



Inspiring Opportunity

# Mercer Mega Block

Request for Proposal Response

OCT 5, 2018



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## Form C.1: Transmittal Letter

Respondent: City Investors, LLC  
RFP Date: October 5, 2018

Ada M. Healey  
505 Fifth Ave S  
Suite 900  
Seattle, WA 98104

Attention: Lori Hill | Managing Director  
JLL  
601 Union Street, Suite 2800  
Seattle, WA 98101

Ladies and Gentlemen:

VULCAN.COM

Vulcan Real Estate (VRE) on behalf of City Investors LLC is excited to submit our qualifications for developing Seattle's Mercer Mega Block sites as we are confident in our ability to make the City of Seattle's vision a reality.

After studying the City of Seattle's priorities for the Mercer Mega Block, Vulcan was inspired by shared goals around social equity, community benefits including public spaces and street activation, and environmental sustainability. Creating energetic communities through place-making is one of Vulcan's principal activities – and converting conceptual ideas into vibrant functional places is what we do every day. For the past 20 years, Vulcan has been working with stakeholders and cities around the Pacific Northwest to positively impact communities, including Pioneer Square/International District with the Union Station Project and CenturyLink Field, Renton with the Seahawks Practice Facility, Bothell with the new City Hall, Snohomish County with the Flying Heritage Collection, Seattle Center with MoPop, Rainier Avenue with the homelessness project, and South Lake Union with numerous new projects that together create an exciting and vibrant urban core. These projects vary in size, scope and end use, but they all share a common goal of accessibility and

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To: Lori Hill, JLL  
Re: Mercer Mega Block RFP Response  
Date: October 5, 2018  
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community engagement. They are places where people want to be. In addition to financing many large projects, which have created thousands of new jobs and generated hundreds of millions in new tax revenue, we are particularly proud of our contributions toward building healthy communities:

- Delivered or under construction: 480 units of workforce housing, which is 17% of total residential rental portfolio
- \$17.5 million in paid or committed incentive zoning fees for affordable housing and day care
- Leader in environmental sustainability with 35 LEED certified buildings (complete or pending)
- Nation's first Salmon-Safe accredited developer with 12 projects completed or underway to-date.
- Invested \$30 million in remediating old industrial contamination
- Commissioned 22 public art works
- Saved 5 historic buildings
- Contributed \$10.5 million to enhance 19 acres of Seattle public parks
- Contributed \$8.7 million via a LID assessment for the development of Phase I of the Seattle Streetcar

V U L C A N . C O M

This opportunity to develop the Mercer Mega Block sites would be an important extension of our existing business activities around the region and our business philosophy of creating community and long-term value for all stakeholders.

In response to the Request for Proposal dated July 11, 2018 (the "**RFP**"), issued by JLL on behalf of the City of Seattle (the "**City**") for the disposition of the Mercer Mega Block ("the **Project**"), the undersigned ("**Developer**") submits this response (the "**Response**"). Initially capitalized terms not otherwise defined herein shall have the meanings set forth in the RFP.

Enclosed, and by this reference incorporated herein and made a part of this Response, is the tabbed response to the RFP.

Developer acknowledges access to all materials posted on the following website with respect to the Project:

<https://my.rcm1.com/handler/virtualdealroom.aspx?pv=W8edukboTqYW2918aO6zguolYuJxSS2Epu894tqRB2VDu3wxmBGPYzYbk2u4iwTE>



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as of the Submittal Due Date for the RFP including all addenda and questions and answers matrices issued in connection with this RFP.

Developer represents and warrants that it has read and understands the RFP and agrees to abide by the contents and terms of the RFP.

Developer understands that JLL is not bound to shortlist any Developer and may reject each Response that JLL may receive.

Developer further understands that all costs and expenses incurred by it in preparing this Response and participating in the process will be borne solely by Developer.

Developer agrees that JLL or the City will not be responsible for any errors, omissions, inaccuracies, or incomplete statements in the RFP.

This Response shall be governed by and construed in all respects according to the laws of the State of Washington.

VULCAN.COM

Authorized representative of Developer: Ada M. Healey

By executing this form each Team Member confirms that the representative named above is authorized to act as agent on behalf of the Developer and the principal contact for the Developer in dealings with the City.

Developer's business address:

505 5th Avenue South, Suite 900  
Seattle, WA 98104

State or Country of Incorporation/Formation/Organization: Washington

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By: City Investors LLC  
Print Name: Ada Healey  
Title: Vice President

# Executive Summary

Vulcan is pleased to present this proposal for purchasing the Mercer Mega Block property from the City of Seattle. We strongly believe this proposal, which includes significant public benefits and affordable housing opportunities, is supportive of the City's objectives and stated development requirements as outlined in the Request for Proposals.

## Financial Offer

We propose an all-cash offer for fee simple title on the Mega Block West and East parcels and excludes the Dexter Block.

<b>Buyer:</b>	City Investors LLC
<b>Total Value:</b>	\$68,000,000
• Purchase Price in Cash:	\$44,000,000 (subject to increase if additional chargeable FAR is achieved)
• Public Benefits:	\$24,000,000 in public benefits incorporated into the development concept.
• Transfer of 1.2 acres of Vulcan-owned land in SLU for the creation of up to 535 units of low-income housing by Plymouth Housing and Bellwether Housing (when combined with City-owned land). The fair market value of the land transferred shall be an offset against the purchase price paid for the Mercer Mega Block with a simultaneous closing. See Project Narrative for a more detailed explanation of the transfer.	
<b>Earnest Money:</b>	\$1,000,000
<b>Feasibility Period:</b>	120 days after at signing of DDA
<b>Closing Timeline:</b>	Within 30 days after the first non-appealable MUP to be issued on the site, but in no event later than <b>February 15, 2022</b>

## Project Concept

Vulcan's proposed development of the Mercer Mega Block provides a unique opportunity to expand South Lake Union's commercial office capacity to accommodate future employment growth while offering a rich pedestrian environment at street level to benefit the neighborhood by providing a variety of active uses and amenities. The size of the site provides an opportunity to create a unique public space with a clear identity.

The development proposal includes two commercial office structures featuring an active ground floor program that includes micro to large-scale retail spaces, a child care center, community meeting space and outdoor amenities. Below grade there is parking for approximately 675 cars. The total development does not achieve the maximum FAR of 8.0 due to the limits of the tower floor plates, stepped podium heights and maximum lot coverage restriction. Over 25,000 sf of open space is provided on site through the 8th Avenue pedestrian easement and the lot coverage limitations defined in the Seattle Municipal Code.





**Public Benefits:**

The public benefits package we offer as part of our proposal include the following items, which we believe are highly responsive to the project objectives outlined in the RFP:

- Day care: ~11,000 of day care space plus exterior play space
- Micro retail: ~3,500 sf micro-retail space
- Arts and culture space: ~1,800 sf of cultural space
- Community room: ~3,500 sf of community room space
- Public art
- Covered canopy over a portion of the 8th Avenue outdoor space, allowing for year-round use and programming
- Festival and outdoor performance space, extensive landscaping improvements
- Union labor with Project Labor Agreement
- Extensive environmental cleanup of soil and groundwater

**Statement of Qualifications**

Since 2002, Vulcan has completed 7.5 million SF of development with the vast majority of which is in the South Lake Union neighborhood. We have years of experience in cultivating relationships with neighborhood stakeholders, including participation in several public-private partnerships with the City of Seattle, such as the South Lake Union Streetcar, the "Swale on Yale" partnership with SPU, and improvements to public spaces such as Denny Park, Cascade Park, and South Lake Union Park. We are intimately familiar with the South Lake Union design guidelines and understand how to optimally apply them to the design of our projects.

Vulcan has closed construction and permanent loans totaling over \$3.3 billion with over 28 different institutional lenders since 2002. A list of these lenders is provided in the Financial Qualifications submittal under separate cover. We have typically provided our own equity funding, although we have also had joint venture partnerships with select equity investors on some projects.



# Financial Qualifications

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Requested information for RFP Requirements, Financial Qualifications have been submitted under separate cover per the instruction in the RFP.





# Past Project Qualifications: Project 1 of 6

<b>Project Name</b>	City Place IV (aka Amazon Phase 4)		
<b>Project Address</b>	301 Boren Avenue N.	Seattle, WA	98109

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 634,917 (excluding parking) <b>Acreage:</b> 1.69	<b>Construction Type</b>	Type I-A concrete
<b>Level of LEED Certification</b>	LEED CS-Gold	<b>Number of Stories</b>	12
<b>Construction Start Date</b>	2/1/2009	<b>Construction Completion Date</b>	5/1/2011
<b>Was the project completed on time? If not, why?</b>	Yes		

## 1. Provide a brief narrative that describes the nature of the development.

Phase 4 was part of Amazon's first expansion/relocation in South Lake Union, which included 12 buildings in five phases of development, the majority of which were completed in 2010-11. Located between Boren and Terry Avenues along the Seattle Streetcar line, the Phase 4 portion of the campus consists of two 12-story tower masses over a full-block underground parking garage. The project also includes the Terry Avenue Building, a two-story brick structure built in 1915 and designated a City historic landmark in 2008, and which now houses two Tom Douglas restaurants.

Features that contributed to the LEED-CS Gold certification include energy efficient building systems, low flush toilets, and a green roof atop the historic Terry Avenue Building. The lighting system utilizes sensors to leverage the use of daylight near windows, and task lights are on motion sensors to reduce energy consumption. The building has operable windows leveraging a sophisticated mechanical system, which measures outdoor and indoor temperatures so users know when it's acceptable to open the windows during periods of mild outdoor temperature. Operable windows were selected in the design to allow occupants a choice in accessing the outside environment and included a cost-effective failsafe method for shutting off internal heating and cooling as appropriate.

As with all the projects within the initial expansion, the Phase 4 project also features Zipcars, bike storage, showers, and electric car charging stations in each garage, to encourage bike ridership, commuting, and energy-efficient means of transportation. Vulcan also launched a first-of-its-kind touch-enabled transportation information system in the Phase 4 building, displaying real-time public transit information plus other neighborhood amenities. In addition, informational wayfinding signs to local transit routes and streetcar stops, as well as mid-block pedestrian walkways, provide easy access to public transit.

## 2. Describe any community benefits and open space that characterize this project.

A vacation of the original north-south public alley on the block allows for the creation of inviting courtyard plazas with flexible seating and pockets of open green space. A mid-block east-west



pedestrian connection was created to allow movement through the site. Due to a significant grade change between Terry Avenue and Boren Avenue, a mid-block stairclimb connects two open public plazas. Alongside the stairclimb is a cascading series of rainwater planters that allow water to be expressed and visible in the open space. The upper plaza features a striking ensemble of sculptural public art pieces by Eric Ley entitled Articulated Start. Some of the pieces are grounded in a seating wall planter in the plaza, while others are suspended above in a soffited area at the top of the stairclimb.

Taking cues from city/neighborhood plans and policies, as well as input from community stakeholders, a common set of design elements were used to activate the streetscape with lively retail, enhanced pedestrian experiences, improved access to public transit and inviting open spaces, including richer paving materials such as brick, and lighted LEDs embedded in the plaza and public sidewalks.

In exchange for a text amendment allowing for additional height and floor area, Vulcan contributed \$3.9 million to the city's affordable housing and daycare funds.

## Community Benefit Highlights

- Mid-block pedestrian connection
- Two public plazas with extensive landscaping connected by stairclimb
- Rainwater planters
- Public art
- \$3.9 million to affordable housing and day care
- Green roof

### 3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.

There are some noticeable similarities between the Phase 4 project and the Mega Block proposal with respect to how public space is organized. The two tower forms flank a public pedestrian mid-block connection. In the case of Phase 4, several higher floors connect in a "gasket" form between the two tower masses, providing partial cover to the plaza beneath. A connection to nature is evident in the rainwater planters alongside the stairclimb and trees in the Terry Avenue plaza. The north-south orientation of the pedestrian connection in the Mega Block proposal should allow for better solar access to the space, and a less significant grade change between streets will allow for a visual connection through the block.













# Past Project Qualifications: Project 2 of 6

<b>Project Name</b>	City Place VI (aka Amazon Phase 6)		
<b>Project Address</b>	515 Westlake Avenue N. & 500 9th Avenue N.	Seattle, WA	98109

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 424,306 (excluding parking) <b>Acreage:</b> 1.86	<b>Construction Type</b>	Type I-A concrete
<b>Level of LEED Certification</b>	LEED CS-Gold	<b>Number of Stories</b>	6
<b>Construction Start Date</b>	2/20/2013	<b>Construction Completion Date</b>	9/5/2014
<b>Was the project completed on time? If not, why?</b>	Yes		

## 1. Provide a brief narrative that describes the nature of the development.

Located at the southwest corner of Westlake and Mercer Streets, Phase 6 was part of a second Amazon expansion developed by Vulcan in South Lake Union. The project occupies  $\frac{3}{4}$  of a block, with one five-story and one six-story office building. The design incorporates modern steel, wood and glass finishes which mimic the patterns of neighboring buildings, while also creating a light-filled core that unifies the space. Tenants and guests are able to utilize an open rooftop terrace complete with tiered seating to optimize views to Lake Union.

Vulcan continued its prioritization of sustainable design principles in the development of Phase 6. This included the use of a combination of energy-saving strategies such as use of sunshades and high performance glass, mechanical heat recovery, and natural ventilation. The team also collaborated with the property manager to develop a measurement and verification plan and Sustainable Tenant Improvement Guidelines to maintain energy-efficient performance throughout the building's occupancy. Green roofs, rain water harvesting, and reuse for landscape irrigation, and on-site rain gardens made the site a standout participant in Seattle's Green Factor program, and contributed to a 50 percent reduction in potable water use for irrigation.

One of the biggest design challenges, due to the infill location, was the admission of daylight to interior spaces. In addition to early design decisions to maximize interior access to daylight through an east-west building orientation, the team petitioned for and received an alley vacation from the City of Seattle. This creative solution became one of the project's most distinctive features: aside from allowing additional daylight into the interior of the building, the cross-block connection transforms the ground plane of the project into a pedestrian destination.

## 2. Describe any community benefits and open space that characterize this project.

Phase 6's innovative exterior design seeks to create seamless transitions between outdoor and indoor space. The north-south public alley vacation allowed for an innovative east-west cross-block connection



with an extended glass canopy designed by world-renowned artist Spencer Finch. The multicolored art glass within the canopy creates a mottling effect of natural light, similar to that cast onto a forest floor. The resulting open space serves as a welcoming urban oasis that is protected from the elements. Parklet landmarks such as trees, water features, green pathways, and wall gardens bring the outdoors in, creating vertical and horizontal connectivity throughout the building and optimizing wayfinding. Above the pedestrian galleria and glass canopy, an overhead sky bridge allows tenants to move between the two buildings and view activity, artwork, and landscaping below. The weather-protected galleria is now a year-round outdoor oasis for tenants and visitors. The open space also includes public bike racks, a bike fix-it kiosk and was home to Seattle's first Pronto bike-share station.

