

Lynnwood Place Lots 2 and 3

Request for Letters of Intent to Ground Lease

Edmonds School District #15 is pleased to request Letters of Intent to Ground Lease for the District's real property located at 3001 184th Avenue SW, Lynnwood, WA.

Overview

Edmonds School District #15 (the "District") is seeking qualified developers to ground lease and develop Phases 2 and 3 of Lynnwood Place. Formerly the location of Lynnwood High School, the two land parcels totaling 13.52 acres of C-R-zoned finished developed lots (the "Property") are located across the street from Alderwood Mall and adjoin Phase 1 of the Lynnwood Place development, which is improved with a Costco Wholesale store. This Request for Letters of Intent to Ground Lease (this "Request") seeks qualified developers and offers the unique opportunity to ground lease for a long term (99 years) a large land offering that is well-served by transportation, has been pre-approved for a mixed use development, and is part of the commercial center of Lynnwood. The Property is a rare in-city development offering, in an excellent established retail location, with the majority of entitlements in place for a virtual "plug and play" project. The Property offering and the District's submittal requirements and selection process are outlined below.

SECTION 1: PROPERTY OFFERING

Summary

Address: 3001 184th St SW, Lynnwood WA

Land Area: 13.52 acres.

Assessor's Parcel Number: Snohomish County parcel nos. 27041500104000 and 27041500104100.

Zoning: The site, in its entirety, is zoned C-R, Commercial-Residential.

Project Description: The improvements to be sited on the Property, in accordance with a binding site plan, the Ground Lease, the terms and conditions of a City proposed Development Agreement and all other applicable development regulations and standards (the "Project"), and the improvements currently located on Phase 1, are collectively called "Lynnwood Place". The approved uses for Lynnwood Place are summarized in a Final Environmental Impact Statement as follows:

Lynnwood Place Project Summary

| | 9/11/12 Submittal & EIS Alternative 2 (3/30/12) |
|----------------------------------|--|
| Site size (acres) | ~ 40.22 |
| Developed area (including roads) | ~35 acres |
| Gross building area | 990,000 sq. ft. |
| Uses: Multifamily Residential | Up to 500 units (500,000 sq. ft.) |
| Retail anchor (Costco) | ~160,000 sq. ft. |
| Retail shops | 192,000 sq. ft. |
| Amusement/Recreation | 105,000 sq. ft. |
| Restaurant | 33,000 sq. ft. |
| Parking spaces | 3,548 |

Entitlements

On March 30, 2012, the City issued the Final Environmental Impact Statement (FEIS) for Lynnwood Place and later approved, by City ordinance, a set of Design Guidelines. The FEIS established the scope, proposed land uses, infrastructure improvements, and identified environmental impacts and mitigation measures associated with the project and alternatives. All environmental documents prepared for the project pursuant to SEPA are available to be incorporated into a new development application by reference provided that the new application is consistent with the Design Guidelines. The following ordinances are considered the existing entitlements for the Property (the "Existing Entitlements"):

1. Ordinance No. 2976 Amendment to the Future Land Use map of the Lynnwood 2020 Comprehensive Plan,
2. Ordinance No. 2977 Approving Text Amendments to the Commercial-Residential Zone of the Lynnwood Municipal Code,
3. Ordinance No. 2978 Approving the Amendment to the Lynnwood Official Zoning Map,
4. Ordinance No. 3051 Adopting the Development Agreement for Phase 2 (Lynnwood Place Cycle 2 Phase 2 Ordinance, Development Agreement, and Related Documents). This ordinance includes the Design Guidelines.

It is anticipated that a Development Agreement and Letter of Intent to Enter into Ground Lease will be entered into between the developer of the Property and the District allowing the developer to conduct due diligence regarding the Property and to obtain permits necessary to develop the Property with the Project. Phasing of the Project is possible, subject to approval by the City.

