

August 14, 2019

## MEMORANDUM

**To:** Sustainability & Transportation Committee  
**From:** Lish Whitson, Analyst  
**Subject:** Mercer Mega Block legislation (Council Bill 119609)

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On Friday, August 16, the Sustainability and Transportation Committee (Committee) will receive a briefing on [Council Bill \(CB\) 119609](#), authorizing the sale of 2.86 acres (Mercer properties) owned by the Seattle Department of Transportation (SDOT) to Alexandria Real Estate Equities, Inc. (Alexandria) for \$138.5 million and other considerations. The proposed bill would also authorize the execution of a Memorandum of Understanding (MOU) setting out terms and conditions to be included in the final transaction documents; and authorize the City to sign said documents, provided they are consistent with the MOU.

To prepare Council for its discussion on Friday, this memo provides:

- A. A history of the Mercer properties and related Council actions
- B. A summary of the Request for Proposals and Alexandria's response
- C. A summary of Council Bill 119609
- D. A summary of the MOU terms
- E. Next Steps

### A. History

#### Acquisition and Consolidation

The Mercer properties are located on the south side of Roy Street between Aurora Ave N and 9<sup>th</sup> Ave N (see Attachment 1). More specifically, they are located on the following two blocks across Dexter from each other:

1. **Mercer Mega Block:** 800 Mercer Street, also known as the "Teardrop" site, located between Mercer Street and Roy Street, Dexter Ave N and 9<sup>th</sup> Ave N.
2. **615 Dexter:** Half block located between Aurora Ave N and Dexter Ave N on the south side of Roy Street (aka "Copiers Northwest Site").

The City began acquiring the properties that would become the Mercer Mega Block in 1971 to build a freeway along Mercer Street. Portions of these properties were acquired through commercial parking and gas tax funds. Those funds must be used for transportation purposes. Some parts of the property were acquired more recently in 2012 and through street vacations that were finalized in [2002](#) and [2018](#). The 2018 street vacation added 61,811 square feet to the Mega Block, almost half of the total area being sold. Conditions of the street vacation included

development of a cycle track along Mercer Street, and a pedestrian space where 8<sup>th</sup> Ave N would run through the Mega Block property.

### Planning for Disposition

As the [Mercer East and Mercer West](#) transportation projects got underway, and the street grid was reconfigured, the City looked at disposing of property no longer needed for street purposes. In 2012, Council provided initial funding to study the potential for a human services complex on several sites, including the Mega Block. The 2014 Budget included additional [funding](#) for a feasibility study to evaluate the uses of the Mega Block and 615 Dexter properties. The Executive's response recommended consolidating the Teardrop site through a street vacation and selling the Mega Block and Copiers Northwest properties. The Executive also recommended dedicating the proceeds of the sale of the Mega Block for affordable housing.

The 2016 Budget included [funding](#) to "develop a sale process" for the Mega Block site. As part of that action, Council asked the Executive to "engage the South Lake Union community to solicit input" on the types of preferred benefits/uses as a part of site redevelopment. The City heard support in 2016 for:

- extending Westlake Cycle Track bike lanes,
- maintaining 8<sup>th</sup> Ave N as a pedestrian path,
- a community center,
- open space,
- partnerships with non-profits to provide affordable housing and homelessness services,
- a transit hub, and
- a coordinated mobility plan for South Lake Union.

The Executive's proposal to sell the property was provided in [June 2016](#). In [October 2017](#), the Mercer Mega Block was officially declared excess property. In December 2017, the Council [granted](#) approval of the Broad Street vacation, which further consolidated the Mega Block. At the same time, the Council adopted Resolution [31786](#), which called for the issuance of a combined RFP of the Mercer properties that required:

1. LEED Gold or better sustainability standards.
2. Hospitality operators to enter into a Labor Harmony Agreement.
3. Respondent to be responsible for costs to remediate environmental contamination.
4. Future site developer(s) to enter into project labor agreements.
5. Properties to be sold at fair market value.
6. Priority be given to community benefits, including affordable units that exceed Mandatory Housing Affordability (MHA) program requirements.

### Interfund Loans (IFL)

Over time the City secured interfund loans against the planned sale of the Mega Block. The largest was a \$26 million interfund loan for final funding of the Mercer West project (Ordinance



[124904](#), renewed in [2017](#)). SDOT spent \$12.2 million of the IFL, which will be repaid through the proceeds of the sale. In [2018](#), the Council borrowed \$4.3 million against the future sale of the Mega Block to pay for homeless services. These loans need to be repaid using the property proceeds.

## **B. Request for Proposals and Alexandria's Response;**

In May 2017, JLL was hired to market the Mega Block properties. An RFP was issued in July 2018 and estimated the sites could accommodate up to 1,358 housing units, 996,652 SF of commercial space, or 1,228,060 SF for mixed-use development that would include 563 housing units (see Attachment 2).

The City's stated priorities were:

1. Affordable housing through on-site development without the use of public funding or by maximizing the financial offer. For bids that included on-site affordable housing, the City sought the following:
  - a) At least 175 affordable apartment units (income-and rent-restricted) for households earning up to 60% of Area Median Income (AMI) for not less than 50 years;
  - b) A range of unit sizes (e.g., two & three-bedroom units); and
  - c) Units affordable to households with incomes at 30% and 50% AMI.
2. An unsubordinated long-term ground lease (City would also consider alternative acquisition offers including a fee simple sale).
3. Street-level activation; open space; and placemaking<sup>1</sup> best practices.
4. Community benefits, such as schools, local business micro-retail, performing arts spaces, maker spaces<sup>2</sup>, career training center/community space, and daycare.
5. Sustainable building techniques, resulting in LEED Gold or higher certification.

The RFP included the following evaluation criteria:

### *Financial Offer and Capabilities*

1. Ability to commit sufficient equity to satisfy conventional lending requirements.
2. Ability to secure financing, including relationships with current lenders.
3. Purchase price or ground lease terms.

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<sup>1</sup> Placemaking is an approach toward the planning, design, and management of public spaces that builds on community assets, ideas and potential with the intent to create spaces that promote public health, happiness and well-being.

<sup>2</sup> A maker space is a shared workspace that provides shared tools and equipment to support the creation of new objects by hobbyists and startup businesses.

4. Other contingencies and conditions.

#### Community Benefits

1. A range of housing, and/or affordable housing, including family-sized (2 and 3 bedrooms) units.
2. Units affordable to households with incomes at 30%, 50% and 60% AMI.
3. Housing to be developed, owned, and operated by an experienced affordable housing provider.
4. Activation of 8th Ave N pedestrian easement and neighborhood benefits.
5. Local school, micro-retail, community space, daycare, maker space, etc.
6. Meet or exceed LEED Gold standards.

In October 2018, the City received six responsive proposals and subsequently requested all proposers to provide a Best and Final Offer (BAFO). Alexandria's proposal rose to the top - offering the most money, as well as attractive closing terms that could allow completing the sale in 2020, as well as rent-free space for a community center for 40 years. In brief, Alexandria's proposal included:

1. 790,000 SF of office and laboratory space
2. 175 units of housing at 60% AMI
3. 30,000 SF of community and performance art space
4. 5,000 SF for a learning lab and skills center

See Attachment 3 to this memo.

#### **C. Summary of Council Bill 119609**

The proposed bill would:

1. Designates the Mercer properties as surplus.
2. Authorizes the Mayor to execute an MOU.
3. Authorizes SDOT to negotiate and execute transaction documents consistent with MOU.
4. Authorizes Seattle Parks and Recreation Department (SPR) to negotiate, execute and deliver a lease for a recreation center.
5. Deposits funds from the property sale into the Transportation Fund (~\$50 million) and the General Fund (~\$88 million) at the time of closing of the sale.

If approved, CB 119609 will be the final Council act to authorize the sale of the Mercer properties to Alexandria.

#### **D. Memorandum of Understanding (MOU)**

[Attachment 2](#) to CB 119609 provides the following:

Subject	Description	Section/page
Term	<ul style="list-style-type: none"> <li>Negotiations begin at signing and in effect for 180 days.</li> </ul>	1.b./3
Purchase Price	<ul style="list-style-type: none"> <li>\$138.5 million paid in cash at closing.</li> </ul>	3.a./3
Homelessness Contribution	<ul style="list-style-type: none"> <li>An additional \$5 million to support strategies to address homelessness.</li> <li>Purchaser and Seller will determine how best to deploy these funds.</li> </ul>	3.b./3
Escrow Agreement	<ul style="list-style-type: none"> <li>\$1.3 million held in escrow until Alexandria provides its MHA payment and begins construction, at which point the funds will revert to Alexandria. If Alexandria does not meet these requirements within 10 years of signing, funds will go to the City.</li> </ul>	3.c./4 and 6/9
Financing	<ul style="list-style-type: none"> <li>Contain no financial contingency on the sale.</li> </ul>	3.d./4
Affordable Housing	<ul style="list-style-type: none"> <li>Build 140 rental housing units affordable to households earning 60% of the AMI<sup>3</sup> for 50 years at the 615 Dexter property.</li> <li>35 additional units may be classified as Multifamily Property Tax Exemption (MFTE) units.<sup>4</sup> After the tax exemption expires, units will become affordable at 60% of AMI for the remainder of the 50-year period.</li> <li>Mix of unit sizes is unspecified.</li> <li>Housing Use Covenant (Exhibit C) requires the 175 affordable units to be: <ul style="list-style-type: none"> <li>Comparable to market rate units included in the project in terms of size, amenities, and location of units within the building;</li> <li>Affordable for 50 years;</li> <li>Rents based on household and unit size;</li> <li>Limited Rent increases for affordable units, but not for MFTE units;</li> <li>Income of tenants to be certified annually;</li> <li>Public subsidies or charitable contributions in the development/operation of affordable units is prohibited.</li> </ul> </li> </ul>	3.e.i./4, 5/9, and Exhibit C

<sup>3</sup> 60% of AMI is currently \$46,500-\$59,800 for a 1- to 3-person household.

<sup>4</sup> MFTE affordability requirements are as follows: Small Efficiency Dwelling Units (SEDU) - 40% of AMI; studio units - 65% of AMI; 1-bedroom units - 75% AMI; 2-bedroom units - 85% of AMI; and 3 bedrooms or larger - 90% of AMI.

Subject	Description	Section/page
	<ul style="list-style-type: none"> <li>Permitting for housing to begin within 18 months of closing.</li> </ul>	
Other housing	<ul style="list-style-type: none"> <li>To the extent feasible, the 615 Dexter property will include 150 units of market rate housing.</li> <li>20% of the units will be MFTE units.</li> </ul>	3.e.ii./5
MHA	<ul style="list-style-type: none"> <li>Alexandria will pay fees-in-lieu of MHA, rather than provide units under the performance option.</li> </ul>	3.f-g./5
Recreation Center lease, construction and operations	<ul style="list-style-type: none"> <li>30,000 SF recreation/community center will be provided in the west building.</li> <li>Space subject to a 25-year lease, with 10-year extension option followed by a 5-year extension.</li> <li>\$3 million from Alexandria for tenant improvements.</li> <li>SPR will design space consistent with Rainier Beach Community Center design standards, at its sole cost.</li> <li>Alexandria will provide a "cold shell"<sup>5</sup> to accommodate the design program.</li> <li>Alexandria may, at its own expense, require additional features to be incorporated into the community center.</li> <li>SPR will operate the center as a Tier 1 center under the <a href="#">Community Center Strategic Plan</a> (open 60-70 hours a week).</li> <li>SPR is responsible for all costs associated with operating the center.</li> <li>SPR may contract for operation of the facilities with a third party acceptable to Alexandria but may not otherwise assign its rights under the lease.</li> <li>SPR will pay no base rent but will cover a proportionate share of operating expenses.</li> <li>SPR will maintain and repair the center "in accordance with an annual maintenance plan and budget approved by Alexandria."</li> <li>Lease will be recorded against the Mercer West property at closing.</li> </ul>	3.h.i.-viii./5-6

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<sup>5</sup> A "cold shell" is has "an unfinished interior and lacking heating, ventilating, and air conditioning (HVAC), and usually without lighting, plumbing, ceilings, elevators, or interior walls."  
[landterms.com/Construction\\_and\\_Building/Cold\\_shell\\_Cold\\_box\\_1418.html](http://landterms.com/Construction_and_Building/Cold_shell_Cold_box_1418.html))

Subject	Description	Section/page
Recreation Center uses	<ul style="list-style-type: none"> <li>Principal use: recreation center.</li> <li>Other permitted uses: <ul style="list-style-type: none"> <li>Athletic facilities, classrooms, events, and education for children and adults.,</li> <li>Classrooms,</li> <li>Events, and</li> <li>Education for children and adults.</li> </ul> </li> <li>No other uses permitted without Alexandria's approval, which may be granted or withheld in Alexandria's sole discretion</li> <li>The following uses are explicitly prohibited within the recreation center: <ul style="list-style-type: none"> <li>Homeless shelter;</li> <li>Bar, nightclub, tavern, cocktail lounge, marijuana dispensary;</li> <li>Drug exchange;</li> <li>Drug and/or alcohol rehabilitation;</li> <li>Adult entertainment or other sexually oriented business;</li> <li>Housing for sex offenders;</li> <li>Check cashing operations;</li> <li>Auto repair;</li> <li>Thrift store;</li> <li>Flea market, pawnshops;</li> <li>Recycling facility;</li> <li>Mortuary, funeral parlor;</li> <li>House of worship;</li> <li>Shop selling drug paraphernalia;</li> <li>Animal daycare or grooming.</li> </ul> </li> </ul>	3.h.ix./6 and Exhibit E
Sustainability	<ul style="list-style-type: none"> <li>Project to meet LEED Gold standards.</li> </ul>	3.i/7
Environmental Remediation	<ul style="list-style-type: none"> <li>Sale is contingent on receipt of a <a href="#">Prospective Purchaser Consent Decree</a> (PPCD)<sup>6</sup> from the State Dept of Ecology acceptable to Alexandria.</li> <li>Alexandria solely responsible for environmental remediation of site and would indemnify City against</li> </ul>	3.j.-k./7

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<sup>6</sup> The PPCD will define the responsibility of Alexandria regarding any hazardous substances on, under, about, migrating to, or potentially migrating from the site.

Subject	Description	Section/page
	any losses, liabilities and claims for environmental contamination.	
Labor Harmony Agreement	<ul style="list-style-type: none"> <li>Alexandria commits to a labor harmony agreement, if a hotel is added (no plans currently).</li> </ul>	3.l./7
Project Labor Agreement	<ul style="list-style-type: none"> <li>Alexandria and its contractors will enter into project labor agreements (PLAs). PLAs will establish worksite conditions and include community workforce goals to increase access to construction jobs for veterans, local residents, disadvantaged workers, and small businesses.</li> </ul>	3.m./7
8 <sup>th</sup> Avenue N improvements	<ul style="list-style-type: none"> <li>8<sup>th</sup> Ave N will be constructed consistent with the <a href="#">8<sup>th</sup> Avenue North design guidelines</a>.</li> <li>8<sup>th</sup> Ave N will be “an activated outdoor space that incorporates place-making best practices and will lead into activated, multipurpose spaces, open and accessible to the public.”</li> </ul>	3.n./7
Cycle Track	<ul style="list-style-type: none"> <li>Alexandria will extend the two-way protected bike lanes on the north side of Mercer Street from Dexter Ave N to 9<sup>th</sup> Ave N.</li> </ul>	3.o./8
Property taxes and REET	<ul style="list-style-type: none"> <li>City will maintain its property tax exemption on the site until Closing.</li> <li>Sale is exempt from Real Estate Excise Taxes.</li> </ul>	3.r./8
Assignment	<ul style="list-style-type: none"> <li>Alexandria may assign its rights under the transaction documents to “controlled affiliates” but may not otherwise assign its rights without the City’s consent.</li> </ul>	13/13

## E. Next Steps

The Committee is currently scheduled to act on the bill on September 6. Following approval of the proposed bill, the Mayor may sign the MOU, Alexandria may pursue the PPCD<sup>7</sup>, and the City may begin negotiating the final transaction documents including the recreation center lease. The bill would also authorize the SPR Director to sign the lease and the SDOT Director to sign the final transaction documents without further Council approval, provided the terms of the document are consistent with the MOU.

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<sup>7</sup> Alexandria needs a signed MOU to be considered a “prospective purchaser” and thereby be eligible to apply for a PPCD.

**Attachments:**

1. Map of the Mercer Mega Block properties
2. Mercer Mega Block Request for Proposals
3. Alexandria Real Estate Response (redacted) and Final and Best Offer

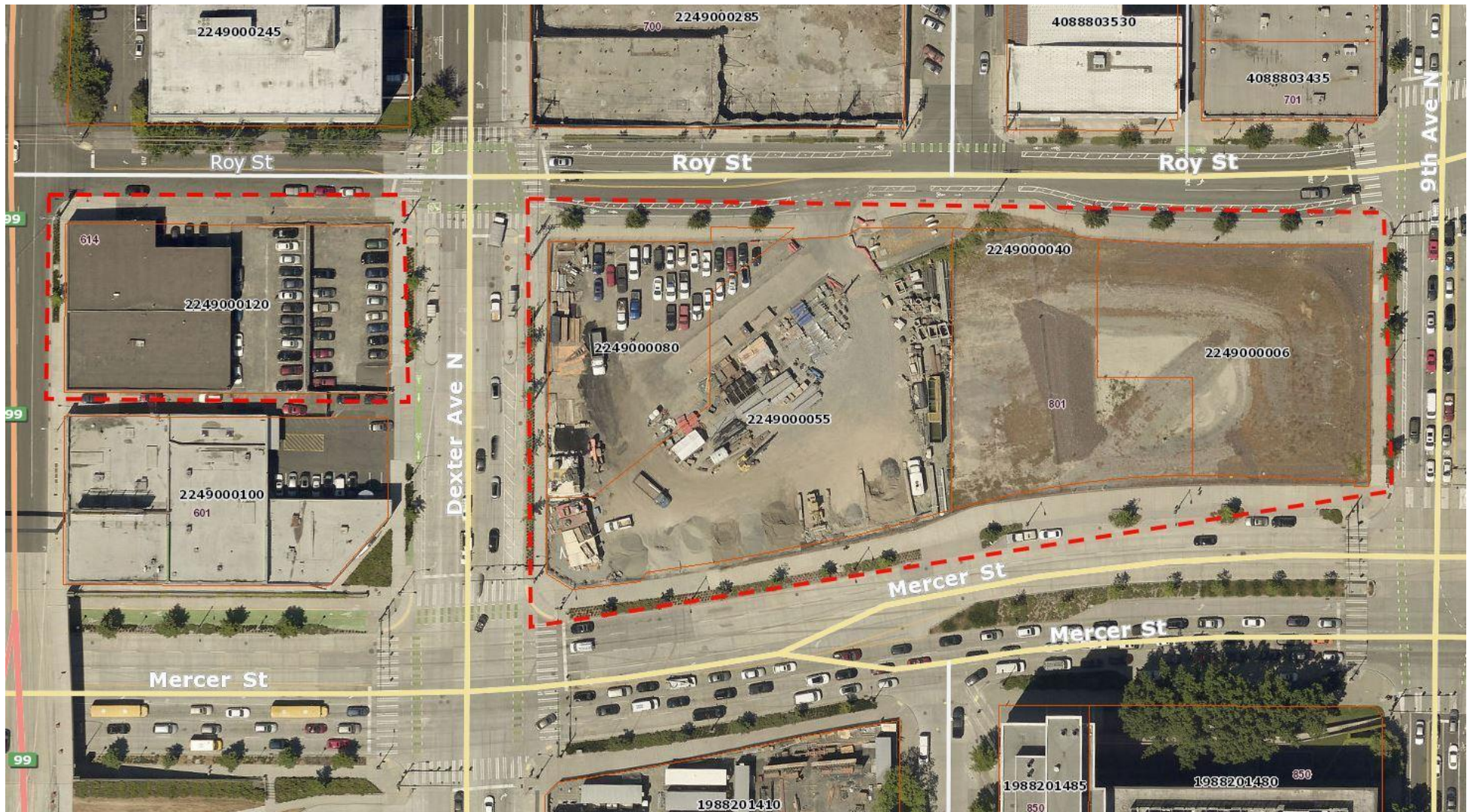
cc: Kirstan Arestad, Exec Director  
Aly Pennucci, Supervising Analyst



## Map of the Mercer Mega Block properties

**615 DEXTER  
(Copiers Northwest)**

**800 MERCER STREET (Mercer Mega Block)**





MERCER  
MEGA  
BLOCK

2.86-ACRES | 124,395 SF

REQUEST FOR PROPOSALS:

UNIQUE DEVELOPMENT OPPORTUNITY  
PREMIER SEATTLE LAND SITE  
LOCATED IN SOUTH LAKE UNION







MERCER  
MEGA  
BLOCK

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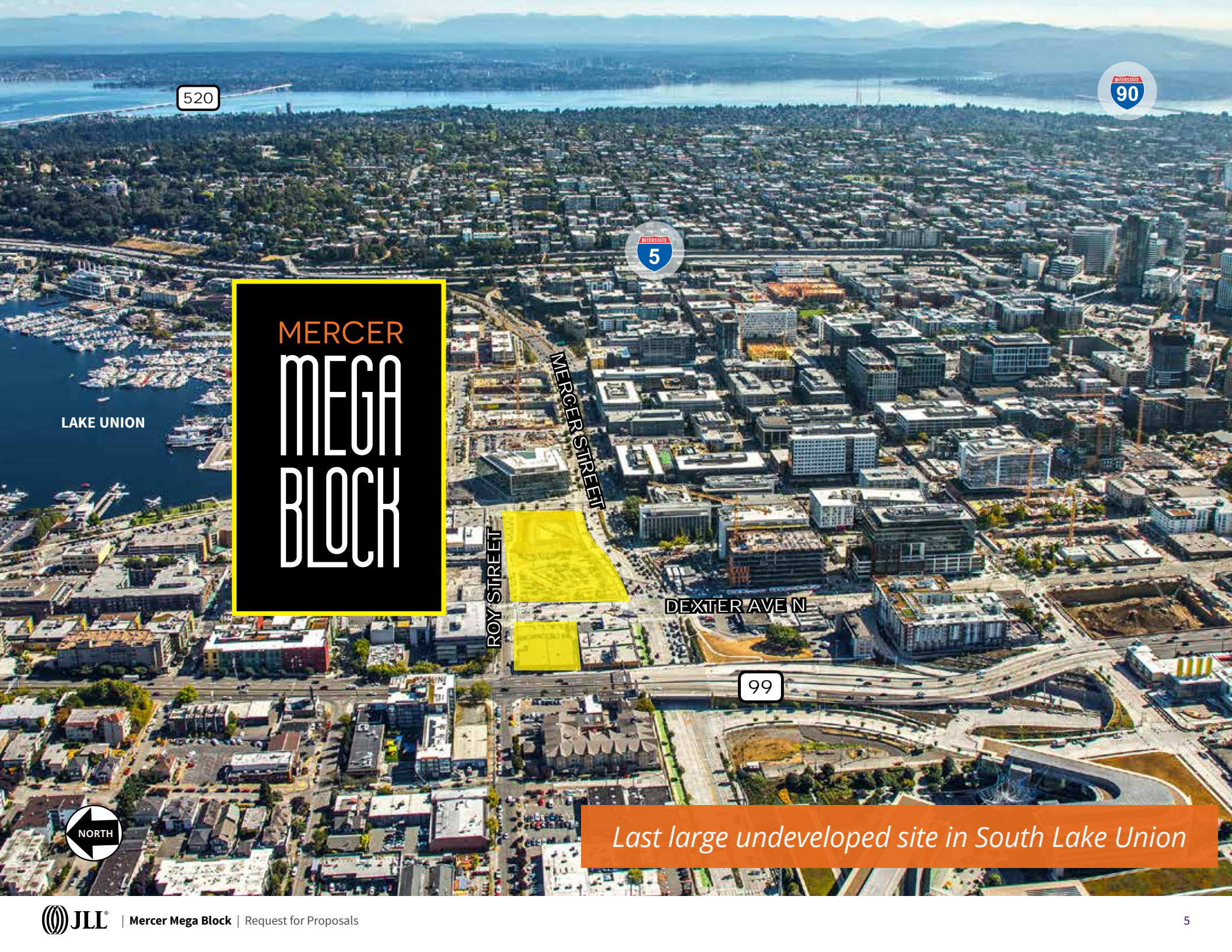




Section I **THE OFFERING**







520

INTERSTATE  
90

INTERSTATE  
5

LAKE UNION

# MERCER MEGA BLOCK

MERCER STREET

ROY STREET

DEXTER AVE N

99



*Last large undeveloped site in South Lake Union*



# INTRODUCTION

## MERCER MEGA BLOCK

JLL is pleased to present the Mercer Mega Block, a 2.86-acre site acquisition opportunity. This premier site is located on approximately three blocks in Seattle's South Lake Union neighborhood, and contains three City of Seattle-owned parcels with a combined land area of 124,395 SF (the "Property"). Flexible zoning allows for office, retail, life sciences, multifamily, and hotel development. Located on Mercer Street, the primary thoroughfare connecting Queen Anne and South Lake Union to Interstate 5, the asset is ideally positioned within the city's most thriving neighborhood to live, work and play. The property is within walking distance to award-winning restaurants, a variety of retail and entertainment venues, major employers, and multiple transit options.

*South Lake Union is arguably the hottest office market in the country, as evidenced by 14 consecutive years of positive net absorption of Class A space.*

*Housing prices have grown at the fastest rate in the country for the past 17-consecutive months. The 12.9% year-over-year growth is more than double the national growth rate. Multifamily rents increased by 3.1% year-over-year and vacancy is just 4.2%.*

The site offers investors the opportunity to develop more than one million square feet ("SF") in the most dynamic and desirable submarket in Seattle. South Lake Union boasts an impressive roster of well-known employers such as **Amazon.com, Google, Facebook, Apple, Twitter, Uber, and Tommy Bahama**. It is the epicenter for world-renowned life sciences research institutions like **Seattle Cancer Care Alliance, Fred Hutchison Cancer Research Center, The Allen Institute for Brain Science, and Juno Therapeutics**. The area is also home to the **Bill & Melinda Gates Foundation**, the largest private foundation in the world. This adaptable neighborhood continues to welcome and encourage innovation and prosperity.





# INVESTMENT HIGHLIGHTS

## SUPERB LOCATION

The 2.86-acre land site is ideally positioned within South Lake Union, located on Mercer Street (between 9th Avenue North and Dexter Avenue North). South Lake Union is Seattle's fastest growing neighborhood, with a current workforce of 58,000, a population of 32,000, and over 240 restaurants and 260 retail establishments.

## CENTRAL TO MAJOR EMPLOYMENT

Positioned just north of the Seattle Central Business District ("CBD") submarket and adjacent to the shores of Lake Union, this continually evolving submarket has a diverse product and tenancy type that has continued to mature over the last decade. The result of this growth has brought high demand from major tech and life sciences tenants now anchored in South Lake Union.

## SUPERIOR TRANSPORTATION

Mercer Mega Block boasts a transit score of 87 and is well connected to the region. The site offers access to metro bus routes, RapidRide express transit, the South Lake Union Streetcar, and easy freeway access to SR-99, I-5, and SR-520. Additionally, once construction is complete, the Alaskan Way Viaduct replacement will connect to SR-99 just a block from the site. The light rail system (located less than one mile from the site) currently stretches from the University of Washington to the SeaTac Airport and will expand further north, south, and east in the coming years. Private bike share programs Spin, Ofo, and VBikes have launched pilot programs in Seattle and hope to install up to 20,000 bikes around the city in the next three years.

## FAVORABLE DEMOGRAPHICS

45.3% of households in the area earn more than \$75,000 annually, and 32.7% earn more than \$100,000. Seattle is ranked as the number one best-paying city for computer programmers and number three for software engineers, who make average salaries of \$109,345 and \$122,125, respectively. Younger South Lake Union workers, those under the age of 30, are more likely than their older colleagues to live close to work. More than half of the people living in South Lake Union are in the peak earning ages of 25 to 44 years old. Additionally, 72.1% of the residents aged 25 and older have attained at least a Bachelor's degree.

## DEVELOPMENT POTENTIAL

The site is zoned Seattle Mixed South Lake Union ("SM-SLU") 175/85-280. The site allows for mixed-use development of approximately 1.23M chargeable SF, or 9.87 FAR, with a net site area 124,395 SF. For residential use, the net site area is 113,160 SF, providing 1.2M chargeable SF and a FAR of 10.60 (1,358 units). Commercial consideration would equate to a net site area of 124,395 SF, 996,652 chargeable SF and a FAR of 8.01.

*The Mercer Mega Block site provides maximum flexibility, with development potential for a variety of uses including office, retail, life sciences, multi family or hotel, all with extraordinary water, mountain and city skyline views*

**58,221**

LOCAL  
EMPLOYMENT

**#1**  
**ECONOMY**

IN THE NATION FOR 2017

**45.3% OF**  
**HOUSEHOLDS**  
EARN \$75K+ ANNUALLY

**2.9%**  
**JOB GROWTH**  
2017 STATE OF WA

**3.9%**  
**POPULATION**  
2017 GROWTH IN SEATTLE





LAKE UNION

99

MERCER  
MEGA  
BLOCK

8TH AVE N

9TH AVE N

ROY STREET

DEXTER AVE N

MERCER STREET





# SITE SUMMARY

Site Detail	Mercer East	Mercer West	Dexter
Address	800 Mercer St	800 Mercer St	615 Dexter Ave N
Size	44,067 sf	56,568 sf	23,760 sf
Acres	1.01 acres	1.30 acres	0.55 acre
Parcel #s	APN 224900-0006	APN 224900-0055	APN 224900-0120
Zoning	SM-SLU 175/85-280	SM-SLU 175/85-280	SM-SLU 175/85-280

## Height Limit (feet)

Residential	280	280	280
Commercial	175	175	175
Mixed-Use	280	280	280

## Total Development Potential (sf)

	Buildable Sq. Ft.	Units	FAR
Residential	1,199,013	1,358	10.60
Commercial	996,652	N/A	8.01*
Mixed-use	1,228,060	563	9.87

\*Over FAR, limit development of 8.0

*2.86 acres / 124,395 SF / 1.2 million SF of development potential in the heart of Seattle's hottest submarket*



# OBJECTIVE AND REQUIREMENTS

## PURPOSE OF SOLICITATION

Through a competitive Request for Proposal (“RFP”) process, the City of Seattle is planning on offering for redevelopment the three sites. The City’s vision is to secure a world-class developer to design, construct and operate an iconic development that is characterized by well-integrated commercial uses, mixed-use, residential housing, and community benefits (the “Project”). The selected developer (“Developer”) will be required to provide certain uses on the site and will be further encouraged to provide a variety of community benefits in addition to the required development. Through this disposition, the City is seeking to achieve a collective neighborhood benefit that will build upon and grow the vitality, affordability, and economic development of the South Lake Union Urban Center.

## OBJECTIVES AND REQUIREMENTS

The City is seeking an appropriate balance between the financial offer for the Mega Block and the community benefits provided in the Project. In addition to the minimum development requirements shown in the adjacent table, this RFP requests the Developer to provide a mix of community benefits which will be left to the discretion of the Developer to propose and will be evaluated as part of the RFP process.



## DEVELOPMENT REQUIREMENTS

<b>The following development requirements are minimum commitments to be considered responsive to the RFP; and will be contractual agreements between the Developer and the City of Seattle as terms in the Disposition and Development Agreement (“DDA”).</b>	
1.	Sustainability Standards. The development must meet or exceed sustainability standards of LEED Gold for commercial / mixed-use, except that any affordable housing financed with tax-exempt bonds or low income housing tax credits may instead meet the Washington State Evergreen Sustainable Development Standard (“ESDS”).
2.	Labor Harmony Agreement. Any and all hotel operators that are part of the development will enter into a Labor Harmony Agreement for the initial and any subsequent hotel.
3.	Remediate Environmental Contamination. Developer will be responsible for the incremental cost to remediate environmental contamination.
4.	Project Labor Agreement. Developer will enter into a project labor agreement for the initial phase of construction.
5.	Fair Market Value. The properties must be sold or ground leased at Fair Market Value.
<b>The following Broad Street Vacation requirements shall be contractual agreements between the Developer and the City of Seattle as terms in the DDA, shall be implemented by the Developer during development of the site, and shall comply with and be designed to City standards and as modified by terms and conditions within Appendix B.5 Broad Street Conditions of Approval.</b>	
6.	Access Easement or Right-of-Way. Eighth Avenue N will provide 11,000 square feet of public open space via a 60-foot wide access easement or right-of-way through the site (from Mercer to Roy). The 60-foot wide pedestrian street will further establish the neighborhood street grid and connect the neighborhoods north and site of Mercer Street. Appropriate signage and departmental reviews from the City and Seattle Department of Transportation (“SDOT”) will be required.
7.	Eighth Avenue Improvements. Eighth Avenue improvements between Mercer and Roy will implement the South Lake Union Urban Design Framework and will be consistent with Eighth Avenue North Design Guidelines. Please note Design Commission review will be required.
8.	Cycle Track Extension. Extend the two-way protected bike lanes in accordance with SDOT design criteria (see Appendix B.1) on the north side of Mercer from Dexter to Ninth, providing a key link in the bicycle network.

# OBJECTIVE AND REQUIREMENTS (continued)

## PRIORITIES

The City will prioritize development proposals that exhibit exemplary strength in sustainability, equity, design excellence, and provides a mix of uses that will build on the uniqueness and character of the South Lake Union community, activate the site and provide places for the community to gather.

### 1. AFFORDABLE HOUSING

The City has a strong interest in maximizing benefits for affordable housing through this RFP, either through direct production of affordable units on the site, or by maximizing the financial offer in order to create revenue that will be invested in affordable housing at another location. It shall be left to the City's discretion to determine which option maximizes affordable housing benefits. In order to make this determination, the City strongly encourages all respondents to submit bids both with and without an on-site affordable housing component.

For bids that include on-site affordable housing, the City is seeking proposals that meet the following goals:

- » Production of at least 175 apartment units of affordable housing, which shall be income- and rent-restricted for households earning up to 60% of Area Median Income ("AMI"), as defined by U.S. Department of Housing and Urban Development ("HUD"), for a period of not less than 50 years;
- » Delivery of a range of affordable unit sizes, including family-sized housing with 2 and 3-bedroom units; and
- » Inclusion of units affordable to households with incomes at 30% and 50% AMI.

**Note:** Developers should not assume any capital subsidy from the Seattle Office of Housing or other public funders, but may make reasonable assumptions about non-competitive resources such as 4% Low Income Housing Tax Credits and tax exempt bonds. In addition, affordable housing counted toward the above goals must be separate from any housing provided towards the Developer's requirements under the City's Mandatory Housing Affordability ("MHA") program, or Multi-Family Tax Exemption program.





# OBJECTIVE AND REQUIREMENTS (continued)



## 2. TRANSACTION STRUCTURE

The City has a strong preference to structure the transaction for the site as an unsubordinated long-term ground lease (a subordinated ground lease would be considered non-responsive); however, the City will consider alternative acquisition offers including a fee simple sale.

## 3. BUILDING AND PUBLIC SPACE

Of key importance will be the inclusion of strong, street-level activation and the provision of actively managed open space that incorporates place-making best practices and becomes a place of local and regional pride. Characteristics of successful public spaces typically include:

- » Active edge uses;
- » Strong gateways and entrances;
- » Focal points inside the spaces and vistas through them;
- » Choices of things to do within the space;
- » Showcase local assets, culture & civic identity;
- » Educational opportunities;
- » Comfortable places to sit;
- » Designed to attract a cross section of users;
- » Overlapping and changing uses;
- » Creative use of art; and
- » Provide seasonal strategies for active uses (diverse retail, music, entertainment, cultural festivals, farmers markets, art shows, etc.).

# OBJECTIVE AND REQUIREMENTS (continued)

## 4. COMMUNITY BENEFITS

The City is also interested in developments that include uses that will benefit the broader community, such as:

- » School;
- » Local business micro retail;
- » Performing arts space;
- » Maker space;
- » Career training center/community space; and
- » Daycare.

## 5. SUSTAINABILITY

The City desires a development that meets a high level of sustainability in its design, construction and operations. In particular, the City desires development that is LEED Gold or higher.

*Development is to exhibit strength in sustainability, equity, design excellence, providing mixed-use alternatives consistent with the uniqueness and character of the South Lake Union community*





# MERCER MEGA BLOCK

LAKE UNION

99

Dexter Ave N

8th Ave N

9th Ave N

Mercer Street





# TRANSACTION GUIDELINES

## GUIDELINES

Mercer Mega Block is being offered without a list price. We are requesting that written offers be submitted no later than **4:00 pm (PT), Friday, October 05, 2018**. Although JLL is available to assist prospective developers/investors with their review of the offering, Respondents are encouraged to perform their own due diligence and investigations as needed prior to submitting a response. Respondents should rely upon their own evaluations and base offers and pricing on the “As-Is, Where-Is” condition of the Property.

Tours of the market may be arranged with JLL.

All offers should, at a minimum, include:

- » The site acquisition price or proposed terms for an unsubordinated ground lease, as further outlined in RFP Requirements;
- » The source of capital, both equity and debt, for the transaction;
- » The amount of earnest money deposit;
- » Detail on the closing expenses to be borne by either buyer or seller (i.e. escrow, title, insurance, transfer taxes, etc.);
- » A detailed schedule/timeline of the due diligence and requisite approval process; and
- » A description of assumptions utilized for the offer.

The RFP Process and Requirements is further detailed in Section III starting on page 34.

## DISCLAIMER

The information contained in this RFP is confidential, furnished solely for the purpose of considering the site acquisition of the Mercer Mega Block located in Seattle, Washington and is not to be used for any other purpose or to be made available to any other person without the express written consent of Jones Lang LaSalle (“JLL”) and the City of Seattle (“Owner”). The information contained herein shall not be photocopied or disclosed to any other party and shall not be used for any other purpose. Neither the Owner, nor JLL, nor any of their officers, directors, employees or agents, assume any responsibility or make any representations or warranties, whether express or implied, by operation of law or otherwise, with respect to the Property or this RFP or any information or statements (including financial statements and/or projections) contained herein or relating hereto, including the accuracy or completeness of such information or statements and the condition, quality or fitness of the Property. Such information and statements have, in many circumstances, been obtained from outside sources, have not been tested or verified and may be subject to errors or omissions. The only party authorized to represent the Owner of the Property is Jones Lang LaSalle, and the Owner shall not be obligated to pay any fees or commissions to any other advisor, broker or representative. Any party entering into a transaction with the Owner shall be obligated to pay any fees or commissions due any advisors, brokers or representatives, other than JLL, dealing with such party. In no event shall the delivery or receipt of this RFP be deemed to create any legal obligation to enter into any transaction with respect to the Property, and only a definitive agreement signed by all parties shall create a binding commitment to enter into a transaction. Copyright © Jones Lang LaSalle IP, Inc. 2018 | Jones Lang LaSalle Americas, Inc. License # 3662.

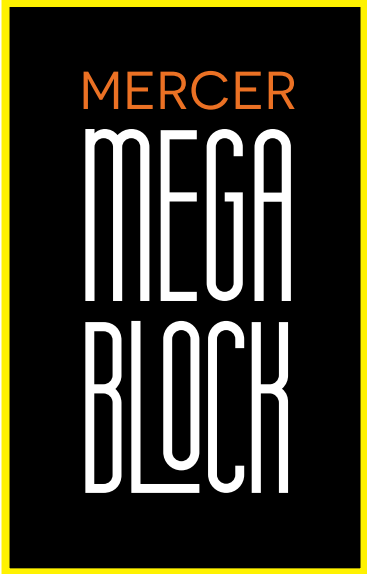


# MERCER MEGA BLOCK

Mercer Mega Block is situated in the heart of South Lake Union at the epicenter of Seattle's growing technology/life sciences hub. Millennials and a highly skilled workforce also gravitate to these neighborhoods based on the countless opportunities, plentiful lifestyle amenities, parks, bike lanes, waterfront access and mass transit.







