San Jose / Evergreen Community College District
San Jose, California

Issues This

REQUEST FOR PROPOSALS #0816-13

For the Ground Lease and Development of Land Adjacent To

EVERGREEN VALLEY COLLEGE

Web Site Link:

http://www.sjeccd.edu/business/fiscalservices/purchasingWarehouse/Pages/PurchasingDepartmentBids.aspx
INTRODUCTION AND BACKGROUND

The San Jose/Evergreen Community College District (“District”) is making available for ground lease up to approximately 27.1 acres of developable land (“Property”) located adjacent to the Evergreen Valley College campus located at 4750 San Felipe Road, San Jose, California 95135. The campus is located on a 175 acre site in the eastern foothills of San Jose.

The District intends to execute a ground lease agreement with the proposer(s) who, at the sole discretion of the District, meet the development objectives for the Property, including providing a favorable return to the District. The selection process will not rely on a single monetary figure (e.g., high bid) but rather will reflect the consideration of both economic and non-economic factors. The selection of a developer(s) will be based on the process, submittal requirements, and selection criteria set forth in this solicitation. The selection process will culminate with a public bid process pursuant to the California Government and Education Code.

The specific business terms and conditions for disposition and development of the Property will be embodied in a ground lease(s) to be considered and approved by the District Board of Trustees. The successful proposer(s) will be responsible for all costs related to entitlement and permitting requirements for project development, including all obligations under the California Environmental Quality Act (“CEQA”).

A prospective respondent may submit a proposal for all or any combination of sites being made available by the District (see Property Description on page 4).
Submission Deadline

Interested parties must submit six copies of the proposals in accordance with this solicitation no later than 3:00 pm PST on August 16, 2013. Faxed or emailed proposals will be rejected.

Address proposals to:
Douglas R. Smith, Vice Chancellor, Administrative Services,
San Jose/Evergreen Community College District, c/o,
Purchasing Department, 4750 San Felipe Road, San Jose,
California, 95135

Parties interested in submitting a proposal are encouraged to refer regularly to the following web site at http://www.sjeccd.edu/business/fiscalservices/purchasingwarehouse/Pages/PurchasingDepartmentBids.aspx for addendums, updates, or other information related to this solicitation or the Property.

DEVELOPMENT OBJECTIVE AND GUIDING PRINCIPLES

The District’s objectives for the lease and development of the Property reflect the following objective and guiding principles:

Objective

To create a high-quality, economically successful public/private development in a timely manner that is connected to both the Evergreen Valley College campus and Evergreen communities; and provides the District with an ongoing source of revenue that can help fund future campus needs.

Guiding Principles

- The creation of a distinctive sense of place, compatible and synergistic land uses, and high-quality building space that serve as a destination for visitors, residents, and workers of the surrounding Evergreen community in southern San Jose as well as Evergreen Valley College students, faculty, and staff. The development is intended to stimulate deeper connections between the College and the broader community;

- The integration and linkage of the development with the Evergreen Valley College campus;

- The enhancement of the identity and image of the Evergreen Valley College campus environment, including the campus entrance off of San Felipe Road;

- A planning and development process that actively engages Evergreen Valley College and community stakeholders; and

- Maximizing revenue and enhancing and preserving the long-term value of the Property to help advance the educational service mission of Evergreen Valley College.

The District envisions retail, multi-family residential and/or other related compatible uses such as health care and educational uses in a desirable, high-quality, urban scale environment. The size of the Property permits capitalizing on scale advantages not available elsewhere in the market area, including those related to the number and types of residential units offered, on-site management, common area amenities, and linking and integrating a mix of new retail and multi-family residential uses with the Campus.
AREA DESCRIPTION / MARKET OVERVIEW

The Property is located in the Evergreen-East Hills area of south San Jose, an area east of U.S. Highway 101 and north of the intersection of Highway 101 and Hellyer Avenue, and south of Story Road.

Primary Advantages and Support for Development on the District Property

- A location adjoining new and planned residential construction;
- Proximity to the most affluent neighborhoods within the Evergreen District;
- Adjoining Evergreen Valley College, whose students (student enrollment approximates 10,000) staff, faculty, and visitors support retail sales and are candidates for housing;
- Adjacent to a well-established, “best in class” neighborhood shopping center;
- An occupancy rate over 95 percent for the retail centers located within three miles of the Property;
- As of the 2010 Census, within two miles to the south and west of the property and 1.25 miles north of the Property (to Aborn Road) are nearly 12,000 households with average household income of approximately $157,000 for a total household income of $1.9 billion; an additional 4,000 employees work in the area;
- High prices for for-sale ownership housing, job growth in the technology and business/technical service sectors and high apartment unit occupancy rates (the existing 3,648 units within five miles of the Property have occupancy rates of over 95 percent) support rent increases and additional apartment development; and
• The Evergreen School District with a reputation for high quality public schools will continue to attract family renter households as well as new home buyers to the Evergreen District.

