adjusted rate. Deal closed in 2018 but became effective once entitlements were secured.
2 Anthony's Homeport 1726 W Marine View Dr Everett, WA	Dec-17	40	y	80	~8,000	Existing restaurant <i>(plus shared pkg)</i>	4.6%-7.1%	Property is improved with existing restaurant who was previously bldg tenant. Tenant purchased the building and executed a new lease for the underlying land. Includes shared parking so effective land use is larger than bldg footprint of roughly 8,000 sf. Annual adjustments by CPI (not less than 1% or more than 5%), and market re-set every 10 years. 7.1% is based on estimate of land value as if completely vacant and unimproved. 4.6% is based on estimate of value with Anthony's as an existing tenant. Complicated by previously existing lease.
3 Waterfront Place Fisherman's Harbor area Everett, WA	Nov-17	50	one 30-yr	80	185,000	Retail/ Restaurants	6.5% -6.7%	Failed ground lease. Original lease agreement included due diligence period with right to terminate. Rental discounts for construction period and lease-up period. After base rent commenced, annual escalations are 1.5% per year, plus market rent adjustments every 10 years, using a capitalization rate of 6.0%. Lease rate adjusted to account for rent discounts during construction and lease-up of buildings. Lease was not executed for reasons outside of the lease term negotiation.
4 Waterfront Place 1001 14th Street Everett, WA	Jun-17	50	three 10-yr	80	109,336	Hotel	5.4%-5.6%	Lease include a "study" period and "design and permitting period" with right to terminate. Also, rental discounts for construction period and first year after construction. Full base rent projected to begin no later than October 2020. Annual CPI escalations, with market re-set every 10 years. Rate adjusted to account for rental discounts during construction and 12 months after.
5 Port of Everett Everett, WA	2016	50	30	80	435,600	Industrial Building	6.7%	Fixed rent of \$0.45/sf or purchase price of \$6.75/sf. Tenant pays full rent upon commencement of lease. Tenant has the right to purchase site for \$6.75/sf for three years, then market value for the balance of the first 10 years.
6 Port of Seattle Des Moines, WA	2016	55	20	75	724,733	Office building	5.8%	Fixed rate lease of \$0.04/sf/yr during construction, increasing to \$0.55/sf/yr upon completion. Estimated rate of return based on land value is about 5.8%.
7 Confidential Seattle, WA	2014	75	25 yrs.	100	30,000 +	High-rise Office	7.0%	Discounted rent prior to Certificate of Occupancy; roughly half. Lease escalates every 5 years by CPI, min. 1%, max 5% per year. Every 25 years, there is an Appraisal rent adjustment. 7% multiplier to be applied to \$/FAR of what is actually built.
8 Confidential Seattle, WA	2014	99	none	99	~20,000	Apartment	6.0%	Apartment land lease. Annual CPI increases. Rate reset every 10 years based on appraisal.
9 Confidential Seattle, WA	2013	55	yes		39,289	Office building	8.0%	Annual rent is based on 8% of land value, agreed at \$95/sf. Land value to be adjusted on 10th, 20th, 30th, and 45th anniversaries. First 30 years: land value with existing FAR, thereafter land value based on highest and best use as if vacant.
10 Confidential Seattle, WA	2012	6 mos.	none	6 mos.	37,713	Extension to PSA for planning	7.45%	Eventual buyer of the site made monthly rental payments to extend closing of the sale as design work and planning was completed. Sale was extended for a total of 6 months, during which time the site was not utilized, but the site was tied up.
11 Confidential Seattle, WA	2011	55	yes		39,289	Office building	8.0%	Annual rent is based on 8% of land value, agreed value at inception. Land value adjusted on 10th, 20th, 30th, and 45th anniversaries. First 30 years: land value with existing FAR, thereafter land value based on highest and best use as if vacant.
12 Lynnwood Place 3001 184th St SW Lynnwood, WA	2011	99	none	99	1,750,241	160,000 sf Costco 192,000 sf retail 500 MF units 105,000 sf amuse. 33,000 sf restaurant	8.0%	Annual rent based on greater of 8% of appraised value or 10% of NOI, escalates every 10 years. Costco rent is 10% of appraised value with escalators. Proposed development from EIS: amusement uses includes 40k sf health club, 35k sf movie theater, and 30k sf bowling alley.

