COAST COMMUNITY COLLEGE DISTRICT

REQUEST FOR QUALIFICATIONS #2027

FOR

JOINT OCCUPANCY LEASE OPPORTUNITY
RESIDENTIAL DEVELOPMENT PROJECT
AT 1370 ADAMS AVENUE

January 20, 2014

For more information, please visit http://publicprivateventures.net/coastrfq

QUALIFICATIONS DUE:

By 4 p.m. - March 24, 2014

Coast Community College
Attn: John Eriksen
Purchasing Department
1370 Adams Ave
Costa Mesa, CA 92626

www.cccd.edu
I. INVITATION

The Coast Community College District ("District") is seeking Requests for Qualifications (RFQ) from qualified developers to enter into a joint occupancy land lease, pursuant to California Education Code Section 81390 et. seq., for approximately 3.7 acres of property located at 1370 Adams Avenue in Costa Mesa, California. It is intended that the developer enter into a long-term ground lease whereby the District authorizes the developer to design, construct, and operate a 46-100 unit residential development at the above stated site.

This document outlines the requirements, selection process and documentation necessary to submit qualifications in response to this solicitation. Responses must conform to the requirements of this Request for Qualifications (RFQ). The District reserves the right to waive any irregularity in any proposal or reject any proposal that does not comply with this RFQ.

All proposals shall be submitted to the District no later than 4:00 p.m. on March 24, 2014.
II. SUMMARY

2.1 District Objectives

The District’s goal in offering the property for development is to generate a sustainable revenue stream through a long-term ground lease. Other District objectives include creating a project that:

- Supports the District’s educational mission and objectives;
- Generates increasing revenue over the lease term;
- Does not adversely affect the operation of its adjacent administration building or the Orange Coast College campus;
- Is a model of sustainable, high quality design; and
- Integrates with the surrounding community.

2.2 Development Opportunity

The District will require the successful Proposer to utilize one of the following development options:

- Student-oriented apartments;
- Faculty apartments;
- Untargeted market-rate apartments; or
- Any combination of the above-listed product types.

The Proposer may include a percentage of affordable units in the student-oriented option.

2.3 Transaction Structure

The project will be developed under an unsubordinated ground lease with the District, with Base and Percentage Rents. Initial Base Rent shall be subject to periodic adjustment based on actual total rent paid under the lease. Percentage Rent shall be paid based on total revenues collected by the lessee. Further details, including possible participation in capital events, can be found in Attachment B, which provides key lease terms, including the parameters of the joint occupancy approach.
III. BACKGROUND AND SITE DESCRIPTION

3.1 Regional Context

Orange County encompasses 34 cities and several unincorporated areas. It is the third largest county in California and sixth largest in the nation. With a Gross Metro Product (GMP) of $190.7 billion, Orange County is the 15th top producing economy in the nation. With a diverse job base, Orange County is third in the state in gaining new jobs during the Recovery, and has the lowest unemployment rate in Southern California. Orange County is both a national and international destination, with a strong lifestyle brand.

3.2 Community Context

The City of Costa Mesa has a population of approximately 111,600, and is home to nearly 40,720 households. The City of Costa Mesa is bordered by Huntington Beach to the west, Fountain Valley to the north, Santa Ana to the east, and Newport Beach to the south. Several regional roadways serve the city, including the San Diego Freeway (I-405), the Costa Mesa Freeway (SR-55), and the Corona del Mar Freeway (SR-73).

A demographic profile of the City of Costa Mesa shows a current population of approximately 111,600 and the average household size is 2.69. Within the project site’s zip code area (92626), the population is approximately 49,340 and the average household size is 2.57. The median household income for all of the City of Costa Mesa is $65,471, and in the project site zip code area, the median household income is $74,311 (median income in Orange County is $75,762). The median age in the City of
Costa Mesa is 33 years, and in the project site zip code area the median age is slightly older at 34.3 years. This compares to 35.7 years in Orange County, and 37.2 nationally.

