
The Villages and Lawson Hills

*Guide to MPD Design and Build-Out as Envisioned
by the Development Agreements*



July 11, 2011

Table of Contents

| | |
|--|----|
| Foreword | 1 |
| Project Introductions | 3 |
| Houses, Lots, and Densities | 5 |
| I. Housing variety | 5 |
| II. What are the benefits of varying lot sizes? | 6 |
| III. What are alternative lot configurations? | 7 |
| IV. What are accessory dwelling units?..... | 8 |
| Neighborhood Feel and Design | 9 |
| I. Please show how the MPDs are consistent with the concepts described in “Rural by Design.” | 9 |
| II. How will aesthetic issues be governed?..... | 13 |
| III. How are buffer, easement, and setback-related requirements applied to the MPDs? | 14 |
| Commercial Development | 17 |
| I. Describe the types of commercial development anticipated for the MPDs, including the North Parcels. | 17 |
| II. The MPD conditions allow for Neighborhood Commercial uses to be sited within residential neighborhoods. What type of business qualifies as a corner store? | 19 |
| III. How are the quantity and quality of signs within the MPDs managed? | 20 |
| Streets and Infrastructure | 21 |
| I. What does it mean to have streets and landscaping privately maintained versus publicly maintained?..... | 21 |
| II. When will Pipeline Road be constructed? How is it assured that the necessary right of way (ROW) will be conveyed by other private parties?..... | 22 |
| III. How are infrastructure and mitigation projects going to be paid for? | 22 |
| Transportation Mitigation | 25 |
| I. What transportation mitigation projects are required as a condition of the MPDs’ approval? | 25 |
| II. How do the traffic monitoring plans work to set the timing for the construction of the MPDs transportation mitigation adopted by the City Council? | 25 |

Table of Contents

| | |
|--|-----------|
| Transportation Mitigation, continued... | |
| III. <i>When will the regional transportation model be used?</i> | 25 |
| IV. <i>How is YarrowBay going to encourage the use of alternative transportation options?</i> | 26 |
| V. <i>Does YarrowBay plan to use roundabouts?</i> | 27 |
| VI. <i>What happens if YarrowBay enters into a separate mitigation agreement with another jurisdiction or agency?</i> | 28 |
| VII. <i>How is YarrowBay going to discourage the use of Plass Road as a connection to Green Valley Road?</i> | 28 |
| Stormwater and Sensitive Areas | 29 |
| I. <i>Describe the stormwater controls for the MPDs that will be implemented through the Development Agreements and later construction permitting.</i> | 29 |
| II. <i>Do the MPDs comply with the City’s Sensitive Areas Ordinance (SAO)?</i> | 30 |
| III. <i>Describe YarrowBay’s commitment to no net increase in phosphorus as a result of its MPD Development.</i> | 31 |
| IV. <i>Describe the winter runoff volumes to Lake Sawyer from the MPDs.</i> | 31 |
| Parks, Open Space and Trails..... | 33 |
| I. <i>What is the history of the MPD lands and surrounding areas and how will the MPDs’ land use plan better protect open spaces and sensitive areas than the historic uses?</i> | 33 |
| II. <i>When will parks be developed?</i> | 36 |
| III. <i>Where will the listed recreation fields and courts be located?</i> | 38 |
| IV. <i>How much open space is being provided by the MPDs and the lands associated with the prior open space agreements?</i> | 38 |
| Construction Management | 39 |
| I. <i>How will construction hours be determined?</i> | 39 |
| II. <i>Will construction traffic be controlled?</i> | 39 |
| Committees, Administration and Process | 41 |
| I. <i>When will the community committees for Green Valley Road, water quality, and noise be formed and how will they operate?</i> | 41 |
| II. <i>When will there be opportunities for public review?</i> | 42 |
| Schools | 45 |
| I. <i>Please describe the approved School Mitigation Agreement.</i> | 45 |
| II. <i>What happens if the rural school sites shown in the School Agreement are not approved by King County for the construction of schools?</i> | 46 |

Table of Contents

| | |
|---|----|
| Fiscal | 47 |
| I. How is the City’s fiscal interest protected?..... | 47 |
| II. Please explain the MDRT in the Funding Agreement | 48 |
| III. What is the building permit surcharge in the Funding Agreement? | 49 |
| IV. Will the City be assured that construction will be completed even if a bonding company fails? | 49 |
| V. How is fire mitigation assured?. | 50 |
| VI. How are other public services, including police, addressed? | 50 |

Foreword

With the approval of The Villages and Lawson Hills MPDs, Black Diamond begins its long-awaited journey towards an economically viable and vibrant future. YarrowBay has eagerly adopted the community’s vision, and is excited to make that dream a reality.

The Development Agreements for The Villages and Lawson Hills MPDs include the criteria that will be used to ensure that this plan succeeds and fulfills the spirit of all that is envisioned. This “blueprint” for development offers diverse housing types for different lifestyles and commercial spaces that not only attract business and jobs, but captures the Main Street-sense of community, all while demonstrating respect for the environment, wildlife habitat and recreational needs through open space, trails and parks – the very essence of our region’s quality of life.

At YarrowBay, we believe in operating with honesty, trust, and respect, both as individuals and as a group. In fact, those are our most important values in addition to our five leading principles, which are Community, Sustainability, Partnership, Diversity, and Creativity. Through these MPDs, we are honored to be a partner in Black Diamond’s bright future.

Sincerely,

A handwritten signature in blue ink that reads "Brian Ross". The signature is stylized and cursive.

Brian Ross, CEO, YarrowBay
General Partner to Master Developers

[this page intentionally left blank]

Project Introductions

The Villages and Lawson Hills Master Planned Developments (MPDs) are designed to capture the spirit of historic Black Diamond in a modern, new community. The Villages and Lawson Hills draw from the architectural elements of historic mining towns and reinterpret those elements in a sophisticated, modern way using sound design principles. The result is a group of vibrant, mixed-use, walkable neighborhoods that retain the small town character and appreciation for the natural surroundings.

The Villages MPD will provide:

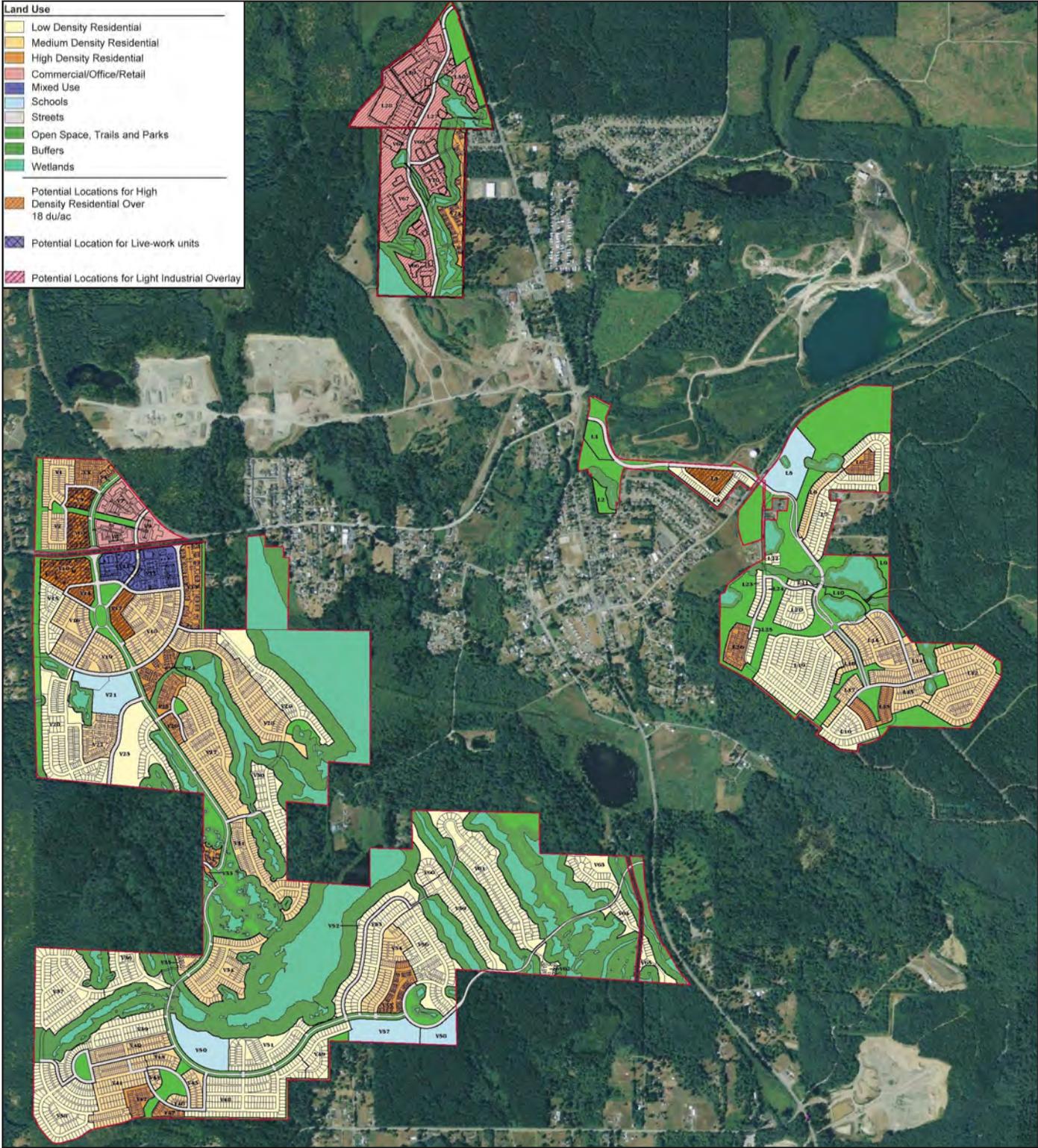
- 4,800 residential units (approximately 3,600 single-family and approximately 1,200 multi-family dwelling units)
- 775,000 square feet of commercial/retail/office/light industrial uses
 - *about 325,000 square feet of destination and neighborhood retail uses*
 - *about 450,000 square feet of office and light industrial*
- public and civic uses
- multiple school sites
- at least 481.4 acres of open space, recreational uses, and trails

The Lawson Hills MPD will provide:

- 1,250 residential units (approximately 930 single-family and approximately 320 multi-family dwelling units)
- 390,000 square feet of commercial/retail/office/light industrial uses
 - *about 190,000 square feet of destination and neighborhood retail uses*
 - *about 200,000 square feet of office and light industrial*
- public and civic uses
- one elementary school site
- at least 144 acres of open space, recreational uses and trails

Both The Villages and Lawson Hills sites are shown on the conceptual Site Plans on the next page. The Development Agreements for The Villages and Lawson Hills describe the administration of the Site Plans in Section 4. In addition to providing the above, the MPDs together provide enough commercial space to accommodate at least 3,500 permanent jobs, not including the 1,000 to 1,200 jobs created annually through construction. Finally, the open space created by prior agreements, which amounts to 1,237 acres, combined with open space provided on the MPD projects provides a total of 1,871 acres of open space across an area encompassing over 2,800 acres. For more information regarding Open Space, please turn to pg. 33.

Project Introductions



Houses, Lots, and Densities

I. Housing Variety

The MPDs are designed to offer a variety of housing types.

There are several reasons why the first phase of MPD development includes almost every lot and house type we expect to see throughout the development of both MPDs. This is driven in part by the City's MPD Framework Design Standards and Guidelines, which states on page 7 that: "development shall include a variety of unit types and densities."

While the design for the first phase more than achieves the variety standard set forth in those design guidelines, it also achieves YarrowBay's goal of showing the community and potential buyers what will be offered.

Another reason to offer such a wide variety of housing is to offer homes that people will

actually buy. YarrowBay is not interested in developing homes or commercial areas that will sit vacant for long periods of time.

We believe a mix will also help support the commercial development that will be part of these first areas of development.

A classic small town such as Black Diamond historically includes a wide range of lot and home sizes. Many of the existing lots in the City are odd-shaped as they were lots of opportunity split from larger parcels to accommodate maturing families.

These first areas of MPD development strive to provide as wide a mix as possible to continue this small-town character, as well as provide housing options for a diverse population. Typical subdivisions tend to be more homogenous in lot sizes and, thus, more homogenous in the lifestyles and income ranges of the people that they attract.



Houses, Lots, and Densities

II. What are the benefits of varying lot sizes?

The concept of standard lot sizes directly correlates with the growth of American suburbs and tract housing. In contrast, towns developed before the 1950s had a wide range of lot sizes, many of them driven by how much land a small contractor could afford to buy at one time.

Minimum lot size requirements reduce the ability to have a variety of housing on a street. As Randall Arendt noted in his April 14, 2011 presentation to the City Council: "I find minimum lot sizes to be problematic. I prefer to work from an overall unit count, or density. Just say, here's the number of pieces you've got in your drawing board." For instance, if a minimum lot size were required for MPD Low-Density, this would remove the ability to tuck a few cottages or smaller single-family homes on a street consisting of mostly standard-sized low-density homes. In order to strike a balance between housing variety and guaranteed lot sizes, The Villages and



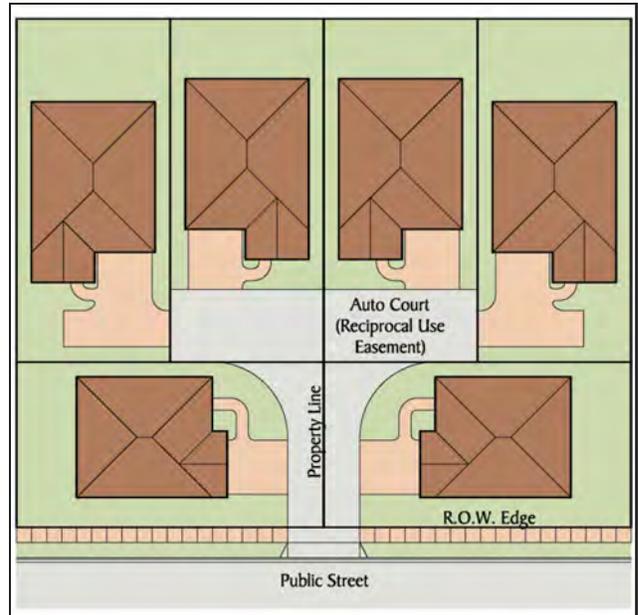
Houses, Lots, and Densities

Lawson Hills Development Agreements establish a minimum lot size for detached single family residential units (see Section 5.2.1), but leave flexibility for some other types of residential units such as cottages and attached housing.

