

Request for Proposal -
Response from Equity Capital, Inc.

CHELAN COUNTY PUBLIC
UTILITY DISTRICT
FIFTH STREET CAMPUS
REDEVELOPMENT

Prepared for

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East Wenatchee, WA 98802

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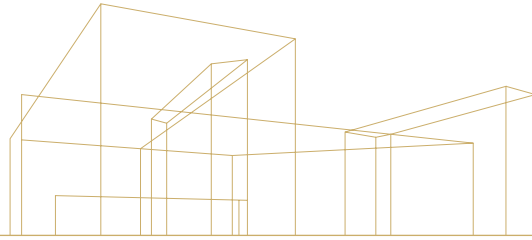
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APRIL, 2022

Stacie De Mestre
Public Works and Capital Projects Manager
Chelan Douglas Region Port
East Wenatchee, WA 98802

RE: Fifth Street Campus RFP Response

Dear Stacie,

We appreciate the opportunity to present this response to Chelan Douglas Regional Port’s Request for Proposal regarding the PUD’s Fifth Street Campus Redevelopment.

Our team, if selected as the buyer of the Fifth Street Campus property, is prepared to execute a repurpose and development plan that supports the PUD Advisory Committee’s vision for the property, and that the City of Wenatchee and the surrounding communities will view as a “gateway” project, a positive focal point at a highly visible and significant locale within the city and the region.

This response includes several on-site improvements that our team plans for the project, but that plan is still evolving as it will take a considerable amount time and capital to complete the final phases of the project. We believe a degree of planning flexibility will be paramount in the execution of this project. We are prepared to expend the capital and deploy expert human resources to realize this vision.

We look forward to discussing any aspect of this RFP response with your group.

Best Regards,



DAVE SPEERS
Executive Vice President | Shareholder



TRANSACTION OUTLINE

BUYER

Equity Capital, Inc.

Equity Capital ("Equity") is a developer and construction company based in Bothell, WA. Equity Capital will assume the lead of the development team that will assume ownership of the Chelan County Public Utility District Wenatchee property and execute the repurpose of the property as further described in this RFP response.

Exhibit B to this proposal has detailed information regarding Equity Capital and resumes of its principals and affiliated associates that will take active part in our development of the Property.

PRICE AND TRANSACTION STRUCTURE

Four Million Five Hundred Thousand and No/100's Dollars (\$4,500,000)

Equity will deposit Two Hundred Twenty Five Thousand and No/100's Dollars (\$225,000) as cash earnest money into escrow upon mutual execution of the purchase and sale agreement with Chelan County Public Utility District ("Seller") for the purchase of the Seller's Fifth Street Campus Property ("Property").

The Buyer's Due Diligence period is ninety (90) days after which, should the Buyer determine its conditions of sale are satisfied, will become non-refundable to Buyer and applicable to the purchase price.

Closing of sale will take place within 90 days of the Seller's vacating the Property.

BUYER'S DUE DILIGENCE

Due Diligence will include review of all materials available from the Seller, to the extent available, concerning the Property, including building architectural plans, construction drawings, engineering reports, environmental reports and any available reports relative to the land such as geo tech reports.

In addition due diligence will include examination of historical financial statements and reports concerning the operation of the Property over the prior 3 years, including operating costs and third-party contractor and purveyor contracts.

Lastly, during the Due Diligence period the Buyer will engage with all government entities having jurisdiction over the Buyer's proposed development of the Property, to understand the various permitting components and infrastructure elements requisite to enabling the Buyer to successfully execute the Project plan.

Seller will allow Buyer and Buyer's contractors and inspectors reasonable access to the Property during Buyer's Due Diligence process.





BUYER’S PROJECT AND VISION

COMMUNITY ASSIMILATION

Our team is cognizant of the importance of the Property relative to the future development of Wenatchee’s city core. We fully intend to integrate our development project into the Wenatchee community, and we plan to create elements within our development that will accentuate the key location of the Property within the city and provide amenities that will attract community members and visitors to Wenatchee.