PROPERTY DESCRIPTION

The Property available for ground lease and development includes up to approximately 27.1 acres of not yet subdivided land adjacent to the Evergreen Valley College campus. Located adjacent to the western portion of the Evergreen Valley College campus, the Property has access and visibility from both San Felipe Road and Yerba Buena Road. The Property can be combined or adjusted as necessary to improve market responsiveness, supportable land values, and development quality, but are shown below as three primary parcels:

• **Parcel 1** - 14.8 acres of vacant land east of the existing 61,970-square-foot Evergreen Marketplace retail center and Criminal Justice Center;

• **Parcel 2** - 6.7 acres of land currently the site of the existing District Office, which will be vacated when the District Office relocates to Downtown San Jose. The relocation of the District Office is expected to be completed by late 2014. The selected proposer(s) will be responsible for the completion of demolition of the existing District Office improvements; and

• **Parcel 3** - 5.6 acres of land currently occupied by the South Bay Regional Public Safety Training Center (“Training Center”). While the District envisions planning and securing entitlements for the entire Property including this parcel, the timing of when this parcel would become available for development and operation of an alternative use will depend upon the policy decision by the District Board of Trustees related to the future of the Training Center program operation and location.

<table>
<thead>
<tr>
<th>District Property for Ground Lease</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel #1</td>
<td>14.8 ac</td>
</tr>
<tr>
<td>Parcel #2</td>
<td>6.7 ac</td>
</tr>
<tr>
<td>Parcel #3</td>
<td>5.6 ac</td>
</tr>
<tr>
<td>Total</td>
<td>27.1 ac</td>
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</tbody>
</table>
Utilities / Infrastructure

It is the District’s understanding that existing public infrastructure, including water, sewer, and storm water drainage improvements, are located near the Property primarily along the San Felipe Road and Yerba Buena Road rights-of-way. The specific availability and capacity of such infrastructure to serve the type and extent of proposed development for the Property should be reviewed with the City of San Jose by a prospective respondent to this RFP.

Subordination

The fee interest in the Property shall not be subordinated to the leasehold interest in the Property. The selected developer(s) may encumber the leasehold interest but in no event shall the fee interest in the Property be subordinated to any leasehold financing under a ground lease agreement.

Physical Site Conditions

The District intends to lease the Property in an as-is condition subject to certain limited representations and warranties related to the District’s current actual knowledge: (i) the District has not received any written notice that the Property is in violation of any applicable laws; (ii) there are no pending or threatened condemnation proceedings, governmental investigations, or any other litigation that affects the Property; and (iii) District has not received any written notice of the presence of any hazardous materials on, in, under or adjacent to the Property except for permitted hazardous materials used in conjunction with District operations or as otherwise disclosed.

LAND USE REGULATIONS, POLICIES, AND ENTITLEMENTS

The Property is currently designated Public/Quasi Public in the Envision San Jose 2040 General Plan. Development of the Property for uses consistent with the District’s objective and guiding principles will require a General Plan Amendment (“GPA”) and appropriate related zoning designations.

The selected proposer(s) in partnerships with the District, and at the developer’s expense, will request a General Plan Amendment (“GPA”) and zoning designations for the Property consistent with the selected proposal(s).

Proposals submitted in response to this RFP should describe the steps and processes that the proposer intends to initiate and complete to obtain the GPA and zoning designation.

The selected proposer(s) will be responsible for obtaining all additional entitlements required by the City of San Jose for the development of the Property, including site plan, design, engineering and building approvals, and the design of any needed on-site and off-site improvements. In addition the selected proposer(s) shall be responsible for securing compliance with all environmental regulations under the California Environmental Quality Act (“CEQA”), including preparation and certification of an environmental impact, mitigated negative declaration, or other environmental compliance that may be required by the City of San Jose.

The District will cooperate with the selected proposer(s) in securing all entitlements, including environmental review and mitigation requirements but the District will not assume any risk of securing such
entitlements. The Supplemental Information Package includes information about relevant City of San Jose land use planning policies.

