



LPC West Option & Lease Agreements for Waterfront Place Millwright District Development

December 12, 2022



Waterfront Place

- ✓ 65-acre, \$650+ million public/private waterfront development
- ✓ Expected to support 2,075 family wage jobs
- ✓ Creating a vibrant, livable and balanced waterfront community



Waterfront Place Investment

- ✓ Completed environmental cleanup site-wide
- ✓ Fisherman's Harbor Phase: new hospitality, residential, restaurant, retail & public access
- ✓ Port invested \$50M+ in public infrastructure; \$150M+ in this phase to date

100+
Acres at the
Everett Waterfront

65
Acres of mixed-use
development
underway now

1.5M
Square feet of
retail, restaurant,
office & housing

\$650M+
Public/Private
development

\$150M+
Invested to date



Waterfront Place Visits

By the Numbers

325K+

UNIQUE VISITORS
PER YEAR

1.13M+

VISITOR DAYS SPENT

2,900

AVERAGE WEEK
DAY VISITORS

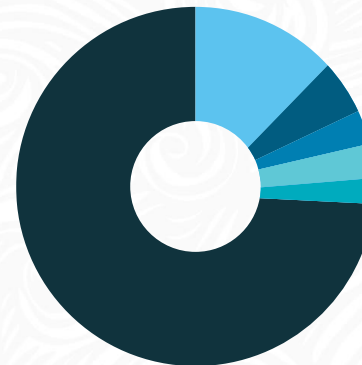
3,500

AVERAGE WEEKEND
DAY VISITORS

8,942

GUEST MOORAGE STAYS
IN 2020

TRIP LENGTH



- Day Trip
- 1 Night
- 2 Nights
- 3 Nights
- 4 Nights
- 5+ Nights

PREVALENT VISITOR DEMOGRAPHIC SEGMENT:



AGE:

GENX (45-54)



INCOME:

\$100-150K



EDUCATION:

BACHELOR'S



HOUSEHOLD:

1-2 PEOPLE

2020 Snohomish County SeeSource data based on geofencing metrics; does not include Canadian or other international visitors

Destination Waterfront Vision

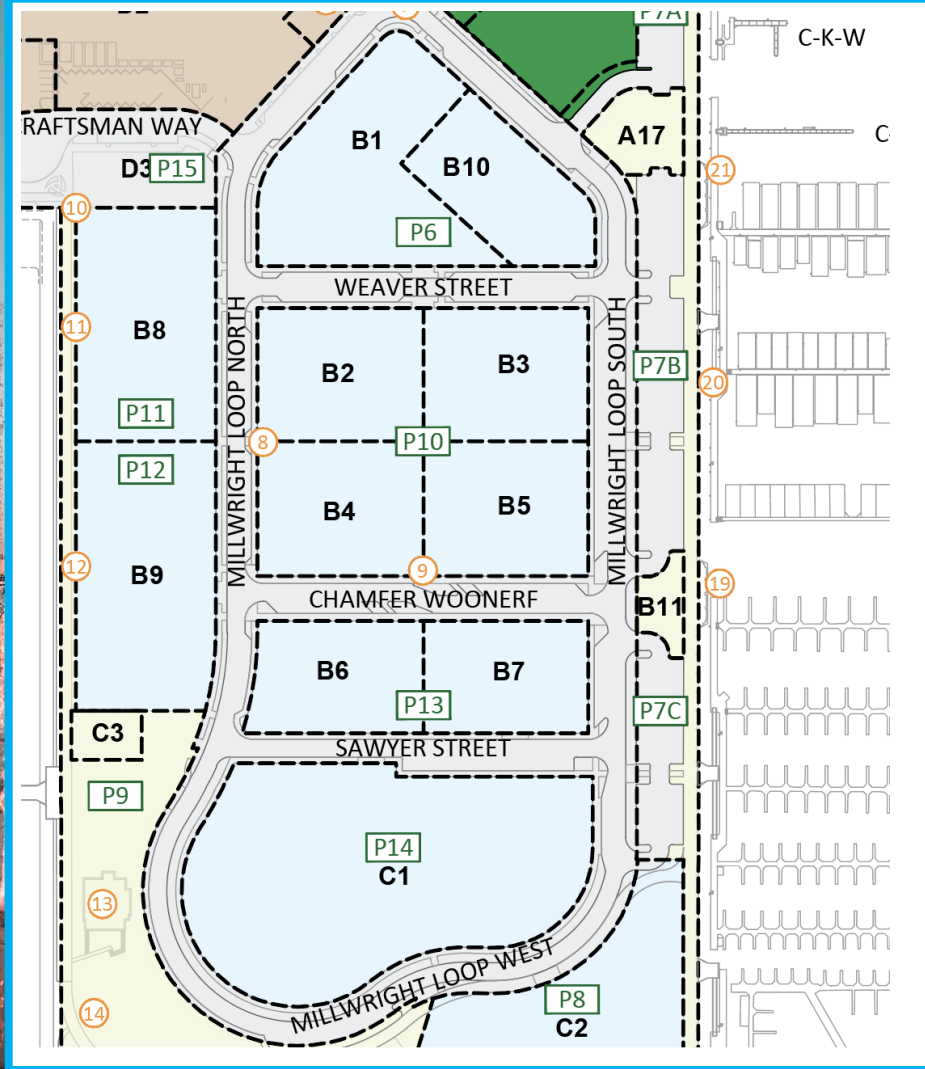
- ✓ *Provide opportunities to eat, drink, stay, work and recreate*
- ✓ *Honor the maritime heritage, waterfront history*
- ✓ *Melting pot of experiences and diverse mix of industry*