We understand and appreciate the Seller’s desire have a civic amenities created and incorporated into the project by the Buyer. To that end the Buyer plans to work with the Wenatchee Valley YMCA and the Riverside Playhouse Music Theatre, as further described below.

PROPOSED DEVELOPMENT ELEMENTS

Exhibit A to this proposal is a very preliminary development site plan (“Plan”) our team has created to examine how various components of the project would integrate into the redevelopment of the Property.

These elements, including their chronology, include:

1. PHASE 1. REPURPOSING THE HEADQUARTERS BUILDING AND AUDITORIUM

Phase I a. This component of the project will commence shortly after closing of sale and upon issuance of requisite permits. The existing office structure poses some physical challenges due to the structure’s differing physical elements (e.g. floor levels), having apparently been built in phases. So, our initial focus will be on how to efficiently redevelopment this property element into a cohesive physical structure, with a focus on attracting high value tenants such as medical uses. Refer to “Office Building - Existing” on the Plan.

Phase I b. Concurrent with the office building repurposing described above, our initial development plan will include negotiating with the Wenatchee Valley YMCA to locate a site within the Property for their development of a new YMCA facility. Refer to “Proposed YMCA / YMCA Parking Lot” on the Plan.

2. PHASE 2. MULTIFAMILY PROJECT - FISH & WILDLIFE BUILDING DISPOSITION

This phase of the project will include the design and construction of a multifamily project incorporating the

southeasterly parking lot area of the Property. We will likely start this phase of the project after stabilization of the Phase 1 component - that is when the office building is repurposed and substantially occupied.

We also plan to enter into negotiations with the Riverside Playhouse ownership for the sale of the current Fish & Wildlife Building to that organization. Refer to “Proposed 105 Unit Apartment” on the Plan.

Lastly, we plan to assist the Riverside Playhouse in securing additional parking for their performances, if feasible on, or adjacent to, the Property.

3. PHASE 3. HOTEL AND “POCKET PARK-MONUMENT” DEVELOPMENT.

The final phase of our preliminary redevelopment plan will be the development of a hotel property on the northwest corner of the Property. While this component of our plan is the final phase of the plan, we consider it the most important element from a community visibility perspective. We want the corner of N Wenatchee Avenue and Fifth Street to embrace a “Wenatchee Gateway” perception for this critical corner element of the Project.

Our Phase 3 plan will also embrace the flow of pedestrian traffic from the Property to the Columbia River waterfront.

At this early stage of planning we’re not certain how the corner element, adjacent to the hotel development, will evolve - a small park area may be created here with Wenatchee-centric monument signage, or some other attractive element beneficial to the image of, and promoting, the City of Wenatchee. We will work with the city and community to create a point of civic pride at this high visibility corner. Refer to “Proposed Hotel” on the Plan.





PROJECT COSTS AND FINANCING.

We have not advanced our project planning to the point where we can accurately estimate the costs of the Plan shown in Exhibit A and described above. The Buyer has the financial capacity and lender affiliations to finance all phases of the Plan, once projects costs are more fully quantified.

We can, however, estimate rough costs for the Project phases after we have paid the sale price and closed the sale transaction with the Seller:

1. OFFICE BUILDING.

The minimum estimated cost to repurpose this 70,000 s.f. structure is \$65 per building sq. ft. - or about **\$4,550,000.**

2. YMCA SITE CONTRIBUTION.

Based upon our Project site purchase price, which equates to roughly \$14.00 per square foot and if we dedicated an estimated 3 acres of site area to the YMCA (which has not been determined or negotiated), the cost of that site is well over \$1,800,000. This value does not, however, recognize the future value of that site after the Buyer has created all the improved areas cited in the Plan. The value of the Project land post-development could well exceed \$20.00 per square foot, which means the effective cost of the YMCA site dedication would exceed **\$2,600,000.**

