



**Pacific Northwest Real Estate Challenge  
Guidelines January 2016**

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## Section 1



January 2016

Re: National Association of Industrial and Office Properties (NAIOP)  
2016 Pacific Northwest Real Estate Challenge

Dear Real Estate Directors and Students:

The Washington State Chapter of NAIOP is pleased that you have chosen to participate in NAIOP's 13<sup>th</sup> Annual Pacific Northwest Real Estate Challenge competition. We are confident this year's Real Estate Challenge will be an educational and enjoyable experience for everyone involved. Our main objective is to provide students with an interesting and thought-provoking real estate project and the site sponsor with relevant feasibility information on their property. We are grateful for your interest and support for this year's competition.

The enclosed materials provide the information the students will need for the 2016 Pacific Northwest Real Estate Challenge. The Guidelines document will outline the key participants in the program, the ground rules for the contest, event milestones, structure of the judging procedure, and includes the Request for Proposal (RFP) to which the students will be responding. Included in the RFP are links to online information regarding the development site provided by the site co-sponsors, Sound Transit and the City of Bellevue.

The subject property consists of three parcels located adjacent to Sound Transit's proposed BelRed/130<sup>th</sup> Avenue NE light rail station and has been designated by the site sponsors for a mixed use, urban transit oriented development (TOD) consistent with the City's BelRed area vision. The City of Bellevue, Sound Transit, and a variety of knowledgeable parties will be available over the next several months for key question and answer sessions with students.

We welcome Portland State University, the University of British Columbia and the University of Washington Real Estate Programs to this event and are appreciative that they have incorporated the Challenge into their 2016 academic offerings. The Washington State Chapter of NAIOP is confident that this competition will provide valuable exposure for participating students.

Good luck to all of you on this challenging project. We look forward to seeing you at the presentations in March and to awarding the winning team with the coveted NAIOP Bob Filley Cup!

Sincerely,

A handwritten signature in blue ink, appearing to read "John Teutsch".

John Teutsch  
Teutsch Partners  
Real Estate Services  
2016 President – NAIOP Washington State Chapter

## **Section 2 Committee Members and Roles:**

Outgoing Co-Chair:	<b>Brian Neville</b>
Co-Chair:	<b>Loreana Marciante</b>
Incoming Co-Chair:	<b>Kristen Link</b>
NAIOP Board Liaison	<b>Marc Gearhart</b> <b>Scott Matthews</b>
NAIOP Liaisons (Budget/Finances/Sponsorships/ Function Logistics/Venue):	<b>Peggi Lewis Fu</b>
RFP Coordinators:	<b>Brian Neville</b> <b>Loreana Marciante</b>
Mentor Coordinators:	<b>Dail Bodzioni</b> <b>Patrick Kassin</b>
Judging Coordinator:	<b>TBD</b>
Event Coordinators:	
Kickoff:	<b>TBD</b>
Judging:	<b>TBD</b>
Breakfast:	<b>Kristen Link</b>
Sponsorship Coordinator:	<b>TBD</b>
Site Sponsors:	<b>City of Bellevue</b> <b>Sound Transit</b>
Challenge Site - Key Contacts:	<b>Janet Lewine</b> <b>Paul Cornish</b>

## **University Real Estate Program Directors**

### **University of British Columbia**

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Associate Professor of Real Estate Finance  
Portland State University  
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## **Section 3**

### **Competition Description and Ground Rules**

#### ***NAIOP WA Real Estate Challenge Philosophy***

The philosophy of this competition is for all participants to emerge as winners. The Pacific Northwest Real Estate Challenge will focus on the fundamental solution of a real estate development problem. While the quality of the overall design components are important, the overall scoring system will reward the strongest solution to the real state question. While there is a strong element of competition between teams, the spirit of the program is to provide exposure and experience for all involved. All participating students, instructors, and schools, as well as the judges, professional resources and audience members will be "winners" because of the valuable experience and exposure gained in solving a real world real estate question. It is also expected that the owner of the subject property, as a result of their willingness to share their time, project information and financial support, will be the beneficiary of fresh, focused and creative thinking about their unique asset. In the end, this competition will likely provide the owner with perspectives and ideas that truly add value to their investment.

#### ***Overview of the Challenge***

The Pacific Northwest Real Estate Challenge matches teams from the real estate programs of multiple Northwest universities in a competition focusing on a high profile development/redevelopment project in the Seattle Metropolitan area. The teams will be assigned the same real estate project and will be provided essential information and/or assumptions about the property. Each team will work to formulate a proposed development and/or investment strategy that, among other considerations:

- Demonstrates an understanding of the current economy, local market conditions, development and land uses that exist or can be reasonably anticipated for the property
- Contains ample information and support for evaluating costs, financing sources and economic returns to be expected from their recommended solution
- Identifies and responds to prevailing regulatory constraints, entitlement processes and local community interests
- Maximizes the value of the property to all relevant stakeholders.

The students' final feasibility assessment and development plan recommendations will constitute a comprehensive analysis and conclusion

of how to maximize the potential of the property from both a quantitative (financial) and qualitative (feasibility) standpoint. Each team will present a professional and concise final investment proposal as directed in the RFP.

Each school will establish and be responsible for its own team selection process and will be free to utilize both undergraduate and graduate level full time students. The competition will kick-off early in January with an introduction by the site sponsor and a tour of the property. The final written analysis will be delivered in early March. Approximately two weeks later, a team of local experts will review the assumptions in each of the written proposals and communicate their findings to a team of judges. The judges will then hear oral presentations from each team and provide direct commentary and feedback. Student teams will attend an event with the NAIOP Developing Leaders of the Washington State NAIOP Chapter to network with an audience of local industry leaders. At the March Breakfast Meeting of NAIOP WA, the winning team will be announced and will be presented with the prestigious traveling trophy, The Bob Filley NAIOP Cup. During this event, student teams will have the opportunity to briefly present their development proposals and a panel of assumptions review experts will provide a pertinent market overview and a critique of student team's assumptions. This format provides an opportunity for students to showcase their work within a realistic overview of current market conditions related to the subject site. This catered breakfast will be attended by professionals from throughout the Pacific Northwest who are active in commercial real estate and related industries, as well as educators and students from each of the competing schools.