Section II

# PROJECT OVERVIEW & DEVELOPMENT POTENTIAL





# SOUTH LAKE UNION MAP

MERCER  
MEGA  
BLOCK

PROJECT OVERVIEW & DEVELOPMENT POTENTIAL

Google is leasing 600,000 SF in South Lake Union's Lakefront Blocks

The Gates Foundation's global headquarters is in South Lake Union (600,000 SF). More than 1,000 people are employed there

Facebook's new offices at Dexter Station and Eleven01 Westlake, will have roughly 3,000 employees

Google

facebook

LAKE UNION

Home to some of the largest companies in Washington State, major employers, and an abundance of residential, office and mixed-use of development

For the 11th year in a row, U.S. News & World Report has named Seattle Cancer Care Alliance/University of Washington Medical Center one of the top 10 Best Hospitals in the Nation for Adult Cancer Treatment

- Residential
- Office
- Medical
- Amazon
- Facebook
- Hotel





# SOUTH LAKE UNION MAP LEGEND

## Residential

- |  |   |   |
|--|---|---|
| 1 Premier on Pine Apts<br>815 Pine St<br>Holland Partner Group           | 15 8th & Republican<br>430 8th Ave N<br>The Wolff Co            | 29 AMLI<br>528 Pontius Ave N<br>AMLI Residential Partners         |
| 2 Cirrus<br>2030 8th Ave<br>GID Development Group                        | 16 Fox & Finch<br>525 Boren Ave N<br>Wilshire Capital Partners  | 30 Block 11<br>1255 Harrison St<br>Vulcan                         |
| 3 Insignia Towers<br>2301 6th Ave<br>Bosa Properties Inc                 | 17 Holiday Apartments<br>1001 John St<br>Mack Urban             | 31 1200 Stewart Project<br>1200 Stewart St<br>Lexas Companies     |
| 4 Dimension<br>225 Cedar St<br>Holland Residential                       | 18 H5 SLU Site<br>121 Boren Ave N<br>H5 Capital                 | 32 Apartment Dvlpt<br>1901 Minor Ave<br>Crescent Heights          |
| 5 Verve<br>2720 4th Ave<br>HB Capital / Columbia Pacific                 | 19 Onni SLU Site<br>1120 Denny Way<br>Onni Group                | 33 Former Daola Site<br>1121 Stewart St<br>RBF Property Group     |
| 6 Century<br>101 Taylor Ave N<br>RD Merrill Co                           | 20 Onni SLU Site<br>1120 John St<br>Onni Group                  | 34 Denny Centre<br>2014 Fairview Ave<br>Bosa Properties           |
| 7 Aperture on 5th<br>500 John St<br>L&P Partners                         | 21 425 Fairview Apts.<br>425 Fairview Ave N<br>Greystar Dvlpt   | 35 701 Valley Apartments<br>701 Valley St<br>City of Seattle      |
| 8 Metropolitan Apartments<br>408 Aurora Ave N<br>Metropolitan Companies  | 22 Cascade II<br>222 Fairview Ave N<br>Equity Residential       | 36 Juxt<br>810 Dexter Avenue N<br>Holland Partner Group           |
| 9 Condominium<br>403 Dexter Ave N<br>Wilshire Capital Partners           | 23 Cascade I<br>221 Minor Ave N<br>Equity Residential           | 37 True North<br>801 Dexter<br>Holland Partner Group              |
| 10 Modera South Lake Union<br>435 Dexter Ave N<br>Mill Creek Development | 24 Chroma SLU<br>1212 Harrison St<br>Holland Partner Group      | 38 Oakwood SLU<br>717 Dexter Ave N<br>Holland Partner Group       |
| 11 Block 56E<br>401 8th Ave N<br>Vulcan                                  | 25 Stack House Apts<br>1280 Harrison<br>Vulcan                  | 39 Radius<br>400 Boren Ave N<br>Greystar                          |
| 12 Compass on Dexter<br>756 John St<br>Compass Housing Alliance          | 26 Rivet<br>1201 Mercer St<br>Holland Partner Group             | 40 Union SLU<br>901 Dexter Ave N<br>Holland Partner Group         |
| 13 Westlake & John<br>201 Westlake Ave<br>MacFarlane Partners            | 27 Mercerview Apartments<br>1200 E Mercer St<br>Reside Partners | 41 Westlake Steps<br>1209 Westlake Ave N<br>Holland Partner Group |
| 14 Landes Apartments<br>901 Harrison St<br>MacFarlane Partners           | 28 Yale Avenue<br>624 Yale Ave N<br>NBBJ                        | 42 Neptune<br>912 Dexter Ave N<br>Simpson Property Group          |

## Office

- |   |
|---|
| 1 Hill7<br>1821 Boren Ave<br>Touchstone Corp                    |
| 2 Block 48<br>Westlake Ave N & Denny<br>Vulcan Inc              |
| 3 400 Fairview<br>400 Fairview Ave N<br>Skanska                 |
| 4 Arbor Blocks<br>300 & 333 8th Ave N<br>Vulcan                 |
| 5 503 Westlake<br>503 Westlake Ave N<br>Vulcan                  |
| 6 Block 38<br>520 Westlake Ave N<br>Vulcan                      |
| 7 King 5 Headquarters<br>333 Dexter Ave N<br>Kilroy Realty Corp |

## Hotel

- |  |
|--|
| 1 Hyatt Regency<br>808 Howell<br>R. C. Hedreen                 |
| 2 Staybridge Suites<br>1119 Mercer St<br>IHG                   |
| 3 Courtyard by Marriott<br>925 Westlake<br>Washington Holdings |
| 4 Moxy Seattle<br>1016 Republican St<br>Stonebridge Companies  |
| 5 Residence Inn<br>800 Fairview Ave<br>Apple Hospitality       |

## Medical

- |  |
|--|
| 1 Bill & Melinda Gates Foundation<br>440 5th Ave N                         |
| 2 UW Medicine<br>500 Dexter Ave<br>Mill Creek                              |
| 3 UW School of Medicine<br>850 Republican St                               |
| 4 UW Medicine SLU<br>850 Republican  |
| 5 Allen Institute<br>615 Westlake Ave N                                    |
| 6 Allen Institute (expansion)<br>701 Westlake Ave N<br>Vulcan              |
| 7 University of WA Physical Imm<br>307 Westlake Ave<br>Blackstone / Biomed |
| 8 Seattle Children's Research<br>Institute<br>1920 Terry Ave               |
| 9 Novo Nordisk<br>530 Fairview Ave N #2000<br>Blackstone / Biomed          |
| 10 Seattle Cancer Care Alliance<br>1100 Fairview Ave                       |
| 11 Fred Hutchinson Cancer Research<br>Center<br>1100 Fairview Ave N        |
| 12 Seattle Cancer Care Alliance<br>825 Eastlake Ave E<br>ZGF               |
| 13 Juno Therapeutics<br>400 Dexter Ave N<br>Alexandria Real Estate         |

# PROJECT OVERVIEW

## UNPARALLELED DEVELOPMENT INVESTMENT

This is a rare opportunity to control a significant development site in one of the strongest markets in the country. The property, located prominently on Mercer Street, receives high visibility from the more than 80,000 cars that use the primary thoroughfare daily. Timing is a plus given that the development cycle in Seattle is very strong and this is one of the last land sites in the area. More than 3,800 apartment units and 3.7 million square feet of office space have been delivered in South Lake Union in the last three years. Despite this increase in inventory, demand in the area remains at an all-time high, as evidenced by sub-6% vacancy for both the residential and commercial sectors. Current zoning allows for mixed-use, office, life sciences, and residential development while research and development uses are FAR exempt under certain conditions.





# ZONING

South Lake Union was designated as an Urban Center by the City of Seattle in 2007 while the area was beginning to grow. It is the City's continued goal to support and encourage development of South Lake Union as a neighborhood of regional significance with a concentration of jobs and housing. Therefore, zoning includes MHA to create opportunities for affordable housing and also requires incorporating community benefits. Other critical components of zoning requirements include ensuring active public spaces through well-designed ground floor retail along key streets, encouraging façade transparency, enforcing parking standards, and strengthening incentives to preserve landmark properties and create open space are also critical components of the zoning.

Under the Seattle Comprehensive Plan, these three sites are within the South Lake Union Urban Center and this Land-Use District lies within the Seattle Mixed ("SM") Zone. The SM zone is a commercial zone that promotes a diverse, mixed-use community with a strong pedestrian orientation. This zoning designation balances the need for flexibility and a variety of activities with the need to provide adequate housing and commercial activities critical to the success of an urban neighborhood.

This zoning limits the Floor Area Ratio ("FAR") to 8.0 and floor plate sizes to 24,000 SF for any one commercial tower, with a 65' maximum front setback and 175' maximum height. Extra floor area may be achieved by providing certain public amenities to include affordable housing, child care, mid-block corridors, and public viewpoints, for example. The sites are subject to MHA requirements and current zoning is SM-SLU 175/85-280 (Height Limit: commercial – 175 feet; residential – 280 feet). However, due to the South Lake Union Seaport Flight Corridor, there will be height limitations on a portion of the site which is explained in further detail on page 24.

MHA requirements refer to the Mandatory Housing Affordability policy requiring new development in Seattle to offer affordable housing units or contribute to a fund specifically designated for affordable housing. The policy applies to both commercial and multifamily developments and has taken effect in areas where new height and/or floor area limits were approved to increase development capacity.

## Development Standards highlights

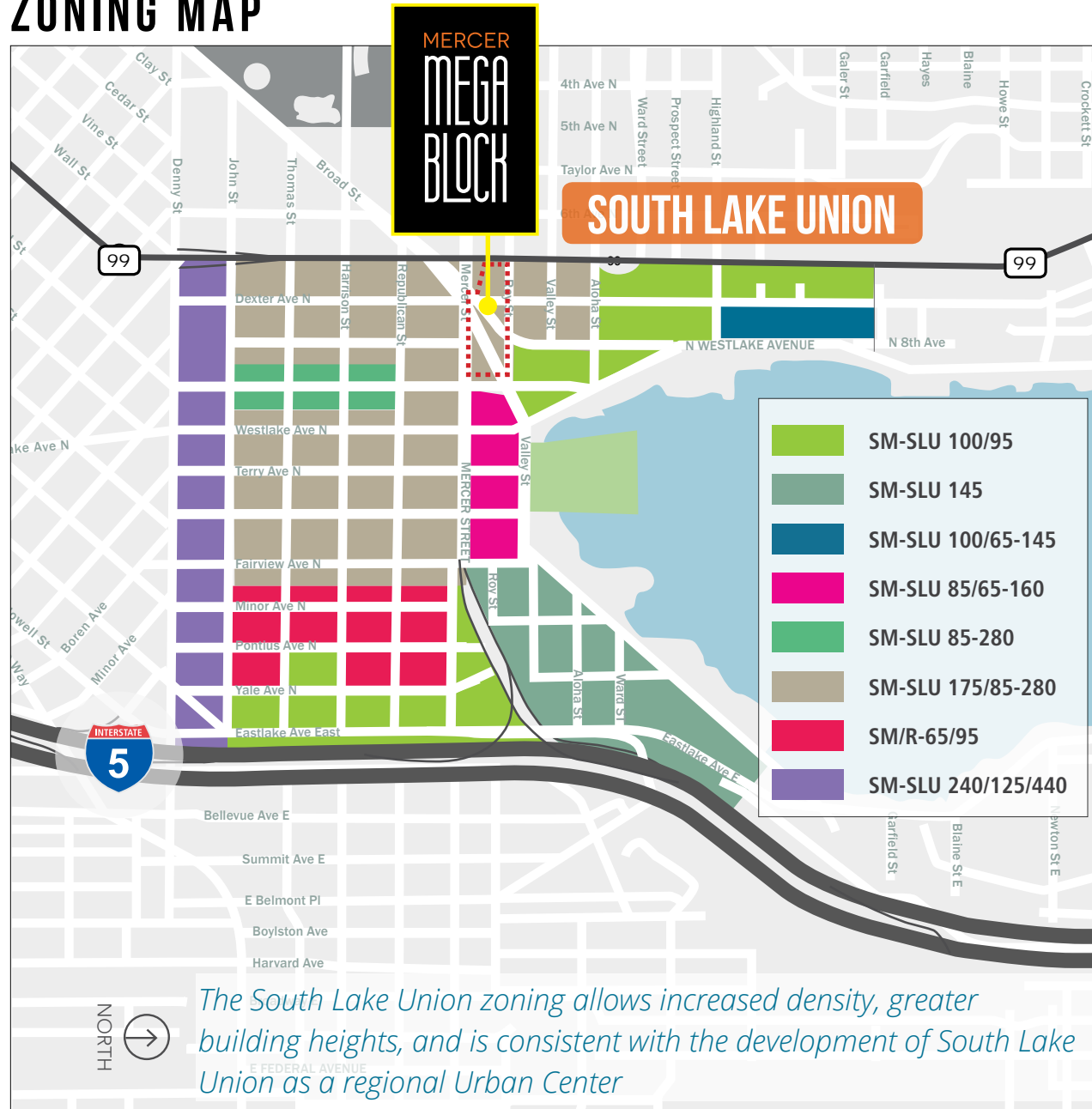
Provisions that provide for an increase in affordable housing in the city and investments in public amenities to promote a vital pedestrian environment and support the needs of a growing residential population

Sufficient development capacity that allows the neighborhood to accommodate future residential and employment growth

Standards that emphasize the pedestrian experience and encourage development of a pedestrian and open space network



# ZONING MAP



\*Information regarding podium heights is included in the Appendix.

## The primary goals of the South Lake Union Zoning:

Advance the City's growth management strategy as set out in the Comprehensive Plan and South Lake Union Neighborhood Plan

Promote a neighborhood that will provide a diverse mix of housing and employment

Support the continued growth of the city's economy and encourage a safe and active pedestrian environment

Create new infrastructure financing tools that will provide the critical public infrastructure and ensure South Lake Union remains an attractive and livable neighborhood for all who live and work





MERCER  
MEGA  
BLOCK

MERCER STREET

DEXTER AVE N

ROY STREET

6TH AVE N

6TH AVE N





# DEVELOPMENT CONSIDERATIONS

## MHA PROGRAM

The goal of the City of Seattle's MHA Program is to help meet both current and projected regional housing needs of all economic and demographic groups. This can be accomplished by requiring new development to offer affordable housing which will increase Seattle's housing choices. For more information regarding MHA: <http://www.seattle.gov/hala>.

## SOUTH LAKE UNION SEAPORT CORRIDOR

Development standards for the South Lake Union Urban Center control tower density for a multitude of reasons, including maintaining a flight corridor for South Lake Union Seaport operations. Developers shall be responsible for verifying the South Lake Union Flight Corridor overlay, and for conducting all project-level studies as needed to identify any potential conflicts with the air corridor and to determine the allowable building height on the site for ensuring safe aircraft operations.

Heights are not measured from sea level, but from the average surface elevation of Lake Union or approximately 18 feet above mean sea level ("AMSL"). Preliminary analysis indicates height limitations of 216 feet will be required for a portion of the project. Please see Appendix A.1 in Section V for a graphic of the South Lake Union Seaport Flight Path.

## BIKEWAY REQUIREMENTS

The goal of the Seattle Department of Transportation's Bicycle Master Plan is to build a network of cycling routes using approximately 100 miles of protected bike lanes and 250 miles of neighborhood greenways. With large paths along Westlake and parts of Mercer already in place, South Lake Union will continue to see the City tie the network together. Some planned routes such as the protected bike lane on 9th Ave N running from Westlake Ave N to Harrison Street will be right next to the Mercer Mega Block.





# DEVELOPMENT CONSIDERATIONS

## 8TH AVENUE CONSIDERATIONS

The City of Seattle will require that 8th Avenue N be established and maintained as either a 60-foot wide easement or dedicated right-of-way to provide through-way connections for pedestrians between Roy and Mercer streets, and function as a fully activated high-quality public open space (refer to Evaluation Criteria on pages 45-46). The space should employ a design vocabulary that embraces nature, integrates seamlessly into the surrounding streetscape and street network.

In order to achieve the maximum development potential for residential use of this site, 8th Avenue N would need to be treated as a dedicated right-of-way. This would increase the number of “block fronts” and permit two towers on both the Mercer East and Mercer West blocks.

As for nonresidential use, 8th Avenue N would be included as part of the development site and treated as a pedestrian easement. This easement would serve as a creative and open public space. Given a maximum FAR of 8.0, this will allow for an additional 80,000 SF of development.

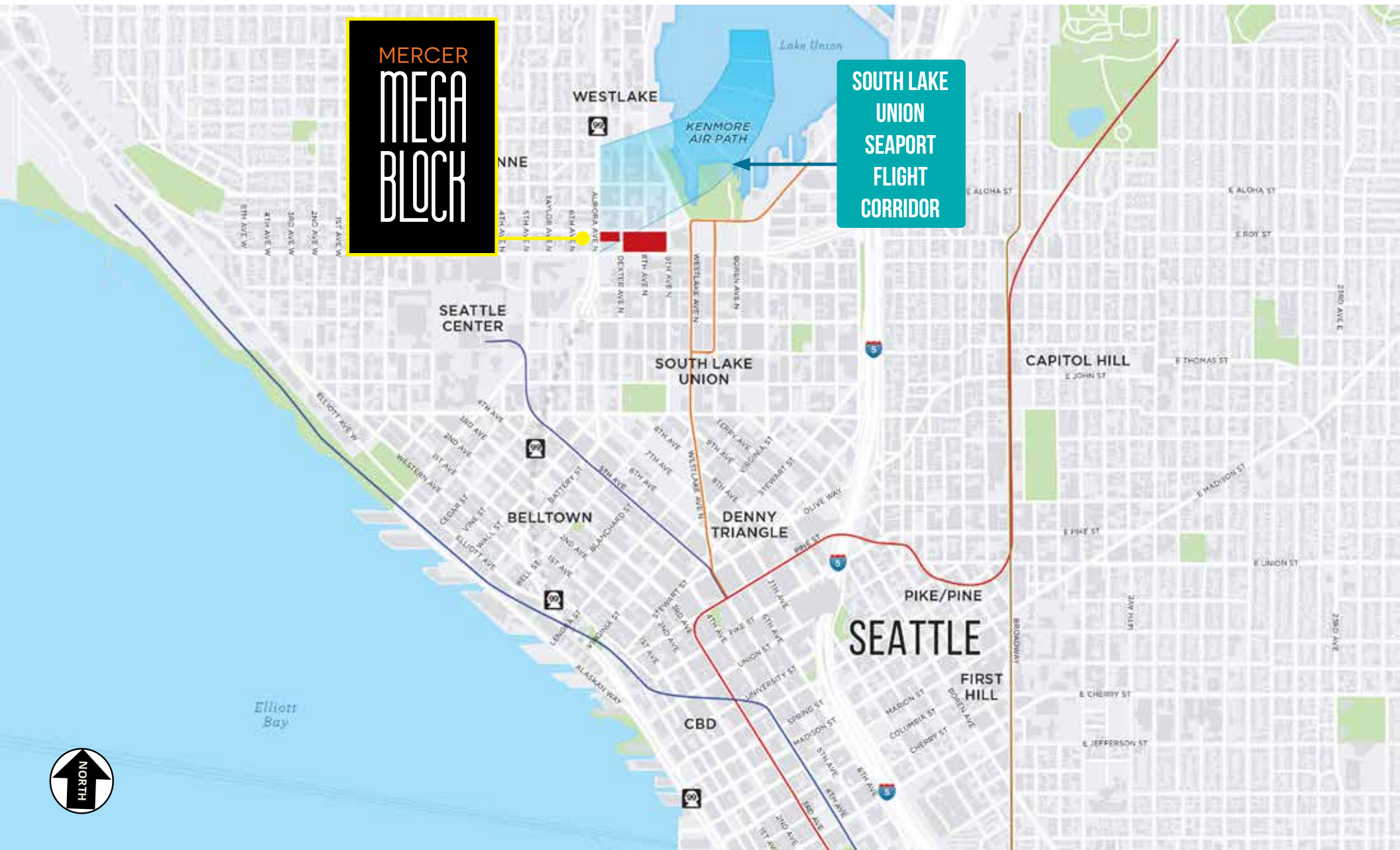
Both scenarios comply with SDOT’s “Broad Street Vacation 8th Avenue N Pedestrian Through-Block Design & Operations Guidelines” (See Appendix B.1). These guidelines would allow the street to be used for a variety of events such as festivals and markets and also address the need for enhanced landscaping, strategically-placed street furniture, and public art.

Mercer East and Mercer West include an utility easement over which structures are allowed within the language of the easement. It will be up to the prospective developer to determine requirements for the following, based on their intended use or uses:

- Building setbacks
- Open space/Landscaping
- FAR Bonuses/Exemptions/ Limitations
- Development standards
- Transfer development right
- Payment and MHA payment



# DEVELOPMENT CONSIDERATIONS (continued)





# DEVELOPMENT POTENTIAL

*Southwest aerial view*

## RESIDENTIAL DEVELOPMENT

The residential net site area is 113,160 SF, 1,199,013 chargeable SF, and a FAR of 10.60. The residential development would provide for 1,358 units.





# DEVELOPMENT POTENTIAL (continued)

## RESIDENTIAL

### Mercer East

The net site area for a residential development is 38,574 SF. This figure is inclusive of the square footage that must be dedicated to the 9th Avenue turn lane and the 8th Avenue right-of-way. The FAR associated with a residential development is 10.73 and results in a development potential of approximately 413,792 SF of chargeable area across 27 floors and 426 units.

### Mercer West

The net site area for a residential development is 50,826 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue right-of-way. The FAR associated with a residential development is 10.98 and results in a development potential of approximately 557,963 SF of chargeable area across 26 floors and 630 units.

### Dexter

The net site area for residential development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with residential development is 9.56 and results in a development potential of approximately 227,258 SF of chargeable area across 18 floors and 302 units.



Residential	Mercer East	Mercer West	Dexter	Total
Net Site Area	38,574	50,826	23,760	113,160
Chargeable Area (SF)	413,792	557,963	227,258	1,199,013
FAR	10.73	10.98	9.56	10.60
Floors	27	26	18	71
Units	426	630	302	1,358

*Note: 8th Ave is treated as a right-of-way, thus the development potential will vary from that of commercial and mixed-use.*

*See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.*

*Residential based on 650 SF average with an 82% efficiency in podium and 86% efficiency in tower.*



# DEVELOPMENT POTENTIAL (continued)

*Southwest aerial view*

## COMMERCIAL DEVELOPMENT

The net site area for nonresidential is 124,395 SF with a chargeable 996,652 SF and a FAR of 8.01. This is over the FAR standards and development must be limited to a FAR of 8.00. A commercial-only scenario provides 202,361 chargeable SF less than a residential-only scenario.





# DEVELOPMENT POTENTIAL (continued)

## COMMERCIAL

### Mercer East

The net site area for a nonresidential development is 44,067 SF. This figure includes the square footage that must be dedicated to creating the 9th Avenue North turn lane and the 8th Avenue North access easement. The FAR associated with a nonresidential development is 8.43 and results in a development potential of approximately 371,429 SF of chargeable area across 14 floors.

### Mercer West

The net site area for a nonresidential development is 56,568 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue North access easement. The FAR associated with a nonresidential development is 7.68 and results in a development potential of approximately 434,347 SF of chargeable area across 14 floors.

### Dexter

The net site area for nonresidential development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with a nonresidential development is 8.03 and results in a development potential of approximately 190,877 SF of chargeable area across 14 floors.

Commercial	Mercer East	Mercer West	Dexter	Total
Net Site Area	44,067	56,568	23,760	124,395
Chargeable Area (SF)	371,429	434,347	190,877	996,652
FAR	8.43	7.68	8.03	8.01*
Floors	14	14	14	42

\*Over FAR, limit development of 8.0

Note: 8th Ave is treated as an easement, thus the development potential will vary from that of residential.

See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.





# DEVELOPMENT POTENTIAL (continued)

*Southwest aerial view*

## MIXED-USE DEVELOPMENT

The net site area for mixed-use is 124,395 with a chargeable 1,228,060 SF, a FAR of 9.87, and a total of 563 residential units. This scenario would provide the most chargeable amount of square footage.





# DEVELOPMENT POTENTIAL (continued)

## MIXED-USE

### Mercer East

The net site area for mixed-use development is 44,067 SF. This figure includes the square footage that must be dedicated to creating the 9th Avenue turn lane and the 8th Avenue access easement. The FAR associated with mixed-use development is 10.73. This results in a development potential of approximately 472,754 SF of chargeable area across 24 floors and includes 135 residential units.

### Mercer West

The net site area for mixed-use development is 56,568 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue access easement. The FAR associated with mixed-use development is 9.33. This results in a development potential of approximately 528,048 SF of chargeable area across 24 floors and includes 126 residential units.

### Dexter

The net site area for mixed-use development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with mixed-use development is 9.56. This results in a development potential of approximately 227,258 SF of chargeable area across 18 floors and includes 302 residential units.

Mixed-Use	Mercer East	Mercer West	Dexter	Total
Net Site Area	44,067	56,568	23,760	124,395
Chargeable Area (SF)	472,754	528,048	227,258	1,228,060
FAR	10.73	9.33	9.56	9.87
Floors	24	24	18	66
Units	135	126	302	563



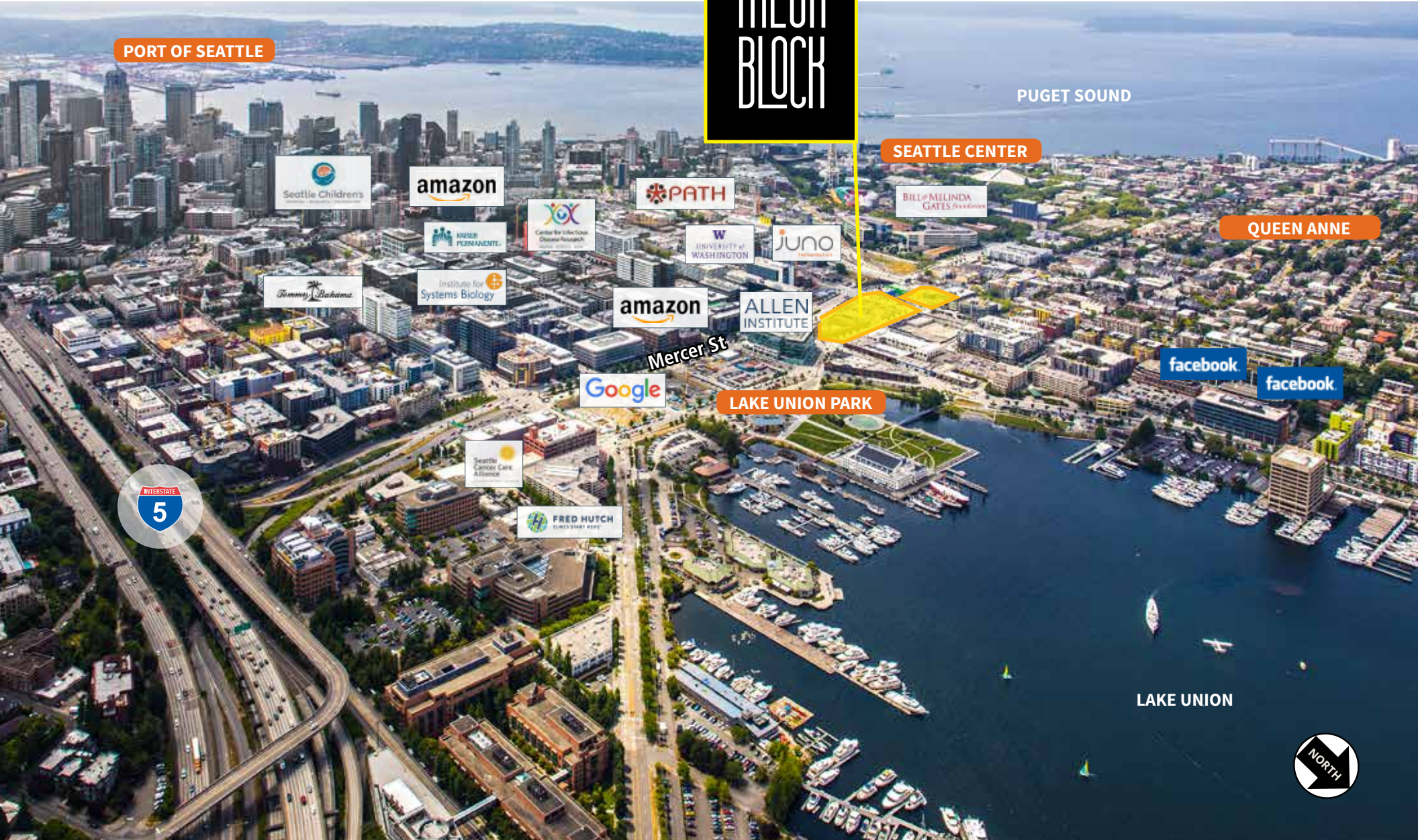
*Note: 8th Ave is treated as an easement, thus the development potential will vary from that of residential.*

*See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.*



# MAJOR AREA TENANTS

PROJECT OVERVIEW & DEVELOPMENT POTENTIAL





# RFP PROCESS & REQUIREMENTS





# SOLICITATION SCHEDULE

## SCHEDULE

The solicitation, receipt and evaluation of the RFP responses and the process for selecting a preferred Respondent are anticipated to follow the basic time frame below. JLL reserves the right to issue a written addendum at any time to alter the dates set forth. In the event of any change to the schedule below, all addenda to the RFP will be posted and will be posted at [www.CityofSeattleMercerMegaBlockRFP.com](http://www.CityofSeattleMercerMegaBlockRFP.com). Respondent is responsible for determining if any addenda to this RFP have been posted on the website up to the final date of submittal.

July				
M	T	W	T	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

August				
M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

September				
M	T	W	T	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

October				
M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

November				
M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30



RFP released to market .....	07/11
Deadline to submit questions .....	09/10
Initial offers .....	10/05
Interviews with shortlisted Respondents .....	10/29-10/30
Best and Final Offer (“BAFO”) issuance to Developer shortlist.....	11/05
BAFO Deadline.....	11/21
Award / commence due diligence .....	between 12/13 and 12/21

*Note: Above dates are subject to change.*

# INSTRUCTIONS & CONTACTS

## SUBMISSION INSTRUCTIONS

RFP submissions shall not exceed a total of 75 single-sided pages, including any appendices and required forms, using a minimum type size of 11. The Respondent shall submit one unbound original, five hard copies and one “high quality” digital unsecured PDF file on a flash drive and delivered no later than: **4:00 pm on Friday, October 05, 2018** directly to:

### Lori Hill

Managing Director

JLL

601 Union Street, Suite 2800, Seattle, WA 98101

**Email:** Lori.Hill@am.jll.com

Incomplete proposals, incorrect information, or late proposals may be cause for disqualification. Copies received by e-mail or fax will not be accepted.

Financial Qualifications and Litigation and Bankruptcy History (RFP Requirements, page 37) SHALL NOT be submitted as part of the hard copy or digital copy, but should be submitted in an unbound, hard copy format, in a sealed envelope(s) marked “[Insert Developer Name] – Financial Capacity/ Litigation History” (“Financial Capacity Envelope”). The sealed Financial Capacity Envelope MUST also contain a self-addressed, stamped envelope(s) to provide for the return of the information if so desired. The sealed Financial Capacity Envelope(s) must be delivered no later than **4:00 pm on Friday, October 05, 2018** directly to:

### Lori Hill

Managing Director

JLL

601 Union Street, Suite 2800, Seattle, WA 98101

**Email:** Lori.Hill@am.jll.com

## QUESTIONS

Respondents may submit questions and Requests for Information (collectively “RFIs”) in writing utilizing Appendix C.9 (RFI Template) and send via email to Lori Hill with JLL. RFIs must be submitted by the deadline stated in the Solicitation Schedule herein. JLL will endeavor to answer RFIs in writing on a timely basis; however, JLL is under no obligation to respond to all or any particular RFI.

Questions will be accepted via telephone but oral explanations and instructions shall not be considered binding. If necessary, an addendum will be issued in response to any questions that require a change to the RFP. Other than RFIs, no other communications with JLL or City officials, be it either elected or staff, or City consultants engaged for this project should take place during the selection process in an effort to influence the selection process. Any attempt to influence the selection process could result in the disqualification of the Respondent’s proposal.





# RFP REQUIREMENTS

A complete, concise and professional response to the RFP will enable JLL to identify the most qualified Respondents and will be indicative of the level of the Respondents' experience and commitment to the proposed project. Respondents must demonstrate their project concept, design and supporting financing plan necessary to successfully design, develop and deliver the proposed project. The contents of the Proposal must be clear, concise and complete with each section of the RFP Proposal tabbed and labeled in the order shown below.

## PROPOSAL COVER LETTER

The Cover Letter shall include the title of the RFP, submittal date, the lead Respondent, principal contact, address, telephone number, fax number, email address and website address, if applicable.

## PROJECT EXECUTIVE SUMMARY

A Project Executive Summary, not exceeding two (2) pages, shall be written in a narrated, non-technical style. The Project Executive Summary shall contain sufficient information for reviewers with both technical and non-technical backgrounds to become familiar with Respondent's acquisition price and transaction structure, project concept, Statement of Qualifications ("SOQs"), and its ability to satisfy the financial and technical requirements of the Project. The Project Executive Summary shall also include any relevant information the team believes is necessary to introduce the team and project to the evaluation panel.



# RFP REQUIREMENTS (continued)

## FINANCIAL QUALIFICATIONS

This section shall be used to provide the financial information for the Respondent team including the prime, any joint venture partners, and letters of interest or commitment from potential lenders and tenants. Form templates shall be used to disclose some of the required information (see Appendix D). Required information includes:

1. Most current unaudited financial statement on a year to date (“YTD”) basis including balance sheet, income statement and cash flow statements. Items submitted under this section will not count against the maximum page count for the RFP response;
2. Last three years of audited financial statements prepared by an independent certified public accounting firm which includes a balance sheet, income statement, cash flow statement and associated notes to the financial statements. If audited financial statements are not available then the Respondent may be required to provide the last three years of tax returns submitted to the IRS or other documentation satisfactory to the City. Respondent may be asked clarifying questions regarding the financial materials submitted. Items submitted under this section will not count against the maximum page count for the RFP Proposal; and
3. Listing of projects financed in the last ten years. Appendix C.4, C.5 and C.6 in Appendix C shall be used to disclose the information. The listing shall include the total project cost, amount of equity placed, the source of the equity, the amount financed, and the source of the financing. The listing of projects should include, but is not limited to, any projects identified under Past Project Qualifications.
4. The Financial Qualifications information required per the above SHALL NOT be submitted as part of the overall RFP, but rather in accordance with the guidelines outlined in accordance with the Submission Instructions on page 36. For purposes of the tabbed RFP Proposal, insert a single page stating that “Requested information for RFP Requirements, Financial Qualifications have been submitted under separate cover per the instruction in the RFP”.

## PAST PROJECT QUALIFICATIONS

This section shall be used to provide examples of the Respondent’s experience in the past ten years specifically related to the envisioned scope of the Project. Project related examples shall be submitted by utilizing the template provided in Appendix C.3.



# RFP REQUIREMENTS (continued)

## PROJECT CONCEPT AND PUBLIC BENEFITS

Respondent shall provide a narrative description regarding the Respondent's vision for each parcel on the site. The project proposal should aim to develop the site to its full potential consistent with applicable zoning and design guidelines.

The narrative should provide a high level summary of the proposed development and architectural concept and should, among other things:

1. Address the City's desire for active space, community space, flex space and gathering spaces, both indoors and outdoors;
2. Describe the intended uses and demonstrate plans to activate the ground floor;
3. Describe plans to activate the 8th Avenue pedestrian way;
4. Describe if affordable housing is provided within the development, including the number, size and affordability level of such units, and whether they will be in a stand-alone building or contained within a larger, market-rate building (Reminder: To better illustrate the price differential between bids including affordable housing versus bids not including affordable housing, Respondents proposing development of affordable housing are strongly encouraged to submit two (2) separate bids: one (1) in which the financial offer is based upon the inclusion of on-site affordable housing, and one (1) in which the financial offer is based upon not including on-site affordable housing;
5. Describe how parking will be integrated into the development and the proposed number of spaces, parking ratios and their location (surface/structured);
6. Describe how the development takes into account the community and the design standards laid out in planning documents;
7. Identify sustainability features for the development;
8. Describe how the site and building utility infrastructure will be addressed; and
9. Identify the public benefits as described on pages 11 and 12 of this RFP which you intend to provide and their location within the Project. Include a thorough and thoughtful explanation why you have chosen to incorporate those particular community benefits, as well as an explanation as to why you opted to not include other public benefits.

# RFP REQUIREMENTS (continued)



## PROJECT DESIGN

Respondent shall provide a basic concept development plan package that includes, at a minimum, a site plan/ground floor plan, elevations, sections and representative illustrations of the development in scales to be determined by Respondent. All drawings submitted should be legible, orient north-up and should only include one plan or elevation/perspective per sheet. All drawings are to be to scale, with all dimensions, materials and other notes clearly legible at 11X17 inch sheet size.

1. **Site Plan/Ground Floor Plan:** Provide a development site plan with all buildings, streets, and project/land uses within 300 feet, with the development site in the center. The site plan should illustrate the proposed development concept for the Project, including proposed building(s) footprint, proposed open spaces and landscape design concept(s), parking with parking counts, vehicular and pedestrian access. The Ground Floor Plan should show proposed ground floor usage with color-coding to distinguish area allocations among commercial, residential, service/parking, and circulation corridors and should illustrate parking layout, identify locations of mechanical and system utilities;
2. **Elevations:** Provide colored architectural exterior elevations for each unique building (indicating the number of buildings represented by each elevation). Elevations should provide a comprehensive view of the entire development and illustrate proposed building massing and height, fenestration, materials and colors of all finishes and related architectural elements;
3. **Context/Perspective Drawings:** Provide a representative illustration of the proposed development (plan, aerial sketch, photomontage, etc.) clearly showing massing and the relationship to adjacent structures and finished grades, open spaces, streets, and any parking areas. This drawing should clearly illustrate the relationship of the proposed project to the adjoining street and the neighborhood. The perspective should show the proposed development in context with the adjacent building masses. Context elements do not need to be photo-realistic, but must accurately convey the bulk, scale and character of the surrounding area.

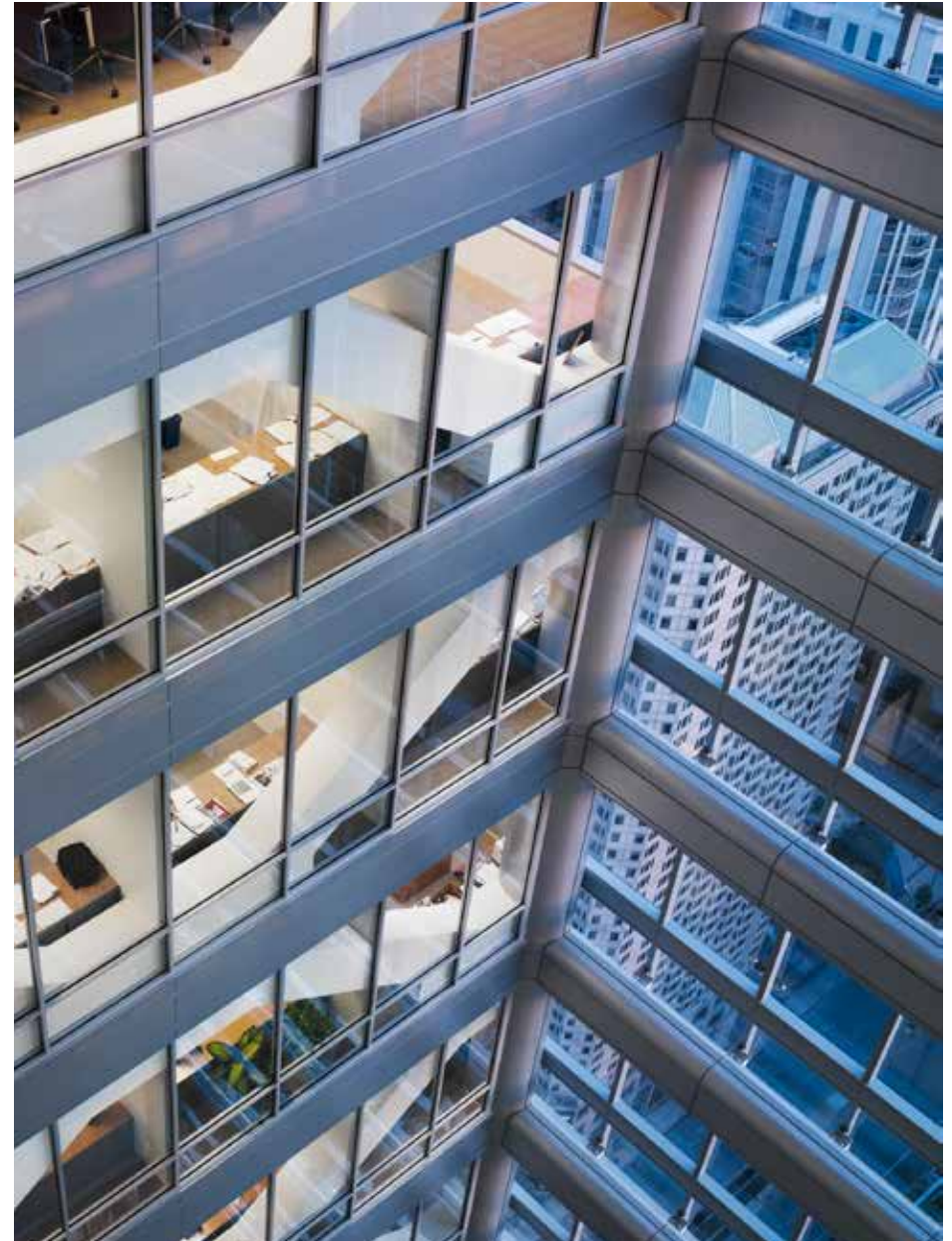


# RFP REQUIREMENTS (continued)

## FINANCIAL OFFER

The City has a strong preference to receive offers on the properties with an unsubordinated long-term ground lease (a subordinated ground lease proposal would be considered non-responsive), but will consider alternative site acquisition offers such as a fee simple sale. Respondents shall provide a detailed proposal to acquire the site including, purchase price or ground lease terms and all other terms, conditions, and contingencies based on the transaction structure and the information provided in the Respondent's proforma (RFP Requirements, Project Financing Plan and Supporting Pro-Formas). The City requests Respondents to illustrate the purchase price differential associated with including versus not including on-site affordable housing and to clearly quantify the economic value that is associated with each community benefit element that has been chosen to be included. Other critical elements of the proposal shall include, but not be limited to:

1. Transaction structure (i.e. fee simple or ground lease);
2. Purchase price & earnest money deposit;
3. Payment terms;
4. Ground lease terms and payment structure (if applicable);
5. Conditions & contingencies;
6. Due diligence period; and
7. Closing timeframe.



# RFP REQUIREMENTS (continued)

## PROJECT FINANCING PLAN AND SUPPORTING PRO-FORMAS

Respondents should provide a narrative describing the Respondent's approach to financing the Project, identification of any perceived challenges to financing the Project and proposed innovations to meet these challenges. Respondents should address their views as to the most significant risks to the Respondent with respect to financing the Project and how those risks can be addressed, mitigated or allocated. The City will not contribute any funding towards the Project.

Within the narrative, Respondent should also include:

1. The entity that will be responsible for financing the Project;
2. The estimated total project cost;
3. The sources of any funding (e.g. private equity, bonds, commercial loan, bond financing, etc.). Include any letters of interest or commitment letters from equity partners or lenders;
4. The estimated financing amount, including rate, term and yields; and
5. Expected cap rates, expected leveraged and unleveraged Internal Rates of Return, yield expectation or other relevant information.

Respondents shall include in their submittal a detailed proforma utilizing the template in Appendix C.7. It requires populating basic project details and the mix of uses, sources and uses, development cost, income statement and a cash flow statement which should include, but is not limited to:

1. An all-in development budget including all direct, indirect, and financing costs, which clearly specifies key assumptions and how calculations are made, including from predevelopment up to, and including, stabilized operation;
2. A stabilized-year operating statement detailing assumptions for all sources of income, a vacancy factor, detailed operating expense budget, Net Operating Income ("NOI"), capital reserves, debt service, and equity returns;
3. A sources and uses table during predevelopment and construction;
4. A sources and uses table during permanent phases of the Project;
5. A clear statement regarding the Respondent's profit/return requirement and how it is calculated; and
6. A long-term projection of operating income and cash flows.

Respondents shall include a market demand analysis and assessment of current and projected market conditions for use and density that the Respondent believes are appropriate for the Project. The analysis should include sufficient information to establish the market support for the Project based upon analysis of demand generators, competitive supply, market pricing, competitive position and anticipated market share/capture.