3. MULTIFAMILY DEVELOPMENT.

Construction costs have risen dramatically over the past couple of years and there doesn't seem to be any cost relief in the foreseeable future. Therefore, the estimated cost to develop the 105-room multifamily project described in Phase 2 above is \$140,000+ to \$150,000+ per apartment unit - or **\$15,000,000 - \$16,000,000.**

4. HOTEL DEVELOPMENT.

We plan to develop a higher end hotel property in Phase 3 of the Project that will provide, among other benefits, an alluring and exciting building element at this pivotal corner of the Project. In order to attract a major "hotel flag" (e.g., Marriott and Hilton iterations), we estimate the constructions cost will equate to \$275 to \$300 per building square foot, or \$125,000 to \$150,000 per room. We believe the Phase 3 site in the Plan will accommodate about 120 rooms.

Based upon the foregoing cost metrics the estimated cost of the hotel building is \$15,000,000 to **\$18,000,000.**

Total Project Costs.

Taking the aforementioned elements of the Project into account, our team estimates that we will invest well over **\$45,000,000** in total project costs.





AGENCY DISCLOSURE

The Seller and Buyer acknowledge and agree that Kidder Mathews, Dave Speers principal broker (the "Purchaser's Broker") has disclosed that it is representing the Buyer with respect to this transaction. Upon closing of sale Seller will pay Purchase's Broker a commission from Seller's proceeds of sale in an amount equal to 5.0% of the total sale price paid to Seller.

CONCLUSION

The Buyer's team is prepared to discuss any aspect of this proposal with the Seller and its consultants at their direction.

Our team is very committed to delivering a project on the Property with which the City of Wenatchee and its citizens can engage and consider a very consequential point of civic pride. As cited above the redevelopment of the property will entail careful planning, a focused public relations effort, and a very significant amount of capital to complete.

We will eagerly assume these challenges, and execute an exceptional project for the City of Wenatchee, if chosen as the Project developer.