### ***School Participation and Benefits***

It is anticipated that each school will operate its own internal academic program built around this project. It is probable that each school will have several teams who evaluate the property as part of an academic project competition class. Each team will be provided property information and have the ability to direct questions to the site sponsor as they craft their recommendations. Each school will establish their own internal evaluation criteria and process that will lead to the selection of their winning team that will represent their school in the Pacific Northwest Real Estate Challenge competition in March.

There are at least two significant benefits to the students who choose to participate in this competition. The principal benefit is the opportunity and value of working on a real world, challenging case study of a significant real estate development project located in their own Pacific Northwest region. The analysis and recommendations made by the students will require their finest thinking and creativity. The options they consider will take into account the national, regional and local economies. In addition to a variety of economic forces, the students will consider supply and

demand forces affecting the local real estate markets. The teams have an opportunity to put themselves into the shoes of the owner/developer and to consider many options for maximizing return and creating a high quality, viable project. This "battle of the brightest" is designed to extract the best efforts from the students in a competitive environment not unlike the real estate world they wish to enter.

The second benefit to the students will be their exposure to members of the Pacific Northwest real estate industry and business community. Students will have a unique opportunity to interact with outside consultants, representatives of the subject property, NAIOP members and local agencies during the course of their investigations. In addition, the finalist teams will present their findings and conclusions to competition judges as well as the broader commercial real estate community during the final competition event. A brief bio of each student will be included in the materials provided to the judges and event attendees.



## **Section 4**

### **The 2016 Challenge**

\*\*\*\* Note RFP included in Section 7.

#### ***Competition Guidelines***

The key ground rules for The Pacific Northwest Real Estate Challenge are listed below. The spirit of the competition is for each team to employ its most creative thinking, coupled with the assistance of key internal and external resources, in evaluating alternatives and recommend the optimal strategy for the property. The purpose of the following guidelines includes providing reasonable access by each team to internal and external resources and representatives of the selected project site in understanding the property and creating a viable development plan:

Each school will send one finalist team to present at the NAIOP challenge.

***Resources*** - Each team may use all available internal university resources such as real estate and business faculty and research data ordinarily available to them as real estate and business students to help guide and advise student teams.

The Pacific Northwest Real Estate Challenge Committee (the "Committee") will make available industry resources who are current members of the Washington NAIOP Chapter to assist teams. These industry mentors will assist in guiding a team with their project's development. A list of mentors is provided in Section 8.

Any issues arising from the student's team's interaction with mentors should be brought to the attention of the Committee immediately.

Teams may utilize other (non-assigned) NAIOP industry resources, members, or non-NAIOP member resources subject to the schedules and time constraints of each resource. Student teams must contact non-NAIOP assigned resources to request support/assistance. PLEASE ORGANIZE YOUR QUESTIONS TO MINIMIZE THE MENTORS WORKLOAD.

**Judging-** The judging will occur in two steps including an Assumptions Review and the Overall Scoring.

***ASSUMPTIONS REVIEW:*** The Assumptions Review of the students written proposal will be conducted by a panel of experts in a specific discipline. The expert will review specific sections of the written proposals against

their experience of current market conditions. The panel will include the following experts: schematic design, entitlement and zoning, construction, market, capital markets, and development strategy. The assumptions review findings will be presented to the judges prior to the oral presentations.

\*\*\*\* The RFP will detail a specific format to facilitate the assumptions review.

*OVERALL SCORING:* The Overall Score will be awarded by a Panel of 3 – 6 Real Estate Developers. The developers will be selected based on expertise in the likely highest and best use of the site, and expertise in likely alternative uses. The Overall Score will be generated by the judges based on their review of the written proposal, the findings generated through the Assumption Review process and the students final oral presentation.

The Committee will make every effort to balance the panel of judges so that no school has a perceived advantage or disadvantage. A representative of the site sponsor / property owner will also sit on the judging panel as a non-voting member to act as a resource and sounding board for the voting judges during their deliberations. The judges will evaluate the quality of the written and oral presentations of each team. An important task of the judges will be to validate the originality of the critical conclusions of each team.

***Kickoff Event***-A kickoff event will be held on **January 15<sup>th</sup>, 2016**. Teams from each school will be given an opportunity to ask questions about the ground rules of the competition and site specific information. Project site representatives will tour the property with the teams.

***Stipend***- Schools based outside of Seattle will receive a stipend of up to \$1500 to defray travel, lodging and food costs. NAIOP WA will make this payment directly to the schools as instructed by each school and upon completion of the work. A request for reimbursement must be submitted to Peggi Lewis-Fu for processing.

Schools may use independent sponsors to help absorb competition costs. The use of independent sponsors is at each school's discretion. No independent sponsors will be mentioned in the NAIOP publications, distributions, or at events related to the 2016 Pacific Northwest Real Estate Challenge.

**Written Proposal-** Students must generate a professional investment proposal that clearly and succinctly conveys the recommended development strategy and financial outcome. The proposal must explicitly demonstrate the proposal is firmly grounded in realistic market assumptions. The format of the proposal will be as outlined in the RFP section 7 below. A single team selected by each school will upload their proposal to a secure file on the NAIOP Washington SharePoint Site on **March 3<sup>rd</sup>, 2016.**

**Oral Presentations**–Are scheduled for **March 8<sup>th</sup> and 11th, 2016.**

The March 8<sup>th</sup> presentations will be made to a panel of Judges. The specific timing of oral presentations will be determined in mid February. The order of the presentations will be pre-determined by random drawing. Each team's presentation will consist of a 20-minute oral presentation of the written report and a 40 minute round-table discussion between judges and students in which the judges may ask any question of any student. Presentation boards/pictures/graphics and other media may be used to help convey information.

