



## Powell Development Co

CLARIFICATION TO RFP #5 - 01-14-14

Dear School District  Board Members and Staff:

### **PROPOSAL CLARIFICATIONS 1/10/2014 Powell Development / Fred Meyer:**

1. Please come prepared to further describe/discuss the process to have the Historic designation removed from the CIVIC Stadium property as you have set forth in your proposal.

Civic Stadium was listed on the Historic Register on Oct. 6<sup>th</sup>, 2008. Since Civic Stadium is owned by School District 4J the structure falls under ORS 358.653–*Protection of Publicly Owned Historic Properties*. If chosen, our team will conduct a detailed analysis of the structure and provide a written report to the State Historic Preservation Office outlining the dismantling, reuse of materials and proposed mitigation as called for in the statute.

Concurrently, while collaborating with the State Historic Preservation Office (SHPO), we will request delisting from the National Historic Register (NHR). Our team will take responsibility for and hire the consultants required to achieve this process.

2. What, if any, expectations are there of the District to provide development readiness for the site? Are there expectations that the District will be responsible for any demolition activity?

1) There are no expectations for the District to *provide development readiness*, other than supporting the process and signing necessary or required land use application, as owner of the property.

2) There are no expectations for the District to provide any *demolition activities*.

In both cases, our team will provide the consultants and financial resources.

3. What is your best and final offer for Fee Simple Purchase and for Grounds-Lease Terms?

Our offer remains the same as what we offered in the RFP dated Dec. 3<sup>rd</sup>, 2013 plus Clarification's #1, #2, # 3 and #4 and this Clarification #5.

4. How long do you anticipate negotiations will take to come to an agreement with the District in finalizing an agreement to convey the property?

Both Powell Development and Fred Meyer will make this a priority! Ideally, we'd like to have the final documents, signature ready, within thirty (30) to sixty (60) days, if the School District's attorney can meet that timeline.

5. Please identify the entity that will take title at closing or lease execution. If the entity is anyone other than the proposer, please provide additional details on the structure of the entity, ownership etc.

In both cases, the 'Ownership' entity, whether a Sale or Lease, will comprise a Limited Liability Company (LLC), where Peter W Powell is the managing member (to be formed) plus Fred Meyer Stores, Inc.

For a Sale, the LLC will enter into the Purchase and Sales agreement with School District 4J. At closing, the LLC and Fred Meyer will concurrently close on the property.

For a 'Lease' the LLC would be the "Master Lessee" with Fred Meyer Stores, Inc being a "Sub-Lessee", therefore providing School District 4J with both entities on the Ground Lease. Protection will be built into the Ground Lease for School District 4J that will include: 1) Non-Subordination of the Ground Lease to 4J's interests; 2) in the event of default by Master Lessor, 4J can look to the Fred Meyer Stores, Inc. 'Sub-Lease'; 3) Restrictive Covenants on the Property for Noxious Uses; 4) Insurance guarantees to 4J for 'use' and 'casualties'; etc.

6. Please describe your process for selecting tenants for any outlier rental space in the project. Will you give preferences for local suppliers and/or retailers?

*Unequivocally* yes! It is the practice of Powell to hire local Real Estate Brokers and give preference to local retailers and tenants. The broker will have clear instruction to contact home-grown users for Civic Village that will become part of the fabric of the community.

7. Do you have any preferences for local construction and/or suppliers in your development projects?

As a practice, Powell and Fred Meyer ask our General Contractors to use local subcontractors and suppliers whenever feasible. It only makes sense to use local as much as possible, while spreading our resources effectively and cost-efficiently.

8. Please provide details about the Apartment project including unit size and mix, target market, amenities, rent levels and general construction characteristics.

The initial concepts are forty nine (49) market rate apartments with some ground floor retail and parking underneath. Per our feedback from the neighbors, there are no plans for student housing at this location. The initial layout is mostly one-bedroom with under 15% studios. A market study will be conducted to determine if any two bedroom units are needed. The apartments are expected to range in size from 550 SF to 850 SF depending on type. The amenities include, extensive glazing, private balconies, in-unit washer/dryer, modern kitchen with state-of-the-art appliances. Further, the apartments will have direct ground floor access to retail, shopping, dining and mass transit.

9. Will you agree to not allow the ground lease payments to be considered in the valuation of the site in 20 years? Would you agree to a floor price of the future value of the site of 10 million dollars?

Two part question:

1) The short answer is 'Yes'. Our expectations are, at approximately six months prior to the option period, an appraiser will be given instructions to appraise the current value of the Civic Stadium

property, based on the condition found at lease formation, not factoring in the improvements to be constructed and without taking into consideration the then current Ground Lease payments. In other words in its “current as-is condition”, but applying the land value in twenty (20) years.

2) Again, the short answer is ‘Yes’. Per the cover letter in our RFP dated Dec. 3<sup>rd</sup>, 2013, section 2-1, we estimated the land value in twenty years based on a ranged increase. We would consider a \$10,000,000.00 floor value provided there is an \$11,500,000.00 ceiling value.