**3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.**

Like the Mega Block proposal, the Phase 6 project provides an inviting pedestrian through-block connection to break down the block's massing and allow the public to circulate through, rather than around, the block. The 41-foot wide galleria open space's art glass canopy and the landscaping and water features beneath it create a procession through a natural setting which softens the edges of the adjoining buildings, and entices passersby to explore the interior of the project. The partial cover over the pedestrian galleria allows the space to be used year-round, and building lobbies and retail flank the middle of the galleria, creating pedestrian activity from both tenants and the public at the ground plane.

### Community Benefit Highlights

- Cross-block connection with extended glass canopy
- Urban parklet with water feature and lush landscaping
- Overhead sky bridge
- Weather-protected galleria
- Public bike racks
- Public art













## Past Project Qualifications: Project 3 of 6

<b>Project Name</b>	City Place VII (aka Amazon Phase 7)		
<b>Project Address</b>	400 9th Avenue N.	Seattle, WA	98109

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 312,408 (excluding parking) <b>Acreage:</b> 1.0	<b>Construction Type</b>	Type I-A concrete
<b>Level of LEED Certification</b>	LEED CS-Gold	<b>Number of Stories</b>	12
<b>Construction Start Date</b>	12/16/2013	<b>Construction Completion Date</b>	7/6/2015
<b>Was the project completed on time? If not, why?</b>	Yes		

### 1. Provide a brief narrative that describes the nature of the development.

Located at the northeast corner of Harrison Street and 9th Avenue N. in South Lake Union, Phase 7 is another project developed by Vulcan as part of a second collection of buildings for Amazon. The project encompasses a half-block and includes a 12-story building: a retail “jewelbox” separate from the main building, and a large public outdoor plaza at the corner of the site. The ground floor retail space in the jewelbox, adjacent to the landscaped plaza, is leased to Sam’s Tavern, including outdoor seating and operable windows which allow for indoor/outdoor use during favorable weather. The project design makes use of natural materials and colors that blend harmoniously with the surrounding context of stone, steel, and concrete, while emphasizing modern day craft and construction techniques that include rain screen technologies and CNC perforated panels. The building’s floor plates are stretched longitudinally to maximize daylight into the interior, and the incorporation of multiple “perches” at each end of the building takes advantage of existing view corridors.

While the project includes typical Class A office features like a reception area, offices, conference rooms and break areas, Vulcan worked with Amazon to customize the space with a commissary kitchen, usability labs, a podcast room, and a commercial kitchen for catering that supports multiple blocks of Amazon staff in the neighborhood. Another custom approach to Phase 7 was the strategy to design much of the core and shell after the interiors. This process involved the identification of office configurations, public/private zones, conference locations and amenity locations first, which allowed the team to deliver maximum floor plate configuration and better inform final design of the shell and core. This process netted an increase of space for 700 additional staff in the building, without increasing the size of the tower.

Extensive landscaping at the plaza and street edge, the top of building podium, and a green roof minimize the heat island effect and maximize open space, soften the edges of the building masses, and contribute to achieving Seattle’s Green Factor goals. Vulcan continued its efforts to increase sustainability by working with Turner Construction as the general contractor — the nation’s first Salmon-Safe accredited contractor. Consistent with all of Vulcan’s Amazon projects, a Green Housekeeping Plan



and Sustainable Tenant Improvement Guidelines extend this commitment into the operations and occupancy phase of the building, and ensure efficient energy usage and a healthy environment for the occupants.

## 2. Describe any community benefits and open space that characterize this project.

Developed under the City of Seattle's new land-use regulations, the project incorporates a public plaza at the sunny southwest corner, which features public art by local artists at Corson Studio. The art piece is suspended over the outdoor space as a series of "clouds", with reflective surfaces which change their color based on changing natural light weather conditions. The plaza and adjacent public sidewalk use contrasting paver materials in a planked format to evoke a boardwalk and blur the lines between the public and private realms. A long, serpentine seating wall undulates between low planting areas to mark an inviting path to the office lobby and the restaurant from the street corner.

### Community Benefit Highlights

- Public plaza with extensive landscaping
- Public art
- Public seating
- \$2M to affordable housing and day care

To maximize density on the site under the incentive zoning program, Vulcan contributed \$2 million to the city's affordable housing and daycare funds.

## 3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.

While the plaza at Phase 7 is not a through-block connection, it, like the Mega Block proposal, includes a plaza adjacent to the right of way and positioned specifically to take advantage of a southern solar exposure. Using the same high-quality paver materials for the plaza and the adjacent sidewalks allows the public to sense that they are passing through a public space and not intruding on a private, tenant-controlled space. The undulating path encourages passersby to draw themselves into the plaza to enjoy the sun and take advantage of seating areas. The public art piece suspended over the plaza draws the curiosity of visitors and adds to the playfulness of the space.













# Past Project Qualifications: Project 4 of 6

<b>Project Name</b>	City Place VIII (aka Amazon Phase 8)		
<b>Project Address</b>	325 9th Avenue N.	Seattle, WA	98109

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 314,598 (excluding parking) <b>Acreage:</b> 1.0	<b>Construction Type</b>	Type I-A concrete
<b>Level of LEED Certification</b>	LEED CS-Gold	<b>Number of Stories</b>	12
<b>Construction Start Date</b>	8/30/2013	<b>Construction Completion Date</b>	5/4/2015
<b>Was the project completed on time? If not, why?</b>	Yes		

## 1. Provide a brief narrative that describes the nature of the development.

Located at the northwest corner of 9th Avenue N. and Thomas Street, Phase 8 is part of a trio of buildings in Vulcan's second collection of buildings developed for Amazon in South Lake Union. The project is situated on a half-block, with a 12-story office building and ground floor retail, including Cafe An'Clair and Hurry Curry of Tokyo. The building's design features extensive public lobbies, a podium terrace that incorporates numerous green roof amenities and outdoor seating elements. The tapered massing of the tower also preserves neighborhood view corridors. The underground parking presented a unique challenge, as the lowest level of parking is six feet below the water table. The project team implemented creative strategies for dewatering and ultimately diverted any flooding issues.

A core principle of all Vulcan projects, sustainable design is highlighted throughout Phase 8. The project team installed a high-performance curtain wall with integral shading and a distinctive terracotta rainscreen system, which resulted in a 15 percent decrease in summer cooling loads over comparable projects. A Solid Waste Management Policy was also implemented with performance targets ranging between 50-100 percent for reusing, recycling or composting consumables, durable goods, and building materials. This, in conjunction with the work of the contractor diverting 93 percent of all construction and demolition waste, exemplifies the reward of focused efforts to reduce contribution to landfill waste.

## 2. Describe any community benefits and open space that characterize this project.

The project's south-facing plaza incorporates a water feature and public artwork by Lead Pencil Studio, both contributing to the maximization of open space and the achievement of the City of Seattle's Green Factor goals. The ample open space enhances the pedestrian experience along the public right of way — a grade change between the southern margin of the plaza created an opportunity for deep landscaping planters and positioning the art piece as a "gateway" into the space from the street corner.

Notably, Phase 8 was one of the first commercial structures built under South Lake Union's new zoning code — allowing for greater height and density in exchange for public benefits that include



contributions toward affordable housing. To maximize density on the site under the incentive zoning program, Vulcan contributed \$2 million to the city's affordable housing and daycare funds.

**3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.**

Like Amazon Phase 7, the primary public outdoor space at Phase 8 is located on the southern side of the property to take advantage of a southern solar exposure. The gateway created by Lead Pencil's art piece into the plaza leads to a large open area with a water feature, and smooth, sculpted "bean" shaped basalt stone benches provide public seating. Sculptural elements such as these, as well as the thick landscape edge to the space, provide an oasis-like setting as a refuge in the sun. The space is a bit more passive in nature than Phase 7's plaza or the southern portal of the 8th Avenue corridor in the Mega Block proposal, since the main entrances to the building are located mid-block rather than directly adjacent to the public space.

**Community Benefit Highlights**

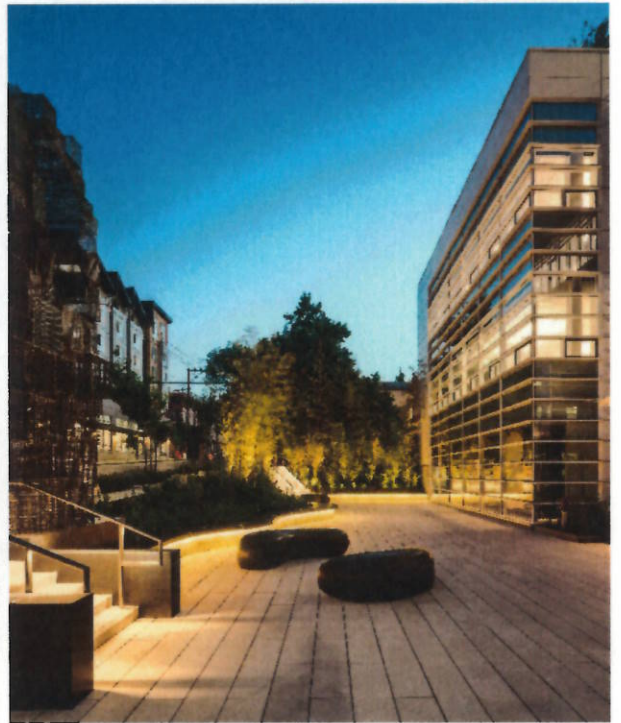
- Public plaza with water feature
- Public art creating gateway into project
- Deep landscaping planters
- \$2M to affordable housing and daycare













## Past Project Qualifications: Project 5 of 6

<b>Project Name</b>	Stack House Apartments & Supply Laundry Building		
<b>Project Address</b>	1280 Harrison Street & 420 Pontius Avenue N. & 1265 Republican Street	Seattle, WA	98109

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 331,201 (excluding parking) <b>Acreage:</b> 1.95	<b>Construction Type</b>	Type V-A wood frame over Type I-A concrete podium; Historic rehab
<b>Level of LEED Certification</b>	LEED for Homes Platinum (Stack House) & LEED-CS Platinum (SLB)	<b>Number of Stories</b>	7
<b>Construction Start Date</b>	1/16/2012	<b>Construction Completion Date</b>	10/11/2013
<b>Was the project completed on time? If not, why?</b>	Yes		

### 1. Provide a brief narrative that describes the nature of the development.

Named after the signature smoke stack that has become a Cascade neighborhood icon, Stack House consists of 278 apartment homes in two seven-story buildings built over subterranean parking. The full-block project also includes the 107-year-old Supply Laundry Building, a 34,000-square-foot, 3-level historic brick structure. Formerly operated as a commercial laundry facility, Supply Laundry has been fully restored and converted to office for Amazon, and the basement boiler room is occupied by the Italian restaurant Rigoletto. Vulcan nominated the building for city landmark status and also had it listed on the National Register of Historic Places. These measures were important steps in restoring the neighborhood building to contribute to the community and respect its history and culture.

Stack House has been awarded LEED for Homes Mid-Rise Platinum certification and was named 2013 LEED for Homes Outstanding Multi-Family Project of the Year by the U.S. Green Building Council. Amenities include a fitness center and sports court, media room, guest suite, community center, conference room, business center, two rooftop decks, an urban rooftop garden and a wintergarden that offers sheltered access to green space even in the cold and damp of winter. Rainwater is collected from rooftops in cisterns to be used for site landscaping and rooftop urban agriculture. Other green features include a high-efficiency reverse-cycle chiller plant to heat domestic hot water 2.7 times more efficiently than gas-fired central boilers, eco-friendly building materials, energy-efficient windows, high-efficiency in-unit air source heat pumps, and onsite Zipcars.

The Supply Laundry building set new standards in energy efficiency for historic structures, with a goal of using at least 50 percent less energy than typical office buildings nationwide while preserving its historic character and architectural features. The building was a successful pilot between the City of Seattle, the National Trust for Historic Preservation, and Vulcan for development of a performance-based energy code compliance path.



## 2. Describe any community benefits and open space that characterize this project.

The full-block development site was organized around activating the north-south public alley as well as a mid-block east-west pedestrian “through-block”. With the unanimous support of the Design Review Board, the underground parking garage entrance was moved to Republican Street, in order to relieve the alley of vehicular traffic and allow pedestrian enhancements to be made to the alley edges, with additional landscaping, public art, catenary lighting, and ground-floor residential units with stoops. The through-block included many of the same features, with building entrances facing inward toward these exterior corridors rather than exclusively toward the streets, encouraging pedestrian activity to flow through the site rather than simply around it.

At the intersection of these through-block connections, public seating was created from salvaged wood and steel elements from the historic Supply Laundry Building itself, and a sculptural public art piece commissioned by Vulcan from local artist Whiting Tennis commemorated the “Laundry Girls” labor strike of 1917, of which the Supply Laundry was a part 100 years ago.

Vulcan was especially excited to partner with Seattle Public Utilities on the “Swale on Yale” project. The Stack House block, as well as the Vulcan-owned block to the south currently being constructed, include four biofiltration swales located alongside Pontius and Yale Avenues. The swales filter stormwater runoff from a portion of Capitol Hill’s streets, which before the project was constructed had flown straight into Lake Union untreated. Vulcan not only contributed \$1.3 million toward the swale project, but also dedicated sidewalk easements to provide the extra width the swales needed in the street right of way. The swales include interpretive signage and nodes of public seating.

Stack House also participated in the City’s Multifamily Tax Exemption (MFTE) program, including 56 units affordable to households between 65 percent and 85 percent of Seattle’s MSA median income.