The March 9th presentations will be to the Washington State NAIOP membership at the March breakfast meeting. At this event, the site sponsor will summarize background information on the site, and comments from Judges and Assumptions Review experts will be presented. Student team presentations will be limited to their proposed solutions, and may be in pre-recorded video format to enforce brevity. The winning team will be presented with the Bob Filley Cup.

**Judging Evaluation Criteria-** Each team will be judged based on thoroughness, logic, and on their ability to properly support their conclusions and recommendations. Evaluation criteria and their respective weights are:

Criteria	Definition	Weight
Assumptions	The underlying information gathered and applied in the underwriting process that underpin the real estate solution.	25%
Logic	The thought process and decision-making model used to apply underlying assumptions to make a real estate recommendation.	25%
Development Solution	A development solution based on the quality of underlying assumptions, logic behind the application of those assumption to produce a development with the strongest risk adjusted return for Profit, People, and the Planet.	25%
Overall Presentation	Written and oral presentation and materials; this is the "overall" element that captures the intangibles that are important in real-world competition.	25%
Total		100%

The judges will vote for the ultimate winner at the conclusion of the Judges Presentations. Each judge has one vote and the winning team will be the team that receives the greater number of votes. Judges vote according to a ranking and point system based on the criteria and weighting above.

The judges will utilize their own rationale in determining the winner. The judges' notes on the presentations will be copied and given to each team/school respectively as a feedback mechanism and for instructional use.

## **Section 5**

### **Competition Calendar and Timeline**

**January 5th 2016** – Guidelines and RFP issued to students.

January 15<sup>th</sup>, 2016 - Kickoff event at a venue close to the contest site(introduction of the schools and teams, tour of the project site and clarification of project information including ground rules for the teams)

March 1<sup>st</sup>, 2016 Deadline for delivery of finalists' written reports (5pm)

March 8<sup>th</sup>, 2016 Morning: Assumptions reviewers presentation to judges

March 8<sup>th</sup>, 2016 Afternoon: Judging of oral presentations (times tentative)

1:00 – 2:00 PM Judges convene for lunch, final instructions and Q&A

2:00 – 5:00 PM Teams-to-Judges Presentations - the 'oral form' of the written submission to included discussion / Q&A roundtable session with judges & teams

March 8<sup>th</sup>, 2016 Evening: Post presentation networking with REC and Developing Leaders

March 9<sup>th</sup>, 2016 Breakfast Meeting Presentation (agenda is tentative)

7:30 – 7:40 am Breakfast Event & Monthly Business

7:40 – 7:45 am Introductions, Recognitions, Thanks

7:45 – 8:00 am Site Sponsor – Project Overview

8:00 – 8:20 am Judges & Assumption Reviewers comments

8:20 – 8:40 am Participating team Audience Presentations

8:45 Presentation of Bob Filley NAIOP Cup

8:45 - 9:00 am Q&A

## **Section 6**

### **Mentor Contacts and Guidelines**

The list of professionals on the following page is preliminary and is subject to change prior to the kickoff event. Please do not contact any mentors until the final list is distributed at or prior to the kickoff event.

Mentors are available in the following areas of expertise; Site planning, Architecture, Land Use Law, Development, Finance, Broker , Title Survey, and General Construction.

Your professor and the local NAIOP Chapter will have additional local mentors available for you. Also, your professor is a mentor, as well. Mentors can be contacted by email and/or telephone. If a mentor states a preference for the method by which he or she is contacted, please respect that choice.

Students must call the mentor; do not ask the mentor to call you. Confirm with the mentor before the call how much time he or she has available for the call. Do not exceed the agreed call length. As many students as are on the team may participate in the call.

When emailing a mentor, have specific, focused questions. Think through what you want to get from the mentor before you send an email. Keep the emails brief.

If you are unfamiliar with the terminology a mentor is using, ask for a brief explanation. If you still do not understand the concept, ask your professor. Mentors are not available to provide "introductory courses" in a subject.

If a mentor is repeatedly unavailable due to work considerations, please let your professor know and your professor will let the NAIOP Real Estate Challenge Committee know. We will make every effort to find another mentor in that area of expertise. Have fun and learn.

## **NAMES to be confirmed**

<b><u>EXPERTISE</u></b>	<b><u>NAME</u></b>	<b><u>COMPANY</u></b>	<b><u>EMAIL / PHONE</u></b>
Office Broker			
Retail Broker			
Industrial Broker			
Land Use / Landmarks Law			
Tax Consultant (credits for historic structure)			
Finance			
Real Estate Developer / underwriter			
Geotech			
Architect			
General Contractor			
Civil Engineer			
Structural Engineer			
Marketing			