PROPOSAL SUBMITTAL REQUIREMENTS

The following summarizes requirements for the submittals in response to this Request for Proposals (“RFP”). Responses to the RFP for some or all of the land must be sufficiently detailed and descriptive in the District’s sole discretion to permit the District to assess the viability of the proposal. The District will best be able to consider proposals that include, but are not limited to, the items described below. The qualifications, capabilities, and experience of the assembled project team, quality of the development program and process consistent with the objectives of the District, and proposed financial terms will be important considerations.

1. Structure and Management of the Legal Entity Submitting Proposal

   A. Provide the legal name, address, and telephone/facsimile/e-mail numbers of the entity submitting a response to this RFP. Identify the party authorized to represent and make decisions on behalf of the entity. Describe the composition, organizational structure, and legal form of the entity. Identify the responsibilities and relevant experience of key individuals, both “in-house” staff and consultants for the entity.

2. Relevant Experience

   A. Provide examples or descriptions of relevant project experience such as urban mixed-use development, retail development, and apartment development. Information should include the following: (a) name, location, and dates of the project(s) (including start and substantial completion dates and dates in which key milestones were accomplished); (b) project description, including land use, approximate size of the site on which the project(s) is located, amount and type of building space, approximate amount of equity investment, role in project, and outcome or status of project (e.g., occupancy rate or sales performance); and c) references for the cited projects.

   B. Provide a description of the proposer’s experience, qualifications, and capabilities specifically related to: (a) development experience; (b) design and planning experience, including obtaining entitlements; (c) financing (debt and equity) experience; (d) construction and project management experience; and (e) public/private project experience.

   C. Provide a description of previous working experience between proposed development team members (if applicable).

Entitlement Experience

For the project experiences cited, provide descriptions of the original land use permitted and the outcome of the planning and entitlement process, including whether general plan amendments and zoning changes were implemented for the projects.

3. Statement of Financial Capability

   A. Provide a description and evidence of financial capability of the entity submitting the response to this RFP including ability to: (a) provide necessary capital to fund predevelopment
activities; (b) secure construction and permanent loan financing; (c) provide required equity either directly and/or with capital partners; and (d) provide funding for ongoing operations (including maintenance, reserves, etc.).

B. Provide information on financial roles, responsibility, and strength of the members of the legal entity.

C. Provide a description of examples of financing sources, structures or mechanisms for projects completed by the proposer similar to the type of financing envisioned by the proposer for the proposed projects.

D. Provide a description of current relationship with lending and/or financial institutions or equity sources which have demonstrated interest in providing financing for the proposed project.

E. Provide a description of any relevant or similar projects which proposer is in the process of pursuing, acquiring, developing, or proposing to pursue, acquire, or develop.

Disclose any filings for bankruptcy, fines levied by governmental agencies, or legal proceeding against any participating organization, employees, corporate officer, or entity that might have a material effect on the proposer’s ability to implement the proposed project.

4. Project Concept

Proposers are encouraged to submit market supportable, creative proposals for the development of the District Property. Proposed development concepts and programs should not be constrained by the designation of the parcels described in this RFP as the Property can be subdivided to accommodate the preferred development program(s).

A. Clearly describe the land parcels and associated land uses proposed to be ground leased and developed by the proposer. Proposals may be submitted in one or more of the following forms: (1) As an individual entity, identify one or more parcels and associated land uses and real estate products proposed to be developed; or (2) As a team of entities, if organized under a single agreement, identify which members will be responsible for the development of which land uses and product types on what parcels.

B. Describe the intended development of the land parcels proposed to be ground leased and developed, and describe the land uses and program of development, including the following: (a) location, type, and amount of uses and related building space (including number, size, density, and type of multi-family residential units, intended commercial uses and amount of commercial building space in square feet); (b) location, type, and amount of on-site parking; and (c) any other key project features.

C. Provide a summary of the projected total costs of the proposed project showing estimated hard costs (e.g., construction, site improvements, and infrastructure, etc.), soft costs (e.g., architectural, engineering, etc.), financial parameters, and other project or development expenses.
D. Provide a time schedule and key benchmarks for performance of the project, for predevelopment activities through substantial occupancy of the completed project. The schedule presented must address at a minimum the following project milestones:

(1) Ground Lease Execution;
(2) Entitlement Application to City of San Jose;
(3) Entitlements Obtained;
(4) Permit Application to City of San Jose;
(5) Permit Issuance;
(6) Construction Start;
(7) Construction Completion; and
(8) Stabilized Occupancy.

If the proposed project is to be phased, the performance schedule must include the key milestones for each phase.

Financial Terms

Proposals must reflect the following understandings of proposer(s):

- that the Property will be leased on “as is” basis in its present condition
- that the ground lease will not be subordinated to any financing;
- that the ground lease cannot be assigned prior to completion of the proposed improvements; and
- that the Property and real property improvements shall revert to the District at end of the lease term.