Millwright District RFQ

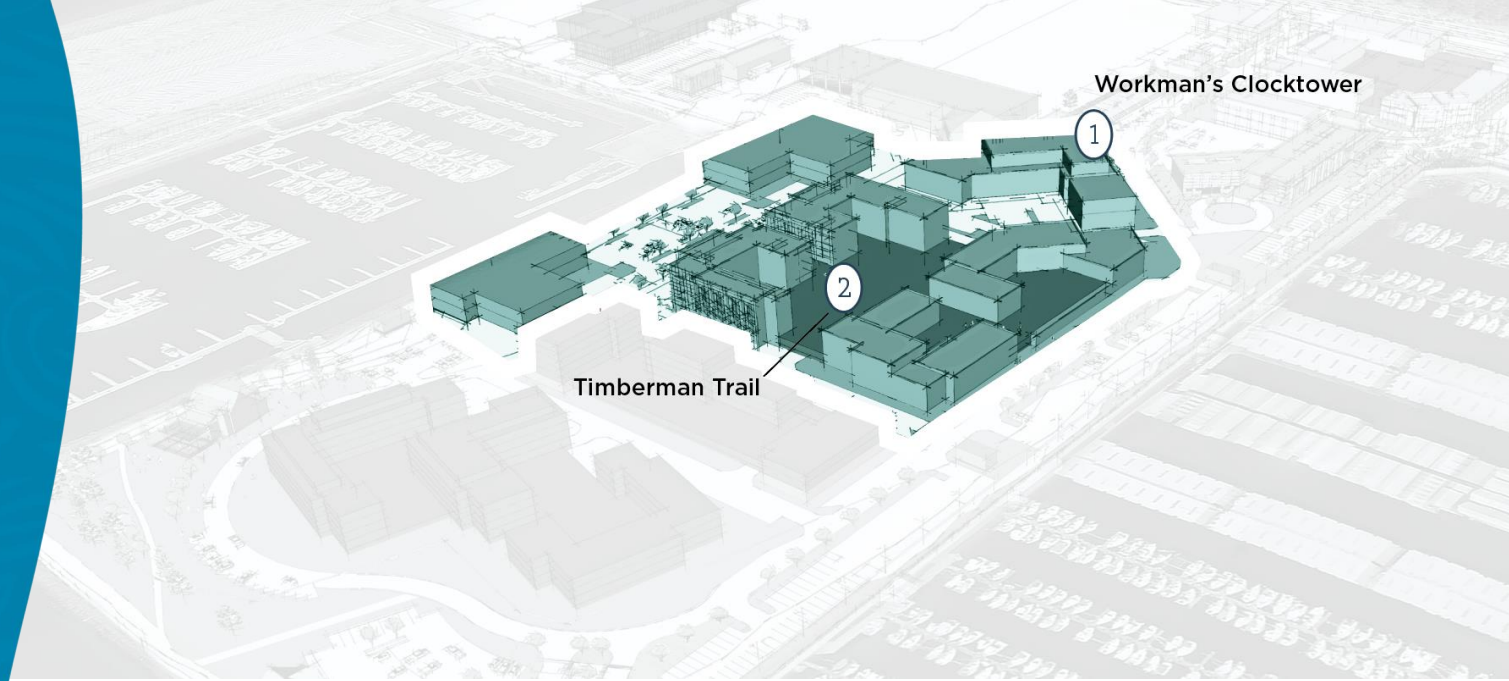
- ✓ Millwright District offers opportunities for three single purpose commercial buildings and four structures on top of a two-story parking platform in the center of the project
- ✓ The District includes opportunities for 56,518 sq. ft. of neighborhood retail, 181,894 sq. ft. of commercial and office space, as well as 190-250 housing units
- ✓ Heights in this area range from 35 - 65 feet

Millwright District (B1, B10, B2, B3, B4, B5, B8, B9)



RFQ Submittal Process & Timeline

- ✓ Issued RFQ in September 2021
- ✓ Conducted interviews of submitters in November 2021
- ✓ Selected LPC West in November 2021
- ✓ Commission authorized an Exclusive Negotiating Agreement with LPC West on December 6, 2021





