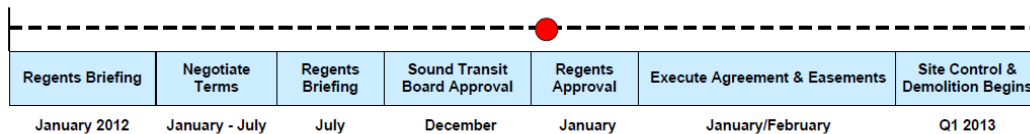


VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Sound Transit U District Station – Approval of Property Exchange & Development Agreement



RECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

1. Approve entering into a Property Exchange & Development Agreement with Sound Transit to exchange University property for the air rights above the U District Station for future transit oriented development, including temporary construction and tieback easements, a permanent tunnel easement under the Social Work Building, and a condominium declaration; and
2. Delegate to the President or his designee the authority to execute all documents related to this property exchange and development.

BACKGROUND

Purpose and Benefit

Sound Transit is building a light rail station called the U District Station (part of its Northgate Link) across from the UW Tower between NE 43rd St and NE 45th St at Brooklyn Ave NE. The light rail tunnel will go under campus beginning at the UW Station, head north and west toward 15th Avenue NE, go under the University of Washington's Social Work Building (located on the west side of 15th Avenue NE), then head north to the U District Station on Brooklyn Avenue NE. An agreement is already in place for the light rail tunnel under the main campus (to 15th Ave NE).

The U District Station ("Station") will serve as a "front door" to the upper University of Washington ("UW") campus and there is particular interest in how it will be developed. Sound Transit policy calls for transit oriented development ("TOD") above the Station. A trade of property interests is beneficial for both UW and Sound Transit.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Sound Transit U District Station – Approval of Property Exchange & Development Agreement (continued, p. 2)

Project Site

The Station will be built on a site that includes University property referred to as Building A. Building A was acquired from Safeco in 2006 along with the UW Tower and is currently vacant. The land area is 12,360SF (.28 Acre) zoned NC3P-65 (neighborhood commercial/residential/pedestrian/65' height limit).

Deal Terms

The Property Exchange & Development Agreement provides that UW will convey to Sound Transit the Building A property, along with a temporary construction easement for the former IHOP Restaurant site on the south side of the UW Tower, tie-back easements adjacent to the Tower, and a tunnel easement under the Social Work Building. In exchange, Sound Transit will convey to UW the air rights above the entire station (an area including the Building A and Chase Bank sites totaling 37,080SF) for future construction of a transit oriented development project, and pay \$87,000 to the UW for the net value exchange described below.

The property exchange requires creating two condominium units as the legal structure to separate Sound Transit's ownership of the station below from UW's ownership of the TOD project above. The condominium documents will describe development and management requirements in detail. There are challenges in constructing over a below-grade train station and possibly building before Sound Transit completes station construction, and terms have been negotiated to help minimize those risks.

The financial terms between UW and Sound Transit are based on the following.

- Sound Transit pays UW \$4,667,000 for:

o Building A	\$3,460,000
o Construction easement on IHOP site	\$ 670,000
o Tie-back easements	\$ 187,000
o Tunnel easement under Social Work Building	\$ 100,000
o Expenses (access improvements, etc.)	\$ 250,000
- UW buys air rights for \$4,580,000
- Net Value: Sound Transit pays UW \$87,000

In addition:

- Sound Transit will provide the substructure/platform for the TOD project

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Sound Transit U District Station – Approval of Property Exchange & Development Agreement (continued, p. 3)

- UW will make a reasonable effort to start the TOD project construction by 2020
- UW and Sound Transit will coordinate design and construction of their respective projects
- Sound Transit will support UW applications for zoning and building permits; It is likely the TOD site will be up-zoned to at least 85 feet in height
- If the TOD project has not received building permits by 2024, Sound Transit can buy back the air rights at the then-appraised value

The Property Exchange & Development Agreement also contains assurance that Sound Transit will seek to minimize disruption to University operations at UW Tower during construction of the station. In particular, Sound Transit has agreed to provide a turn-around within Brooklyn Street south of 45th to serve as an load/unload area for the Tower. However, during excavation and shoring of the station, this turn-around will be unavailable for up to 18 months; during that time load/unload will be available north of 45th on Brooklyn. Some of the funding provided by Sound Transit is for the purpose of improvements to the entry to the Tower on the 12th Avenue side, further enhancing multiple points of access.