## 3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.

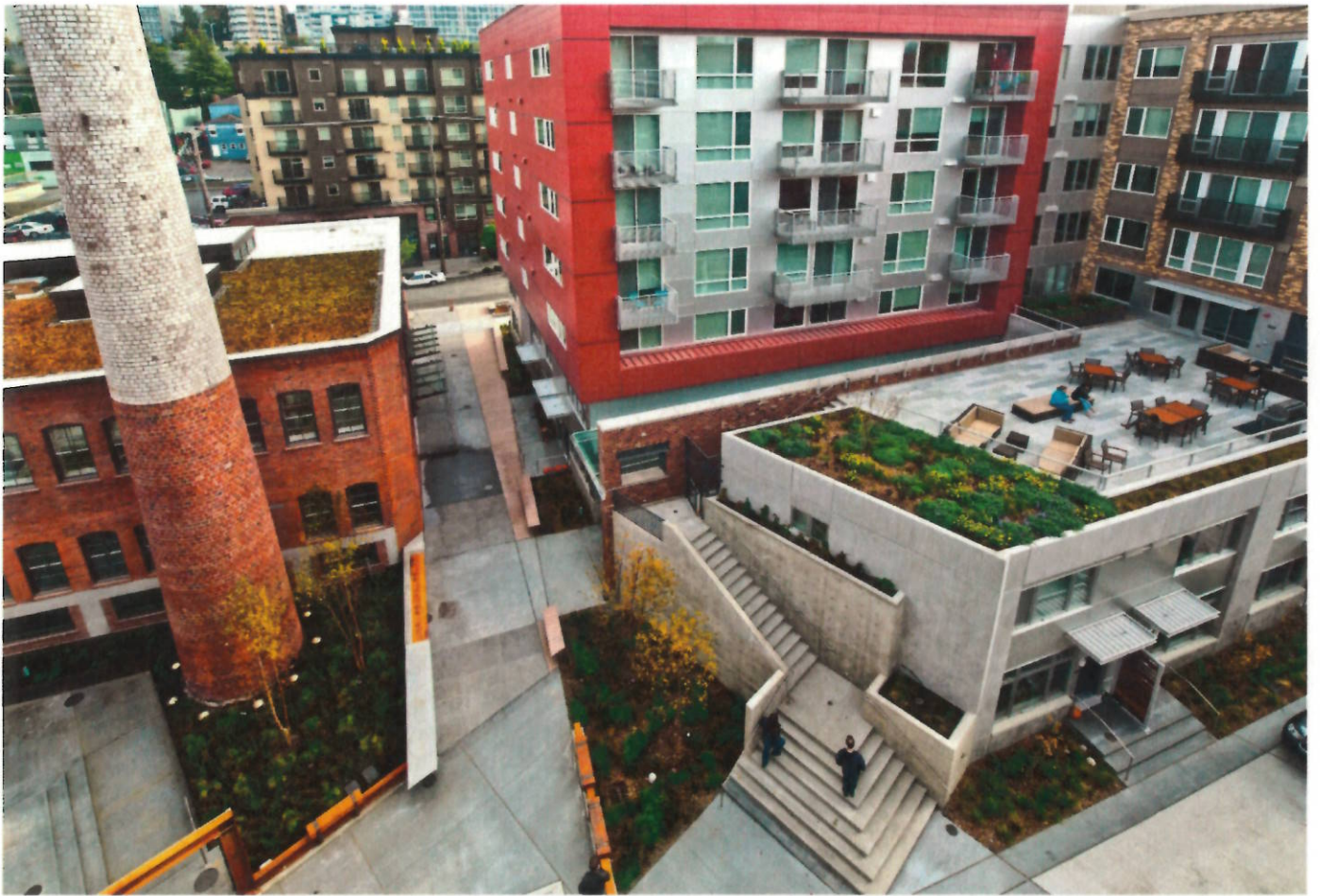
Similar to the Mega Block, pedestrian movement through the Stack House site flows through and around it in all directions. Building entrances on the alley rather than on the street help to activate the site, not only to welcome occupants and visitors to the buildings, but also to create options for the general public to take an inviting “detour” momentarily off the right of way to explore vignettes of art, public seating, reclaimed materials, and specialty lighting in the interior of the space. The steel “bridges” of public seating on each swale and plantings of grasses and sedges were also carried into the mid-block passage, again blurring the lines between the public and the private, allowing the public to feel welcome into the space and not feel as though they are intruding into an otherwise private space only for the tenants in the project to enjoy.

### Community Benefit Highlights

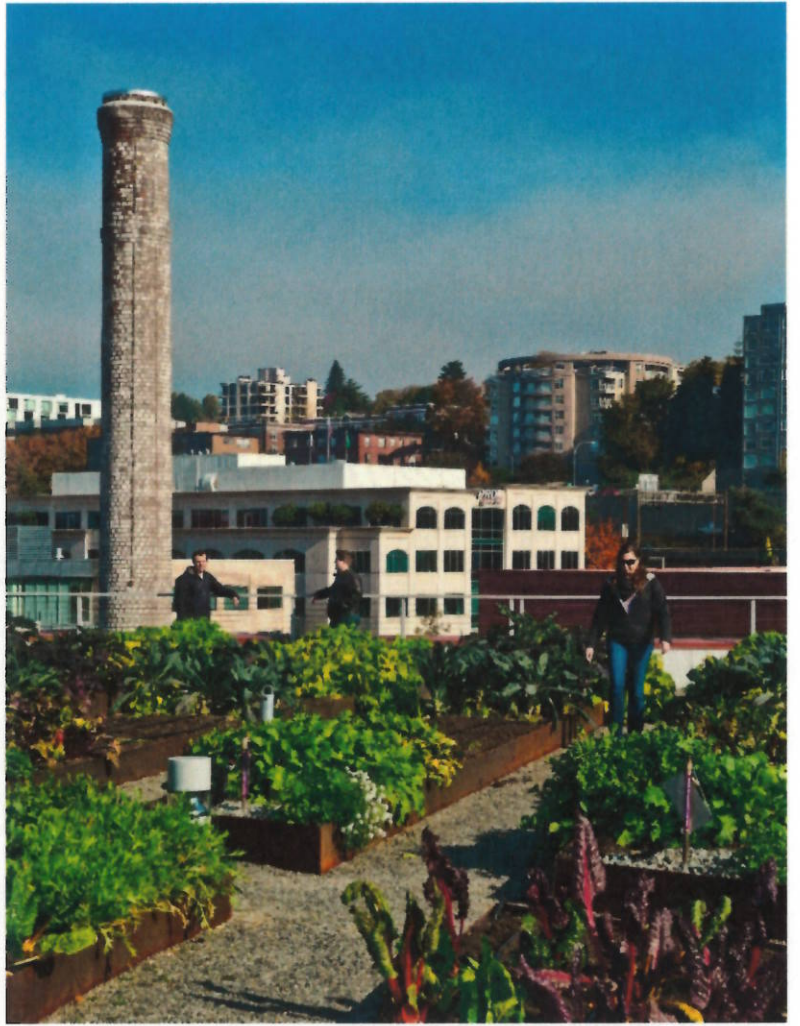
- Public alley activation
- Through-block connection
- Public art
- Public seating
- \$1.3 million contributed to Swale on Yale
- Sidewalk easements
- 56 units of housing for people at 65%-85% of AMI













# Past Project Qualifications: Project 6 of 6

<b>Project Name</b>	Batik Apartments		
<b>Project Address</b>	123 Broadway	Seattle, WA	98122

Project Data			
<b>Size of Project</b>	<b>GSF:</b> 186,611 (excluding parking) <b>Acreage:</b> 1.03	<b>Construction Type</b>	Type V-A wood frame over Type I-A concrete podium
<b>Level of LEED Certification</b>	LEED for Homes Platinum (certificate pending)	<b>Number of Stories</b>	7
<b>Construction Start Date</b>	8/8/2016	<b>Construction Completion Date</b>	2/28/2018
<b>Was the project completed on time? If not, why?</b>	Yes		

## 1. Provide a brief narrative that describes the nature of the development.

Batik is a seven-story building with 195 rental apartments (including 39 units affordable to households earning 65 to 80 percent of Area Median Income) and 2,400 square feet of retail space. Located within the Yesler Terrace Master Planned Community, both its name and its architecture reflect patterns and colors inspired by Yesler's many cultures and historic heritage. Batik is the first of three sites Vulcan purchased at Yesler from the Seattle Housing Authority (SHA) for the development of 650 market rate and workforce housing apartments. The Vulcan/SHA relationship has been successful given our shared core values around social equity, economic opportunity and environmental stewardship and sustainability.

Batik features a rooftop deck with sweeping views of Mt. Rainier and the city skyline, a BBQ area, a pea patch garden, and an off-leash pet area. Additional project amenities include a guest suite, a colorful indoor/outdoor lounge, fitness room, and a resident lounge/game room. Batik also offers a multi-level community kitchen accessible from an adjacent pedestrian pathway, creating an ideal space for residents to share meals with neighbors throughout the Yesler community at planned events. Most homes include energy-efficient air source heat pumps, which provide both heating and cooling using less energy than traditional electrical resistance heaters.

The design of Batik prioritizes energy efficiency and a reduced impact on the environment. Recognized for low-impact development practices that protect habitat and water quality through the adoption of salmon-friendly storm water management practices, Batik is Salmon-Safe certified. The project features bioretention planters, vegetated roofs and water efficient irrigation, all of which contributed to its Salmon-Safe certification. Built on a one-acre site, the steep grade and undulating terrain directs storm water from approximately 80 percent of Batik's surface area into vegetated bioretention structures.

Batik has also applied for LEED for Homes Platinum certification and incorporates a number of innovative and industry leading sustainability features. Notably, a reverse cycle chiller recovers waste heat from the garage to heat domestic hot water. The system heats water 2.7 times more efficiently





than conventional gas-fired boilers, resulting in a 10percent reduction in the building's overall energy use. The landscape design includes drought resistant plantings and a high-efficiency irrigation system that uses less water compared to a traditional design. The entire building uses energy efficient, eco-friendly LED lighting.

## 2. Describe any community benefits and open space that characterize this project.

Vulcan's agreement with SHA included specific goals around targeted affordability of units, the use of women and minority owned business enterprises (WMBE), apprenticeship utilization and green building requirements. Vulcan successfully exceeded the 14 percent WMBE utilization goal by partnering with Tabor 100 (a non-profit committed to business development, economic power, educational excellence and social equity for minorities and the community at large) to host a minority business expo where vendors showcased products and services and expanded their network for future opportunities. As a result, more than 20 percent of the project contract value was awarded to WMBEs. Our apprenticeship utilization of more than 35 percent exceeded the 15 percent goal. We introduced subcontractors to apprentices at vocational schools throughout Seattle and held an apprentice meet and greet at Seattle Vocational Institute.

The agreement also stipulated that Vulcan would design and construct the northern half of a pedestrian stairclimb and pathway on the western margin of the property in collaboration with SHA. The stairclimb connects pedestrians across a significant grade change from Fir Street down to Yesler Way and the Yesler Community Center and park. It includes an intermediate plaza with public seating opposite SHA's Epstein Center (a Head Start location and community center), and terminates at a plaza adjacent to the project's ground floor retail space and a public art sculpture Vulcan commissioned by local artist Saya Moriyasu entitled Maya. The sculpture of a woman engages the public in a physical and maternal way, offering her hands out to touch, and scaled as an adult in relation to a child. Also located at the intermediate landing is an entrance to a "community kitchen", at which neighbors from around the larger Yesler Terrace community will be hosted for special events by Batik residents.

One of the most critical goals around the development of Batik was the creation of an inclusive community — where people of different languages (more than 15 languages are spoken by residents in Yesler), incomes, cultures and ages could live in harmony. From the carefully selected indoor and outdoor artwork which celebrates diversity, to amenities that offer opportunities for residents to interact and learn about each other, Batik offers an immersive cultural experience to its residents. Vulcan strategically sought out local coffee purveyor, Tougo Coffee to occupy a portion of the retail space. Tougo is dedicated to ethical farming practices and fair pricing and treatment of farmers, land and communities at the source of origin. In addition to providing a benefit to residents and neighbors as Yesler's first coffee shop, the selection of Tougo supports the project's goals around social equity, economic opportunity and environmental stewardship.

Batik also participated in the City's Multifamily Tax Exemption (MFTE) program, including 39 units affordable to households between 65 percent and 80 percent of Seattle's MSA median income.

### Community Benefit Highlights

- Exceeded 14% WMBE contractor utilization goal
- Apprenticeship utilization
- Pedestrian stairclimb
- Plaza with public seating
- Public art
- Community kitchen
- 39 units of housing for people at 65%-80% of AMI





### 3. Describe how the referenced project is most relevant to elements of the scope as required by the City and described in the RFP.

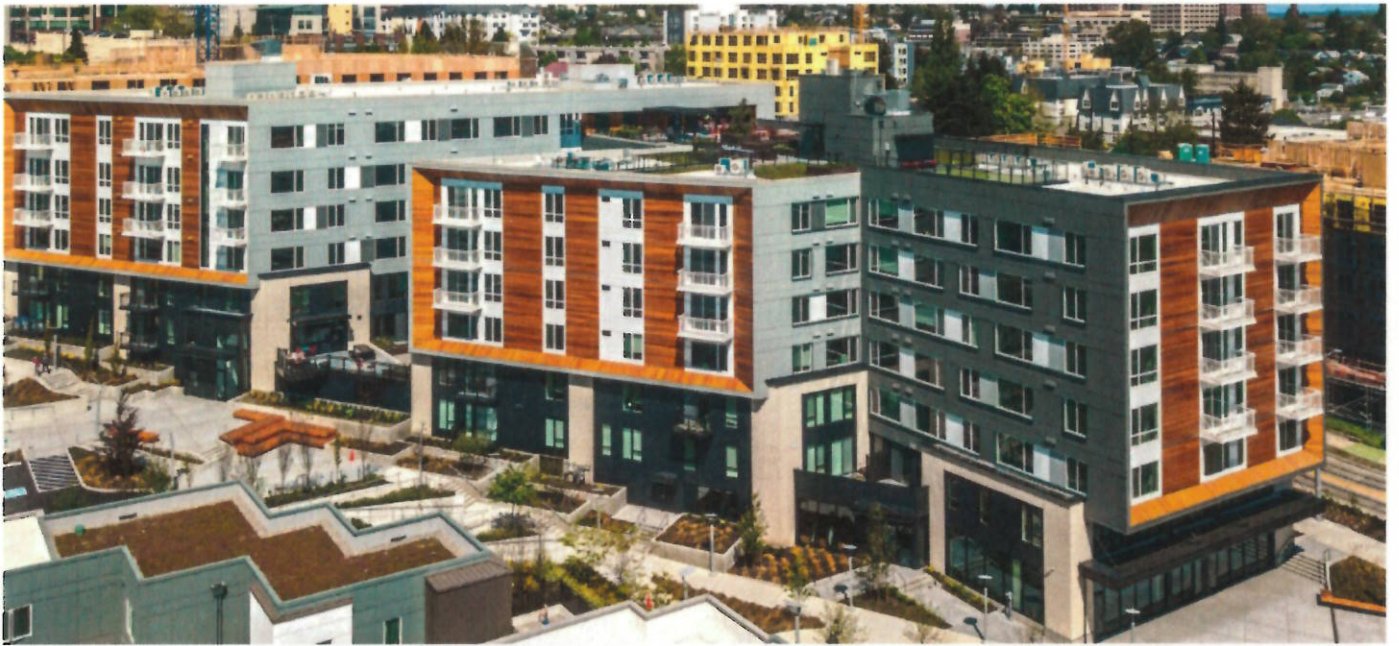
The stairclimb alongside Yesler creates several nodes for public seating, including small public gatherings. While more pronounced at Batik than at the Mega Block proposal, grade changes across the ground plane offer opportunities for vignettes of intervening pockets of public seating and landscape planters. Also like the Mega Block proposal, the ground floor retail has a partially covered space for potential outdoor seating, extending the season for additional retail activation adjacent to the space.

The public art opportunity location identified on the Mega Block proposal, is, like Batik, at the south-facing, most activated part of the public open space. Although we would not identify the artist for Mega Block until later in the design process, an accessible and physically engaging piece may be appropriate for such a visible and active location at the confluence of the 8th Avenue pedestrian easement and the busy 2-way cycle track and broad sidewalk along Mercer Street.

While labor used to construct Batik was provided by a combination of union and open shop subcontractors, Vulcan's participation in WMBE utilization and apprenticeship programs demonstrate Vulcan's willingness to partner on labor agreements, as per the developer requirement to negotiate a Project Labor Agreement (PLA) for construction of the Mega Block.