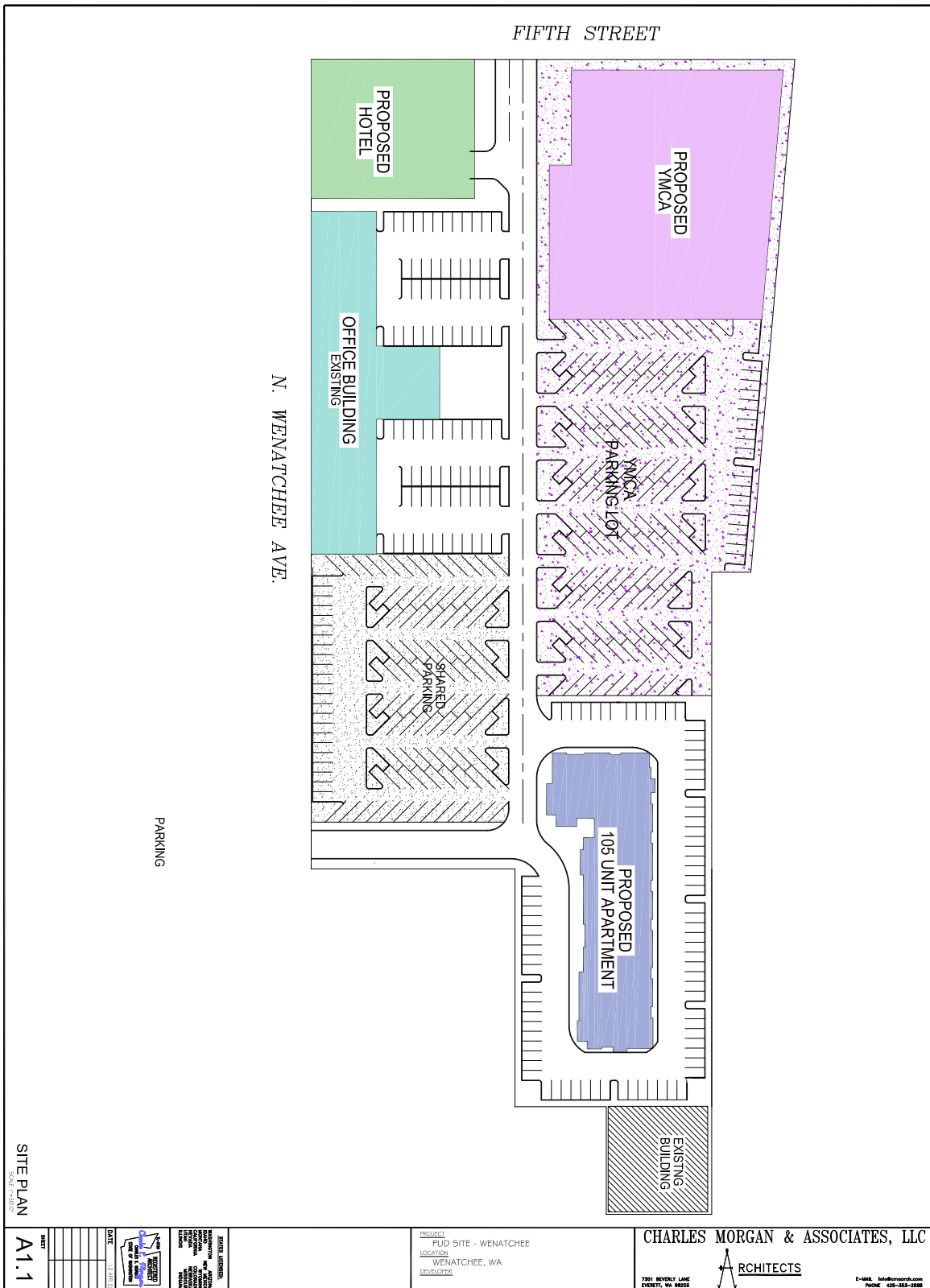


EXHIBITS





Exhibit A - Preliminary Development Plan





EQUITY
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THE HISTORY OF EQUITY CAPITAL – WHO WE ARE TODAY

Development of Operational Workflow

ECI is combining innovative ideas with available technology to create a proprietary system of operational workflow. Through years of cumulative experience, we have created a solid platform for all project activity, including scheduling, reporting, job costing and customer service to offer a higher level of productivity to its investors and home buyers. Furthermore, in accordance with our vision's value on flexibility, we are not afraid to make changes to our systems in an effort to constantly improve.

Our Success as a Site Developer

ECI has experienced a wealth of success in multiple site development projects. Investors who have opted to use our company as both a site developer and a builder have been able to better maximize their profit as the inefficiencies during the transition of site development and home construction are eliminated. We have also entitled, developed, and sold finished lots as part of investors' original business plans and have successfully done so on schedule and under budget. Our problem solving and negotiation skills play a strong part in our success as developers. For example, after taking over a distressed property, we were able to negotiate an environmental clean-up and site completion with the previous builder's surety company, saving our investor nearly one-million dollars in costs that were earmarked for such work.

Established Leader in Projects with Difficult Topography

ECI presents a proven track record of success in projects with complicated topography. We have gained a reputation as problem-solvers who combine the natural site layout with architectural design to unlock the best performance from challenging projects. This provides a niche where national builders are not able to compete. We provide our stakeholders access to these projects where lots can be attained for a lower cost while overall revenue can be maximized due to increased home square footage and adding view premiums.

Our Expansion into Multi-Family Projects

ECI is poised to be much more than a single-family home builder. Over the last several years, we have expanded our resume to include completed townhomes and duplexes. Additionally, we have created a network of investment and financing that will allow us to not only construct multi-family product, but to manage the finished project as income-producing property.

Added Depth to the Equity Capital Inc. Team

ECI continues to grow and evolve, and has capitalized on successful recruitment to add more expertise and knowledge. Please see our Executive Staff Biography section for more detail on our team members.