About the Deal



Options & Terms

- ✓ 50 year initial lease term with two, 15-year renewals
- ✓ Option is for three parcels
 - West (B2-5), East (B1/B10), North (B8-9)
 - Have right to negotiate on Phase III Wharf's Edge
- ✓ West Parcel – Mixed-use Residential
 - Expect to be 1st option to exercise
 - Structured Parking
 - Ground floor retail
 - Approx. 237 units
- ✓ East Parcel – Mixed-use Office
 - Expect 2nd option to exercise
 - Will depend on finding a large scale office tenant – will start actively marketing once agreements approved
 - Structured Parking, available to public during off-peak hours
 - Retail expected on the east side with the Clock Tower
- ✓ North Parcel – Mixed-use Retail/Light Industrial
 - Expect to be 3rd option to exercise
 - Surface Parking open to the public
 - Large scaleretail hub with public spaces

Millwright District (B1, B10, B2, B3, B4, B5, B8, B9)



THE OPPORTUNITY | THE MILLWRIGHT DISTRICT

LPCWEST
LINCOLN PROPERTY COMPANY



FOR ILLUSTRATIVE PURPOSES ONLY

MARKET HALL & RETAIL LOOKING WEST

LPC**WEST**
LINCOLN PROPERTY COMPANY



FOR ILLUSTRATIVE PURPOSES ONLY

NORTHERN PARCEL RETAIL PLAZA LOOKING SOUTHEAST

LPCWEST
LINCOLN PROPERTY COMPANY



FOR ILLUSTRATIVE PURPOSES ONLY

Timing

- ✓ *1st option deadline = 12 months after execution, with an additional 6-month extension*
- ✓ *2nd option deadline = 36 months after contractor notice to proceed on 1st lease (or sooner based on occupancy), with an additional 6-months extension*
- ✓ *3rd option deadline = 36 months after 2nd option notice with additional 6-months extension*
- ✓ *Building permits to be submitted within 9 months of signing the lease*
- ✓ *LPC can terminate if permits not issued within 18 months from signing*



Rent

- ✓ Base rent = percentage calculated on FMV appraisal with negotiated adjustments
- ✓ Base rent increases 2% annually first 10 years; after 10 years, CPI floor 2%, cap 4%
- ✓ Ramp up rent =
 - First 24 months, 10% of base rent
 - Months 25-48, 25% for West and North, 50% for East
 - Months 49-60, 50% for West and North, 75% for East
- ✓ Beginning month 60, full base rent
- ✓ Market rate adjustment at Year 15 and Year 30 and at each renewal – increase capped at 10%
- ✓ CAM charge ramp up period
 - 0% until certificate of occupancy
 - 25% until half occupied
 - 50% until full base rent (60 months)



Infrastructure Work

- ✓ Millwright Loop Road Construction through Option Areas, includes preload, stormwater, water, gas, sewer, power, communication/conduit, road and curbs
- ✓ Marina parking replacement and completion of the South esplanade and vistas
- ✓ LPC to pay 40% of the infrastructure work over 20 years with 1/3 assigned to each option area
- ✓ LPC is solely responsible for Weaver Street, Timberman Trail and the Workman's Clock Tower
- ✓ Port's deadline to complete the work is December 31, 2024, with a 6-month grace period. If work isn't complete by June 30, 2025, LPC can take over infrastructure project



Infrastructure Requirements Per Phase

City/Port Development Agreement Phasing (Assumes B2-5 Option Taken First)			
Millwright Requirements (Phase II)	LPC	PORT	SHARED COST
• Central Marina Esplanade, Associated Replacement Infrastructure & Vistas			X (First Option)
• Millwright Loop S/W with Sidewalk & Utilities			X (First Option)
• North Esplanade			X (B8/9 option)
• Millwright District Buildings	X (at each option)		
• Weaver Street	X (B2-5 Option or B1/10 Option)		
• Chamfer Woonerf			X (First Option)
• Workman's Clock Tower	X (B1-10 Option)		
• Timberman Trails	X (B2-5 Option)		
Phase III Infrastructure Work Split	DEVELOPER TBD	PORT	SHARED COST
• Western Esplanade	X		
• Replacement Central Marina Restrooms/Laundry			X
• Boxcar Park Improvements		X	
• Phase III Millwright Loop S/W with Sidewalk & Utilities			X

Additional Actions Required to Effectuate the Agreement

- ✓ Appraisal and price negotiation on each option parcel within the agreed upon framework
- ✓ Development Agreement minor modifications with the City
- ✓ Shared Parking Management Agreement
- ✓ CC&R Amendment
- ✓ Recorded easements to provide rights to LPC to access their option parcels
- ✓ Title review
- ✓ Binding site plan amendment
- ✓ Environmental baseline report
- ✓ Temporary access agreement (done)



Recommended Action

Commission approve and authorize the CEO to sign the Option Agreement and Infrastructure Development Agreement (“Option Agreement”) with LPC West, Inc. (“LPC”), in a form substantially as presented. This approval and authorization includes approval and CEO signature authorization to perform all acts contemplated under the Option Agreement and sign all documents attached as exhibits to the Option Agreement that are in a form substantially as presented, including, without limitation, signing one or more ground leases with LPC or its permitted assigns in a form substantially as presented in the Form Ground Lease attached to the Option Agreement.





Thank You!

Questions?