There are locations within both The Villages and Lawson Hills where lot sizes and shapes will correlate with Black Diamond's historic areas and be varied and diverse (as opposed to equal and matching).

III. What are alternative lot configurations?

As described above, the new neighborhoods in each MPD will provide for a range of lot size, type and therefore home size, just as Black Diamond does today. Alternative lot configurations allow additional variety, such as the opportunity to provide for clusters of lots, cottages, Z-lots, lots using autocourts



Examples of alternative lot configurations: the use of an autocourt above; Z-lots below



Houses, Lots, and Densities

and other configurations that differ from uniform and monotonous same-sized rectangular lots on every block. See Section 5.2.6 of the Development Agreements to see more alternative lot configurations.

The keys to providing a variety of lot sizes and shapes are the underlying concepts of walkable neighborhoods and pedestrian friendly street frontages, and variety in architectural form. For example, the concept of options such as Z-lots and autocourts is to provide a more creative streetscape and architectural style.

IV. What are accessory dwelling units?

The municipal code for Black Diamond (BDMC 18.56) permits homeowners on single family lots to add an accessory dwelling unit, or ADU, to their property. Inside the MPDs, however, YarrowBay has voluntarily agreed to limit the number of possible ADUs to 300 for The Villages and 150 for Lawson Hills.

The benefits of ADUs are lauded by municipalities and land use planners alike. Because ADUs can function as rental housing, and because of their smaller size, ADUs often fills the need for affordable housing for lower wage earners. However, an ADU fills the need for affordable housing while being set within a single-family home atmosphere, instead of typical apartment complexes. As a result, far more affordable housing opportunities are provided without requiring more multi-family development, thus protecting the small-town character of Black Diamond. In some cases, ADUs are used to provide on-site accommodations for in-home care providers, such as a nanny or full-time nurse.

The Black Diamond Municipal Code imposes several requirements on ADUs that will also apply within the MPDs: (i) ADUs are limited to either 800 square feet, or fifty percent of the primary dwelling unit, whichever is less; (ii) off-street parking must be provided; (iii) at least one dwelling unit on the property must be owner occupied; and (iv) no future subdivision is allowed (i.e., an ADU can never be carved off the original property and sold as a separate house).

Neighborhood Feel and Design



1. Please show how the MPDs are consistent with the concepts described in “Rural by Design.”

As established by the City of Black Diamond, one of the purposes of developing as an MPD is to incorporate or adapt mixed-use planning and design. This includes compact form, coordinated open space, opportunities for casual socializing, accessible civic spaces, and a sense of community. It also calls for additional design principles as may be appropriate for a particular MPD project. All of this is identified in the book entitled “Rural by Design” by Randall Arendt and in the City’s MPD Framework Design Standards and Guidelines.

To demonstrate on a larger scale how the concepts of “Rural by Design” are met, YarrowBay prepared the drawing on the

following pullout Page 10a, which is what planners and architects call a bird’s eye view.

The base of the drawing is approximately at the southern boundary of The Villages mixed-use parcels (those parcels mapped in purple on The Villages Site Plan on Page 4), and shows part of the Village Center, the planned park space just to the south of the mixed-use area, and the oval park dividing the Community Connector roadway through The Villages, together with the planned neighborhoods surrounding those features.

Further to the south, the drawing is less precise, and represents possible development areas and open spaces, and some of the major roads and smaller connecting streets connecting the neighborhoods.

Neighborhood Feel and Design

The book, “Rural by Design,” was published in 1994, and gives only a brief discussion of the potential impact of laws like Washington’s Growth Management Act on improving design for future neighborhoods.

In 2010, in Black Diamond, the extensive requirements of the City’s MPD Ordinance are focused on improved and enhanced design and site planning to meet the goals of providing small-town character within the urban area.

“Rural by Design” does include a chapter on learning from the past to create the aesthetic forms of the future to maintain small-town character. At pages 60-63 of the text, nine organizing principles are offered as a credo for professional planners, volunteer board members, site designers and developers.

The relationship of those principles to YarrowBay’s drawing, entitled “Following the Principles of ‘Rural by Design,’” as well as the Lawson Hills MPD is further described here, together with the principles as quoted from the book:

“Define public space clearly and with a purpose.” Public spaces include both developed parks and natural open areas, and those public spaces are both visual and physical focal points around which The Villages streets and building lots are arranged, including locating the Community Connector roadway to provide a focus on Mount Rainier. Similarly, for the Lawson Hills development, public spaces are defined to be visual and physical focal points, and the upper Lawson park area is designed to provide significant views to Mount Rainier.

“Focus on the core rather than on the boundary.” Core areas serve as centers of gravity, drawing people together such as to

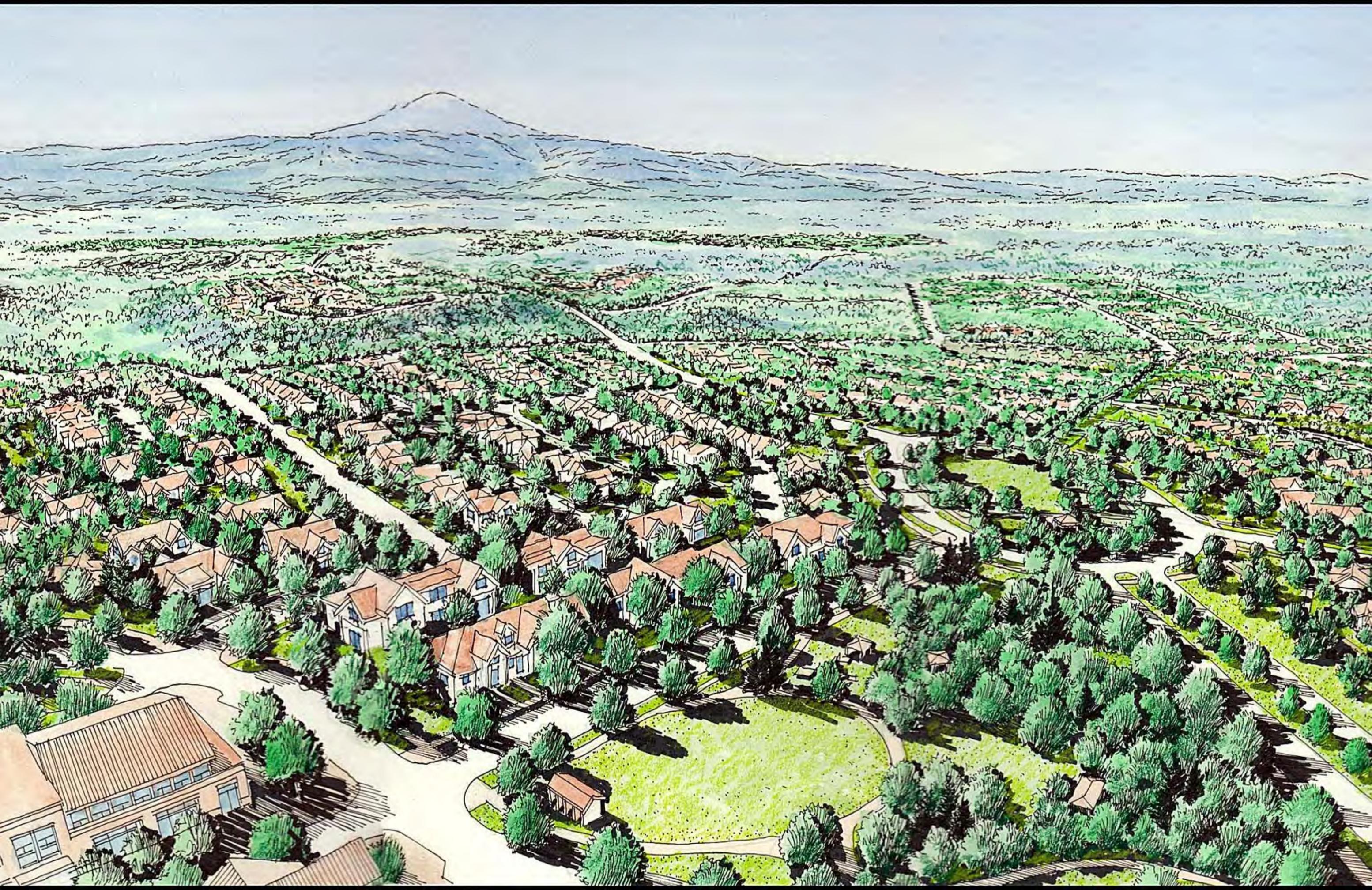
an event lawn for community movie night, concerts, art fairs or other events, as well as to the neighborhood businesses located along the Main Street of The Villages and located largely outside the view of the drawing. Similarly, the Lawson Hills site core areas, such as parks and schools, together with community connecting trails, drive people together for experiences.

“Use order rather than repetition.” Neat and orderly townscape elements, such as the smaller streets throughout the neighborhoods of both projects, create a sense of cohesion even when individual elements differ, such as the architecture, lot sizes and modulation of structures.

“Use human proportion.” The scale of the design for both MPDs is comfortable for people to be in and to use. For example, around the Village Green and on many other streets, front porches face onto these features and are close enough to allow casual conversation without raised voices. There are pedestrian courtyards within shopping areas, and walkable streets through the neighborhoods, as well as paths and seating areas within the parks.

“Encourage walking rather than riding.” Footpaths and connecting streets allow people to get around their own neighborhoods in The Villages and Lawson Hills, and to shared or community areas, including paths through the park areas. There are also a number of trails through each MPD that are shown on the trail plans (Figure 9.2 in each Development Agreement), included in this section.

“Encourage a range of residents rather than only one type.” A variety of housing and lot dimensions allow people to remain in the

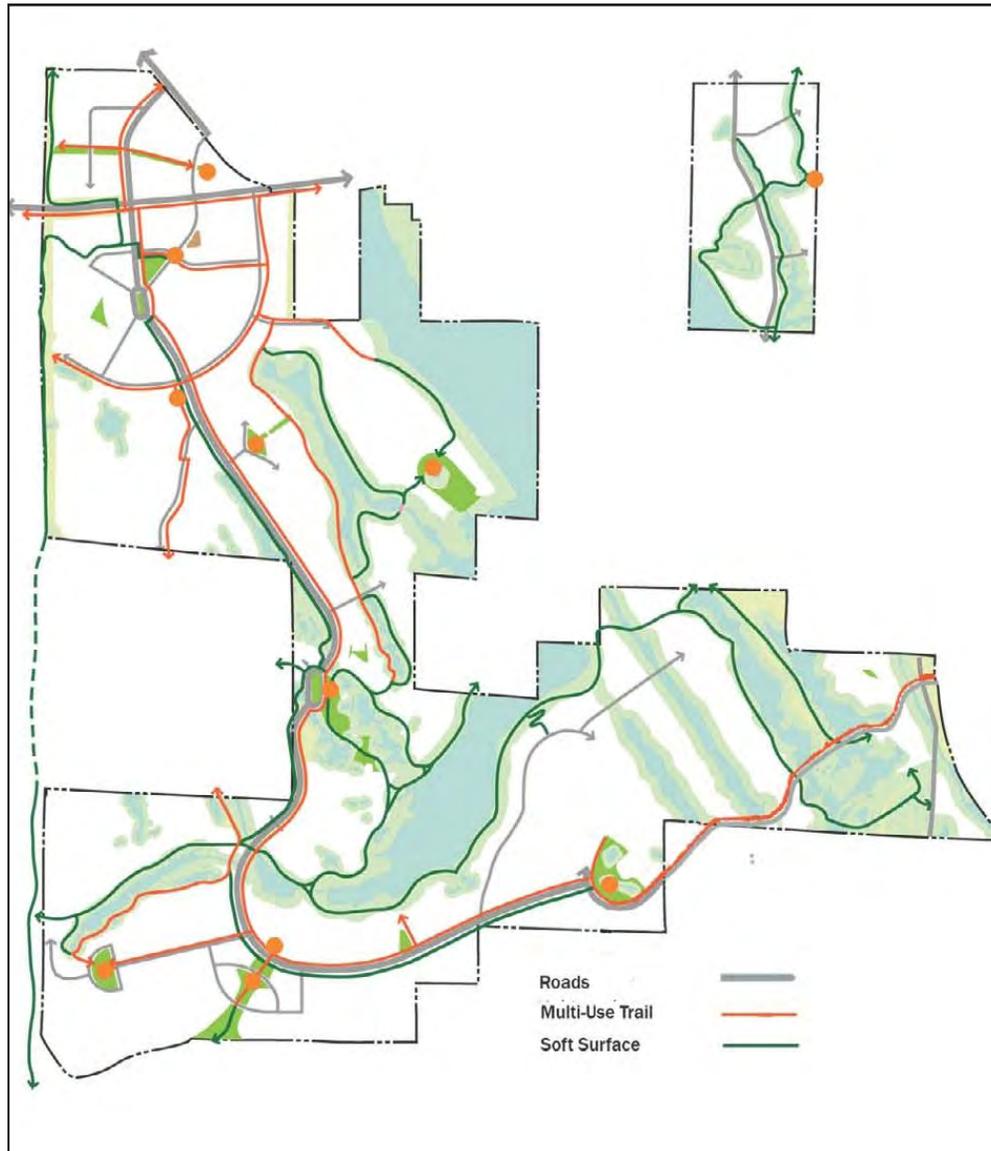


Neighborhood Feel and Design

same neighborhood as their needs change – from the young, to young couples, to families with children, to the elderly. The MPDs include a mix of different housing types, and both The Villages and Lawson Hills MPDs include a variety of housing.

“Use housing shapes and styles that connote small towns and not spreading suburb.”
Homes that are sited with their narrower, or

gabled, end toward the street allow for narrower lot frontages, which, in turn, contribute to the small-town sense of neighborhood. This also allows garages to be located at the rear of lots, and, where feasible, off alleys. These design principles apply to neighborhoods in both The Villages and Lawson Hills.