# RFP REQUIREMENTS (continued)

## DEVELOPER RESPONSIBILITIES

The selected Developer will be required to enter into a Disposition and Development Agreement (“DDA”) with the City and the property will be subject to easements required by the City of Seattle. The City anticipates that the general scope of the successful development team’s responsibilities under the Disposition and Development Agreement will be as follows:

1. **Project Planning & Design:** The Developer will be responsible for all aspects of the pre-development planning and due diligence activities, environmental review, project refinement and project design. The Developer will be responsible, at its cost, for obtaining all land use entitlements and other government approvals required for its proposed project, and the Developer will be expected to pay all permits, processing, and any other applicable fees related to the development (e.g., traffic and /or transit impact fees), without credit;
2. **Construction:** The Developer will be responsible for construction and commissioning of the Project including obtaining all permits, fees, and approvals necessary for construction of the Project;
3. **Financing:** The Developer will be responsible for providing funding for the Project, whether it be in the form of debt financing, equity, or a combination thereof. In the event of debt financing, it is imperative that no financial or credit risk is imposed upon the City;
4. **Transfer and Development Costs:** The Developer will be solely responsible for construction of all improvements. This includes all on-site or off-site improvements and any changes from existing conditions, including underground utilities, street lighting, curbs, gutters, street trees, and sidewalks. This also includes any and all impact fees assessed by any agency or government body. All title insurance and escrow costs, transfer taxes, parcel or subdivision maps, and any other transfer or development costs will be the sole responsibility of the Developer;
5. **Insurance:** The Developer will obtain insurance as required by the City;
6. **Taxes and Fees:** The Developer will be responsible for paying all taxes and fees, including any possessory interest taxes;
7. **Indemnification:** The Developer will agree to defend, indemnify and hold harmless the City from any and all activities and liabilities associated with the Project site; and
8. **Government & Community Relations:** The Developer will work collaboratively with the City to ensure appropriate outreach and engagement with the neighborhood, as well as with local government officials and agencies.

# EVALUATION PROCESS

The proposals will be reviewed by an Evaluation Committee that will make a recommendation to the City Council for approval of the selected Respondent. The Evaluation Committee will review and evaluate proposals using the methodology as described in this section.

JLL will open the proposals and perform a preliminary review on behalf of the City. City action on defective proposals may include refusal to evaluate such Proposal and elimination of Respondents submitting such Proposal from the proposal process. JLL reserves all rights to take any action consistent with the requirements of this Request for Proposals including, without limitation, requesting additional information after receipt and opening of the proposals and waiving any inconsequential defects, or requesting revisions of any minor discrepancies.

Only those proposals which JLL and the City deem responsive, having met the minimum requirements as outlined in the RFP, shall be further evaluated by the Evaluation Committee.

Following receipt and evaluation of proposals, one or more of the Respondents may be invited to confidential and proprietary interviews/presentations. Each invited Respondent will have an opportunity to discuss its Proposal in detail with the Evaluation Committee. This is another opportunity to request additional clarification. In these interviews, the Respondent and its team of contractors, architects, and any other consultants will present their Proposal, and respond to questions from the Evaluation Committee. Each Respondent must have their proposed key personnel assigned to the Project present as the primary representatives during this process. The specific date(s), times, and locations for each Respondent's interview will be established and announced at a later date. The Evaluation Committee reserves the right to request additional information through interviews, presentations, or documentation. Additional information will be requested by JLL through a written notice to each invited Respondent.

The Evaluation Committee may request one or more Respondents to submit best and final proposals, and if award is to be made, it will be based on all materials submitted including the information contained in the original Proposal and the best and final Proposal. The Evaluation Committee will consider all submission materials, presentations, and interviews when making a final decision.

## EVALUATION CRITERIA

The shortlisted Respondents for the RFP will be evaluated according to the criteria set forth below. This evaluation process will guide the Evaluation Committee's decision, but will not control the Evaluation Committee's decision. The Evaluation Committee will consider all submission materials, presentations, and interviews when making a final decision. Except as otherwise expressly specified below, the order in which the evaluation criteria appears within each category below is not an indication of weighting or importance. Proposals shall be evaluated based on the following:

1. Financial offer and associated terms, including financial capabilities
2. Affordable Housing
3. Building and Public Space Activation, Community Benefits, and Sustainability
4. Proposed project and development team



# EVALUATION PROCESS (continued)

Proposal responsiveness will be measured against criteria including, but not limited to, the following:

## FINANCIAL OFFER AND CAPABILITIES

### Evaluation Criteria

<b>A</b>	Evaluation of the team's past ability to commit sufficient equity to the Project to satisfy conventional lending requirements.
<b>B</b>	Evaluation of the team's past ability to secure financing for similar projects, including relationships with current lenders.
<b>C</b>	The purchase price or ground lease terms offered to the City for the purchase of the properties.
<b>D</b>	Any contingencies or other conditions associated with the purchase offer.

## COMMUNITY BENEFITS

### Evaluation Criteria

<b>A</b>	Development concepts that create a range of housing, and/or affordable housing and <b><u>the financial impact of creating such housing</u></b> , specifically considering: <ol style="list-style-type: none"> <li>1. How well the development provides a range of affordable unit sizes, including family-sized 2 and 3-bedroom units;</li> <li>2. The number of units affordable to households with incomes at 30%, 50% and 60% AMI; and</li> <li>3. Whether the affordable housing will be developed, owned and operated by an experienced affordable housing provider.</li> </ol>
<b>B</b>	To the degree the community benefits provided on the ground floor activate the 8th Avenue pedestrian easement and provide specific and unique benefits to the surrounding neighborhood.
<b>C</b>	The overall development's provision of community benefits such as local school, micro-retail, community space, daycare, maker space, etc.
<b>D</b>	Evaluation of sustainability features that exceed the minimum baseline of LEED Gold or maximize ESDS points.

**Note:** Respondent shall clearly quantify the economic value associated with each chosen community benefit included as well as articulate why Respondent opted to not include other community priorities and benefits.



# EVALUATION PROCESS (continued)



## PROPOSAL AND DEVELOPMENT TEAM

### Evaluation Criteria

<b>A</b>	Evaluation of the project concept and vision.
<b>B</b>	How well does the project concept take advantage of the unique attributes of this premier site and integrate with its surroundings to create a sense of place and destination along the Mercer Street Corridor.
<b>C</b>	How strong is the proposed development's connectivity with the adjacent neighborhood and open spaces, and the strengthening of the streetscapes.
<b>D</b>	Evaluation of past project performance.





# POST SELECTION PROCESS

## EXCLUSIVE NEGOTIATION AGREEMENT

Immediately after the City Council selects a Preferred Respondent the City, in conjunction with JLL and the Preferred Respondent, shall enter into an Exclusive Negotiation Agreement (“ENA”). The negotiations will address all documents necessary to successfully perform all components of the Respondent’s proposal, which may include, but is not limited to, a Disposition and Development Agreement (“DDA”). The ENA will document procedural and substantive performance benchmarks for preparing and executing the DDA and required project documents, and remedies for failure to meet the benchmarks (including termination of negotiations). The essence of the ENA will be to establish an exclusive period of good faith negotiations to achieve goals that are mutually agreed, and if the negotiations are not successful under parameters documented in the ENA, the parties will have the right to terminate negotiations.

After execution of the ENA, the City and the Respondent shall commence good faith negotiation of the DDA. The agreements shall be subject to approval by the City Council.

The parties shall also take all other actions documented in the ENA, which are anticipated to include:

- A. The Preferred Respondent will commence its due diligence review of the site(s);
- B. The Preferred Respondent will complete the project entitlement approval processes, public outreach and any required environmental review;
- C. The Preferred Respondent will negotiate the DDA and other related documents or agreements for the development of the project incorporating specific terms, including the City’s and Respondent’s respective responsibilities, the economic parameters, development standards and requirements and performance schedules;
- D. The City and the Preferred Respondent will negotiate the terms of the agreements; and
- E. Obtain any further City Council approve of the project as may be necessary.

If an agreement cannot be negotiated with the Preferred Respondent that is satisfactory to the City after the parties have negotiated in good faith, the City, at any time and in its sole discretion during the negotiating period, may formally end discussion with the Preferred Respondent and:

- A. Reject the submittal;
- B. Issue a request for revisions to submittal;
- C. Extend the period for negotiations; or
- D. Move to proceed with negotiation with another Respondent that has the next highest evaluation score based upon the Evaluation Criteria.

# POST SELECTION PROCESS (continued)

## **FURTHER STUDIES AND ANALYSIS**

Any further studies and analysis required to further define the project during the negotiating period will be the responsibility of the Preferred Respondent.

## **ENVIRONMENTAL REPORTS / CONSIDERATION**

Appendix A contains Environmental Reports and are available for reference purposes only.

## **UTILITIES**

Appendix A contains reference materials for understanding the current status of utilities on the Property.

## **ENTITLEMENTS, PERMITS, AND APPROVALS**

The Preferred Respondent will be responsible for obtaining all entitlements, permits, and approvals necessary for the development of the Mega Block. This section outlines the necessary steps that the Preferred Respondent has sole responsibility to obtain all entitlements, permits, and approvals necessary for the development of the Project.

In reviewing and approving development plans and discretionary permits, the City shall be guided by the goals and policies of the Comprehensive Plan for the City of Seattle, the development and use standards set forth by the Zoning Ordinance and applicable standards including South Lake Union design guidelines, the City's Design Guidelines and the 8th Avenue N Pedestrian Through-Block Design & Operations Guidelines.



# DISCLOSURES

## CITY'S RIGHTS PERTINENT TO THIS SOLICITATION

The City reserves the right to reject any and all proposals or to cancel this solicitation.

The City may amend this solicitation by addendum. Addendums will be posted at [www.CityofSeattleMercerMegaBlockRFP.com](http://www.CityofSeattleMercerMegaBlockRFP.com). It will be the Respondent's responsibility to check the web site up to the final date of Proposal for any possible addendums.

The City accepts no financial responsibility for any cost incurred by the Respondent during either phase of the selection process. All proposals become the property of the City and may be used in any way deemed appropriate.

1. The City reserves the right, at any time and in its sole and absolute discretion, to reject any or all proposals, to waive any irregularities or informality with respect to any proposal, to modify the review period and/or request additional information from proposers to inform and support the evaluation process, and to amend or withdraw the RFP without notice. No agreements or understandings between the City and any proposer(s) shall be binding until agreement documents have been duly executed following an authorizing ordinance by the Seattle City Council.
2. After submission of a proposal, and before acceptance of any proposal, the City may request, and proposers shall furnish, such additional information related to the proposal and their financial status as the City may reasonably request.
3. If a Selected Proposer does not execute an agreement, the City may select another proposer for negotiations, may call for new proposals, or may contract with another party to take any other action the City deems to be in its best interest.
4. This process does not commit the City to award a contract.
5. This process is not intended to be a low bid process, and the City reserves the right to negotiate with a Selected Proposer to modify, amend or change the terms of the proposal for incorporation into a final agreement, as the City determines to be in its best interest.
6. All materials submitted in response to this RFP will become the property of the City.
7. The Respondent agrees that, if selected, the City will review and approve all news releases and other public comment pertaining to this solicitation and/or subsequent will be submitted in advance in writing to the City's project manager.
8. The City reserves the right to withdraw this solicitation at any time without prior notice and makes no representation that any agreement will be awarded to any Respondent. Additionally, the City expressly reserves the right to postpone opening responses to this solicitation for its own convenience, and/or to waive any informality or irregularity in the responses received.

# MARKET CHARACTERISTICS







## MARKET OVERVIEW

### OFFICE MARKET

The Lake Union submarket remains in high demand, demonstrated by 14 consecutive years of positive net absorption. Its Class A space is the highest in the region, at **\$48.49** per square foot and Class A vacancy is just **4.3%**. While 2017 was the third straight year with new deliveries of over 1 million SF of new office space, vacancy rates have continued to fall to their current level.

In the Seattle market, a major trend is preleasing of new office space by single tenants. Three-quarters of the deliveries since 2016 (3.3 million SF) were preleased by single tenants, and over 800,000 additional SF were preleased by tenants not taking a full building, but committing to 90,000 square foot blocks and larger. In South Lake Union, four new buildings were delivered in 2017, three of which were fully leased to single tenants: Troy Block North (Amazon), Tilt49 (Amazon) and the Alexandria Center (Juno Therapeutics). Additionally, of the 1.8 million SF currently under construction in Lake Union, over 1.0 million is preleased to Google, and Facebook. Momentum is so high, that Kilroy recently broke ground on 333 Dexter despite not having a lease in place. The 630,000 square foot spec project is scheduled to deliver in late 2019.

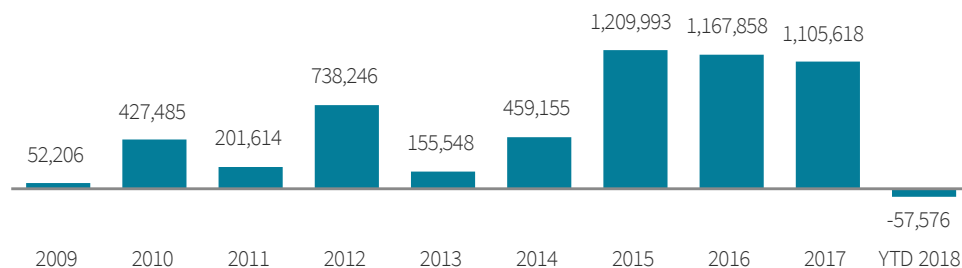
*Amazon occupies 13 million SF of space in the Lake Union and Belltown/Denny Regrade submarkets including buildings under construction and planned, making it the largest employer in Seattle, and the largest occupier of downtown office space by one company in the U.S.*

The Fred Hutchinson Cancer Research Center is the second largest office tenant, with 1.5 million SF in Lake Union. Facebook is currently in Eleven01 Westlake and Dexter Station, and will bring their occupied total in South Lake Union to nearly 900,000 SF with the delivery of Arbor Blocks in 2019. Google, with the occupancy of 600,000 SF in Lakefront Blocks, will occupy over 750,000 SF within a 2-mile radius of Mercer Mega Block. Other tenants with over 500,000 SF of space in South Lake Union include the Bill & Melinda Gates Foundation (600,000 SF) and UW Medicine (545,000 SF).

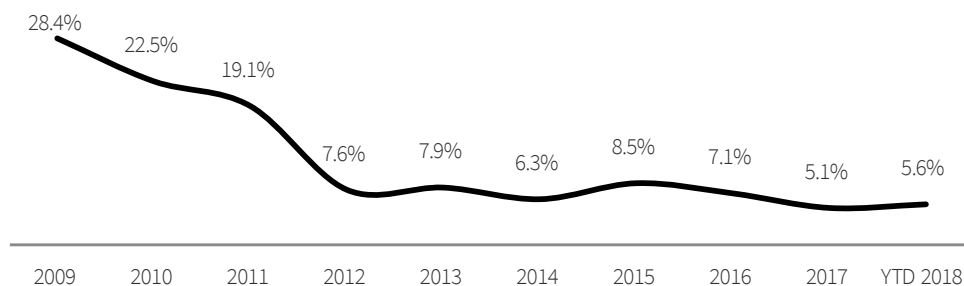
# MARKET OVERVIEW (continued)

## SOUTH LAKE UNION OFFICE MARKET

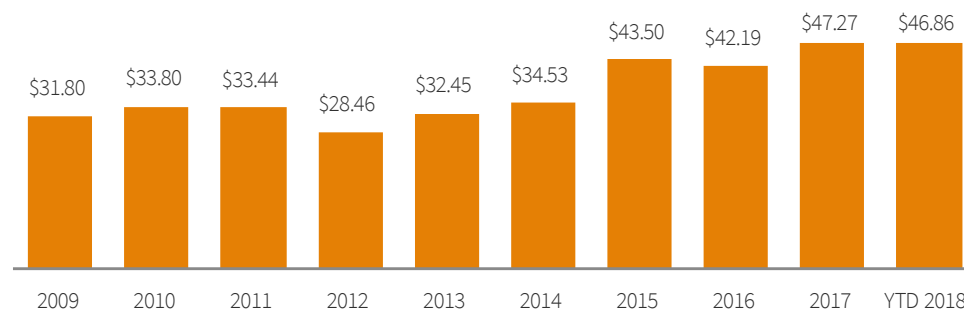
### TOTAL NET ABSORPTION



### TOTAL VACANCY RATE



### DIRECT AVERAGE ASKING RENTS (\$/PSF)



**9.9 MILLION SF**

Inventory

**1.8 MILLION SF**

Under Construction

**\$48.49**

Class A Average Direct Asking Price

**\$36.04**

Class B Average Direct Asking Price

**0**

Available Class A Blocks Greater than 100,000 SF

**5.6%**

Total Vacancy



## MARKET OVERVIEW (continued)



### LIFE SCIENCES/MEDICAL TECHNOLOGY

South Lake Union has become a biotech hub, ranking in the national top 10 in VC and NIH funding as well as patents issued. It is home to **Fred Hutchinson Cancer Research Center, Institute for Systems Biology, Allen Institute for Brain Science, Juno Therapeutics, Infectious Disease Research Institute, PATH, Seattle Biomedical Research Institute and UW Medical Research**. Many of these are supported by the Bill & Melinda Gates Foundation, which has an endowment of more than \$40.3 billion, and currently employs over 1,000 people and expects to grow this number significantly.

The presence of the life sciences community plays a large role in Lake Union being the most expensive submarket in the Downtown Seattle cluster. Average asking rates for lab space are **\$60.55** per square foot, FS. This is an increase of **20.3%** year-over-year and represents a **29.2%** premium over traditional Lake Union office space.

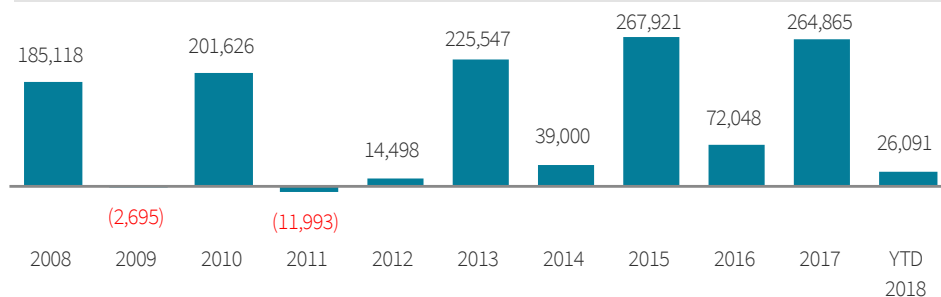
Even within the tight South Lake Union office market, lab space has an extremely low vacancy rate of **1.4%**. The most recent life sciences project delivered in Q2 2017 fully leased by Juno Therapeutics. 1818 Fairview, a 205,000 square foot lab project being developed by Alexandria, is scheduled for completion in Q1 2019.

*Lake Union's global health and bio-technology industry is thriving with the presence of companies like Institute for Systems Biology, Pacific Northwest National Laboratory, Allen Institute for Brain Science, Pacific Northwest Research Institute, Infectious Disease Research Institute, and UW Medical Research.*

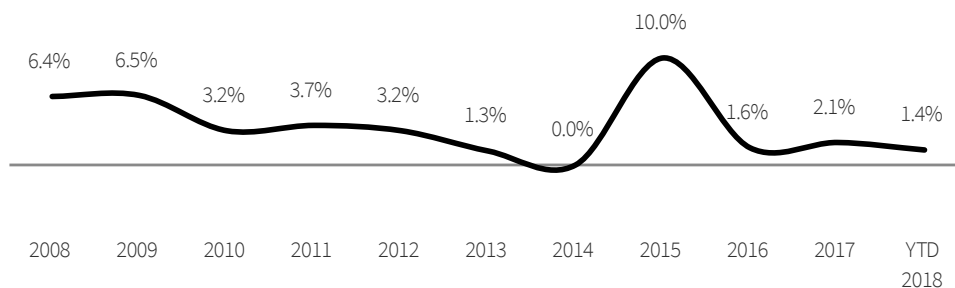
# MARKET OVERVIEW (continued)

## SOUTH LAKE UNION LIFE SCIENCES MARKET

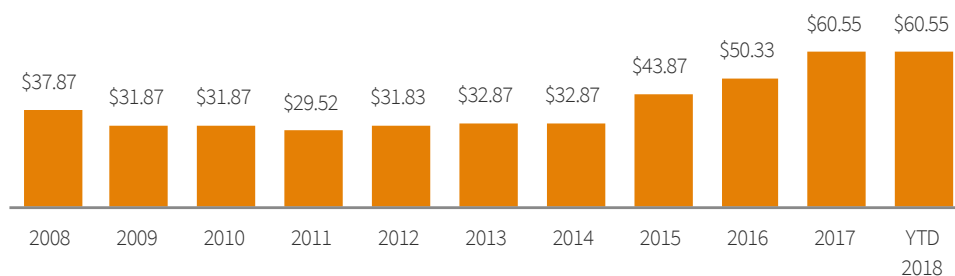
### TOTAL NET ABSORPTION



### TOTAL VACANCY RATE



### DIRECT AVERAGE ASKING RENTS (\$/PSF)



**3.7 MILLION SF**

Inventory

**205,000 SF**

Under Construction

**\$60.55**

Average  
Asking Price

**20.3%**

Rent Growth  
Y-o-Y

**0**

Available Blocks Greater  
than 100,000 SF

**1.4%**

Total Vacancy



# MARKET OVERVIEW (continued)

## SOUTH LAKE UNION MULTIFAMILY MARKET

Currently, there are **11,254** residential units in South Lake Union. There are **4,903** units under construction and an additional **6,421** units planned/proposed or in an early planning/holding stage of development to help satisfy the immense demand for housing in Seattle, and specifically in South Lake Union. With 5,869 units added since 2010, the supply has more than doubled while vacancy rates have stayed below 5%. (currently vacancy is at 4.8%).

Increased demand with rising rents and robust job growth are all part of why South Lake Union continues to be a top option for residential living. The area has evolved into a major hub for both local and out-of-state companies. The two biggest factors driving this trend are the large talent pool in the area and relatively low cost of living, when compared to major hubs like San Francisco. Due to the strong job market and high quality of living, South Lake Union continues to attract residents, particularly Millennials, at a continually fast pace.

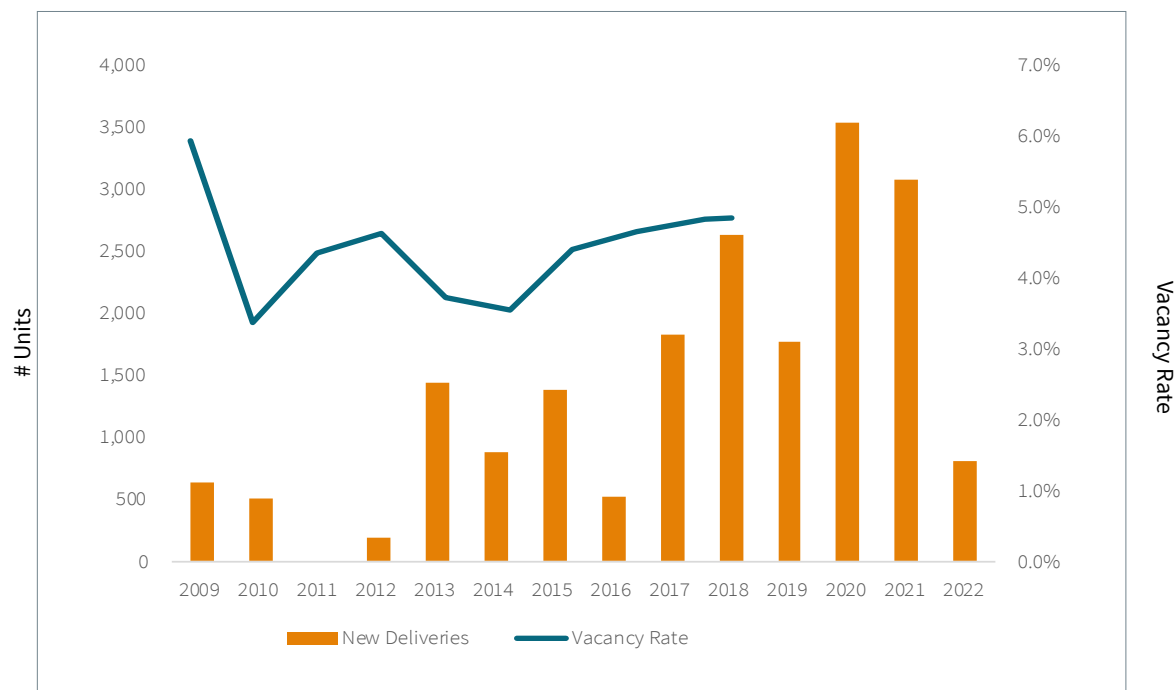
*Demand for residential is high and there are currently 4,903 units under construction and 6,421 proposed in South Lake Union*





## MARKET OVERVIEW (continued)

### SOUTH LAKE UNION MULTIFAMILY MARKET



**11,254**  
units in  
South Lake Union

**6,421**  
planned units

**\$2,430**  
Average new  
construction rent



**5,198**  
units added  
since 2010

**\$3.29**  
Average rent  
p.s.f.

**4.8%**  
Current vacancy



# OFFICE LEASE COMPARABLES

Photo	Property	Tenant	Sign Date	Term (mos)	Square Feet	Yr-1 Rental Rate/ SF (NNN)	Annual Increases	TI's \$/SF / Free Rent (mos)	Comments
	9th & Thomas 234 9th Ave N Seattle, WA	Amazon	Nov - 2017	180	159,037	\$38.00	2.50%	\$75.00 0	New Lease
	Tilt49 1812 Boren Ave Seattle, WA	Amazon	Feb - 2017	180	288,927	\$36.00	2.50%	\$100.00 0	New Lease
	Eleven01 Westlake 1101 Westlake Ave N Seattle, WA	Facebook	Dec - 2016	180	150,621	\$37.50	\$1.00	\$90.00	New Lease
	Westlake Terry 320 Westlake Ave N Seattle, WA	Amazon	Nov - 2016	144	272,798	\$38.00	3.00%	\$72.00	New Lease
	400 Fairview 400 Fairview Ave N Seattle, WA	Delta Dental	Oct - 2016	144	61,556	\$37.75	3.00%	\$85.00 2	New Lease
	Midtown21 1007 Stewart St Seattle, WA	Amazon	Oct - 2016	186	362,892	\$35.00	2.50%	\$100.00 5	New Lease
	Hill7 1099 Stewart St Seattle, WA	Redfin	May - 2016	126	112,990	\$35.00	\$1.00	\$100.00 6	New Lease

# MULTIFAMILY COMPARABLES











Photo	Property	Year Built	# Units	Avg. Market Rents	Avg. Rent/SF	Avg. Size (SF)
	Stratus 820 Lenora St Seattle, WA	2018	396	\$3,647	\$3.92	930
	AMLI Arc 1800 Boren Ave Seattle, WA	2018	393	\$3,319	\$4.26	779
	Helios 1600 2nd Ave Seattle, WA	2017	398	\$3,019	\$3.99	757
	Tower 12 2015 2nd Ave Seattle, WA	2017	314	\$3,311	\$3.80	871
	Radius 400 Boren Ave N Seattle, WA	2016	282	\$2,381	\$3.48	684

Photo	Property	Year Built	# Units	Avg. Market Rents	Avg. Rent/SF	Avg. Size (SF)
	JUXT 810 Dexter Ave N Seattle, WA	2016	361	\$2,245	\$3.27	687
	Mark on 8th 285 8th Ave N Seattle, WA	2016	174	\$2,267	\$3.41	665
	8th + Republican 430 8th Ave N Seattle, WA	2016	211	\$2,376	\$3.09	769
	Cirrus 2030 8th Ave Seattle, WA	2015	355	\$3,030	\$3.49	868
	Premiere on Pine 1525 9th Ave Seattle, WA	2015	386	\$3,257	\$4.01	812



# LAND COMPARABLES

Property	Sale Date	Land sf / Potential sf	Sale Price \$/sf	Max FAR \$/FAR	Zoning	Developer / Seller
701 Dexter	Under Contract	27,127	\$33,500,000	8.00	SM-SLU 175/85-280	Alexandria
701 Dexter Ave		217,016	\$1,235	\$154		Unico + Franklin Templeton
1916 Boren Ave	May-2017	22,799	\$25,000,000	8.00	DMC 240/290-440	GZI Boren
1916 Boren Ave		182,392	\$1,096	\$137		Concerto Investments
753 9th Ave N	Mar-2017	14,030	\$16,000,000	6.75	SM-SLU 100/95	Vulcan
753 9th Ave N		94,703	\$1,140	\$169		Olson Real Estate Group
ArtMarble 21	Feb-2017	13,198	\$12,850,000	6.75	SM-SLU 100/95	Vulcan
731 Westlake Ave N		89,087	\$974	\$144		Kenney Family Properties
Video Only	Feb-2017	18,000	\$16,500,000	6.75	SM-SLU 100/95	Vulcan
707 Westlake Ave N		121,500	\$917	\$136		Kenney Family Properties
901 Harrison	Oct-2016	21,600	\$28,500,000	8.00	SM-SLU 175/85-280	Vulcan
901 Harrison St		172,800	\$1,319	\$165		Macfarlane Partners
306 Dexter	Sep-2016	12,000	\$20,820,000	8.00	SM-SLU 1175/85-280	Vulcan
306 Dexter Ave N		96,000	\$1,735	\$217		Samuel & Maria Wagoner Trust / J Michael Wilderman
UW Medicine Land Sale	Aug-2016	104,544	\$133,599,000	8.00	SM-SLU 175/85-280	Shidler Group
850 Republican St		836,352	\$1,278	\$160		Vulcan
Ivey Seright Print	May-2016	14,418	\$16,250,000	8.00	SM-SLU 175/85-280	Create World America
427 9th Ave N		115,344	\$1,128	\$141		Wilshire Capital
Buca di Beppo	Mar-2016	29,620	\$35,000,000	6.75	SM-SLU 100/95	Vulcan
701 9th Ave N		199,935	\$1,191	\$175		Walton Street Capital / Talon







## NEIGHBORHOOD SUMMARY

### UNPARALLELED LOCATION


Mercer Mega Block is located in the heart of the South Lake Union neighborhood. With a nearly perfect Walk Score of 92, the city is literally at your feet. Step outside to world-class entertainment, Seattle Center festivals, and endless dining options, or pop down the street for groceries and everyday essentials. Walk to work at Amazon, the Gates Foundation or anywhere in South Lake Union, or hop on the Seattle Center Monorail to the downtown core.

The site is in close proximity to numerous metro bus lines (stops only one block away); Highway 99 entrances (one block North, and one block South); the South Lake Union Street Car (one block to the east), the regional Light Rail system (tracks run underground approximately eight blocks to the south), and Sea-Tac Airport (accessible via Light Rail). Additionally, the site is just two miles from the Washington State Ferry terminal, a major commuter network. Nearby major freeways and arterials include Highway 99/Alaskan Way Viaduct, Interstate 5 (I-5), Interstate 90 (I-90) and State Route 520 (SR 520).

Seattle was ranked as the number one economy in the nation for 2017 (Business Insider) and is listed by ULI Emerging Trends as having the strongest local outlook in the West Region. South Lake Union is key to Seattle's, and the region's, continued success. Hotel bookings are up and retail sales are outpacing the region. Existing businesses are expanding while new businesses are being launched, creating a growing desire for companies and residents to be in the "center of Seattle". Amazon continues to expand in South Lake Union, while an increased number of startup tech firms are moving to the area.

Amazon has 5,900 Seattle job openings posted and orientates about 500 new hires weekly. Currently about 32,000 people call this neighborhood home and projections by the City report that the number of residents will increase by 12.6% to more than 36,000 by 2022.

 **92**  
walkscore

 **87**  
transit score

 **85**  
bikeable score

## NEIGHBORHOOD SUMMARY (continued)



South Lake Union is the fastest growing neighborhood in the city. Abundant amenities, dozens of small retail shops and restaurants, and a dense residential community have created a round-the-clock live/work/play environment. The vibrant community features events throughout the year like the South Lake Union Block Party, outdoor movies in the summer, several boat shows, art shows, a food truck market on Saturdays, and viewing of Seattle's main 4th of July fireworks show on Lake Union. South Lake Union is home to established retailers, including the flagship store for iconic Seattle outdoor goods retailer REI, as well as hip new retail shops that cater to discriminating buyers.



Bolstered by the office and residential growth of the area, South Lake Union is home to restaurants from notable chefs like Tom Douglas (Brave Horse Tavern, Serious Pie and Biscuit, Cuoco) and Ethan Stowell (another location of Ballard Pizza Company), as well as over 200 more, such as The 100-Pound Clam on the shores of Lake Union, Mbar on the roof of 400 Fairview, trendy eatery re:public, popular neighborhood mainstay Feierabend, local chains Portage Bay Café and Cactus, and hot newcomer 2120 located next to the iconic Amazon spheres.



Lake Union Park is just blocks away from the site. Home to the Museum of History & Industry and the Center for Wooden Boats, the park provides spectacular views across the lake, free concerts in the summer, and a jumping off point for the Cheshiahud Loop to walk, jog, or bike around the lake. In the summer, residents and visitors alike enjoy kayaking, paddleboarding, and boating on Lake Union. Kenmore Air is located on the shores of Lake Union, providing scenic tours and flights by seaplane to the San Juan Islands and Victoria, British Columbia.

*The South Lake Union neighborhood delivers the perfect live, work, play arena for businesses, employees and residents.*

### SOUTH LAKE UNION

**#2 BEST**  
area for STEM  
graduates

**2.4%**  
annual population  
growth

**1.8 MSF**  
office under  
construction

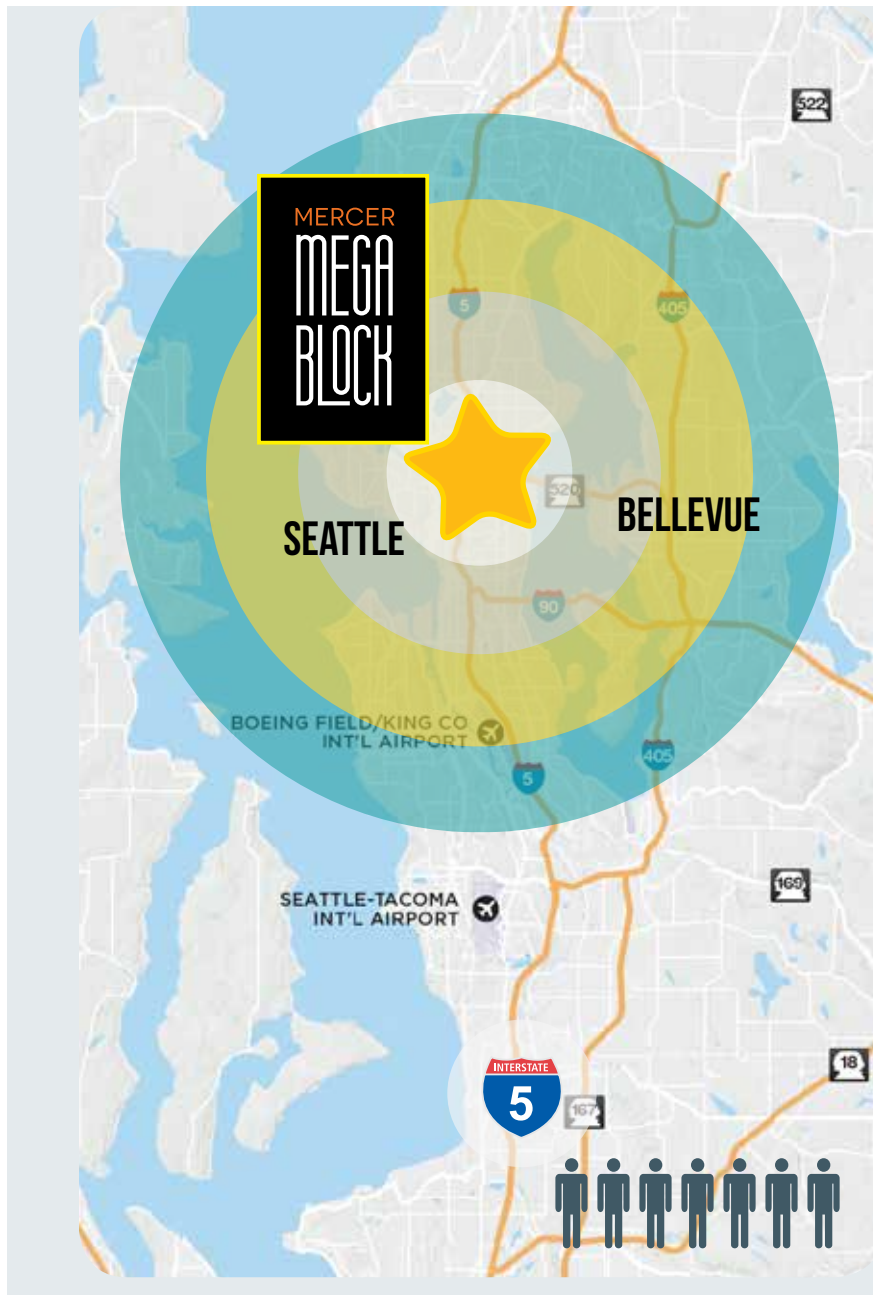
**260+ / 240+**  
retail  
establishments  
and new restaurants



# AMENITIES MAP



# DEMOGRAPHICS



*South Lake Union's projected annual population growth through 2022 is 2.4%*

	2017	2022
<b>Population</b>	<b>32,053</b>	<b>36,106</b>
<b>Households</b>	<b>20,422</b>	<b>23,060</b>
<b>Average HH Income</b>	<b>\$96,244</b>	<b>\$115,196</b>
<b>Median Age</b>	<b>34.9</b>	<b>35.8</b>
<b>Millennial Population</b>	<b>34.9%</b>	<b>33.4%</b>
<b>% Renters</b>	<b>68.3%</b>	<b>69.4%</b>

**2.4%**  
annual growth



**1.51**  
avg household size

**72%**  
4+ years  
of college



**26%**  
employed in scientific  
or tech fields







# TRANSIT MAP



There are plenty of options for getting around South Lake Union and to and from the community. The neighborhood offers convenient access to I-5 and SR 99 as well as an abundance of public transportation. There is the public rail, Monorail, Seattle Streetcar, metro bus routes and the downtown Central Link light rail, which travels from Downtown to Sea-Tac Airport, making daily trips every 12 to 15 minutes.









## REGIONAL ECONOMY

*One of the most diverse and thriving markets in the world*

The Puget Sound offers an urban environment surrounded by breathtaking sceneries and is home to an impressive list of companies including those previously outlined and situated in South Lake Union. With several of the West Coast's top universities located in the area, including the University of Washington, companies in the region have excellent access to skilled workers.

Known as the Silicon Valley of the Northwest, it is top in the nation for technology/STEM growth. This area is also one of the most dynamic real estate investment markets in the country, benefiting from a combination of strict land use planning, topographical constraints on supply, and employment growth that consistently ranks above the national average. Favorable “renter” demographics, positive job numbers, strong population projections and a low unemployment rate, together with high barriers for entry in home ownership, also position the region as a strategic market for multifamily investment gains.

**#1**  
**INVESTMENT**  
MARKET IN THE  
U.S.

**#1**  
**MOST ACTIVE**  
OFFICE MARKET  
IN THE U.S.

**#1**  
**BEST PAY**  
FOR CITY SOFTWARE  
ENGINEERS

**#1**  
**BEST PLACE**  
IN U.S. TO MAKE  
A LIVING

**1.33%**  
**POPULATION**  
ANNUAL GROWTH  
2017 - 2022



# REGIONAL ECONOMY (continued)

## ECONOMY

The Puget Sound region benefits from a combination of strict land use planning, topographical constraints on supply, and employment growth that consistently ranks above the national average. It's strategic location and thriving economy have made Seattle the commercial force in the Pacific Northwest. Seattle has been a top-ten favorite in ULI and PWC's Emerging Trends in Real Estate and this year is no different. Seattle was ranked the #1 overall market in the U. S. for 2018. This is the first time the city has captured the top ranking since 2009.



### POPULATION

The Seattle-Tacoma-Bellevue MSA is the 15th largest in the nation, with 3.8 million people calling the area home. Seattle's growth represents the largest concentration of population north of San Francisco and west of Chicago. By 2040, the population is expected to increase by 38%.



### EMPLOYMENT

Seattle ranked #1 on the Robert Half Career City Index, due to its attractive career opportunities and relatively low cost of living. Seattle's tech sector continues to anchor the economy as home-grown companies like Expedia and Tableau, as well as Bay Area tech giants like Google and Facebook expand and attract more talent to the area.



### TRANSPORTATION

Total passenger traffic at Seattle-Tacoma International Airport increased 2.6% in 2017 to 46.9 million passengers, making Sea-Tac International the 9th busiest airport in the U.S. By 2034, the Port of Seattle projects Sea-Tac will reach 66 million annual passengers and 540,000 annual aircraft operations of landings and departures (up from 416,000 in 2017).

# REGIONAL ECONOMY (continued)

## ECONOMIC DRIVERS

With a multifaceted economy, the Puget Sound is home to some of the world's most respected companies and organizations. The city has an enviable mix of business sectors from the rapidly growing global health and life sciences to online and traditional retailers to the impassioned world of digital gaming. In addition to established Fortune 500 companies, Seattle features numerous start-up and early stage ventures. Seattle also has an expansive list of companies on Inc. Magazine's Fastest Growing 500 list.



### LIFE SCIENCES AND MEDICAL TECHNOLOGY

Known as one of the nation's premier life sciences markets, Seattle has some of the world's largest philanthropic organizations, including the Bill & Melinda Gates Foundation. The market continually ranks in the top ten nationally in VC and NIH funding, as well as patents issued.



### AEROSPACE

According to the Seattle Trade Alliance, The Greater Seattle area is home to over 1,350 aerospace-related companies, which are responsible for 95% of the nation's commercial airplane production.



### INTERNATIONAL TRADE

Long a leader in international trade, Seattle's naturally deep water port is one shipping day closer to major Asian Pacific Rim ports and handles over 25% of all Pacific Rim imports into the United States. Nearly 75% of Washington's trade traffic passes through the Ports of Seattle and Tacoma.



# REGIONAL ECONOMY

## ECONOMIC BASE

Housing a number of the world's top companies like Microsoft, Google, Starbucks, Facebook and the world renowned life sciences, Bloomberg's 2016 U.S. Innovation Index ranked Seattle as the 8th most innovative city among top U.S. metro areas. Seattle ranked #1 on the Robert Half Career City Index, due to its attractive career opportunities and relatively low cost of living. Seattle's rich tech sector continues to anchor the economy as home-grown companies like Expedia and Tableau, as well as Bay Area tech giants like Google and Facebook expand and attract more talent to the area. Seattle is three times more high-tech concentrated than the U.S. average, ranking it #2 in the nation. Tech employment has grown by 77.7% since 2001, the fourth highest growth rate in the country.