UTILITY EASEMENT

UTILITY EASEMENT

THE GRANTOR, _____, for and in consideration of a sum or other valuable consideration in hand paid, receipt of which is hereby acknowledged, conveys and grants to the Grantee, the CITY OF REDMOND, a municipal corporation of the State of Washington, its successors and assigns, a permanent, non-exclusive easement, over, under, in, along, across and upon, certain land (“easement area”) legally described as:

See Exhibit “A” attached hereto and incorporated herein by reference,

and as graphically depicted on Exhibit “B”, for the purposes of constructing, reconstructing, installing, repairing, replacing, operating and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage, with ordinary and necessary appurtenances over, upon, under, through and across the described easement area, together with the right to keep said easement area free of obstructions, along with the right of ingress and egress thereto to enable Grantee to exercise its rights hereunder. This easement is granted subject to the following terms and conditions:

1. When in the process of performing any work in the easement area, Grantee shall use construction procedures so that Grantors’ access to its property is not blocked.
2. The Grantee shall, upon completion of any work within the property covered by the easement, restore the easement area, and any private improvements disturbed, damaged or destroyed, during execution of the work, as nearly as practical to the condition as existed immediately before the commencement of the work or entry by the Grantee.
3. Grantors shall retain the right to use the easement area as long as such use does not interfere with the easement rights granted to the Grantee. Grantors shall not, however, have the right to:
 - (a) Erect or maintain any buildings or structures within the easement area; or
 - (b) Plant trees, shrubs or vegetation having root patterns, which may cause damage to or interfere with the utilities placed within the easement area by the Grantee, or
 - (c) Develop, landscape, or beautify the easement area in any way, which would unreasonably increase the cost to the Grantee of constructing in, maintaining or restoring the easement area and any private improvements therein.

This easement shall be recorded with the King County Recorder, shall run with the land described herein, and shall be binding upon the parties, their heirs, successors in interest and assigns.

Grantor covenants that it is the lawful owner of the above-described property and has authority to convey such easement.

Dated this ____ day of _____, 20__.

GRANTOR:

[GRANTOR(S) NAME]

[INSERT SIGNATURE BLOCK FOR SPECIFIC GRANTOR – INDIVIDUAL,
TWO INDIVIDUALS, LLC, CORPORATION, ETC.]

[INSERT APPROPRIATE NOTARY BLOCK]

n:\real property\018 - property forms\easements\easement--utility\001-easement-utility (all) water, fire hyd, sewer & storm2 (no franchise).doc

EXHIBIT “A”

EXHIBIT “B”

UTILITY EASEMENT DESCRIPTION

PROJECT PARCEL NO. 43
PARCEL TAX IDENTIFICATION NO. 112505-9060
PERMANENT EASEMENT DESCRIPTION

A TRACT OF LAND WITHING THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 2 AND THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING SOUTHERLY OF THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY, AND NORTHEASTERLY OF THE NORTHEASTERLY LINE OF STATE HIGHWAY NO. 2-D.

EXCEPT THAT PORTION LYING NORTHWESTERLY OF A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 158.22 FEET;
THENCE SOUTHWESTERLY ALONG SAID HIGHWAY 364.80 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 46°23'23" EAST TO THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY AND TERMINUS OF SAID LINE.

EXCEPT SAMMAMISH WATERWAY DISTRICT NO. 3.

AND EXCEPT THAT PORTION CONVEYED TO WILLIS E. CAMPBELL, ET AL BY DEED RECORDED UNDER RECORDING NO. 9101291015 AND DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., KING COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE REDMOND-KIRKLAND ROAD, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 160.23 FEET TO THE NORTHEASTERLY MARGIN OF THE REDMOND-KIRKLAND ROAD;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 188.47 FEET TO ENGINEERS STATION 187+41.14;
THENCE NORTH 46°23'23" EAST 20.00 FEET;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 176.53 FEET;
THENCE NORTH 46°23'23" EAST 25.00 FEET TO A POINT ON A 600.00 FOOT RADIUS CIRCULAR CURVE TO THE LEFT, FROM WHICH POINT, THE CENTER OF SAID CURVE BEARS NORTH 38°51'56" EAST AND THE TRUE POINT OF BEGINNING;
THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°55'39", AN ARC DISTANCE OF 93.49 FEET;
THENCE NORTH 33°50'07" EAST 121.73 FEET;
THENCE NORTH 11°52'00" WEST 76.31 FEET TO A POINT WHICH BEARS NORTH 46°23'23" EAST FROM THE TRUE POINT OF BEGINNING;
THENCE SOUTH 46°23'23" WEST 178.37 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