The Villages Trail Plan

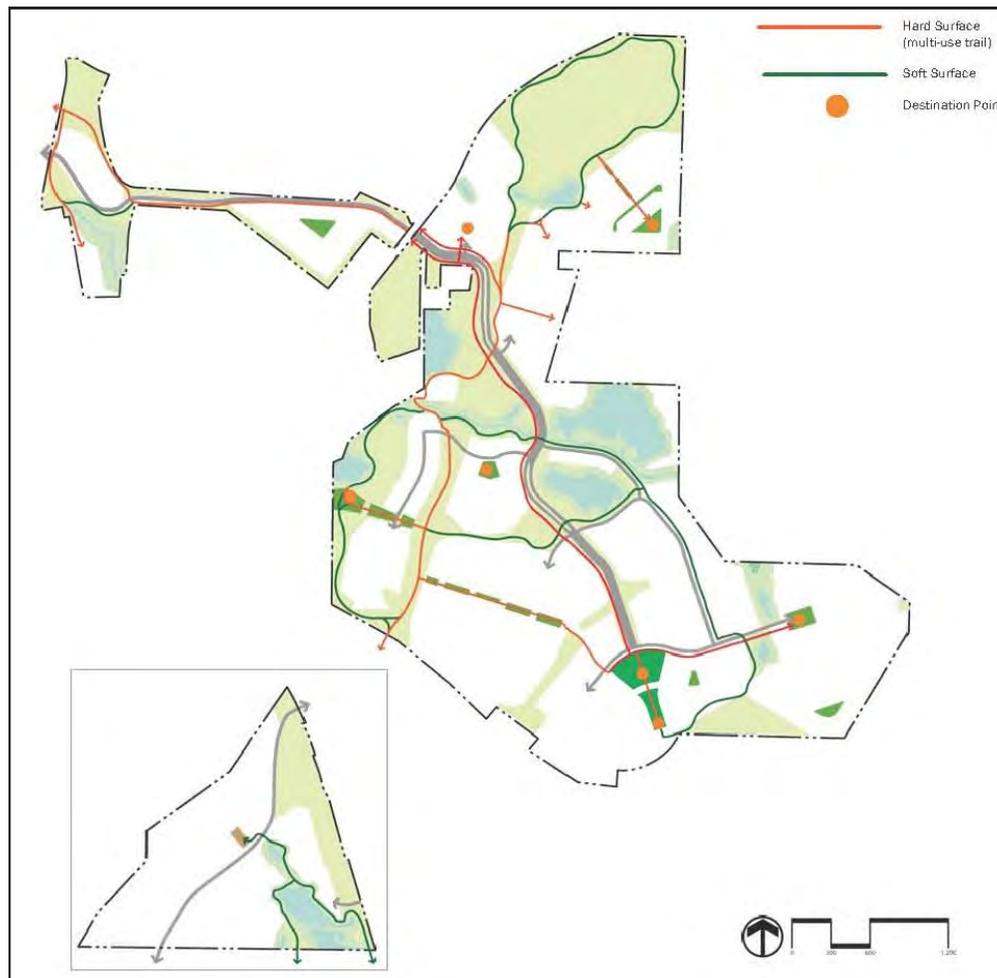
Neighborhood Feel and Design

“Encourage a mix of activities rather than a purely residential land-use.” Small businesses, day-care centers, home occupations, churches and recreational facilities are usually appropriate complements to residential uses. The MPDs include spaces within neighborhoods where commercial development, including small businesses, corner stores and the like, can be located in both The Villages and Lawson Hills.

“Fit within the environment rather than on top of it.” New development can be designed to nestle into rather than intrude upon its

natural setting. This is shown clearly in the drawing by the location of the developed areas separated by natural open spaces which were used to create the neighborhood clusters (as shown on pullout Page 12a). In addition, the trails maps for both The Villages and Lawson Hills show how open spaces are accessible to the public on the extensive trail system and how the developed areas of the new neighborhoods are nestled into the existing natural setting, not placed on top of it.

YarrowBay also asked Randall Arendt to examine The Villages and Lawson Hills MPDs.



Lawson Hills Trail Plan



Neighborhood Feel and Design

Following his examination, Mr. Arendt concluded that the MPDs contain “a number of the features I believe are essential to building strong communities. I am confident the City of Black Diamond, in concert with YarrowBay, will be able to do a much better job than other nearby communities have done attaining the City’s vision for growth, while maintaining the historic, small-town character that is essential to Black Diamond’s community identity.” See Mr. Arendt’s Opinion Editorial published in the Voice of the Valley on April 26, 2011 and the CD/DVD of his interview regarding “Rural By Design” and the MPDs captured on March 22, 2011 both attached hereto.



An example of design that would not be allowed in the MPDs.

II. How will aesthetic issues be governed?

Aesthetics are largely governed by design standards and guidelines. Both the City and YarrowBay have crafted design standards and guidelines to help achieve desired architectural and site planning elements.

YarrowBay’s Project Specific Design Standards and Guidelines (Exhibit H of each Development Agreement), were crafted using the City’s MPD Framework Design Standards and Guidelines (MPDFDSG, contained in Exhibit E) as a base. The Project Specific Design Standards and Guidelines are much more specific and get into details of architecture and site planning that typical City standards cannot do. Generally, these types of standards are not included in permitting documents, but are enforced purely as a private covenant. However, understanding the concerns of the community related to the design of The

Villages and Lawson Hills, YarrowBay agreed to include the Project Specific Design Standards and Guidelines in the Development Agreement for each project.

The development contained in the photo in the upper right corner of this page would not be allowed in the MPDs, as it violates and/or lacks the following design guidelines and standards:

- Variety of Styles (MPDFDSG, pg. 17, #1)
- Setback of Garage to Reduce Visual Impact (MPDFDSG pg. 17, #2)
- Orientation of ridgelines of homes shall be varied (MPDFDSG pg. 17, #4.d)
- Architectural features (MPDFDSG pg. 18, #10)
- Aluminum and vinyl siding not permitted (Exhibit H, pg. 19)
- Porches shall be sized to be furnishable as appropriate to the architectural style. (Exhibit H, pg. 19)
- The face of garage must be set back a minimum of 6’ from the face of a living area or porch... (Exhibit H, pg. 20)

These are just some of the examples of how the City’s MPD Framework Design Standards and Guidelines, together with YarrowBay’s

Neighborhood Feel and Design



Project Specific Design Standards and Guidelines work together to produce better looking development, and prevent the “cookie cutter” effect.

These Project Specific Design Standards and Guidelines will be enforced by Design Review Committees (DRCs) to achieve high-quality architecture and site planning that is desired in the MPDs. An example of what would be acceptable in the MPDs is provided in the photo above. If the DRCs fail to enforce the MPD Project Specific Design Standards and Guidelines, then the City may reject an Implementing Project application.

III. How are buffer, easement, and setback-related requirements applied to the MPDs?

There are two buffer requirements that must be considered throughout MPD build-out: noise and “Interface with Adjoining Development.” In addition, the MPD project sites are subject to existing easements that effect the location of MPD development vis-à-vis property boundaries. Each of these is discussed below.

First, construction noise is specifically dealt with by MPD Permit Approval Conditions of Approval Nos. 44 (The Villages) and 42 (Lawson Hills). These conditions are reflected in Section 13.7 of the Development Agreements. Summarized here, the condition requires that prior to long-term noise created by development on certain parcels within the MPD (see each project specific condition for a list), the YarrowBay must first meet with the affected neighbors to agree to what noise mitigation is necessary. If agreement cannot be reached, then YarrowBay is required

to provide a 100-foot wide buffer or design and construct a noise barrier that is capable of attenuating noise to acceptable levels as established by state regulations.

Second, the City’s MPD Framework Design Standards and Guidelines at page 9 impose certain standards to ensure a transition in development intensity at the perimeter of MPD projects. This standard is referred to as the “Interface with Adjoining Uses” provision.

This provision requires compliance with the following standards wherever any MPD development parcel abuts any existing development within the City but outside the MPD project site and there is no intervening open space. For single family residential uses, YarrowBay must provide lot sizes that are 7,200 square feet in size or 75% the size of the adjacent zoning, whichever is less. For example, where individual lot residential development zoned for 7,200 square feet lots is located along the boundary of a MPD parcel, YarrowBay must design and provide lots that are at least 5,400 square feet in size. If an MPD commercial development or multi-family parcel abuts existing developed residential land outside its boundary, then a

Neighborhood Feel and Design

25-foot wide dense vegetated buffer must be provided by YarrowBay. And finally, if no intervening development is proposed along a specific portion of an MPD boundary, for instance, an access road, then YarrowBay must plant a 25-foot wide dense vegetated buffer.

Nevertheless, in two circumstances, YarrowBay has self-imposed a higher standard than required by the “Interfacing with Adjoining Uses” provision. On the eastern boundary of The Villages MPD development parcel #V13, YarrowBay has voluntarily offered to provide a 50-foot wide vegetative buffer. And, as part of the Lawson Hills MPD, where the Lawson Parkway approaches some existing residential uses internal to the MPD Property (east of Lawson Street), YarrowBay has again volunteered to provide a 50-foot wide vegetative buffer.

Finally, on the western boundary of The Villages MPD there is a preexisting 100-foot wide trail easement. This easement was established as part of the Black Diamond Area Open Space Protection Agreement. It is intended to provide a connection between some King County park property just north of The Villages MPD, the Lake Sawyer Regional Park to the north, and the Flaming Geyser Park to the south. Although relocateable, YarrowBay has decided to leave the trail easement where it is after listening to community feedback. Some clearing and development of the trail easement will be necessary, however, to construct the anticipated trail amenities that are intended to go in this easement and the utilities necessary to serve adjacent MPD development parcels.

[this page intentionally left blank]

Commercial Development

1. Describe the types of commercial development anticipated for the MPDs, including the North Parcels.

The Main Property for The Villages MPD includes commercial development in the Village Center. As shown on these figures, the Village Center Plaza south of Auburn-Black-

Diamond Road, also known as Roberts Drive, includes mixed-uses serving as a community hub, together with nearby medium- and high-density residential. In the mixed-use area, small shops and restaurants are planned around a central plaza with offices above.

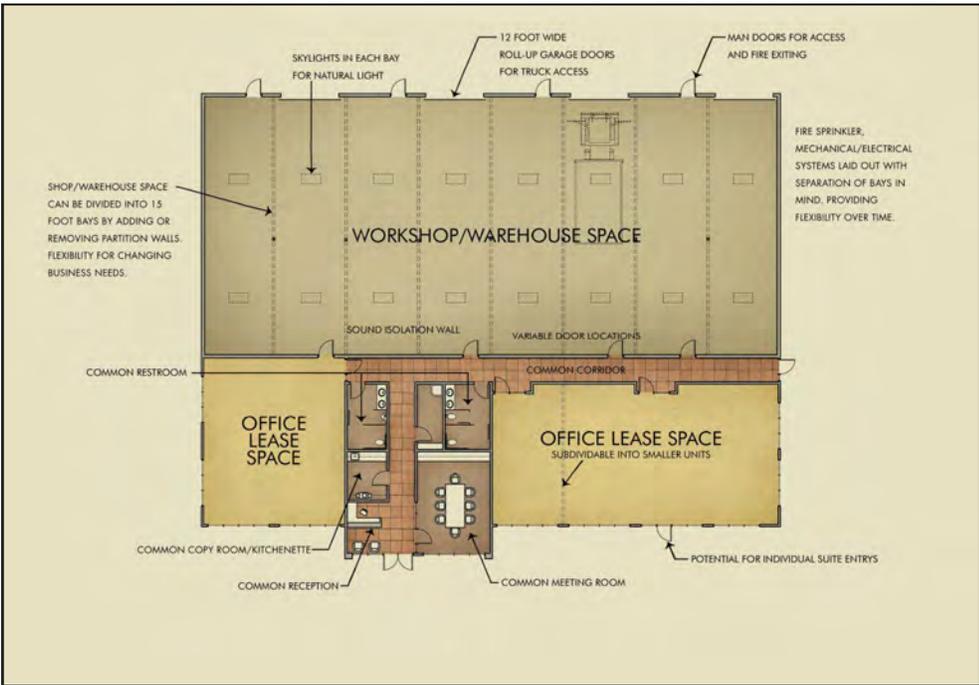
The nearby residents will be able to walk to these amenities.



Village Center Plaza and Mixed uses South of Auburn-Black-Diamond Road (Roberts Drive)

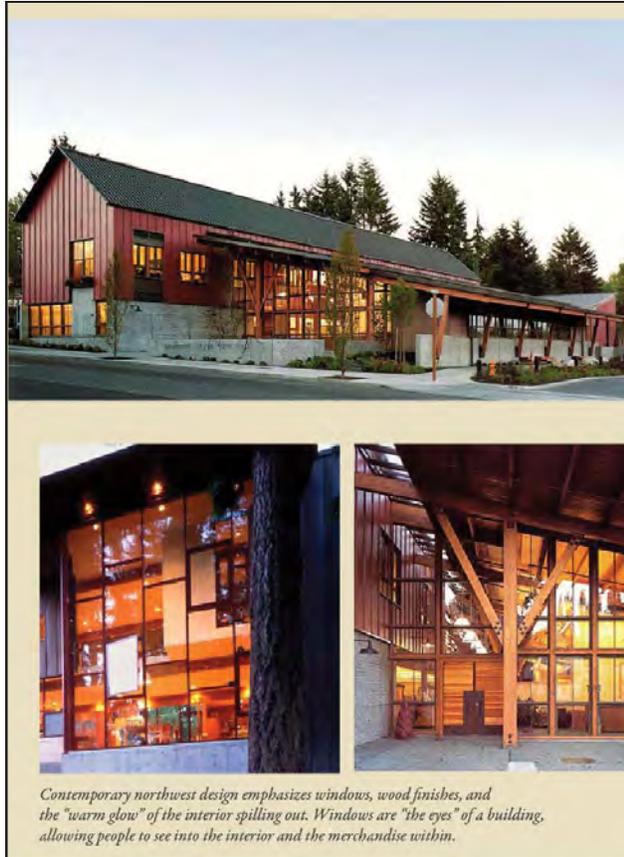


Commercial Development



Commercial Development for the North Parcels: The buildings envisioned here for the office and light industrial areas will be flexible to allow for changing business needs.

Commercial Development



A strong connection to the commercial/office/retail area to the north of the mixed-use area, across Auburn-Black Diamond Road, will help bolster weekday activity. This commercial/office/retail area would offer small-to-medium-size office opportunities, as well as potential sites for future civic uses.

The North Parcels for both The Villages and Lawson Hills are planned for larger office, retail and industrial users.

As shown in the images on these pages, the development of the North Parcels will provide spaces for new jobs, services and businesses. Office, retail, warehouse, workshops for light manufacturing all are anticipated. The buildings envisioned here for the office and light industrial areas will be flexible to allow for changing business needs.

Again, YarrowBay will ensure that the aesthetic is pleasing and melds with the small-town character of Black Diamond.

II. The MPD conditions allow for Neighborhood Commercial uses to be sited within residential neighborhoods. What type of business qualifies as a corner store?

Small businesses are the foundation of the nation's economy and the American dream. Corner stores are hallmarks of a vibrant community. These are what many people envision as the mom-and-pop businesses nestled among neighborhoods that provide a market place outside a city's Main Street or downtown sector.