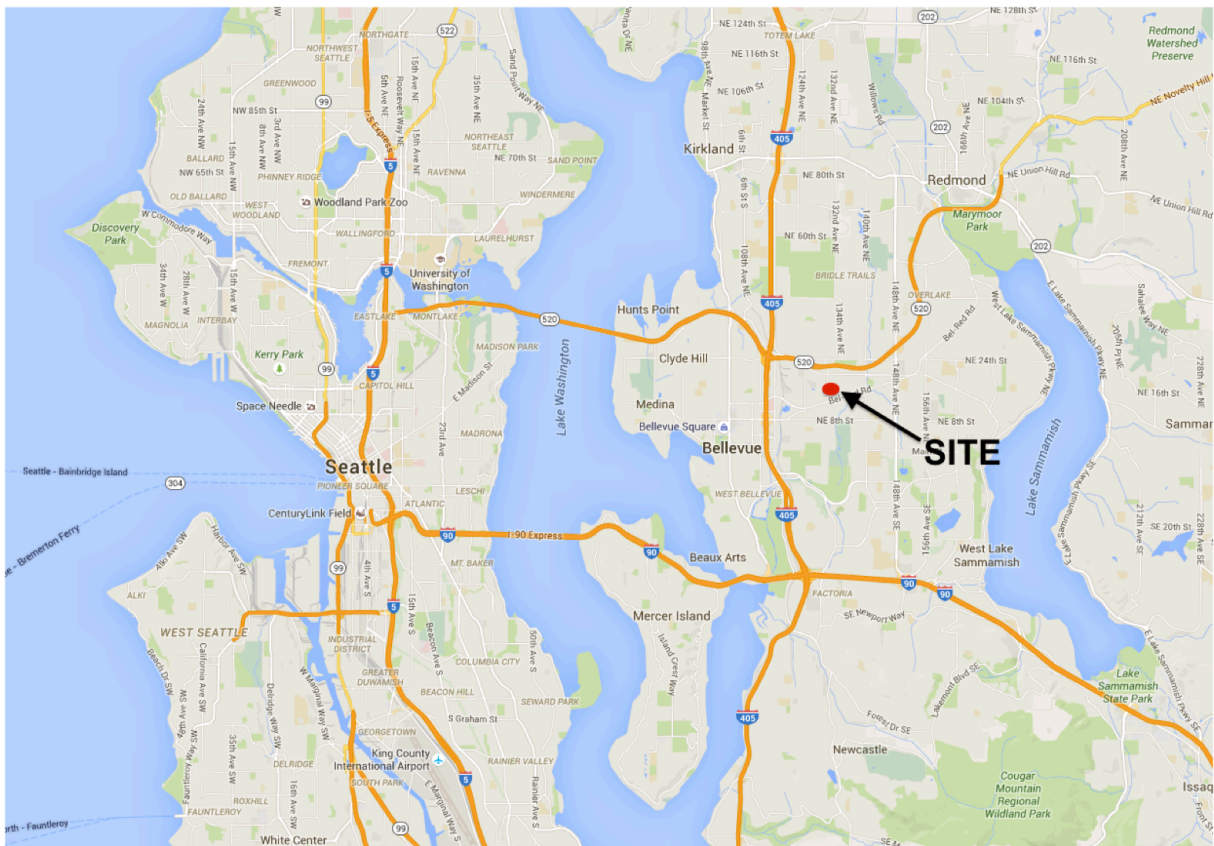
# Section 7 2016 Request For Proposal

## ***THE CHALLENGE***

The City of Bellevue is seeking a development partner to develop three parcels adjacent to the 130th light rail station to be acquired from Sound Transit for transit oriented development (TOD). These parcels were proposed by Sound Transit for a surface park and ride lot. Instead the City has the opportunity to develop active TOD adjacent to the station that is consistent with the BelRed vision. Development of the site must include 300 parking spaces and bike facilities to be delivered to Sound Transit before the start of light rail service in 2023.

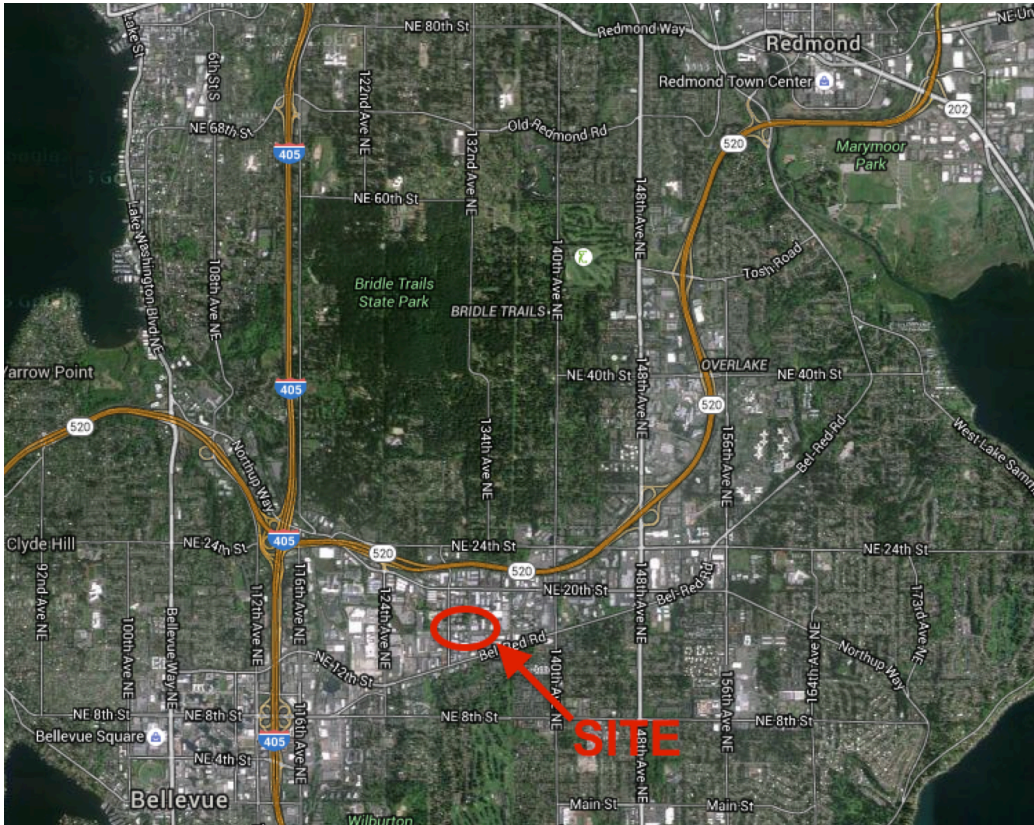
The following images illustrate the extent of the property. Additional due diligence information will be made available through the NAIOP WA SharePoint site as needed and as it becomes available.