SAID TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL;
THENCE SOUTH 69°08'27" EAST ALONG THE SOUTHERLY LINE OF SAID RAILWAY RIGHT-
OF-WAY, A DISTANCE OF 36.16 FEET;
THENCE SOUTH 27°29'21" EAST, A DISTANCE OF 39.68 FEET TO THE EAST LINE OF SAID
PARCEL;
THENCE SOUTH 01°46'03" WEST ALONG SAID EAST LINE, A DISTANCE OF 61.38 FEET;
THENCE NORTH 27°29'21" WEST A DISTANCE OF 105.49 FEET TO THE WEST LINE OF SAID
PARCEL AND THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 241.60
FEET;
THENCE ALONG THE ARC OF SAID CURVE, AND SAID WEST LINE, THROUGH A CENTRAL
ANGLE OF 3°46'33", AN ARC LENGTH OF 15.92 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,437 SQUARE FEET OR 0.06 ACRES, MORE OR LESS.

TITLE REPORT

Updated

SUBDIVISION GUARANTEE

Guarantee No.: G-6329-000000582

Fee: \$300.00

Order No.: 700665RT

Effective Date: July 17, 2017



Stewart Title Guaranty Company (the "Company"), guarantees the County of King and any City within which said subdivision is located in a sum not exceeding \$1,000.00 that, according to those public records which, under the recording laws, impart constructive notice of matters affecting the title to the land included within the exterior boundary shown on the map of the subdivision, the only parties having any record title interest in said land whose signatures are necessary, on the certificates consenting to the recordation of said map and offering for dedication any streets, roads, avenues and other easements offered for dedication by said map as referred to in the guarantee.

Signed under seal for the Company, but this Guarantee is to be valid only when it bears an authorized countersignature.

Countersigned by:

Brenda McCoy



[Signature]
Senior Chairman of the Board

Rainier Title, LLC
Company



[Signature]
Chairman of the Board

Everett, WA
City, State

[Signature]
President

Guarantee Serial No.: G-6329-000000582

SUBDIVISION GUARANTEE

SCHEDULE A

Order Number: 700665RT

Prepared by: Rainier Title, LLC
Guarantee No.: G-6329-000000582

Effective Date: July 17, 2017 at 8:00 A.M.

Premium: \$300.00
Tax: \$28.50
Total: \$328.50

OWNERS:

The City of Redmond, a Washington Municipal Corporation

Error! Bookmark not defined.

LEGAL DESCRIPTION:

See Attached Exhibit A

SUBJECT TO:

1. Payment of real estate excise tax, if required, pursuant to the authority of RCW Chapter 82.45, and subsequent amendments thereto.

The property described herein is situated within the boundaries of local taxing authority of the City of Redmond. As of the effective date herein, the real estate excise tax rate is 1.78%.

2. General taxes and charges for the year 2017, which have been paid.

Amount: \$12.12
Tax Account No.: 112505-9060-01

Levy code: 2020
Assessed value of land: \$0.00
Assessed value
of improvements: \$0.00

3. General taxes and potential supplemental assessments, including other amounts due thereunder, which results from any change in tax exempt status. The land is currently carried on the tax rolls as exempt from taxes. On the date of a conveyance or change in use which removes it from exempt status, the land will become subject to general property taxes from that date forward.

In addition, supplemental assessments for general property taxes for prior years also be levied against the land. For further information regarding the above, contact the King County Assessor's Office at 206-296-3920.

Tax Account No. 112505-9060-01

NOTE: The Recording No. of the Deed under which title is held is: [7104210303](#), [7104210304](#), [7403070372](#).

4. Rights and easements of the public for commerce, navigation, recreation and fisheries.

SUBDIVISION GUARANTEE

5. Any restrictions on the use of the land resulting from the rights of the public or riparian owners to use any portion which is now, or has been, covered by water.