Corner stores also increase a neighborhood's walkability and provide needed services close-to-home for many residents. Each corner store would be subject to design review.

These buildings could host a variety of businesses, such as grocery store, fueling station (limited to four pumps), personal service business, neighborhood retail and specialty store, general office space, and cultural and entertainment space.

Corner stores are businesses or groups of businesses within a neighborhood and are regulated by the Black Diamond Municipal Code at Chapter 18.36.

III. How are the quantity and quality of signs within the MPDs managed?

The quantity of signs will be regulated by the City's existing sign code, and the MPD Project Specific Design Standards and Guidelines included within Section 5.4 of the Development Agreements.

In addition to the City code and the MPD Project Specific Design Standards and Guidelines, YarrowBay will impose two additional levels of private control:

- One is a Construction and Real Estate signage program.
- The other is that the Design Review Committee will oversee signage.

The Construction and Real Estate Signage Program will help direct traffic or provide other information during construction and open house events for residential sales. The goal is to help limit and control off-site A-frame boards and consolidate them into a unified signage system.



Signs such as this one will be part of the Master Developer's Construction and Real Estate Sign Program, which will integrate with the landscaping and limit multiple quantities.

Streets and Infrastructure

1. Who will maintain new infrastructure, such as streets and landscaping?

Both public and private maintenance will occur inside the MPDs.

Publicly maintained facilities are those that are cared for primarily by the City or another government entity.

Private maintenance means care provided by anyone else, including community groups such as a homeowner’s association (HOA) as described within Sections 5.5.7 and 6.5 of the Development Agreements. Public streets and stormwater ponds, would be maintained by the City.

Some MPD improvements may have private maintenance for the first few years after installation, and possibly longer-term private maintenance.

The City Council adopted MPD conditions assuring that if an HOA does not maintain its infrastructure to an acceptable standard, the City could take over the maintenance at the expense of the MPDs.

Nevertheless, it is important to note that in other MPD communities, HOAs have been successful in conducting long-term maintenance of various improvements.

Landscape Maintenance

Landscape maintenance involves mowing, watering, weeding, replacing dead plants, trimming, pruning, maintaining irrigation systems, mulch and other reasonably related activities. All landscaping will be maintained by the YarrowBay, or an HOA if YarrowBay transfers its maintenance obligation to an HOA entity.



Examples of privately maintained landscaping

In the event that YarrowBay or the appropriate HOA fails to maintain the street-side landscaping, the City may do so at the expense of YarrowBay or the HOA.

Also, the maintenance obligation for street-side landscape improvements may be transferred to the City, but only with the City’s consent.

Private Streets

Private street maintenance involves sweeping, de-icing, sanding, repair, clearing

Streets and Infrastructure

of plugged catch basin and other reasonably related activities.

YarrowBay is obligated to maintain all autocourts serving 20 units or less, all alleys, and any private streets. These areas will initially be maintained by YarrowBay for a period of three years, and thereafter may be privately maintained by YarrowBay or an HOA.

In the event that the YarrowBay or the appropriate HOA fails to conduct the private maintenance, the City may do so at the expense of YarrowBay or the HOA.

Stormwater Facility Landscaping for Low Impact Development and Open Space Amenity Development

With the exception of stormwater vaults on private property, stormwater facilities will become part of the public City-owned and maintained stormwater system. However, the MPD Conditions of Approval include two exceptions to City maintenance of MPD stormwater facilities:

The Villages Conditions of Approval Nos. 60 and 67 state that the future HOAs are required to bear the cost of landscape maintenance associated with any low-impact development techniques.

Thus, if special landscaping is required to achieve low-impact results and that landscaping is more expensive to maintain than standard landscaping, the HOA is required to bear the cost.

The Villages Condition of Approval No. 69 and Lawson Hills Condition of Approval No. 71 state that if a stormwater facility is approved as a public amenity to be counted as part of YarrowBay's required open space, then the future HOA shall be required to provide landscape maintenance of these facilities,

unless otherwise agreed to by the City, YarrowBay and the HOA.

Other possible private maintenance

There is a possibility that in order to rectify a fiscal imbalance, YarrowBay may request approval from the City to take over maintenance of other facilities within the MPDs.

II. When will Pipeline Road be constructed? How is it assured that the necessary right of way (ROW) will be conveyed by other private parties?

Per Section 6.4.3 of The Villages Development Agreement, the preliminary design and alignment of Pipeline Road must be completed by YarrowBay prior to the City's approval of a building permit for the 1200th residential unit in The Villages MPD. Further, Pipeline Road must be constructed by YarrowBay and open for traffic prior to the City's approval of a building permit for the 1746th residential unit of The Villages MPD.

Obtaining the right-of-way necessary for Pipeline Road was contemplated in the Black Diamond Urban Growth Area Agreement (BDUGAA). Section 6.5 of the BDUGAA requires that Palmer Coking Coal Company convey to the City the necessary ROW for the east-west road (Pipeline Road).

Further details about valuation and credit for the conveyance are described in Section 6.5 of the BDUGAA.

III. How are infrastructure and mitigation projects going to be paid for?

As described within Section 11 of the Development Agreements, The Villages and Lawson Hills MPDs require the construction

Streets and Infrastructure

of new infrastructure, including roads, sewer, and water.

All road and intersection improvements inside the City of Black Diamond will be paid for and constructed by YarrowBay. The City and YarrowBay will work cooperatively to seek federal, state and/or grant funds, if available, to aid in the construction of these improvements within City. YarrowBay recognizes that these funding sources will not cover the entire cost of the road and intersection improvements. To the extent that Community Facilities Districts (CFDs) are approved, YarrowBay may use CFD financing to build these improvements, with assessments only being imposed on MPD lands. Other financing mechanisms, as authorized by State law and allowed by City code, may be employed, such as Local Improvement Districts or latecomer agreements.

Road and intersection improvements located outside the boundaries of the City of Black Diamond may be constructed by YarrowBay or by those other jurisdictions. As to improvements in the cities of Maple Valley and Covington, YarrowBay's share of the cost of those road and intersection improvements will be paid pursuant to the terms of the Mitigation Agreements found at Exhibits "Q" and "R" of the Development Agreements. As to improvements in unincorporated King County or along WSDOT controlled portions of SR 169, the construction costs will be paid for by YarrowBay via other funding

mechanisms such as CFDs, Local Improvement Districts, or latecomer agreements.

All new sewer improvements necessary to serve The Villages and Lawson Hills MPDs will be paid for and constructed by YarrowBay. To the extent that CFDs are approved, YarrowBay may use CFD financing to build these improvements, with assessments only being imposed on MPD lands. Other financing mechanisms, as authorized by State law and allowed by City code, may be employed, such as grants, Local Improvement Districts or latecomer agreements.

All water improvements covered by the three-party Water Supply and Facilities Funding Agreement (WSFFA), will be constructed and paid for pursuant to that agreement's terms. All improvements not covered by the WSFFA, will be paid for and constructed by YarrowBay. To the extent that CFDs are approved, YarrowBay may use CFD financing to build these improvements, with assessments only being imposed on MPD lands. Other financing mechanisms, as authorized by State law and allowed by City code, may be employed, such as grants, Local Improvement Districts or latecomer agreements.

[this page intentionally left blank]

Transportation Mitigation

I. What transportation mitigation projects are required as a condition of MPDs' approval?

The visuals provided with this Guide depict the Black Diamond transportation mitigation projects and regional traffic mitigation projects that YarrowBay will construct or contribute to.

These transportation mitigation measures include projects that address potential transportation impacts of complete build-out of The Villages MPD together with complete build-out of the Lawson Hills MPD.

II. How do the traffic monitoring plans work to set the timing for the construction of the MPDs transportation mitigation adopted by the City Council?

The build-out of both MPDs will occur over a period of years and, as a result, the transportation mitigation should be implemented over a period of years.

To assure that the transportation mitigation keeps pace with MPD development and appropriate improvements are constructed at the appropriate time, YarrowBay has proposed the Traffic Monitoring Plan, set forth in Exhibit F of the Development Agreements. The Traffic Monitoring Plan will be used to define the construction timing for the transportation mitigation projects to be constructed by YarrowBay or for which payment contributions are required from YarrowBay.

Step One: Before (and in the middle of) each phase of the combined MPDs, YarrowBay will model and monitor traffic to identify the expected impacts of that phase of MPD development on all of the transportation mitigation projects included in the MPD

Conditions. Such model will include the transportation projects described in these visuals together with the existing facilities in the City.

After the 850th MPD dwelling unit, all of YarrowBay's traffic modeling and monitoring will be conducted using the City's regional transportation model, as further described below.

Step Two: Results of the traffic modeling and monitoring will be presented by YarrowBay to the City in a written report prepared by a professional traffic engineer. The report will document the engineer's findings including an evaluation of the existing transportation conditions, a forecast of future traffic volumes, access issues, and levels of service based on the next phase's projected level of development. The specific construction timing of the transportation projects will be proposed in each transportation monitoring report based on the results of the modeling. The City will peer review the report and provide comments or corrections prior to acceptance.

Step Three: The City will then use the report to determine whether to adjust YarrowBay's proposed timing for construction of any new roadway alignments or intersection improvements.

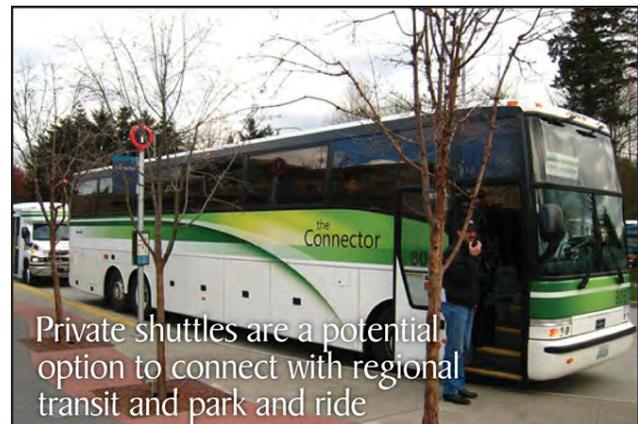
III. When will the regional transportation model be used?

The MPD Conditions for both The Villages and Lawson Hills require the City of Black Diamond, at the expense of YarrowBay, to create a new regional transportation demand model. When building permits for 850 dwelling units have been issued within the MPDs collectively, the City will validate and

Transportation Mitigation

calibrate the new regional transportation model. It is YarrowBay's understanding that the City's transportation consultant has substantially completed the preparation of the new regional transportation demand model and has submitted the new model to City staff for final review.

The City will then use the data yielded by the regional model's validation to conduct an intersection operations analysis of the intersections included within the regional transportation model. From this analysis, the City will determine whether the transportation projects set forth in the MPDs' Conditions of Approval adequately mitigate the transportation impacts of the MPDs and, if not, recommend such additional measures



necessary to adequately mitigate the impacts reasonably attributable to the MPD projects.

After its initial 850th dwelling unit review of the regional transportation model has been completed, the City Council will determine at what phase or interval the regional model shall be revalidated or recalibrated.

IV. How is YarrowBay going to encourage the use of alternative transportation options?

To reduce future MPD residents' reliance on gasoline-powered single occupancy vehicles, YarrowBay intends on implementing several

Transportation Mitigation

alternative transportation measures within its communities. These visuals depict potential alternative transportation options.

V. Does YarrowBay plan to use roundabouts?

YarrowBay intends to implement roundabouts in lieu of traffic signals wherever practical.

Proven Safe!

- Vehicles travel in the same direction at slower speeds.
- Most common/severe types of collisions are eliminated (right-angle, left-turn, and head-on)
- 75-80% reduction in injury-related collisions*
- 35-40% reduction in total collisions*

*Based on 2001 TRB research at 23 converted intersections and 2004 NYDOT research at 35 converted intersections.



PRESENT:

Intersection of SR 20 & Commercial Ave. in Anacortes.

PAST:

Why Roundabouts Work

- Safer than signalized intersections
- Safer for pedestrians and bicyclists
- Reduces both the frequency and severity of collisions
- Reduces vehicle delay and improves traffic flow
- Reduces long-term operations and maintenance costs
- More environmentally-friendly (reduced fuel consumption and air pollution)
- More aesthetically-pleasing than signalized intersections
- More effective during power outages

Transportation Mitigation

VI. What happens if YarrowBay enters into a separate mitigation agreement with another jurisdiction or agency?

If YarrowBay enters into a transportation mitigation agreement with an outside jurisdiction, such as the agreements actually reached with Maple Valley or Covington and included within the Development Agreements as Exhibits Q and R respectively, that agreement is deemed to supersede all mitigation from the MPD conditions and no further monitoring or modeling of facilities within that jurisdiction is required, nor will any changes be made to the mitigation projects described in that agreement.

VII. How is YarrowBay going to discourage the use of Plass Road as a connection to Green Valley Road?

Condition of Approval No. 34(b) of The Villages MPD Permit Approval requires YarrowBay to work in good faith with the City of Black Diamond, King County and Plass

Road residents to develop a plan to prohibit or discourage the use of Plass Road as a connection to Green Valley Road. The condition further indicates YarrowBay's agreement to vacate portions of Plass Road with concurrence from King County and the residents.

While YarrowBay does not currently intend to build the South Connector across Plass Road for at least seven-to-ten years and, therefore, the issues raised in Condition of Approval No. 34(b) will likely not arise for several years, on June 15, 2011 YarrowBay submitted a letter to the City asking that its transportation consultant prepare an analysis of the potential vacation of portions of Plass Road. The costs of this analysis will be paid entirely by YarrowBay. Once this report is completed, YarrowBay will present it to the Green Valley Road Committee for discussion and its recommendations.

LOCAL AND REGIONAL TRAFFIC IMPROVEMENTS

This map represents the over 50 local and regional traffic improvements that are part of the MPD approvals and current agreements. Under the terms of the MPD permit approvals, the City of Black Diamond will create a new regional traffic model to guarantee that the steps taken by YarrowBay to mitigate MPD traffic are effective.

The improvements are the result of the MPD permit approvals and agreements between YarrowBay, Covington, Maple Valley, and other regional partners.

