Memorandum of Understanding for Block 59
Non-Binding Summary of Key Terms

November 2012

Form: Memorandum of Understanding proposing a Development Agreement (per RCW 36.70B.170) for consideration by the Seattle City Council

Parties: City Investors LLC ("CI") and City of Seattle

Purpose: To define public benefits associated with developing from 160 to 240' on the Mercer / Valley Blocks, and to secure for the City land to provide affordable housing and other public programs in South Lake Union ("SLU"). Specifically:

- Conveying CI's land at Block 59, approx. 37,600 SF bounded by Broad St., Dexter Ave. N., Republican St., and Aurora Ave N, to the City as an upfront payment of affordable housing incentive zoning requirements needed for future CI development in SLU;
- Providing up to an additional $3.25M payment from CI (which could cover the City's costs of completing due diligence and assembly of the remainder of Block 59) for development to heights above 160' to 240' on the Mercer/Valley Blocks;
- Vesting certain development rights for CI property in SLU to the current rezoning proposal and incentive zoning requirements.

Timeline	Review Draft MOU	November / December 2012
	Rezoning Consideration	December 2012 – early 2013
	Development Agreement	January 2013

Key Terms:

1. Conveyance of Property. CI would convey to City all parcels owned by CI in Block 59 of SLU, which is approximately 37,600 SF (the "Property"). The City's intent would be to combine this with the adjacent Broad Street right-of-way which will be vacated as part of the Broad Street de-commissioning post-2016.

2. Credit to CI for value of the Property. City would give CI credit in the amount of the appraised value of the Property toward payment of affordable housing incentive zoning payments for CI properties in the SLU Urban Center. The valuation would be capped at $12 million.

3. Additional Consideration to complete Block 59.
    a. CI will provide to City up to $3.25M, which the City could use for the additional costs to complete acquisition of Block 59, to complete vacation of adjacent Broad Street ROW, and to prepare the site for joint development (due diligence, predevelopment work, RFP, etc) or for other City-approved uses.
    b. This payment will be due at the time CI receives building permits for development on the Mercer/Valley Blocks for development over 160 feet in height up to 240 feet in height, as allowed by the proposed SLU Rezone. Payment

would be pro-rated as individual projects move forward at a rate of $12.90 per GSF.

c. This payment would be in addition to incentive zoning requirements and payments otherwise applicable at the time of CI's development application.

4. Vesting and Other Conditions.
    a. CI vests to the SLU Urban Center rezone terms and key development standards in place at the time of the agreement.
    b. Vesting would include the required per SF payment amounts in SLU for extra residential and commercial floor area above base height and FAR as of the date of the development agreement. In addition, development on the lakefront blocks would be vested to the current incentive rates for the full term of the agreement, given the additional $3.25M premium.
    c. This vesting would only apply to projects that use certain amounts of the credit created from the Property conveyance. Otherwise, CI would pay at whatever is the then-current rate.
    d. The "payment method" (as opposed to the performance method) for extra residential floor area and bonus commercial floor area would be allowed outright and payment could be by contribution of property.
    e. The development agreement would remain in effect for 25 years.
    f. The properties subject to the development agreement would include the Mercer Blocks and other undeveloped sites owned or controlled by CI in the SLU Urban Center.

This summary of key terms is intended as a non-binding overview of the proposed MOU. It is not intended to contradict or interpret any term of the proposed MOU or of any development agreement envisioned in the MOU.