The District will consider a variety of forms of rent provisions, including but not limited to the following:

- A base or minimum rent equal to a fixed dollar amount during the term of the lease, adjusted at specified intervals using an agreed upon formula or approach; and / or
- A participating rent defined as a percentage of the gross income generated by the development of the project or received by the ground leaseholder.

Proposals should describe the proposed financial terms of the ground lease, including the amount of initial minimum or fixed ground rent, the timing of commencement of ground rent, and escalation of ground rent. Proposals should also describe in addition to minimum or fixed ground rent, whether percentage and/or participation ground rent will be paid above the minimum or fixed ground rent, and if so, on what terms and order of priority. Describe the methodology proposed to be used to calculate percentage and/or participation rents, if applicable.

Proposals must include a detailed cash flow pro-forma and sources and uses statement covering but not limited to the financing, development, initial lease-up, operation (including management, capital and leasing reserves), return “on” and “of” the proposed equity investment, and payment of fixed ground rent plus if applicable profit participation rent. The pro-forma information must be sufficient for the District to perform an analysis of the equity returns the project is anticipated to generate and the present value and total amount of ground rent the District would receive.
Assumptions and estimates used in the pro-forma should be described and supported to the extent practical by references to real estate market data (e.g., rents, vacancy, expenses, management fees, leasing costs, etc.); capital market data (e.g., financing terms, interest rates, proportion of project debt and equity); and sources or references to construction costs.

5. Commitment to Entitlement Approvals

Proposals shall describe the extent to which and how the proposer is willing and able to accomplish the planning and entitlement process, in particular to obtaining a General Plan Amendment, needed zoning changes for the development of the project, planned or site development permits, tentative map, final map, development agreement, and/or other project approvals.

SUBMITTAL DEADLINE

Responses to this RFP must be submitted to Douglas R. Smith, Vice Chancellor – Administrative Services, San Jose/Evergreen Community College District, c/o Purchasing Department, 4750 San Felipe Road, San Jose, California, 95135 no later than 3:00 p.m. PST on August 16, 2013. Submissions must contain six complete paper copies of the proposals (in 8 ½” by 11” format) along with a CD of the submission in a sealed and properly labeled packet. Faxed or e-mailed responses to this RFP will not be accepted by the District. Any submission received after that date and time will be rejected.

DEVELOPER SELECTION

Selection Process

Review and Evaluation of Proposals

The District will review and evaluate the proposals submitted by respondents to this RFP based on the selection criteria described in this RFP. As part of the evaluation process the District may decide to conduct interviews with certain respondents.

The District, in its sole discretion, may select one or more of the respondents for the purpose of negotiating a non-binding letter of intent with regard to the Property. The basic terms of the non-binding letter of intent will be incorporated into a resolution to be passed by the District Board of Trustees which will request public bids for the lease and development of the Property. The request for bids will be published in a newspaper of general circulation and bids will be opened no less than twenty-one (21) days after publication. The successful bidder will thereafter enter into specific contract negotiations for the lease and development of the Property.

The District retains the sole right to determine timing, arrangement and method of any public presentations throughout the selection process. During the RFP process respondents are cautioned not to undertake any actions to promote their respective proposals except in the context of presentations that may be sponsored by the District.

The District reserves the right to reject any or all submittals, request additional information, and/or modify the selection process schedule. In addition, the District reserves the right to negotiate with more than one entity and/or user, and reserve the right at any time before the ground lease is approved and executed to end the negotiation process.
Non-Binding Letter of Intent
If the District reaches an understanding regarding acceptable business terms for a ground lease project(s) the developer(s) will be expected to enter into a Non-Binding Letter of Intent ("LOI") with the District for the proposed lease and development of the Property. The LOI is not transferrable and not assignable.

Bid Process
The disposition of the Property is subject to provisions of the California Government and Education Code that pertain to disposition of declared surplus property, and which require a process for submittal of bids for disposition of the Property. The final acceptance or rejection by the District of a written or oral bid will be made by the District Board of Trustees.

Ground Lease
After acceptance of a bid by the District, the District and the successful bidder(s) shall enter into negotiations of a ground lease ("Ground Lease") for the Property consistent with the provisions of the accepted bid(s) and containing other provisions as the District may require in the Ground Lease.

Selection Criteria
The District may elect to negotiate a Ground Lease with the selected developer(s), which, in the sole discretion of the District, poses the best opportunity for the District to meet its objectives summarized in this RFP, including maximizing ground lease revenue. The selection criteria the District will employ to select the developer(s) with which to negotiate a Non-Binding Letter of Intent will include the following items.