## Project Concept & Public Benefits

Vulcan's proposed development of the Mercer Mega Block provides a unique opportunity to expand South Lake Union's commercial office capacity to accommodate future employment growth while offering a rich pedestrian environment at street level to benefit the neighborhood by providing a variety of active uses and amenities. The size of the site provides an opportunity to create a unique public space with a clear identity.

The development proposal includes two commercial office structures featuring an active ground floor program that includes micro to large-scale retail spaces, a child care center, community meeting space and outdoor amenities. Below grade there is parking for approximately 675 cars. The total development does not achieve the maximum FAR of 8 due to the limits of the tower floor plates, stepped podium heights and maximum lot coverage restriction. Over 25,000 sf of open space is provided on site through the 8th Avenue pedestrian easement and the lot coverage limitations defined in the Seattle Municipal Code.



### Project Concept

The project concept stems from the creation of a destination outdoor space located at the 8th Avenue N. midblock easement. By covering the space, the goal is to create a dynamic, flexible environment under a large glass canopy for all kinds of activities throughout the year. Visibility into the mid-block space populated with micro-retail, water features, public artwork and multiple seating areas draws the public in. Enhanced landscaping at the north and south side of the 8th Avenue easement provides a





buffer to the activity of Mercer and a sense of enclosure from Roy. In combination with the covered open space, this concept creates an outdoor living room as a landmark “gateway” and pedestrian intersection, offering a very unique option for outdoor public open space in South Lake Union and Seattle. Micro retail, lobby entries, child-care, and community space all spill into these outdoor rooms. The plaza surface is accessible to food trucks or market vehicles from Roy Street, when programming requires, but otherwise is closed to vehicular access.

All vehicles enter the garage and at grade loading areas from curb cuts along Roy. Special attention has been made to create pleasing environments adjacent to these entries.

Benefiting from having the vacated 8th Avenue as part of the project site, the envisioned project is able to provide unique public benefits at the ground level indoors and out. Active and passive spaces are offered within the larger context of the site in an effort to appeal to all users.

This site is located perfectly to become a daily crossroads between the residential and the commercial enclaves within the neighborhood as well as becoming a prominent part of the processional experience between Seattle Center and Lake Union. The site supports this circulation while also ‘reading green.’

### Ground Level Activation

The ground level spaces range in scale and offer a variety of choices for users of all ages. There are focal points of interest for key artwork installations, cultural activities and small, more private zones for relaxing and engaging in smaller groups. Public sidewalks extend into the open space blurring the lines of public and private property.

The placement of the towers on the sites attempts to define the block edges while opening up the interior public court through the site. By stepping the building footprint back towards the center of the site, pedestrian flow is directed into the central court and off of the busy arterial streets. The resulting plaza benefits from the southern exposure providing a well-lit, inviting public space.





Setbacks at the corner of Mercer Street and 9th Avenue N. and Dexter Avenue N. and Roy Street provide additional room for navigating conflicts between pedestrians, bicyclists and transit riders. Pedestrian wayfinding, supported through well-designed kiosks at either end of the midblock and by the bus stop on Dexter Avenue N. and at the intersection of 9th Avenue N. and Mercer Street, helps new visitors orient themselves.

The scale of the development allows for the inclusion of large scale retail components. For example, the southwest gateway corner at Dexter and Mercer could include a neighborhood grocery or market providing convenient access to fresh food and healthy options for the community. The south east corner and northwest corner retail space can also support larger anchor tenants and define prominent site edges. The primary office lobby entries will face Mercer Street, allowing for smaller scale entries to retail and community space off of the 8th Avenue pedestrian plaza to enliven the central public space and welcome all users.

A large, indoor, community meeting space is proposed at the north end of the 8th Avenue open space to accommodate a variety of functions, including but not limited to educational opportunities, career days, art shows and other indoor civic and cultural activities.

The landscape and site design offers a variety of comfortable places to sit; and is designed to attract a cross section of users by offering layers of activity and respite from the rhythm of the city. There are a wide range of seating opportunities from sun-soaked bleacher stairs to movable café furniture available in pockets throughout the site. This block is a natural destination within the surrounding neighborhood. Desire lines of pedestrian traffic cross from northwest to southeast heading between work and home during weekdays and heading northeast to southwest between Seattle Center, Downtown and Lake Union on the weekend.

The large, covered outdoor space is central to the design and allows for numerous outdoor events to occur: seasonal festivals, farmers markets, art shows and performances. Protected from the rain, the use of this space easily extends into the shoulder seasons, months where most public spaces see a sharp decrease in use. An outdoor amphitheater space is located on the south side of the covered open space and has ample seating and room for diverse music, entertainment, cultural events.

## Parking

We carefully studied several options for providing parking for the project, given zoning limitations, site constraints, and planned program needs. Our proposal includes roughly 2.5 levels of parking across the site. Each full level should provide approximately 300 stalls, for a total of approximately 675 stalls. An



office use would be limited to 1 stall per 1,000 square feet. The remainder of the parking would serve the retail and child care functions.

Site constraints that limit better efficiency in the garage include the curved line of the southern property boundary of the block, the “notch” in the north-central part of the site reserved for the existing King County CSO vault facility by easement, and more importantly, the likely need to





remediate dry cleaning solvent contamination and other compounds from the 700 Dexter site. Based upon currently available data, that contamination is present in soil and/or groundwater in the northern half of the block, below approximately 15 feet elevation above mean sea level (about 15 to 30 feet below the surface of the site).

In addition to regulatory review costs, the cost to properly dispose of this excavated contaminated soil is approximately \$50 to \$75 per ton assuming contaminant concentrations do not exceed certain regulatory thresholds. We believe it is unlikely the entire parking requirement can be built above the approximate 15 foot elevation to avoid the suspected contamination. However, without additional borings throughout the interior of the site, we cannot be sure of the horizontal or vertical extent of the contamination at the site, or the actual disposal costs.

We have also proposed that the access to the garage would be off Roy Street, with one entrance and exit into the east building and one into the west building. The site is surrounded by cycle tracks and protected bike lanes on all four sides, but the lane on Roy Street is the least used. It may be possible to relocate the eastbound cycle track on Roy to the north side of the street, creating a 2-way cycle track there. This would mitigate the chances of cycle/vehicle conflicts where vehicles would be forced to cross a bike lane in its current location on the south side of the street. It would also potentially create an opportunity for on-street, very short term parking along the curb on Roy Street for drop-off zones for the proposed day care space on the Roy Street side of the project.

We have also assumed loading would be accessed on-grade off Roy Street in each building. This is part due to its proximity to the rear of the planned retail and grocery uses on the ground floor, but also because of the constraints mentioned above in meeting the parking requirement below grade.



### Design Standards

In addition to the 11,000 SF pedestrian space provided for by the vacation of 8th Avenue, zoning limits the site coverage to 75 percent of the lot area adding additional open space to the overall development. By aggregating these open spaces, the project is able to maximize light and openness through the block while accommodating a greater range of uses and users. The pedestrian corridor and larger plaza shall remain open and accessible to the public, encouraging connections to and through the site for those visiting by foot or bike.

The inclusion of natural elements at the site edges provides a visual buffer from the traffic along Mercer and Roy at a low scale while allowing sightlines up and down 8th Avenue. Enhanced landscaping including trees, planters and water features helps to define smaller, intimate seating areas within the context of the larger public realm. Utilizing the 8th Avenue Design guidelines, furniture, plantings and paving materials will extend a consistent language of public amenities inviting all users into the site.

Elements of the adjacent streetscapes will be continued to create a consistent pedestrian experience.

Safe and well lit outdoor areas encourage use of the exterior spaces into the evenings and in Seattle's darker months.







## Sustainability Features

Since 2002, Vulcan has been a leader and an enthusiastic practitioner of sustainable development, and it remains an important guiding principle of our approach to our business. Over that time, we have completed over 23 LEED certifications ranging from Certified level to Platinum level, helping pilot some of USGBC's certification programs. We have led on a local level as a founding member of the Seattle 2030 District and have served on its Board of Directors ever since.



Vulcan is the world's first Salmon-Safe accredited developer, with eleven urban Salmon-Safe-certified projects to date, including the Seattle offices for Google and Facebook in the South Lake Union Urban Center. Salmon Safe requires developers to design “beyond code”, with strategies that involve designing onsite storm water facilities (bioretention, rainwater harvesting, etc.) to a higher standard or adding facilities not otherwise required by code. It also focuses on mitigating the impacts of development on waterways and salmon health by instituting best practices to limit soil erosion during construction and avoid exterior building materials which shed dissolved metals into storm runoff.

While at this early stage, we cannot precisely model the projected energy usage of the buildings, we do have several examples of recently completed and planned buildings in which we employed a variety of sustainability features similar to what we would propose for the Mega Block development, which we are confident would result in the project meeting or exceeding the LEED Gold certification requirement. In most of our recent office building developments, we have signed a lease with an anchor tenant and negotiated shared goals for performance in sustainability in the shell and core as well as the tenant improvements, before construction commenced.

### Examples of features we expect to include in the Mega Block development include:

- Tenant design and construction guidelines, which would inform all tenants of mandatory requirements as well as inform tenants of best practices for constructing their tenant improvements





- Energy performance 15% to 25% better than code, by employing high efficiency HVAC systems such as chilled beams, lighting controls, and shading devices
- Natural ventilation, to allow windows to be opened by occupants during periods of mild weather in the shoulder seasons
- 5% of parking stalls with electric vehicle charging stations, with electrical pre-wiring for many more stalls to be added as demand grows
- Bike parking exceeding code requirements, as we expect bike usage by occupants at this location, a confluence of major biking routes, to be higher than typical for South Lake Union
- Low-flow and low-flush water efficient plumbing fixtures
- Onsite stormwater management strategies for the project will include a mix of green roof, bioretention, and rain water harvesting as determined through the design process
- Enhanced commissioning, allowing the commissioning agent to peer review mechanical, plumbing, and electrical designs before construction as well as commissioning the equipment upon installation and after one year of operations
- Construction waste recycling of 75% or better
- Low-VOC paint and materials on the building interior
- Salmon Safe certification as well as LEED-CS v4 Gold or better certification



### Site and Building Utility Infrastructure

Without having the ability to discuss this property with officials at the City utility agencies while the RFP is still open, we have made, in conjunction with our civil engineer, an analysis of the likely utility service connections we expect would serve the site. Each of those expected utility services are as follows:

#### Storm Water

As discussed in the Sustainability section of this narrative the project will discharge stormwater to the combined sewer system at mitigated rates as dictated by the 2016 stormwater code. Flow control will likely include a below grade stormwater detention vault designed to Peak Flow Control standards to protect the City's combined sewer system. Water Quality treatment will not be required as the project will discharge to the combined sewer. The City of Seattle does not allow permanent continuous groundwater discharge to the combined sewer system. Any construction below the permanent groundwater table will need to be designed as a fully waterproofed or 'bathtub' system. Any incidental groundwater above the permanent groundwater table may be captured and conveyed along with onsite stormwater to the combined sewer system.

#### Fire & Domestic Water

We anticipate the two parcels will be served separately and will likely each be served by a 4-6" domestic water service and 6-8" fire service. Water mains are currently within the Dexter Avenue N. (20"), Mercer St (12"), and 9th Avenue N. (12") Right of Ways. Once design begins a Water Availability Certificate will be issued with SPU's determination for the new service locations. On previous projects SPU has not allowed connection to the 20" distribution main on Dexter Avenue N.





## Sanitary Sewer

We anticipate each building will be served by (3-4) new sanitary side sewers. The sewer mains available to the project include an 8" combined sewer main within Mercer St and a 30" combined sewer main within 9th Avenue N. There is a chance that existing side sewer connections to the 84" KC Metro main within Dexter Avenue N. may be re-used. It is unlikely that new connections will be allowed to this or any other KC Metro owned mains surrounding the site. The proposed building will be constructed over and adjacent to KC Metro owned CSO's including a 14' diameter sewer tunnel. Construction monitoring and pre/post construction survey of this infrastructure is extensive and will be coordinated with KC Metro from an early stage in the project.

## Seattle City Light

Specific service locations for primary power will need to be coordinated directly with Seattle City Light during design. The project is within SCL's South Lake Union Network Service area. The surrounding Network system has been or will be constructed as a part of the City's Mercer East Corridor or Denny Network Sub-station Expansion projects. We anticipate this project would connect directly to Network power for both buildings. There are existing overhead SCL Radial power lines along the properties Dexter Avenue N. frontage. Projects of this magnitude often choose to underground adjacent overhead lines to avoid the significant building set-back requirements. If the lines remain as-is the building will be required to provide a 15' minimum set-back from the nearest conductors as coordinated with SCL.





## Community Benefits

Unique to the Mercer Mega Block site is the overall size of the site and the vacation of 8th Avenue N. between Mercer and Roy Streets. Given the proximity of the site to the Lake Union waterfront residential neighborhoods to the north and business center to the south and east, the development has the ability to serve as a resource to the neighborhood and the significance and appeal to draw visitors from the region. To succeed as a lively, welcoming and active public space a variety of retail, community and open spaces at the ground floor level are planned to benefit the community. The site is designed to encourage impromptu activities, while a programmed event calendar can draw people to the site.

**The proposed development includes the additional following community benefits:**

### Environmental Remediation

The Mercer Mega Block is located adjacent to 700 Dexter, which has extensive known contamination from dry cleaning solvents and other compounds. This contamination has spread beyond the 700 Dexter property boundary lines to several adjacent properties with likely impact to the Mercer Mega Block. Our development plan includes funds to remediate this contamination.

### Union Labor

Our development plan already assumes the use of all union labor for the shell and core. In addition, our development plan anticipates the use of a Project Labor Agreement (PLA), which will carry a cost premium relative to a union development without PLA.

### Enhanced Landscape

To support this exceptional public space opportunity, the hardscape design must provide flexibility to accommodate the intimate and every day, while allowing room to expand program for performances and markets that might take over much of the space. The water feature provides white noise and reflections of light throughout the midblock on a typical day. During an event it can be turned off disappearing into the pavement, allowing the space to be used for the festivities. Amphitheater seating provides a dramatic entry to the midblock and a place to sit outside in the sun during a typical day. During festival use, it can act as a secondary venue or gathering space for programs supporting the main show in the heart of the space.



The generous weather protection above the vacated 8th Avenue provides a year-round flexibility of programming unmatched in the neighborhood and Seattle beyond. This element coupled with a variety of seating opportunities, both fixed and movable provide a great framework for robust retail to thrive and help activate the space.





Bike racks in excess of code and a bike fix-it station are provided to suit the context at the heart of surrounding bike circulation systems. This neighborhood, as it has evolved, has struggled to address the needs of the large dog population that arrived with its new residents. Providing specific locations for pet relief and bag stations is necessary to ensure the quality of pedestrian experience.

