



November 1, 2018

Rob Karlinsey  
City Manager  
City of Kenmore  
18120 68th Ave NE  
Kenmore, WA 98028

**RE: Lakepointe**

Dear Rob:

I am writing to express how much I have appreciated working together with you and your team on the future development of Lakepointe. Our relationship with the City has been respectful and promising as we explored the possibility of a shared partnership to open Kenmore's front door to the lake and provide the community with the "crown jewel" of our region. I genuinely feel that both the City as well as the Council are sincere in their desire to see this project move forward.

However, based on a review of the progress we have made in 3 ½ years, and the anticipation of what's still in front of us, I feel it necessary to suspend our discussions on a Parameter Agreement (PA) and the subsequent Development Agreement process.

Weidner has spent more than \$15 million over the past three and a half years on property acquisition, planning, market analysis, traffic studies, architectural concepts, and direct reimbursements to the City for its costs associated with staff and consultant time. Our commitment has been sincere and substantial. We initiated a good-faith effort to help the City and community embrace a new Lakepointe development and identify the specific components of a public-private partnership that are required for a large-scale development. The City has also spent considerable time and staff resources on the project. As we have maintained throughout our deliberations, Weidner needed to see solid progress from the City on how it would address the financial gap created by a site that carries historical uses for which neither the City nor Weidner can be asked to bear alone.

As the findings from the HR&A study clearly demonstrate, the financial gap is a reality and needs to be acknowledged as a significant barrier to any meaningful development of the site. Without substantial agreement regarding the financial burden the city would be willing to shoulder to help close the gap, the risk for any developer is too great. Unfortunately, it has become increasingly clear to me that a detailed commitment for public participation for the Lakepointe project that Weidner had hoped for from Kenmore has not materialized. As an example, the original intent of the PA was to describe what the City would like Weidner to consider as amenities and to outline how the City would address the need to close the financial gap. However, what was included as "City requests" in the draft PA and what was added during Council deliberations focused on enhancing requirements of the developer. Taken individually, I understand that the requests included in the draft PA and those made by Council all had

specific intentions for public benefit and align with the Council's responsibility to look out for the interests of the residents of Kenmore. However, the cumulative effect of these requests simply added to the financial infeasibility of the project while ignoring the findings of the HR&A study.

Recently, Kenmore successfully passed its first ever bond measure – Proposition 1 “Walkways and Waterways”. This group of projects that the bond funded all sought to satisfy public priorities such as increasing open space and connecting residents with the waterfront. We believe that this is an appropriate use of the bonding capacity of the city and would encourage Kenmore to continue strategizing on specific ways that something similar could be used to help facilitate future development at Lakepointe.

During these past three and a half years, the Council has only had a limited opportunity to hear directly from our team about the details of the project, and to engage in meaningful dialogue with us. As we transition from this period of formal negotiations, I would like to offer the Council an opportunity to sit down and discuss some strategies that I believe could benefit Kenmore. Weidner is working on several innovative, large-scale developments in several other cities. I believe that Kenmore might benefit from hearing about these projects and the innovative approaches that were employed to spur economic activity within these municipalities.

Again, thank you for your leadership and time with the City on this important development. We are obviously disappointed that we cannot continue with this project. Based on the numerous conversations we have had with Kenmore residents, business owners, and concerned citizens, there is definitely a desire to see something of benefit built on the property. We encourage the City to invest the time needed which will enable it to achieve that in the future.

Sincerely,

W. Dean Weidner