TOP REGIONAL EMPLOYERS		EMPLOYEES
1	Boeing	65,829
2	JBLM	56,000
3	Microsoft	47,679
4	Amazon	45,000
5	University of Washington	28,800
6	Sea-Tac	21,000
7	Weyerhaeuser	12,800
8	Starbucks	12,610
9	Nordstrom	9,281
10	Costco	8,912
11	Swedish Medical	8,586
12	Group Health	7,833
13	AT&T Wireless	7,300
14	T-Mobile	6,800
15	Alaska Airlines	6,667
16	Expedia.com	3,500





*"The growth is incredible. I've seen up to 300 new employees go through on-boarding in a single week"*

*Amazon Day One North employee*



*Amazon is expected to occupy 13 million SF of office space by 2022*

*Imminent job growth for Amazon.com, Google, Facebook, Expedia, and F5 Networks alone holds potential to expand by 67,400 employees*

## MAJOR EXPANSIONS

### Amazon.com

Amazon.com, the world's largest online retailer, has been a strong influencer in the Seattle office market as it continues to grow its presence locally. In addition to their owner-occupied portfolio, Amazon's continued growth has led to them lease most of the large blocks of Class A office space left in the north CBD and South Lake Union submarkets. In June 2017, Amazon surpassed Costco and became the state's largest public company. Broken down by company, Amazon made up about 31% of the total public company revenue in the state in 2016, Costco accounted for 26.8% and Microsoft for 19.3%, according to the Puget Sound Business Journal.

Today, Amazon employs approximately 45,000 people within the City of Seattle and has 5,900 job openings in Seattle posted online. Globally, Amazon said it added more than 225,000 employees during 2017, bringing its total employment to 566,000. Amazon's headcount has grown by a staggering amount over the last few years and company plans call for an additional 100,000 full-time jobs in the U.S. in the next 18 months.

Amazon posted \$51.04 billion in revenue for Q1 2018, up 43% from a year earlier. Amazon shares have skyrocketed to nearly \$1,600.

### Google

Google will lease 600,000 SF in the Lakefront Blocks of South Lake Union, which is being developed by Paul Allen's Vulcan Real Estate. This is a clear sign of Google's long-term commitment to the Seattle region, as the company will occupy six stories in four office buildings for 14 to 16 years. The complex, located just east of the Mercer Mega Block, will result in towers reaching as high as 15 stories. Construction will take place in phases, starting in 2017 and ending in 2019. Combined with Google's recently expanded offices in Kirkland and Fremont, the technology giant will surpass one million SF in the region. Roughly 4,400 are expected to be stationed in South Lake Union.





*Facebook moves to Dexter Station, a 10-story, 335,000 square foot building, with 1,000 employees*

## MAJOR EXPANSIONS

### Facebook

The social network giant moved into their new South Lake Union offices at Dexter Station in 2016. The 10-story, 335,000 square foot building is home to most of Facebook's roughly 1,000 employees in the area. Facebook leased the entire building, and Dexter Station has room to accommodate a staff up to 2,000. The company is aggressively increasing their hiring to occupy the remaining space, as well as newly secured offices at Eleven01 Westlake. This recently constructed building is fully leased by Facebook with space for approximately 1,000 workers. Additionally in 2016, Facebook preleased the Arbor Blocks development next door to Amazon in South Lake Union. With an estimated delivery of 2018, this development will offer space

for another 2,500 Facebook employees. In total, Facebook now has room to grow to around 5,500 in the core of Seattle.

### Expedia

In 2019, Expedia will be opening a new headquarters along the Seattle waterfront. The company will transition 3,500 employees to the Interbay campus with enough space to accommodate 4,500 employees. Expedia recently announced that the City of Seattle has given final approval to the company's "major phased development" plan for the up-to-1.9-million-square-foot campus in the Interbay neighborhood.

### F5 Networks

Seattle technology company F5 Networks will be moving from its waterfront complex to a new tower downtown that will be renamed F5 Tower. The company has leased all 28 office floors of the tower that is under construction at 5th Avenue and Columbia Street. F5 will move its 1,375 employees that currently occupy 320,000 SF to the F5 Tower and will ultimately occupy 516,000 SF, leaving the company with room to significantly expand its workforce. F5 Networks has experienced a growth spurt in recent years and now counts 4,515 employees nationwide.







# APPENDIX DESCRIPTION

The RFP includes the following appendices, which provide both requirements and reference materials for the Project.

## I. **Appendix A – Project Site Conditions and Summary (all information provided for reference only)**

- A.1: *Development Summary*
- A.2: *Environmental Reports*
  - A.2.i: *Phase I Environmental Site Assessment -Broad Mega Block*
  - A.2.ii: *Phase I Environmental Site Assessment - 615 Dexter*
  - A.2.iii: *Phase II Environmental Site Assessment - Broad Mega Block*
  - A.2.iv: *Phase II Environmental Site Assessment - 615 Dexter*
  - A.2.v: *Hazardous Building Materials Survey 615 Dexter*
  - A.2.vi: *Remedial Cost Est. Broad Mega Block & 615 Dexter*
- A.3: *Geotechnical Data Report - Broad Mega Block and 615 Dexter*
- A.4: *Utility Planning Information and Studies*
- A.5: *ALTA Survey - To be issued*
- A.6 - A.9: *Survey Materials*
  - A.6: *Mercer Mega Block Approximate Basemap 2018-07-26*
  - A.7: *Mercer Mega Block Approximate Parcel Limits 2018-07-26*
  - A.8: *Mercer Mega Block CSO Drop Structure Approximate Limits 2018-07-26*
  - A.9: *Mega Block Figures - Known Utilities 2018-07-27*
- A.10: *King County Easement - DRAFT 1 Aug 2018*

## II. **Appendix B – Planning and Policies (all information provided for reference only)**

- B.1: *8th Avenue N. Pedestrian Through-Block Design & Operations Guidelines*
- B.2: *South Lake Union Neighborhood Design Guidelines*
- B.3: *Seattle Comprehensive Plan Council Adopted 2016*
- B.4: *City of Seattle Evergreen Standards 2011*
- B.5: *Broad Street Conditions of Approval*
- B.6: *City of Seattle Ordinance 125597*

# APPENDIX DESCRIPTION

## II. **Appendix B – Planning and Policies (all information provided for reference only) - continued**

- B.7: *City of Seattle Ordinance 125599*
- B.8: *City of Seattle Ordinance 125603 Land Use and Zoning*
- B.9: *City of Seattle - Podium Heights Map*
- B.10: *Lot Boundary Adjustment DRAFT*
- B.11: *Third Public Access Legal Description*

## III. **Appendix C – Forms (to be completed as part of Respondent's proposal package)**

- C.1: *Transmittal Letter*
- C.2: *Respondent, Major Team Members, Financially Responsible Parties, and Certificates*
- C.3: *Firm Qualifications & Project Information*
- C.4: *List of Projects Completed*
- C.5: *List of Projects Under Construction*
- C.6: *List of Projects In Pipeline*
- C.7: *Project Pro forma*
- C.8: *Work Product Agreement - To be issued*
- C.9: *Request for Information - Answers 17 Aug 2018*





# MERCER MEGA BLOCK

## INVESTMENT CONTACTS:

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ALEXANDRIA

Building the Future of Life-Changing Innovation

# PROPOSAL FOR THE MERCER MEGA BLOCK THE FUTURE EPICENTER FOR LIFE SCIENCE IN SEATTLE

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Submitted by  
Alexandria Real Estate Equities, Inc.

October 5, 2018





## EASTLAKE AND SOUTH LAKE UNION, SEATTLE

ALEXANDRIA'S OPERATING AND DEVELOPMENT PROPERTIES

**Front Cover (clockwise from top):** Eastlake Corridor Properties (see below), 400 Dexter Avenue N, 701 Dexter Avenue N

**Inside Cover (clockwise from bottom):** 1818 Fairview Avenue E, 199 E Blaine Street, 1616 Eastlake Avenue E, 1600 Fairview Avenue E, 1551 Eastlake Avenue E, 1201 Eastlake Avenue E, 1208 Eastlake Avenue E, 1165 Eastlake Avenue E, 1150 Eastlake Avenue E, 219 Terry Avenue N, 2301 5th Avenue





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3	<b>II.</b>	Executive Summary
6	<b>III.</b>	Financial Qualifications
7	<b>IV.</b>	Past Project Qualifications (Form C.3) <ul style="list-style-type: none"><li>a. 400 Dexter Avenue N - South Lake Union</li><li>b. Alexandria Center® for Life Science - New York City</li><li>c. Alexandria Center® for Science and Technology - Mission Bay, San Francisco</li><li>d. Alexandria Center® at Kendall Square - Cambridge</li></ul>
23	<b>V.</b>	Project Concept and Public Benefits
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**CONFIDENTIAL TREATMENT REQUESTED** by Alexandria Real Estate Equities, Inc. and ARE-Seattle No. 32, LLC (collectively, "ARE") under the Washington Public Records Act, RCW Ch. 42.56 ("PRA"). Without limiting ARE's rights under PRA, ARE requires notice of any preliminary determination by the governmental agency, department, or corporation not to treat any part of this response as CONFIDENTIAL, so as to provide ARE with an opportunity to explain the need for such treatment and to seek judicial protection if necessary.





A photograph of a modern building facade. The building features large glass windows and a central entrance with a glass door. A large tree is in the foreground, partially obscuring the building. The sky is a clear, bright blue. The text "Proposal Cover Letter" is overlaid in white on a dark blue rectangular background in the center of the image.

# Proposal Cover Letter



Form C.1  
PROPOSAL COVER LETTER

RESPONDENT: ALEXANDRIA REAL ESTATE EQUITIES, INC.

SUBMITTAL DATE: OCTOBER 5, 2018

PRINCIPAL CONTACT: JOHN COX  
400 DEXTER AVENUE N, SUITE 200  
SEATTLE, WA 98109  
JCOX@ARE.COM  
[REDACTED] - CELL

ATTENTION: LORI HILL  
MANAGING DIRECTOR, JLL  
601 UNION STREET, SUITE 2800  
SEATTLE, WA 98101



ALEXANDRIA®

Ladies and Gentlemen:

In response to the Request for Proposals 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=-OPsg8IEP3\\_r5kPk6tVh0xF1OFC1tStwNGd3mZsF\\_sUUAOb1NXWiqDhSgjoKbKX1](https://my.rcm1.com/handler/virtualdealroom.aspx?pv=-OPsg8IEP3_r5kPk6tVh0xF1OFC1tStwNGd3mZsF_sUUAOb1NXWiqDhSgjoKbKX1) as of the Submittal Due Date for the RFP including all addenda and questions and answers matrices issued in connection with the 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.

Authorized representative of Developer: John Cox

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

By:

Name: John Cox

Title: Senior Vice President - Regional Market Director - Seattle

Developer's Address: 400 Dexter Ave N, Suite 200  
Seattle, WA 98109 - USA  
[www.are.com](http://www.are.com)

State of Incorporation: Maryland







# Executive Summary





### ALEXANDRIA'S UNIQUE VISION FOR THE MERCER MEGA BLOCK



Alexandria Real Estate Equities, Inc. (NYSE:ARE) welcomes this opportunity to present our unique and compelling vision for a world-class, highly amenitized, and sustainable life science campus on the Mercer Mega Block to bring together Seattle's life science ecosystem in a manner never accomplished before. It would be an honor and a privilege to enter into a strategic relationship with the City of Seattle to develop this unique vision for an iconic, fully integrated mixed-use campus dedicated to accelerating the discovery and development of innovations that will positively impact human health. Our plan equally focuses on coalescing Seattle's life science ecosystem and helping the Seattle community by addressing the city's affordability crisis with a significant investment in hundreds of units of on-site housing, educational opportunities for underserved youth, and a new community gathering space in Seattle's urban center. We see the direct benefits that on-site affordable housing and an active open community space will bring to our proposed life science campus, and we plan to create a new model for urban development that supports our mission to cure disease and embraces excellence in sustainability and social inclusion in our design and development.

Alexandria is the leader in creating unique life science campuses and vibrant ecosystems in our nation's most important urban innovation clusters. We are passionate about providing our innovative tenants – who range from transformative startups to global life science companies – with highly dynamic and integrated ecosystems, which enhance their ability to successfully recruit and retain world-class talent, inspire their productivity and creativity, and aid in their efforts to develop novel scientific and technological breakthroughs.

With about 10,000 diseases known to humankind and only about 500 that have treatments, we are still in the early innings of the biology revolution. We are motivated by the tremendous advances we are seeing in the understanding of biology, with Seattle companies at the forefront of ambitious endeavors, including developing radical new approaches to the treatment of cancer and joining artificial intelligence with immunology expertise. The Mercer Mega Block would provide the critical foundation for the future of Seattle's life science industry and represents the last meaningful opportunity in Seattle to create a fully integrated life science campus ecosystem with companies at all stages of development, co-located and adjacent to South Lake Union's leading academic and medical research institutions, to make Seattle a major participant in this revolution.

Seattle has long been known for its great scientific research, but it has suffered from a lack of development capabilities, strategic risk capital, and seasoned life science management. It has emerged as a leader in immunology, cell therapy, and the intersection of science and technology – which leverages big data, artificial intelligence, genomics, and other platforms to drive the development of diagnostics and therapies. These areas are leading to pioneering innovations and cutting-edge research that are revolutionizing human health across the life science industry as a whole. Seattle's life science industry is at an inflection point and it needs the support of the City and State, and a recognized life science ecosystem builder – Alexandria, to create and nurture a vibrant life science ecosystem that will accelerate the pace of

innovation in the Seattle life science cluster, which has lagged behind other life science clusters in recent years despite its vast growth potential. We have helped create, strengthen, and transform San Francisco's Mission Bay, Boston's East Cambridge, and New York City's Manhattan into thriving life science clusters out of which transformative medical technologies have emerged. We can do the same at the Mercer Mega Block for Seattle.

We believe our unique vision for the Mercer Mega Block will promote Seattle's economic diversity, attract and retain life science entities, and provide new opportunities for growing biotechnology companies and emerging life science entrepreneurs. As part of the campus development, we will infuse significant life science startup capital through Alexandria Venture Investments, our strategic venture capital arm, and the Alexandria Seed Capital Platform, our innovative funding model for seed-stage investments, to drive the growth of seed- and early-stage companies. To further solidify a pipeline of best-in-class startups that are so crucial to sustaining the future growth of Seattle's life science ecosystem, we will offer affordable startup space coupled with highly curated services and a scalable path for company expansion. We will also bring in the financing, management talent, and visionary thinking Seattle needs not only to become one of the top life science clusters in the country but to fundamentally impact lives.

We entered the Seattle market in 1996 through a lease that has become a strategic partnership with the Fred Hutchinson Cancer Research Center and took the City's vision to be an epicenter for life science to heart and initiated our Eastlake life science cluster. We are proud of our rich history of supporting the Seattle cluster, and we intend to continue serving as a thought leader by transforming the Mercer Mega Block into a vibrant life science ecosystem. We also aim to be an active contributor to solutions for Seattle's housing and affordability challenges. As part of our proposal, we pledge to partner with the city and donate \$5 million to support initiatives addressing Seattle's homelessness crisis. Our proposal also includes at least 175 units of affordable housing at 60% of area median income (AMI), seven units to meet the on-site Mandatory Housing Affordability (MHA) requirement, ■ units of "workforce housing" at 80% AMI to support middle-income workers and their families, and ■ market-rate units. Additional public benefits include a vital community center for arts, culture, and recreation, as well as educational spaces to nurture the next generation of life science talent. Alexandria will also donate more than 100 hours of employee and tenant time to community service in Seattle during the project kickoff year while continuing our ongoing volunteer efforts in the community. We fully commit to making the Mercer Mega Block a thriving life science hub that will attract and retain some of the world's most innovative companies as they translate science from bench to bedside.

### ALEXANDRIA: BUILDING THE FUTURE OF LIFE-CHANGING INNOVATION™



Founded in 1994 to create a new kind of real estate company focused on serving the life science industry, Alexandria pioneered this niche and has since established a significant market presence in key locations, including Seattle, Greater Boston, San Francisco, New York City, San Diego, Maryland, and Research Triangle Park. We named the company after Alexandria, Egypt, the scientific capital of the ancient world, famous for its library and iconic lighthouse whose beacon still evokes the pursuit of scientific discovery.





## EXECUTIVE SUMMARY

Alexandria is not simply a financial player or a merchant real estate developer: we are woven into the fabric of the life science industry and every community where we invest. Our highly experienced team; our impassioned mission to advance human health, overcome global hunger, and improve the quality of people's lives; and our effective execution of our differentiated business model continue to set us apart and provide the unifying basis for our four strategic verticals:

- **Real Estate:** We are the country's largest long-term owner, developer, and operator of collaborative life science campuses in the top urban innovation clusters with a passion for what we do. Our cluster model has identified the four ingredients essential for life science clusters to thrive – location, innovation, talent, and capital. It has proven to be a trusted, solid framework for our business.
- **Venture Investments:** We recognized the life science sector's need for strategic risk capital early on and established Alexandria Venture Investments in 1996 to help support companies with the potential to transform patient lives. As recently recognized by Silicon Valley Bank, we were the most active early-stage life science investor in the United States by deal volume in 2016–2017 – a testament to the significant role we play nationally in the life science ecosystem.
- **Thought Leadership:** In 2011, we introduced our thought leadership platform with the founding of the Alexandria Summit®, an interactive forum convening a diverse set of major stakeholders to produce actionable outcomes for the most critical challenges to human health. We have influenced thinking to address some of humankind's most critical problems through our Alexandria Summits focused on oncology, neuroscience, healthcare economics, infectious diseases, and agricultural innovation.
- **Corporate Responsibility:** We are committed to making a positive impact on the health, safety, and well-being of our tenants, employees, and the communities in which we invest, live, and work. We have an industry-leading sustainability program, and this year we were named the #1 real estate company in the world by the Global Real Estate Sustainability Benchmark (GRESB) in its Health & Well-being Module for our leadership in promoting health, wellness, and productivity. Last year, we provided substantial philanthropic support and volunteer time to over 175 non-profits and launched Operation CARE, which leverages all our resources and expertise to support non-profits doing groundbreaking work in medical research, STEAM education, military support services, and local communities.

### ALEXANDRIA'S OUTSTANDING TRACK RECORD OF LIFE SCIENCE LEADERSHIP IN SEATTLE

Alexandria was a first mover in envisioning and creating a world-class commercial life science cluster in this city. We understood that for Seattle to emerge as a global hub for commercial life science, we would need to bring together cutting-edge science across a diverse mix of life science companies, top academic and medical institutions, skilled talent, and investment capital. It was also important to curate our developments to meet the specific needs of Seattle's companies and communities.



We expanded into Lake Union with our 2003 acquisition of 1616 Eastlake Avenue E, an office/laboratory property, which we purposely created as a diverse ecosystem of high-quality tenants with curated programs and events. That same year, we co-founded a first-of-its-kind life science accelerator, Accelerator Life Science Partners, to create an organic growth engine for the Seattle ecosystem. Accelerator has gone on to fund [REDACTED] companies here and has invested more than [REDACTED] to date.

In Seattle, we have curated a broad and growing ecosystem of high-quality tenants featuring multinational life science companies, such as Celgene Corporation and Gilead Sciences; large public biotech companies such as Juno Therapeutics and bluebird bio; private biotech companies such as Nohla Therapeutics and Adaptive Biotechnologies; and institutional entities such as the Infectious Disease Research Institute, University of Washington, and Fred Hutch, which recently signed a full-building lease with us at the historic Lake Union Steam Plant to extend its South Lake Union campus. Through our venture capital arm, we form strategic relationships with cutting-edge Seattle companies, as we have done with Juno, Nohla, and Alpine Immune Sciences, and most recently Silverback Therapeutics.

Today, with nearly 1.5 million RSF of sought-after amenitized office/laboratory space in Seattle, we are the city's preeminent long-term owner, developer, and operator of life science campuses for the pioneering companies doing important work here. We will use our world-class global life science and venture network to continue facilitating collaborations and providing investment capital and mission-critical space to help companies and institutions thrive and to nurture new life science innovators. Alexandria is well positioned and committed to strengthening the Seattle life science cluster.

### THE MERCER MEGA BLOCK CONCEPT



We are committed to collaborating with Seattle to transform the Mercer Mega Block into a fully integrated, multi-use life science campus to accelerate the discovery and delivery of treatments and cures from bench to bedside, activate one of the most innovative centers in the country, and address some of Seattle's most challenging social issues.

Our concept for the 800 Mercer campus includes plans to deliver approximately [REDACTED] SF across two state-of-the-art, highly sustainable, and thoughtfully designed towers that will incorporate a mix of advanced life science and office space, on-site affordable housing, and a dynamic community gathering space.

- To meet South Lake Union's need for civic space, the ground floor of the West Tower will feature a vibrant community center complete with spaces for performing arts and athletics. Additionally, in recognition of the significant role that Seattle's youth will play in the future success of the city, it also includes space for after-school tutoring for STEAM (Science, Technology, Engineering, Art, and Math) education and youth.
- The ground floor of the East Tower will offer a farm-to-table restaurant, with an on-site urban farm, and Learning Lab/skills center geared toward students and small business owners to back the city's entrepreneurial spirit.



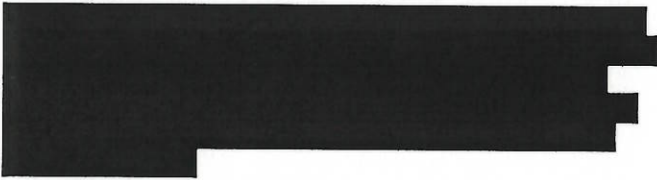




- Alexandria also proposes the new public pathway on 8th Avenue N serve as a functional multipurpose area that can be utilized year-round by all who work, live, and visit here.
- The Dexter Tower will be dedicated to our affordable housing development.

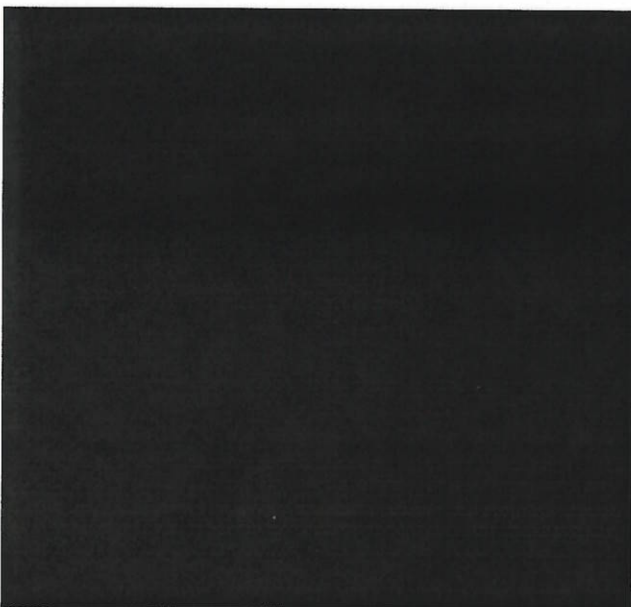
Together, these components will result in a world-class campus that values and enhances the surrounding South Lake Union neighborhood and bolsters Seattle's innovation economy.

### OUR FINANCIAL PROPOSAL



Alexandria self-finances all projects on our balance sheet and will fund all costs for all developments; outside financing will not be required.

As outlined above, our comprehensive offer equates to much more than simple financial payments. The community benefits are an investment by Alexandria into the Seattle community and create intrinsic value in the Mercer Mega Block not captured in the ground lease proposal. The chart below displays the estimated comprehensive value of our offer:



### TRANSFORMING THE MERCER MEGA BLOCK INTO AN ICONIC, LEADING LIFE SCIENCE DESTINATION



Alexandria is known for our entrepreneurial and pioneering vision in creating environments that inspire innovation, collaboration, and the translation of breakthrough discoveries into high-impact therapies that improve patient lives and reduce the economic burden of disease on society. As a member of the Seattle community for more than two decades, we are passionate about curating a dynamic innovation ecosystem that embraces South Lake Union's unique character and spirit of innovation.

Life science is a critical part of Seattle's economy, but space for growth is tight. The development and transformation of the Mercer Mega Block represents a meaningful opportunity to create a leading destination that will stimulate life science innovation, company formation, job growth, community engagement, and thought leadership in the city.

Whereas a traditional tech company might opt to reserve the block for their exclusive use, our proposed campus meets Seattle's critical demand for laboratory space and provides it with a thriving life science ecosystem that will be home to a broad, diverse mix of high-quality life science entities. As with all our campuses, we will include amenities that are not only open to the community, but designed with them in mind, in an ambitious tenant- and community-centric model that balances the need to support the innovation economy while embracing sustainability and the imperative for social inclusion in its design and development.

We have assembled an impressive and highly experienced team, including members of our executive, senior management, real estate, development, sustainability, science and technology, and philanthropy teams (*see the Project Concept section for bios*), along with best-in-class architects, designers, and housing partners. Leveraging our unparalleled knowledge in the development of life science ecosystems; proven track record in Seattle; deep relationships within the life science community; unparalleled understanding of the infrastructure required for life science R&D facilities of the highest standard; substantial expertise in entitlement, design, construction, and development; and highly credible, longstanding relationships with local government agencies, we strongly believe Alexandria is best suited to ensure the success of a premier life science center on this last large, undeveloped site in South Lake Union.

With utmost sincerity and humility, we thank you for your consideration of our Response on this historic effort.







# Financial Qualifications





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







# Past Project Qualifications



## 400 DEXTER AVENUE N – SOUTH LAKE UNION



### PROJECT DATA

Address	400 Dexter Avenue N, Seattle, WA
Size of Project (Rentable Square Feet)	290,111 RSF   0.81 acres
Construction Type	New; steel & concrete
Level of LEED Certification	LEED Gold for Shell & Core
Number of Stories	12 stories
Construction Start Date	June 2015
Construction Complete Date	March 2017
Was the project completed on time? If not, why?	Completed on time

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

In 2015, in response to a competitive RFP process, Alexandria was selected to build a new global headquarters and R&D center for Juno Therapeutics, Inc., a fast-growing biopharmaceutical company developing an innovative cell therapy for the treatment of cancer. We located them at 400 Dexter, adjacent to Seattle's centers of innovation and world-renowned academic and research institutions. Alexandria was selected based on many crucial factors, including the following:

- Our significant brand and reputation as the leading owner, developer, and operator of life science properties
- Our proven track record of delivering mission-critical projects on time and on budget
- Our unique ability to create highly dynamic, collaborative environments with curated programming and amenities that enhance our tenants' ability to successfully recruit and retain world-class talent
- Our passion for driving employee productivity and collaboration through innovative design
- Our deep relationships in the life science and biotechnology industries
- Our deep knowledge of early-stage life science companies through Alexandria Venture Investments, our venture capital arm

We start every development project by engaging our tenants in conversations to understand their science-centered and programmatic requirements, as well as their immediate facility construction and long-term operating needs. Immediately following our selection, our collective vision emerged to (1) create a forward-looking, collaborative environment that enhances Juno's discovery and development of highly advanced technologies that help the body's immune system find and fight cancer, (2) support Juno's recruitment and retention of top scientific talent, and (3) contribute unifying communal spaces for South Lake Union.





Today, 400 Dexter stands as a 12-story world-class office/laboratory building with a robust infrastructure. Every detail of this LEED Gold and Fitwel-certified building was thoughtfully designed to facilitate maximum productivity and collaboration for Juno's innovative workforce. Alexandria and Juno focused on key aspects of the shell design, including multiple creative gathering and meeting spaces, such as the 10-story staircase, to increase interstitial opportunities for collision and collaboration across the 23,000 SF floorplates. Additionally, the iconic building features amenities designed to promote health and wellness, including a fully equipped fitness center and two decks with iconic skyline views on floors 3 and 12, which were built and programmed to provide a tangible connection to the outdoors through optimized access to natural daylighting.

In recognition of the high-rise's design, 400 Dexter received First Place in Seattle SDCI's 2017 People's Choice Urban Design Awards.

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

To ensure the project also engaged the local community and increased opportunities for interaction with the public on the ground level and for the Dexter Avenue corridor, Alexandria recruited The Collective, a high-impact "urban basecamp" that merges dynamic spaces and unique community programming to bring together Seattle's diverse population. Here, leading entrepreneurs and creatives converge in an energizing environment that fosters adventure, shared ideas, positive impact, and a sense of purpose. Alexandria and The Collective worked together to design and activate the retail space in an intentional, focused manner to ensure the enhancement of the broader Lake Union life science ecosystem and engagement of its progressive community. Today at 400 Dexter, The Collective provides a daily refuge with ever-evolving experiences featuring a full-service restaurant and bar with a locally inspired menu, a 20-foot bouldering wall, an artist-in-residence studio, a stage, music bungalows with access to complimentary instruments, a hammock garden, and technology-free zones. Serving as a key community convener, the urban basecamp offers over 15 programs monthly, including photography classes, art walks, yoga and wellness classes, codefests, and music lessons for the workforce of today and tomorrow, as well as community events focused on today's most pressing topics, such as social justice and technological innovation. We continue to act as a strategic and collaborative partner with the city's mainstay institutions where groundbreaking technologies are developed.

Our development replaced three single-story buildings with one new 12-story R&D building. The building's massing was designed to enhance the new gateway connecting SR 99 to South Lake Union and elevate the pedestrian experience along Dexter Avenue. Alexandria also contributed a new bus stop-with-shelter in front of the building's main entrance and incorporated voluntary setbacks above the zoning code minimum to provide for more generous sidewalks and areas for outdoor seating at a comfortable distance from street traffic.

Paying homage to the site's history, we restored the cast iron street clock, which has remained in the street right-of-way at the northeast corner of Dexter and Harrison since the mid-1930s. Once commonplace in Seattle, the clock, now rare, was restored at its historically significant location, where once stood a building occupied by Joseph Mayer, Seattle's preeminent street clock maker of the early 1900s.

Alexandria is also committed to continuing our participation in community events, such as National Bike to Work Day, for which we sponsored two tents to encourage commuters passing through Eastlake and Dexter Avenues with water, juice, and bike paraphernalia.

400 Dexter is LEED Gold and Fitwel certified and was designed and built to Wired Score Platinum standards (certification pending), demonstrating Alexandria's commitment to providing its tenants with sustainable campuses on the cutting edge of technology.

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

400 Dexter is a transformational development created to unite the rapidly evolving South Lake Union neighborhood. The profound relationship Juno and Alexandria have forged – beginning with our early investment in Juno's first financing, which helped the company develop its life-changing technology, and continuing with our collaborative development process to deliver a best-in-class global headquarters – highlights Alexandria's value as a curator of communities and innovative ecosystems. Developing the Juno headquarters in the heart of the Lake Union cluster was of particular significance for the City of Seattle and the State of Washington, both of which supported the project from the very beginning to uphold Seattle's position as a global hub for biotechnology and life science innovation.

Juno (now a wholly owned subsidiary of Celgene), one of Seattle's most important biotechnology companies, is playing a major role in creating jobs, strengthening the state's life science sector, and charging ahead in its mission to treat and cure cancer. Its presence at 400 Dexter (which is also home to Alexandria's Seattle office) has served as a catalyst in ushering in a diversity of new jobs and outside investment into Seattle's life science industry, and it provides critical adjacency to the Mercer Mega Block.

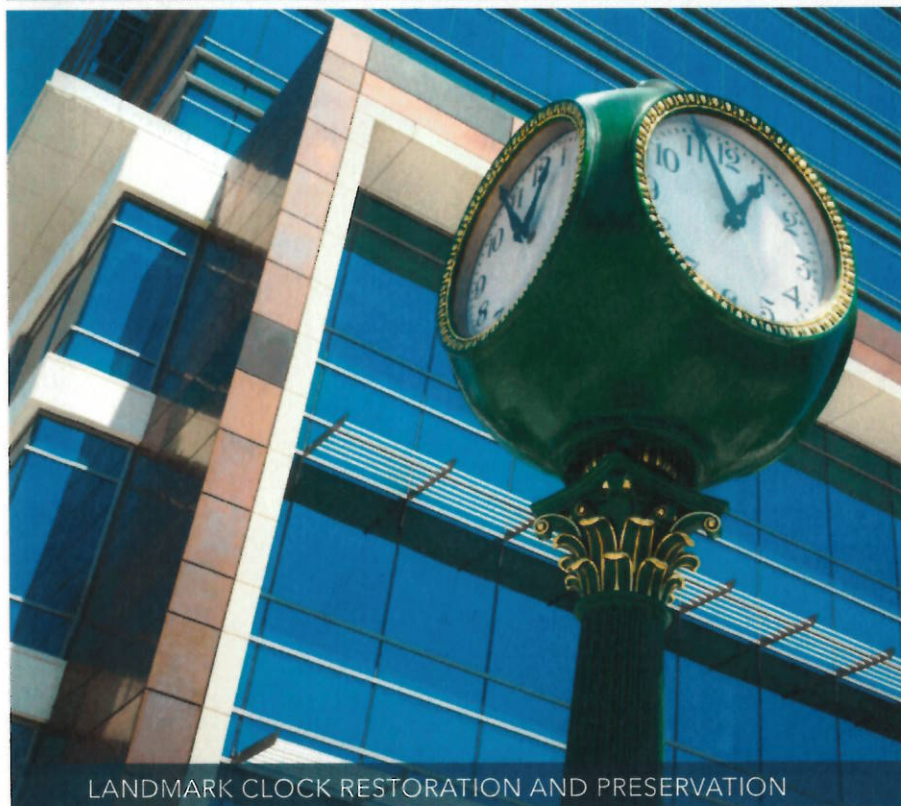




## 400 DEXTER AVENUE N - SOUTH LAKE UNION



400 DEXTER AVENUE N



LANDMARK CLOCK RESTORATION AND PRESERVATION

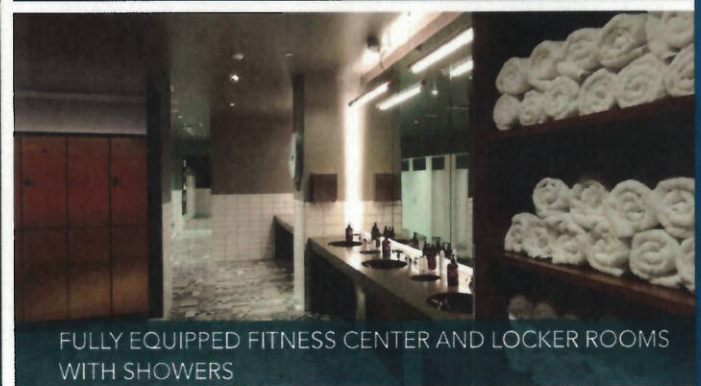


JUNO THERAPEUTICS WORLD HEADQUARTERS





## 400 DEXTER AVENUE N - SOUTH LAKE UNION





## ALEXANDRIA CENTER® FOR LIFE SCIENCE – NEW YORK CITY



NEW YORK CITY | 2005



NEW YORK CITY | 2018

### PROJECT DATA

Address	430 East 29th Street (West Tower); 450 East 29th Street (East Tower), New York, NY
Size of Project (Rentable Square Feet)	728,000 RSF   3.3 acres East Tower – 309,035 RSF   West Tower – 418,639 RSF
Construction Type	New; steel & concrete
Level of LEED Certification	LEED Gold for Shell & Core
Number of Stories	15 stories (each tower)
Construction Start Date	East Tower – February 2007   West Tower – December 2012
Construction Complete Date	East Tower – October 2010   West Tower – January 2014
Was the project completed on time? If not, why?	Both buildings completed on time

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

In 2005, after a highly competitive RFP process, Alexandria was selected by the City of New York to transform a contaminated laundry site into the city's first commercial life science campus. Located in the heart of Manhattan's East Side Medical Corridor, the Alexandria Center for Life Science – New York City (ACLS-NYC) is the city's first and only fully amenitized, sustainable commercial life science campus with critical adjacency to world-renowned academic and medical institutions. Through our successful development and our ongoing operations of ACLS-NYC, the city has emerged as a life science hub, and we continue to invest in the growth and vitality of the ecosystem.

Following our selection, Alexandria completed a rigorous NYC Public Design Commission review of the East and West Towers, as well as 1.5 acres of publicly accessible open space. Across these two iconic towers, which are fully leased to high-quality tenants, we have enhanced the campus with creative amenities and crucial programming designed to stimulate collision, collaboration, and innovation among our tenants. In order to foster a diverse ecosystem, Alexandria believed it was important the buildings be open to companies of all stages of development, rather than fully leasing each building to a single tenant. The campus is home to multinational life science companies (e.g., Bristol-Myer's Squibb, Eli Lilly and Company, Pfizer Inc., Roche); public biotechs (e.g., Intra-Cellular Therapies, Inc. MeiraGTx Holdings, Rocket Pharmaceuticals, Inc.); private biotechs (e.g., Kallyope Inc., Quentis Therapeutics Inc., and two companies launched by Accelerator Life Science Partners (co-founded by Alexandria), Lodo Therapeutics Corporation and Petra Pharma Corporation); seed-stage startups spinning out of academic institutions (e.g., ENB Therapeutics Inc., Gencove, MouSensor, Inc., Neochromosome, Inc.); and institutional tenants (e.g., New York University).

The City and Alexandria's intent was for the campus to drive the future growth of the city's life science cluster, and the campus therefore features innovative curated programs and proprietary Alexandria space offerings, such as the Science Hotel® (fully flexible, built-out office/laboratory suites with a full range of operational and service amenities purposely designed for high-quality early- and growth-stage life science companies) and Alexandria LaunchLabs® (the premier, full-service startup platform designed to dramatically accelerate the growth of early-stage life science startups). Home to over 20 cutting-edge life science startups, many of which have spun out of the city's leading academic and medical institutions, Alexandria LaunchLabs provides affordable, move-in ready office/laboratory space,





first-class support resources, shared equipment and services, creative amenities, and access to startup capital through the Alexandria Seed Capital Platform – each a critical driver for the growth of new companies that will sustain the future growth of the city's life science cluster. Alexandria LaunchLabs has attracted local companies as well as companies from across the country and internationally, including Milan-, Paris-, and Vienna-based startups, seeking to establish operations in New York City.

Our financial structure for developing the campus included a long-term ground lease, which allowed the City of New York to retain ownership of the land while enabling us to generate income for our company through our operations of the campus. We used our own internal financial resources to fund the project.

With the first two towers now successfully built and leased, and having since been recognized for our role in the dramatic transformation that ACLS-NYC has had on the city's life science cluster's growth, we are pursuing our option to develop a third tower (North Tower) on the site, which, upon completion, will bring the campus to nearly 1.3 million RSF. In our continual efforts to meet the need for initial and transitional step-up space, the North Tower will allow us to provide still much-needed high-quality office/laboratory space to life science startups representing the cluster's most palpable source of momentum for growth.

In developing ACLS-NYC in a market where there had only been a diffuse presence, tenant base, and real estate market for life science, we have created a preeminent commercial center where science, management, talent, and capital come together, and where the key players can collaborate with the city's world-class academic and medical institutions to catalyze the discovery, development, and commercialization of novel medical breakthroughs to improve and save patients' lives.

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

The urban campus features world-class, creative amenities that were specially curated to support an emerging, prominent life science community, including Apella® by Alexandria, a state-of-the-art digital conference center and white-glove event space; two farm-to-table culinary establishments, Riverpark®, A Tom Colicchio Restaurant, and Little River, an artisanal café; Riverpark Farm®, an award-winning urban farm; FitLab, a fully equipped fitness center; an on-site parking garage and complimentary shuttle service to and from transit stations; and more than one acre of public space featuring an expansive riverfront plaza.

In addition to having curated these spaces and amenities for our ACLS-NYC tenants, the NYC life science community, and the city at large, Alexandria also coordinates and hosts community events throughout the year on the campus. Recent highlights are as follows:

- Rotating food truck schedule every Thursday
- A biweekly farmers market and a weekly CSA (community-supported agriculture) farm share
- Sunday Cinema, where Riverpark Restaurant turned PDR (production, distribution, and repair) space into a dine-in theater featuring a different movie every Sunday
- World Cup screenings at Beer Garden at Riverpark during the entire World Cup event
- Townhalls and meet-and-greets with Tom Colicchio at Little River
- Outdoor boot camp workout classes in the summer
- Summer Science Crawl tours for tenants to learn about their life science colleagues' work, including work at Alexandria LaunchLabs
- Back-to-school drive for backpacks and school supplies for The Coalition for the Homeless
- *Beautiful Boy* movie screening (based on a pair of best-selling memoirs on mental health and addiction)
- *On Pluto: Inside the Mind of Alzheimer's* book signing with author Greg O'Brien
- NYC Life Science Innovation Showcase connecting the city's most talented life science entrepreneurs with investors and executives

Sustainability has been a key priority on the campus. Key accomplishments in this area include LEED Gold certification for both towers, 3-Star Fitwel certification for promoting the highest levels of occupant health at our buildings in operation, and the world's first WELL certification for a newly constructed laboratory space at Alexandria LaunchLabs.

## 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 RFP for the Mercer Mega Block, the City of New York's RFP included expectations and priorities for proposed developments. The RFP had required development be focused on commercial life science. Alexandria committed to this outcome in our RFP response, and we subsequently delivered on our vision and promise to establish the city as an emerging premier destination for the global life science community. We remain committed to continuing to sustainably develop and strengthen this cluster.