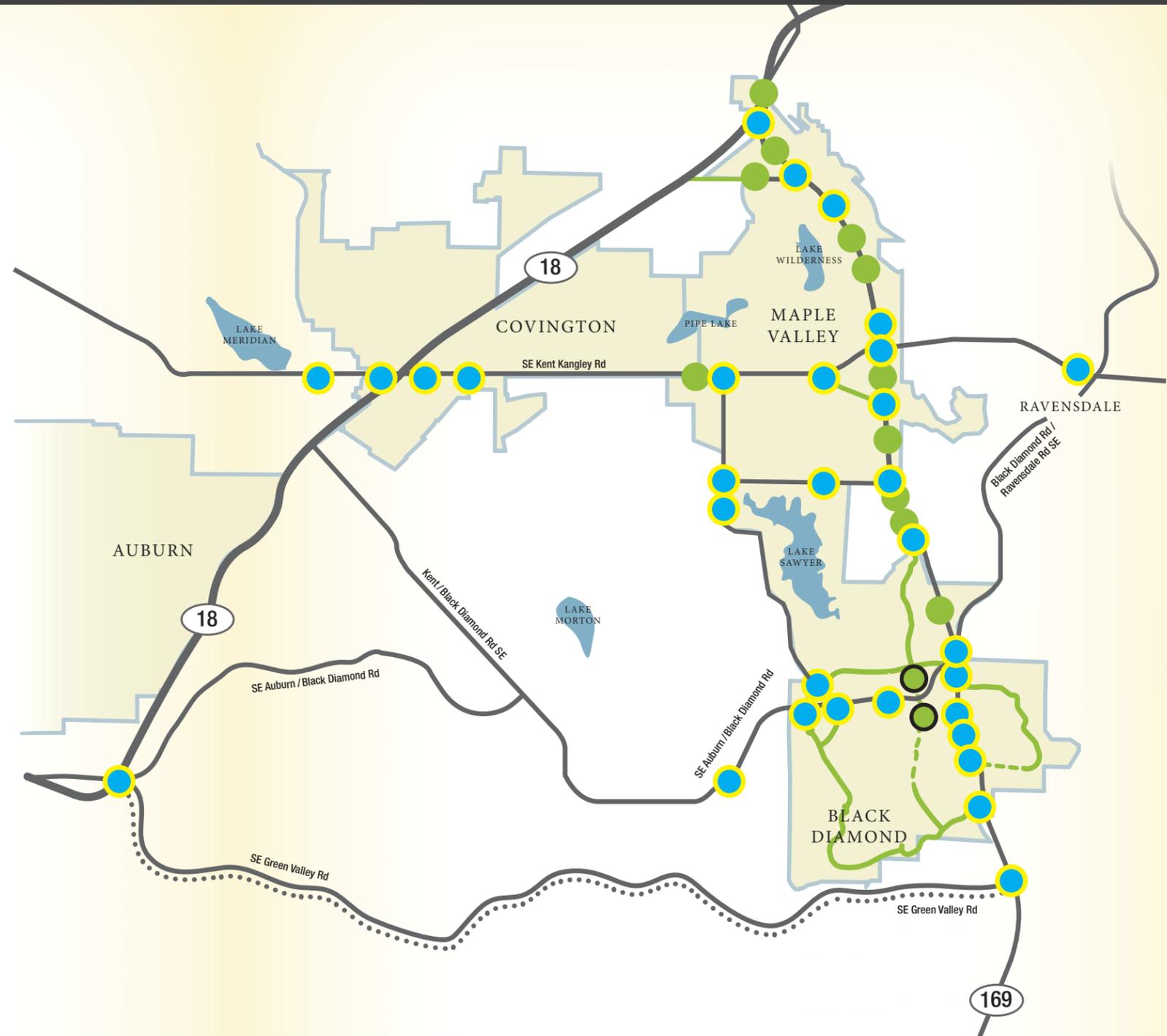
To guarantee our plans are working, multiple benchmarks have been set over the next decade to reassess YarrowBay's transportation mitigation plans with the community, ensuring they keep pace with MPD development.

YarrowBay has committed to making a substantial financial contribution to the traffic solutions shown here.

- In some cases, YarrowBay will build and pay for the improvements as part of the MPD development process.
- In other cases, agreements have been negotiated with the cities of Covington and Maple Valley to apportion costs to YarrowBay.
- In all cases, YarrowBay is required to do its share of improvements to mitigate the MPD transportation impacts and thus help move traffic in and around the region as Black Diamond becomes a stronger and more vibrant community.

ADDITIONAL DETAILS ABOUT SPECIFIC IMPROVEMENTS CAN BE FOUND ON OUR WEBSITE WWW.INBLACKDIAMOND.COM

- EXISTING ROADS
- NEW ROADS
- INTERSECTION IMPROVEMENTS
- ADDITIONAL TRAVEL LANES
- - - FUTURE POTENTIAL ROADWAYS
- FUTURE POTENTIAL INTERSECTION IMPROVEMENTS
- • • FUTURE POTENTIAL TRAFFIC CALMING IMPROVEMENTS WITHIN THE EXISTING IMPROVED RIGHT-OF-WAY
- CITY LIMITS



INTERSECTION IMPROVEMENTS

- SE 288th Street / 216th Ave. SE
- SE Covington Lake Sawyer Rd / 216th Ave. SE
- SE 288th Street / 232nd Ave. SE
- SR 169 / SE 288th St.
- SR 169 / North Connector

- SR 169 / South Connector
- SR 169 / SE Green Valley Rd.
- SE Auburn Black Diamond Rd. / Morgan St.
- SE Auburn Black Diamond Rd. / Lake Sawyer Rd. SE
- SE Auburn Black Diamond Rd. / Annexation Road

- SR 169 / SE 264th St.
- SR 169 / SR 516
- SR 169 / SE 271st St.
- SE Kent Kangley Rd. / Landsburg Rd. SE
- SR 516 / SE 271st St.
- SR 516 / 216th Ave SE

- SR 169 / Black Diamond-Ravensdale Rd.
- SR 169 / Roberts Dr.
- SR 169 / Baker St.
- SR 169 / Lawson Rd.
- SR 169 / Jones Lake Rd.

- Lake Sawyer Road / Pipeline Rd.
- SE Auburn Black Diamond Road / 218th Avenue SE
- SR 169 / SE Wax Rd.
- SR 169 / SE 240th St.
- SR 169 / SE 244th St.

- SR 516 / SE Wax Road
- SR 516 / 168th Pl SE
- SR 516 / Covington Way SE
- SR 516 / 160th Avenue SE
- SE Auburn Black Diamond Rd. / SE Green Valley Rd.

Stormwater and Sensitive Areas

1. Describe the stormwater controls for the MPDs that will be implemented through the Development Agreements and later construction permitting.

The MPD Permit Approvals for both The Villages and Lawson Hills include a number of conditions for the control of stormwater, including conditions that address the concern about phosphorus flowing to Lake Sawyer.

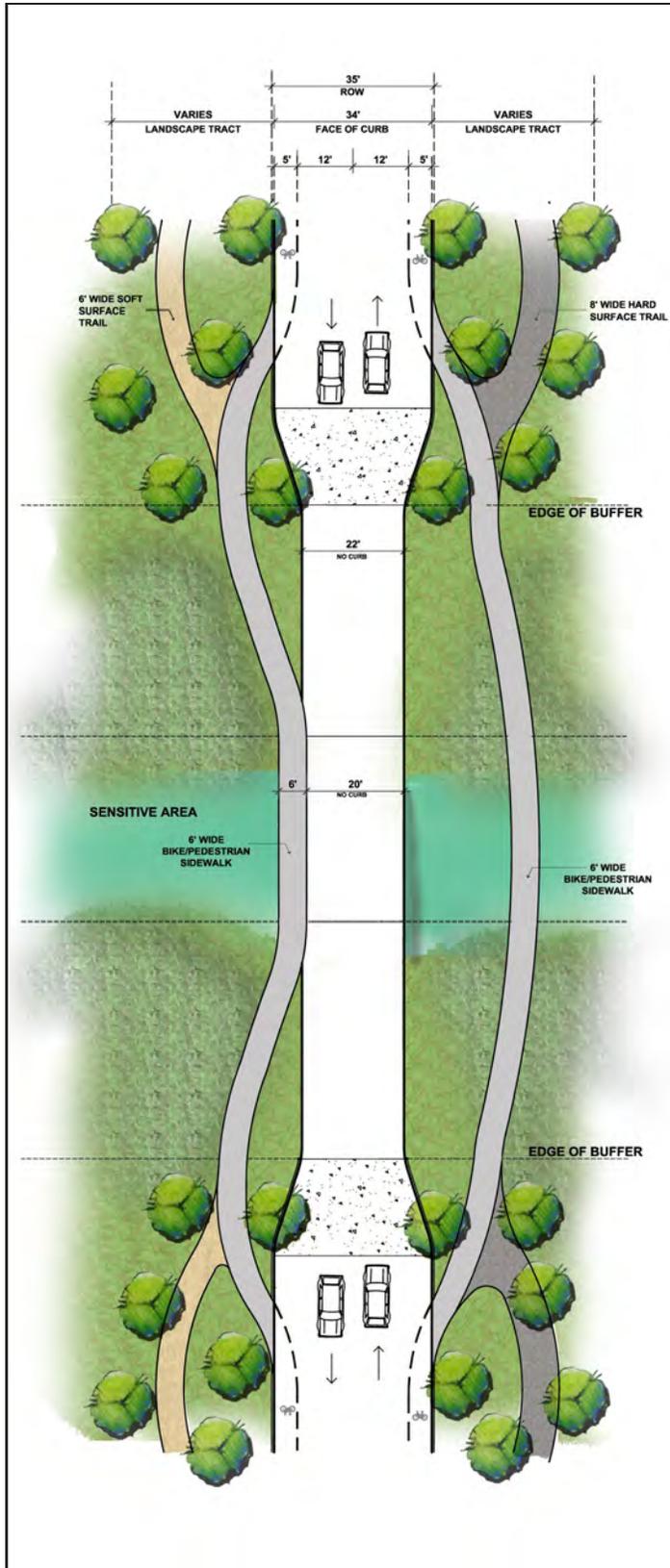
Monitoring protocols for Total Phosphorus (Tp), Temperature, pH, Turbidity, Conductivity, and Dissolved Oxygen (DO) are included at Exhibit O of each Development Agreement.

The estimated maximum annual volume of Tp that will be discharged from the MPD site is 10.2 kg/year for The Villages and 36.1 kg/year for Lawson Hills. As described in greater detail below, YarrowBay has committed that the developed areas of the MPDs will match the estimated maximum annual volume of Tp discharges from the undeveloped area today. Because Lake Sawyer is currently in compliance with the TMDL, with no net increase from MPD development, YarrowBay and the City are assured that the MPD development will continue to comply with the TMDL established for Lake Sawyer. In addition, as described in Section 7.4.4.A of each Development Agreement, the MPDs are



Rain gardens, like the one in the photo above, mitigate runoff and soil erosion, conditions that lead to turbidity. The photos on the right are examples of stormwater ponds engineered to both manage runoff and provide aesthetically pleasing open spaces amidst neighborhoods.

Stormwater and Sensitive Areas



required to abide by a number of other limitations on phosphorus, including significant source controls for phosphorus and funding of water quality monitoring for Lake Sawyer.

Where feasible, low-impact development techniques will be used, including infiltration of stormwater.

During construction, all developers and contractors will be required to comply with the State Department of Ecology's NPDES permit, which include conditions controlling the turbidity of stormwater that can leave a construction site. By controlling soil erosion, which leads to turbidity, phosphorous flows off the MPD sites is reduced because phosphorous binds to the soil particles in turbid water.

II. Do the MPDs comply with the City's Sensitive Areas Ordinance (SAO)?

The MPDs were designed to comply with the City's 2009 adopted Sensitive Areas Ordinance (SAO) and future Implementing Projects must also comply with the City's 2009 SAO as required by City Code.

For example, The Villages entire project site is 1,196 acres, with about 97 wetlands covering about 200 acres of land, but using the SAO directive of avoidance, only about 0.5 acres of wetlands are proposed to be filled with the development.

Where sensitive areas must be crossed with roads and/or utilities, every effort has been made to use existing road crossings (old logging roads, for example).

YarrowBay also plans to build narrower roadways at crossings of sensitive areas to further minimize potential impacts. This visual provides an example of that plan.

Stormwater and Sensitive Areas

III. Describe YarrowBay's commitment to no net increase in phosphorus as a result of its MPD Development.

YarrowBay and the community are concerned about the effect of increased phosphorus to Lake Sawyer. Exhibit O to each Development Agreement contains a memo from Triad Associates describing YarrowBay's commitment to no net increase in phosphorus flowing to Lake Sawyer from the developed areas of the MPDs. (Exhibit O also contains a memo from TetraTech listing stormwater monitoring protocols, and a detailed Quality Assurance Project Plan describing how the monitoring program's sampling and analysis methods will generate the necessary data and interpretations.)

In the spring of 2011 YarrowBay's experts determined what the existing level of phosphorous is in stormwater flowing from the MPD Project Sites to Lake Sawyer. This current level of phosphorous is due to coal waste piles left behind from past coal mining uses on the Lawson Hills site, as well as erosion associated with past and existing uses on both the Lawson Hills and The Villages project sites. This information was used to determine that YarrowBay could design the MPD's stormwater controls to ensure that the MPD development would not increase the amount of phosphorus currently flowing from these properties.

YarrowBay has estimated that Total Phosphorus (Tp) from the Lawson Hills site draining to Lake Sawyer is currently 36.1 kg/year. The estimate of Tp for The Villages site area that drains to Lake Sawyer is 10.2 kg/year. YarrowBay plans predevelopment monitoring of these areas to gather additional data to refine these estimates. Because YarrowBay plans to first develop lands in the Village Center area which does

not drain to Lake Sawyer, there is time to gather additional data and design stormwater facilities and controls necessary to assure that the MPD development on lands that drain to Lake Sawyer will not increase TP input to the Lake over the existing condition. It may also be possible to provide improvements elsewhere in the City that would offset any increase from the MPD site. Sections 7.4.3.A and 7.4.5 of each Development Agreement addresses these issues.

YarrowBay's commitment to no net increase in phosphorus flowing to Lake Sawyer from the developed areas of the MPDs assures as nothing else can, that the MPDs will have no impact on the eutrophic status of Lake Sawyer.

IV. Describe the winter runoff volumes to Lake Sawyer from the MPDs.

Concerns have been expressed about the MPD projects flooding some homes that are built on low ground around Lake Sawyer. Those homes already flood, occasionally, during very large storms.

It is true that stormwater runoff volumes from newly developed impervious surfaces necessarily increase, and send more water downstream. Because of that fact, YarrowBay understands why the concern about additional flood events has been raised. However, the Lake Sawyer drainage basin includes about 8,000 acres of land. Combined, at full build-out, the Lawson Hills and The Villages project sites' impervious surface areas discharging from ponds will make up less than 2% of the overall Lake Sawyer basin. Therefore, the added impervious area in the MPDs has very little ability to impact water levels in Lake Sawyer.

