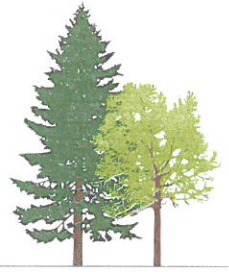


April 16, 2018

Town of Woodway
WASHINGTON



City of Shoreline
c/o City Council
17500 Midvale Avenue North
Shoreline, WA 98133-4905

Members of the City Council:

Over the years, the Town of Woodway and the City of Shoreline have had a number of disagreements regarding our cities' respective interests in annexing Point Wells. These disagreements and accompanying positions have resulted in little, in terms of resolution to the conflict, but have come at substantial cost to our communities' taxpayers and utility ratepayers. Accordingly, we want to offer a comprehensive settlement to avoid any additional, unnecessary expense.

While the future of the current development proposal at Point Wells remains in question, both cities expect that the property will be redeveloped at some point. Both cities have subarea plans that anticipate that redevelopment will include a range of uses in a mixed-use urban village. Both cities expect that the area will be accessed by Richmond Beach Drive and by a new road and sidewalks connecting Point Wells with 116th Avenue West in Woodway. And both cities have hopes and concerns about how redevelopment will impact our communities.

Despite some concerns about what additional population will mean to the character of our community, the annexation of Point Wells is of critical importance to the Town. Specifically, we have a need to support essential services over a wider and more diverse tax base. The joint financial analysis commissioned by our cities indicated that annexation and development of Point Wells will allow the Town to solidify funding for our police and fire services.

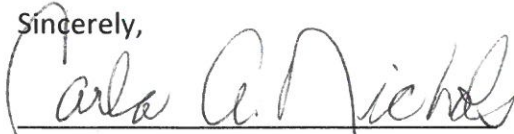
Without annexation, the Town's primary revenue source will remain limited to a growth rate substantially lower than the increase in cost for services. As a result, the Town will be required to seek increasingly larger tax increases. In contrast, the financial analysis indicated that, due to the broader array of shopping opportunities in Shoreline compared to the relatively limited amount of anticipated retail development at the site, Shoreline would gain substantial new ongoing revenue even without annexation.

We recognize that any new development at Point Wells will affect the road system of Shoreline. As a city surrounded by other cities, we do not believe that this fact alone is determinative of the annexation issue. We note that vehicles leave Shoreline daily by utilizing other cities' roads. However, to address this concern and in the spirit of compromise, we propose the following:

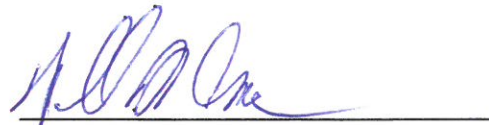
1. The Town agrees to respect Shoreline's transportation level of service standard when reviewing new development proposals at Point Wells.
2. The Town agrees to work with Shoreline when analyzing the transportation impacts created by new development at Point Wells and require mitigation of those impacts.
3. The Town agrees to provide ongoing funding to Shoreline from the Town's real estate excise tax revenue generated at Point Wells for maintenance of and improvement to Shoreline's transportation network impacted by development at Point Wells.
4. Shoreline agrees to abandon its efforts to annex, assume or otherwise provide services to Point Wells, including withdrawing from all lawsuits related thereto.
5. Shoreline agrees to complete its assumption of Ronald in King County, dissolve the district and relinquish any assets or contractual arrangements involving areas within Snohomish County to Olympic View Water & Sewer District or to the Town.

It is our hope that you will receive positively the Town's sincerity in its willingness to address the core issues raised by Shoreline related to the City's interest in annexation. We believe that our communities' interests can be addressed fairly without additional expense to our residents.

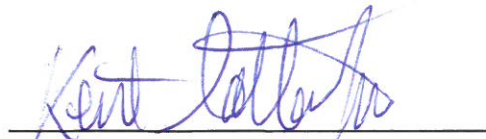
Sincerely,



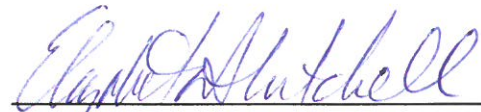
Carla A. Nichols, Mayor



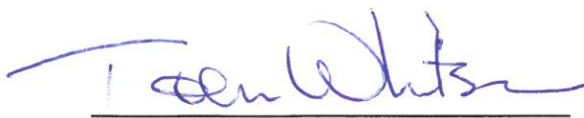
Bill Anderson, Mayor Pro Tem



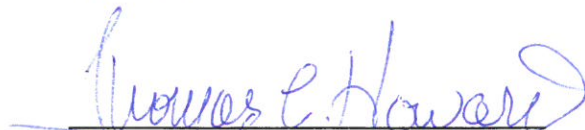
Kent Saltonstall, Council Member



Elizabeth Mitchell, Council Member



Tom Whitson, Council Member



Tom Howard, Council Member