## ALEXANDRIA CENTER® FOR LIFE SCIENCE – NEW YORK CITY



ALEXANDRIA CENTER® FOR LIFE SCIENCE – NEW YORK CITY



ALEXANDRIA LAUNCHLABS®, A PREMIER, FULL-SERVICE STARTUP PLATFORM DESIGNED TO ACCELERATE THE GROWTH OF EARLY-STAGE LIFE SCIENCE COMPANIES



RIVERPARK®, A TOM COLICCHIO RESTAURANT



LITTLE RIVER CAFÉ



APELLA® BY ALEXANDRIA: LOBBY





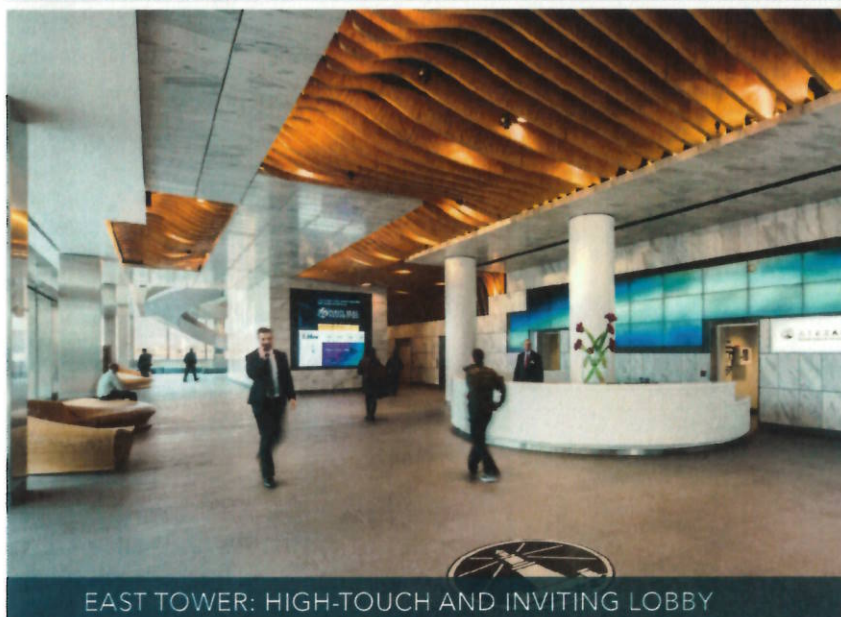
## ALEXANDRIA CENTER® FOR LIFE SCIENCE – NEW YORK CITY



ALEXANDRIA LAUNCHLABS®: CASUAL BREAK AREA  
WITH ICONIC NYC SKYLINE VIEWS



RIVERPARK®: OUTSIDE SEATING WITH EAST RIVER VIEWS



EAST TOWER: HIGH-TOUCH AND INVITING LOBBY



RIVERPARK FARM®: ONE OF NEW YORK CITY'S  
LARGEST URBAN FARMS



ACTIVATED RIVERFRONT PLAZA WITH OPEN GREEN SPACE



APELLA® BY ALEXANDRIA, A STATE-OF-THE-ART  
DIGITAL CONFERENCE CENTER AND EVENT SPACE



FITLAB, A FULLY EQUIPPED FITNESS CENTER WITH  
ON-SITE WELLNESS COACHES





## ALEXANDRIA CENTER® FOR SCIENCE AND TECHNOLOGY – MISSION BAY, SAN FRANCISCO



MISSION BAY, SAN FRANCISCO | 2004



MISSION BAY, SAN FRANCISCO | 2018

### PROJECT DATA

Address	1700 Owens Street, 1500 Owens Street, 455 Mission Bay Boulevard South, [REDACTED], San Francisco, CA
Size of Project (Rentable Square Feet)	1.5 million RSF   14 acres 1700 Owens – 157,000 RSF   1500 Owens – 158,000 RSF   455 Mission – 210,000 RSF   [REDACTED] – 1.1 million RSF
Construction Type	Type I, fire resistive
Level of LEED Certification	LEED Silver and Gold for Core & Shell (multiple buildings)
Number of Stories	1700 Owens – 5 stories   1500 Owens – 6 stories   455 Mission – 5 stories   [REDACTED] – 10 stories
Construction Start Date	1700 Owens – 2005   1500 Owens – 2008   455 Mission – 2008   [REDACTED] – pre-development
Construction Complete Date	1700 Owens – 2007   1500 Owens – 2009   455 Mission – 2009   [REDACTED] – intermediate term
Was the project completed on time? If not, why?	All three operating office/laboratory buildings and two campus-serving parking garages were completed on time; [REDACTED] is on schedule

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

In the early 2000s, Alexandria, as a member of the visionary founding group that recognized the potential in Mission Bay to become one of the country's leading centers of life science innovation, embarked on developing a world-class life science cluster from what essentially had been vacant land for the better part of a decade. The Mission Bay master plan entailed the creation of thousands of residential units, an expansion of the research campus of the University of California, San Francisco (UCSF), and, ultimately, an expansion of the UCSF Medical Center to Mission Bay. Through our development of the Alexandria Center® for Science and Technology – Mission Bay, we have been a key collaborator with the City of San Francisco and a driving force in the transformation of Mission Bay into the leading life science hub it is today, spurring scientific discovery, job growth, and economic development in the cluster.

Alexandria purchased the land surrounding the Mission Bay campus of UCSF from the original Master Developer (Mission Bay Development Group) and advanced the project from initial entitlements through development. The initial phases of the development, totaling 980,000 SF, included the design and construction of three new ground-up multi-tenant buildings (1700 Owens, 1500 Owens, and 455 Mission Bay) and two major building acquisitions along the San Francisco Bay waterfront, one of which is home to STEM Kitchen & Garden, a modern, farm-to-table restaurant. These flexible buildings support laboratory, clinical, and office uses and are fully leased to leading life science companies, such as Bayer, Celgene Corporation, FibroGen, Inc., Illumina, Inc., and Nektar Therapeutics, as well as medical providers, such as the Department of Veterans Affairs. A subsequent phase includes our development of a 423,000 RSF Class A build-to-suit headquarters for Uber Technologies, Inc., which is now under construction, and a final phase will include an approximately 200,000 RSF office/laboratory building.





Alexandria's Mission Bay development required a multiyear zoning and entitlement process including state, local, and neighborhood approvals as specified in the Design Review and Document Approval Procedure established in the Mission Bay South Master Developer Owner Participation Agreement. Throughout the process, Alexandria worked closely with Mission Bay Development Group, UCSF, and relevant agencies and community groups in the city, including the San Francisco Redevelopment Agency (now the Office of Community Investment and Infrastructure) and its Mission Bay Citizen Advisory Committee and Mission Bay District Board of Supervisors, the San Francisco Planning Commission, the San Francisco Departments of Public Works and Building Inspection, the San Francisco Mayor's Office, and the UCSF Mission Bay Community Task Force. The Mission Bay site is a brownfield redevelopment that requires ongoing compliance with the Mission Bay Risk Management Plan (RMP). Alexandria has worked directly with the state regulators at the San Francisco Regional Water Quality Control Board to ensure developmental and management compliance with environmental standards set in the RMP.

As one of the largest landowners at Mission Bay, Alexandria designates one of our key employees to represent us on the board of the Mission Bay Commercial Maintenance Corporation (a community association dedicated to maintaining the streetscapes and common facilities within the area) and the Mission Bay Transportation Management Association (which runs the Mission Bay Shuttle) to continue our stewardship of the cluster we developed.

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

As part of Alexandria's purchase and operation of our developments in Mission Bay's brownfield sites, our considerable investment in the area has generated resources that the City of San Francisco uses specifically to fund a comprehensive package of community benefits that includes the creation and maintenance of 49 acres of public parks; the dedication of land parcels for development of over 2,300 units of affordable housing; the development of new underground infrastructure systems, such as the city's first separate stormwater management system; and the creation of two Community Facilities Districts to finance the development of infrastructure as well as the development and maintenance of the new public parks. In addition, the Mission Bay master-planned community also supports the Transportation Management Association, which collects dues from the community and operates a free shuttle between Mission Bay and BART, Caltrain, and the San Francisco Transit Center.

As an outgrowth of Alexandria's significant development in Mission Bay, [REDACTED] is our mixed-use development currently in its pre-development phase in the South of Market (SoMa) neighborhood. Plans include a community recreation center, an affordable housing component, retail space, and PDR (production, distribution, and repair) spaces for small businesses. The community center will be operated by the San Francisco Recreation and Park Department and feature a pool and flexible spaces for a variety of activities, including large-scale community events; small after-school programs, such as STEAM educational training programs and coding camps; ping pong tables and tournaments; family gatherings; and celebrations.

Alexandria will also deed air rights above our community center to the City of San Francisco for the development of approximately [REDACTED] units of affordable housing. The PDR spaces will be occupied by small businesses that have otherwise been shut out of leasing available retail space in new urban developments. Production uses will include specialty food makers, breweries, and jewelry makers; distribution uses will include warehouses and shipping vendors; and repair uses could include bike, shoe, and computer repair shops.

In our holistic approach to building up the ecosystem, we also philanthropically support numerous local non-profits, including the UCSF Foundation, the UCSF Medical Center, YMCA of East Bay, Life Learning Academy, and California Life Sciences Association.

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

Alexandria has a demonstrated commitment and ability to work with multiple community entities in a comprehensive planning and entitlement process. At Mission Bay, our experience resulted in an integrated and well-planned urban neighborhood. We would apply the same dedication in pursuing entitlements for the projects at 800 Mercer and 615 Dexter.

[REDACTED], many of our community benefits have informed our approach to programming the ground floor of 800 Mercer and to meeting South Lake Union's similar need for a community center and other gathering spaces for recreational activities, arts and culture, performances, and other community events. Likewise, our proposed skills center space would similarly fill a need for small, creative production and training spaces in the neighborhood.

Alexandria's commitment and sustained dedication to being a trusted partner to the communities in which we work is a value that differentiates us from our competitors in a very real manner and, we believe, results in better long-term outcomes for the communities we serve, the ecosystems we develop, and the projects we create.





**ALEXANDRIA CENTER® FOR SCIENCE AND TECHNOLOGY** - MISSION BAY, SAN FRANCISCO



1500 OWENS STREET



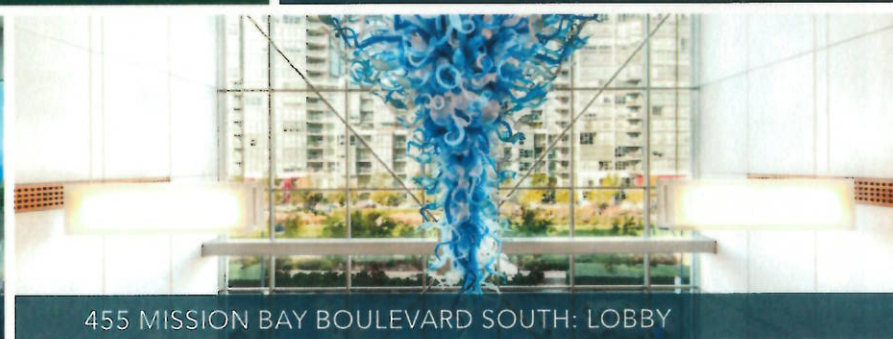
455 MISSION BAY BOULEVARD SOUTH



1700 OWENS STREET



WORLD-CLASS LABORATORY SPACE



455 MISSION BAY BOULEVARD SOUTH: LOBBY





ALEXANDRIA CENTER® FOR SCIENCE AND TECHNOLOGY - MISSION BAY, SAN FRANCISCO





## ALEXANDRIA CENTER® AT KENDALL SQUARE – CAMBRIDGE



CAMBRIDGE | 2006



CAMBRIDGE | 2018

### PROJECT DATA

Address	225 Binney Street, 75/125 Binney Street, 50 and 60 Binney Street, 100 Binney Street, 270 Third Street, 50 Rogers Street, Cambridge, MA
Size of Project (Rentable Square Feet)	1.8M RSF   11.3 Acres (1.5M RSF commercial; 220,000 RSF residential) 225 Binney – 305,212 RSF   75/125 Binney – 388,270 RSF   50 and 60 Binney – 532,395 RSF   100 Binney – 432,931 RSF   270 Third – 96,000 SF (residential)   50 Rogers – 132,231 SF (residential)
Construction Type	225 Binney – new and adaptive reuse; steel 75/125 Binney, 50 and 60 Binney, 100 Binney, 270 Third, 50 Rogers – new; steel and concrete
Level of LEED Certification	LEED Gold for Core & Shell (all buildings)
Number of Stories	225 Binney, 75/125 Binney, 50 Rogers – 6 stories   50 and 60 Binney, 100 Binney – 10 stories   270 Third – 8 stories
Construction Start Date	225 Binney – January 2012   75/125 Binney – January 2013   50 and 60 Binney – August 2014   100 Binney – August 2015   270 Third – October 2014   50 Rogers – September 2018
Construction Complete Date	225 Binney – October 2013   75/125 Binney – March 2015   50 and 60 Binney – February 2017   100 Binney – September 2017   270 Third – September 2015   50 Rogers – 2021
Was the project completed on time? If not, why?	Completed buildings all delivered on time; 50 Rogers under way

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

In Greater Boston, Alexandria is one of the largest owners, operators, and developers of life science campuses, with more than 6.5 million RSF in key submarkets, mainly in East Cambridge's Kendall Square, the location of three of our vital, adjacent campuses:

- Alexandria Technology Square® – a 1.2 million RSF, seven-building mixed-use campus, where we redeveloped two buildings and added campus amenities (e.g., the award-winning Catalyst and Area Four restaurants)
- Alexandria Center® at One Kendall Square – a 644,771 RSF, nine-building amenity-rich campus with a 164,000 RSF Class A property with planned enhancements to indoor/outdoor collaboration spaces for an improved on-campus experience
- Alexandria Center® at Kendall Square (ACKS) – a 15-acre, 2.6 million RSF multiphase collaborative campus (detailed below)

After an extensive planning, design, and public review process (including over 40 public meetings and hearings), we commenced development in 2012 after earning a first-of-its-kind up-zoning permit, as well as a Special Permit, from the City of Cambridge. ACKS now stands as a major urban campus with 220,000 RSF of housing, major roadway and infrastructure improvements, 2.2 acres of open public space, and the following four new office/laboratory buildings, each with underground parking:

- 50 and 60 Binney (an office building fully leased to life science company Sanofi and a lab building leased to bluebird bio, Inc., also a tenant in our Seattle portfolio) serves as the easternmost gateway buildings in ACKS in the top life science innovation district in the nation. To break up the building massing of the full-block development, a distinctive but unifying design was developed for each tower. Juxtaposing the towers, a two-story retail podium enhances the pedestrian experience with a transparent glass edge, canopies, and strong retail graphics. During construction, the worksite was recognized by the American Heart Association as "Gold-Level Fit-Friendly" for promoting on-site safety and wellness.





- Westward, 100 Binney is a multi-tenanted office/laboratory building fully leased to a large, well-known technology company; a large pharmaceutical company (Bristol-Myers Squibb); and a number of early-stage, venture-backed biotechnology companies. Creating desirable retail spaces was a top priority in the building design, and the ground level features high ceiling heights, abundant glass, and pedestrian-friendly lighting and canopies.
- Nearby, 75/125 Binney comprises two adjoining Class A office/laboratory buildings fully occupied by IBM Watson and Shire plc (acquired by Takeda). The two buildings are connected by a five-story, publicly accessible, award-winning glass atrium, which houses a winter garden and creates a transparent connection between Binney Street and the new Rogers Street Park. 75 Binney features a public café that serves as an amenity space for building occupants, neighborhood talent, and residents.
- 225 Binney is located in the heart of the urban innovation district of Kendall Square. This corporate headquarters enabled Biogen to move 1,200 employees into a flexible, collaborative, open-office layout to attract and retain top talent. Its central location and outdoor plaza provide an inviting entrance to the building, and its site design focuses on easy pedestrian and bicycle circulation throughout the property. To preserve Kendall Square's rich industrial history, Alexandria restored two historic buildings as part of the project, one of which received the Cambridge Historic Commission Preservation Award in 2014.

Drawing on our industry-leading expertise on green building, sustainability strategies were integrated into all aspects of the collaborative, amenitized, and community-integrated design for each building on the ACKS campus, including high-performance mechanical systems, daylighting strategies, and extensive stormwater management techniques. At 225 Binney, our comprehensive sustainability strategy reduced energy consumption by 25% relative to ASHRAE 90.1-2007 and potable water consumption by 38%. Likewise, 75/125 Binney achieved a 42% reduction in energy consumption relative to ASHRAE 90.1-2007 for buildings with a similar mix of laboratory and office spaces and a 35% reduction in water consumption through our use of low-flow and water-efficient plumbing fixtures, greywater recycling, and extensive stormwater management provisions.

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

As part of the upzoning and Special Permitting for the development of ACKS, Alexandria delivered a substantial public benefits package to the City of Cambridge, including land and funding for two public parks, development of affordable to moderate housing, funds to the Open Space Trust Fund, infrastructure improvements (including a cycle track), and a building for community space. Additional features of the extensive community contributions we made in connection with ACKS include the following:

- [REDACTED] open space donated to the City of Cambridge for the creation of two public parks (Rogers Street Park and Triangle Park, expected to open in 2019) and [REDACTED] toward their design and construction
- 270 Third development, an eight-story, 91-unit, affordable (12 units for <80% of median income) and moderate-income housing project (15 units for 80%–110% of median income)
- 225 Binney's 20,000 SF outdoor gathering space in a publicly accessible urban plaza for tenants and local residents
- 225 Binney's half-court basketball court and community lab for local high school students
- Full redesign and construction of two blocks on Binney Street to include a raised, buffered cycle track, new on-street parking spaces, and the replacement of current traffic signals with new programmable signals
- Over 20,000 SF of ground-floor retail space along Binney Street curated to increase pedestrian activity and neighborhood engagement (e.g., Bon Me at 60 Binney; Catalyst Café at 75 Binney)
- 52,000 SF building, known as the Foundry, donated to City of Cambridge for municipal and community uses

Alexandria also contributes to the community surrounding ACKS through our ongoing activation of public spaces, philanthropic activities, and fostering of connections between local businesses and the broader Cambridge community. Such involvement includes the coordination of public concerts; engagement with numerous local non-profits (e.g., East End House, a community center providing childcare and senior services for over 140 years); and coordination of back-to-school and other drives benefiting local non-profits (e.g., Margaret Fuller House).

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

As a completed campus, ACKS features many of the Mercer Mega Block's high-priority elements. Our completed housing development at 270 Third Street met Cambridge's housing needs for a range of household incomes and sizes. Each building was certified LEED Gold for Core & Shell and incorporated many innovative energy and water reduction strategies. Alexandria designed the projects to include spaces geared toward community interaction and activation, such as public plazas, community spaces, through-block (or mid-block) connections, and ground-floor retail.

Our tenant mix is a reflection of our understanding that a healthy, diverse ecosystem supports and encourages collaboration for future breakthroughs. With the development of our ACKS campus, among other activities, in Cambridge, we have expanded our impactful footprint to 5 million RSF to support our continued efforts to provide superior landlord services to a range of high-quality companies, including multinational life science (e.g., Bristol-Myers Squibb, Sanofi, Novartis AG), large public biotechnology (e.g., Biogen Inc., bluebird bio Inc.), private biotechnology (e.g., Moderna Therapeutics, Inc., Relay Therapeutics, Inc.), and technology companies (e.g., IBM Watson), as well as academic and research institutions (e.g., Massachusetts Institute of Technology (MIT), Massachusetts General Hospital).



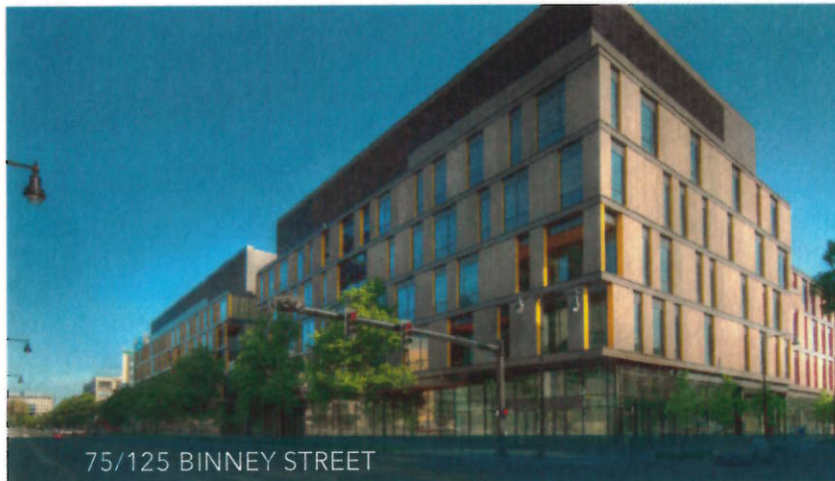


## ALEXANDRIA CENTER® AT KENDALL SQUARE – CAMBRIDGE





## ALEXANDRIA CENTER® AT KENDALL SQUARE – CAMBRIDGE



75/125 BINNEY STREET



225 BINNEY STREET: LOBBY



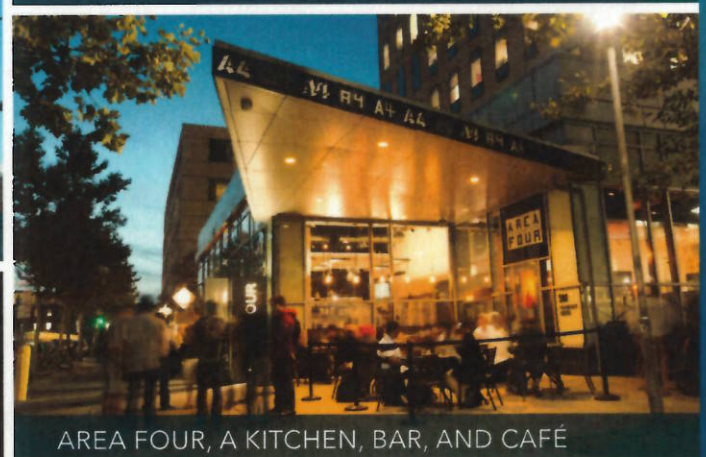
BINNEY STREET CORRIDOR



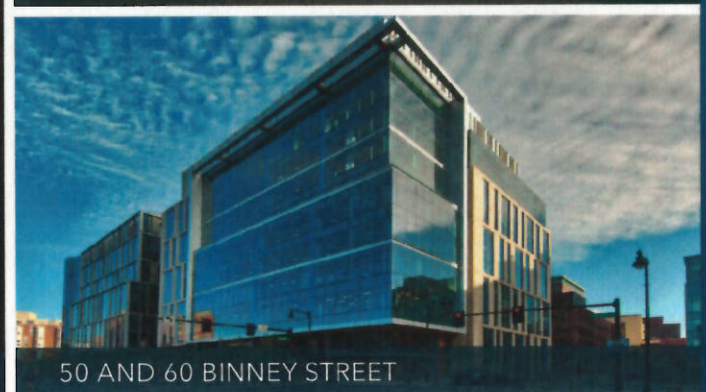
270 THIRD STREET (RESIDENTIAL)



CATALYST RESTAURANT



AREA FOUR, A KITCHEN, BAR, AND CAFÉ



50 AND 60 BINNEY STREET







# Project Concept and Public Benefits





## SOUTH LAKE UNION'S TRANSFORMATIONAL OPPORTUNITY IN STRATEGIC PARTNERSHIP WITH ALEXANDRIA

**ALEXANDRIA HAS A LONG AND SUCCESSFUL HISTORY IN SEATTLE**, and since our beginnings, we have had a pulse on the City's tremendous potential to reemerge as one of the top destinations for life science innovation in the world. The Mercer Mega Block provides a unique and timely opportunity for the City of Seattle to realize this potential through the transformation of the site into a world-class, highly amenitized, and sustainable life science campus that brings together Seattle's life science ecosystem in a manner never accomplished before.

Alexandria welcomes the opportunity to enter into a strategic relationship with the City to create an iconic, fully integrated mixed-use campus dedicated to accelerating the discovery and development of innovations that will positively impact human health. Our proposal equally focuses on coalescing Seattle's life science ecosystem and supporting the Seattle community by addressing the City's affordability crisis with a significant investment in hundreds of units of on-site housing, educational opportunities for underserved youth, and a new community gathering space in Seattle's urban center.

Realizing the positive impact of a thriving life science industry on its residents and its workforce, in 2003 the City of Seattle set an ambitious goal with a strong focus on life science:

"South Lake Union will be home to thousands of good-paying jobs in biotechnology and life sciences, employing people who will cure disease and save lives. Cities around the world would love to have these jobs. Let's work to create them here."

“I’VE BEEN EXTREMELY VOCAL IN MY BELIEF THAT CURATIVE APPROACHES FOR DISEASES SUCH AS CANCER CAN AND WILL BE DISCOVERED IN SEATTLE. WE APPRECIATE ALEXANDRIA’S ONGOING PARTNERSHIP WITH FRED HUTCH AND OTHERS IN THE SEATTLE BIOTECH COMMUNITY IN ACHIEVING THIS GOAL. WE VALUE OUR LONG-STANDING RELATIONSHIP WITH ALEXANDRIA AND SUPPORT YOUR EFFORTS TO HELP BUILD A DYNAMIC LIFE SCIENCE CLUSTER IN SEATTLE.”

**D. Gary Gilliland, MD, PhD**  
President and Director  
FRED HUTCHINSON CANCER RESEARCH CENTER

### ALEXANDRIA'S LAKE UNION LIFE SCIENCE PROPERTIES





## PROJECT CONCEPT

**SEATTLE OFFERS A DESIRABLE LOCATION** that is home to renowned academic and medical research institutions, pioneering life science and technology companies, and a highly educated population. The resulting density of great scientific research here rivals the rest of the country, but it has suffered from a lack of development capabilities, strategic risk capital, and seasoned life science management. Thus, 15 years later, Seattle's life science industry has grown only modestly, while large, well-capitalized technology companies dominate.



The life science industry provides critical economic diversity to Seattle, where tens of thousands of technology jobs have been created over the last decade. Life science companies tend to better weather economic downturns because their research horizon is long term in nature, which has a stabilizing effect on a local economy. During the 2008 downturn, there were no major closures of Seattle area life science companies – a dramatic contrast to the instabilities we saw in finance and other local sectors. This industry is an essential player in Seattle's economy, but space for growth is tight.

The opportunity for development and transformation of the Mercer Mega Block represents a crucial opportunity to coalesce the city's existing foundational strengths. Alexandria is committed to delivering a project that will bring in early-stage risk capital and serial life science entrepreneurs that, along with other critical elements, are necessary for a thriving life science cluster. Our development plan involves creating a central hub that will stimulate life science innovation, company formation, job growth, community engagement, and thought leadership – and ultimately lead to new treatments and cures for disease.



The map below highlights life science R&D locations relative to areas significantly used by technology, retail, and others to showcase the stark imbalance between tech and life science workplaces.

### AERIAL KEY

	Life Science
	Amazon and Other Technology Companies





## PROJECT CONCEPT

**WE HAVE SEEN SEATTLE'S CREATIVITY AND INDUSTRY CHANGE THE WORLD**, from revolutionizing aerospace with the Boeing 737 and advancing smart technologies with Amazon's Alexa, to fueling us with Starbucks and disrupting the music scene with Hendrix and Nirvana. Crafting and sharing revolutionary and diverse ideas are deeply ingrained in Seattle's DNA. Led by pioneering companies such as Juno Therapeutics, Adaptive Biotechnologies, and Nohla Therapeutics, Seattle is positioned to make similar transformative inroads to radically improve human health.

In recent years, Seattle has emerged as a leader in immunology, cell therapy, and the intersection of science and technology – which leverages big data, artificial intelligence, genomics, and other platforms to drive development of diagnostics and therapies – areas that are generating trailblazing innovations across the life science industry. In Seattle, the industry is at an inflection point, and with the Mercer Mega Block we have the opportunity to elevate the work of Fred Hutch, the University of

Washington (UW), and its small but growing number of local life science companies to establish Seattle as the leading center for life science research, development, and commercial activity. Alexandria believes Seattle can and will fulfill the audacious goal of Fred Hutch President and Director Dr. Gary Gilliland that “by 2025, cancer researchers will have developed curative therapeutic approaches for most if not all cancers” and other diseases. Seattle needs the support of the City and State, and a recognized life science ecosystem builder – Alexandria, to create and nurture a vibrant life science ecosystem at the Mercer Mega Block.

Alexandria intimately understands that the Mercer Mega Block offers Seattle an opportunity to build upon its legacy of scientific innovation and progress. We believe we are the best steward to deliver a fully developed life science ecosystem here that the City will be proud of well into the future. Through our unique proposal, we envision a world-class campus that values and enhances the surrounding South Lake Union neighborhood and bolsters Seattle's innovation economy.

## THE PROJECT CONCEPT

**ALEXANDRIA SHARES SEATTLE'S VISION FOR A CITY THAT PRIORITIZES EDUCATION, EQUITY, INNOVATION, LIVABILITY, SUSTAINABILITY, AND MOBILITY**, as well as a commitment to a more diverse, affordable, healthy, and interconnected community. Large, sweeping forces – constantly evolving market dynamics, demographic shifts, rising income inequality, disruptive technologies, and climate change – are compelling Seattle to advance this commitment. Fortunately, no other city in the country is in a better place to respond.

Our vision at Alexandria is for a new model for urban development that supports our drive to dramatically transform people's lives by advancing human health and by embracing the values of equity, inclusion, and sustainability in design and development. We believe we have this vision in common with the City of Seattle. In alignment with our mission to advance human health, overcome hunger, and improve the quality of people's lives, we propose an iconic, fully integrated mixed-use campus that is dedicated to accelerating the discovery and delivery of cures and that addresses the city's affordability crisis with a significant investment in hundreds of units of on-site housing, educational opportunities for underserved youth, and a new community gathering space in Seattle's urban center. We will demonstrate how a strategic partner can develop a world-class commercial life science ecosystem that is economically feasible, incorporates the best in design and operations, and intentionally embraces active open space and mixed-income housing on-site.

### THROUGH OUR PROPOSAL, WE WILL DELIVER THE FOLLOWING TO SEATTLE:

**740K**   
SQUARE FEET OF  
OFFICE/LABORATORY SPACE

**175**   
UNITS OF HOUSING AT 60%  
AREA MEDIAN INCOME (AMI)

**30K**   
SQUARE FEET OF COMMUNITY  
AND PERFORMANCE ART SPACE

**5K**   
SQUARE FEET FOR A LEARNING  
LAB AND SKILLS CENTER

Alexandria's vision for the Mercer Mega Block would amount to a total investment across the entire development, including programs, totaling approximately [REDACTED].

Its sustainable operations could also annually save the City the energy equivalent of taking 188 passenger cars off the road, not driving 2.153 million miles, conserving the energy that would be used by 94 homes, or having 1,034 acres of forest sequester carbon for a year.

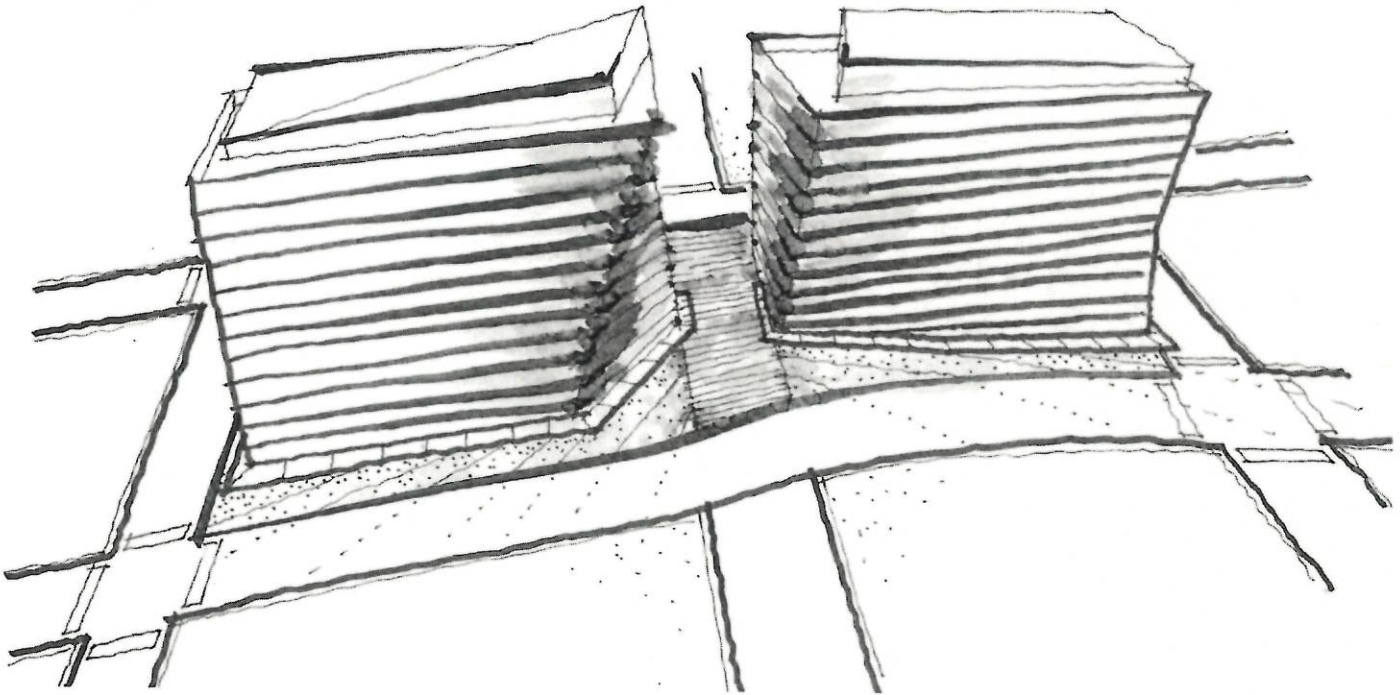




## PROJECT CONCEPT

TO HELP SEATTLE MEET ITS FULL POTENTIAL AS A **WORLD-CLASS LIFE SCIENCE CLUSTER**, Alexandria proposes to develop and curate approximately [REDACTED] SF across two 13-story towers on the 800 Mercer site. Our development will serve as the nucleus of Seattle's life science ecosystem. Each tower will house key programmatic elements designed to bring together Seattle's life science venture capital firms, its growing private and public biotechnology and pharmaceutical companies, and prestigious Seattle research institutions in order to propel advancements in

research and product development. The first floor ground plane will act as the intersection point between the R&D space and the community, opening up science to each citizen of Seattle via new creative, interactive, and visible community-driven spaces. Likewise, the Mercer Towers will connect the community to the research occurring inside through a rotating design that opens the center of the campus to the north and south, offering pedestrian access along 8th Avenue N and creating a visual and physical connection between the South Lake Union neighborhood and Lake Union.



ADJACENT TO THE 800 MERCER SITE, 615 DEXTER will be dedicated to affordable housing. We opted to include in our proposal a plan to build hundreds of mixed-income housing units on-site because we share the City's commitment to ensuring workers at all income levels have access to affordable housing near their jobs, their social networks, reliable transit, and other critical services. Research continues to confirm that healthy, high-functioning urban developments require a diversity of workers and people, as well as affordable and reliable access to jobs and services, as rising housing prices push more middle-income workers and their families further and further from the city core.

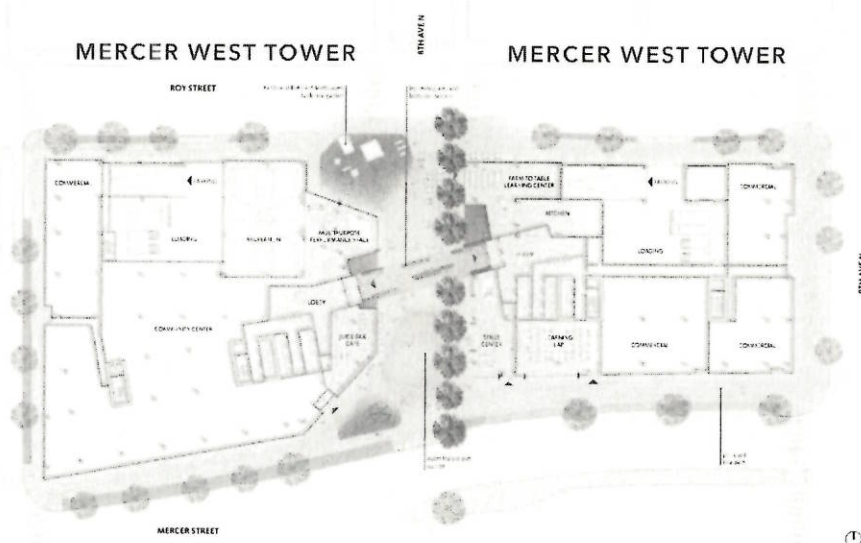
Therefore, Alexandria proposes to build an 18-story multifamily residential tower with a minimum of 175 affordable housing units at 60% AMI; seven units to meet the on-site MHA requirement; [REDACTED] "workforce housing" units at 80% AMI aimed at integral members of our community such as service workers, teachers, nurses, and other middle-income earners; and [REDACTED] market-rate units, which Fred Hutch has expressed interest in as workforce housing for its essential postdoctoral fellows and their families. We propose to construct this innovative residential project by employing a state-of-the-art pre-manufactured building system for delivering dwelling units more cost effectively than traditional construction. The tower will utilize sustainable materials and systems and be delivered up to a year faster and for a lower cost than traditional construction. Its design will enable a higher number of these high-quality, affordable, and market-rate dwelling units (each comparable to a new luxury multifamily unit) to have access to iconic views of downtown Seattle and Lake Union.





## THE PROJECT SITE

**THE PROJECT SITE FOR THE MERCER MEGA BLOCK** is animated by the development's need for a central connection point. Situated between the Eastlake research hub and the continually evolving technological innovation center in South Lake Union, the two towers are strategically constructed to maximize floor plates while maintaining the north-to-south connection via 8th Avenue N. Each tower will sit atop below-grade parking. Additionally, bicycle and multimodal transit amenities will be maximized to limit environmental impact and reduce traffic by promoting sustainable and healthy transportation options. Currently, a dead end to Mercer Street, 8th Avenue N will be transformed into a public-facing pedestrian experience, programmed to engineer interaction among the workers and residents of South Lake Union via planned community activation initiatives described in further detail in the Public Benefits section.



## PROPOSED BUILDING PROGRAM

**THE MERCER WEST AND EAST TOWERS** will serve as the central convening location for the life science community in Seattle and be programmed to include essential elements of a high-functioning ecosystem. The buildings will comprise much more than laboratory space. Each building will be constructed to meet the exacting needs of the life science community, with key components interwoven to accelerate scientific discovery, and to serve companies at all stages of their development along their path from innovation to commercialization.



The Mercer Mega Block campus will not only provide mission-critical space for Seattle's growing and mature life science companies, but it will also facilitate the launching of new companies, which will bolster the vitality of the life science sector in Seattle. To date, most early-stage company formation has taken place outside of Seattle or in institutional settings isolated from the realm of commercialization and capital. Similarly, the lack of incubator space for early-stage companies has also held back their development. As the leading innovator of proprietary space offerings designed to support life science companies at all stages of company growth, our proposal for the Mercer Mega Block includes an extension of the following proprietary offerings.



For seed- and early-stage life science companies, we provide Alexandria LaunchLabs®, the premier startup platform that delivers affordable, full-service, turnkey space, and strategic programming. Our platform offers all the elements for a life science startup to excel: move-in-ready laboratory/office space, first-class support resources, shared equipment and services, creative amenities, access to startup capital through the Alexandria Seed Capital Platform, and engagement with Alexandria's world-class network.



As these companies develop and grow, their needs for infrastructure will also evolve. In line with our holistic view of the life science ecosystem, our proposal also offers a scalable path for Alexandria LaunchLabs' member companies and other local startups to transition into expansion space, which is currently undersupplied and in critical demand in the cluster. For companies preparing to move beyond a shared laboratory bench, the Alexandria Science Hotel®, designed as research-ready private laboratory space for companies, includes our comprehensive array of scientific and entrepreneurial support services that are integral to the success of startup companies. We are able to augment this support package with a host of additional specialty services tailored to the particular needs of individual clients at the Mercer Mega Block.



## PROJECT CONCEPT

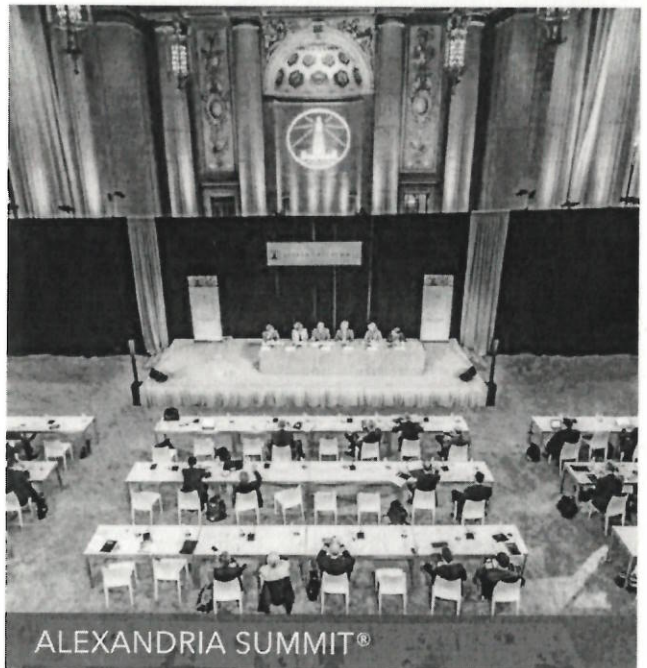
**IN ADDITION TO PHYSICAL SPACE DESIGNED TO ACCOMMODATE COMPANY FORMATION AT EVERY STAGE**, an essential feature of every dynamic cluster is the ready availability of venture capital funding. Life science venture capital tends to work very closely with the companies they fund. We envision creating a dedicated section of a tower floor for venture capital firms, directly connecting them to the very companies they work with to create synergies based upon proximate location and increased interaction. Alexandria partners with the country's top-tier venture capital firms and world-class research institutions in order to accelerate and spin out the development of promising technologies into powerful businesses. Our company's venture capital arm, Alexandria Venture Investments, was recognized by Silicon Valley Bank as the most active early-stage life science investor by deal volume in 2016-2017. It has strong relationships with many Seattle VCs, such as Accelerator Life Science Partners, ARCH Venture Partners, and Biomix Capital, as well as national investors that want to invest in Seattle's promising companies. At the Mercer Mega Block, they would find a strategic base for their operations.



The Mercer West Tower will feature

The fully appointed facility, designed in conjunction with the first-floor restaurant experience in the Mercer East Tower,

It will be able to host the country's preeminent thought leadership events,



Alexandria can bring together research institutions like Fred Hutch and UW, commercial life companies such as Adaptive and Nohla, and other globally recognized life science organizations to reestablish Seattle as the international center for life science research, development, and commercial activity especially focused on Seattle's strength in immunology, cell therapy, and the intersection of science and technology.