## **Vicinity Map**

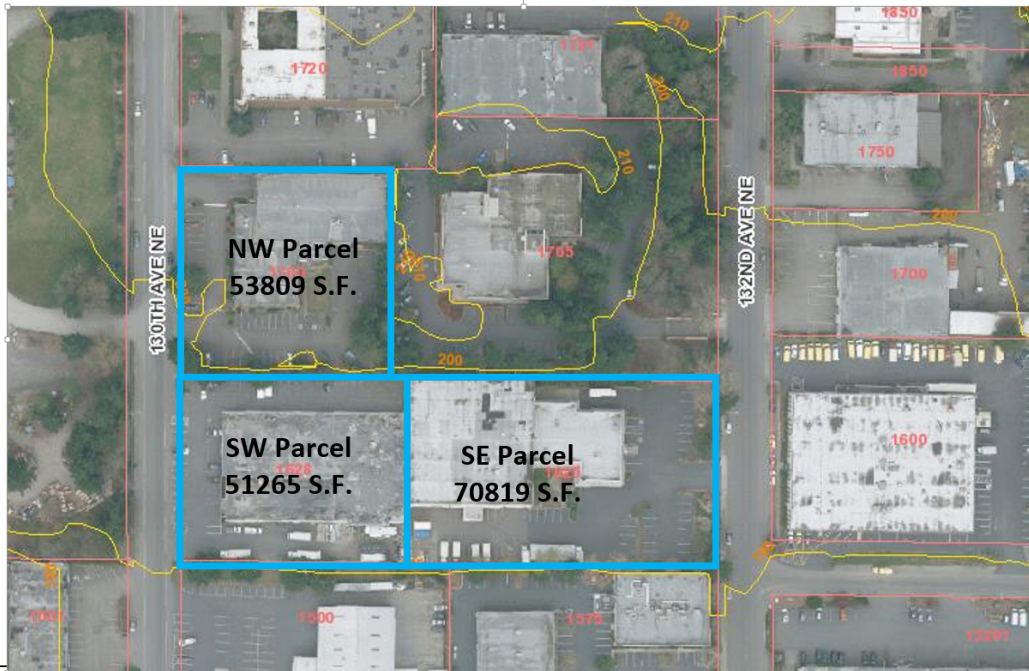




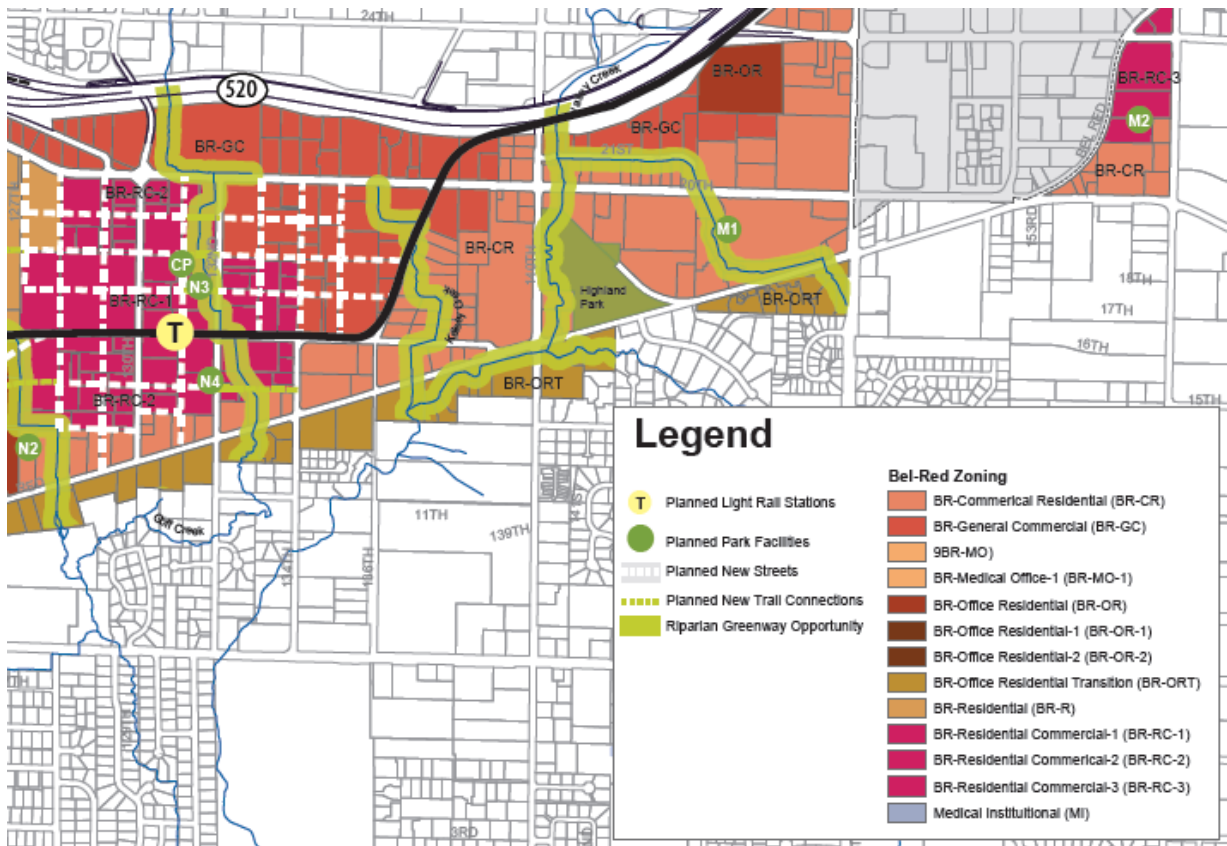
## Aerial View of BelRed Corridor



## Aerial View of Parcels



## 130<sup>th</sup> Node and BelRed Zoning (linked in Resources section)



### **General Description**

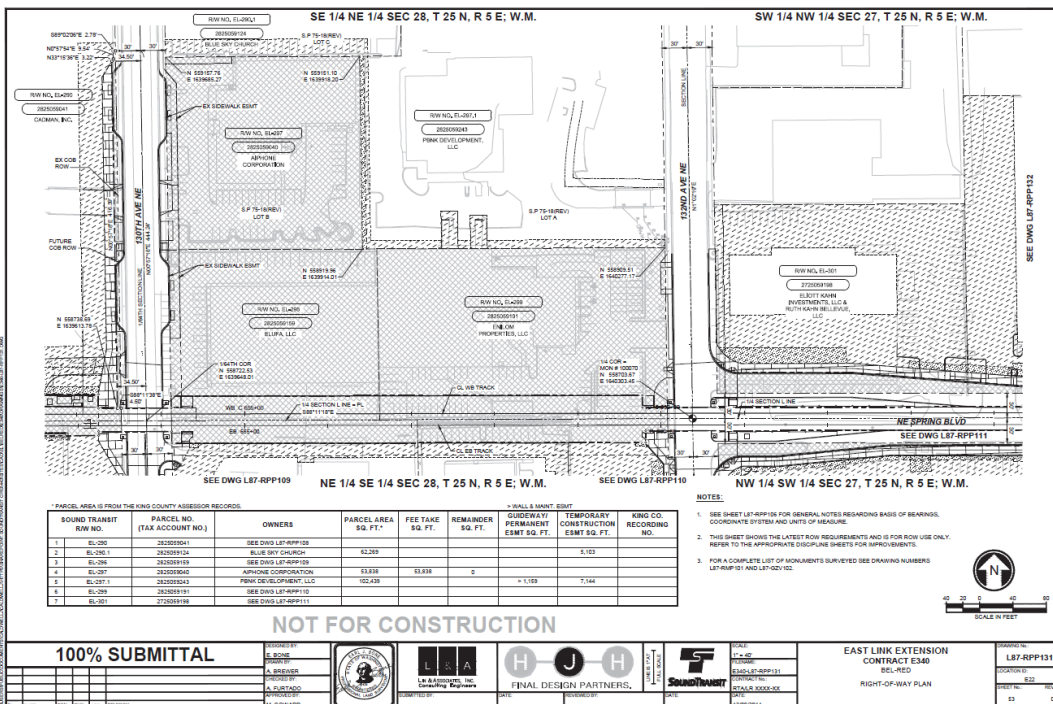
The co-sponsors for the 2016 Pacific Northwest NAIOP Real Estate Challenge are Sound Transit and the City of Bellevue. The challenge site is in Bellevue's BelRed corridor between 130<sup>th</sup> and 132<sup>nd</sup> Avenue NE and north of Sound Transit's BelRed/130<sup>th</sup> street light rail station. Sound Transit has identified three parcels for acquisition, to be used initially for construction staging and subsequently for a 300-stall public park-and-ride and cycle storage facilities. A definite schedule for Sound Transit conveyance of the parcels has not been established.

The City of Bellevue has adopted policies and regulations intended to transform the BelRed Subarea from a light industrial and auto-oriented commercial corridor to a series of mixed-use, livable neighborhoods supported by light rail transit. An agreement between Sound Transit and the City of Bellevue (Amended and Restated Umbrella Memorandum of Understanding May 2015) provides for conveyance of the site to the City of Bellevue and solicitation of a TOD developer that can ensure development consistent with the parties' interests.

# TOD Urban Design Provisions



# East Link Extension 100% Submittal (linked in Resources sections)



### ***Site Sponsor Objective***

The objective of both parties is to establish a mixed use, urban TOD development including a mix of market and affordable housing utilizing public and private resources in concert with light rail construction at the 130<sup>th</sup> Ave NE Station, to support Sound Transit's ridership, and to establish an appropriate urban development form consistent with the City's vision for Bel-Red concurrent with the Project's start of revenue service. (Amended MOU Section 22.2)

### **Challenge submittals must identify a conceptual level financial analysis and redevelopment strategy that includes Sound Transit facilities requirements, and considers the parties' objectives and these principles:**

- The area around the light rail station is seen as a focus of activity, with people coming and going to the trains, and to the surrounding housing, retail, plazas and streets.
- Ensure that TOD design fully realizes the BelRed vision per the BelRed Subarea plan (2009), the BelRed zoning, development regulations and design guidelines (2009) and the City of Bellevue and Sound Transit MOU (2015), with the highest allowed densities near the planned light rail station at the center of the station area node.
- Provide connections between the TOD project, the station and the existing and planned non-motorized transportation system that supports the surrounding neighborhoods.