COMPANY OVERVIEW

Equity Capital Inc. (ECI) is a property development and construction company based in King County, Washington. ECI has acquired, designed, entitled, and completed infrastructure installation for numerous projects. In addition, ECI serves as general contractor for vertical construction on projects developed by themselves or others. ECI experienced remarkable success during challenging economic times by distinguishing itself with a commitment to smart choices in acquisition, efficient negotiations for contractor services and materials, and establishing a strong, experienced marketing team.

As a result, ECI has garnered a reputation as a creative development company committed to quality customer service and integrity in all facets of its business. Survival as a development company and contractor requires building efficiently and pricing homes competitively, while still providing the end customer with a desirable product.

VISION

Equity Capital Inc. will be an influential builder of homes and communities. We will be well reputed in our provision of traditional place within a modern and creative context. We will have a self-sustained and consistent pipeline of highly anticipated development projects while maintaining agility, flexibility, and consistency to our core value of service.

MISSION STATEMENT

Equity Capital Inc.'s mission is to create and serve communities through its thoughtful approach to acquisitions, development, and operations. ECI provides its investors, lenders, partners, and customers value by its focus on long term relationships, bringing fiscal and goodwill profit to each segment of its stakeholders.

PROJECT FLOW AND EFFICIENCIES

Taking cues from its Founder and CEO, Joshua Freed, the assembled ECI leadership team emphasizes service and relationships in an organized workflow from a project's feasibility through completion. Utilizing relationships with brokers, architects, and personal connections, Joshua and Lamont Jacobsen (President and CFO) identify projects for acquisition that meet ECI requirements. After attaining site control, Joshua and Lamont continue with due diligence and working with investor and lending partners to secure funds.

If a project is viable and funding is secured, Eric Clarke (Development Manager) propels the project forward during entitlements and site development. Concurrently, Jennifer Hicks (Director of Operations) and the Project Managers work with the architects, consultants, and trade partners on the design and purchase of the vertical product. When the site is ready for vertical construction, Kelly and her team of Project Managers and superintendents take over for a smooth transition to the delivery of homes.

Many efficiencies are gained through this workflow because of an added attention to the transition points that are traditionally problematic. In particular, by bringing the site development in-house, ECI insures that finished lots are completed in a fashion that best serve the anticipated vertical product to create true communities of place.

Throughout development and construction, Joshua and Kelly manage the outside sales and marketing teams to ensure the proper positioning of the homes in the marketplace. Meanwhile, Lamont oversees an experienced accounting team.



MANAGEMENT TEAM BIOS

Joshua Freed, CEO. Joshua formed Equity Capital Inc. with the vision of acquiring projects from banks at discounted values with the assistance of outside investment groups.

Joshua started in real estate investing with the focus of acquiring vacant land and taking properties through entitlement, engineering and ultimately developing communities. Joshua started building homes during the beginning of the downturn and grew his company through the great recession, having approximately \$75 million in annual sales. He has been able to pull together a group of highly qualified professionals and trusted trade partners with the common vision of serving the customer, while offering attractive yields to investors. He has stuck to his principals of building a high-quality home with prices under his competitors, while offering specs other builders consider upgrades. In a competitive market, it is necessary to constantly be on top of pricing and adjust to market demands in regards to pricing and customer service.

Joshua formerly served on the City of Bothell's City Council and as former Mayor, participated in the vision and implementation of the downtown redevelopment which invested \$150 million in public funds which attracted over \$450 million in private investment to date. He has served on several boards including the International Deaf Education Association, Protect a Child Today, and Vital Solutions. Joshua and his wife, Lindie, have five children and enjoy serving in together in their local community and around the world including in Kenya and the Philippines.

Lamont Jacobsen, CFO: Lamont is a University of Washington graduate who spent time in public accounting, including time with Deloitte & Touche - one of the world's largest international accounting and consulting firms. More recently he was the CFO of one of the largest privately-held builders in the Northwest. While there he and the President used the philosophy of managing based on information to strategically guide and grow the organization during one of the worst real estate downturns in two generations. The company became widely recognized to be one of the fastest growing companies in the United States (not just home builders). Lamont loves the outdoors, hitting the gym and spending time with friends and family.