- Fiscal benefits to the District in terms of financial and economic return, relative risk, guaranties, and potential project appreciation and preservation of Property value;
- Financial capacity to implement the proposal;
- Qualifications and experience in planning, entitling, financing, developing, leasing, managing and operating projects consistent with the project proposed and the development objectives of the District;
- Performance schedule; and
- Project qualities and features and consistency with District objectives.

Deposit
Upon the District's approval of a Letter of Intent (LOI) with the selected developer(s), the selected developer(s) shall within three days of the subject date submit a good faith deposit ("Deposit") with the District based on an amount per acre of $5,000.

Failure to deliver the negotiation fee as stipulated above will void the LOI and the parties shall have no rights or obligations with respect to each other in regard to the lease and development of the Property.

The Deposit submitted to the District shall remain refundable and become non-refundable only upon awarding of the bid by the District. If the selected developer(s) is not awarded the bid, then the Deposit is
returned by the District. If the selected developer is awarded the bid, the Deposit will be applied to ground rent.

**OTHER TERMS AND INFORMATION**

**Information Sessions**

The District will conduct non-mandatory information sessions at the Property at 10:30 a.m. June 20, 2013 and at 2:00 p.m. on June 26, 2013. The information sessions will be held at the District Boardroom located at 4750 San Felipe Road, San Jose, California 95135. The purpose of the information sessions will be to review the RFP process, tour the Property, and allow for questions and answers. A summary of questions and answers submitted by any interested party(ies) will be provided to all interested parties.

**Questions for District**

Any questions regarding this RFP should be submitted to James J. Eller (jelleresq@aol.com) or Andrew J. Plescia (aplesciaco@aol.com). The District’s consultants will be available to confer with interested parties which request a meeting prior to August 15, 2013. District Trustees and District staff will not independently confer with interested parties.

The District reserves the right to negotiate with more than one entity and/or user, and reserve the right at any time before the ground lease is approved and executed to end the negotiation process.

**Site Visits**

Interested parties which want to visit the District Property must receive an executed Right of Entry form from the District by contacting to James J. Eller (jelleresq@aol.com) or Andrew J. Plescia (aplesciaco@aol.com). Such request must include the identity of the entity(ies) conducting the site visit and the nature and scope of the visit.

Subject to the terms of the Right of Entry, the interested party, its representatives authorized agents, or contractors, may enter the District Property, provided that the interested party indemnifies and holds the District harmless from and against all liability, claims, demands, damages, or costs of any kind whatsoever (including attorney’s fees) arising from or connected with the site visit. Entry onto the property without the District executing and returning the Right of Entry form to the interested party is prohibited.

**Closing Costs and Brokerage Commission Costs**

All closing costs will be paid by the selected proposer(s). In no event will the District be responsible for any real estate brokerage fees or any other costs that might arise from the proposed transaction, including preparation of a response to this RFP.

**Supplemental Information Package**

A Supplemental Information Package will be made available for download for interested parties which register via the property web site http://www.sjeccd.edu/business/fiscalservices/purchasingwarehouse/Pages/PurchasingDepartmentBids.aspx. The Supplemental Information Package includes data, information and reports, including the items listed below:

1. Project Site Map
2. Proposal Submittal Requirements
3. Proposal Selection Criteria
4. Developer and Proposal Selection Process and Schedule
5. Evergreen Valley Campus Master Plan
6. Real Estate Market and Related Data and Information
7. City of San Jose Land Use Planning Policies Related to the Evergreen Valley College Site

Disclosures, Representations and Warranties

The District obtained the information contained in this solicitation from sources deemed reliable. However, neither the District nor its consulting team make guarantees, warranties, or representations, nor express or imply any opinion concerning the accuracy or completeness of the information provided. Such information is furnished solely as an aid to interested parties. Interested parties are responsible for undertaking all necessary investigations on and off the Property.

Proposer should represent and warrant to the District that the statements contained in the proposal submitted are true and correct as of the date of the proposal and will be true and correct as of the execution of the Ground Lease, and the truth and accuracy of such statements will constitute a condition to all the District’s obligations under the proposal. Proposer further warrants that proposer has all requisite authority and power to make the proposal submitted.

CONTACT INFORMATION

Any questions regarding this Request for Proposals (RFP) should be directed to James J. Eller, Eller & Associates, (408) 299-0180, Email: jelleresq@aol.com or Andrew J. Plescia, A Plescia & Co., (916) 421-3113, Email: aplesciaco@aol.com.