Stormwater and Sensitive Areas

The increased volume of runoff from the MPD project sites' detention ponds flowing to Lake Sawyer is calculated to be 371 acre feet for an average year of rainfall (371 acre feet is equivalent to 16,160,760 cubic feet or 120,890,565 gallons). Engineers use acre feet to describe volumes when dealing with large bodies of water like Lake Sawyer. What sounds like a lot of water is actually not that large when it is spread out over time. During an average day during the 6-month rainy season, the 371 acre feet of water from the MPD sites translates to less than 1/8 of one inch of water over the surface of Lake Sawyer.

When large storm events occur, the MPD sites will mitigate flows from these events through large detention ponds which will release the stormwater over multiple days. Since Lake Sawyer has an outlet weir which effectively drains water out of the lake as the lake level rises, the flows from the detention ponds will arrive after the lake level has begun to dissipate. This fact, combined with the additional flow attenuation that naturally occurs in the Rock Creek wetland complex, will insure that any impact from the projects will be minimal, likely less than one inch of rise even during the worst flood conditions.

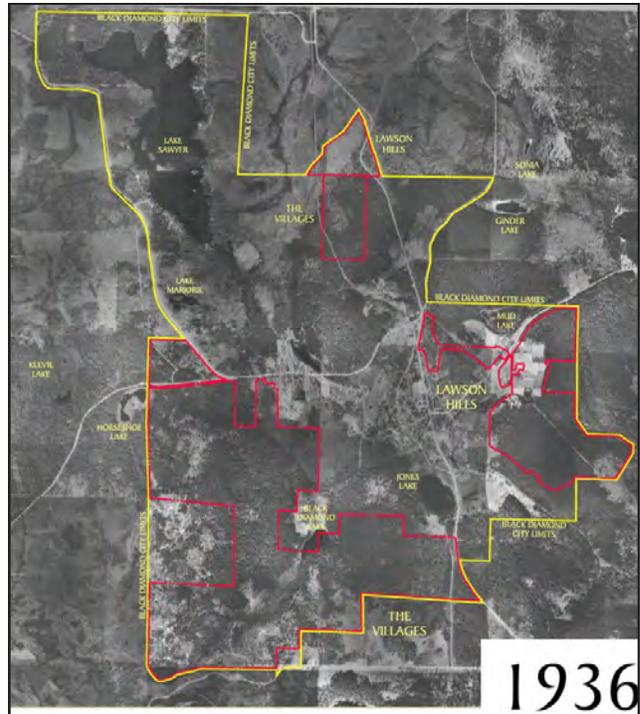
Parks, Open Space and Trails

1. *What is the history of the MPD lands and surrounding areas and how will the MPDs' land use plan better protect open spaces and sensitive areas than did the historic uses?*

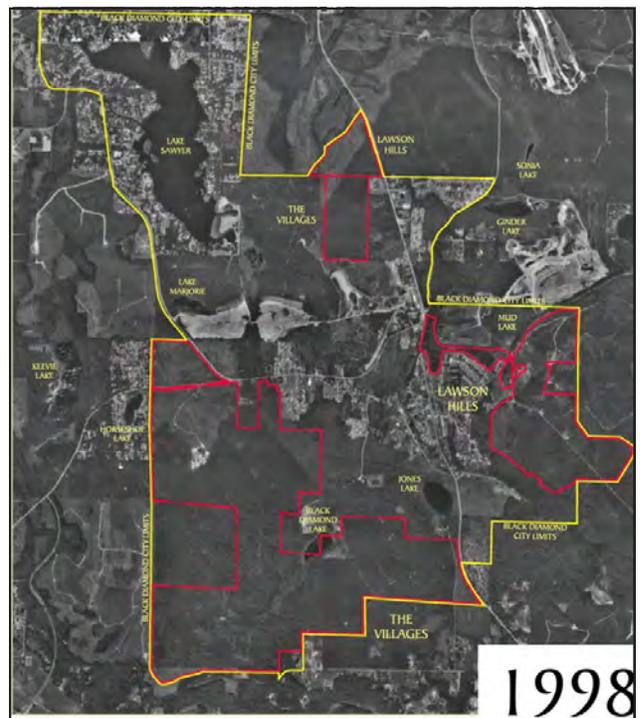
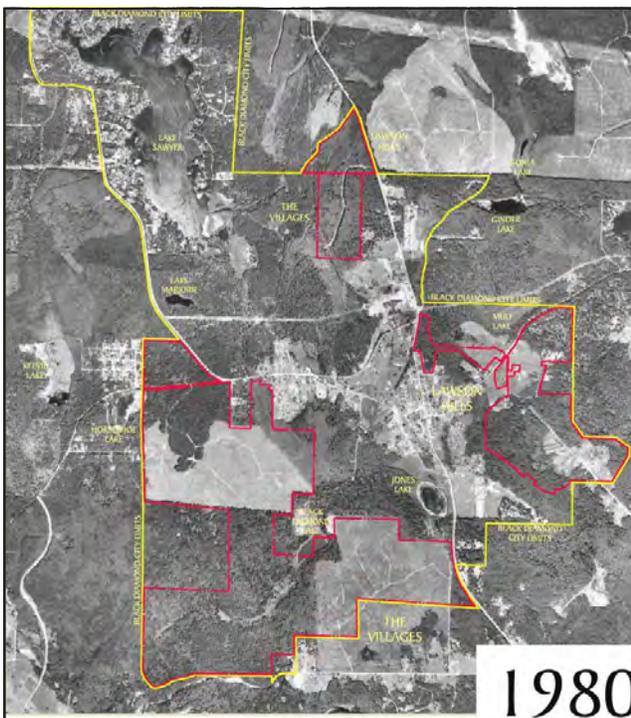
As shown on the included figures, the MPD lands were historically used for coal and gravel mining, and active forestry.

In 1936, development in Black Diamond and the surrounding area was focused on Morganville and historic downtown Black Diamond. It appears that mining uses were occurring on and around the Lawson Hills MPD Main Property, and that The Villages site and North properties were forested.

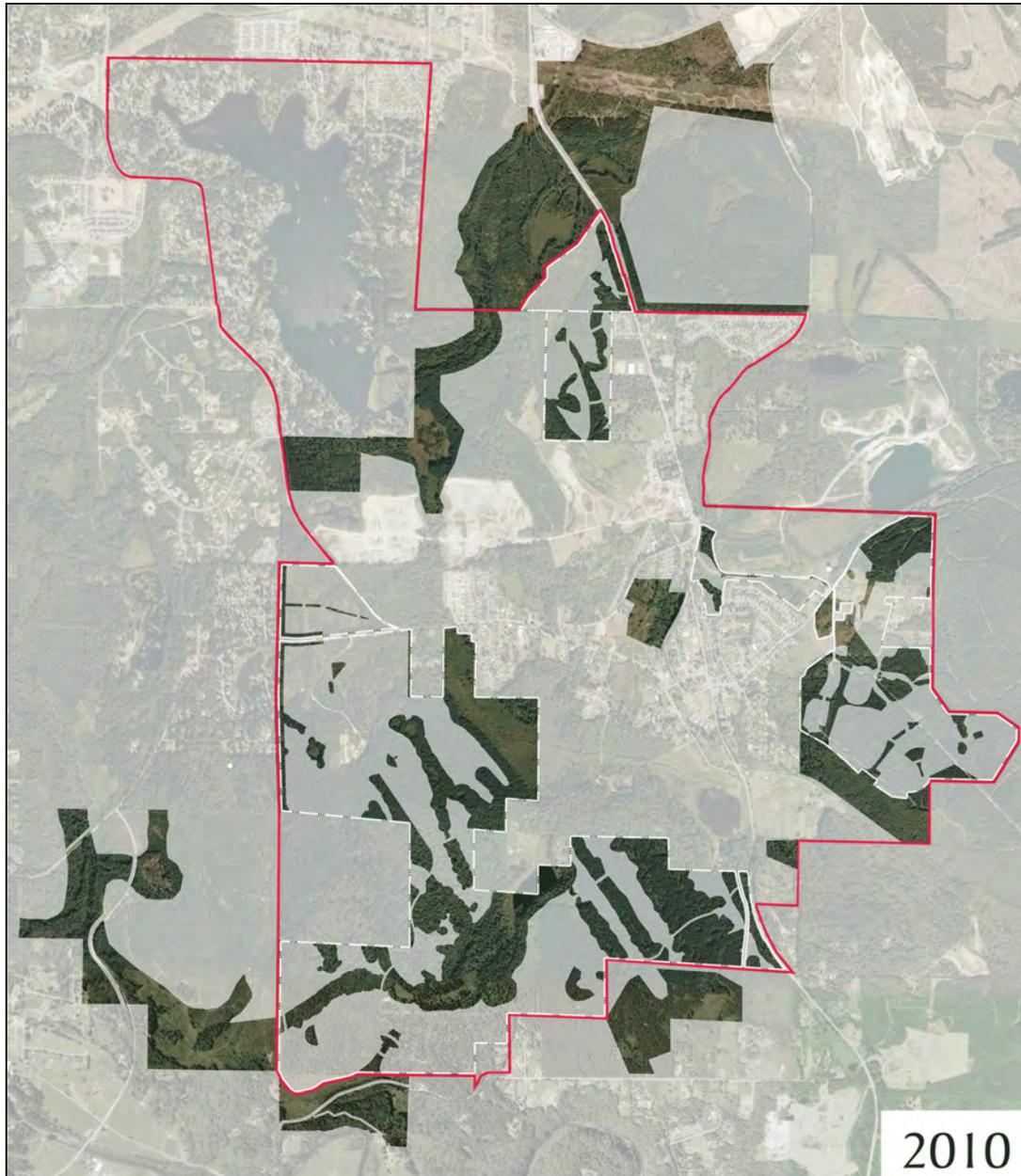
By 1980, there was much more development in town, including around Lake Sawyer. The 1980 photo clearly shows that large portions of The Villages and Lawson Hills Main Properties were being actively logged, and that the logging activity occurred by clear cut, even through wetland areas.



By 1998, the areas logged in the past are shown to be growing back.



Parks, Open Space and Trails



In the large photo labeled 2010, the green areas include all property that is protected open space pursuant to: the Black Diamond Urban Growth Area Agreement, the Black Diamond Open Space Protection Agreement, and the protected sensitive areas on each MPD site.

In addition, the 2010 figure shows in green some, but not all, of the open space and parks planned for the MPD properties. Additional open space and parks will be incorporated into neighborhoods as they are constructed, so the precise location is not yet known.

Parks, Open Space and Trails



Additional open space and parks are incorporated into neighborhoods, and trails serve as important community connectors.

via the City's program for Transfer of Development Rights.

The approved MPD Site Plan on Page 8 locates development around and outside of existing wetlands and buffers, rather than developing those areas, and protects open space areas and trails.

Nestled between those open spaces are the development parcels for residential, commercial, office, retail, mixed use, and school uses.

Unlike the history of the land, the sensitive areas and future parks will no longer be subject to clear cut forestry activities, mining or other resource extraction uses. And, as provided in Section 13.2 of the Development Agreements, tree removal will be limited to defined areas based on project applications.

The area of the hammerhead for the Lawson Hills Main Property also is now planned to be completely open space, which is reflected on the MPD Site Plan.

Other open space areas to be protected inside the City of Black Diamond, but outside the MPD boundaries, include the sensitive areas and other areas that will be protected

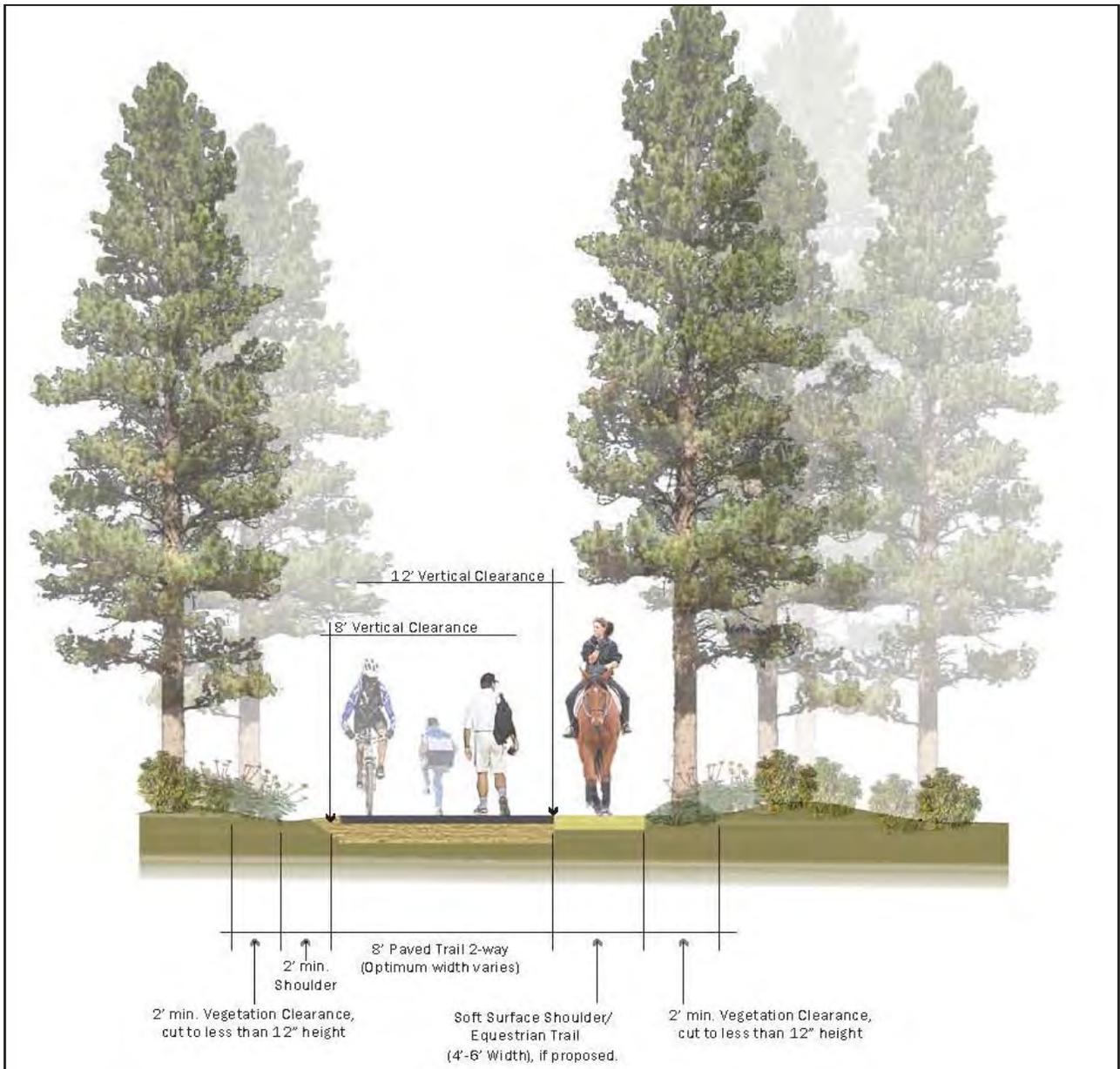
Parks, Open Space and Trails

II. When will parks be developed?

Parks will be developed as part of the improvements associated with Implementing Projects within each MPD (Section 9.2 of the Development Agreements). Parks within Implementing Projects may be built in phases over time, similar to how residential construction will be phased.