David Cohanim

David Cohanim is a native resident of Seattle, Washington, with over 30 years experience in residential and commercial property management and development. After working independently in the single family home arena, he joined the family business to take on management of mixed use properties, later moving on to building rehabilitation and commercial development, primarily in Downtown and North end Seattle. In 2018, David left to work in land development at Anandacom. A representative list of relevant projects: Co-development, management, and sale, of Potala Village Apartments (114-unit mixed use project in Everett, Washington); Land development and sale of Miranda Apartments, (120-unit mixed use project in Seattle's University District); Development and sale of Palladian Hotel (conversion of an existing historic affordable housing structure to a 97-key boutique hotel, restaurant, and bar in Downtown Seattle); Development of 20 Bellwether (45-unit waterfront mixed-use project in Bellingham, WA); Land development and sale of Riverfront Village (454-unit residential project in Wenatchee, WA).

Brian Bergstrom

Brian has been building and renovating multi-family, mixed-use, and commercial buildings in the Pacific Northwest for 22 years. Serving as Vice President of Construction Brian managed \$50 million in annual construction volume and has built thousands of residential units in his career.

The past 3 years Brian has been focused on housing development. Serving as owner's representative for several affordable housing projects and most recently as President of Anandacom, a real estate development company in Bellevue, WA.

At Anandacom Brian oversaw the purchase, entitlement, and sale of the 454-unit Riverfront Village development site in Wenatchee, WA, and the development of 73 acres in Marysville, WA, including partnership with a national homebuilder on 337 homes. Current projects include single and multi-family development in Edmonds, Seattle, and East Wenatchee.

Brian and his wife Julie love spending time with their two children, and two Great Danes.



COMPLETED PROJECT LIST

<i>Project Name</i>	<i>Location</i>	<i>Units</i>	<i>Description</i>
COMPLETED PROJECTS			
Sylvan Townhomes	West Seattle	70	Fee Simple Townhome Construction
Emilie Ridge	Lake Stevens	12	Single Family Development and Home Construction
Landmark	Everett	27	Single Family Development and Home Construction
The Cornerstone	Snohomish	22	Single Family Development and Home Construction
Willow Ridge	Snohomish	16	Single Family Home Construction
Sterling Creek	Snohomish	44	Single Family Home Construction
Parkland	Bellevue	13	Single Family Home Construction
Janie Vista	Marysville	12	Single Family Development and Home Construction
Bentley	Bothell	48	Single Family Home Construction
The Rise	Redmond	61	Single Family and Duplex Condo Development and Home Construction
Verde	Bothell	26	Single Family Green PUD Development and Home Construction
Suncadia	Cle Elum	13	Single Family Home Construction
The 89 at Bothell	Bothell	89	Single Family Lot Development
The Woods	Mill Creek	50	Single Family Development and Home Construction
Rosedale Townhomes	Bothell	20	Multifamily Townhome Land Development and Construction
Holman Townhomes	Seattle	6	Fee Simple Townhome Land Development and Construction
148 th St Townhomes	Lynnwood	21	Fee Simple Townhomes
Azul Townhomes	Lynnwood	42	Multifamily Townhome Land Development and Construction
Belleme	Normandy Park	27	Fee Simple Townhome Construction

