

Request for Proposal

Adaptive Reuse of Old City Hall in Downtown Tacoma Washington

Submitted by: Commencement Bay Development, LLC and Heritage Group Land Company, LLC

July 31, 2018



Proposer:

Commencement Bay Development, LLC (CBD) & Heritage Group Land Company, LLC (Heritage)

CBD is a Tacoma based Real Estate Development Company that has been in business for almost twenty years. They have participated in numerous Historic Renovations throughout the City as well as new Construction. Heritage is a Seattle based real estate development firm with a long history of creating award winning real estate development projects. Together we believe that the redevelopment of Old City Hall has all the necessary ingredients to be successful including:

A classic historic building in a revitalizing neighborhood

Located in an emerging 2nd tier city

A viable business plan

Strong support from the Tacoma business, educational, tech and public sectors, and

An accomplished development team with substantial experience in the Tacoma marketplace

Development Concept:

We are proposing a mixed-use project consisting of Historic Class A office including shared work space with best of class communication and laboratory facilities, retail, and food & beverage uses with a total net rentable area of approximately 50,000SF broken down as follows:

Office – 40,000SF

Retail – 5,000SF

Food & Beverage – 5,000SF

Vision:

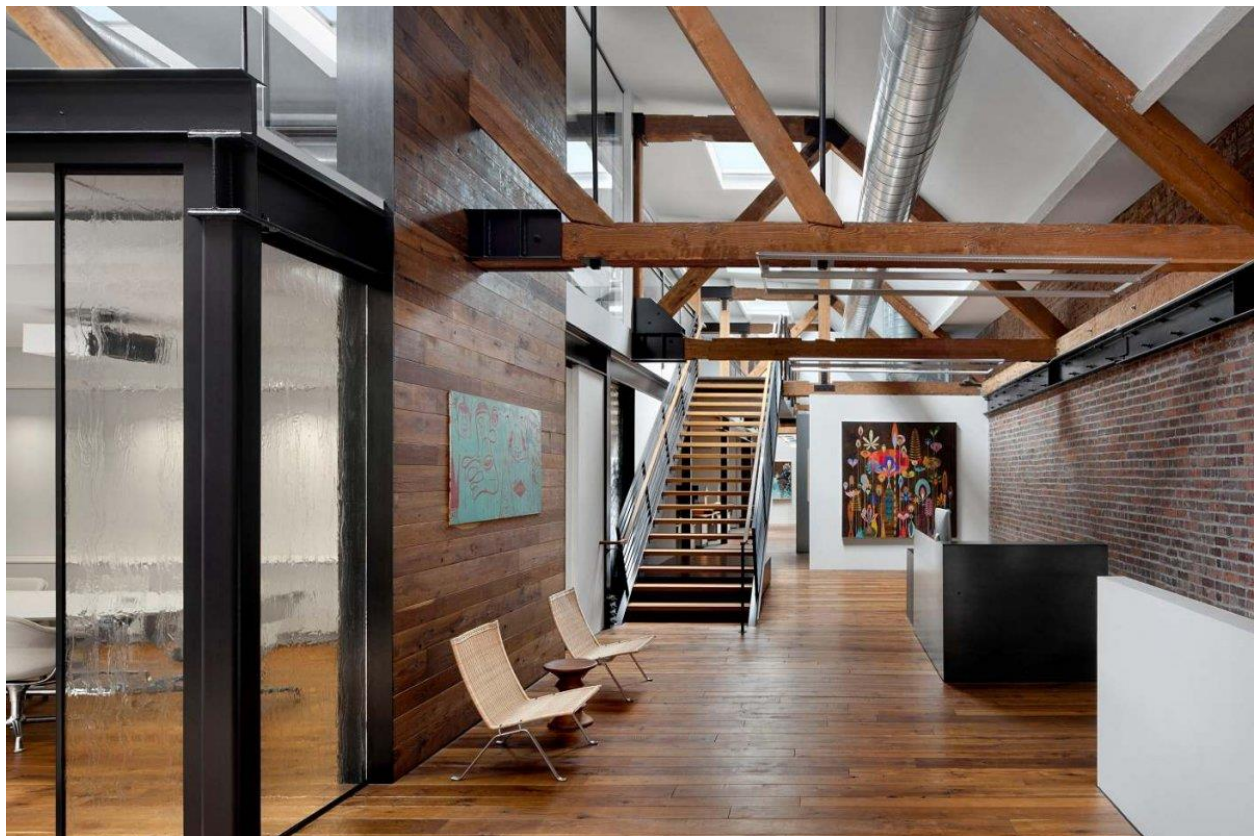
Our vision is to transform this once iconic landmark back into a vibrant and modernized HUB offering creative office and technology space that will meet the needs and demands of our emerging economy.