All 13 floors of both towers are designed to accommodate scientific R&D, which can take many forms, from early-stage clinical drug development to robust chemistry and biology research. We work closely with our tenants to tailor their space according to their programmatic needs, including translational research, clinical drug development, and chemistry and biology laboratory work meant for later-stage companies. Complementing traditional lab benches, each floor will include

Unlike a typical office building featuring floor-to-floor heights of 10 feet,

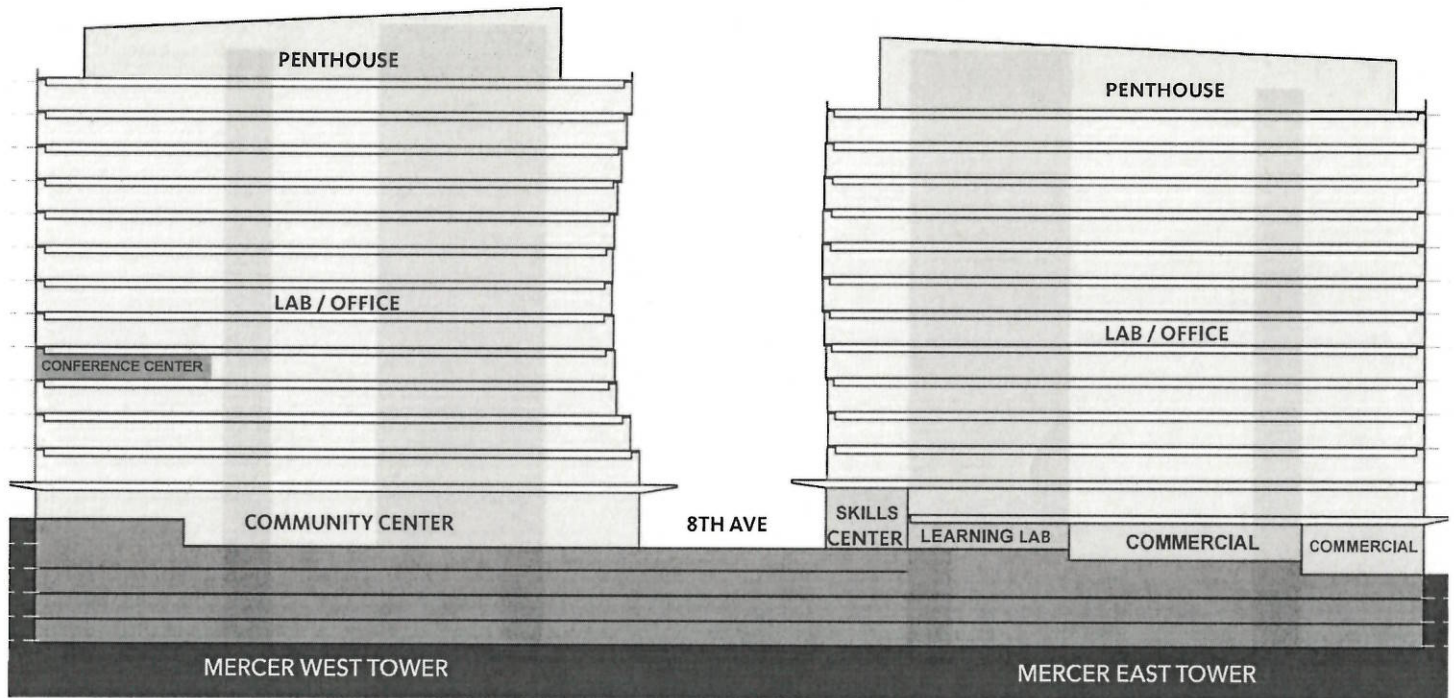
The increased investment required will ultimately increase the value of the buildings while providing a safer, healthier environment for Seattle's scientists.





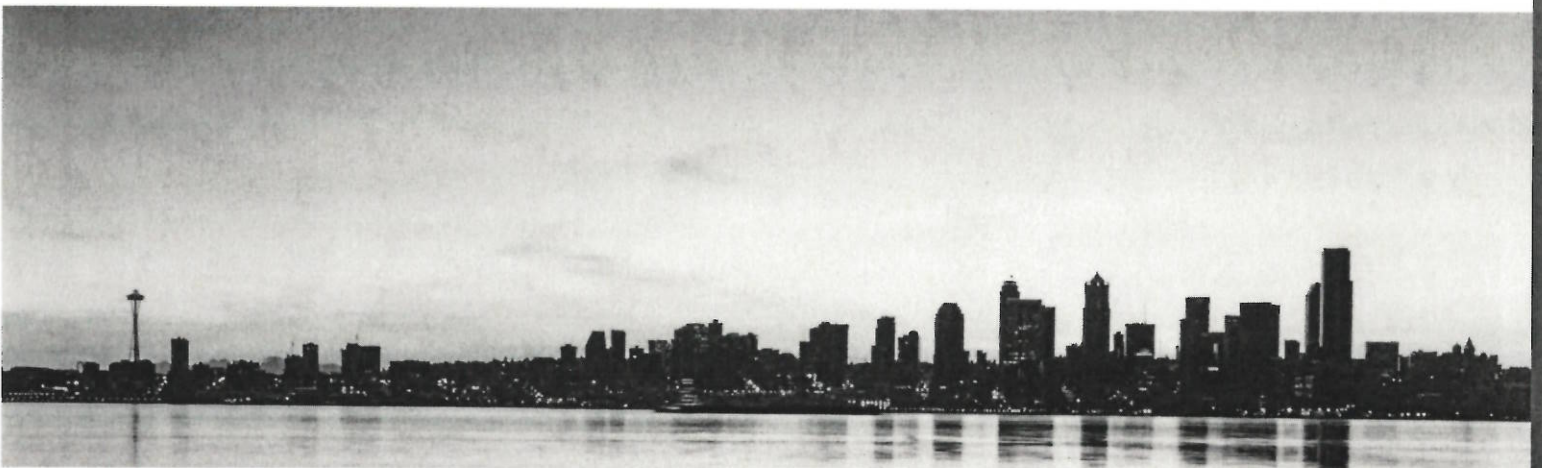
## PROJECT CONCEPT

### BUILDING SECTION PLAN



AS THE LANDLORD OF CHOICE TO THE LIFE SCIENCE INDUSTRY\*, Alexandria excels in optimizing workplace design to foster creativity, productivity, and innovation. Each commercial tower is designed to maximum floor plate size. Large floor plates enable easier interaction and communication by scientists focused on collaboration and idea sharing and also increase the likelihood of social interactions among colleagues. Podium floors 2-6 will be between [REDACTED] and tower floors 7-17 will be maximized [REDACTED]. Each tower will feature programmed [REDACTED].

Alexandria has a longstanding and proven track record of creating and curating life science clusters that provide the brightest minds with tailored environments and infrastructural support in their efforts to tackle the world's greatest problems. The Mercer Mega Block will play a key role in the future of Seattle science by supplying the fundamental physical and programming elements for a robust ecosystem, from much-needed laboratory space to a platform for early-stage startups, and also by providing risk capital and thought leadership to support the development of new companies and opportunities to collaborate with the world's foremost leaders in the fields of scientific research. In partnership with the City, this will be an important model for a future urban development that fully integrates housing, community engagement, and a commercial life science ecosystem to realize Seattle's potential to grow and nurture the next generation of companies to cure disease.

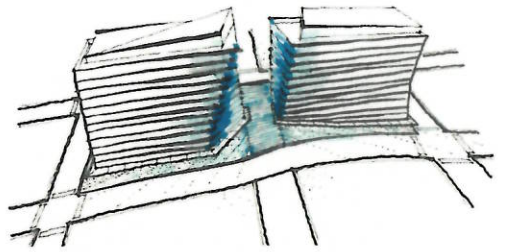




## PROJECT CONCEPT

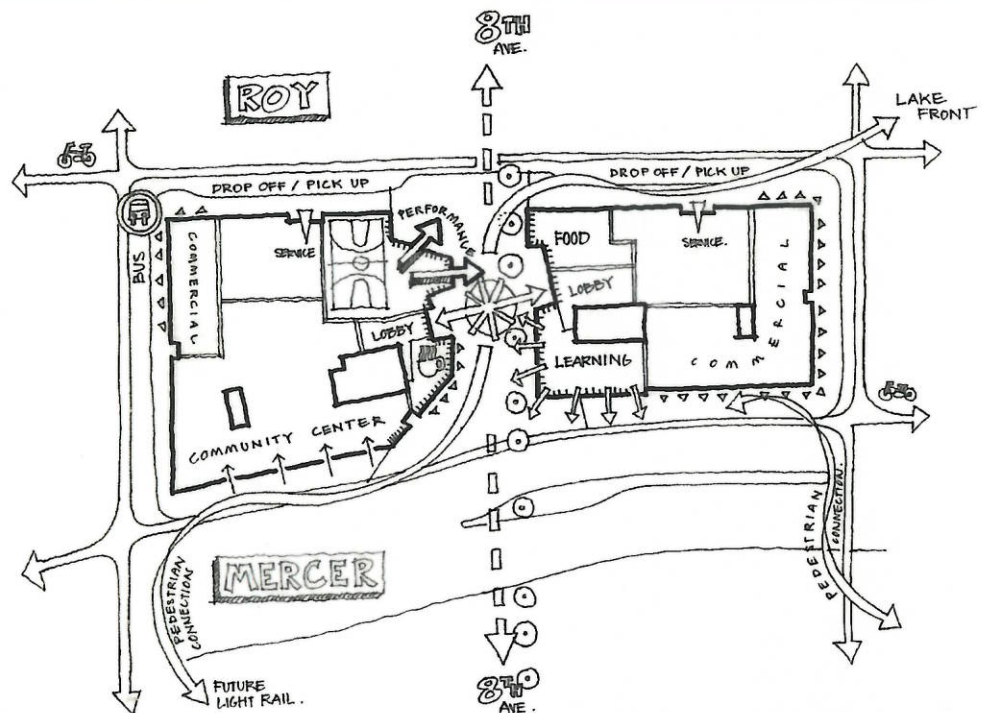
### 8TH AVENUE N: A GATEWAY FOR GATHERING

**OUR VISION FOR 8TH AVENUE N** as a public benefit incorporates our previous experience in Seattle and the feedback we received from the community for a development with a sense of place and a public meeting space that sparks civic pride. Alexandria's proposal for the pedestrian-only right-of-way on 8th Avenue N is for a dramatic gateway that leads into a multipurpose space, both indoor and outdoor, that transforms from season to season and meets the diverse needs of residents, youth, scientists, workers, and visitors, and that links Lake Union to Seattle Center.



#### A CRITICAL DESIGN DIRECTION FOR THE MERCER WEST AND EAST TOWERS ensures the commercial building lobbies will not dominate 8th Avenue N.

Commercial entryways will be recessed inward and flanked by ground-level retail and public spaces. The resulting wider thoroughway lets each tower stand uncrowded, increases opportunity for social collision among pedestrians, encourages foot traffic from the street to the campus, and makes room for a lively urban corridor.



#### GENEROUS GROUND-FLOOR HEIGHTS, TRANSPARENT GLASS, OUTDOOR SEATING, PEDESTRIAN-FRIENDLY PAVING AND CANOPIES, CREATIVE LANDSCAPING AND LIGHTING, AND PROGRAMMED EVENTS

will make 8th Avenue N the synergistic heart of the neighborhood and the place where people will want to be year-round. This plaza in and of itself will serve as a destination for the public, unlike typical privatized public spaces in many of the local South Lake Union developments.



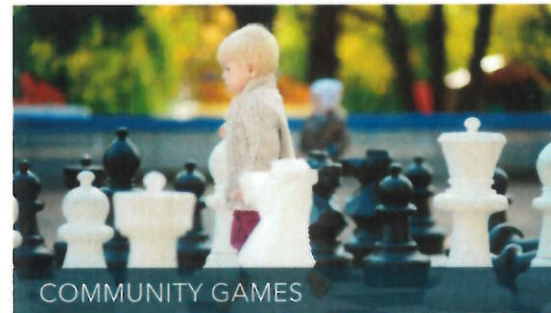


## PROJECT CONCEPT

**INSPIRED BY THE PROXIMITY TO NEARBY LAKE UNION**, we envision an outdoor water feature at the southern end of 8th Avenue N that will appeal to people of all ages. The open area will be gently sloped to allow for a summer-season, spouting-water feature to serve as both a splash park environment for children and a place for people just to sit and enjoy the cooled air emanating from the fountains. In winter months, this large area can be cleared and overlaid with an ice-skating pond structure to be enjoyed by people of all ages.

The mid-block connection across 8th Avenue N, which extends into the notched commercial lobbies, will play on the history of Lake Union and its bygone lumber industry, with its smooth-hewn, "levitating" wooden logs that will serve as gathering landmarks, play structures, and seating for casual conversations, outdoor lunches, and contemplative moments. The eastern side of the pedestrian thoroughway will be lined with trees and additional seating to draw visitors in and northward toward Lake Union. Enclosed fire pits will be available for use during the cooler seasons. Along the north half of 8th Avenue N will be room for daily rotations of food trucks and spillover space for adjacent retail uses.

As South Lake Union has evolved rapidly over the past decade, it has not yet developed a much-needed central gathering place for the community, one similar to Occidental Park in Pioneer Square or Westlake Park in the heart of downtown Seattle. An attractive, year-round activated public space that encourages gathering by the entire community will help to shape the identity of the still-growing area.





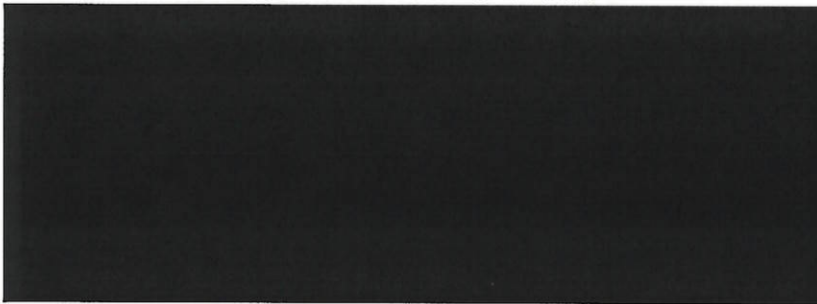
## PUBLIC BENEFITS: IMPROVING PEOPLE'S LIVES

**ALEXANDRIA'S SUSTAINABILITY MISSION** is to make a positive and meaningful impact on the health, safety, and well-being of our tenants and employees, as well as in the communities in which we live and work. We have incorporated public benefits into all of our new development projects, and the Mercer Mega Block will be no exception. Our proposal includes not only a life science vision that supports our tenants and other leading institutions to find cures for our most devastating diseases, but also a commitment to build affordable, sustainable housing; develop a community and performance arts venue that brings people together; and provide education, training, and maker spaces that support the next generation of Seattle residents in their efforts to participate in our growing and evolving economy. **As a testament to our long-term commitment to Seattle and our willingness to serve as a community partner, Alexandria pledges to contribute an additional \$5 million toward initiatives addressing our homelessness crisis.** We hope our contribution signals our strong desire to partner with the City of Seattle to solve one of our most pressing issues: meeting the needs of the more than 12,000 people who live in this city without shelter.

### COMMITMENT TO AFFORDABLE HOUSING - THE 615 DEXTER TOWER

**WE TAKE SEATTLE'S NEED FOR MORE AFFORDABLE HOUSING SERIOUSLY.** Accordingly, Alexandria proposes building an 18-story multifamily, multi-income residential tower with a minimum of 175 affordable housing units at 60% AMI by employing an innovative pre-manufactured building system capable of delivering dwelling units more cost effectively than traditional construction. The key feature of this innovative construction method takes advantage of the replicable nature of multifamily housing to develop a catalog of factory-made component parts (structural steel pieces, walls, floor panels, etc.) that can be trucked to the project site and assembled to create the finished building, accelerating delivery by up to 12 months. Additionally, ■ units, or ■% of the total available units, will be designated workforce housing for service workers, teachers, nurses, and other middle-income earners, in compliance with the City's Multifamily Tax Exemption Program (MFTE). We will also build the required seven MHA units in the 615 Dexter Tower. All remaining units will be leased at market rates, and Fred Hutch has expressed interest in partnering with Alexandria to convert the units into workforce housing units to accommodate their postdoctoral fellows and their families. Like an increasing number of residents in our city, the average postdoc cannot afford in-city Seattle rents and must commute from increasing distances to the city.

#### 615 DEXTER TOWER PROPOSED UNIT MIX



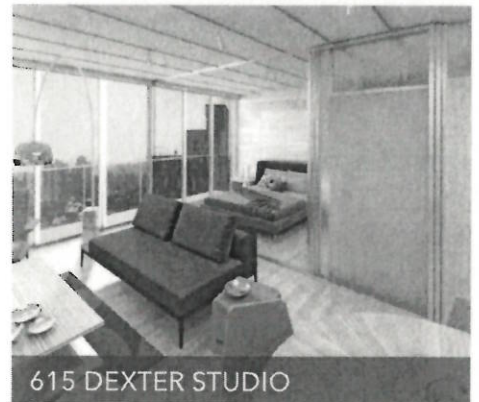
The 615 Dexter Tower will have a strong relationship to the two commercial life science towers along Mercer Street through a series of design elements that help the project relate in scale to the neighborhood and strengthen pedestrian connections along Roy Street. Its groundbreaking construction method, more sustainable than traditional construction, offers the following energy-saving benefits:

- The panelized construction method at the 615 Dexter Tower will minimize on-site waste, lower overall operating costs by 20%, improve seismic and storm-related building performance, reduce operational energy and water use by 30%-70%, and enhance the living experience through a design that allows for more natural light, eliminates mold-growing and VOC off-gassing materials, and delivers clear-span units devoid of interior columns.
- To reduce ongoing energy use, building systems will include multiple types of sustainable technologies, including roof and exterior photovoltaic panels; a greywater treatment system for flushing, irrigation, and laundry; in-floor hydronic heating; and floor-to-ceiling exterior glazing that runs the entire width of the apartment units to dramatically increase access to natural daylighting.

Our proposed solution provides a substantially greater number of functionally and aesthetically superior housing units at a reduced financial and environmental cost. The building's speed of construction, volume of units, and sustainability measures ensure that the proprietary method we have chosen will be key to best serving Seattle.



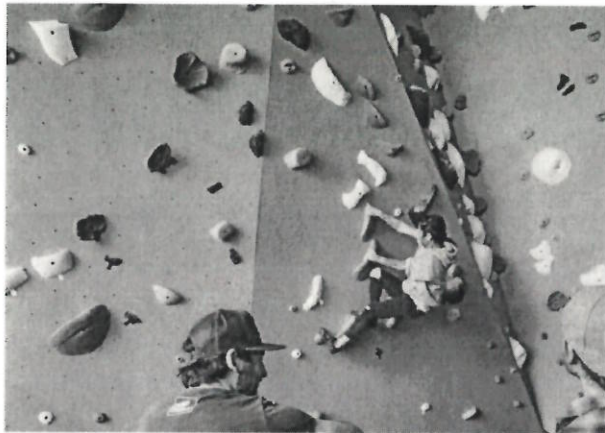
615 DEXTER



615 DEXTER STUDIO







### THE SLU COMMUNITY CENTER: MERCER WEST TOWER

ALEXANDRIA WILL EARMARK 30,000 SF OF THE GROUND FLOOR of the Mercer West Tower for a community center to be flexibly programmed in collaboration with the City and local community groups. It will accommodate a variety of activities that will appeal to Seattle residents of all ages. A flexible, high-volume (two-story) space that functions as a basketball court and a performance arts space for the community will be built on the west side of 8th Avenue N and provide transparency for passersby. Areas for ping-pong, a climbing wall, and fitness programs could also be included. We are particularly excited about the inclusion of a new performance arts space in our proposal as it will serve as an important brick-and-mortar portal to the artistic vibrancy that exists in our city and help South Lake Union define its cultural character.

Alexandria has long been committed to providing mission-critical support to non-profit organizations doing impactful work in local STEAM (Science, Technology, Engineering, Arts, and Math) education. We are eager to play a part in introducing Seattle youth, particularly youth of color, young women, and others who have experienced high barriers to opportunity, for careers in life science and technology, including through tutoring sessions and coding camps, at the community center.

Alexandria has made similar commitments in New York City, partnering with Computer Science for All (CS4All) to launch a 10-year initiative to bring computer science education to its 1.1 million public school students, and with STEAM:CODERS in Los Angeles, which introduces underrepresented and underserved students and their families to the fundamentals of STEAM to prepare them for broader academic and career opportunities. This type of training, which emphasizes critical thinking and problem solving, is critical for young people today and for the workforce, job growth, economy, and technological innovations of the future.

We are also designing a similar space at a project in the SoMa neighborhood of San Francisco at [REDACTED]. Upon completion, the space, which we have structured as a public-private partnership with the City of San Francisco, will be managed and programmed by its offices. We believe a community space that fosters and encourages learning and physical fitness will foster a talent pool with a greater chance of success in making an impact on society, including on their immediate communities.



PERFORMANCE SPACE FOR THE COMMUNITY





## PROJECT CONCEPT

### SLU SKILLS CENTER, MAKER SPACE, AND LEARNING LAB: MERCER EAST TOWER

#### OUR PROPOSED PROGRAM ALSO INCLUDES SPACE FOR A SKILLS CENTER

on the ground floor of the Mercer East Tower that can also function as a maker space, where local businesses can share scarce manufacturing and production facilities and equipment, and as a classroom, where students and working adults can receive technical education in preparation for high-demand occupations in Seattle. According to Washington Roundtable's "Washington Kids for Washington Jobs" report, there will be 740,000 job openings in Washington State by 2021, most of which will be filled by workers with a postsecondary credential (e.g., a degree, apprenticeship, or certificate), but, right now, only 40% of our high school students have gone on to earn such a credential by age 26. Inspired by the Seattle Public Schools' Skills Center and the various career and technical training programs at the Seattle College District, the facility will be equipped to prepare students for college and career. We further propose that the skills center could partner with the City and secondary and post-secondary education partners to offer high school or college credit, industry-recognized certification, and advanced learning in manufacturing, construction, maritime, and other high-demand technical fields.

Adjacent to the SLU Skills Center, we also see the Mercer East Tower as an ideal location to build a learning lab facility to help expose students of elementary through high school age to the experience of working in labs and the realistic possibility of a career in science. We will draw on our world-class life science network to assist and serve as mentors and give presentations to visiting school groups.

Alexandria will work with the City, as well as community-based organizations that are teaching STEAM skills to under-resourced youth, arts-based and cultural organizations that are creating and activating cultural space in the city, post-secondary educational organizations that are preparing our residents for the demands of a changing economy, and other community members who can identify long-term operators for the community center and fully program this critical space.



SLU SKILLS CENTER



LEARNING LAB





## PROJECT CONCEPT



RIVERPARK®, A TOM COLICCHIO RESTAURANT



RIVERPARK FARM®



## FARM-TO-TABLE RESTAURANT: MERCER EAST TOWER

### OUR PROPOSAL INCLUDES A FARM-TO-TABLE RESTAURANT

space at the corner of 8th Avenue N and Roy Street. Drawing on our experience in other markets, we will build, curate, and partner with an up-and-coming local restaurateur to open an establishment in the East Tower (in the vein of Tom Douglas with Dahlia or Ethan Stowell with Union) that will offer healthy, delicious meals and also provide local children and adults with opportunities to tactilely learn about urban farming, nutrition, and wellness. The restaurant will include an indoor/outdoor dining area that opens onto 8th Avenue N for patrons to take advantage of in the warmer months.



STEM, A MODERN FARM-TO-TABLE RESTAURANT



ON-SITE FARM-TO-TABLE RESTAURANT





## PROJECT CONCEPT

## SUSTAINABLE DESIGN

### ALEXANDRIA DESIGNS AND CONSTRUCTS PROJECTS FOR LONG-TERM OWNERSHIP AND IS COMMITTED TO RESPECTING SEATTLE'S ENVIRONMENT

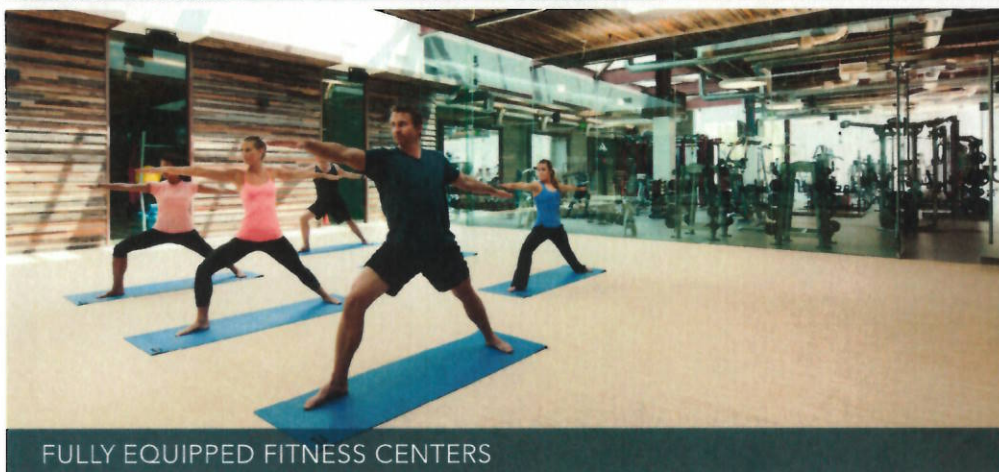
and ensuring that each building exemplifies the highest levels of sustainability. Our innovative approaches to developing sustainable, healthy, and collaborative workplace environments enhance the recruitment and retention of world-class talent, promote our tenants' health and well-being, and inspire productivity, efficiency, creativity, and success.



URBAN FARMS



BIOPHILIC INTERIORS



FULLY EQUIPPED FITNESS CENTERS

### ALEXANDRIA IS PROUD OF OUR ASPIRATIONS AND ACHIEVEMENTS IN THE AREAS OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE



2025 sustainability goals to reduce energy use, greenhouse gas pollution, water use, and waste; to target LEED Gold or Platinum certification on all new ground-up development projects; and to achieve 50 healthy building certifications

\$450 million green bond issued to fund projects that have achieved or are targeting LEED Gold or Platinum certification



G R E S B<sup>®</sup>  
Green Star 2018

2018 Global Leader of the Global Real Estate Sustainability Benchmark's (GRESB) Health & Well-being Module and a GRESB Green Star company



The first to be named a First-in-Class Fitwel Champion and to receive Fitwel 3-Star certifications for promoting the highest levels of occupant health and wellness



The first to achieve WELL certification for a laboratory space

**Nareit Leader In The Light Awards**  
Sustainable Real Estate Practices

Recipient of Nareit's 2017 Leader in the Light Sustainability Award in the Most Innovative category



Recipient of California Governor's Environmental and Economic Leadership Award, the state's highest environmental honor





## PROJECT CONCEPT

**THE MERCER WEST AND EAST TOWERS AND THE 615 DEXTER TOWER** will employ a broad range of strategies to lower our impact on the environment, maximize benefit to the building occupants and the community, and align with goals of the City's Climate Action Plan and the Seattle 2030 District.



### LEED GOLD – ENERGY AND WATER

Our focus on energy and water reduction will maximize the buildings' performance in the LEED v4 rating system and target a Gold certification for core and shell. To reduce energy consumption, a wide range of energy conservation measures will be employed, starting with a high-performance envelope that ensures minimal solar thermal heat exchange while maximizing opportunities for daylighting and daylight harvesting.



### HEALTH AND WELLNESS

Our concept will provide an optimal experience for residents and tenants through robust health, welfare, and safety measures recommended by the Fitwel certification system and all design precondition measures of the International WELL Building Institute rating system. Addressing the growing national epidemic in unhealthy lifestyles, these new industry-leading health and wellness rating systems encourage healthy built environments for residents and occupants.



### MULTIMODAL ACCESS

Bicycle and multimodal transit amenities will be maximized to limit impacts on the traffic-dense area, and the multi-use nature of the project will offer multiple work-live-play options for residents, workers, and visitors.



### HEAT EXCHANGE

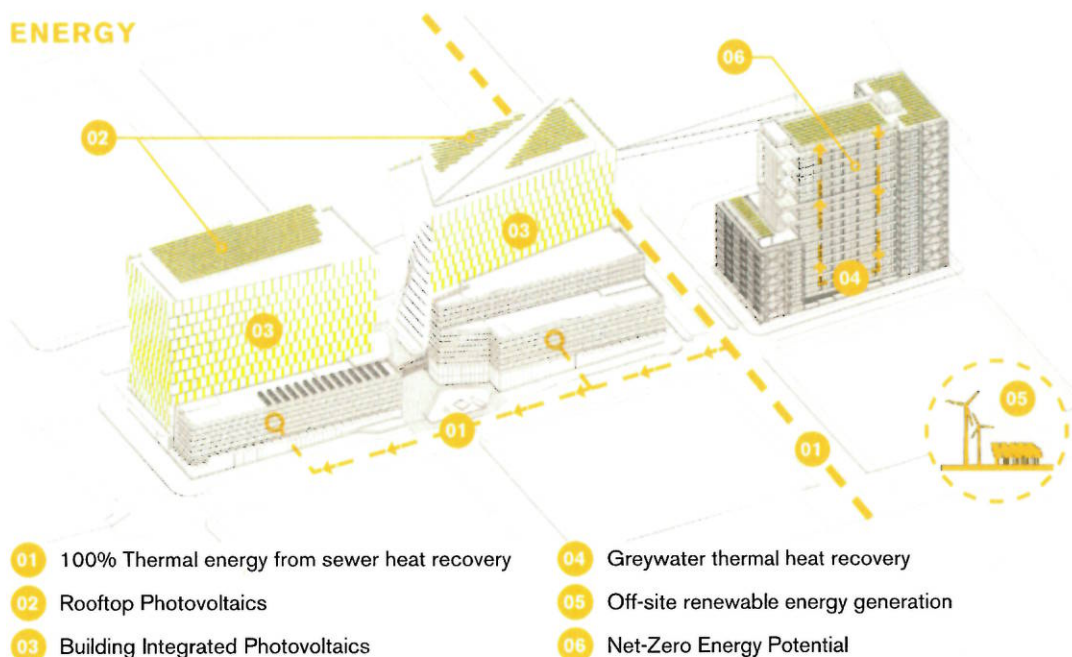
The single most important measure that the project will consider is a sewer/stormwater heat exchange system with the conveyance running beneath the site. This system accounts for significant opportunities to reduce energy peak loads and overall energy consumption, as well as water consumption through the installation of high-efficiency and low-flow fixtures. Most importantly, the system will contemplate a connection of the Mercer East and West Towers with the 615 Dexter Tower through a greywater system that will potentially eliminate consumption of potable water for waste flushing.



### ECO-DISTRICT BENEFITS

By connecting both the residential and commercial aspects of this project, we have an opportunity to develop a utility and eco-district to share the benefits and offset wastes commonly attributed to both uses and thereby maximize its value to the community.

## ENERGY





## PROJECT CONCEPT

### RFP PROJECT TEAM

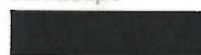
TO HELP US TRANSLATE THIS VISION INTO REALITY, Alexandria has assembled the following best-in-class team, each with extensive local Seattle experience.



Architects



Landscape



Structural



Pre-Construction



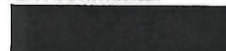
Civil



Wind Study



Environmental



#### Alexandria's Project Executive & Management Team



**JOEL MARCUS**  
Executive Chairman  
& Founder



**STEPHEN RICHARDSON**  
Co-Chief  
Executive Officer



**PETER MOGLIA**  
Co-Chief Executive Officer &  
Co-Chief Investment Officer



**DEAN SHIGENAGA**  
Co-President &  
Chief Financial Officer



**DANIEL RYAN**  
Co-Chief Investment Officer &  
Regional Market Director -  
San Diego



**JENNIFER BANKS**  
Co-Chief Operating Officer,  
General Counsel &  
Corporate Secretary



**VINCENT CIRUZZI**  
Chief Development Officer



**EMILY SHERIDAN**  
Senior Vice President -  
Strategic Programming  
& Philanthropy



**ARI FRANKEL**  
Assistant Vice President -  
Sustainability & High  
Performance Buildings



#### Alexandria's On-Site Regional Team



**JOHN COX**  
Senior Vice President -  
Regional Market Director -  
Seattle



**HART COLE**  
Senior Vice President -  
Strategic Market Director -  
Seattle



**MONICA BEAM, PhD**  
Senior Vice President -  
Science & Technology



**MAGGIE CAPELLE**  
Vice President - Seattle

#### Project Executive & Management Team

##### JOEL S. MARCUS Executive Chairman & Founder



Joel co-founded Alexandria in 1994 as a garage startup with \$19M in Series A capital and has over 40 years' experience in the real estate and life science industries. Having served as CEO from March 1997 to April 2018, he led our growth into an S&P 500 company with an approximately \$18B total market

cap and continues to serve as full-time Executive Chairman. He was one of the original architects and co-founders of Accelerator Life Science Partners and AgTech Accelerator and serves on their boards. He also serves on the boards of Applied Therapeutics, Atara Biotherapeutics, Boragen, Intra-Cellular Therapies, MeiraGTx Holdings, Yumanity Therapeutics; the FNIH, Friends of Cancer Research, MassBio, NewYorkBio, The Scripps Research Institute; the 9/11 Memorial & Museum, the Emily Krzyzewski Center, the Navy SEAL Foundation, the Partnership for New York City, and Robin Hood Foundation. Prior to co-founding Alexandria, Joel had an extensive legal career specializing in corporate finance and capital markets, venture capital, and mergers and acquisitions. He was also a practicing CPA and Tax Manager with Arthur Young & Co., where he focused on the financing and taxation of REITs. Joel was previously a recipient of the EY Entrepreneur Of The Year Award (Los Angeles - Real Estate). He earned his undergraduate and JD degrees from UCLA.

##### STEPHEN A. RICHARDSON Co-Chief Executive Officer



Steve has over 30 years of real estate, business, and strategy experience in the life science industry and has served Alexandria in roles of increasing responsibility since February 2000. As Co-CEO, he jointly leads Alexandria with a long-term focus on strategic planning and growth. During his tenure at Alexandria,

Steve previously served as COO from October 2011 to April 2018 and Regional Market Director of San Francisco from July 2005 to April 2018, when he led the management and growth of the region's assets and operations. Prior to Alexandria, Steve served as Director of CellNet Data Systems and as Director of Marketing and Leasing for Paragon Group. He is a board member of the California Life Sciences Association, whose mission is to advance California's world-leading life sciences innovation ecosystem by advocating for effective national, state, and local public policies and by supporting life sciences entrepreneurs and businesses. Steve received his MBA from Santa Clara University and his BA in Economics and Literature from Claremont McKenna College.





### Project Executive & Management Team (continued)

#### PETER M. MOGLIA

##### Co-Chief Executive Officer & Co-Chief Investment Officer



Peter joined Alexandria in April 1998 with a breadth of experience in real estate investments and underwriting, including serving as Alexandria's CIO since January 2009. As Co-CEO, Peter jointly leads Alexandria, and as Co-CIO, he jointly oversees our strategic growth with a focus on acquisitions/

dispositions, development/redevelopment, leasing, and joint ventures. Concurrently, he leads our Real Estate Finance team, which provides critical support across underwriting, due diligence, and financing activities. Since joining Alexandria, Peter has served in many important capacities of increasing scope and responsibility, including managing our Seattle assets and operations from April 2003 through December 2008. Prior to Alexandria, he served as an Analyst at Lennar Partners, having begun his real estate career in management advisory services in the E&Y Kenneth Leventhal Real Estate Group. Peter received his BA in Economics from UCLA.

#### DEAN A. SHIGENAGA

##### Co-President & Chief Financial Officer



Dean has over 25 years of financial and real estate experience and joined Alexandria in December 2000. Dean has effectively led our financial, accounting, and treasury functions as CFO since December 2004, and since joining Alexandria, he has held several senior positions in our Finance group. Under

his leadership, Alexandria received the 2015, 2016, and 2018 Nareit Investor CARE (Communications & Reporting Excellence) Gold Award for recognition as a best-in-class REIT that delivers transparent, quality, and efficient communications and reporting to the investment community. Prior to Alexandria, Dean was an Assurance and Advisory Business Services Manager in EY's Real Estate practice, where he provided assurance and advisory services to several publicly traded REITs, over a dozen private real estate companies, and many other public and private companies. In addition to providing audit and attestation services, he assisted clients with initial public offerings, follow-on offerings, debt offerings, and technical research. He is a CPA in the State of California and a member of the American Institute of CPAs. Dean received his BS in Accounting from USC.

#### DANIEL J. RYAN

##### Co-Chief Investment Officer & Regional Market Director – San Diego



Dan has 30 years of commercial real estate experience, including almost 20 years of life science real estate. He joined Alexandria in June 2010, upon acquisition of his company, Veralliance Properties. As Co-CIO, he jointly oversees our strategic growth, and as Regional Market Director of San Diego, he leads

the management and growth of all aspects of the region. He has also been involved with developments/redevelopments, ventures, financing, leasing, and other strategic opportunities across our North American assets. Prior to joining Alexandria, Dan was CEO of Veralliance, a commercial real estate developer he founded in 2002, which owned, managed, developed, and leased an approximately \$1B portfolio primarily consisting of life science assets in San Diego. Prior to 2002, Dan worked in the commercial real estate industry in Southern California, including as a Founding Principal of Pacific Management Services, Inc., a commercial developer focused on value-added transactions in the greater San Diego area. He is a board member of Biocom, a Southern California trade organization, and the San Diego Economic Development Corporation, a not-for-profit regional body comprising business, government, and civic leaders committed to maximizing economic growth. Dan is also a member of NAIOP and ULI. He received his BS in Economics, cum laude, from the University of Wisconsin-Madison and was admitted to Omicron Delta Epsilon, the honor society for excellence in achievement in the study of economics.

#### JENNIFER J. BANKS

##### Co-Chief Operating Officer, General Counsel & Corporate Secretary



Jennifer has over 20 years of commercial real estate and related legal experience and joined Alexandria in 2002. As Co-COO, Jennifer oversees the company's risk management operations, and as General Counsel since 2008, she leads a team that advises the

company on a range of legal matters, including acquisitions and dispositions, construction and development, litigation, investment, compliance, intellectual property, leasing, property management, and joint ventures. Jennifer previously practiced law in the real estate departments of Skadden, Arps, Meagher & Flom LLP and O'Melveny & Myers LLP, where she specialized in acquisition, complex leasing, joint venture, lending, and other finance transactions representing a variety of REITs, private developers, and institutional investors. Jennifer is a member of the American Bar Association (ABA), serves on the Los Angeles County Bar Association's Executive Committee of the Corporate Law Departments Section, and is the former Vice Chair of the ABA's Green and Sustainable Transactions Committee. She also serves on the City of Hope's Los Angeles Real Estate & Construction Industries Council's Executive Committee. Jennifer received her JD from Stanford Law School and her BA from UCLA.





### Project Executive & Management Team (continued)

**VINCENT R. CIRUZZI**  
Chief Development Officer



Vin joined Alexandria in September 1996 and has since been deeply involved in construction and development operations, sustainability efforts, construction risk management, capital planning, and project budgeting throughout our portfolio.

As CDO, he oversees a team of highly skilled professionals and their management of our building entitlements, design, permits, development, construction, and completion across our assets. Prior to his current role, Vin served as SVP, Construction & Development, from June 2000 to October 2015, as VP from September 1996 to June 2000, and as an active participant in Alexandria's IPO in May 1997. Since our IPO, he has been responsible for our domestic and international construction and development operations and services platform. He is our key advocate with the USGBC on LEED building certifications and other sustainability initiatives. Vin received his BS in Finance and Real Estate from USC.

**EMILY SHERIDAN**  
Senior Vice President – Strategic Programming & Philanthropy



Emily oversees the development and execution of Alexandria's life science thought leadership programming and events, including the Alexandria Summit® and Converge at Alexandria, as well as Alexandria's philanthropic efforts. As SVP of Strategic Programming & Philanthropy, Emily played a critical role in the launch

of Operation CARE, Alexandria's transformational philanthropy and volunteerism program that leverages our resources, people, and expertise to help fulfill our mission to enable the world's most innovative organizations to cure disease, end hunger, and improve the quality of people's lives. She is also deeply involved with our transformational philanthropic program, which provides mission-critical resources for medical research as well as military support services. Prior to joining Alexandria, she was Director of Development at City of Hope Comprehensive Cancer Center in Duarte, CA, where she raised funds to advance the development and delivery of novel, more effective therapies for patients fighting cancer, diabetes, and other life-threatening diseases. Emily received her BA in Psychology from Vassar College.

**ARI FRANKEL**  
Assistant Vice President – Sustainability & High Performance Buildings



Ari has 15 years' experience enhancing and raising awareness of sustainability in the building industry and joined Alexandria in 2016. As AVP of Sustainability & High Performance Buildings, Ari supports Alexandria's sustainability initiatives company-wide, which include reducing energy, water,

waste, and transportation impacts from existing buildings and achieving high levels of sustainability on all new construction. He also provides guidance and support with our strategies to deliver and be recognized for amenities and services that promote the health, well-being, and productivity of our employees, tenants, and partners. Ari was instrumental in Alexandria's earning a Green Star designation from the Global Real Estate Sustainability Benchmark (GRESB) and our recognition as the top-ranked company in the world in the GRESB Health & Well-being Module and the first company of any industry to be named a First-in-Class Fitwel Champion. Ari represents Alexandria on the Nareit Real Estate Sustainability Council and on the GRESB Real Estate Regional Benchmark Committee. Prior to Alexandria, he designed and led the global sustainability strategy at Deutsche Asset Management (RREEF Real Estate) and represented RREEF Real Estate and Deutsche Bank on numerous real estate and investment-related committees and working groups. He is a LEED Accredited Professional and a Fitwel Ambassador. Ari received his MBA from UC Berkeley with a certificate in real estate and his undergraduate degree in Economics from UCSD.





### On-Site Regional Team

**JOHN J. COX**

**Senior Vice President – Regional Market Director – Seattle**



John has over 33 years of real estate experience and joined Alexandria in January 2009. As SVP and Regional Market Director of Seattle, John leads our continued efforts to support and grow its life science ecosystem. John has completed commercial real estate transactions encompassing in excess

of 5M square feet with a value of over \$2B. Having earned a reputation for being an innovative place maker and creative transaction specialist in the life science field, John served on Governor Jay Inslee's Life Science Advisory Board and currently sits on the Nominating & Governance Committee for Life Science Washington. Prior to joining Alexandria, John was Branch Manager and board member of Kidder Mathews. His expertise and talent as a relationship builder and skilled manager are evidenced by his extensive client list, which includes such notable companies and institutions as Novo Nordisk, Icos (now Eli Lilly), Corus Pharma (now Gilead Sciences), the Fred Hutchinson Cancer Research Center, and the Institute for Systems Biology. John received his BA in Business Administration with an emphasis in Finance from the University of Washington.

**HART J. COLE**

**Senior Vice President – Strategic Market Director – Seattle**



Hart joined Alexandria in 2015 and has worked across the Alexandria enterprise in various strategic capacities, including market growth, acquisitions/dispositions, and capital markets. He has served as a key member of the Real Estate Finance team, successfully guiding several critical transactions

for Alexandria, and has also been highly involved in all aspects of capital planning, including capital allocation decisions and investor relationship management. Prior to joining Alexandria, Hart served as the Director of Operations for Surgical Care Affiliates (SCA), now a division of OptumCare, an industry leader in the surgical solutions delivery space. At SCA, he led the company's surgical hospital division, which accounted for over \$30M of annual earnings for the company and its various partnerships. During his tenure as Director, Hart was responsible for all aspects of the division's field operations, including managing top-line growth through the development of strategic partnerships, acquisitions, and active local partnership management, as well as the development and application of systems to optimize operations. Before SCA, he began his career as an Analyst at Simon Property Group in Indianapolis. Hart received his MBA, focusing in Finance, from the University of Kentucky and his BS in Finance/Real Estate from Indiana University.