6. Agreement and the terms and conditions thereof:
Recorded: May 12, 1962
Recording No.: [5429751](#)
Regarding: Release of Damages

7. Easement and the terms and conditions thereof:
Grantee: King County
Purpose: Bank protection and/or other flood control works
Area affected: a portion of said premises
Recorded: May 22, 1962
Recording No.: [5429778](#)

8. Easement and the terms and conditions thereof:
Grantee: Municipality of Metropolitan Seattle, a Municipal Corporation
Purpose: Sewer trunk line
Area affected: a portion of said premises
Recorded: February 13, 1974
Recording No.: [7402130373](#)

9. Matters set forth by survey:
Recorded: June 15, 1979
Recording No.: [7906159017](#)

10. Matters set forth by survey:
Recorded: March 25, 1991
Recording No.: [9103259008](#)

This Guarantee and the legal description given herein are based upon information supplied by the applicant as to the location and identification of the premises in question, and no liability is assumed for any discrepancies resulting therefrom. This report does not represent either a commitment to insure title, an examination of or opinion as to the sufficiency or effect of the matters shown, or opinion as to the marketability of title to the land.

SUBDIVISION GUARANTEE

Order No.: 700665RT

Guarantee No.: G-6329-00000582

EXHIBIT A

That portion of the Southwest quarter of Section 2 and that portion of the Northwest quarter of Section 11, Township 25 North, Range 5 East, W.M., in King County, Washington, lying Southerly of the Southerly line of Northern Pacific Railway Company right-of-way, and Northeasterly of the Northeasterly line of State Highway No. 2-D.

Except that portion lying Northwesterly of a line described as follows:

Commencing at the Northwest corner of said Section 11;
Thence South 88°06'37" East, along the Section line common to Sections 2 and 11, a distance of 1,873.72 feet;
Thence South 46°23'23" West 158.22 feet;
Thence Southeasterly along said Highway 364.80 feet to the Point of Beginning;
Thence North 46°23'23" East to the Southerly line of Northern Pacific Railway Company right-of-way and terminus of said line.

Except Sammamish Waterway District No. 3.

And except that portion conveyed to Willis E. Campbell, etal by Deed recorded under Recording No. 9101291015 and described as follows:

That portion of the Northeast quarter of the Northwest quarter of Section 11, Township 25 North, Range 5 East, W.M., King County, Washington, lying Northeasterly of the Redmond-Kirkland road, described as follows:

Commencing at the Northwest corner of said Section 11;
Thence South 88°06'37" East, along the Section line common to Sections 2 and 11, a distance of 1,873.72 feet;
Thence South 46°23'23" West 160.23 feet to the Northeasterly margin of the Redmond-Kirkland Road;
Thence South 43°36'37" East, along said Northeasterly margin, 188.47 feet to Engineers Station 187+41.14;
Thence North 46°23'23" East 20.00;
Thence South 43°36'37" East, along said Northeasterly margin, 176.53 feet;
Thence North 46°23'23" East 25.00 feet to a point on a 600.00 foot radius circular curve to the left, from which point, the center of said curve bears North 38°51'56" East and the true Point of Beginning;
Thence Easterly, along said curve, through a central angle of 08°55'39", an arc distance of 93.49 feet;
Thence North 33°50'07" East 121.73 feet;
Thence North 11°52'00" West 76.31 feet to a point which bears North 46°23'23" East from the true Point of Beginning;
Thence South 46°23'23" West 178.37 feet to the true Point of Beginning.

Situate in the County of King, State of Washington.

SUBDIVISION GUARANTEE

End of Schedule A

SUBDIVISION GUARANTEE

STG Privacy Notice 2 (Rev 01/26/09) Independent Agencies and Unaffiliated Escrow Agents

WHAT DO/DOES THE RAINIER TITLE LLC AND STEWART TITLE GUARANTY COMPANY DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of Rainier Title LLC and Stewart title Guaranty Company and its affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as Rainier Title LLC and Stewart Title Guaranty Company, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes — to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes — to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and nonfinancial companies.	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness.	No	We don't share
For our affiliates to market to you	Yes	No
For nonaffiliates to market to you. Nonaffiliates are companies not related by common ownership or control. They can be financial and nonfinancial companies.	No	We don't share

SUBDIVISION GUARANTEE

We may disclose your personal information to our affiliates or to nonaffiliates as permitted by law. If you request a transaction with a nonaffiliate, such as a third party insurance company, we will disclose your personal information to that nonaffiliate. We do not control their subsequent use of information, and suggest you refer to their privacy notices.