- Activate station areas with development that is compact, mixed use and walkable. Higher densities within BelRed station nodes are essential to the BelRed vision, transit ridership, and Bellevue's land use and economic development strategy.
- The City's goal in controlling the parcels for TOD is primarily to have a project with the most public benefit. Return of funds is less important. Should significant funds be available beyond the project requirements, the city would target those funds to improvements to the public realm, such as connections to the station.

### **Sound Transit facilities basic requirements:**

- 300-stall public park-and-ride facility
- Sound Transit Service Vehicle Parking: 2 stalls
- Bike Facilities to include
  - Bike Cage – 20 Bikes + 10 Bikes Future Expansion, Bench, Pump, Emergency Phone, CCTV
  - Bike Lockers – 4 Bikes + 2 Bikes Future Expansion
  - Bike Racks – 16 Bikes + 8 Bikes Future Expansion
- These facilities will be operated and regulated by Sound Transit consistent with requirements of the FTA.

### ***Existing Information and Underwriting Guardrails***

The following information has been provided by the site sponsors and is assumed to be fact:

- The site includes 3 tax parcels as can be seen on the accompanying images (King County tax parcel numbers 2825059040, 2825059159, 2825059191).
- Planned street and transit facility right-of-way can be seen on the accompanying images.
- The site should be evaluated for redevelopment as allowed by the City of Bellevue's adopted zoning and land use regulations.
- The site should be evaluated for redevelopment based on current construction costs and market conditions with the assumption that light rail service is in place and operating as of June 1, 2017.
- Sound Transit facilities will be developed at no charge to Sound Transit and Sound Transit will maintain property interest through some mechanism not yet established e.g. condominium structure, easements, covenants.
- The City is open to proposals regarding property interest e.g. sell/convey land or air rights to private developer or partner with private developer.
- Financial analysis will consider how a TOD project at this site could deliver a return that would be attractive to a developer.

- Sponsors are open to proposals that include sensitivity analysis with respect to allowance of shared parking during the off-peak and whether this is a significant factor in the overall financial viability of the project.
- Financial analysis will look for fatal flaws and impediments to the proposed project, including market forces, financing, partnerships and coordination with delivery of light rail.
- Basic Financial Underwriting Criteria – Each proposal should include a justifiable financial underwriting criteria based on each team’s organizational and structural assumptions.