Old City Hall represents the best of our past.....and now it will once again anchor Tacoma's future. It will bring people, companies and research institutions together to collaborate and promote innovative, entrepreneurship and business development.

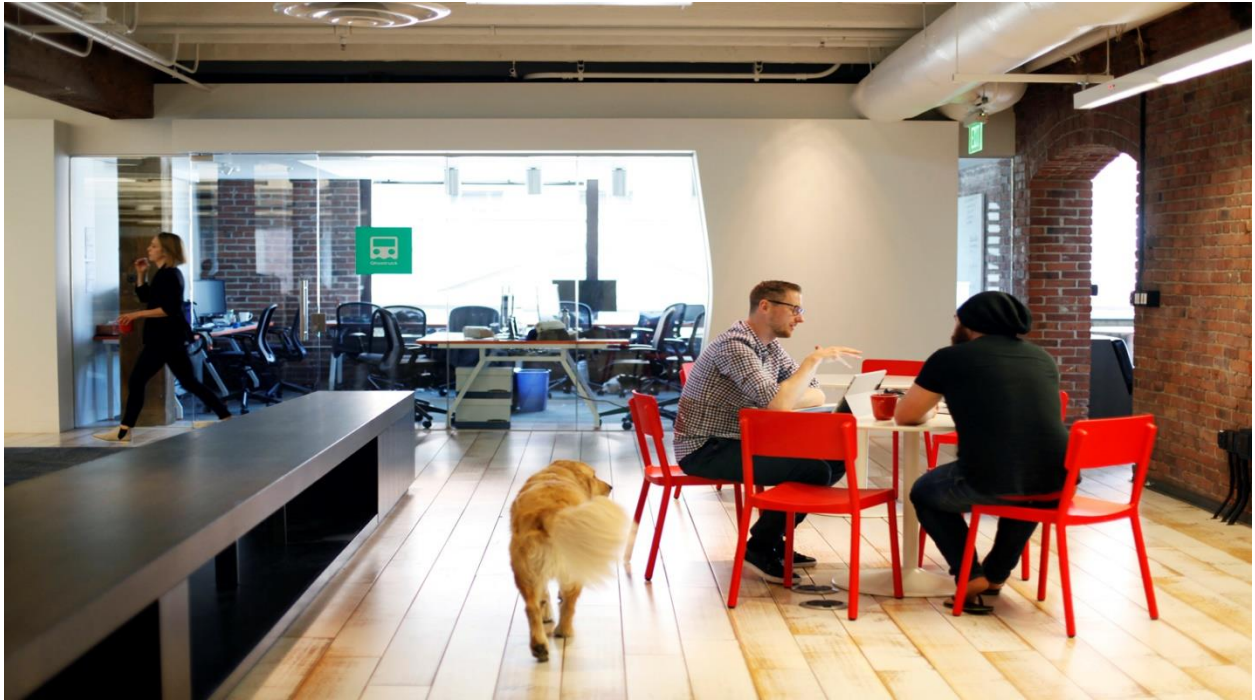
Conceptual Office



Conceptual Conference Area



Conceptual Collaborative Work Space



Conceptual Retail



Conceptual Food and Beverage



Full Time Equivalent Livable Wage Jobs:

Assuming 1 employee per 200SF of office space, we anticipate this project will create 200 full-time equivalent livable wage jobs.

