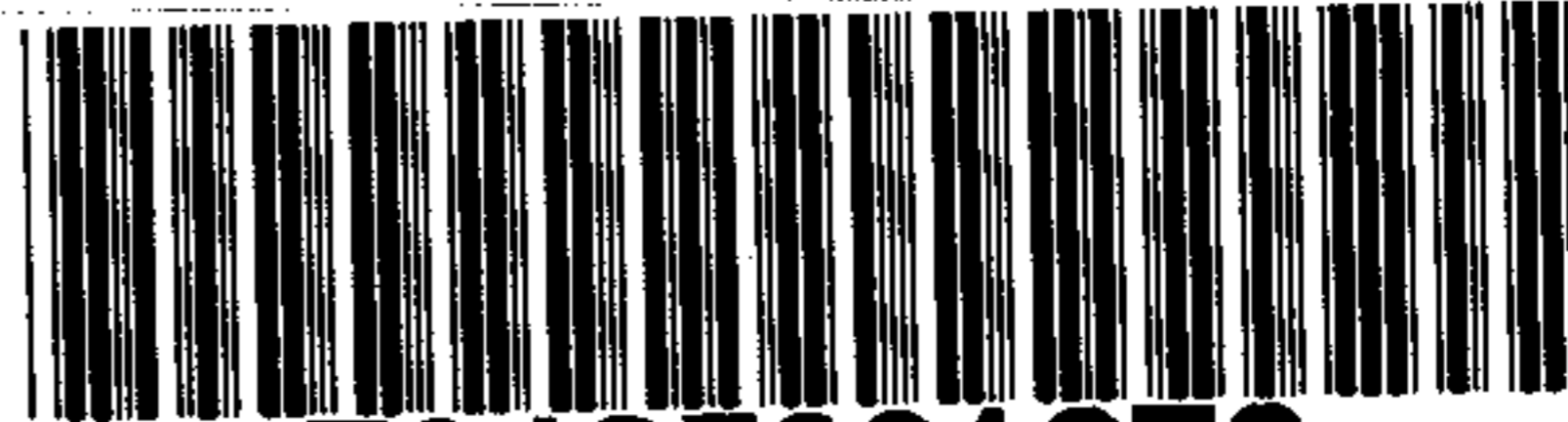


Return Address:

City of Mercer Island
Attn: Patrick Yamashita
9611 SE 36th Street
Mercer Island, WA 98040



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MERCER ISLAND EAS 36.00
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KING COUNTY, WA

PERMANENT STORMWATER/UTILITY AND PEDESTRIAN TRAIL EASEMENT

Grantor (s): MARCH MACDONALD, INC.

Grantee (s): CITY OF MERCER ISLAND

Property Legal Description (abbreviated): Lot A of Mercer Island Lot Line Revision No. MI 77-1-010

Additional Legal(s) on Exhibit A

Easement Legal Description (abbreviated): Portion of the North 45.0 feet of the East 249.0 feet.

Additional Legal(s) on Exhibit B

Assessor's Tax Parcel ID#(s): 1924059312

RECITALS

A. March-Mac Donald Construction, Inc. ("Grantor") is the owner of certain real property (the "Property") located in Mercer Island, Washington, and legally described in Exhibit "A" attached hereto and incorporated herein by reference.

B. The City of Mercer Island, a Washington municipal corporation ("Grantee"), desires to construct improvements to restore an eroded watercourse, improve drainage, replace a sewer line, and construct a pedestrian trail, and requires a portion of the Property in which to locate the improvements.