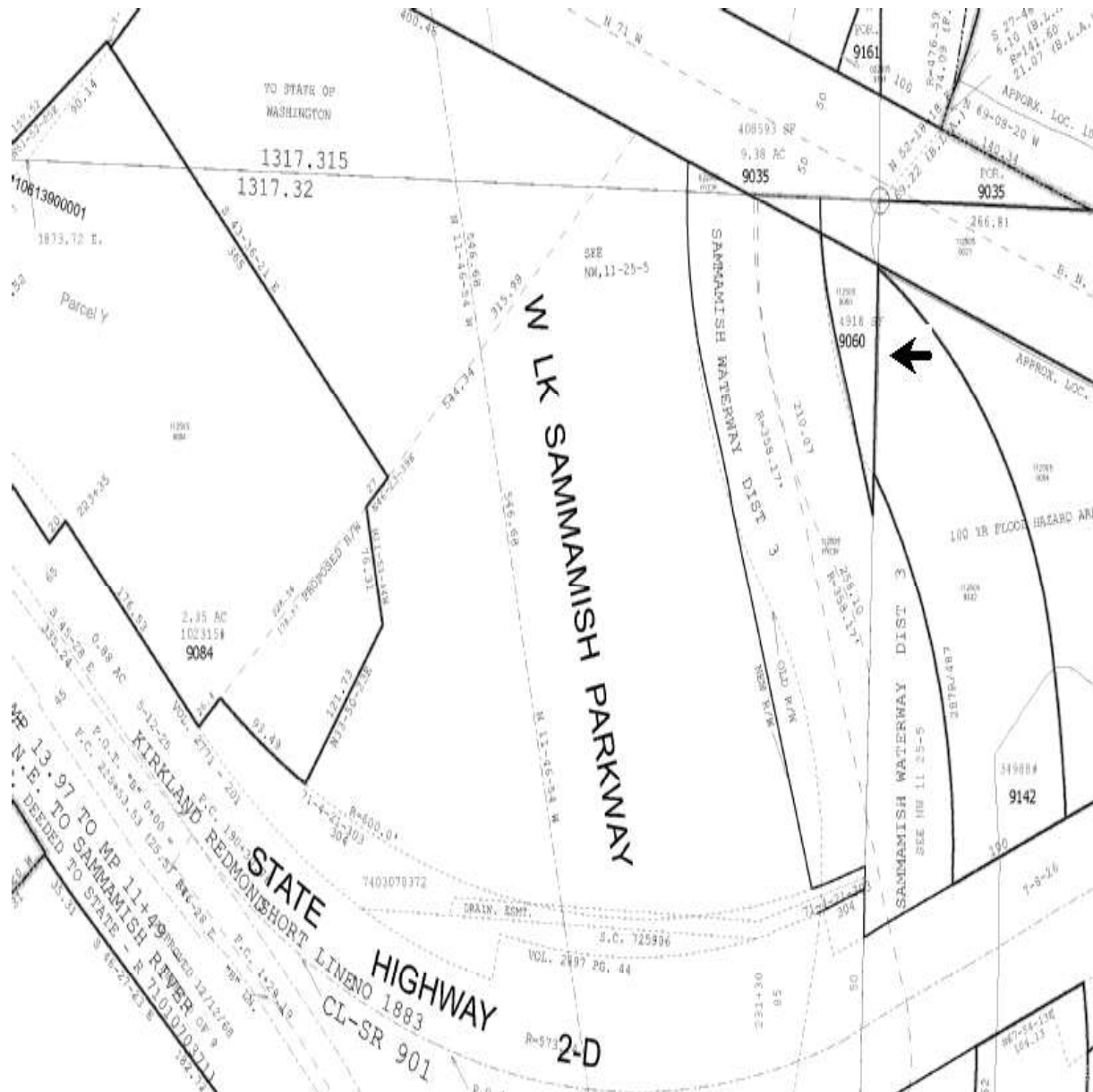
Sharing practices	
How often do/does Rainier Title LLC and Stewart Title Guaranty Company notify me about their practices?	We must notify you about our sharing practices when you request a transaction.
How do/does Rainier Title LLC and Stewart Title Guaranty Company protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer, file, and building safeguards.
How do/does Rainier Title LLC and Stewart Title Guaranty Company collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none">• request insurance-related services• provide such information to us <p>We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.</p>
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