Parking:

Assuming a parking requirement of 2 stalls/1,000SF, this project will require access to 120 parking stalls. Providing these stalls will be critical to the project's success. Solutions exist in the neighborhood to satisfy this requirement. We propose to work with the City of Tacoma and/or local partners who have an aligned interest to create these stalls. They can be created through partnership and either leased or owned outright.

Commitment to Historic Restoration:

CBD-Heritage are fully committed to an authentic restoration of Old City Hall which both acknowledges the building's past 100 years and secures the building's next 100 years. CBD-Heritage both have extensive experience in this type of development. See Projects resumes below:

Developer Experience:**Commencement Bay Development**

Commencement Bay Development, a Tacoma-based full-service development firm serving the Pacific Northwest, was established in 2000 by Eric Cederstrand, one of Tacoma's top commercial real estate brokers who has been involved in transactions totaling more than \$1 billion.

The company is committed to the revitalization of Tacoma and wants to leave a legacy for future generations. We started our organization more than 17 years ago with the dream of changing the perception and face of Tacoma. We began with historic renovations in the Downtown Business Core and have grown to encompass multifamily, office, retail and mixed used developments. The one thing that has never changed is our belief in our City and the desire to leave a positive impact for those that work here and call Tacoma home.

Commencement Bay Development is a boutique style firm. Each project is individual and thoughtfully considered. We listen to the goals of owners and investors and assemble the best team of specialists suited for each project. We are hands on and manage projects from entitlement through the warranty period. Commencement Bay Development prides ourselves in the relationships we build and in projects that stand out as innovative and desirable.

Commencement Bay Development was involved in the development of Thea's Landing in Tacoma, WA, and Creekside Village Apartments in DuPont, WA as well as re-development projects in the Downtown Business District, including TRC tower, El Gaucho & Melting Pot restaurants, 1123 Pacific Ave, Payless Kress, and many others.

Eric Cederstrand, President

Eric has spent 30 years in the commercial real estate industry, involved in both development and commercial brokerage. During his career, Eric has been involved in transactions valued at over \$1.1 billion, including multi-family, office, retail, historic and land development.

Eric development experience includes:

- Thea's Landing, Tacoma, WA
- Northwest Landing Master Planning, DuPont, WA
- Creekside Apartments, DuPont, WA
- TRC Tower (Davita), Tacoma, WA
- El Gaucho & The Melting Pot Restaurants, Tacoma, WA
- Northwest Motorsports, Puyallup, WA
- 415 St Helens Apartments, Tacoma, WA

Lia Estigoy, Vice President

Lia has been with CBD for more than 18 years. She is responsible for project management, property management, and everything in-between. Prior to joining CBD, Lia was a Project Manager at Sellen Construction for 9 years. Lia earned the Bachelor of Science from the University of Washington in Construction Management.

Lia's development experience includes:

- Thea's Landing, Tacoma, WA
- Creekside Apartments, DuPont, WA
- Fisher Plaza, Seattle, WA
- 1123 Pacific Ave., Tacoma, WA
- Payless Kress, Tacoma, WA
- 415 St Helens Apartments, Tacoma, WA

Brad Nakamura, CFO

Brad brings to CBD more than 34 years of construction and development experience. 13+ years at Trans-Pacific Development advancing from Controller and Property Manager to CFO. 14+ years at Rushforth Construction as Controller, CFO and VP & Director of Project Finance. Brad was also one of the principal shareholders of Rushforth Construction from 2001 to 2009, when the company was sold, and remained with the new company during a three-year transition period.