The landscape balances the hardscape and provides pedestrian scale to the grand public spaces. Bioretention planters provide tangible function while planted with rushes, sedges and other lake edge native plants to reference the proximity to Lake Union. Groves of birch and aspen trees provide place making reinforcement of this idea, giving shows of color and texture across the seasons. New understory street trees will be added to the street frontages where possible, reinforcing an idea implemented east of this project at the Lakefront Blocks. Setbacks along Roy Street allow for planting on both sides of the sidewalk, making the loading and parking entry configurations on both buildings gracious and comfortable.



### Outdoor Performance Space

Taking advantage of the sloping grade, exterior amphitheater seating is provided west of the south end of the 8th Avenue pedestrian way. This sunny, space is envisioned as programmable by third parties and available to support festivals and activate the plaza throughout the year offering a place to sit for lunch or gather with friends to see a performance. Imagine movies on the exterior building wall, a trio of musicians playing to a crowd, or students performing for their parents.

### Festival Space

The siting of the buildings allows for an additional 20 feet in width to be added to the required 60 foot width of the 8th Avenue easement area. For scale, this 80 foot total is wider than the 66' right-of-way at Bell Street Park (shown below). This enlarged space, lined with small retail spaces, is sized to maximize flexibility in accommodating festivals and markets. When not in use for a festive occasion, the micro-retail has room to spill out into the space, and a splash pad activates the middle of the block offering a feature to view or jump into along with white noise to mask busy Mercer Street. With a portion of the mid-block under cover, markets and festivals may take place throughout the year.





## Micro Retail

A successful retail center offers a variety of small and large spaces to support the vast spatial and economic needs of individual business. With over 30,000 sf of retail space at the street level, careful thought has gone into the placement of small and micro-retail spaces along the central 8th Avenue plaza. With shared restrooms and amenities, these small spaces require less upfront costs from tenants and enable small business owners to focus on getting up and running quickly. Lower rents and smaller spaces help to ensure that small, local businesses can thrive. Year round activation of the central, covered plaza ensure that visitors frequent the retail establishments.



## Day Care

Recognizing the increasing need for daycare facilities proximate to major employment centers, the project includes approximately 11,000 sf of indoor space at the north edge of the site facing both Roy and the 8th Avenue plaza. Given the large area of the site, a unique opportunity is presented allowing for the outdoor space needs of a daycare facility to be met with a 3,000 sf, secure play area adjacent to the 8th Avenue easement. Located adjacent to Roy for easier pick up and drop off, neighboring families and office employees can easily access the center.

## Community Meeting Space

Without a library or community center in the neighborhood, indoor community spaces are in demand. The project provides a 3,500 sf space available for use by the community on a reserved basis for meetings and events. The space is located at the ground level adjacent to Roy Street and the 8th Avenue plaza providing high visibility and ease of access to the community.

## Public Art

Vulcan believes art should be accessible and appreciated, and has incorporated that spirit into our Real Estate portfolio. To date, we have commissioned and installed 28 public artworks by artists from the Northwest and beyond. With nearly 25,000 SF of public open space in the Mega Block with its borders defined by two new buildings, opportunities to include artwork abound. Artwork by multiple artists can be incorporated into the overhead glass canopies, onto building walls and sprinkled throughout the landscape.



## Cultural Space

Cultural spaces support artists and their art to define the social character of our neighborhoods. With a variety of indoor and outdoor active spaces and a desire to program the site, we would entertain a partnership with a non-profit to incorporate arts and culture into the project. A non-profit arts organization could help to program the outdoor space serving as a resource for the community, truly providing a unique offering to the South Lake Union neighborhood.



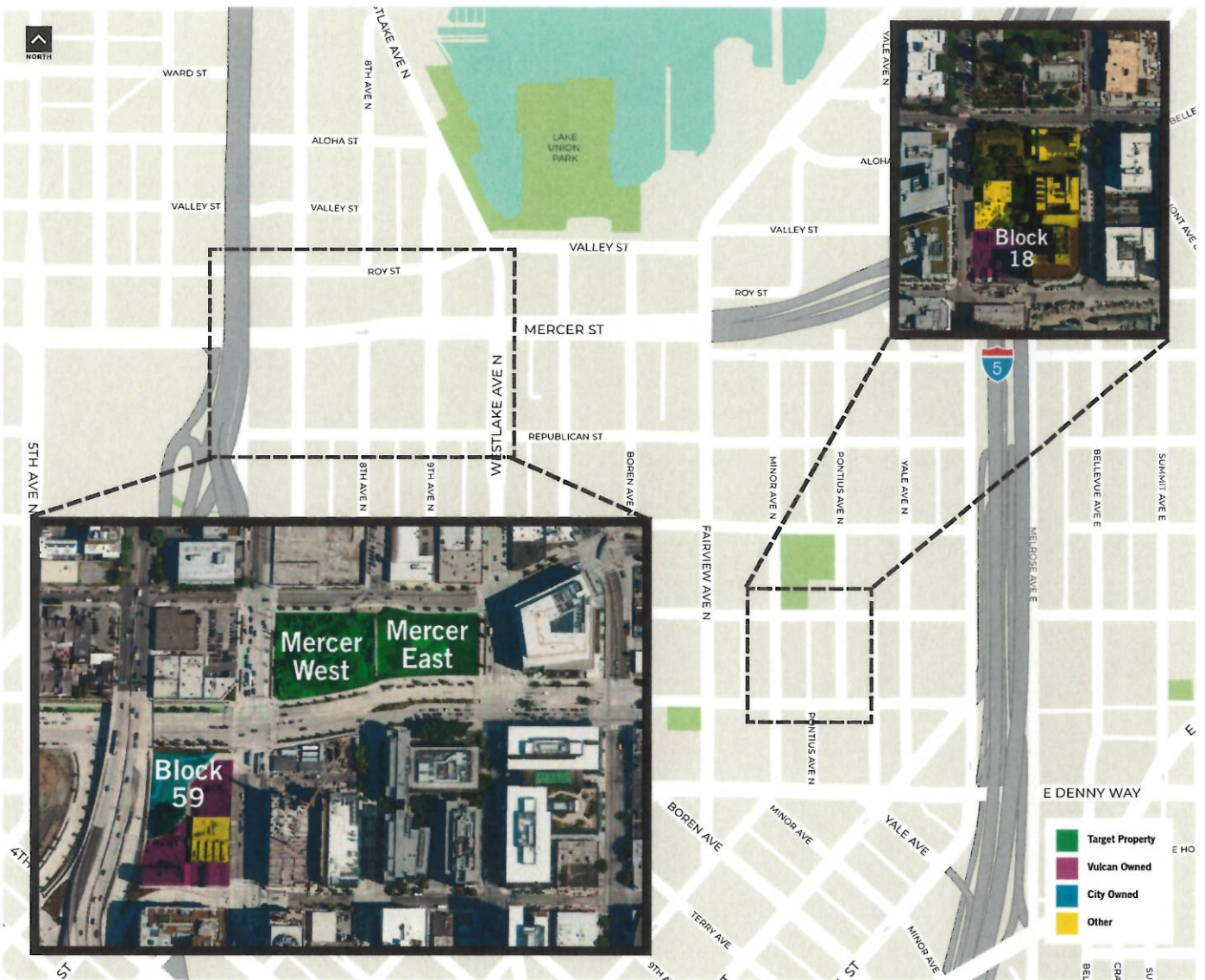


## Affordable Housing

As part of our proposal for the Mega Block, there is an opportunity to create 430 to 535 affordable housing units on up to two acres of South Lake Union Land in close proximity to service sector employment opportunities in a global high-tech, biomedical, and health sciences center.

### Our Proposal

Land is growing increasingly scarce, especially in South Lake Union and throughout the City, making it all but impossible to acquire land for affordable housing. Vulcan and the City each own a portion of Block 59, and Vulcan owns Block 18 outright (see map). Vulcan's proposal is to contribute Block 59 and Block 18 land at their Fair Market Value to the Bellwether Housing and to Plymouth Housing respectively. The Fair Market Value of Blocks 59 & 18 would be offset against the purchase price of the Mercer Mega Block.





Parcel	Current Ownership	Project Concept	Nonprofit Partner
Block 18: 14,400 SF	100% Vulcan	110 to 125 permanent supportive housing units	Plymouth Housing, as developer
Block 59: 73,400 SF	37,400 SF by Vulcan (51%) 24,000 SF by City (33%) 12,000 SF by private owners (16%)	320 to 410 workforce and affordable housing units in building phases	Bellwether Housing, as master plan developer
<b>Total</b>	<b>Up to 87,800 SF</b>	<b>430 to 535 units</b>	

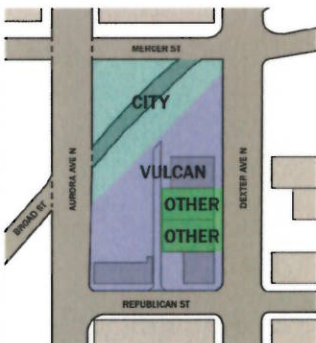
### Key Site Benefits

- Size:** Block 59 site will be a combination of 37,400 sf of Vulcan owned parcels along with city and private parcels (to be potentially acquired by the City) for a total potential assemblage opportunity of 73,400 sf.
- Block 18 site is 14,400 square feet located at John Street and Minor Avenue N. in the Cascade neighborhood.
- Proximity:** Both sites have excellent access to current and future key transportation nodes, and are within walking distance to neighborhood social services, grocery stores, and parks.
- Location:** Both sites are near major employers and institutions of the City, including Seattle Center, Amazon, Facebook, Google, UW Medicine, REI and Fred Hutchinson.

### Block 18 Project

Block 18 is a 14,400 SF surface parking lot in the Cascade neighborhood and is immediately available for development. The intent is for Plymouth Housing to plan, construct, and operate 110 to 125 Permanent Supportive Housing units for people experiencing homelessness. The housing units will be combined with intensive, comprehensive, and individualized support services. All residents have an assigned housing case manager and engage with 24/7 support staff. Residents may receive many services, such as: on-site nursing; connections to community medical, dental, legal, and social services; and access to a diverse selection of classes that build skills, wellness, positive relationships, and community. Plymouth's Housing Support Program also provides coaching on job searches, applications, interviewing, and workplace expectations.

In addition, Block 18 provides an opportunity for Plymouth to provide even more cost-efficient operations, given the proximity of the Williams Apartments (Plymouth-owned property on the opposite side of the alley). This would create the possibility of sharing staff and space between the two properties and will allow off-site personnel, such as maintenance staff to be more efficient.



### Block 59 Project

On Block 59, Vulcan owns approximately 37,400 SF of the site, and the City owns an adjacent 24,000 SF (including the former Broad Street Right of Way, public alley, and a remnant parcel controlled by SDOT on the northwest corner of the block). There are two other 6,000 SF parcels owned by private owners mid-block on Dexter Avenue N., which could provide additional site area if assembled by the City. By combining these ownerships, we can unlock the potential to create much needed workforce and affordable housing in SLU. The intent is to have Bellwether Housing





act as a master plan developer to plan a multi-year phased development of workforce and affordable housing yielding approximately 320 to 410 housing units.

Affordable housing providers will finance, develop, and operate a full continuum of housing, from permanent supportive housing for residents with social or behavioral disabilities earning at or below 30% AMI and housing affordable to families and individuals earning between 30% to 60% AMI. Block 59 also provides the possibility of integrated services for homeless individuals such as case management, health care services, housing referral assistance, and education and employment training access.

**Project Goals are to:**

1. Provide a model for human service integration, career development, and affordable housing options in order to better serve the most vulnerable populations and create a pathway for success.
2. Strengthen community connections and connections across economic strata in South Lake Union.
3. Demonstrate non-traditional models of collaboration and governance that bring together housing and service providers to maximize efficiencies and effectiveness.
4. Demonstrate innovative methods of addressing financial sustainability.

In addition, there is an existing 17,800 SF building on the southwest corner of Block 59 which may be put to immediate use upon transfer of the property to house people experiencing homelessness prior to commencement of new construction activities.





## How It Works

Vulcan Inc., on behalf of City Investors LLC, is proposing to transfer the land directly to Plymouth Housing (Block 18) and to Bellwether Housing (Block 59). The transfers will occur simultaneously with the closing of the Mega Block Acquisition or with the first closing should the blocks close at different times. Vulcan will receive a credit against the purchase price for the Fair Market Value of these parcels.

### Block 18:

- As consideration, Plymouth Housing will act as the non-profit housing developer and operator of 110 to 125 permanent supportive housing units.

### Block 59:

- Bellwether Housing, in collaboration with Plymouth Housing, will act as the master plan developer of Block 59 to create a phasing plan and development strategy to create approximately 320 to 410 units ranging from supportive housing to housing affordable to families and individuals earning up to 60% AMI.
- The City of Seattle will vacate the remaining City owned Broad Street ROW property to the north. And, if the additional private parcels are acquired, the City could vacate the existing public alley, to unlock the full development potential of Block 59.

## Development Timeline

Block 18 can be immediately available for development by Plymouth Housing upon the transfer of the property.

Block 59 has the potential to create 320 to 410 units of low income and affordable housing in three phases. Although there could be several phasing options available, a possible phasing scenario could include the following:

- **Phase I:** Utilizing an existing building on-site, create up to 30 beds of immediate need housing for people experiencing homelessness and other shelter options.
- **Phase II:** New Construction of two (2) six to seven-story wood frame buildings on the west and north portions of the block with a total of 185 to 230 residential units above building common areas, retail, and/or supportive services space.
- **Phase III:** New Construction of an additional two (2) five to six-story woodframe buildings on the east and southwest portions of the block, with residential units totaling 145 to 180 units above building common areas, retail, and/or support services space, including demolition of the existing building in Phase I above.

An ambitious concept like that of Block 59 requires a comprehensive and site-wide approach to guide its implementation. Treating the site as a whole will ensure that the projects objectives and desired outcomes are maximized and that projects participants benefit from integrated design, planning, phasing, development, and economies of scale.





October 4, 2018

To Whom it May Concern:

I am writing in support of Vulcan’s proposal for a Mega Block Affordable Housing solution in South Lake Union.

As a provider of permanent supportive housing for adults who have experienced chronic homelessness, Plymouth sees the ramifications of our region’s affordable housing and homelessness crisis every day. With such a high need, Plymouth is committed to accelerating the pace of creating housing that breaks the cycle of chronic homelessness and working with partners on innovative solutions.

Vulcan’s Mega Block Affordable Housing project is one such innovative solution. By partnering with Plymouth Housing and Bellwether Housing, Vulcan and the City of Seattle can make a big difference to hundreds of people struggling with homelessness and/or housing affordability.

To ensure our residents’ success in retaining stable housing, Plymouth’s buildings need to be centrally located, close to critical needs such as food banks, transit hubs, and medical centers. Obtaining land in the heart of Seattle is an increasingly difficult task, particularly for nonprofit housing providers. This project in South Lake Union is a wonderful opportunity for us to build the housing that our residents need in an area that is in need of more affordable housing.

Thank you for carefully considering the Mega Block Affordable Housing project.