Contact Us

If you have any questions about this privacy notice, please contact us at: 2722 Colby Avenue, Suite 125; Everett, WA 98201, or call 888 828.0018



Order No. 700665RT



This sketch is provided without charge, for your information. It is not intended to show all matters related to the property including, but not limited to: area, dimensions, easements, encroachments or location of boundaries. It is not a part of, nor does it modify, the commitment/policy to which it is attached. The Company assumes NO LIABILITY for any matter related to this sketch. Reference should be made to an accurate survey for further information.

CERTIFICATION

Certification

I certify that, to the best of my knowledge and belief

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Eric McKee has made a personal inspection of the subject property that is the subject of this report from the adjacent right of way. Bates McKee, MAI, and Katie Martens have not inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Bates McKee, MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Eric McKee has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Bates McKee, MAI, CRE, AI-GRS

WA State-Certified General Real Estate Appraiser (1100228)


Eric McKee, Appraiser

WA State-Certified General Real Estate Appraiser (1102525)



Katie Martens, Appraiser

WA State-Registered Real Estate Appraiser Trainee (1002243)

ORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

Ordinary Assumptions and Limiting Conditions

The attached report may only be used or reviewed in its entirety. No individual pages, portions, analyses, or conclusions may be separated from the complete report or verbally disseminated without transmittal of the entire report. This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transferred to any other party without the specific written permission of McKee Appraisal, Inc. Certain aspects of the report (including analysis methodology, spreadsheets, textual formatting, and content) are considered the exclusive intellectual property of McKee Appraisal, Inc. All rights are reserved.

The following Ordinary Assumptions and Limiting Conditions are supplemented by additional extraordinary assumptions and limiting conditions identified in the report.

It is assumed that there have been no substantial changes to the property between the date of our inspection or most recent investigation and the date of the report.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, structures, or environment (including asbestos, formaldehyde, radon, soil contamination, structural conditions, legal compliance including zoning and Americans With Disabilities Act compliance, title, or legal conditions, mineral or other valuable conditions or rights, or unknown soils, hydrological, or environmental factors) that render it more or less valuable. We have no expertise in any of these areas, and we specifically counsel the client to perform additional investigation by qualified experts. No responsibility is assumed for such conditions or for arranging studies to discover them.

The liability of McKee Appraisal, Inc. and its employees is limited to the client only.

The value conclusions are the result of integration of the entire appraisal process, including multiple methodologies, approaches, and analyses. Any specific errors or omissions may or may not change the value conclusions.

The appraiser is not required to provide further appraisal services, give further consultation, testimony, or attendance in court by reason of this appraisal unless specific arrangements have been previously made.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The forecasts, projections and estimates contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a stable economy. These forecasts are, therefore, subject to changes with future conditions which are unknown at the date of appraisal. We assume that future conditions are as anticipated by the markets and as discussed in the report, and any future projections or values are predicated on this assumption. The analyses and conclusions are valid only as of the date of transmittal of the report.

The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

No responsibility is assumed for the legal description or for matters including legal or title considerations. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated. Title to the property is assumed to be good and marketable.

Responsible ownership and competent management are assumed.

The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

RESTRICTION UPON DISCLOSURE & USE:

This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transmitted or communicated to any other party without the specific written permission of McKee Appraisal, Inc. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which (s)he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the signatories. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus, or registration without the prior written consent of the appraiser.

APPRAISERS' EXPERIENCE & QUALIFICATIONS

McKEE APPRAISAL

REAL ESTATE SERVICES & CONSULTING, INC.

1200 Sixth Avenue, Suite 1805, Seattle, Washington 98101

Telephone (206) 343-8909 Fax (206) 386-5777

EXPERIENCE & QUALIFICATIONS

BATES MCKEE, MAI, CRE, AI-GRS

Mr. McKee co-founded the firm McKee Appraisal in 1990. McKee Appraisal specializes in the economic analysis of real estate, employing valuation professionals and providing critical analysis and information to corporate, government and private clients nationwide. Mr. McKee graduated from the Massachusetts Institute of Technology (MIT) where he received a Bachelor of Science Degree in Earth & Planetary Sciences, with a Minor in Writing. He also completed the O-Degree program in Geology at Edinburgh University, Scotland, in 1978.

