SOUNDTRANSIT

July 22, 2013

Diane Sugimura, Director
City of Seattle, Department of Planning and Development
700 Fifth Avenue, Suite 2000
Seattle, WA 98104-5070

Re: Capitol Hill Transit Oriented Development (TOD) – RFQ Bonus Points

Dear Diane,

This letter confirms the understanding between Sound Transit and the City of Seattle regarding the allocation of bonus points in the scoring of Sound Transit's Request for Proposals to develop the Capitol Hill TOD sites.

Sound Transit and the City are parties to a Term Sheet dated October 5, 2012 (the "Term Sheet") and, subject to City Council and Sound Transit Board approval, Sound Transit and the City will be parties to a Development Agreement (the "Development Agreement") regarding transit oriented development around Sound Transit's Capitol Hill station. If the parties enter into the Development Agreement, Sound Transit will offer Sites A, B-South, C, and D (if D is not acquired by Seattle Central Community College) by means of a competitive process. The process will begin with a Request for Qualifications ("RFQ") followed by a Request for Proposals ("RFP") from qualified applicants which will be scored for consistency with the Development Agreement and in compliance with applicable state and federal requirements. Sound Transit will offer Site B-North as exclusively affordable housing and will provide for the City's participation in evaluating RFP responses in connection with financing offered by the City's Office of Housing. Sound Transit is currently designing and refining this RFQ and RFP process; however, the complete details of this process have not been fully developed. Sound Transit intends to issue RFQs for all five sites by the end of the year or early 2014.

The City and Sound Transit recognize that development of these sites represents an important opportunity to realize our shared vision for transit oriented development that supports the diversity and vibrancy of the surrounding neighborhoods. This vision is shared by many advocates in the Capitol Hill community who have participated in public processes to shape expectations for development of these sites.

To better achieve these shared goals, Sound Transit agrees to award bonus points to developers who demonstrate in the RFQ process a commitment to providing some or all of the items that will be described as bonus point items in the RFQ/RFP materials. These bonus point items will include the following:

- For sites other than B-North, extending the term of affordability for affordable units beyond what is required in the Development Agreement;

CHAIR
Pat McCarthy
Pierce County Executive

VICE CHAIRS
Julia Patterson
King County Councilmember

Paul Roberts
Everett Councilmember

BOARD MEMBERS
Claudia Balducci
Bellevue Councilmember

Fred Butler
Issaquah Council President

Richard Conlin
Seattle Councilmember

Dow Constantine
King County Executive

Dave Earling
Edmonds Mayor

Dave Enslow
Sumner Mayor

John Marchione
Redmond Mayor

Joe McDermott
King County Councilmember

Mike McGinn
Seattle Mayor

Mary Moss
Lakewood Councilmember

Lynn Peterson
Washington State Secretary of Transportation

Larry Phillips
King County Councilmember

Marilyn Strickland
Tacoma Mayor

Peter von Reichbauer
King County Councilmember

CHIEF EXECUTIVE OFFICER
Joni Earl

Central Puget Sound Regional Transit Authority • Union Station
401 S. Jackson St., Seattle, WA 98104-2826 • Reception: (206) 398-5000 • FAX: (206) 398-5499
www.soundtransit.org

- For sites other than B-North, increasing the share of affordable housing units beyond what is required in the Development Agreement;
- Partnering with a community organization to build and operate a financially feasible community center;
- Designing and building the pedestrian plaza to a higher standard than the festival street on East Denny Way;
- For sites other than B-North, achieving certification of LEED Gold or LEED Platinum
- For sites other than B-North, unbundling parking rents from residential rents beyond what is required in the Development Agreement; and
- Providing stoops on the west facing facades on sites B-North and B-South.

As acknowledged in the Term Sheet and the Development Agreement and consistent with Sound Transit policy and applicable law, Sound Transit must receive fair market value for its properties as determined by the sales comparable appraisal method and approved by the Federal Transit Administration ("FTA"). Therefore, in scoring the RFQ/RFP responses, Sound Transit will award bonus points to developers whose proposals incorporate some or all of the bonus point items in a manner that does not affect fair market value under established comparable sales appraisal guidelines.

Under its procurement policies, Sound Transit may only select a proposal that provides an "acceptable response" to the RFQ/RFP process, by:

1. Demonstrating consistency with the Development Agreement;
2. Demonstrating consistency with Sound Transit's Coordinated Development Plan ("CDP"), and other guidelines outlined in the RFQ/RFP documents; and
3. Providing fair market value to the satisfaction of Sound Transit and FTA while also meeting or exceeding the requirements for development described in the Development Agreement and the CDP.

The RFQ/RFP scoring process will be determined in the coming months. Although the procurement process must remain under Sound Transit's control (with the exception of Site B-North where the City will partner as an affordable housing funder), Sound Transit will work with the City to jointly develop a strategy for evaluating both a developer's base proposal covering the essential project elements (as described in the Development Agreement and the CDP) as well as the bonus points to be awarded for the special and potential elements of the project. Sound Transit will continue working with the City to determine the final allocation of available bonus points, and the City's participation in the RFQ/RFP process over the coming months. Both parties agree to resolve these issues in a manner satisfactory to both parties at least 30 days before issuance of the RFQ. Because not all of the items apply to each site (for example, the pedestrian plaza pertains to Site A only), each site may have different bonus point eligibility criteria.

We look forward to working with you on the final bonus point allocation. Please sign below to indicate your concurrence with this letter.

This letter directly relates to the Development Agreement and shall be considered rescinded by the parties upon the expiration or earlier termination of the Development Agreement.

Sincerely,

Ric Ilgenfritz, Executive Director
Sound Transit, Planning, Environment and Project Development

Concurrence:

Diane Sugimura, Director
City of Seattle, Department of Planning and Development