Sincerely,



Paul Lambros  
Executive Director, Plymouth Housing

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Ladies and Gentlemen:

Bellwether Housing supports Vulcan’s proposal for the Mercer Mega Block site, specifically its proposal regarding the contribution of Vulcan-owned real estate adjacent to the Mega Block site for the creation of both permanent supportive housing for vulnerable, formerly homeless people and for low income families and individuals who simply can no longer afford to make a home in our City.

The Vulcan proposal is compelling to Bellwether Housing because it leverages valuable Vulcan real estate assets to create housing far exceeding the minimum required by the City’s RFP and it provides for a broad range of affordable housing for lower income people. It would also provide flexibility in the timing of development, allowing Bellwether to determine the most efficient, effective and financially feasible phasing of the development.

We would be an enthusiastic partner of Vulcan in creating the future of South Lake Union – one that provides an opportunity for people across the income spectrum. We are supportive of Vulcan’s proposal and look forward to ensuring a successful and truly impactful project is delivered in connection with Mercer Mega Blocks – one that efficiently delivers many high-quality homes at a time when our city is facing an affordability crisis.

Sincerely,

A handwritten signature in blue ink, appearing to read "SBoyd", is positioned above the typed name.

Susan Boyd  
Chief Executive Officer





# Project Design: Ground Floor Plan

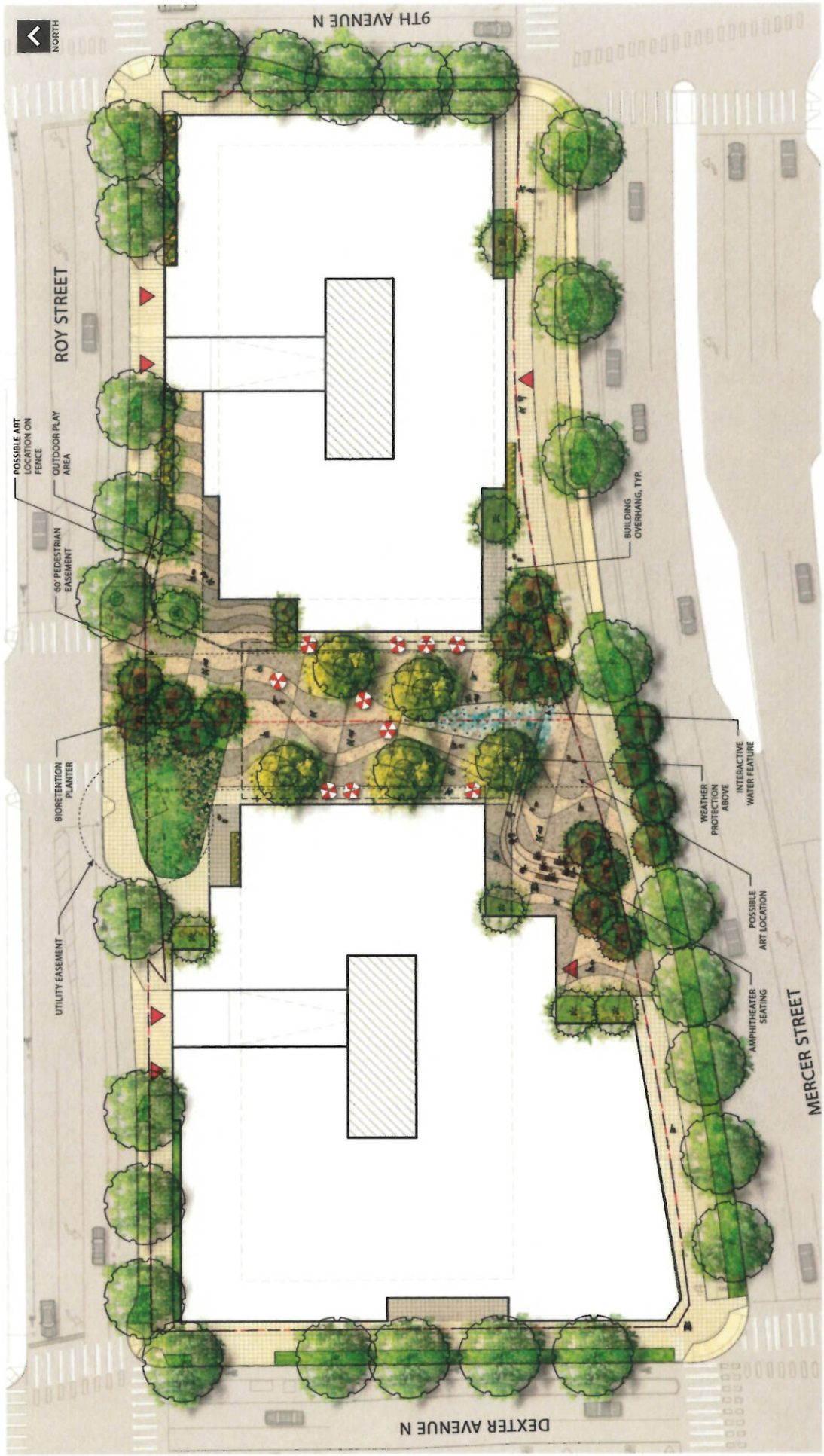
Scale 1" = 60'-0"





# Project Design: Site Plan

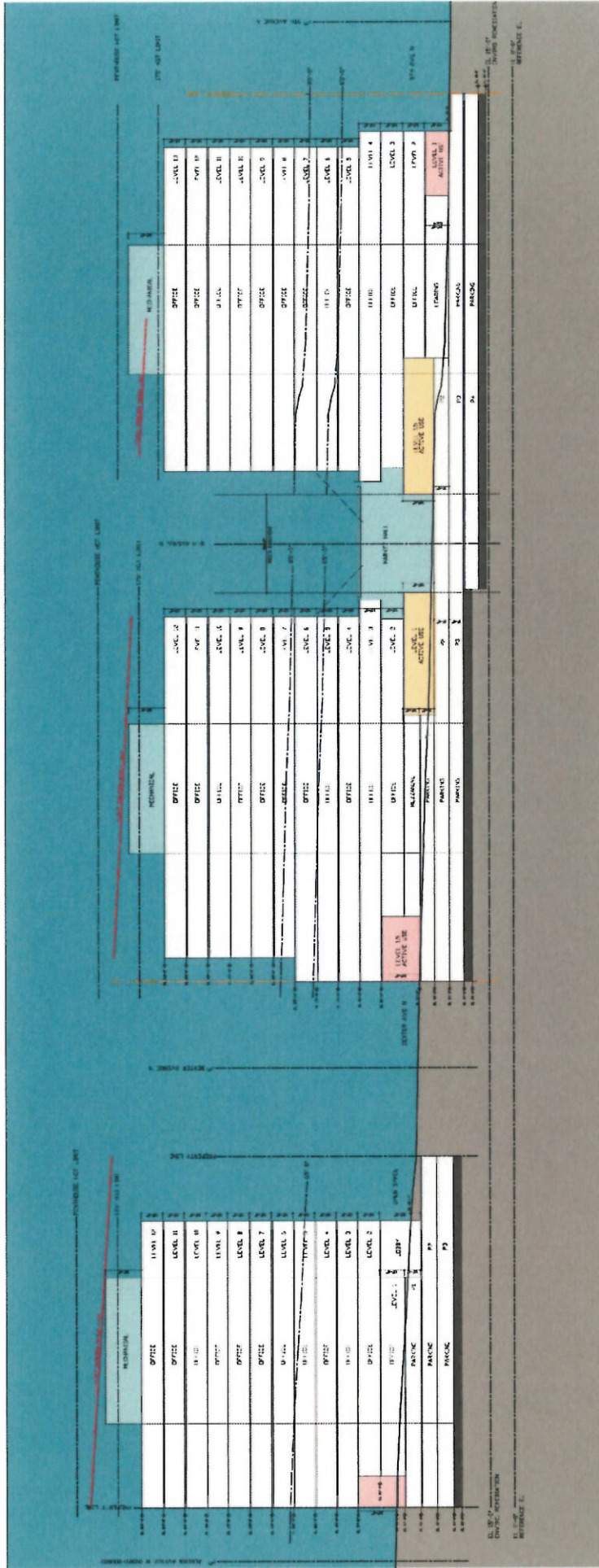
Scale: 1" = 40'-0"





# Project Design: Building Section

Scale: 1" = 60'-0"





# Project Design: South Elevation

Scale: 1" = 60'-0"





# Project Design: North Elevation

Scale: 1" = 60'-0"





Project Design: West-West Elevation

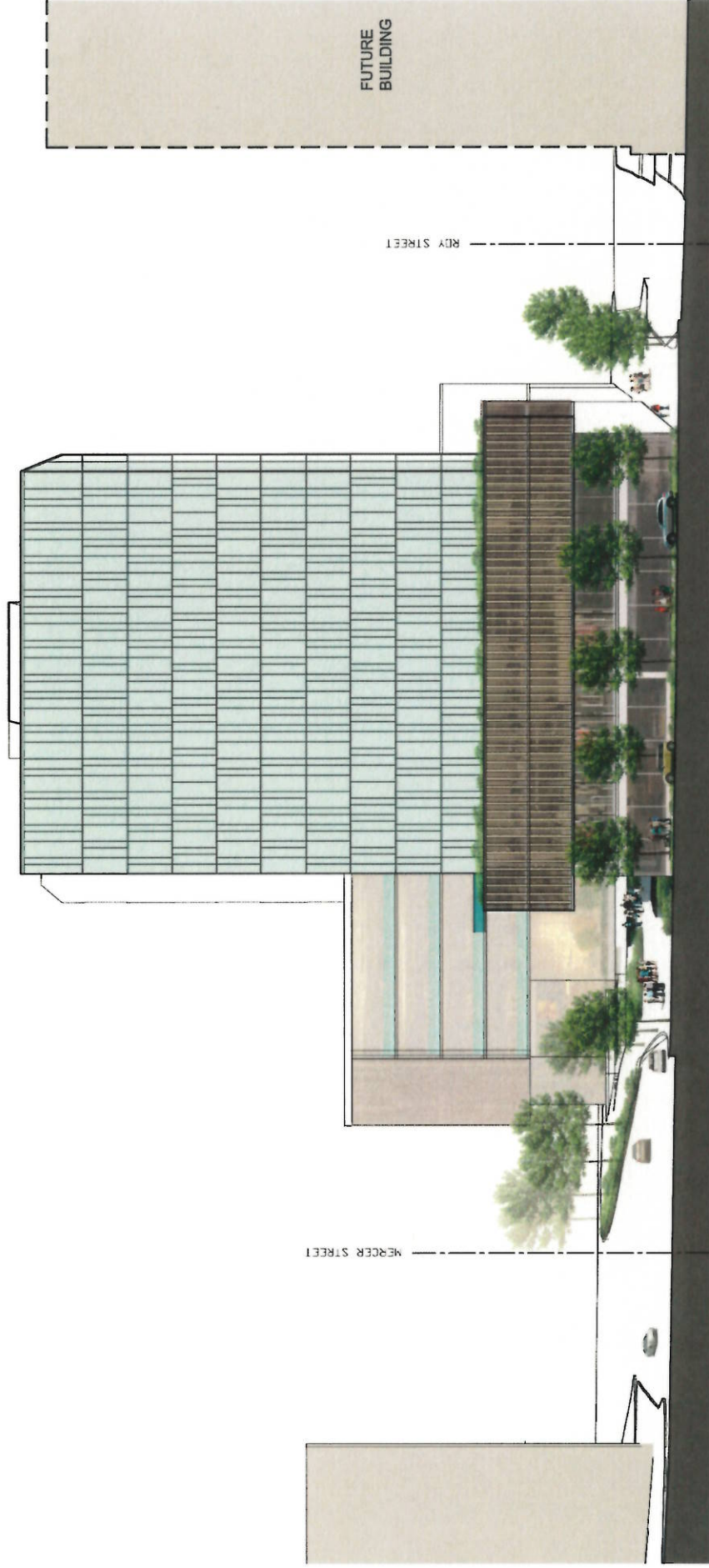
Scale: 1" = 30'-0"





Project Design: East-West Elevation

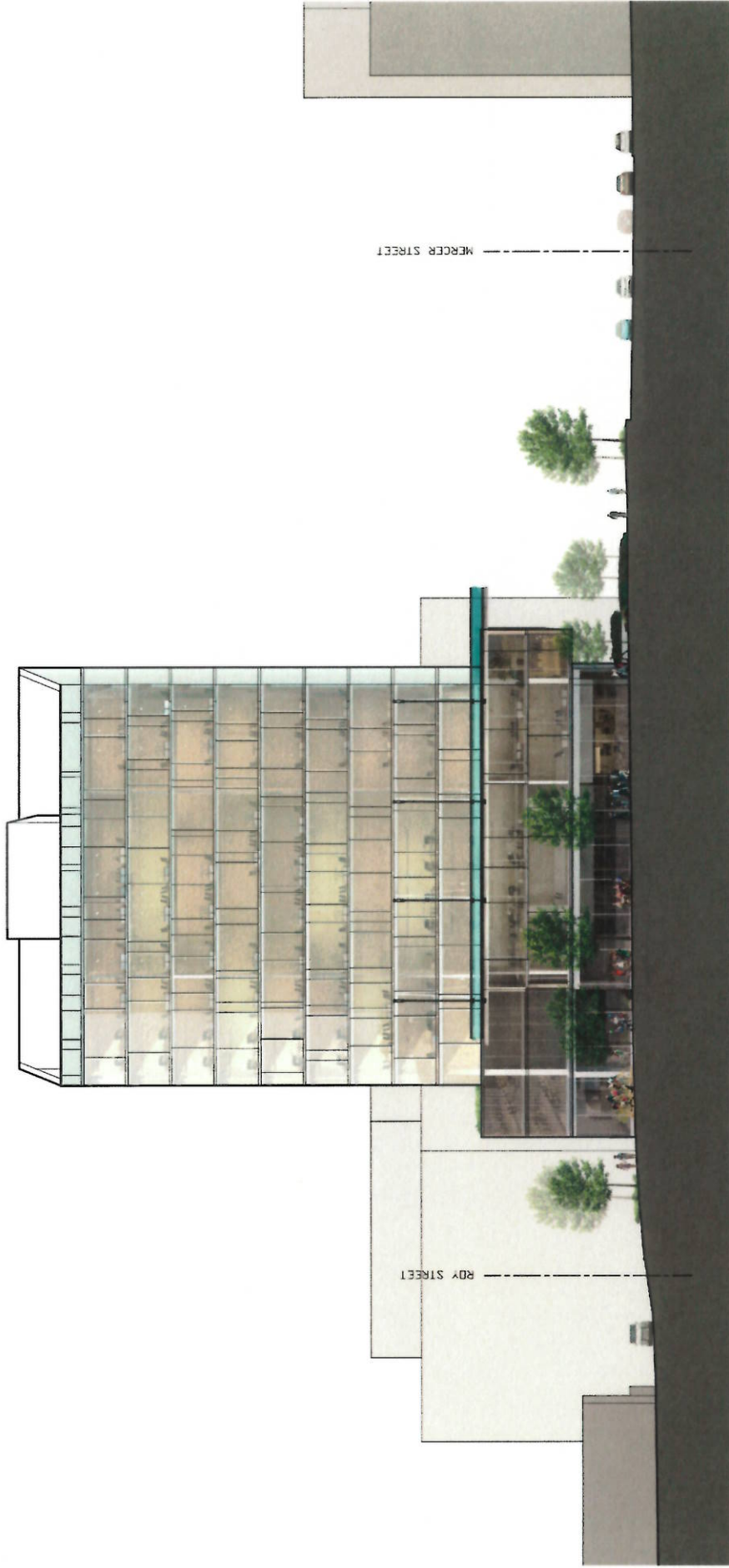
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Project Design: East-West Elevation