Block 59 At-a-Glance

The Site

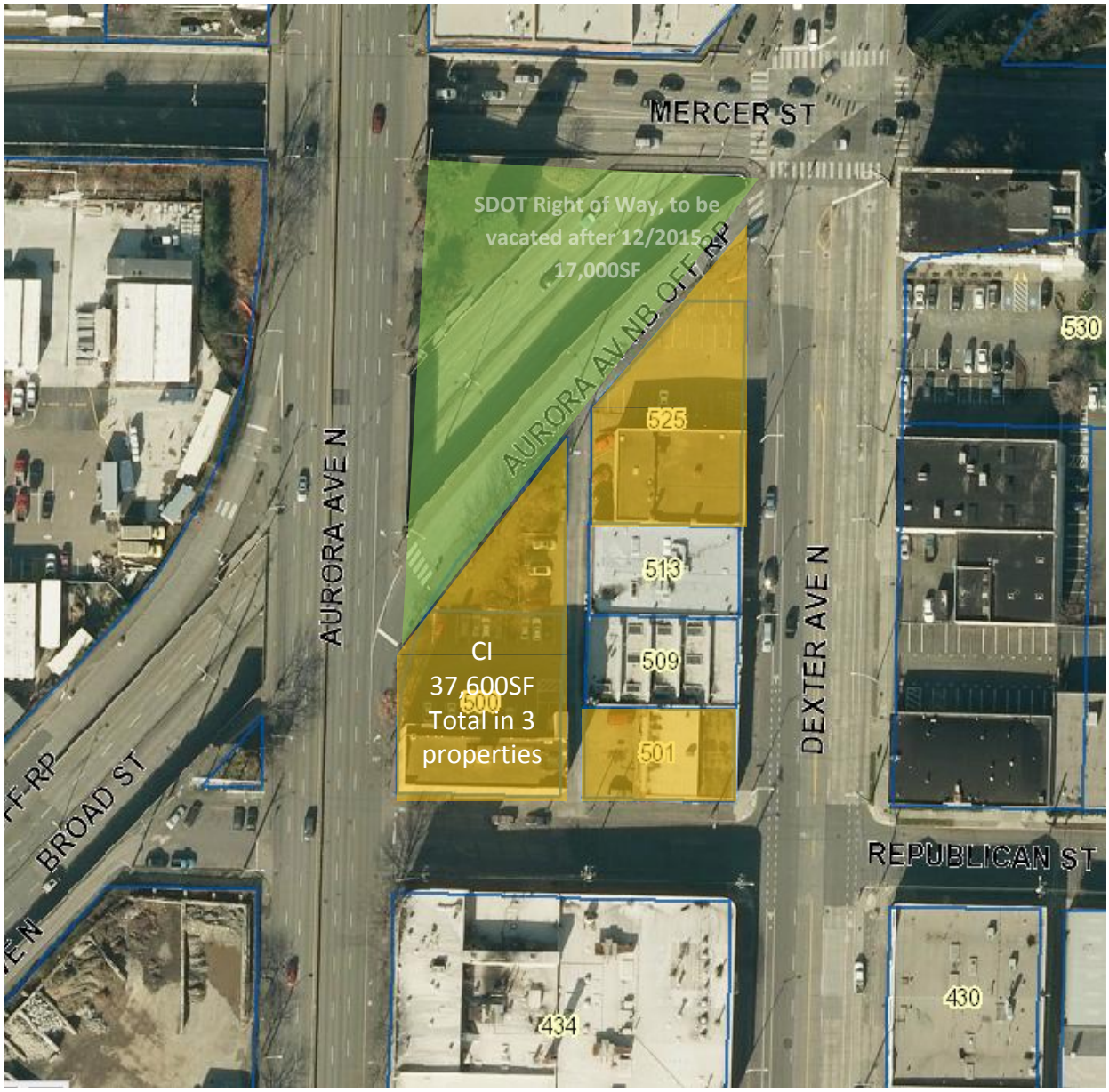
- 1.25-acre full city block, half of which will be conveyed by Vulcan, valued between $10-$12 million

  Breakdown:
  37,400 sq. ft. total VRE (City Investors) land area
  + 16,905 sq. ft. total Broad St. & Triangle owned by SDOT
  = 54,505 sq. ft. (1.25 acres)

Potential Development Program

- 370,635+ square feet of interior space for all-inclusive affordable housing, job training, human services, and social enterprise campus (assuming one 160' tower + three 75' buildings)

- Approximately 400 units of housing possible (mix of low to moderate incomes)

- Concept uses for Block 59:
  - Immediate Need Housing (adaptive reuse of existing building)
  - Low-to Moderate-Income Housing
  - Workforce Housing
  - Job Training & Career Development Center
  - Child Care
  - Wellness Center/ Supportive Services
  - Community Kitchen
  - Social Enterprise Retail Space
  - Non-Profit Office Space
  - Community Classrooms/Meeting Space
  - Community garden

Map of Block 59