Brad's Development experience includes:

- Trans-Pacific Industrial Park, Phase I & II, Fife, WA
- Trans-Pacific Trade Center, Fife, WA
- Fife Professional Building, Fife, WA
- Portside Industrial Park, Fife, WA
- 12th Street East Development Office Building, Fife, WA
- Creekside Apartments, DuPont, WA
- 415 St Helens Apartments, Tacoma, WA

Heritage Projects

Major Tenant

Building Name	Product Type	Location	Size
Westland Lasher Law Firm	Class A Office/Retail	Seattle, WA	60,000SF
Heritage Building NBBJ Group World HQ	Class A Office/Retail	Seattle, WA	70,000SF
Cornerstone Building Hillhaven Corp.	Class A Office/Retail	Tacoma, WA	100,000SF
Occidental Mall Ogilvy & Mather Seattle HQ	Class A Office/Retail	Seattle, WA	100,000SF
Rust Building-World Trade Center Bank of America Regional HQ	Class A Office/Retail	Tacoma, WA	80,000SF
Merrill Place	Class A Office/Retail/Residential	Seattle, WA	200,000SF
Ralston House	Senior Housing	Omaha, NE	100 Units
Mulberry Lofts	Loft/Condominiums	Des Moines, IA	48 Units

Public Benefits:

Our proposed project will secure the long term economic vitality of one of the Pacific Northwest’s most important and iconic landmarks. It will be synergistic with other development in the neighborhood and the cornerstone of the Old City Hall District.

Proposed Capital Investment and Financing Plan:

See attached Pro-forma, Exhibit A. Our net investment will be approximately \$17M, which includes a building valuation of \$2M. We are proposing the project be financed with 50% Equity and 50% Debt, approximately \$8.5M of Equity and \$8.5M of Debt. We are proposing the City will be paid by being credited with an approximate \$2M equity contribution which will be treated pro rata with the other approximately \$6.5M of equity. This will provide the City with the opportunity to recapture their investment of public funds far above a straight out acquisition today and create an annual income stream over the next ten to fifteen years of our ownership.

Proposed Schedule of Key Milestones:

Day 1 – Award of Project to CBD-Heritage

Day 90 – Presentation of initial Project feasibility, including parking plan, to City of Tacoma. Make Go/No Go decision for next 90 Days.

Day 180 – Complete Due Diligence. Make final Go/No Go Decision. Add \$90k to initial \$10k deposit and make this \$100k deposit non-refundable.

Day 360 – Close on building purchase and begin construction.

Construction period 15 months.

Building Certificate of Occupancy and building opening 2.5 years from award of project.

Public Private Partnership:

We believe the Project's greatest chance of success lives within the Public Private Partnership we are proposing with the City of Tacoma. There are multiple issues where we have alignment of interest with the City, including:

Maintaining and restoring one of the Pacific Northwest's most iconic and important landmarks

Contributing a critical piece to CBD Tacoma's revitalization

Retaining local talent and creating jobs

Solving a parking issue which exists for the entire neighborhood

Advisory Board:

CBD-Heritage has formed an Advisory Board to assist in the implementation of this project. Each member has a skill set and/or expertise which will be beneficial to the success of the project. The Advisory Board members have in common a shared vision for a revitalized Old City Hall in a vibrant downtown Tacoma. As follows:

- a. Andrew Fry, Director of Industry Partnerships and Lecturer, UWT
- b. Brent Hall, CEO, Pinnacle Capital & adjacent property owner
- c. Lars Harvey, Founder, Internet Identity (purchased by Infoblox)
- d. Chris Hansot, Regional Sales Manager, Workday Inc.
- e. Mike Hickey, President, Neil Walter Company
- f. David Hirschberg Ph.D., UWT Affiliate Professor & Lecturer, CEO & Founder, RAIN
- g. Lieutenant General (R) Stephen Lanza, US Army
- h. James Maiocco, Chief Business Development Officer, Pushpay – Formerly led investments, partnerships & marketing for Microsoft Ventures globally
- i. JJ McCament, Real Estate Consultant, McCament & Rogers
- j. Raelene Rogers, Real Estate Consultant, McCament & Rogers
- k. Janine Terrano, CEO, Topia Technology Inc.