Parks are part of the overall Open Space that will be provided in the MPDs. In fact, Open Space is defined as including Parks, as well as protected sensitive areas, sensitive area buffers and trails.

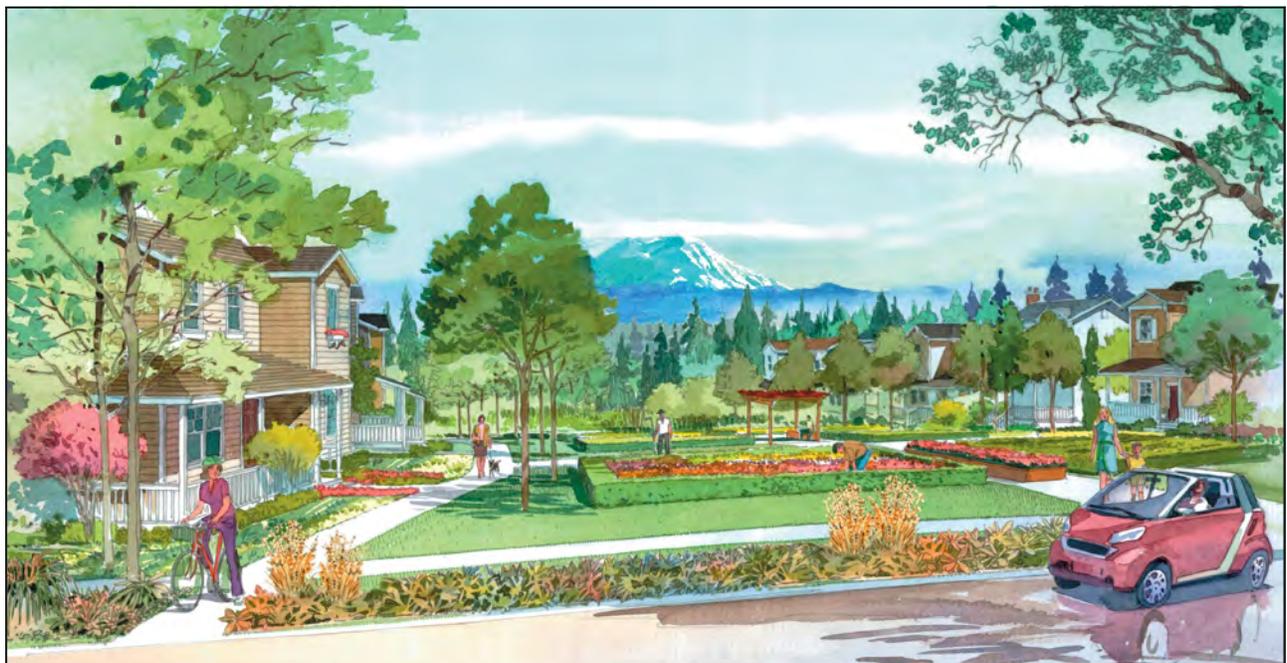
Parks are one type of Open Space and are intended to be used for passive or active recreation, or gathering space. Parks may



Multi-use trail section concept

Parks, Open Space and Trails

include a wide range of uses and designs, including but not limited to: plazas, playfields, playgrounds, trails, amphitheaters, gardens, pea patches, natural areas, interpretive centers, camping, picnic areas, restrooms and utilities. The Development Agreements describe the several different kinds of Parks that will be located in the MPD. Community Parks are recreational destinations of 1 to 5 acres in size that may include recreational facilities. Neighborhood Parks are about 0.5 to 1 acre in size and are residential-scale green spaces that accommodate a range of neighborhood activities such as small playgrounds, sitting and picnic areas including barbecues, and court sports such as basketball. Finally, Pocket Parks are one-half (0.5) acre in size, or smaller, and serve the informal needs of the immediately adjacent residents. They provide small intimate gathering places and include tot-lots, seating areas or simply small gathering places for children to play.



Parks, Open Space and Trails

III. Where will the listed recreation fields and courts be located?

A variety of recreational facilities such as baseball fields, basketball courts, soccer fields and a skate park are listed with development unit triggers in Table 9-5 of each MPD's Development Agreement. These facilities are to be constructed throughout the new neighborhoods and likely combined with school facilities.

Currently planned locations for larger park facilities are shown on Figure 9.2 in each Development Agreement. Some recreational facilities may be located in those parks.

IV. How much open space is being provided by the MPDs and the lands associated with the prior open space agreements?

As required by The Villages and Lawson Hills MPD Permit Approvals (Black Diamond Ordinances Nos. 10-946 and 10-947, respectively), the MPD land subject to prior open space agreements must provide the amount of open space required by those agreements and those portions of MPD land

not subject to prior agreements must provide at least 50% open space. Therefore, when taken all together, the MPDs are providing the following total amount of open space:

1,237 acres — Open Space previously dedicated and/or conserved by the MPDs under the Black Diamond Area Open Space Protection Agreement and the South Annexation Open Space Agreement

505 acres — Open Space within The Villages MPD

+ 153.3 acres — Open Space within Lawson Hills MPD

1,895.3 acres — TOTAL OPEN SPACE provided by the MPDs

If the MPDs' remaining acreage is added to this total open space number (691 acres for The Villages and 217.7 acres for Lawson Hills), the total acreage of all land encumbered by the MPDs and their prior agreements is 2,804 acres. This acreage represents 67% of all MPD-related land area being retained as open space.

Construction Management

I. How will construction hours be determined?

YarrowBay has agreed to limit construction hours to fewer hours than allowed by the City's work hours standards in construction of The Villages and Lawson Hills MPDs. The MPDs' construction hours are described in Section 12.8.13 of the Development Agreements and are restated for ease of reference below:

- 7am through 7pm, Monday through Friday; and
- 9am through 5pm on Saturday
- On a case by case basis, construction work may be permitted on Sundays if authorized by the Noise Review Committee, however, no work shall occur outside the hours of 9am through 5pm on Sundays.

II. Will construction traffic be controlled?

For the Lawson Hills MPD, Condition of Approval No. 44 of the Lawson Hills MPD Permit Approval requires the locating and paving of a haul route along the proposed Lawson Parkway before construction on Phase 2 begins. The condition also prohibits construction hauling on Lawson, Baker and Morgan streets.

For The Villages, construction haul route plans will be submitted for City review and approval when grading permit applications are submitted.

Both MPDs will also comply with Washington State laws and accepted principles of construction traffic safety, such as high-visibility reflective signage and workers wearing high-visibility reflective gear as depicted in the photograph below from the Evergreen Safety Council.



[this page intentionally left blank]

Committees, Administration and Process

I. When will the community committees for Green Valley Road, water quality, and noise be formed and how will they operate?

Each MPD anticipates the formation and use of three community committees: one for noise issues; one for water quality issues; and one for Green Valley Road issues. Because water quality and Green Valley Road impacts affect both MPDs, forming one committee for each will best use individual committee members' time. Because construction noise would affect specific locations, YarrowBay recommends the community form two noise committees – one for The Villages and one for Lawson Hills.

Committee membership: Each committee includes two YarrowBay representatives, one representative from the City and two representatives from the community, all of whom would have a vote. Additional community participation is welcome.

Community members who wish to participate or be a voting member of a committee should contact YarrowBay's Jenna Kaluza at jkaluza@yarrowbayholdings.com or (425) 898-2121 or sign-up online at <http://www.inblackdiamond.com/get-involved/citizen-advisory-groups-volunteer-form/>.

Green Valley Road Committee

The Green Valley Road Committee is intended to evaluate proposed improvements, if any, on Green Valley Road.

YarrowBay will convene the first meeting of the Green Valley Road Committee within 30 days after approval of The Villages and Lawson Hills Development Agreements. YarrowBay is currently collecting names and contact information for people interested in attending the first Green Valley Road Committee meeting.

At the first Green Valley Road Committee meeting, if more than two community members are present and wish to be voting members, then the community members will be asked to choose two members. If the community cannot choose, then the YarrowBay and City representatives will draw names from those present and interested. If no community members are present, then the Committee will meet with just the YarrowBay and City representative.

The committee is designed to meet as needed, with no set number of meetings. While the ultimate agenda for any meeting will be up to the committee members, YarrowBay's proposed agenda for the initial meeting will include:

- selection of voting community members;
- setting subsequent meeting dates and times;
- review of the Green Valley Road traffic calming study and if complete, any Plass Road analysis ; and
- if a study has been completed for review, to report back regarding the study as anticipated by Villages Condition 33.b, and Lawson Hills Condition 30.

Water Quality Committee

The Water Quality Committee is intended to evaluate the effectiveness of the water-related mitigation conditions imposed on the MPDs by the City Council.

YarrowBay will convene the first meeting of the Water Quality Committee within 30 days after approval of The Villages and Lawson Hills Development Agreements. YarrowBay is currently collecting names and contact

Committees, Administration and Process

information for people interested in attending the first Water Quality Committee meeting.

At the first Water Quality Committee meeting, if more than two community members are present and wish to be voting members, then the community members will be asked to choose two members. If the community cannot choose, then the YarrowBay and City representatives will draw names from those present and interested. If no community members are present, then the Committee will meet with just the YarrowBay and City representative.

The committee is designed to meet at least once a year, and no more than six times per year. While the ultimate agenda for any meeting will be up to the committee members, YarrowBay's proposed agenda for the initial meeting will include:

- selection of voting community members;
- setting subsequent meeting dates and times;
- to evaluate compliance with the water quality conditions imposed upon the MPD. It is anticipated that the Water Quality Review Committee will have additional meetings prior to preparation of the report back to the City Council.

Noise Committees for Each MPD

The committees are intended to evaluate the effectiveness of the noise conditions imposed by the City Council on construction of the MPDs.

YarrowBay would convene the first meeting of The Villages Noise Committee for a date two weeks following the beginning of on-site construction for The Villages, and the first meeting of the Lawson Hills Noise Committee

for a date two weeks following the beginning of on-site construction for Lawson Hills. On-site construction means the initial site work such as clearing and grading.

At each initial meeting, if more than two community members are present and wish to be voting members, then the community members will be asked to choose two members. If the community cannot choose, then the YarrowBay and City representatives will draw names from those present and interested. If no community members are present, then the Committee will meet with just the YarrowBay and City representative.

The committees are designed to meet at least once a year, and no more than six times per year. While the ultimate agenda for any meeting will be up to the committee members, YarrowBay's proposed agenda for the initial meeting will include:

- selection of voting community members,
- setting subsequent meeting dates and times, and
- to evaluate compliance with the noise conditions imposed upon the MPD.

It is anticipated that each Noise Committee will have additional meetings prior to preparation of the report back to the City Council.

II. When will there be opportunities for public review?

Both MPDs involve a lengthy and gradual build-out spanning at least 15 years. Within that time, many steps require YarrowBay to check in with the City, apply for City approvals, and provide an opportunity for public review to ensure that the MPDs comply with and follow the spirit of Black

Committees, Administration and Process

Diamond's vision, as well as the MPD conditions and the Development Agreement terms.

Here, we provide an explanation of the steps involved to get from the paper Development Agreement to buildings in which people can live, work, or shop.

Because the land development process is complex, this is a simplified and general explanation. The City's Codes, which are incorporated into the Development Agreements, include far more detail.

In short, there are two essential steps: first, the land must be subdivided into buildable lots, and, second, building permits must be obtained.

Step 1 – Subdividing the Land

Subdivision is pursued using either the preliminary and final plat process (for residential areas of each MPD Site Plan) or binding site plans (for commercial and industrial areas of each MPD Site Plan). The City's subdivision procedures, which are incorporated into the Development Agreement, require several substeps:

- (a) preliminary review and approval of the planned layout of the lots, infrastructure, and amenities;
- (b) detailed review and approval of fully engineered plans for the infrastructure and site grading;
- (c) actual construction of the infrastructure and grading of the building lots;
- (d) inspections of the construction and, for some infrastructure (e.g., a water main), acceptance into the City's system; and

- (e) final City approval and recording in the property records kept by King County of the final surveyed layout describing each and every lot location.

Step 2 – Obtaining Building Permits

Once the lots have been approved, a developer can pursue building permits. Building permits go through detailed structural review by the City. The buildings themselves go through inspections prior to being approved for occupancy.

Preliminary plat and binding site plan applications require:

- (a) Public notice;
- (b) Review by both City Staff and City consultants;
- (c) Review under the State Environmental Policy Act (SEPA); and
- (d) Preliminary plats include a public hearing in front of the City's hearing examiner.

Engineered designs for the infrastructure construction, as well as structural designs for buildings will be reviewed by City Staff or outside consultants, depending upon who has the correct expertise.

Because aesthetics are so important in Black Diamond, the process includes an obligation under the Development Agreements to subject both subdivision applications and building permit applications to independent pre-application review by a Design Review Committee. This ensures all projects within the MPDs follow the City's MPD Framework Design Standards and Guidelines, the Rural by Design concept, the MPD Project Specific Design Standards and Guidelines and any

Committees, Administration and Process

additional design guidelines adopted for private enforcement.

Implementing Project applications may not be submitted unless they are first approved by this Design Review Committee. During its review process, the City Staff and consultants also review the applications for conformance to the detailed design standards.

In addition to the on-the-ground construction activities, YarrowBay is required to establish a monitoring program to ensure that transportation and environmental mitigation efforts are effective. The MPD Approvals establish monitoring checkpoints, which the Development Agreements implement. Under the terms of these agreements, YarrowBay will be required to report to the City regarding ongoing traffic and environmental monitoring. At regular intervals, YarrowBay must also prepare and submit updated fiscal analyses for review.