**MONICA BEAM, PhD**

**Senior Vice President – Science & Technology**



Monica supports Alexandria's west coast operations by providing scientific expertise and insights on the life science and technology sectors. She is responsible for venture investments, business development, and tenant underwriting in Alexandria's San Francisco Bay Area and Seattle cluster

locations through our strategic venture investment arm, Alexandria Venture Investments. Monica has led venture capital investments in over 25 life science and technology companies in the areas of therapeutics, enabling technologies, and diagnostics and also supports a number of strategic corporate initiatives. She represents Alexandria as a Board Observer for DiCE Molecules, BioGraph 55 Inc., and TwinStrand Biosciences. Prior to Alexandria, Monica was VP at Square 1 Bank, where she helped build out its Bay Area Life Science practice and worked closely with early-stage, venture-backed life science and technology companies, and venture capitalists to structure, underwrite, and monitor debt transactions. Monica received her PhD and MS in Biomedical Engineering from Northwestern University and her BS in Chemical Engineering from Stanford University.

**MAGGIE CAPELLE**

**Vice President – Seattle**



Maggie supports all real estate activities for Alexandria's Seattle region, including development, acquisitions, and leasing. Prior to Alexandria, Maggie held positions at the Boston Redevelopment Authority, Tishman Speyer, and Archon Group. Most recently, Maggie served as a

Development Manager and Acquisitions Manager at Vulcan Real Estate, where she managed the entitlements and development of several South Lake Union projects, including the Lakefront Blocks, Block 48, and Block 57W, and executed on 13 land acquisition transactions in Seattle and Bellevue, including the acquisition of three land parcels at Yesler Terrace from the Seattle Housing Authority. Maggie received her MBA from the Tuck School of Business at Dartmouth College and her BA from Middlebury College.





## CLOSING

Alexandria's unique vision for the Mercer Mega Block achieves the City of Seattle's RFP priorities by incorporating a mix of uses that will build on the uniqueness and character of South Lake Union, by activating the neighborhood with much-needed affordable housing, community gathering, and educational spaces, and by introducing new design concepts and innovations in construction and sustainability. We believe that the City recognizes the importance of making a concerted effort to nurture the local life science industry, and Alexandria seeks to be Seattle's partner in this key initiative.

Alexandria is known for deep roots in the life science community, extensive relationships with local and national prospective tenants, expertise in local permitting and entitlement, experience with complex construction projects, and dedication to ongoing operational excellence. Our first-in-class reputation in our niche – coupled with our passion and dedication for the life science industry and the Seattle community, and, in particular, in their vitality, resilience, and future growth – makes us the only partner capable of delivering and supporting the world-class life science campus this South Lake Union cluster, and Seattle, needs.





The image is a photograph of a modern building with a blue-tinted glass facade. The building has a dark, possibly metallic, base. The text "Project Design" is overlaid in white, serif font. The building is shown from a low angle, looking up. The sky is a clear, pale blue. The building's facade is composed of many rectangular panels, some of which are reflective. The base of the building is dark and has some windows. There are some trees and people in the foreground, but they are not the main focus.

# Project Design





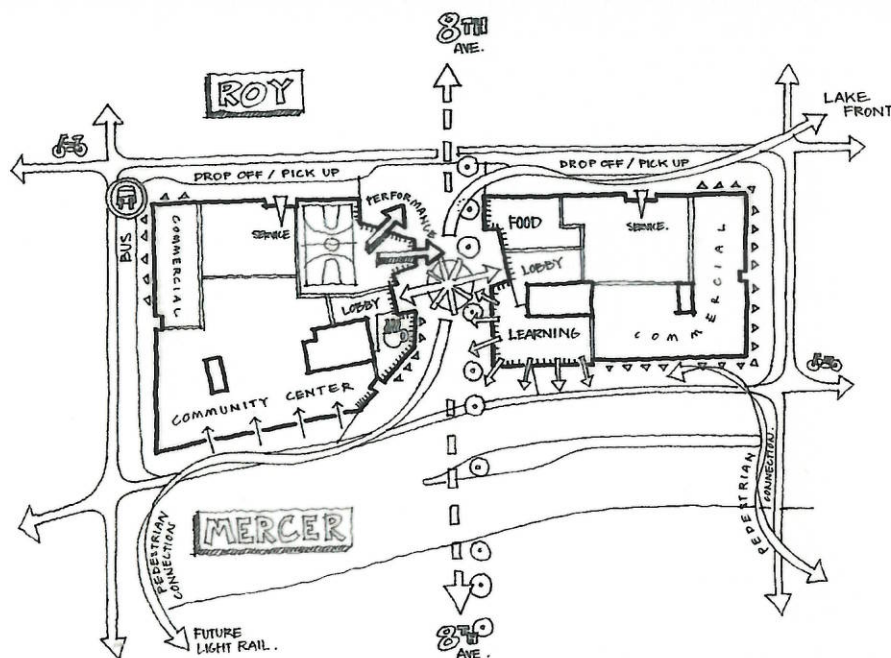
# IN THE WAKE OF INSPIRATION

## LAKE UNION AND THE WATERWAKE

**THE DRAMATIC FORM** of the Mercer West and East Towers is inspired by the movement and reflection of water. Like the ripples and waves caused by floatplanes, kayaks, and sailboats traversing Lake Union, the building's design, which we call "Waterwake," cuts silhouettes unlike any other building in the South Lake Union neighborhood. Meant to simulate horizontal and vertical movement throughout their mass, the buildings eschew shoebox-like forms in favor of a twisting shape, with each level slightly fanned out over the level directly below.

Their sculptural blue facades along either side of 8th Avenue N draw the public inward and through an activated pedestrian experience along Mercer Street, and toward Lake Union. Functionally, the flowing architectural form serves as dramatic wayfinding to connect people from the west side of the South Lake Union neighborhood (the future location of a transit station) to its eponymous lake. For pedestrians, the visual experience mirrors that of boaters skimming the waterways and observing the wake left by their vessels as they skillfully navigate Puget Sound.

Unlike many technology companies, life science organizations like to collaborate and need informal opportunities for collision with internal and external influences. Alexandria's vision for the 8th Avenue *paseo* is designed with this in mind. Careful and thoughtful placemaking



will mark the Mercer Mega Block as the communal heart of South Lake Union and Seattle's life science ecosystem.

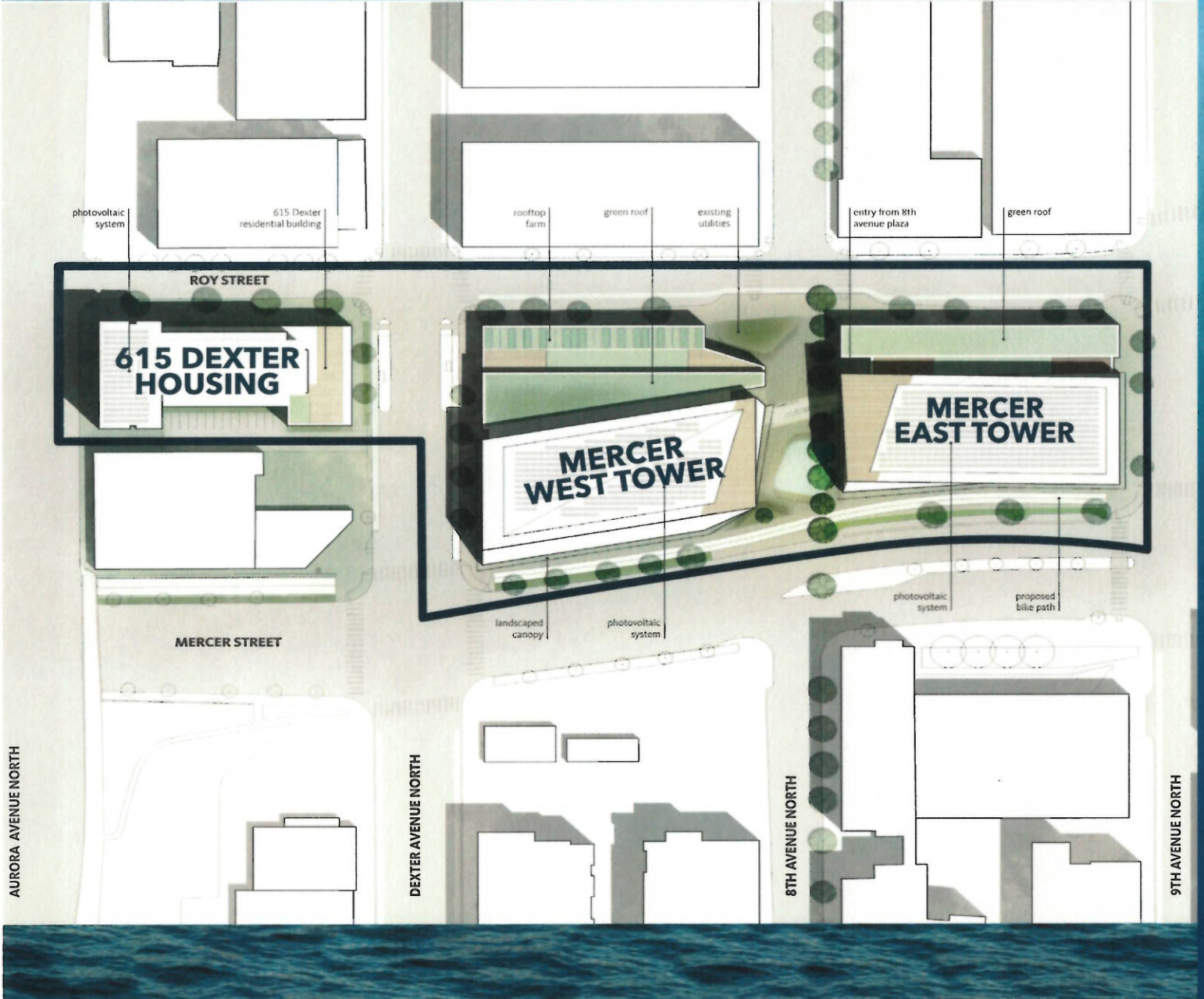
The pedestrian passage will transform from season to season to meet the diverse needs of Seattle's residents, workers, and visitors. In the summer, the southern section of the plaza will serve as an interactive water park playground for children and families; in the winter, it will transform into a family-friendly ice skating rink and Seattle's newest winter tradition. The plaza enables people to sit

by the fire, enjoy a meal with friends, sit beneath a tree-lined canopy to people-watch, or pass through en route to other locations. It will be a space for music, performance, and public art.

The open space also celebrates Lake Union's original industry, timber. Wooden art logs placed at different elevations provide places of respite, where people can sit, play, and interact with others. Altogether, these features enable opportunity for a diversity of curated, engaging social experiences.

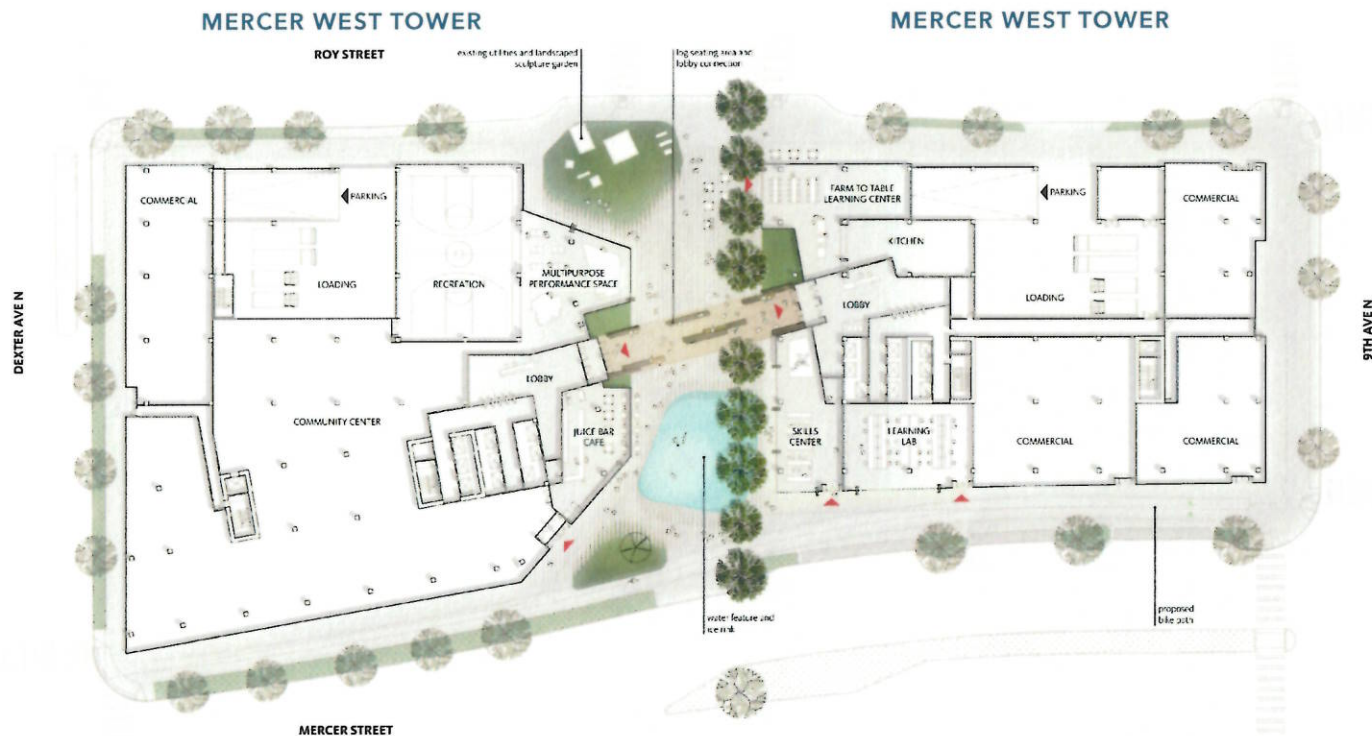




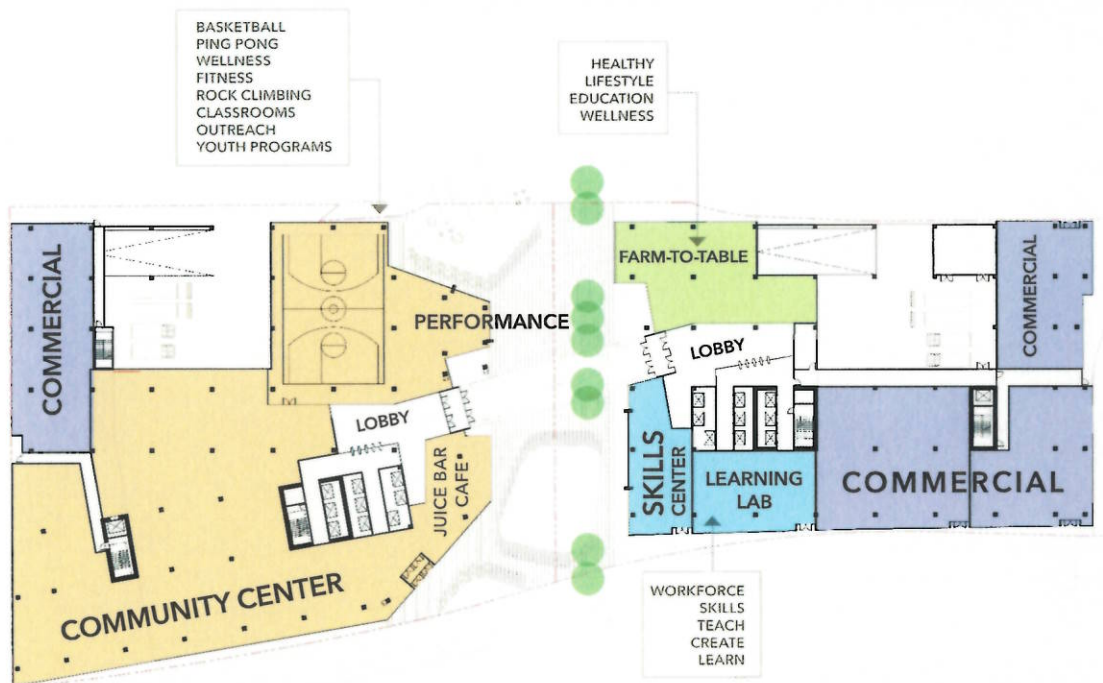




# 800 MERCER GROUND-FLOOR PLAN



MERCER WEST TOWER AND MERCER EAST TOWER

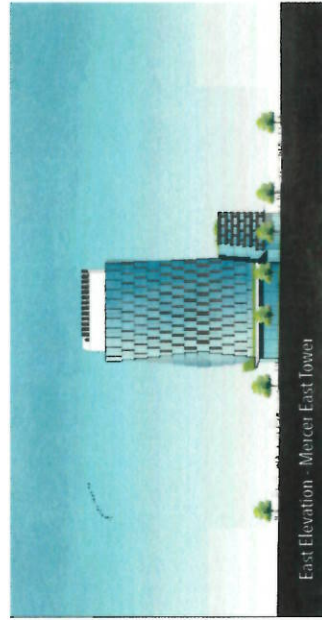
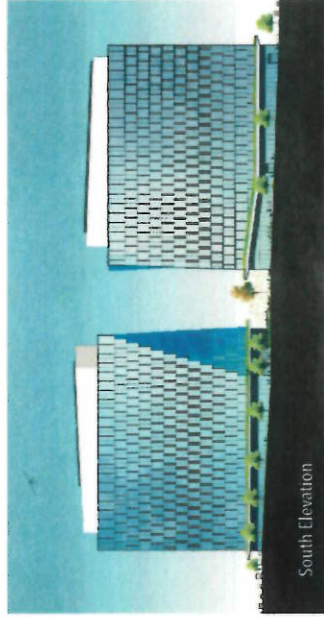
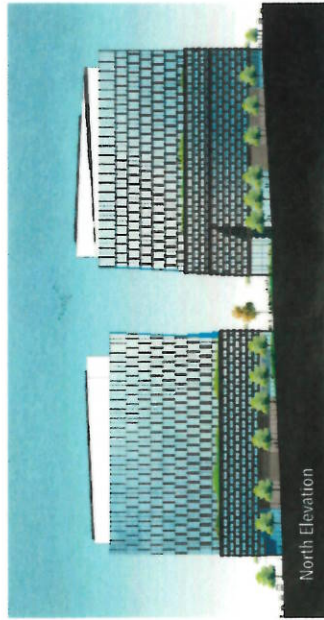


MERCER WEST TOWER AND MERCER EAST TOWER





## 800 MERCER ELEVATIONS



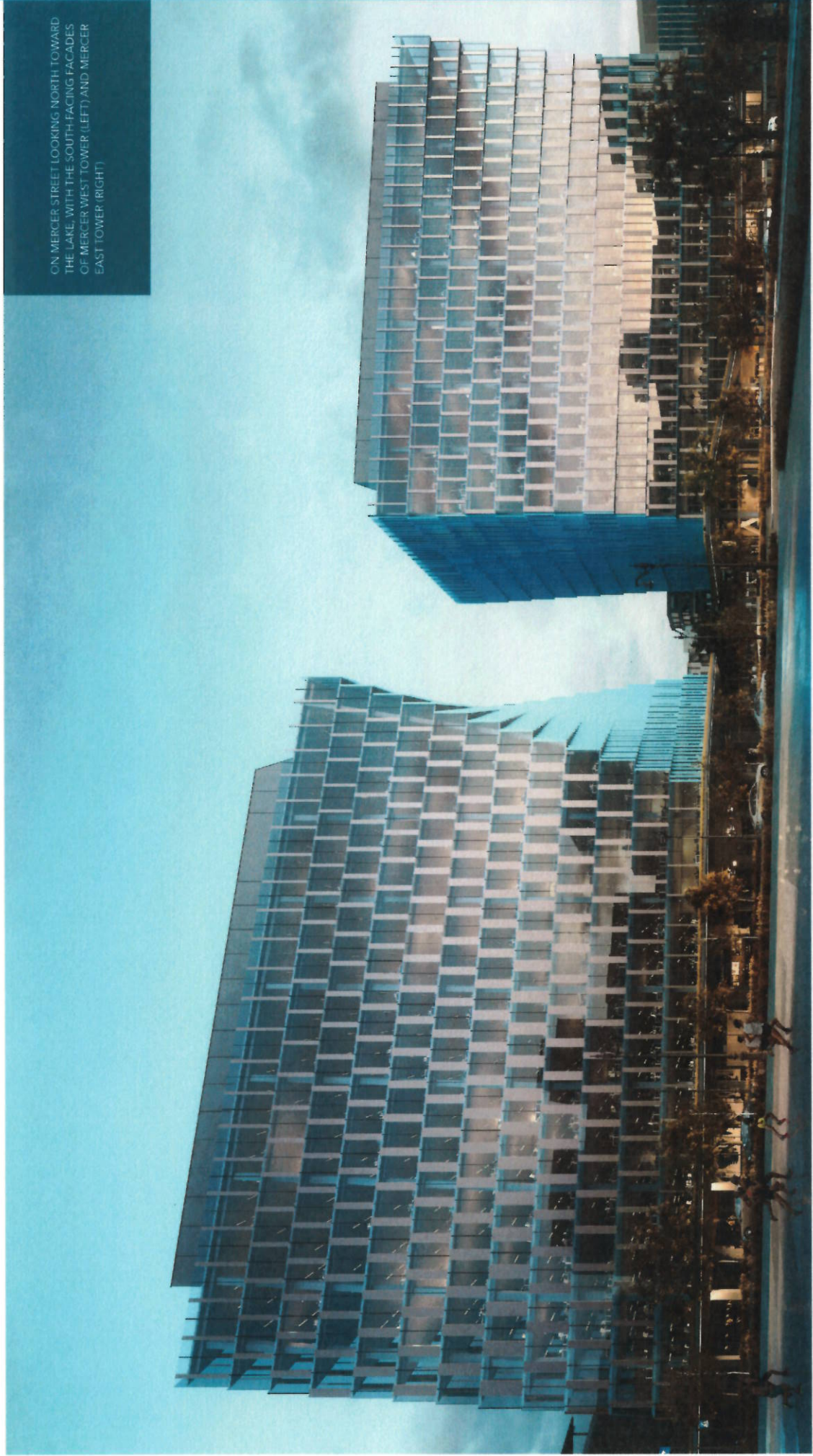




ON MERCER STREET LOOKING NORTHWEST  
TOWARD SEATTLE CENTER WITH MERCER EAST  
TOWER (FORE GROUND) AND MERCER WEST  
TOWER (BACKGROUND)



ON MERCER STREET LOOKING NORTH TOWARD  
THE LAKE WITH THE SOUTH-FACING FACADES  
OF MERCER WEST TOWER (LEFT) AND MERCER  
EAST TOWER (RIGHT)







VIEW OF MERCER WEST TOWER AND 8TH AVENUE FROM ROY STREET, LOOKING SOUTHWEST







ON THE 8TH AVENUE N PLAZA IN SUMMER LOOKING NORTH TOWARD ROY STREET



ON THE 8TH AVENUE N PLAZA IN WINTER LOOKING NORTH TOWARD ROY STREET











ON MERCER STREET LOOKING NORTHWEST INTO THE LEARNING LAB IN MERCER EAST TOWER



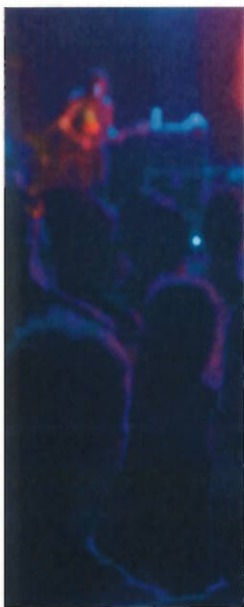
ON MERCER STREET LOOKING NORTH INTO THE SKILLS CENTER IN MERCER EAST TOWER





INSIDE THE FARM-TO-TABLE RESTAURANT IN MERCER EAST TOWER



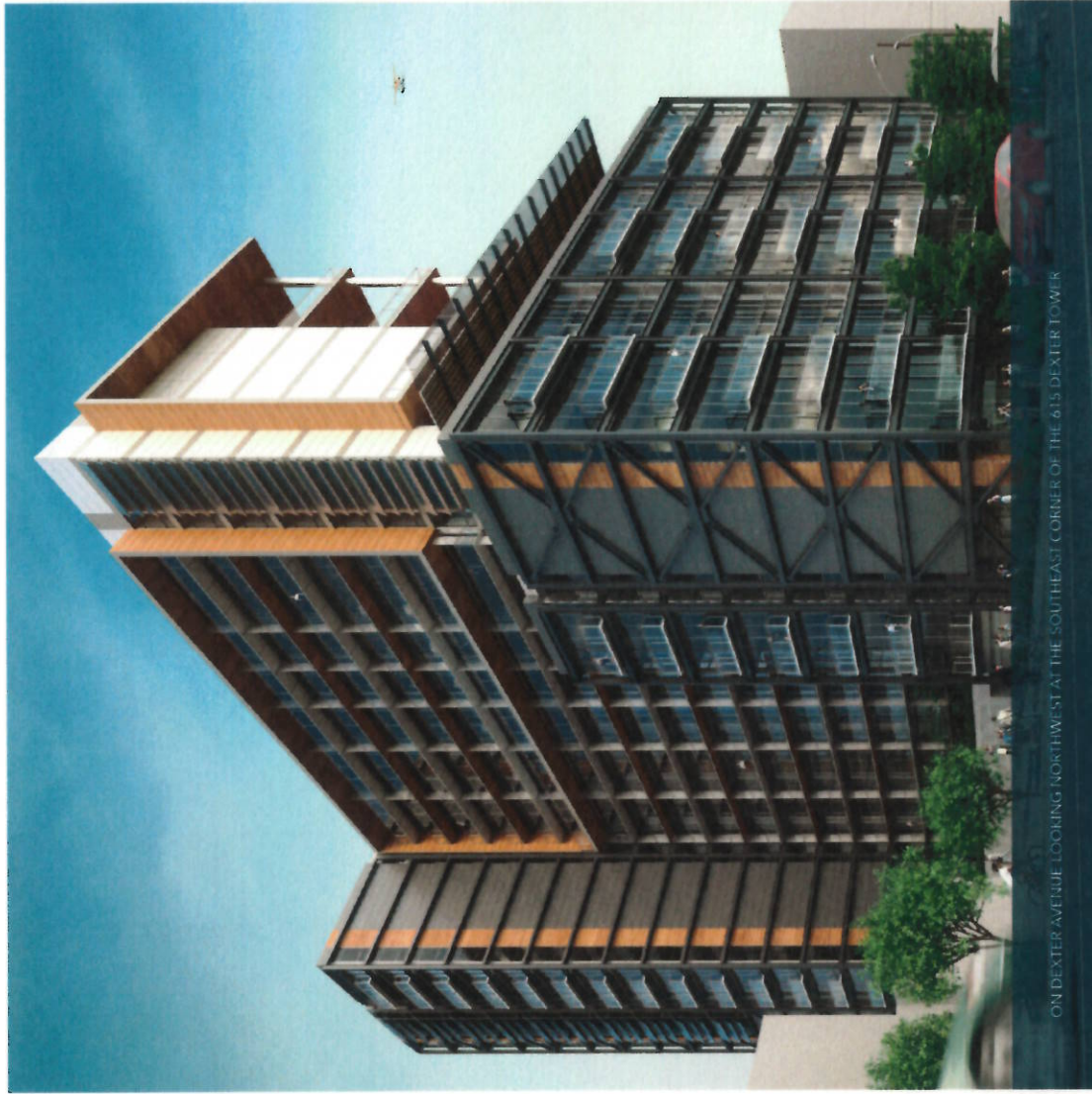


ON 8TH AVENUE N LOOKING AT THE COMMUNITY CENTER'S PERFORMANCE SPACE AT THE NORTHEAST CORNER OF MERCER WEST TOWER





**THE 615 DEXTER TOWER IS DESIGNED** in response to its surroundings, including the neighboring mid-rise properties along Dexter Avenue N. By setting the facade back 85 feet, the tower better matches the site context while maximizing views of Lake Union, Queen Anne, and Seattle Center from as many residential units as possible. To articulate each facade and view perspective, a variety of colors and materials is used, and balconies are included for almost every apartment unit. Portions of the building on the north and south sides are wrapped in expressive frames with a warm tone, and double-height outdoor amenity spaces offer opportunities for the building's tenants to congregate and enjoy the extraordinary views. The 615 Dexter Tower will be a modern, attractive, amenitized residential building anyone would be proud to call home.



ON DEXTER AVENUE LOOKING NORTHWEST AT THE SOUTHEAST CORNER OF THE 615 DEXTER TOWER

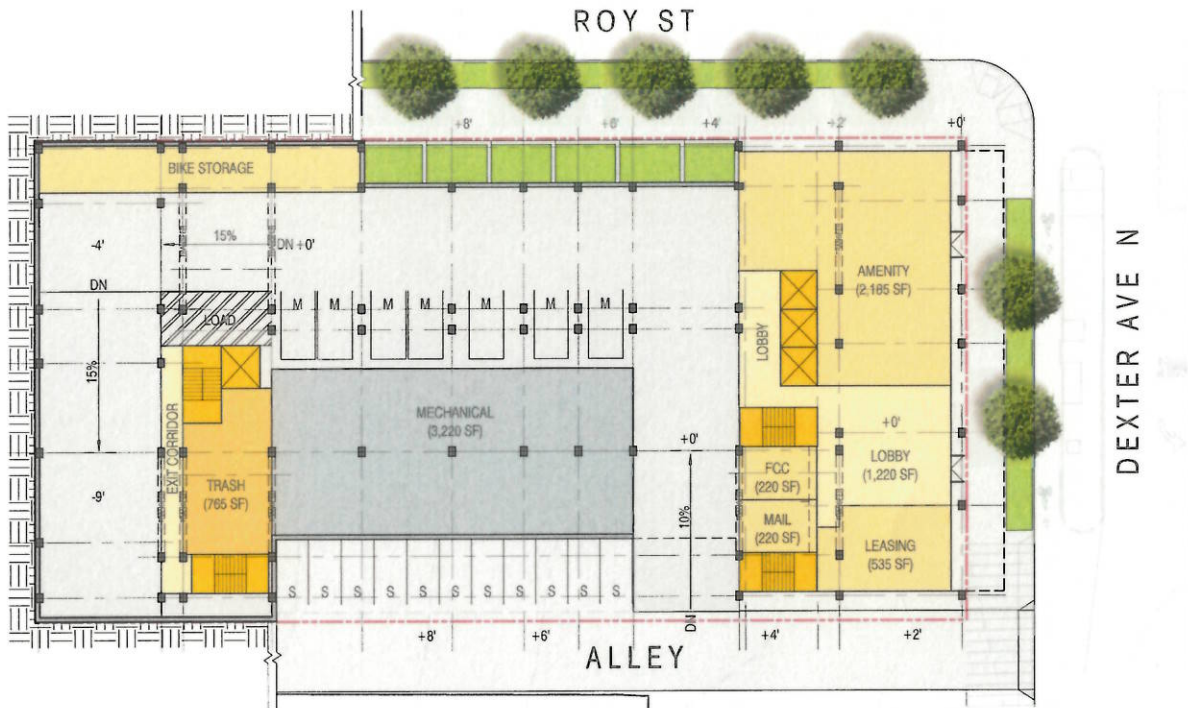




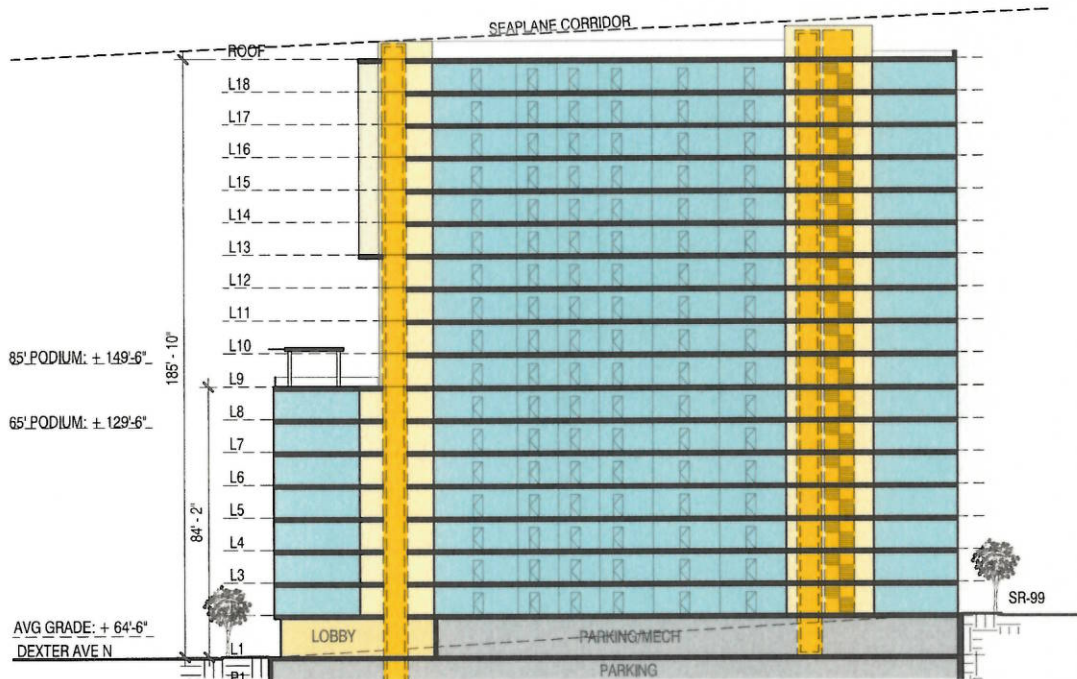




# 615 DEXTER GROUND-FLOOR PLAN AND SECTION



LEVEL  
SCALE  
615 DEXTER TOWER GROUND-FLOOR PLAN



615 DEXTER SECTION LOOKING SOUTH















# Financial Offer and Project Financing Plan





## INTRODUCTION

This letter ("**Financial Offer Letter**") is written to reflect the terms and conditions pursuant to which Alexandria Real Estate Equities, Inc., or its affiliate nominee ("**Alexandria**" [REDACTED]), proposes to enter into a Disposition and Development Agreement (the "**DDA**") with the City of Seattle (the "**City**" [REDACTED]).

## PROPERTY

The City is the owner of 102,340 square feet of land located at 800 Mercer Street ("**800 Mercer**") and 23,760 square feet of land located at 615 Dexter Avenue N ("**615 Dexter**") (collectively, the "**Mercer Mega Block**" or the "**Property**").

## PROJECT CONCEPT

Alexandria intends to entitle, design, construct, lease, and manage approximately [REDACTED] of commercial laboratory, office, community benefits, and retail space with approximately [REDACTED] parking stalls on the Mercer Mega Block and a minimum of 175 affordable housing units and [REDACTED] parking stalls on 615 Dexter subject to DDA with the City. Alexandria will develop the Mercer Mega Block [REDACTED].

## SCHEDULE

## COMMERCIAL

Alexandria intends to develop the Mercer Mega Block as a mixed-use project with ground-floor retail space and commercial laboratory and office space [REDACTED]. The commercial space will be developed to a Class A standard with robust structural and mechanical, electrical, and plumbing systems suitable for laboratory/office space.

## AFFORDABLE HOUSING

Alexandria intends to deliver a minimum of 175 multifamily affordable housing units at 615 Dexter to be occupied by individuals and/or families with household incomes not to exceed 60% AMI as per the guidelines published by the City. Alexandria also anticipates constructing workforce housing at 615 Dexter in compliance with the City's Multifamily Tax Exemption ("**MFTE**") program as renewed on November 1, 2015.<sup>2</sup> [REDACTED]

## COMMUNITY BENEFITS

Alexandria will allocate and construct up to 35,000 RSF of community benefit space on the ground floor of 800 Mercer. Alexandria anticipates the community benefit space will be leased to qualified non-profits and/or the City at terms to be determined.

## GROUND LEASE

### Term

### Ground Lease Commencement Date

### Ground Rent Commencement Date

### Base Ground Rent Adjustment

### Prepayment

<sup>1</sup> Planning is subject to entitlement and park standards set by the City and will be subject to final City review and approval. [REDACTED]  
<sup>2</sup> <https://www.seattle.gov/housing/development/family-housing-exemption>





## FINANCIAL OFFER AND PROJECT FINANCING PLAN

### Base Ground Rent

To the extent the City is interested in pursuing a fee simple sale (the "**Fee Simple Alternate**"), Alexandria is prepared to offer the City attributable to 800 Mercer.

### DUE DILIGENCE

Alexandria has spent considerable time and money to date engaging a variety of third-party consultants to advise on the viability of the proposed transaction. Alexandria anticipates that any further due diligence items will be addressed after the execution of the Exclusive Negotiation Agreement (the "**ENA**"). Within two business days after execution of the ENA, the City shall make available to Alexandria all files, documentation, books and records, leases, and other materials relating to the Property that are in the City's possession or control. Additionally, the City will use commercially reasonable efforts to provide Alexandria with access to the Property for the purpose of inspecting the same and performing environmental, physical, soil, geological, and other inspections.

Following execution of the ENA, Ground Lessee will pursue negotiations with the Washington State Department of Ecology ("**Ecology**") for a Prospective Purchaser Consent Decree (the "**PPCD**") for the Property. The negotiated PPCD must be approved by Ecology as a condition to the execution of the DDA.

Additionally, the project concept for 615 Dexter includes workforce housing units that comply with the City's MFTE program. Should MFTE metrics (AMI limits, rent calculations, utility reimbursement amounts) materially decline prior to the execution of the DDA, such difference will be accounted for in the Base Ground Rent.

## PROJECT FINANCING AND SUPPORTING PRO FORMAS

### FINANCING OVERVIEW

As an investment-grade (Moody's: Baa1, stable outlook; S&P: BBB, positive outlook) REIT and an S&P 500® company with a total market capitalization of approximately \$18.8 billion (as of June 30, 2018), Alexandria Real Estate Equities, Inc. and its affiliates have a very strong balance sheet and the capital resources to internally fund this project from conception to completion, as we have with all similar projects.

There is no financing contingency associated with our offer for the Mercer Mega Block. Alexandria plans to fully fund the development costs and does not expect that any secured financing will be necessary in order to commence construction. Therefore, our proposal does not require the procurement of a construction loan or additional investment for the total estimated project costs of [REDACTED].

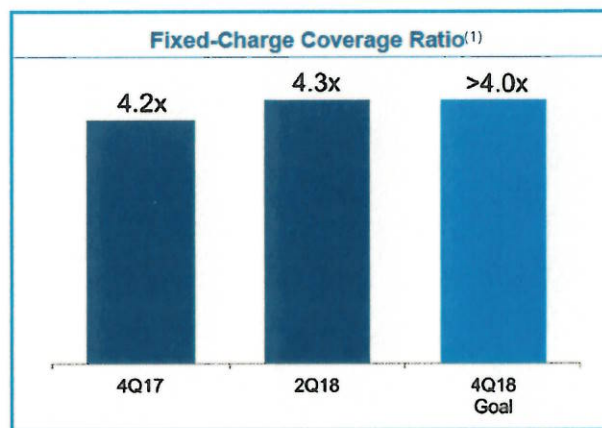
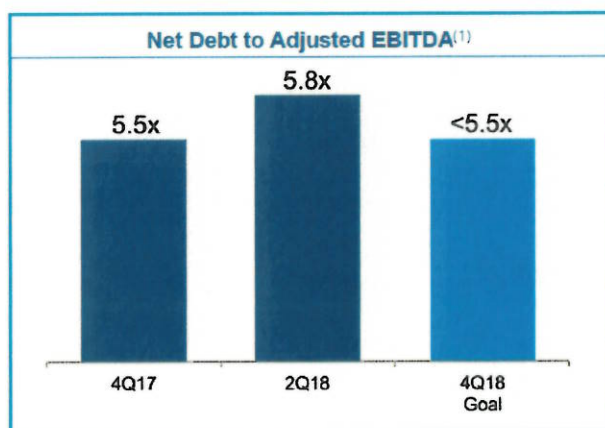




## FINANCIAL OFFER AND PROJECT FINANCING PLAN

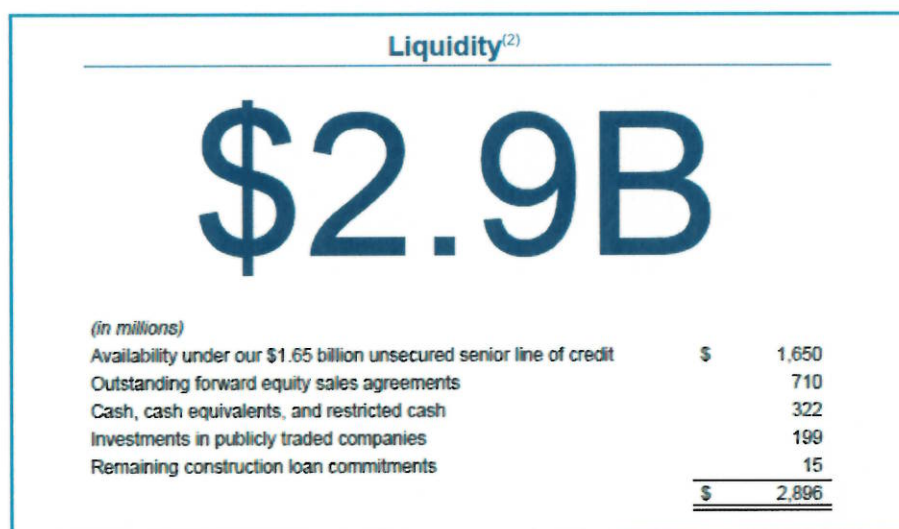
### DIVERSE SOURCES OF CAPITAL AND PRUDENT BALANCE SHEET MANAGEMENT

Alexandria enjoys access to a diverse set of capital sources, which allows for flexibility in funding decisions for our future acquisitions and developments. Access to annual net cash provided by operating activities after dividends, unsecured and secured debt, equity issuance, and joint venture capital ensures our critical access to capital. Alexandria also maintains a disciplined approach to balance sheet management. Key credit metrics, such as net debt to adjusted EBITDA and fixed-charge coverage ratio, remain strong and continue to improve:



### SUPERIOR LIQUIDITY AND PRUDENT LADDERING OF DEBT MATURITIES

In addition to our access to a diverse set of capital sources, Alexandria also enjoys significant liquidity. As of June 30, 2018, Alexandria had access to over \$2.9 billion in liquidity, with our unsecured senior line of credit accounting for \$1.65 billion:



Additionally, in September 2018, Alexandria increased the availability under our unsecured senior line of credit from \$1.65 billion to \$2.2 billion, further increasing liquidity by an additional \$550 million.