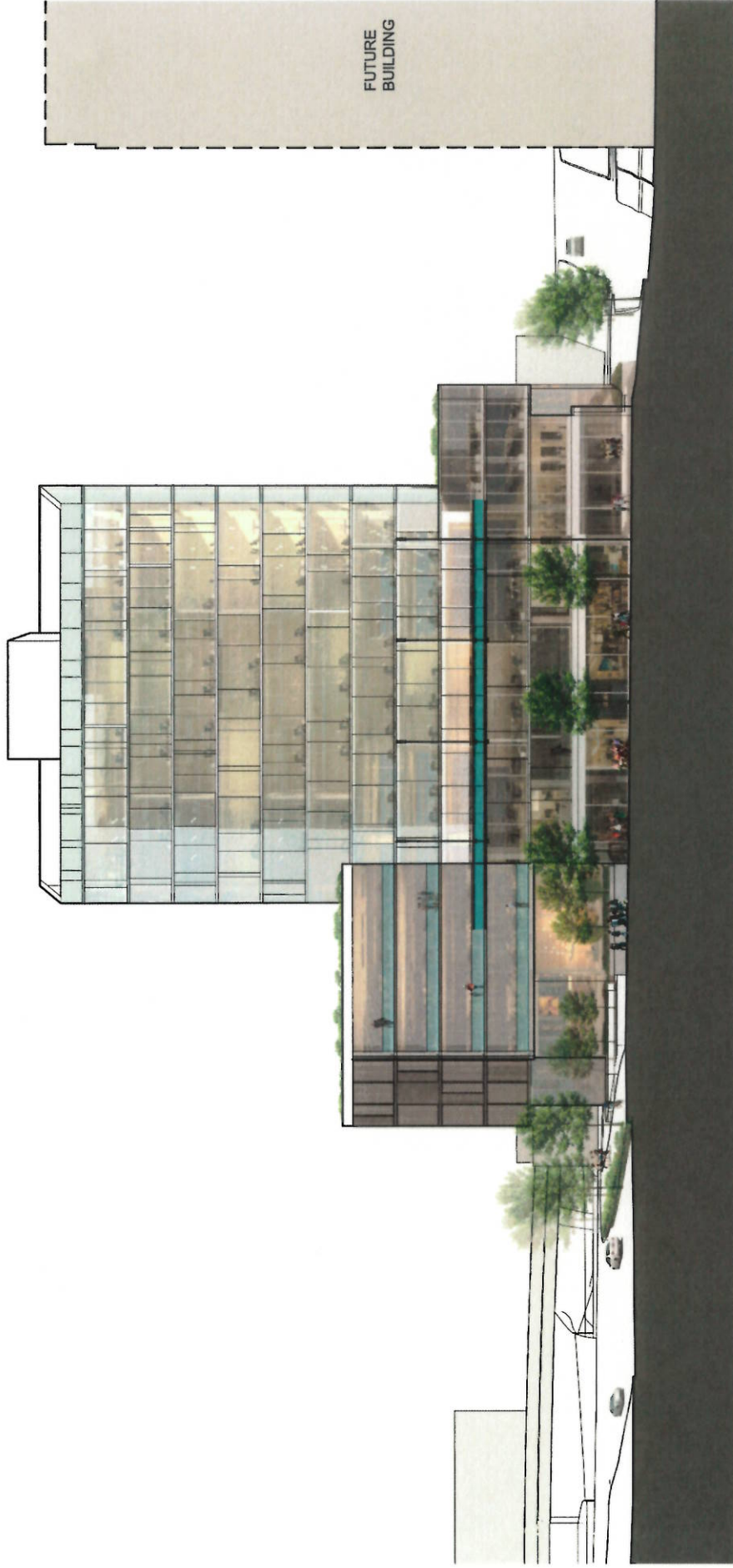
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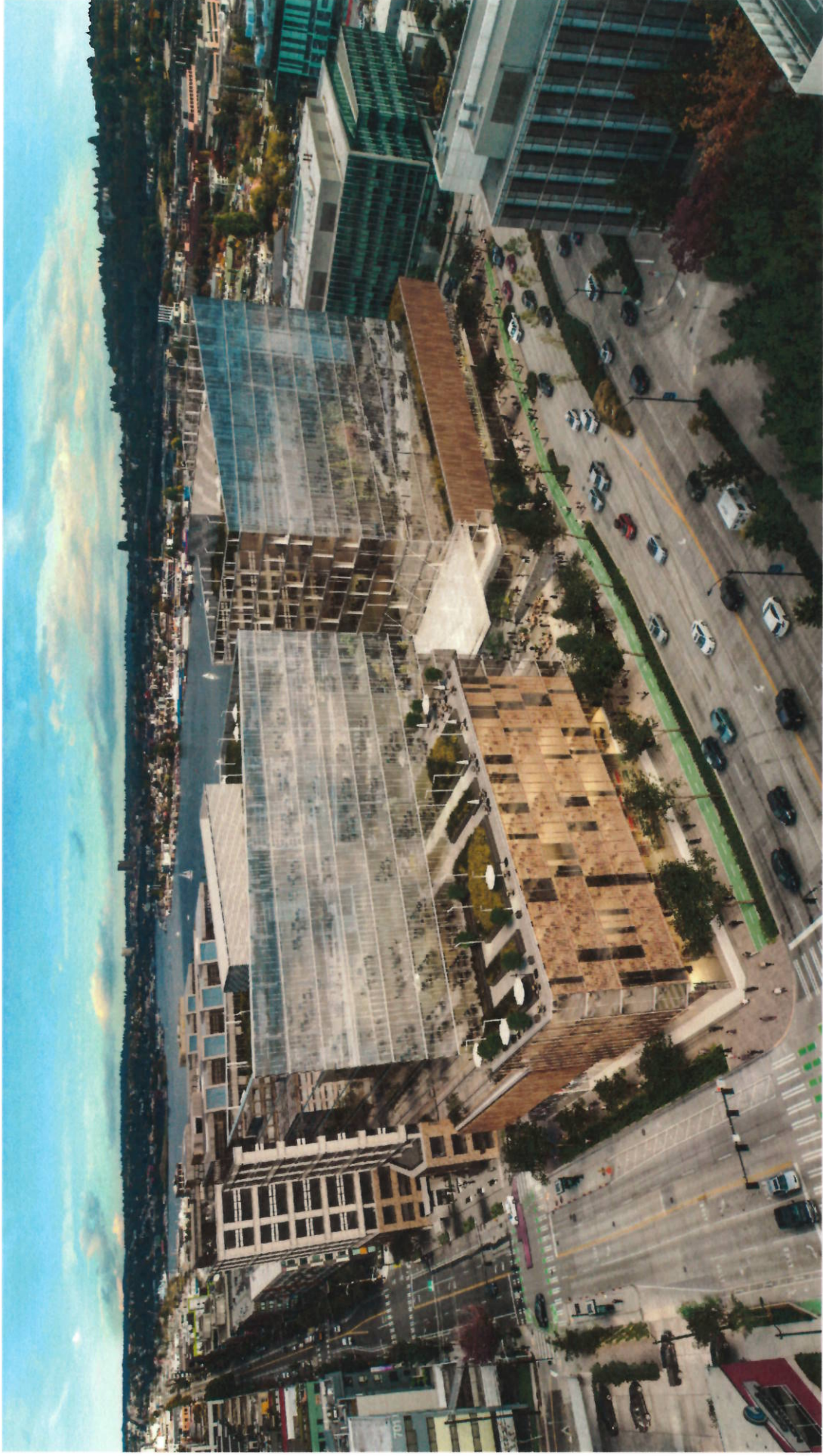
Project Design: East-East Elevation

Scale 1" = 30'-0"





— Project Design: Renderings





— Project Design: Renderings





## Imagine If...

The current zoning code limits commercial tower floorplates to 24,000 square feet of gross floor area in this location dictating that developments maximize the lower podium level floor plates to achieve greater chargeable floor area. On the Mercer Mega Block sites, current allowable tower floor plates are limited to 50% or less of the actual site area, and it is unlikely that the allowable maximum height of 175' will be achievable when a wind study is performed further reducing building area.

Recognizing the need to maximize high quality public space that is civic in scale, programmable, attractive, and active while creating a world class work place environment, we explored development opportunities that could be imagined if larger floor plates were allowed above the 85 or 65 foot tall podiums. The alternative development concept creatively composes the building massing to maximize ground level open space and site permeability, envisioning a building massing that is not a conventional podium with a tower on top, but rather an assemblage of courtyard buildings creatively stacked to define civic scaled spaces. The neighborhood benefits from gaining additional open space at the ground plane increasing opportunities for public use and the ability to construct additional FAR benefits the total project.

The approach illustrated anticipates a collaboration with the City to depart from floor area limits while adhering to FAR, height, and other zoning standards. The alternative development proposal includes two commercial office structures totaling over 800,000 GSF and achieving the maximum allowable FAR for commercial use. The height restrictions resulting from the flight path become less of a challenge as the upper floor plates have flexibility to grow. The larger floor plates are not unlike adjacent South Lake Union structures housing research and development some of which reach heights of 120'.

Should the benefits of added design flexibility and increased public space at the ground plane be seen as an enhanced community benefit, our team is willing to work closely with the City to maximize the reach of the project.









# Financial Offer

This is an expression of interest on the part of City Investors LLC (“**Purchaser**”) to enter into a Disposition and Development Agreement with the City of Seattle (“**Seller**”) for the purchase of land commonly known as the Mercer Mega Block in Seattle, Washington, together with all leases, deposits, easements, improvements thereon and thereunder (collectively, the “**Property**”). The sale of the Property is referred to herein as the “Sale”. The primary proposed terms of a Disposition and Development Agreement (the “**DDA**”) are detailed below:

## Transaction Structure

Purchaser will acquire all of Seller’s rights, title and interest (Fee Simple) in the Property.

## Purchase Price

The total purchase price for the Property will be **\$68,000,000** (the “**Purchase Price**”), payable (a) in cash at closing in the amount of \$44,000,000; (b) public benefits valued at \$24,000,000 as described in Exhibit A; and (c) the to be agreed upon credit for the transfer of Purchaser’s Properties on Blocks 59 and 18 (the “**Trade Properties**”), described below (the “**Trade Properties Credit**”), which Trade Properties Credit shall reduce on a dollar for dollar basis the cash payment in (a) above. The Purchase Price assumes a Nonresidential FAR-Chargeable Floor Area (“**Commercial FAR**”) of **677,000 square feet** consisting of two (2) parcels of the Mercer Mega Block. To the extent the proposed Commercial FAR is increased or decreased as a result of the Kenmore Flight Path, the Purchase Price shall be adjusted on a pro-rated basis for the SM-SLU 175/85-280 Land Use District.

The Blocks are defined and valued individually as:

<b>Mercer East (APN 224900-0006 &amp; 224900-0040)</b>	<b>\$20,400,000</b>
<b>Mercer West (APN 224900-0055 &amp; 224900-0080)</b>	<b>\$23,600,000</b>

The Trade Properties are those portions of Blocks 18 and 59 owned by Purchaser’s affiliates, and described on Exhibit B attached hereto. Purchaser and Seller intend that the Trade Properties will be transferred at closing to Plymouth Housing and Bellwether Housing, respectively. The fair market value of the Trade Properties will be determined prior to execution of the DDA; the agreed upon fair market value of the Trade Properties shall be credited toward the Purchase Price.

Purchaser acknowledges Seller’s and Purchaser’s responsibilities as further detailed in the Conditions to Closing below. Furthermore, Purchaser’s price reflects the following assumptions and/or allowances:

- The costs to remediate environmental contamination on, under and about the Property during development do not exceed \$6 million. The Purchaser shall be responsible for the first \$4 million of remediation costs. Costs above \$4 million, but not exceeding \$6 million, shall be paid out a \$2 million escrow which shall be funded out of the Purchase Price pursuant to an Environmental Remediation Escrow Agreement, pursuant to which Purchaser shall have the right to be reimbursed for environmental remediation costs incurred in connection with the development of the Property in excess of \$4 million. Environmental remediation costs shall be those incremental costs incurred by Purchaser connection with the development of the Property due to hazardous substance existing on, under or adjacent to the Property. The balance of the \$2 million Environmental Remediation fund, if any, shall be returned to Seller 10 years after closing.





- The proposed development will have the ability to vest under terms equal to the current City of Seattle Zoning and Building Code.

### Earnest Money

Within three (3) days after mutual execution of the Disposition and Development Agreement (“**DDA**”), Purchaser shall deposit earnest money in the form of cash in the total amount of \$1,000,000 (the “**Deposit**”) with First American (the “**Escrow Agent**”). The earnest money allocation per Block is as follows, and shall be applicable to the Purchase Price allocated to each parcel:

**Mercer East \$500,000**

**Mercer West \$500,000**

If Purchaser terminates the DDA any time on or before the Feasibility Date, the Deposit will be released to Purchaser. If, after waiver of feasibility, Purchaser fails to close the Sale in accordance with the terms of the DDA, Seller’s sole remedy will be to terminate the DDA and retain the Deposit as liquidated damages.

### Feasibility

#### A. Purchaser

Purchaser’s obligation to purchase the Property will be subject to Purchaser determining, in its sole discretion, that the Property is feasible in all respects for Purchaser’s intended purposes (the “**Feasibility Contingency**”). Prior to mutual execution of the DDA, Seller will have delivered to Purchaser copies of all documents and materials in the possession or control of Seller relating to the Property, including, but not limited to all surveys, soils studies, environmental reports, property condition reports, plans and specifications, service contracts, leases, subleases, evidence of encumbrance, easements, cross-easements, access agreements, permits, architectural and engineering drawings, notices of violation and other contracts or agreements in Seller’s possession or control relating to the Property (the “**Due Diligence Materials**”).

Purchaser shall have the right to terminate the DDA at any time prior to 120 days after the DDA is executed (the “**Feasibility Date**”). If Purchaser does not deliver a termination notice prior to the Feasibility Date, Purchaser shall be deemed to have terminated the DDA. Thereafter, Purchaser and Seller shall have no further obligation to each other (except as may otherwise be set forth in the DDA) and Purchaser shall be entitled to receive the Deposit.