Property Description

The Property is part of a binding site plan, which is recorded in the real property records of Snohomish County as recording number 201406105003 (the "Binding Site Plan"): Lot 2 is 6.63 net developable acres
Lynnwood Place Request

in size and Lot 3 is 6.89 net developable acres in size. Both lots are improved with roads and utilities (including a temporary storm pond) and are located in the City of Lynnwood. The Property is part of Lynnwood Place, which also includes, as Lot 1 of the Binding Site Plan, a Costco Wholesale retail warehouse (the "Costco Property").

Contribution to Improvements

Developer shall reimburse the District for an amount equal to \$4.00 per square foot of Lots 2 and 3 for certain road and utility improvements completed during the development of the Costco Property for the benefit of the Property as part of Lynnwood Place, which improvements were funded by the District. If the Project is phased, then the reimbursement amount may also be phased based upon the square footage of land in each phase of the Project.

Sewer Lift Station Participation

Pursuant to the Existing Entitlements, it is anticipated that the developer will be required to make a cash contribution to the City of Lynnwood for improvements to sewer lift stations serving the Property. The estimated amount of that obligation is \$500,000.

Environmental, Property Condition and Other Due Diligence

Please see the available Property information. Prospective developers should conduct their own environmental review, visual inspections of the Property, and other due diligence.

Available Property Information

The District has made the following materials available to interested parties for the specific purpose of evaluating the potential ground lease and development of the Property. For access to the electronic document library, interested parties should visit the Long Bay Enterprises website at

www.longbayenterprises.com :

- ALTA Commitment for Title Insurance (First American), to be available on 8/1/16
- Record of Survey and Binding Site Plan recorded June 10, 2014
- Lynnwood Place Utility Plan
- City Ordinance No.3051
- City Approved by Ordinance Design Guidelines with Mark-up Comments
- City Approved by Ordinance Development Agreement Cycle 2 Phase 2
- Proposed alternate site plan and development concept by previous developer
- Transportation Improvement Credit Letter
- City Participation Agreement-Lift Stations-final draft
- Recorded Termination of Ground Leases with Cypress Equities

Real Estate Advisors

The following individuals are the District's real estate advisors in connection with the Property:

Wayne Reisenauer
Blue Sky Development Services LLC
(206) 850-7563
w.reisenauer@comcast.net

Cynthia M. Berne
Long Bay Enterprises Inc.
(206) 937-9536
Cynthia@LongBayEnterprises.com

Agency Disclosure & Disclaimer

Edmonds School District #15 has engaged Blue Sky Development Services LLC (“Blue Sky”) and Long Bay Enterprises, Inc. (“Long Bay”) as real estate advisors and brokers (collectively, “Real Estate Advisors”) on an exclusive basis in connection with a proposed ground lease of the Property located at 3001 184th St SW, Lynnwood, Washington. For more information on Washington’s law of real estate agency, see RCW 18.86.120.

This Request is available to invited parties interested in ground leasing the Property from the District. By acceptance of this Request, each recipient agrees to use this Request and related information provided by the District and the Real Estate Advisors exclusively for the purpose of evaluating a potential ground lease.

This Request has been prepared based partly upon information furnished by the District, which has reviewed this information and authorized its use for the purpose and in the manner described in this Request. Neither the District nor its Real Estate Advisors make any representations or warranties with regard to the accuracy or completeness of the information contained herein. The District and the Real Estate Advisors have conducted a limited review of the information contained in this Request, but have not independently verified the accuracy or completeness thereof. Neither the District nor the Real Estate Advisors represent or warrant the accuracy or completeness of the information contained in this Request. Nothing contained in this Request should be construed as a representation by any person or entity, including, without limitation, by the District or any employee, agent, contractor, or representative thereof, as to the existing condition of or future potential or performance of the Property.

EACH RECIPIENT OF THIS REQUEST AND EACH POTENTIAL RESPONDENT TO THIS REQUEST IS EXPECTED TO CONDUCT ITS OWN DUE DILIGENCE REGARDING THE PROPERTY.