The City will be monitoring ongoing planning and construction every step of the way, to assure compliance with the MPD Conditions of Approval, the terms of the Development Agreements and all applicable laws, regulations and guidelines. There will be check points during Implementing Project reviews, during which the community has the opportunity to comment about the Implementing Projects.

Schools

1. Please describe the approved Comprehensive School Mitigation Agreement.

The City of Black Diamond, the Enumclaw School District and YarrowBay jointly drafted and mutually executed a Comprehensive School Mitigation Agreement that provides for adequate schools to support planned growth from YarrowBay’s projects in the City of Black Diamond.

The School Agreement calls for a combination of land conveyance for school sites and the payment of mitigation fees to the School District. As a result, future locations for schools are secured while flexibility is maintained regarding when and where to build each school.

Everyone agrees that schools are an integral part of the community they serve and that neighborhood schools are preferred so that students can walk or bike to school.

In order to serve these priorities, YarrowBay is willing to go above and beyond simply paying mitigation fees to the School District. Instead, YarrowBay has agreed to convey real property to the School District.

The significant terms of the School Agreement are summarized below:

- The School Agreement’s term is 15 years subject to extension in the event the MPD Permit Approvals or the Development Agreements are extended.
- YarrowBay’s obligation to convey any of the school sites to the School District is contingent on YarrowBay receiving permits from the City to construct the MPDs, and with the exception of the first elementary school site, contingent on the School District receiving financing approval to construct a school on the site.

| |
|--|
| <p>Number of Schools</p> <ul style="list-style-type: none">• Four (4) 10-acre elementary schools <p style="text-align: center;">OR</p> <ul style="list-style-type: none">• Three (3) 12.5-acre elementary schools <p style="text-align: center;">AND</p> <ul style="list-style-type: none">• Two (2) 15-acre middle schools <p style="text-align: center;">AND</p> <ul style="list-style-type: none">• One (1) 40-acre high school |
|--|

- Because the number of school sites to be conveyed to the School District is based on the number of units actually built within the MPDs, YarrowBay’s obligation to convey school sites is triggered by final plat approval for the set numbers of total dwelling units for the MPDs.
- The sizes of the school sites are based on the School District’s preferred acreage standards. The elementary schools sites are sized to accommodate 450 students per school and the middle schools will accommodate 550 students per school. However, YarrowBay has agreed to set aside and convey larger elementary school sites to the School District (12.5 acres instead of 10 acres) if the School District opts to build three larger schools instead of four smaller schools. The School District must make this decision before starting construction on the first elementary school. If the smaller

elementary schools are chosen, then with full build out of both MPDs, there will be four new elementary schools, two new middle schools, and one new high school.

- The School Agreement includes detailed provisions to ensure that school sites are conveyed to the School District at the correct time for school construction to serve the needs of the community.
- The identified elementary school building sites are all located within the MPDs, within a half-mile of a majority of the homes and within a mile radius of all the homes anticipated in the MPDs.
- YarrowBay may request that the playfields associated with some or all of the school sites be joint-use facilities serving both the students and area residents. In most cases, if the School District and City agree to allow joint-use of the sites, YarrowBay will receive some credit toward its obligation to provide parks and open space. YarrowBay will be required to construct amenities on the joint-use land per City requirements.

II. What happens if the rural school sites shown in the School Agreement are not approved by King County for the construction of schools?

The Enumclaw School District encompasses a large geographic area. The District includes lands inside incorporated cities, and lands in unincorporated King County. The District serves students in both the rural and the urban areas. The School Agreement designates seven possible school sites, most of which are located inside the City of Black Diamond, but three of which are located in, or partially in, unincorporated King County.

This designation of possible sites does not guarantee that any schools will be built in the rural areas of King County. Permits from the County would still have to be applied for and obtained. As a result, the extensive negotiations between the School District and YarrowBay resulted in language in the School Agreement assuring that if building permits are not obtained or other impediments to construction arise for any school site in the rural area, there is a process to assure that a different school site is provided.

First, the School District may sell the site and use the funds to acquire an alternative school site in the MPD Service Area (defined as any portion of the School District north of the Green River) or to fund capacity improvements at existing schools within the MPD Service Area. Second, YarrowBay may provide an alternate school site that is acceptable to the School District. Or third, YarrowBay may pay to the School District, in the form of mitigation fees, the value of the school site. This way, even if the School District is unable to obtain permits for the school sites located outside the City boundaries, the MPD impacts on schools are adequately mitigated.

Fiscal

I. How is the City's fiscal interest protected?

YarrowBay is planning The Villages and Lawson Hills MPDs to generate positive economic development in Black Diamond. No negative fiscal impacts to the City are anticipated as a result of the MPDs.

BDMC 18.98.080(A)(3) and the Conditions of Approval Nos. 156 and 160 of The Villages and Lawson Hills MPD Permit Approvals, respectively, require a new fiscal analysis to be prepared at the beginning of each phase or every five years, whichever comes sooner. At least four updates to the fiscal analysis are expected, each providing an opportunity for the City to confirm that there are no negative fiscal impacts. Conditions of Approval Nos. 156 and 160 of The Villages and Lawson Hills MPD Permit Approvals, respectively, require “the exact terms and process for performing the fiscal analysis” to be determined in the Development Agreement. Section 13.6 of the Development Agreements details the many requirements for each fiscal analysis.

The MPD Conditions of Approval also call for a new “MPD Funding Agreement.” The MPD Funding Agreement is found at Exhibit “N” to each Development Agreement. The purpose of the MPD Funding Agreement is to fund City Staff as necessary to implement The Villages and Lawson Hills MPD build-out, to allow the

MPDs’ build-out and City staffing to remain flexible and respond to market demand, as well as to foster a system in which the City staff can ultimately be funded by City revenues, such as permit fees and taxes generated by new businesses and new residents.

Another funding source for the City is the “General Government Mitigation Fee” detailed in Section 13.9 of each Development Agreement. Until the City adopts a City-wide mitigation fee, implementing development inside each MPD will be required to pay \$1750/single-family dwelling unit, \$900/multi-family dwelling unit, and \$1.50/square foot for non-residential construction towards the City’s needs for general government facilities. More information about this fee is described below.

As described elsewhere in this Guide to the Development Agreements, YarrowBay also is responsible for constructing major infrastructure throughout the City that will serve the MPDs, including new and improved roads, water lines and sewer lines, and a fire mitigation fee will be imposed on all new development to fund fire protection services and equipment.

The City’s fiscal interests are protected because the City will be collecting new tax revenues from MPD development, together

| |
|--|
| <p>At Buildout, The Villages MPD provides:</p> <ul style="list-style-type: none">• Annual surplus of approximately \$459,000• A General Fund balance of approximately \$8.1 million• REET revenues of more than \$26.8 million |
|--|

| |
|---|
| <p>At Buildout, Lawson Hills MPD provides:</p> <ul style="list-style-type: none">• Annual surplus of approximately \$578,000• A General Fund balance of approximately \$7.1 million• REET revenues of more than \$6.5 million |
|---|

with YarrowBay's construction of City infrastructure, and payments including those required by the MPD Funding Agreement and the General Government Mitigation Fee. In the unlikely event that a future fiscal analysis shows a revenue deficit after application of a credit equal to the Master Developer's then current funding obligation (if any) in the MPD Funding Agreement, the possible options for a cure may include, at the City's discretion, but are not limited to:

- One-time payment to the City to cover the projected deficit.
- Privatization of certain facilities, such as retaining the right-of-way landscape maintenance with YarrowBay or an HOA,
- Not dedicating some parks to the City, or by dedicating the parks but retaining maintenance obligations with YarrowBay or an HOA,
- Not dedicating some streets and/or cul-de-sacs serving less than 50 homes to the City, or by dedicating the streets, but retaining street maintenance obligations with YarrowBay or an HOA.

YarrowBay's obligations to the City are secured in several ways. First, pursuant to Section 10 of the MPD Funding Agreement, there are layers to the security to be provided over time, with greater security provided up front. For the majority of the build-out period, the City's fiscal interests as to operations will be secured in the form of a letter of credit by an amount equal to at least 100% of the projected City staff and consultant costs, up to \$2,000,000. In addition, and as described below, the City's fiscal interests regarding infrastructure construction are protected by the many performance bonds required to assure that infrastructure is completed. Finally, the

City's interests are secured because the City retains control and constant vigilance regarding fiscal issues, with the City and YarrowBay reviewing the issues annually under Section 6 of the MPD Funding Agreement, together with the requirement for regular updates to the Fiscal Analysis as required by the City's MPD Code and MPD Conditions of Approval.

II. Please explain the MDRT in the Funding Agreement.

The new funding agreement contained in Exhibit "N" of both The Villages and Lawson Hills Development Agreements establishes a Master Development Review Team or "MDRT." The primary function of the MDRT is to process, review, and implement development permits and the development agreements of the MPDs. The team is responsible for reviewing all permits (other than building) necessary to implement The Villages and Lawson Hills MPDs and ensures that the MPDs are built according to the premises outlined in the development agreements. Most importantly, the MDRT will be a steward of the "Rural by Design" vision established by the City Council for master planned developments at no cost to the City of Black Diamond because it is funded entirely by YarrowBay.

The MDRT concept was borrowed from the City of Issaquah. Issaquah originally implemented the MDRT concept so that the workload from its Issaquah Highlands and Talus master developments would not adversely impact existing City staff workloads; so that a dedicated team would understand and consistently apply the detailed conditions and requirements imposed on the master developments; and in keeping with a concept of not impacting

Fiscal

City resources, by having a completely developer reimbursed review team thereby ensuring that “development pays for growth.”

Based on Issaquah’s success, Black Diamond City staff and YarrowBay jointly agreed to incorporate a similar MDRT concept into the new MPD funding agreement.

III. What is the building permit surcharge in the Funding Agreement?

Conditions of Approval Nos. 156 and 160 of The Villages and Lawson Hills MPD Permit Approvals, respectively, require that the development agreements contain a new funding agreement to replace the existing funding agreement between the City of Black Diamond and YarrowBay entitled City of Black Diamond Staff and Facilities Funding Agreement dated June 29, 2007 (Exhibit A to Resolution Number 07-451) (hereinafter the “Existing Funding Agreement”). Exhibit “N” of The Villages and Lawson Hills Development Agreements contains the new funding agreement required by these Conditions of Approval.

The Existing Funding Agreement provides that the City will take action to allow YarrowBay to recover its costs under the agreement by adding a “surcharge” to certain City land use application and permits. See Section 4(M) of the Existing Funding Agreement. The building permit surcharge proposed in Section 9 of the new funding agreement proposed in Exhibit “N,” however, is far narrower than the surcharge originally contemplated in the Existing Funding Agreement. In the new funding agreement, the building permit surcharge would only apply to building permits issued for new constructions within The Villages and Lawson

Hills MPDs only and, most importantly, if and only if the City Council adopts another resolution (after the Development Agreements are approved) authorizing such a surcharge. Thus, the building permit surcharge proposed in the new MPD funding agreement has no effect on property owners outside the MPDs, only applies to building permits (instead of all land use and construction permits generally), and will only come into effect if the City Council adopts an authorizing resolution subsequent to its approval of the Development Agreements.

IV. Will the City be assured that construction will be completed even if a bonding company fails?

Should YarrowBay be financially impacted by uncertain economic times, it is more than likely that the MPD build out would either continue at an extremely slow pace or come to a halt altogether.

Under The Villages and Lawson Hills MPDs, as conditioned by the City Council, residential and commercial development is designed to be built concurrently with necessary infrastructure.

Thus, at any given moment, if MPD development was to halt due to financial constraints, the existing residents and businesses on the ground would be served by the existing infrastructure meaning there is no risk to the City.

If an infrastructure project is stalled during construction, an open trench for a water line in a City street, for example, YarrowBay expects that City-required performance bonds, set by the City’s Engineering Design and Construction Standards in an amount that is greater than the engineer’s estimates or actual bid construction cost, will be

sufficient to ensure that the infrastructure is completed.

The chance that both YarrowBay and the bonding company would fail is highly unlikely given the changes in construction financing imposed by recent economic conditions.

Finally, if the City determines that the public's health, safety or welfare was in danger as a result of conditions on the MPDs, the City can take corrective action. Such corrective action could include temporarily stopping work so that the situation could be understood and fixed, or, in more serious cases, the MPD Permit Approval could be reconsidered altogether under BDMC 18.98.200.

V. How is fire mitigation assured?

Section 13.4 of The Villages and Lawson Hills Development Agreement set outs the fire mitigation that will be provided by YarrowBay for each MPD.

First, YarrowBay will pay a fire mitigation fee of \$1,783.13 per dwelling unit and \$2.29 per square foot of commercial construction until the Black Diamond City Council officially adopts a City-wide fire impact fee program at which time YarrowBay will pay the adopted fee rate. This mitigation fee is based on the fire study commissioned by the City of Black Diamond titled "Impact Fees for Fire Protection Facilities" dated January 13, 2011.

Second, The Villages MPD will pay for the entire design and construction of one satellite fire station for the City no later than the 750th dwelling unit. This new facility is supported by Fire District No. 44 and will serve the entire community of Black Diamond – not just the MPDs. In addition to the construction, The Villages Development

Agreement requires that YarrowBay provide the fire and emergency response apparatus necessary for operation of the new fire station at its sole expense.

Last, The Villages and Lawson Hills Development Agreements also contemplate that YarrowBay may elect to construct an additional fire station on one of the MPD sites at a later date acceptable to the City of Black Diamond.

Through the combination of fire mitigation outlined in the Development Agreements, YarrowBay, City staff, and Fire District No. 44 believe the fire service impacts of the MPDs are adequately mitigated.

VI. How are other public services, including police, addressed?

Both The Villages and Lawson Hills Development Agreements include measures to provide for other general governmental services by paying mitigation fees (see Section 13.0 General Government Facilities Mitigation). The fees were based on a case study prepared by the City's consultant using a city that would be comparable to Black Diamond once it is built out. The general government mitigation fee includes facilities for: City Hall, Municipal Court, Public Works (corporate yard including vehicle storage, material storage, and vehicle maintenance), Police Station, and associated equipment for each listed improvement/facility. This mitigation fee will be in place and applicable to every building permit, and paid at the time of building permit issuance. Once the City prepares an updated study for these facilities, the City may then adopt a City-wide general government mitigation fee. At that time, any building permit issued within the MPD, and elsewhere in the City, will be subject to the newly adopted mitigation fee.