Purchaser shall have the right to do the following and determine whether each is acceptable to Purchaser in its sole discretion:

- Inspect all due diligence materials
- Review the condition of title to the property and a current alta survey of the property
- Review and assess the access to the property and availability and adequacy of necessary utilities serving the property
- Review soils, engineering, historic property conditions and hazardous materials, geotechnical, and other studies relating to the property
- Conduct environmental audits
- Determine whether all zoning approvals, building permits, use permits, environmental approvals,





and any other governmental approvals necessary or desirable for Purchaser's intended use of the Property exist or can be obtained through commercially reasonable efforts

- Review the condition of the improvements to the Property and the leases and agreements associated with the construction and operation of the Property, (h) obtain necessary consents of Purchaser's Ownership, and (i) undertake any other inspection and analyses as Purchaser determines reasonably necessary to confirm the feasibility of the Property for its purposes. Purchaser shall bear the costs of any such investigations.

## **B. Seller**

During the feasibility period, Purchaser shall have reciprocal obligations to provide Due Diligence

Materials to Seller regarding the Trade Properties, and Seller shall have reciprocal rights with respect to completing a feasibility investigation of the Trade Properties. Seller shall have the right to terminate the DDA on or before the Feasibility Date by rejecting the Trade Properties. If Seller does not, on or before the Feasibility Date, deliver written notice to Purchaser terminating the DDA, Seller shall be deemed to have waived its right to terminate the DDA and shall be obligated accept the Trade Properties and provide Purchaser with the Trade Properties Credit at Closing. If Seller elects to terminate the DDA based upon its review of the Trade Properties, Purchaser shall have the right, exercisable within 30 days after Seller's termination, to proceed with the purchase of the Property and to pay the Trade Properties Credit in cash at closing

## **Title and Closing**

If Purchaser delivers to Seller, prior to the Feasibility Date, written notice that the Feasibility Contingency has been satisfied or waived by Purchaser, the Closing Date (subject to the Closing Conditions being met) will be 22 months after waiver of the Feasibility Contingency.

At the Closing, Seller shall deliver title to each Block by special warranty deed and such other customary documents as are appropriate to transfer the Blocks to Purchaser. The Parcels shall be free and clear of all liens, encumbrances, defects, covenants, conditions and restrictions, including all assessments levied, except for those approved by Purchaser. Seller shall further deliver an assignment of leases and rents (transferring any leases), an assignment of contracts and warranties (transferring any contract or warranty rights), and a bill of sale (transferring any of Seller's interest in any personal property). Seller will furnish Purchaser an ALTA owner's extended coverage title insurance policies for the Blocks, with Seller paying the standard coverage fees for such policy, and Purchaser paying the extended coverage fees. The Trade Properties shall be transferred to Seller (or its designee) at Closing pursuant to the reciprocal terms.

Seller shall pay all closing costs of the Property purchase except that Seller and Purchaser will each pay one-half of the escrow fees and Purchaser shall pay title insurance charges above the standard coverage charges. All real estate taxes, rents and operating expenses shall be prorated between Seller and Purchaser as of the date of closing.

Purchaser shall pay all closing costs of the Trade Properties transfer; except that Seller and Purchaser will each pay one-half of the escrow fees and Seller shall pay title insurance charges above the standard coverage charges. All real estate taxes, rents and operating expenses shall be prorated between Seller and Purchaser as of the date of closing.





## Conditions to Closing

- Project Labor Agreement is negotiated prior to the closing of each Block;
- Any existing tenants shall be terminated;
- Purchaser shall have received a final, non-appealable Master Use Permit (each, a "MUP") for each Block. Purchaser shall use good faith, commercially reasonable efforts to obtain the MUPs. If Purchaser has not received a MUP for either Block, Purchaser shall have the right to extend Closing for both Blocks for a period of up to 120 days, by delivery of written notice exercising the extension, and deposit of an additional \$1,000,000 of earnest money to the Deposit; such payment shall be treated in the same manner as the original Deposit. If, as of the then scheduled Closing date, one MUP has been received, Purchaser shall have the right to close on one of the two blocks, in which instance the Purchase Price shall be allocated as provided above, the Trade Properties shall be transferred at the first closing, and Purchaser shall have the right to extend the second closing by up to 120 days for payment of a \$500,000 additional earnest money Deposit. If the MUP conditions have not been satisfied at the then scheduled closing, Purchaser shall have the right to terminate the DDA and receive a refund of the Deposit.

## Exhibit A: Public Benefits

### Public Benefit

Day Care & Outdoor Play Area

Micro Retail

Art and Culture Space

Community Room

Public Art

Covered Festival and Outdoor Performance Space

Union Labor & Project Labor Agreement

Environmental Remediation

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**Total Economic Value: \$24,000,000**

## Exhibit B: Trade Properties

### Block 18

APN: 246740-0420

Lot Size: 14,400

### Block 59

APN: 198820-1250

Lot Size: 12,700

APN: 198820-1260

Lot Size: 6,600

APN: 198820-1215

Lot Size: 12,300

APN: 198820-1245

Lot Size: 5,800





## — Project Financing Plan

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Historically, Vulcan has funded its projects with its own equity and third-party debt. While Vulcan has the financial resources to finance this project with its own equity and third-party debt, we are unable to preclude an alternative equity source for some portion of the capitalization at this point.

Vulcan has extensive relationships with capital resources and does not foresee difficulty obtaining equity or debt on this project.

Respectfully, we cannot share our development metrics or our pro forma model/assumptions. Our offer is based on confidential and propriety data resulting from over two decades of successfully developing projects in the Seattle area. We are utilizing the latest market data derived from current projects and submitting our offer based on reasonable assumptions, which have been further informed by the JLL market study included in the RFP.





**EXHIBIT 1  
CITY OF SEATTLE - MERCER MEGA BLOCK DEVELOPMENT OPPORTUNITY  
Project Assumptions**

	Hotel	Residential - Apts	Residential - For Sale	Office	Retail	Other
<b>Development &amp; Phasing Assumptions</b>						
Start of Construction - Year				2021-22		
Construction Start Month				OCT		
Duration - In Months				26 per Tower		
Construction Complete Month				DEC		
Construction Type				Type I		
<b>Inflation Factors</b>						
Expense						
Revenue						
Construction						
[add others as necessary]						
<b>Financing</b>						
<b>Sources of Funds (\$)</b>						
Equity						
Debt						
[add source]						
Total Sources						
<b>Uses of Funds (\$)</b>						
Land				44,000,000		
Hard Costs						
Soft Costs						
Total Uses						
<b>Construction Financing</b>						
Leverage				65%		
Capitalized Interest Period (Yrs)				2.0		
Annual Interest Rate (%)						
Interest Only Period						
Term of Amortization (yrs)				-		
<b>Permanent Financing - Private Debt</b>						
Type (Describe)				Perm. Loan		
Term (yrs)				10.0		
Debt Service Reserve Fund (\$)				\$0.00		
Loan fees (% of loan amount)						
Interest Rate						
Debt Coverage Ratio						
<b>Stablized Info</b>						
Stabilized Year				2025-26		
Holding Period				2033-2034 (10YRS from Completion)		
Vacancy at Stabilization						
% Pre-Leased						
Lease Up						
Land Value				\$44,000,000		
<b>Developer Return Requirements (per Holding Period)</b>						
Unleveraged IRR						
Leveraged IRR						
Cash on Cash						
Annual Yield						
Return on Costs						
Going-In Cap Rate						
Terminal Cap Rate						
Discount Rate						



**EXHIBIT 2  
CITY OF SEATTLE - MERCER MEGA BLOCK DEVELOPMENT OPPORTUNITY  
PROJECT DESCRIPTION**

I. Site Area						
	Residential - For Sale	Residential - Rental Apartments	Retail	Hotel	Office	Other
Acres					2.31	
Square Feet					100,635	

II. Gross Building Area (GBA)						
	Residential - For Sale	Residential - Rental Apartments	Retail	Hotel	Office	Other
Net Area SF			46,000		698,000	
Common Area SF						
Back of House						
<b>Total Net Rentable Area</b>			46,000		698,000	744,000 Total

III. Number of Stories						
	Residential - For Sale	Residential - Rental Apartments	Retail	Hotel	Office	Other
Number of Stories					12-13 Firs	

IV. Unit Mix						
<b>A. Residential - For-Sale</b>						
	Residential - For Sale					
	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Totals
Number of Units						
Average Unit Size (SF)						
Total Square Feet						
<b>B. Residential - Rental</b>						
	Residential - Rental					
	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Totals
Number of Units						
Average Unit Size (SF)						
Total Square Feet						
<b>C. Hotel Rooms</b>						
	Hotel					
	Standard	Delux	Suites	Penthouse		Total
Number of Rooms						
Average Room Size (SF)						
Total Square Feet						

V. Affordability Mix						
<b>A. Residential - For-Sale</b>						
	Residential - For Sale					
	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Totals
Market-Rate Units						
Affordable Units						
Total Residential-For Sale Units						
<b>B. Residential - Rental</b>						
	Residential - Rental					
	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Totals
Market-Rate Units						
Affordable Units						
Total Rental Units						

\*RFP submission includes land that can be assembled to provide 500+ affordable housing units

VI. Parking						
<b>A. Parking Type</b>						
	Parking Type					
	Attached Garage	Surface	Structured - Above Grade	Structured - Below Grade	Other	Totals
Spaces				675		
Average Square Feet				360		
Total Square Feet				243,000		
<b>B. Parking by Use</b>						
	Parking by Use					
	Res-For Sale	Res-For Rent	Retail	Office	Hotel	Other
Number of Spaces				675		
<b>C. Parking Ratio</b>						
	Parking Ratio					
	Res-For Sale	Res-For Rent	Retail	Hotel	Office	Other
					0.96:1000	
Spaces/For-Sale Unit		Spaces/Rental Unit	Spaces/1,000 SF Retail	Spaces/Hotel Room	Spaces/1,000 SF Office	Spaces/1,000 SF Other



**EXHIBIT 3  
CITY OF SEATTLE - MERCER MEGA BLOCK DEVELOPMENT OPPORTUNITY  
DEVELOPMENT COSTS - NON INSTITUTIONAL**

	Aggregate Totals (\$)	Per Unit	Per Unit Notes
<b>I. Land Cost</b>	<b>\$44,000,000</b>	<b>\$437</b>	\$ Per SF Site Area <i>Public benefit value of \$24M included in direct, indirect, financing, and long term cash flows.</i>
<b>II. Direct Costs</b>			
Off-Site Improvements	\$ -	-	\$ Per SF Site Area
On-Site Improvements (1)	-	-	\$ Per SF Site Area
Parking - Above Grade	-	-	\$ Per Space - Above Grade
Parking - Below Grade	-	-	\$ Per Space - Below Grade
Shell Construction - Residential - For-Sale	-	-	\$ Per SF GBA - For-Sale
Shell Construction - Residential - Rental	-	-	\$ Per SF GBA - Rental
Shell Construction - Retail	-	-	\$ Per SF GBA - Retail
Shell Construction - Office + Parking	[REDACTED]	[REDACTED]	\$ Per SF GBA - Office NRSF + Parking
Shell Construction - Hotel	-	-	\$ Per Room - Hotel
Tenant Improvements - Retail	[REDACTED]	[REDACTED]	\$ Per SF Net - Retail
Tenant Improvements - Office	[REDACTED]	[REDACTED]	\$ Per SF Net - Office
Amenities/FF&E	-	-	\$ Allowance
FF&E - Hotel	-	-	\$ Per Room
General Conditions	-	-	% of Directs
Contingency	[REDACTED]	[REDACTED]	% of Directs
<b>Subtotal Direct Costs</b>	[REDACTED]	[REDACTED]	<b>\$ Per Net RSF</b>
<b>III. Indirect Costs</b>			
Architecture & Engineering	[REDACTED]	[REDACTED]	% of Directs
Permits & Fees	[REDACTED]	[REDACTED]	\$ Per Net RSF
Legal & Accounting	[REDACTED]	[REDACTED]	% of Directs
Taxes & Insurance	[REDACTED]	[REDACTED]	% of Directs
Developer Fee	[REDACTED]	[REDACTED]	% of Directs
Marketing/Lease-Up/Sales	[REDACTED]	[REDACTED]	% of Directs
Marketing/Pre-Opening Expenses	-	0.00	\$ Room
Contingency	[REDACTED]	[REDACTED]	% of Indirects
<b>Subtotal Indirect Costs</b>	[REDACTED]	[REDACTED]	<b>\$ Per Net RSF</b>
<b>IV. Financing Costs</b>			
Loan Fees	[REDACTED]	[REDACTED]	% of Directs
Interest During Construction	[REDACTED]	[REDACTED]	% of Directs
Interest During Sales/Lease-Up	[REDACTED]	[REDACTED]	% of Directs
HOA Dues on Unsold Units (2)	-	\$	% of Directs
TCAC Fees/Syndication Costs (3)	-	\$	% of Directs
Operating/Lease-Up Reserves (4)	-	\$	% of Directs
<b>Subtotal Financing Costs</b>	[REDACTED]	[REDACTED]	<b>\$ Per Net RSF</b>
<b>V. Total Development Costs</b>	[REDACTED]	[REDACTED]	<b>\$ Per Net RSF</b>

**Notes**

- (1) Inclusive of landscaping and surface parking.
- (2) Applies to for-sale residential projects.
- (3) Applies to residential Low-Income Housing Tax Credit projects (rental).
- (4) Applies to rental residential projects.



EXHIBIT 6  
 CITY OF SEATTLE - MERCER MEGA BLOCK DEVELOPMENT OPPORTUNITY  
 LEASE REVENUE - COMMERCIAL

	SF	Monthly Rent (\$)	Total Annual (\$)
<b>I. Gross Scheduled Income (GSI)</b>			
Retail (Includes discounts for Public Benefits space)	46,000	\$/SF/Month	
Office (Net RSF)	698,000	\$/SF/Month	
Other (OpEx Reimbursables)		\$/SF/Month	
Total Commercial GSI	744,000		
Add: Retail, Office, and Other Parking Income (Effective)		Space/Month	
Total GSI			
<b>II. Effective Gross Income (EGI)</b>			
(Less) Vacancy - Retail		% of GSI - Retail	
(Less) Vacancy - Office		% of GSI - Office	
(Less) Vacancy - Other		% of GSI - Other	
Total Effective Gross Income			
<b>III. Operating Expenses</b>			
(Less) Retail Operating Expenses @		\$/SF Net/Year	
(Less) Office Operating Expenses @		\$/SF Net/Year	
(Less) Other Operating Expenses @		\$/SF Net/Year	
(Less) Parking Operating Expenses @		\$/Per Space/Year	\$0
Total Operating Expenses		\$/SF Net/Year	
<b>IV. Net Operating Income (NOI) - Commercial</b>			
<b>V. Maximum Supportable Debt and Equity Investment</b>			
A. Adjusted Net Operating Income (IV, above)			
B. Target Return on Investment (ROI) @			%
<b>C. Maximum Supportable Debt and Equity Investment (A + B)</b>			
OR			
A. Net Operating Income (IV, above)			
B. Capitalized Value @			\$
C. (Less) Brokerage Fee @			\$
D. (Less) Developer Profit @			\$
<b>E. Maximum Supportable Debt and Equity Investment (A + B) - C - D</b>			

(1) Commercial uses include retail, office, and other components, and associated parking