C. The parties both desire to avoid eminent domain proceedings, and to resolve matters without further cost or expense. Therefore, for valuable consideration, the receipt of which is hereby acknowledged, and under threat of the exercise of eminent domain, the parties agree as follows:

EASEMENT AGREEMENT

1. Grant of Easement. Grantor grants, conveys and warrants to the Grantee a perpetual, permanent easement ("Easement") under, across and over that portion of the Property legally described in Exhibit "B" attached hereto and incorporated herein by reference. Grantee and its agents, designees and/or assigns shall have the right, without prior notice to Grantor, at such times as deemed necessary by Grantee, to enter upon, over or under the

Easement to inspect, design, construct, reconstruct, operate, maintain, repair, replace and enlarge the following facilities:

Surface Water collection/Storm Drainage System and Sewer Utilities to include all surface water drainage facilities and sewer utilities including, but not limited to, underground facilities and/or systems upon and under the Easement, together with all necessary or convenient appurtenances thereto, including without limitation, stream channels, check dams, pipes, clean outs, manholes, catch basins, swales, ditches, and control structures ("Facilities").

Pedestrian Trail for all public purposes to include all pedestrian trail facilities including, but not limited to facilities upon the Easement, together with all necessary or convenient appurtenances thereto, including without limitation, gravel or paved surfacing, trail markers, and retaining walls ("Facilities").

Following the initial construction of the Facilities, Grantee may from time to time construct such additional facilities as it may require. Nothing in this Easement shall obligate the Grantee to commence or complete the Facilities within a specific period of time.

2. Access. Grantor also covenants and agrees that, upon reasonable notice to Grantor, Grantee shall have the right of access to the Easement over and across the Property to enable Grantee to exercise its rights hereunder.

3. Obstructions; Landscaping. Grantee may from time to time remove vegetation, trees, or other obstructions within the Easement, and may level and grade the Easement to the extent reasonably necessary to carry out the purposes set forth in paragraph 1 hereof, provided, that following any such work, Grantee shall, to the extent reasonably practicable, restore the Easement and Grantor's Property to a condition similar to its condition prior to such work. Following the construction and installation of the Facilities, Grantor may undertake any ordinary improvements to the landscaping of the Easement, provided that no trees or other plants shall be placed thereon, which would interfere with the Facilities or the public use of the Facilities, and which would be unreasonably expensive or impractical for Grantee to remove and restore.

4. Grantor's Use of Easement. This Easement shall be exclusive to Grantee; provided, however, Grantor reserves the right to use the Easement for any purpose not inconsistent with Grantee's rights or applicable codes and regulations. Grantor shall not construct or maintain any buildings or other structures on the Easement. Grantor shall not perform digging, tunneling or other form of construction activity on the Property, which would disturb the compaction of or damage any Facilities within the Easement.

5. Indemnification. Grantor agrees to indemnify and hold the Grantee, its elected officials, officers, employees, agents, and volunteers harmless from any and all claims, demands, losses, actions and liabilities (including costs and all attorney fees) to or by any and all persons or entities, including, without limitation, their respective agents, licensees, or representatives, arising from, resulting from, or connected with the negligence or intentional misconduct of Grantor or Grantor's agents or invitees within or with respect to the Easement.

EXHIBIT A

LEGAL DESCRIPTION OF SERVIENT PROPERTY

That portion of Government Lot 3, Section 19, Township 24 North, Range 5 East W.M., King County Washington, lying between lines parallel with and distance 1700 feet and 2350 feet North of Southerly line of Section and lying westerly of E. Mercer Way, LESS portion platted El Dorado Estates, also LESS portion platted Mercer Firs, described as follows:

Lot A of Mercer Island Lot Line Revision No. MI 77-1-010 as recorded under Auditors File No. 7703310851 Records of King County Washington.

EXHIBIT B

EASEMENT LEGAL DESCRIPTION

Beginning at the Northwest corner of said property; Thence S88°-33'-02"E a distance of 22.42 feet to the TRUE POINT OF BEGINNING; Thence S1°-26'-58"W a distance of 20.00 feet; Thence S63°-17'-51"E a distance of 58.60 feet; Thence S88°-33'-02"E parallel with the north property line a distance of 183.85 feet to the West margin of E. Mercer Way; Thence northeasterly along the westerly margin of E. Mercer Way a distance of 47.03' to the north property line of said property; Thence N88°-33'-02"W a distance of 249.0 feet to the True Point of Beginning.