### **Limits on Contact**

- City of Bellevue and Sound Transit can provide engineering and planning documents that have been developed for adjacent projects e.g. East Link light rail, station area planning, Goff Creek studies, planned road improvements.
  - Please only contact the sponsor liaisons at City of Bellevue Planning and Community Development and Sound Transit. Sound Transit liaisons: (Paul Cornish and Sloan Dawson)
  - City of Bellevue PCD liaisons: (Janet Lewine and Emil King)
- Students are not permitted to contact existing tenants or land owners.
- All questions and responses submitted to the REC Committee during the challenge will be shared with all student teams.

### **Resources**

Student teams are encouraged to research on-line regulations and planning documents, including those linked below.

- Bel-Red subarea plan (2009)  
<http://www.ci.bellevue.wa.us/planning-belred.htm>  
<http://www.cityofbellevue.org/pdf/PCD/SP01.BelRed2010.pdf>
- BelRed zoning, development regulations and design guidelines (2009)  
<http://www.codepublishing.com/wa/bellevue/LUC/BellevueLUC2025D.html#20.25D>
- Bel-Red zoning map (2009)  
[http://www.ci.bellevue.wa.us/pdf/PCD/Simplified Composite March 2012-.pdf](http://www.ci.bellevue.wa.us/pdf/PCD/Simplified_Composite_March_2012-.pdf)
- Station Area Plan Report: 130<sup>th</sup> Avenue NE Light Rail Station (2012)  
<http://www.bellevuewa.gov/130th-ave-station.htm>  
<http://www.bellevuewa.gov/130th-station.htm>  
[http://www.bellevuewa.gov/pdf/PCD/Bellevue\\_FinalReport.pdf](http://www.bellevuewa.gov/pdf/PCD/Bellevue_FinalReport.pdf)
- Sound Transit East Link Final Environmental Documents / FEIS for Segment D  
<http://www.soundtransit.org/Projects-and-Plans/East-Link-Extension/East-Link-Extension-document-archive/East-Link-Documents/East-Link-document-collections/East-Link-Final-EIS-document-collection>
- Sound Transit -Transit Oriented Development (TOD) Policy (2012)  
<http://www.soundtransit.org/node/10567>
- PSRC/ Growing Transit Communities East Corridor Implementation Support (2013)

<http://www.psrc.org/assets/9341/EastCorridorBestPracticesPhase1.pdf?processed=true>

<http://www.psrc.org/assets/10829/130th Avenue NE TOD Opportunity Study EC Phase 2.pdf?processed=true>

- Sound Transit and City of Bellevue Amended and Restated Memorandum of Understanding for the East Link Project (2015)  
[http://www.bellevuewa.gov/Agendas/Amended and Restated MOU\(1\).pdf](http://www.bellevuewa.gov/Agendas/Amended and Restated MOU(1).pdf)
- Sound Transit East Link Document Archives  
<http://www.soundtransit.org/Projects-and-Plans/East-Link-Extension/East-Link-Extension-document-archive>
- Sound Transit East Link Extension 100% Submittal Civil Engineering  
*Available via NAIOP WA sharepoint site*
- Federal Transit Administration (FTA) TOD Research and Publications  
[http://www.fta.dot.gov/12347\\_6932.html](http://www.fta.dot.gov/12347_6932.html)



## ***Proposal Format***

The written proposal must be clear and concise; distinctly identify the key assumptions for the development strategy on the first page of each section. The proposal will follow the boilerplate Sabey format as detailed below. **The total length of the body of the proposal shall not exceed 25 pages, with an appendix not to exceed 35 pages. The student teams may allocate the pages as they choose provided the format follow the organization outlined below.**

### **A. Table of Contents**

Provide a table of contents that includes the sections outlined below.

### **B. Executive Summary**

Provide a one page written high level summary of the development solution you are proposing that includes, building uses, area, timing, financial returns, market risks, etc.... The purpose of the Executive Summary is to inform and persuade an investment committee (reviewers and judges) your proposed development solution is feasible and desirable. The executive summary must unambiguously convey this purpose and include all crucial assumptions that underpin your strategy.

### **C. Project Timeline**

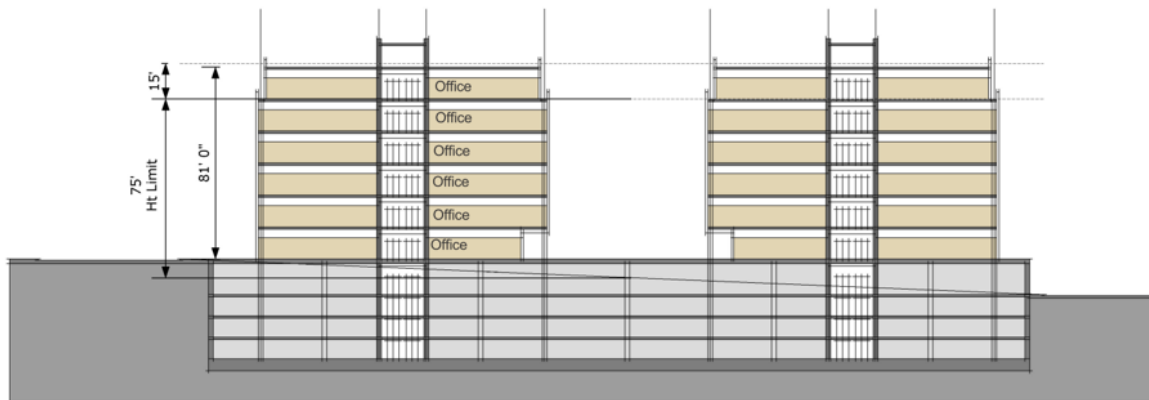
Generate a comprehensive timeline for the entire development strategy including entitlement period (land use approval process, building permits and other necessary approvals), all site improvements, construction activities (include phasing strategy if applicable), market absorption of each product type through stabilization.