Timing

Closing of the property exchange is scheduled for no later than March 15, 2013. Sound Transit will take possession of the Building A property and the IHOP site after closing, with demolition to begin on Building A almost immediately. The station is expected to open in 2021.

REVIEW & APPROVAL

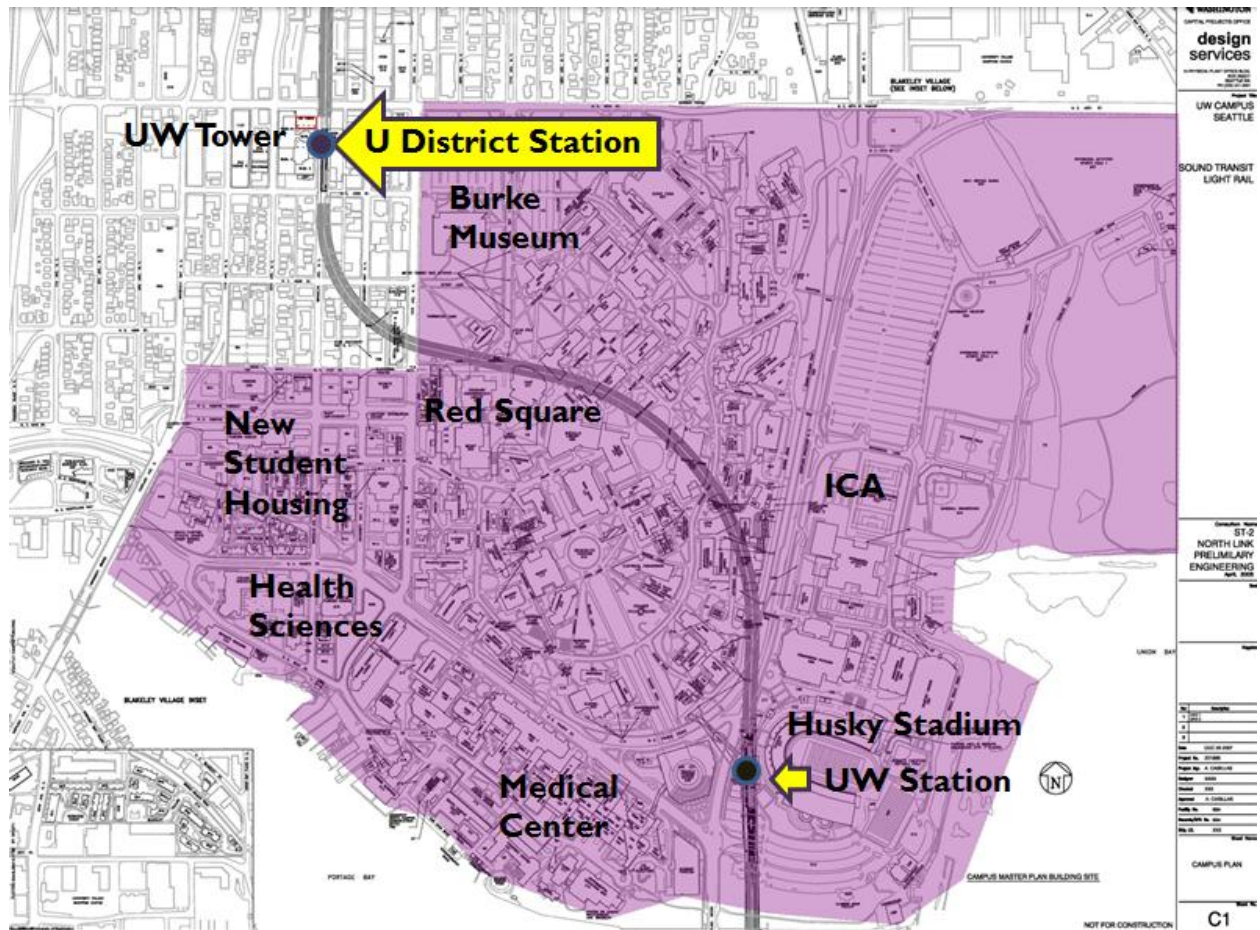
Sound Transit's Board approved the Property Exchange & Development at its December 20, 2012 meeting.

The terms of the Property Exchange & Development Agreement have been reviewed and recommended for approval by the Senior Vice President, the Vice Provost for Planning and Budgeting, the UW Advisory Committee on Real Estate (ACRE) and the Chief Real Estate Officer.

Attachments

1. Map – Tunnel through campus and to U District Station Site
2. Map – Property Exchange Sites

Map – Tunnel through campus and to U District Station Site



Map – Property Exchange Sites