1 Quarter annualized

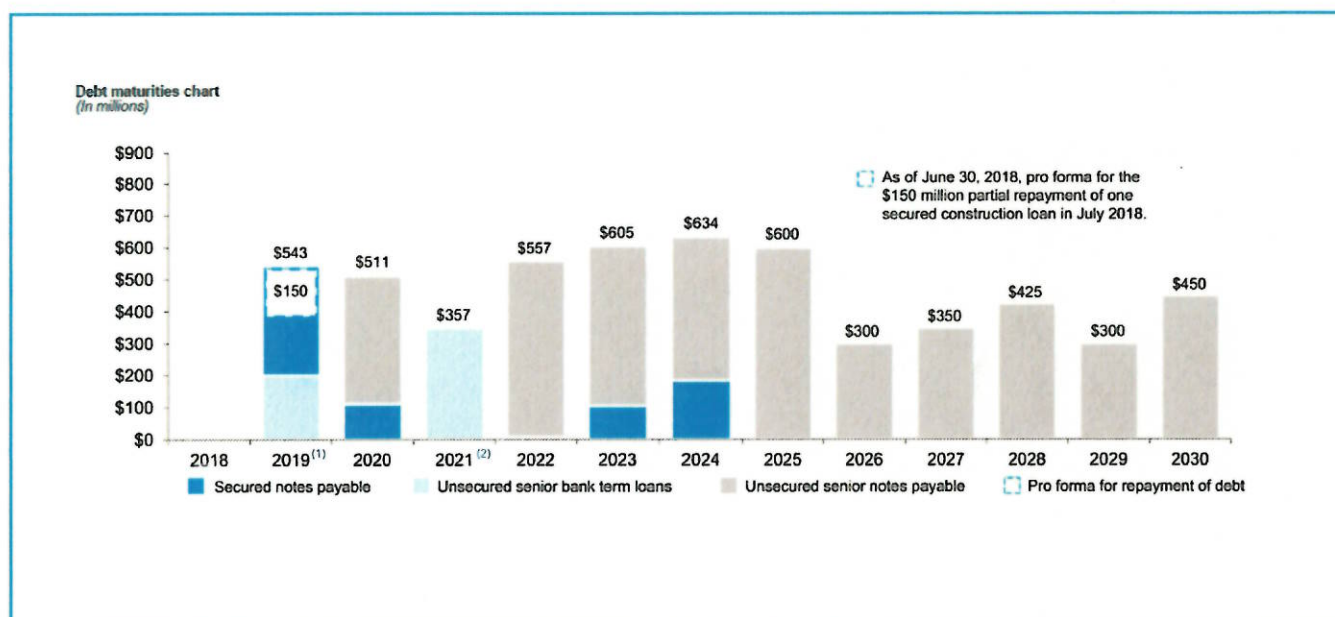
2 As of June 30, 2018





## FINANCIAL OFFER AND PROJECT FINANCING PLAN

Finally, Alexandria has leveraged our commitment to enhance our credit profile in order to continue to drive a lower cost of capital. By taking advantage of favorable capital markets conditions, Alexandria has constructed a favorable laddering of debt maturities, thereby minimizing any near-term maturities and creating long-term visibility into capital sources:



## CONCLUSION

In conclusion, Alexandria's disciplined funding strategy of utilizing diverse sources of capital and maintaining significant liquidity ensures ready availability of funds for Alexandria to execute our vision for the Mercer Mega Block with no reliance on third-party capital. Based on this, Alexandria is prepared and able to internally fund the costs of development and will not require financing to commence construction of the Mercer Mega Block.

<sup>1</sup> Includes our secured construction loan for our property at 50 and 60 Binney Street in our Cambridge submarket with an outstanding balance of \$334.4 million as of June 30, 2018. In July, we completed a partial repayment of \$150.0 million on this secured construction loan. We have one-year options to extend the stated maturity date to January 28, 2021, subject to certain conditions.

<sup>2</sup> In 2018, we expect to amend our \$1.65 billion unsecured senior line of credit and our 2021 Unsecured Senior Bank Term Loan to extend the maturity date of both facilities to 2024, among other changes.







# References

LETTERS OF RECOMMENDATION







**FRED HUTCH**  
CURES START HERE®

D. Gary Gilliland, M.D., Ph.D.  
President and Director  
Tel: 206-667-6767 Fax: 206-667-5268  
Email: gary@fredhutch.org

September 21, 2018

Mr. John Cox  
Senior Vice President  
Alexandria Real Estate Equities, Inc.  
400 Dexter Ave N., Suite 200  
Seattle, WA 98109

RE: Fred Hutch, Alexandria, and Seattle's Life Science Ecosystem

Dear John:

I am writing you in support of Alexandria's pursuit of the Mercer site in South Lake Union. Alexandria has been a leader in creating mission-critical research and laboratory space in Seattle. Fred Hutch is proud of our relationship with Alexandria, which spans over 20 years, from the sale to Alexandria of our original campus on First Hill to our leasing of the historic Lake Union Steam Plant building in Eastlake this year.

The Mercer site represents one of the last opportunities in the city to develop life science space that can further establish Seattle as a leading center for implement curative approaches to cancer and related diseases. Your Seattle leadership team has shared with my team a compelling vision dedicated to collaboration and innovation that will enhance the ability of the life science community in Seattle to recruit and retain world-class talent, inspire productivity and collaboration; and help improve the health and quality of life for those who suffer from cancer and other diseases.

I also commend Alexandria's willingness to include affordable and workforce housing in your proposal for this site. We are especially excited about your willingness to partner with Fred Hutch to provide much needed housing for our postdoctoral staff, which will further enhance our ability to recruit the best scientists here.

As you know, Fred Hutch scientific innovation has provided the foundation for several companies, including Juno Therapeutics, and has helped make Seattle one of the leading research communities in the nation. As you know, I've been extremely vocal in my belief that curative approaches for diseases such as cancer can and will be discovered in Seattle. We appreciate Alexandria's ongoing partnership with Fred Hutch and others in the Seattle biotech community in achieving this goal. We value our long-standing relationship with Alexandria and support your efforts to help build a dynamic life science cluster in Seattle. I look forward to working together for many years to come.

Sincerely,

D. Gary Gilliland, M.D., Ph.D.  
President and Director

FRED HUTCHINSON CANCER RESEARCH CENTER / 1100 Fairview Ave. N. / P.O. Box 19024 / Seattle, WA 98109-1024 / 206.667.5000 / fredhutch.org







Office of  
COMMUNITY INVESTMENT  
and INFRASTRUCTURE

#### MBCAC MEMBERS

Corinne Woods,  
Chair

Kevin Simons,  
Vice-Chair

Kevin Beauchamp  
Sarah Davis  
Dan Deibel  
Donna Dell'Era  
Alfonso Felder  
Michael D. Freeman  
Tom Hart  
Toby Levine  
JoAnn Locke  
Dick Millet  
Catherine Sharpe  
Milena Elperin

September 18, 2018

Mayor Jenny Durkan  
Seattle City Councilmembers  
City of Seattle  
Seattle, WA 98124

Dear Mayor Durkan and Councilmembers:

I write to you today to share with you my experience in working with Alexandria Real Estate Equities, Inc. (ARE) during the redevelopment of Mission Bay in San Francisco.

The Mission Bay Citizens Advisory Committee was formed by then San Francisco Redevelopment Agency to provide oversight and advice to decision makers on the redevelopment of the 300 acre former railyards. The Mission Bay Citizens Advisory Committee was directly involved in the master planning effort to develop the area. Our group worked closely with the Master Developer to create a comprehensive package of community benefits including creation and maintenance of a new roadway network, 49 acres of public parks, dedicating land for development of over 2,300 units of affordable housing, new infrastructure including the San Francisco's first separated stormwater management system, and two "Community Facilities Districts" to finance the development of infrastructure as well as the development and maintenance of the new public parks.

Alexandria's Mission Bay development encompasses 14 acres of commercially zoned land surrounding the University of California, San Francisco's (UCSF) Mission Bay campus and supports diverse office, laboratory, and clinical uses which are leased to some of the world's leading life science companies.

Alexandria is one of the few corporate partners who understands and appreciates the positive impact that can be made through active community engagement and partnership. Throughout the Mission Bay development process, Alexandria worked closely with the Advisory Committee – and in fact serving on the Committee for many years since their acquisitions. They have been partners with community members and regulatory agencies including the Mission Bay Infrastructure Task Force, UCSF, the San Francisco Redevelopment Agency (now the Office of Community Infrastructure and Investment), the San Francisco Planning Commission, Departments of Public Works and Building, and Mission Bay District Board of Supervisors.

We have been impressed with Alexandria's leadership and commitment to the health and vitality of the community at large. During my more than 20 years on the Citizens Advisory Committee, I can honestly say that Alexandria has always worked cooperatively, productively, and in good faith with the community. We always know we can expect Alexandria to fulfill their promises and to do more in every situation to make their projects work for everyone. Unlike many developers, ARE stays involved with their projects, tenants, and the larger community.

Sincerely,

Corinne Woods, Chair  
Mission Bay Citizens Advisory Committee







**CAMBRIDGE**  
CHAMBER of COMMERCE

One Kendall Square, Building 600  
Suite 6-105, Cambridge MA 02139  
(617) 876-4100 | [cambridgechamber.org](http://cambridgechamber.org)  
[ccinfo@cambridgechamber.org](mailto:ccinfo@cambridgechamber.org)

**President and CEO**  
David P. Maher

**Board Chair**  
Chris Barr  
*Biogen*

**Secretary**  
Robyn Culbertson  
*Office for Tourism*

**Treasurer**  
Stephen Meunier  
*Sanoft Genzyme*

**Board Members**  
Alex Attia  
*The Charles Hotel*

Steven Byrnes  
*Santander Bank*

Brian Burke  
*Microsoft*

Kelly Flynn  
*Takeda*

Sarah Gallop  
*MIT*

Holly Heslop  
*Cambridge Eats & Beats*

Sean Hope  
*Hope Legal Services*

Jay Kiely  
*Forest City*

Paul Lee  
*Hong Kong Restaurant*

Jeffrey Lockwood  
*Novartis*

Thomas Lucey  
*Harvard University*

Joseph Maguire  
*Alexandria Real Estate*

Jim McSweeney  
*CIP Group*

Michael Medeiros  
*Royal Sonesta Hotel*

Gilda Nogueira  
*East Cambridge Savings Bank*

Wayne Patenaude  
*Cambridge Savings Bank*

Katherine Rafferty  
*Mount Auburn Hospital*

Deborah Ruhe  
*Just-A-Start*

Elizabeth Schwab  
*Google*

Bill Zamparelli  
*Eversource*

**Emeritus Members**  
Joe Barrell  
James Hawkins  
Norman Melver

September 12, 2018

Mayor Jenny Durkan  
Honorable Members of the Seattle City Council  
City of Seattle  
Seattle, WA 98124

Dear Mayor Durkan and Members of the City Council:

It is my privilege to share with you my exceptional experience in working with Alexandria Real Estate Equities, Inc. (Alexandria) and express my strong support for their bid to develop a world-class life science community in the heart of your dynamic city.

As a former two-term Cambridge Mayor, longtime City Councillor, and chair of the City's Ordinance Committee, I was fortunate enough to partner with Alexandria as we worked together to transform an uninspired collection of low-density buildings and surface parking lots to create Kendall Square in Cambridge. It is now recognized as one of the world's preeminent biotechnology clusters. Much like Seattle, life science is a major driver of the economy of Cambridge and Greater Boston, and Alexandria's unique approach created a dynamic cluster with proximity to academic researchers, teaching hospitals and other biotech companies. Alexandria fostered a spirit of collaboration and exchange of scientific ideas that breeds innovation and improves lives.

Alexandria is not a traditional real estate developer. In shaping Kendall Square, I commended Alexandria for their extraordinary dedication and commitment to a public process that allowed for neighborhood residents to actively participate in the development of a Master Plan that truly responded to their concerns. The creation of a 2.2-acre public park, a building to house a Community Center, and the creation of affordable and moderate housing well in excess of Cambridge's existing housing requirements was unprecedented.

None of this could have been achieved without Alexandria's commitment to working closely with community members and local government officials. They are long-term owners and stakeholders in the communities in which they invest. I believe that Alexandria's approach to development should be a model for others to follow.

I wish Alexandria the best of luck in their proposal to the City of Seattle, and I suspect you will find them to be the ideal strategic community partner.

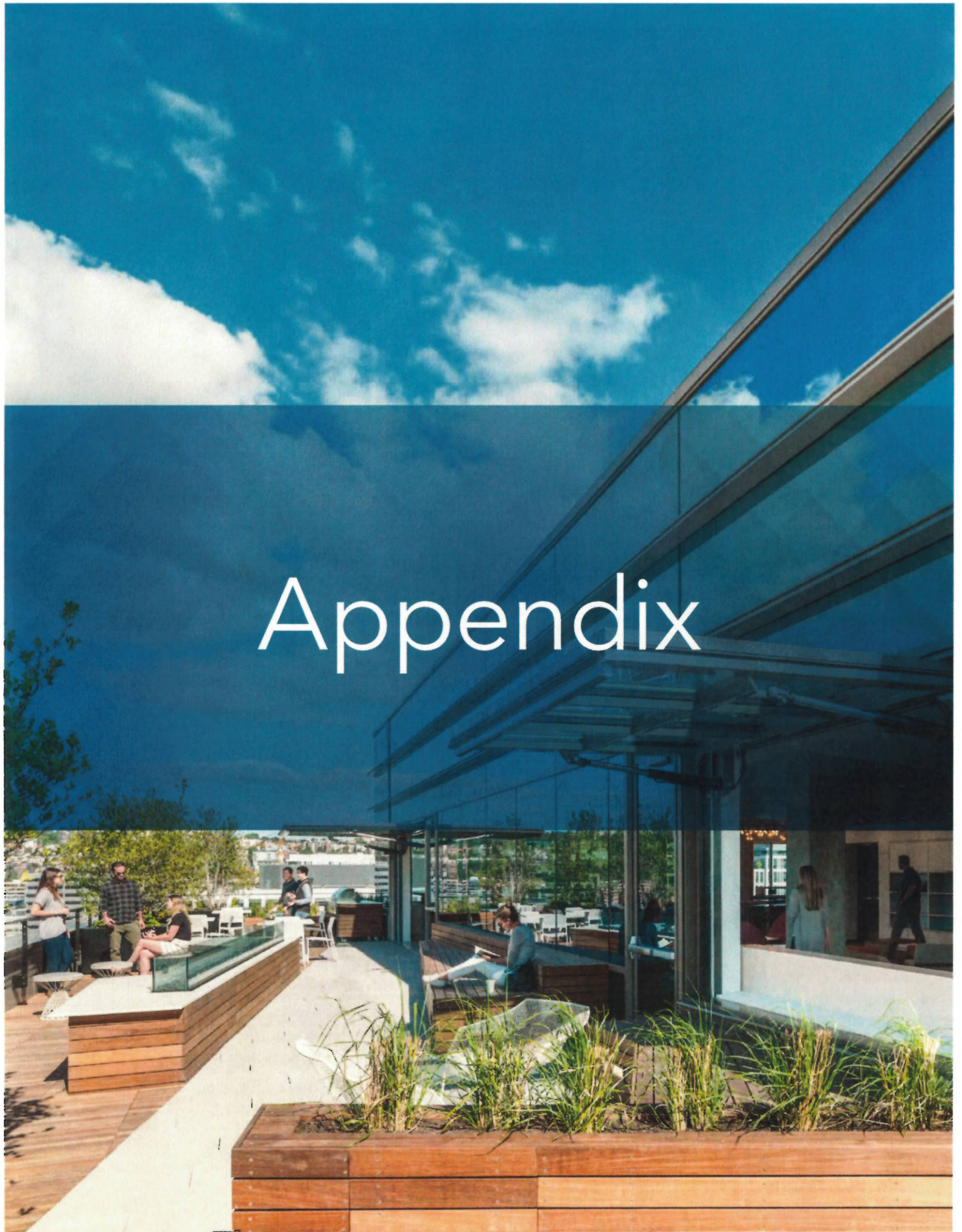
Sincerely,

David P. Maher  
President & CEO, Cambridge Chamber of Commerce  
Cambridge Mayor 2010 - 2011 & 2014 - 2015  
Cambridge City Councillor 2000 - 2017





# Appendix







# ALEXANDRIA®

## **Mercer Mega Block** **ALEXANDRIA REAL ESTATE EQUITIES, INC.** *Supplemental Disclosures and Project Pro Forma*

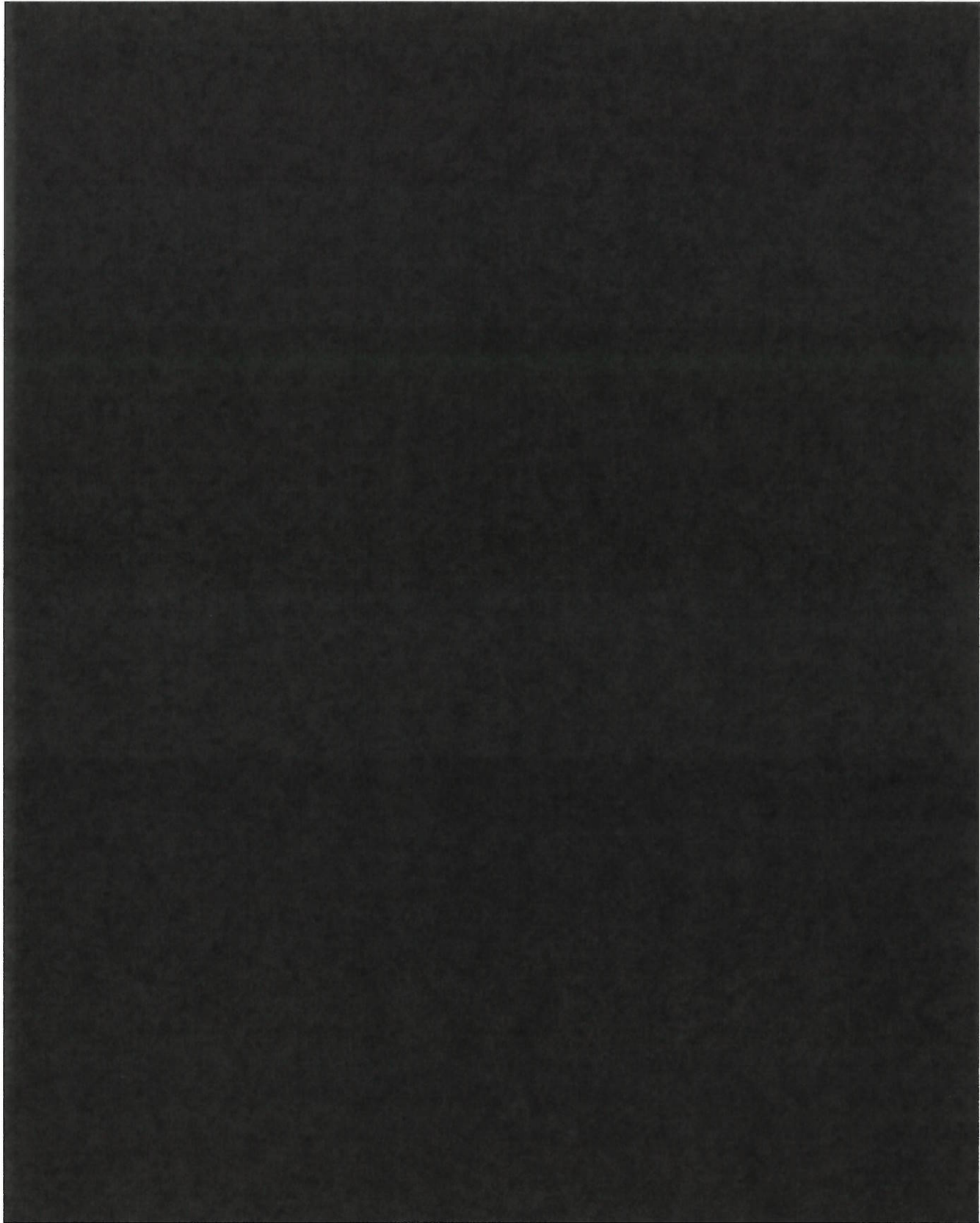
### **Important Note Regarding Estimates**

*The information set forth in this Exhibit 3 is based upon projected costs, including, but not limited to, projected direct costs, indirect costs, and financing costs. These projections are based on our current expectations, beliefs, estimates, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts, as well as a number of assumptions concerning future events. There can be no assurance that actual costs will not be materially higher or lower than these expectations. These projections are subject to risks, uncertainties, assumptions, and other important factors that could cause actual costs to differ materially from the costs set forth herein. We assume no obligation to update or revise any of this information, whether as a result of new information, future events, or otherwise.*

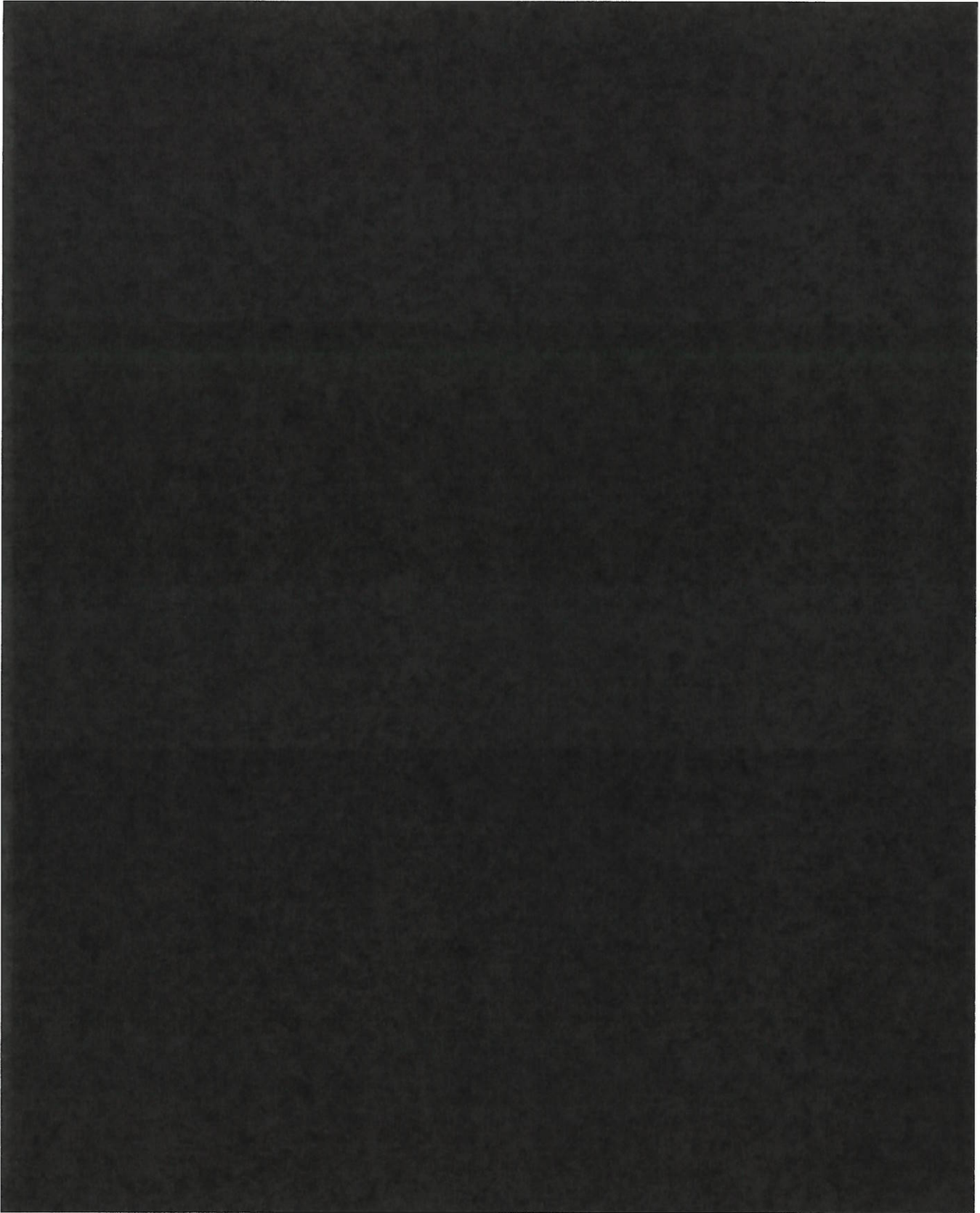
**CONFIDENTIAL TREATMENT REQUESTED** by Alexandria Real Estate Equities, Inc. and ARE-Seattle No. 32, LLC (collectively, "ARE") under the Washington Public Records Act, RCW Ch. 42.56 ("PRA"). Without limiting ARE's rights under PRA, ARE requires notice of any preliminary determination by the governmental agency, department, or corporation not to treat any part of this response as CONFIDENTIAL, so as to provide ARE with an opportunity to explain the need for such treatment and to seek judicial protection if necessary.







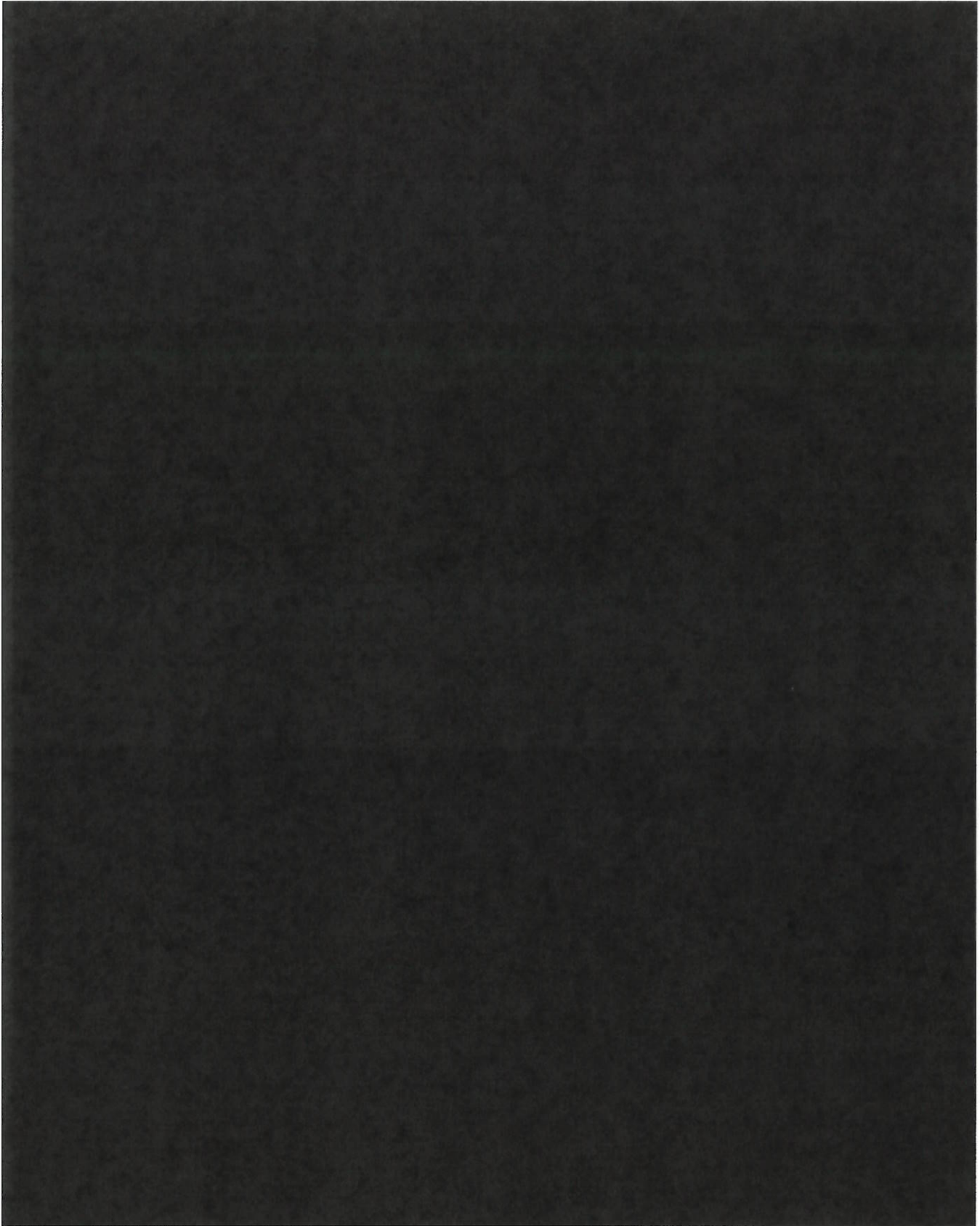




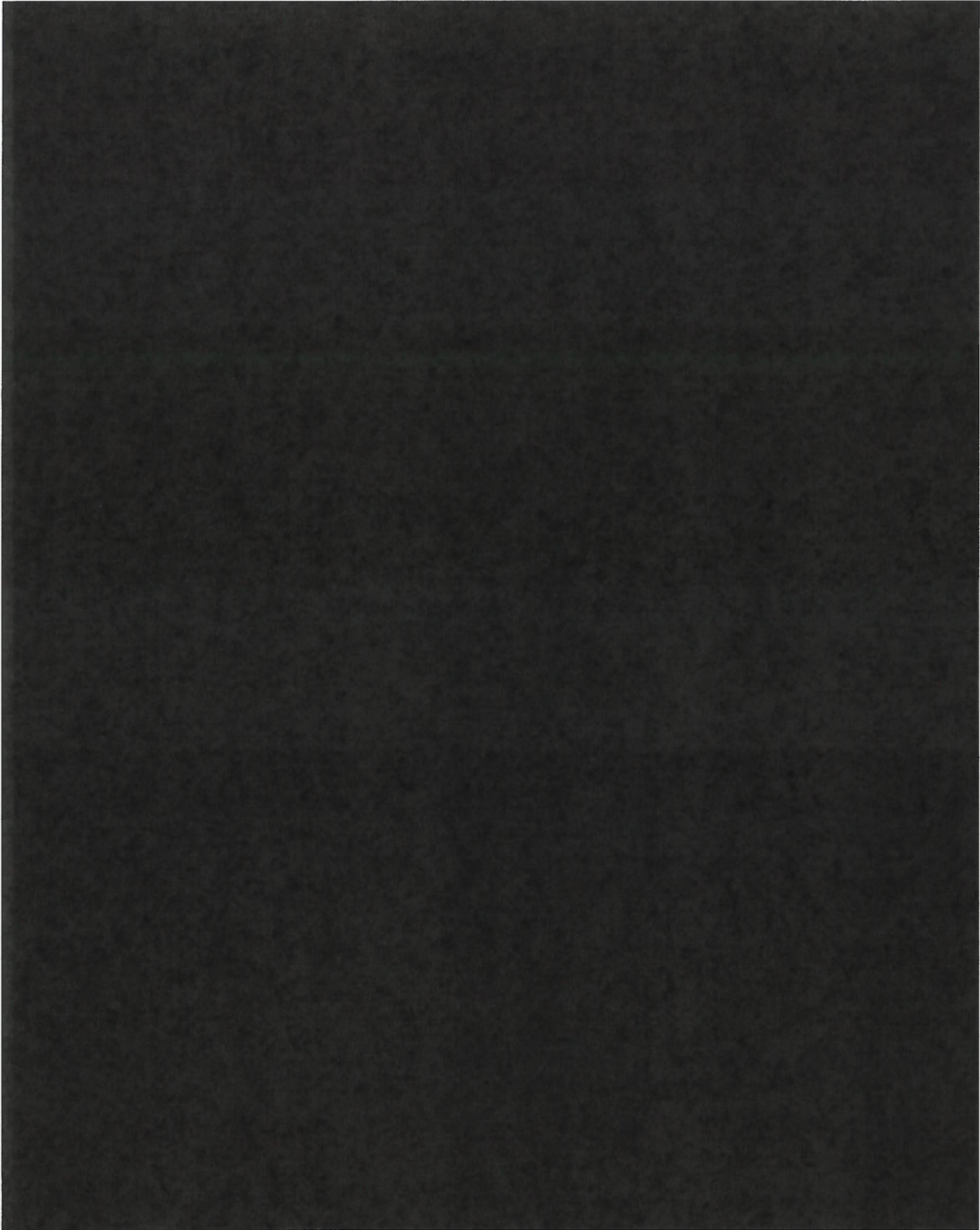














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# BEST AND FINAL OFFER FOR THE MERCER MEGA BLOCK THE FUTURE EPICENTER FOR LIFE SCIENCE IN SEATTLE

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Submitted by  
Alexandria Real Estate Equities, Inc.

December 7, 2018





## INTRODUCTION

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This letter (the **"Best and Final Offer"**) is written to reflect the updated terms and conditions pursuant to which Alexandria Real Estate Equities, Inc., or its affiliate nominee (**"Alexandria"** or **"Buyer"**), proposes to enter into a Disposition and Development Agreement (**"DDA"**) with the City of Seattle (the **"City"** or **"Seller"**). This Best and Final Offer Letter is in response to the request of JLL, the City's representative broker, dated November 16, 2018, entitled "Mercer Mega Block Request for Proposals – Best and Final Offer Request." Alexandria's responses and updates are outlined herein.





## PROPERTY

The City is the owner of 102,340 square feet of land located at 800 Mercer Street ("**800 Mercer**") and 23,760 square feet of land located at 615 Dexter Avenue North ("**615 Dexter**") (collectively, the "**Mercer Mega Block**" or the "**Property**").

**QUESTION 1:** Provide updated offer terms with particular focus on fee simple scenario, including, but not limited to: price, due diligence period, timing to close, certainty to close and earnest money.

## FEE SIMPLE PURCHASE PRICE AND EARNEST MONEY: MERCER MEGA BLOCK + AFFORDABLE HOUSING

As outlined in our response to the City of Seattle's request for proposals dated October 5, 2018 (the "**RFP Response**"), Alexandria's Best and Final Offer is based upon the assumption of the City's strong preference for on-site affordable housing, located at 615 Dexter. The purchase price for the Property shall be \$138,500,000 (the "**Purchase Price**") subject to customary adjustments and prorations. Within three (3) business days after the execution of the Exclusive Negotiation Agreement (the "**ENA**") by both Buyer and Seller (the "**Execution Date**"), Buyer will make an earnest money deposit into a non-commingled federally insured interest-bearing escrow account with Chicago Title Insurance Company ("**Holder**") in the amount of \$3,500,000 in cash as a good faith refundable deposit (such amount, together with interest accrued thereon, the "**Deposit**"). At the closing of the transaction, the Deposit shall be credited toward the Purchase Price.

## GROUND LEASE

To the extent the City is interested in pursuing a long-term Ground Lease, Buyer and City will negotiate mutually acceptable terms pursuant to RFP Response.

## DUE DILIGENCE AND TIMING TO CLOSE

Alexandria has spent considerable time and money to date engaging a variety of third-party consultants to advise on the viability of the proposed transaction. Alexandria anticipates that any further due diligence items will be addressed after the Execution Date. Within two (2) business days after the Execution Date, the City shall make available to Alexandria all files, documentation, books and records, leases, and other materials relating to the Property that are in the City's possession or control. Additionally, the City will use commercially reasonable efforts to provide Alexandria with access to the Property for the purpose of inspecting the same and performing environmental, physical, soil, geotechnical, and other inspections.

Alexandria shall have until 5:00 p.m. Pacific Standard Time 90 days after the Execution Date (the "**Due Diligence Expiration Date**") to determine that the Property is acceptable to Alexandria in Alexandria's sole and absolute discretion. The Deposit will be non-refundable at the Due Diligence Expiration Date subject to mutual execution of the DDA.

Prior to closing the transaction, which shall occur no later than 15 days after execution of the DDA (the "**Closing Date**"), Alexandria will pursue negotiations with the Washington State Department of Ecology ("**Ecology**") for a Prospective Purchaser Consent Decree (the "**PPCD**") for the Property. The negotiated PPCD must be approved by Ecology as a condition to execution of the DDA. Additionally, the project concept for 615 Dexter includes workforce housing units that comply with the City's Multifamily Tax Exemption ("**MFTE**") program. Should MFTE metrics (Area Median Income ("**AMI**") limits, rent calculations, utility reimbursement amounts) materially decline prior to execution of the DDA, such difference will be addressed in the final purchase price calculation. Alexandria has also thoroughly evaluated and underwritten all existing City of Seattle entitlement fees associated with new development projects. To the extent new impact fees are adopted prior to submission of the Mercer Mega Block Master Use Permit (MUP), the Purchase Price shall be adjusted accordingly.

Due to zoning constraints existing on the 615 Dexter city-block, Alexandria shall begin entitlements on 615 Dexter immediately following execution of the ENA. The City will sign all required forms to enable Alexandria to file development plans with the Seattle Department of Construction & Inspections (SDCI) and begin Early Community Outreach, hold a Pre-Submittal meeting, submit for and hold an Early Design Guidance (EDG) meeting, and submit a MUP application.





**QUESTION 2:** Please address the delta between your All Commercial and Affordable Housing Performance scenarios.

**PURCHASE PRICE AND EARNEST MONEY: MERCER MEGA BLOCK + 615 DEXTER ALTERNATE**

Alexandria is prepared to execute an alternate scenario to construct an approximately 185,000 RSF commercial building at 615 Dexter in lieu of a multifamily residential project with affordable housing units (the **"615 Dexter Alternate"**). In the 615 Dexter Alternate scenario, the Best and Final Offer will be amended as follows: The alternate purchase price for the Property (the **"Alternate Purchase Price"**) shall be \$171,250,000 subject to customary adjustments and prorations. Within three (3) business days after the Execution Date, Buyer will make an earnest money deposit into a non-commingled federally insured interest-bearing escrow account with Holder in the amount of \$4,250,000 in cash as a good faith refundable deposit (such amount, together with interest accrued thereon, the **"Alternate Deposit"**). At the closing of the transaction, the Alternate Deposit shall be credited toward the Alternate Purchase Price.

**GROUND LEASE**

To the extent the City is interested in pursuing a long-term Ground Lease, Buyer and City will negotiate mutually acceptable terms pursuant to RFP Response.

**DUE DILIGENCE AND TIMING TO CLOSE**

Except as noted above, all terms and conditions remain the same under the 615 Dexter Alternate scenario.

**QUESTION 3:** Please address the unit mix in your Affordable Housing Performance scenario. Will you commit to a greater mix of larger (2-3 bedroom) units?

Alexandria's original vision for the Mercer Mega Block dedicates 615 Dexter to housing. We made the decision to build hundreds of mixed-income housing units on-site because we share the City's commitment to ensuring that workers of all income levels have access to affordable housing near our job centers and reliable transit.

Our 18-story multifamily residential tower will include a minimum of 175 affordable housing units at 60% AMI, 38 workforce housing units at 80% AMI, seven units to meet on-site Mandatory Housing Affordability (MHA) requirement, and 145 market-rate units for which we are working to partner with Fred Hutchinson Cancer Research Center to provide as workforce housing for its postdoctoral researchers. A diverse mix of unit types, including two- and three-bedroom units, will be available throughout the project and across income levels.

Partnering with Sustainable Living Innovations, we can deliver these critical housing units in half the time of traditional affordable housing developers. If the City shares our vision for an integrated life science project, which includes on-site housing and active community space, and selects Alexandria as its preferred partner for the Mercer Mega Block project, we will work closely with the City to determine the desired total number of affordable housing units and the appropriate mix of unit sizes.

**QUESTION 4:** If you could provide more affordable housing on-site, how much could you provide and at what cost?

As noted above, on-site affordable housing is foundational to Alexandria's vision for the site. If selected as the Buyer, we will work closely with the City's leadership to determine the final number of affordable units built on-site.

1. The Alternate Purchase Price predicated on Buyer's ability to achieve entitlements for the maximum FAR for a non-residential project in the SM-SLU 175/85-280 zone. To the extent adjacent projects conflict with this ability, the Alternate Purchase Price will be adjusted as applicable.





**QUESTION 5:** Please provide more specific detail regarding your proposed donation to address homelessness. Mechanics, timing and other pertinent terms and conditions.

Since our company's founding, Alexandria has been deeply committed to improving the health and vitality of the communities where we live and work, and beyond. Alexandria has been a part of Seattle's life science community for over 20 years. During this time, we have witnessed the city's remarkable transformation into a global technology center and the incredible pressures this growth has placed on affordability in our community. Seattle's rising cost of living has exacerbated the homelessness crisis, and we recognize the complex needs of those living without a home. Seattle is our home, and we will continue to be good community partners. If selected as Buyer, Alexandria will donate our \$5 million pledge to the City upon execution of the DDA. Alexandria will work with City experts to determine how best to deploy our contribution – which shall be paid in addition to the Best and Final Offer – to support the myriad City-led housing and homelessness initiatives, including recent announcements to increase bridge housing and emergency shelter units.

**QUESTION 6:** Please discuss the approval process, both internally and externally (if applicable). What is the status of the approval process to date?

As an investment-grade (Moody's: Baa1, stable outlook; S&P: BBB, positive outlook) REIT and an S&P 500® company with a total market capitalization of approximately \$19.1 billion (as of September 30, 2018), Alexandria Real Estate Equities, Inc., and its affiliates, has a very strong balance sheet and the capital resources to internally fund this project from conception to completion, as we have with all similar projects. **Thus, we require no outside financial partner and no outside approval to proceed.**

The Mercer Mega Block partnership with the City of Seattle has been reviewed and approved by the Executive Leadership Team, including Peter Moglia, Co-Chief Executive Officer and Co-Chief Investment Officer; Stephen Richardson, Co-Chief Executive Officer; Dean Shigenaga, Chief Financial Officer and Co-President; and Dan Ryan, Co-Chief Investment Officer. Once designated as Buyer, an approval package will be issued to Alexandria's Board of Directors for final confirmation prior to execution of the DDA. This project has the approval and support of Alexandria's Executive Chairman and Founder, Joel Marcus.

**CONCLUSION**

Alexandria is known for our entrepreneurial and pioneering vision in creating environments that inspire innovation, collaboration, and the translation of breakthrough discoveries into high-impact therapies that improve patient lives and reduce the economic burden of disease on society. As a member of the Seattle community for more than two decades, we are passionate about curating a dynamic ecosystem that embraces South Lake Union's unique character and spirit of innovation. We have assembled a highly experienced team, including members of our executive management, senior management, real estate, development, sustainability, science and technology, and philanthropy teams, along with best-in-class architects, designers, and housing partners to execute on our vision for the Mercer Mega Block. Leveraging our unparalleled knowledge in the development of life science ecosystems; proven track record in Seattle; deep relationships within the life science community; unparalleled understanding of the infrastructure required for life science R&D facilities of the highest standard; substantial expertise in entitlement, design, construction, and development; and highly credible, longstanding relationships with local government agencies, we strongly believe Alexandria is best suited to ensure the success of a premier life science center on this last large, undeveloped site in South Lake Union.

*We thank you for your consideration of Alexandria's vision for this historic project.*

Sincerely,



Peter M. Moglia

Co-Chief Executive Officer and Co-Chief Investment Officer







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