SECTION 2: SUBMITTAL REQUIREMENTS

In order to be responsive to this Request, the Letter of Intent to Ground Lease must include, **at a minimum, the following:**

- 1. Responder’s Background, Financial and Project Information**
 - a. description of the relevant background and experience of the respondent (and/or the proposed developer and ground tenant, if different than the respondent),**
 - b. evidence of a sound financial history and ability to finance the proposed Project(s), disclosure of equity sources and partners, disclosure of lender sources,**
 - c. demonstrated successful completion of real estate transactions *and* development projects of similar scope and complexity in the Pacific Northwest (Washington, Oregon, Idaho),**
 - d. detailed descriptions of the experience and expertise of key Project personnel,**
 - e. description of how the proposed development would be financed including capital sources by approximate percentage (including any developer or partner equity to be contributed),**
 - f. description of how the proposed development concept maximizes the revenue to the District and achieves the highest and best use of the Property.**

2. Ground Lease Letter of Intent, to include key terms sheet (see exhibit A attached)

Respondents should submit Items 1 and 2 above, as directed in the General Information category of Section 3 below.

SECTION 3: SELECTION PROCESS

The District will review all responses consistent with the following:

- The District requires market rent for the Property.
- Any ground lease must be contingent on and preceded by compliance with the requirements of Chapter 28A.335 RCW, District policies and procedures, and other applicable law. Prior to the expiration of the feasibility period, the District shall, as required under RCW 28A.335.120, have obtained an appraisal of the Property from an MAI appraiser of its selection, confirming that the land value referenced in the ground lease is equal to or greater than the appraised value established by such appraisal.

Evaluation Criteria

1. Responses will be evaluated on the strength of ***each element described in the required submittals above in Section 2.***
2. Proposals that ***follow the intent of the Design Guidelines and the proposed uses therein*** will be viewed more favorably than those that propose new uses and or ones that will require an amendment to the existing EIS for the Project.
3. New development concepts will be evaluated on the ***likelihood of approval by the City of Lynnwood.***

Evaluation Process

Each response that substantially satisfies the submittal requirements set forth above will be evaluated by the Evaluation Committee (“Committee”), which shall consist of District staff and the Real Estate Advisors. The Committee may conduct in person interviews with some or all respondents as part of the selection process or request additional information from one or more respondents. The Committee will review and evaluate the responses to select candidates that it believes best meets the requirements and goals set forth in this Request. The District may select one or more candidates for additional round(s) of proposals. The District reserves the right to reject any and/or all responses for any reason, in its sole discretion, and may cancel this Request process at any time.

Response Schedule (all due date times are 5 pm of the day noted)

- Issue Request for Relevant Background Description and Letters of Intent July 28, 2016
- Deadline for final questions from Respondents posed via e-mail (questions and responses will be posted to the Long Bay Web site within 48 hours from receipt of questions) August 10, 2016
- Responses to this Request August 24, 2016
- Selection of candidate(s) for interview Target: September 7, 2016

General Information

1. Please direct all questions to one of the District's Real Estate Advisors.
2. Without exception, no Letter of Intent shall be accepted after the time and date specified above.
3. Washington State Public Records Act (RCW 42.56) requires public agencies in Washington to promptly make public records available for inspection and copying unless they fall within the specified exemptions contained in the Act, or are otherwise privileged. Responses will be available for inspection and copying by the public in accordance with the Act, if and as such inspection and copying is required by Act.
4. The District does not pay brokerage commissions.
5. Please submit all Responses to Stewart Mhyre as indicated below. Responses may be submitted electronically, or via hard copy either hand delivered or mailed.

Electronic submissions: mhyres@edmonds.wednet.edu

Hand delivered: Stewart Mhyre
Executive Director, Business and Operations
Edmonds School District
20420 68th Ave W.
Lynnwood, WA 98036-7400
7:30 am to 4:30 pm M-F

Mailed submissions: Stewart Mhyre
Executive Director, Business and Operations
Edmonds School District
20420 68th Ave W,
Lynnwood WA 98036-7400