



CITY OF UNIVERSITY PLACE

Town Center Q&A

What is the status of the Town Center Project?

It is important to understand that the Town Center Project is highly complex and a lot of our work on the Project is technical in nature or concerns matters that are confidential to the developer. As a result, we do not readily announce progress that we achieve on individual milestones. We expect that we will continue to work diligently on the Project, with occasional updates as needed and major announcements when we are closer to construction.

As for the status of the Project, we have divided the Project into several phases:

- i. The first phase was the development of a community vision, adoption of design standards, purchasing the land and preparing an Environmental Impact Statement.
- ii. The second phase, which we have just completed, was to test our vision and preliminary assumptions in the market. This was done by analyzing cost and revenue assumptions, demographic data and preliminary site plans with developers, retailers and financial analysts. Robert B. Aikens & Associates, our preferred developer during this phase, was instrumental in moving the Project forward in terms of determining the nature and scope of the retail and housing market and the financial feasibility of the Project.
- iii. The next phase of the Project will be to work with our preferred developer to create a final site plan, design documents and construction schedule, and to secure leases from a core group of retailers. The City Council has selected McCaffery Interests, of Chicago, to be lead developer for this phase.
- iv. The final phase will be construction of the Project and grand opening, expected in 2007.

Why did the City chose McCaffery Interest for the next phase of the Project?

The City Council has established an aggressive development timeline. The Aikens group decided not to submit a proposal for the next phase of the Project when it became apparent that they could not meet this timeline. The City highly values their contributions and we hope to work with the Aikens group on other redevelopment projects in the future.

McCaffery first expressed interest in the Town Center Project in 2003. The City Council choose to work with the Aikens group instead of McCaffery because of the City's desire to focus on the retail aspects of the Project. Working with the Aikens group during the second phase of the Project, we have come to the conclusion that the retail aspects of the Project are very strong. However, the housing market is even stronger. Merging these two competing components into one financially feasible project in a suburban setting is very complex.

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McCaffery is a finalist for awards from both the National Association of Homebuilders and the International Council of Shopping Centers for its successful mixed-use development in Arlington, Va. The *Chicago Sun-Times* calls Daniel McCaffery the developer whose deals “have redefined the shopping mall.” (reference: *Chicago Sun-Times*, July 13, 2004). The City Council was particularly impressed with McCaffery’s mixed-use project – “Market Commons at Clarendon” in Arlington, Virginia. The Clarendon project includes most of the elements that we expect in our Town Center Project. Most importantly, McCaffery has a clear vision of how the Town Center Project will anchor redevelopment throughout the Town Center Zone to the maximum benefit of the community.

Has the size or nature of the Town Center Project changed?

As we’ve tested our assumptions in the market, we have made adjustments in our preliminary plan. For example, we have increased the number of condos after finding the housing market to be a strong element of the Project. We expect this sort of refinement to continue during the next phase of the Project. In any event, the character of the Town Center Project has not changed.

How does this change affect the projected opening date?

At this point, our timeline has not changed. We still expect that the Project will open in 2007.

Have we heard from retailers on whether they are interested in the Project?

In addition to the announcements of Coldwater Creek and Talbots, we continue to receive feedback from developers and retailers that Pierce County is a strong market for the development of lifestyle retail and that our project location is demographically at the center of that market. Trader Joe’s choice of UP for its first Pierce County store supports the information we’ve received. The City Council’s aggressive timeline is based on the belief that being first in time is essential if we are to achieve the type of retail development that we hope for.

How does this change affect plans for the UP Library?

The current plan calls for the Library building will be removed from its foundation and moved north to the site currently occupied by the vacant Denny’s Building. The Library will operate from a temporary “store front” near City Hall during the move and construction. Revenues from the sale of the Library parcel will be used to remodel and expand the Library.

This plan, however, is subject to change. If the size of the Town Center Project expands to include the Denny’s parcel, the City will attempt to negotiate with the Library District to move the Library building to a different location within Town Center that meets both the needs of the Library and the Project.

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What if the Town Center Project can't be developed as planned?

If we are unable to develop the Town Center Project on the timeline established by the City Council, we will subdivide the property and sell individual parcels to retail and housing developers. We will control the development of each parcel with agreements that require that any development fit within a plan that retains a mixed-use character. This process will allow the City to achieve its Comprehensive Plan goals and recoup its investment, but will not result in the significantly increased tax revenue that we hoped for. Importantly, the City controls the Town Center Project's development standards and process, as well as the land. The City will continue to exercise that control to protect and advance the best interests of its residents.

Of particular note, however, is that the announcement of the Town Center Project has led to significant redevelopment interest in U.P. Our Economic Development Office has helped facilitate the addition of Trader Joe's at Green Firs and a new mixed-use development at Grandview Plaza. This type of new development and redevelopment will add to the City's tax base.

If you have any questions, please contact Eric Faison in the City's Economic Development Office, at (253) 460-5443 or by email at efaison@cityofup.com.