### **D. Site Summary**

Succinctly describe the site and any specific physical attributes relevant to the proposed development solution as uncovered through the physical due diligence stage.

### **E. Entitlement Summary**

Address the current zoning, summary of allowable uses and any applicable overlay impacts. Describe the entitlement strategy; including duration and process, variances or departures required and summary of mitigation costs.



Commercial Section

HARD COST SUMMARY

LEVEL	Office Building 1				Office Building 2			
	GSF	TYPE	\$ / GSF	TOTAL \$	GSF	TYPE	\$ / GSF	TOTAL \$
6	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
5	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
4	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
3	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
2	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
1	20,000	1A	220	4,400,000	20,000	1A	220	4,400,000
P1	35,000	1A	110	3,850,000	35,000	1A	110	3,850,000
P2	35,000	1A	110	3,850,000	35,000	1A	110	3,850,000
P3	35,000	1A	110	3,850,000	35,000	1A	110	3,850,000
P4	35,000	1A	110	3,850,000	35,000	1A	110	3,850,000
TOTAL	260,000		160.7692	41,800,000	260,000		160.7692	41,800,000

\*\*\*\*\* Hard Cost Exclude WSST  
 \*\*\*\*\* Hard Cost Exclude contractors contingency  
 \*\*\*\*\* Hard Cost include contractors general conditions with a schedule duration of XXXX Months

## F. Design Program

Provide a yield study of the proposed development solution with a building section or sections, and a tabulation of gross building area and associated hard cost assumptions that correlates to the yield study section similar to the example provided below.

In addition to the yield study above provide a written summary of the proposed architectural design solution for the site, identify unique design features or spaces. For each building or phase clearly summarize gross project area, rentable project area, number of stories, gross parking area and number of parking stalls (structured parking or surface parking). Provide plans illustrating the design solution; include at least a site plan, typical floorplan, massing plan and at least two sections at each axis of the project. PAY CAREFUL ATTENTION TO DRAWING CONVENTIONS THAT FACILITATE REVIEW; INCLUDE NORTH ARROW, STREET LABELS, LEGEND AND OTHER IDENTIFYING FEATURES FOR EACH DRAWING.

## **G. Building Systems Summary**

Describe any key assumptions substantiating construction cost & strategy that are unique to the proposed redevelopment or that have unusual characteristics. If the proposal includes complex shoring, sitework, constructions types, envelope issues, mechanical, staging or access, be sure to adequately describe them and your means for assessing their associated costs.

## **H. Market Conditions**

Substantiate the proposed development solution with a detailed description of the current market conditions in the site area.

## **I. TOD Vision & Other Public Benefits**

Succinctly describe how the proposed solution meets or exceeds the TOD Bel-Red Vision and identify other public benefits of the proposal, if any.

## **J. Financial Solution (Proforma)**

### *a. Financial Assumptions Summary*

Detail all financial assumptions; at a minimum include assumptions detailed in the example below.

### *b. Development Cost*

Detail the hard and soft development costs, include cost/sf and cost/ unit if applicable

### *c. Cashflow Summary*

Include a project level annual leveraged cash flow summary for the indicated hold period. Include as an APPENDIX any backup supporting the financial model.

### *d. Debt and Equity Summary*

List total debt & equity required by use and by product type. Include return metrics and exit return assumptions.

### *e. Sensitivity Analysis*

Include at least two scenarios that test the financial performance of the project under either optimistic or adverse economic conditions/ assumptions.

Financial Underwriting Summary

	RETAIL	OFFICE	INDUSTRIAL	TOTAL
<b>DESIGN ASSUMPTIONS</b>				
GROSS SF				
RENTABLE SF				
PARKING STALLS				
<b>COST ASSUMPTIONS</b>				
LAND VALUE PER DEVELOPMENT UNIT (\$ / NSF)				
SITE - INFRASTRUCTURE (\$ / SF OF SITE)				
BUILDING SHELL (\$ / SF)				
TENANT IMPROVEMENT (\$ / SF)				
PARKING (\$ / STALL)				
SOFT COST (\$ / SF)				
TOTAL (\$ / SF)				
BASE YR. OPERATING EXPENSES (\$ / UNIT / MO)				
BASE YR. OPERATING EXPENSES (\$ / SF / YR)				
<b>INCOME ASSUMPTIONS</b>				
RENTAL INCOME (\$ / SF / MO)				
SALE INCOME (\$ / USABLE SF)				
PARKING INCOME (\$ / SF / MO)				
NOI				
<b>VALUE ASSUMPTION</b>				
CAPITALIZATION RATE				
VALUE (\$ / SF)				
VALUE TOTAL \$				
<b>CONSTRUCTION DEBT ASSUMPTIONS</b>				
LOAN TO VALUE				
DEBT SERVICE COVERAGE				
TOTAL DEBT				
EQUITY REQUIRED TO FUND LOAN				
INTEREST RATE				
TERM				
<b>TAKE OUT DEBT ASSUMPTIONS</b>				
LOAN TO VALUE				
DEBT SERVICE COVERAGE				
TOTAL DEBT				
EQUITY REQUIRED TO FUND LOAN				
INTEREST RATE				
TERM				
<b>RETURN ASSUMPTIONS</b>				
UNLEVERAGED YIELD ON COST				
LEVERAGED YIELD ON COST				
UNLEVERAGED IRR				
LEVERAGED IRR				

**K. Risk Analysis**

Provide a succinct analysis identifying the project’s major risks and opportunities.

**Additional Information** – Any additional due diligence information provided by the site sponsor will be made available via the Washington State NAIOP filesharing site. Access instructions will be provided.

**REMEMBER:** Similar to members of investment committees, reviewers and judges are experienced time constrained professionals who are not necessarily familiar with this specific site. Some reviewers might focus on only one section due to their specific expertise. When crafting your proposal, be aware of your target audience; logically guide your reader through the key assumptions and final proposed solution at each section. Reread and proofread the entire document before submitting it!