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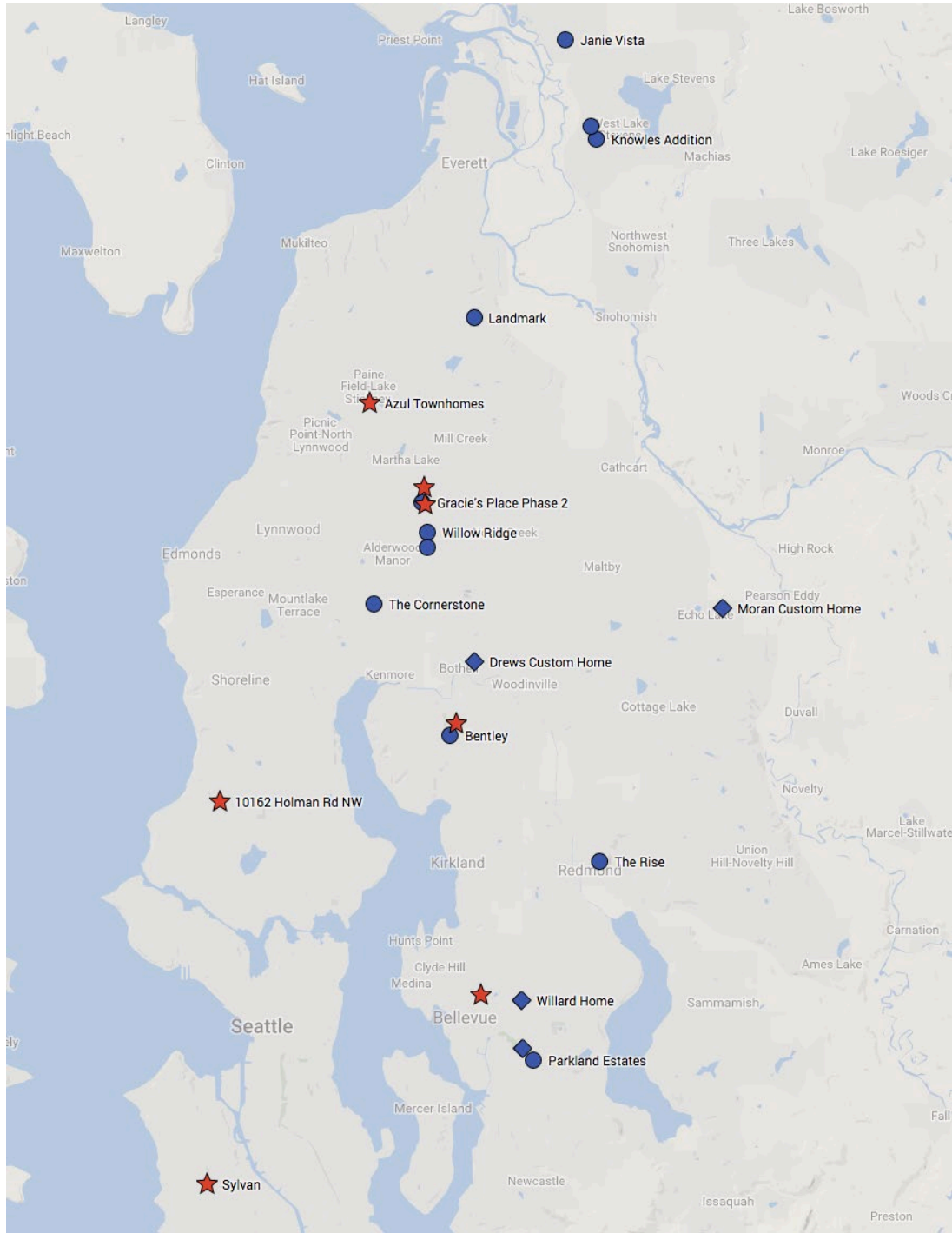
Exhibit B - Equity Capital



Vistas at Sunrise	Bothell	19	Single Family Home Construction
Bay Vista Estates	Bremerton	120	Single Family Homes
Belleme	Normandy Park	27	Fee Simple Townhome
Hogan	Silverdale	60	Single Family Lot Development
Bakkers	Silverdale	59	Single Family Lot Development
Skyfall	Silverdale	133	Single Family Lot Development
Bothell Townhomes	Bothell	59	Townhomes
Quinn's Crossing	Snohomish	28	Single Family
Seaside	Kingston	140	Townhome Development



Exhibit B - Equity Capital





CONTACT

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