Mr. McKee received the MAI (Member of Appraisal Institute) designation in 1988, after employment with the Seattle firm of Shorett & Riely in 1984. Mr. McKee is a Certified General Real Estate Appraiser, and adheres to the standards and ethics of the Appraisal Institute. Mr. McKee is past Chair of the Seattle Chapter Education Committee, and was elected as Regional Director for the Appraisal Institute in 2005. Mr. McKee was awarded the Counselors of Real Estate (CRE) designation in 2008 and the Appraisal Institute - General Review Specialist (AI-GRS) designation in 2016. He served as the Chair of the Pacific Northwest Chapter of the Counselors of Real Estate from 2011 to 2013. He currently serves on the Valuation Committee of the National Council of Real Estate Investment Fiduciaries (NCREIF).

In his appraisal experience, Mr. McKee has appraised and analyzed a wide variety of commercial property types, and provided critical consultation and litigation services to a diversified range of clients. In addition to managing operations and education at McKee Appraisal, he frequently represents both property owners and governmental agencies in appraisal and litigation. Project appraisal work includes acquisition for all segments of Sound Transit Link light rail, the Alaskan Way Viaduct replacement project, the Yellowstone retail stores, Interstate 90 and the Seattle Waterfront project. He has particular expertise in institutional portfolio valuation, leased fee and leasehold financial valuation, consulting, mediation and dispute resolution, and the valuation of tunnels and easements. He is a frequent educational speaker and lecturer for attorneys, appraisers and real estate consultants.

Mr. McKee was previously employed as a geologist with Roger Lowe Associates, Bellevue, Washington. His work included site evaluation of geologic and hydrologic conditions and hazards, economic feasibility analysis, and construction inspection. Mr. McKee was employed as a physical oceanographer with the research company SAIC. Mr. McKee was an independent investment manager and analyst. He authored Optival, a computer program for analyzing and valuing stock options, and was also employed as an investment software developer with Expert Systems, Inc., Redmond, Washington.

McKEE APPRAISAL

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EXPERIENCE & QUALIFICATIONS

ERIC MCKEE

Eric McKee graduated from the University of Washington with a Bachelor of Arts Degree in Economics. His studies were focused on international economics. Eric played tennis at the national level as a junior player. He followed his passion for the sport, becoming a collegiate tennis player.

Since joining McKee Appraisal in 2010, Mr. McKee has appraised a variety of property types throughout the Puget Sound Region including apartment, retail, industrial, office, commercial and residential land, and special purpose. This work has been conducted for a wide variety of institutional, municipal, and private clients.

Mr. McKee is a State-Certified General Real Estate Appraiser (Washington State Certificate No. 1102525). Additional appraisal coursework includes Advanced Income Capitalization, Advanced Concepts and Case Studies, and Advanced Market Analysis Highest and Best Use.

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EXPERIENCE & QUALIFICATIONS

KATHRYN MARTENS

Katie graduated Magna Cum Laude from Gonzaga University in 2015 with a double-major B.A. in Environmental Studies and Political Science, along with a Minor in International Relations with an emphasis on European Studies. During this time, she studied abroad in Australia and New Zealand and conducted directed field research for the School for Field Studies. She also was the president of the Gonzaga Environmental Organization, co-founder of the Gonzaga Permaculture Club, and played on the Gonzaga Women's Ultimate Frisbee team.

Prior to joining McKee Appraisal, Katie held a position as a construction litigation paralegal. She received her ABA Certified Paralegal Certificate from the University of Washington in September 2018.

Katie is a State Registered Real Estate Appraiser Trainee (Washington State Certificate No. 1002243). While completing her appraiser certification coursework, she provided support to several of the company's large projects with research, analysis, and documentation. She has appraised a wide variety of property types such as industrial, retail, office, residential properties, hotels and vacant land. Katie has assisted in eminent domain appraisals of partial acquisitions, temporary and permanent easement rights, and fee takings for Sound Transit. She also has experience in litigation and trial support for private entities and public agencies.