3.3 Existing Site and Property Description

The project site is located at 1370 Adams Avenue in the City of Costa Mesa, at the northwest corner of Adams Avenue and Pinecreek Drive. The property is directly across Adams Avenue from the District’s Orange Coast College campus, a two-year community college with an enrollment of approximately 28,000 students per semester. In addition, the project site is adjacent to the Coast Community College District offices. The property is in a developed area surrounded by retail, commercial, office, educational and residential developments, and the site provides convenient access to major shopping areas, business parks, community transportation systems and all points in the north central and coastal areas of Orange County.

The site is located on Coast Community College District land, a portion of which is currently being used as the District’s headquarters. The project site area is located in the northeastern portion of the District property. The site consists primarily of undeveloped land that contains several mature trees. In addition to the adjacent District headquarters, the site also has landscaping and access roads that are located around the perimeter of the District property. Access to additional information related to the site is provided in Attachment A.
3.4 Utilities and Infrastructure

A. Water Service: Water service is provided by the Mesa Consolidated Water District and is currently available to the project site.

B. Sewer Service: Sewer service for the project site is provided by the Costa Mesa Sanitary District.

C. Solid Waste Disposal: Solid waste disposal is provided to residential and commercial users by CR&R Waste and Recycling Services, which is contracted by the Costa Mesa Sanitary District for that service.

D. Gas Service: Gas service is provided by Southern California Gas Company.

E. Electric/Telephone and Cable Service: Electric service for the site is provided by Southern California Edison. Telephone service is available from AT&T and Verizon, and cable service is provided by Time Warner Cable and other service providers such as Direct TV and Dish Network.

F. Fire Suppression: The Costa Mesa Fire Department provides fire protection services and emergency medical service to the City. The project site is located approximately 0.4 miles from the Royal Palm Fire Station #1, located at 2803 Royal Palm Drive. Water for fire suppression is available from existing water lines via hydrants adjacent to the District property. Private fire hydrants will be installed if required to provide coverage for approved structures.

G. Police Services: The Costa Mesa Police Department provides police protection services to the City. The project site is approximately 1.6 miles from the police station located at 99 Fair Drive.

H. Drainage: On-site drainage must comply with National Pollution Discharge Elimination System (NPDES) requirements.

3.5 Access and Linkages

Primary regional access to the project site is provided by the San Diego Freeway (I-405). Major community arterials include Baker Street to the north, Harbor Boulevard to the west, Fairview Road to the east, and Adams Avenue to the south. Public transportation is provided by the Orange County Transportation Authority. The nearest bus stops are located at Adams Avenue and Harbor Boulevard, and at Fairview Road and Adams Avenue.

The cooperation provided by the District shall include the District’s grant of two non-exclusive access easements across the District’s property for the benefit of the project site. It is anticipated that an easement from Pinecreek Drive to the site will serve as primary access to the site and secondary access to the site will be by way of shared use.
of the existing District access road that exits onto Adams Avenue.

3.6 Coast Asset Phase I Development Plan

The District has recently completed the Coast Phase I Asset Development Plan that includes a campus-oriented residential community, as shown in the figure below. The Orange Coast Village concept will ultimately incorporate an additional 9 acres of land, immediately south of the current project site, across Adams Avenue on Orange Coast College land. The overall Orange Coast Village program most likely will be developed in three or four phases. However, this RFQ seeks solely to develop Phase One (depicted as 1 below), which will accommodate approximately 46 to 100 residential units (either student-oriented apartments, faculty apartments, untargeted market-rate apartments, or a mix of any of the three unit types).

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**ORANGE COAST VILLAGE**

1 **DISTRICT PARCEL**
- 3.7 Acres – One Phase
- 46 - 100 units
  - Faculty Housing
  - Student Housing
  - Market Apartments

2 **CAMPUS RESIDENTIAL**
- 9 Acres-Multiple Phases
- 300 - 1300 beds
- Student Housing
  - International
  - Local
- Market Apartments
- Support Retail
IV. **Market Assessment:**

As part of the Coast Asset Phase I Development Plan, a market analysis was conducted that determined the following:

- Market conditions are extremely favorable for moving forward with potential real estate development activities.
- Equity continues to look for high-quality sites.
- The overall Orange County market has seen a strong rebound since 2011, with nearly 3,000 new units built in 2012 (mostly in Irvine).
- In spite of the new supply, demand remains strong, with:
  - 4% annual lease rate growth,
  - vacancy rates at approximately 4%, and
  - average rent of $1,550/month.
- Costa Mesa is undersupplied with new units built since 2000.
- Costa Mesa development sites are in great demand because the City is largely “built out.”
- Costa Mesa is in the Top 5 of Orange County cities, with an average rent at $1,677/month.
- Average per square foot rents in Costa Mesa are comparable with Irvine.
- Demand is even stronger near the project site/Orange Coast College, with a 2.5% vacancy rate and higher rents, particularly for “student-friendly” plans such as studios.
- In 2013, studio units have seen the highest percentage increase in rent in Orange County.

The market for student-oriented housing was a key focus of the market analysis, for which primary research was conducted via a survey of Orange Coast College students in Fall 2012. Results from that survey included:

- Over 82% of respondents believe student housing is a “good idea.”
- 79% believe that student housing would make Orange Coast College more competitive.
- Over 57% would consider renting Orange Coast College student housing.
- The strongest demand would be for studio apartments.
- The average student renter household is composed of 2.2 persons.
- Privacy is a strong preference, with 63.2% of respondents desiring a private bedroom in a shared apartment.
- There is an interest in support services, such as food plans (59.4%) and roommate matching services (46.4%).

The market analysis concluded that Orange Coast College is uniquely suited for student housing given local market area demographics and the College’s programmatic and locational appeal to out-of-state students. Estimated student housing unit demand ranges from approximately 200 units currently to over 750 units in 2018.
While not addressed in the market analysis, it should be noted that the pace of faculty retirement among Orange Coast College faculty is expected to remain steady for the next several years given the age demographics of existing faculty. Therefore, it is probable that there will be an influx of new, younger faculty at OCC who will be in need of rental housing close to campus.

Access to the full market analysis report is included in Attachment A.
V. ENTITLEMENTS:

5.1 Consistency with the General Plan

The current General Plan designation for the site is Institutional & Recreational (I & R) Zone. The specific plans for the Project Site will require various permits and approvals, including a General Plan Amendment and Zoning Change, and each respondent to this RFQ and the subsequent RFP is responsible for determining which permits and approvals will be required for the construction and operation proposed at the Project Site and for obtaining such permits and approvals. In addition, each respondent to this RFQ and the subsequent RFP is responsible for their own evaluation of unit and Floor Area Ratio limitations under the appropriate zoning designation for their project.

5.2 Current Zoning

The project site is surrounded by residential, institutional, and commercial uses. The site borders multifamily residential properties (zoned R-3) along the northern property line. The Orange Coast College campus, zoned Institutional and Recreation (I & R), is located to the east and south, and the District headquarters is to the west (also zoned I & R). Immediately to the west of the District headquarters is a small parcel of off-street parking and then local commercial areas (zoned C-1) along Harbor Boulevard.
5.3 Rezoning Requirements and Process

The District will act as co-applicant with the selected Proposer for all land use entitlements and environmental review. District staff, and their consultants if appropriate, will engage with City planning to assist the Proposer in obtaining necessary entitlements. Proposer has final responsibility for securing all land use entitlements. The Proposer is also responsible for any subsequent environmental review, and for securing all related regulatory approvals and permits.

5.4 CEQA Compliance

Depending on the Proposer’s intended use of the site, the development and operation of the property will constitute a development project that is subject to the California Environmental Quality Act (“CEQA”). If so, CEQA may require the preparation of an Environmental Impact Report (“EIR”) as a condition to construction of improvements on the property and operation of the property under the Lease. The selected Proposer will be financially responsible for preparing and processing any EIR and for satisfying any other CEQA requirements relative to the lease, all at the selected Proposer’s expense. The District will cooperate, at no expense to the District, in the preparation and certification of the EIR and any other CEQA requirements.
VI. DEVELOPER SELECTION

6.1 Selection Process

This is a two-step process in which Proposers will participate in the following:

RFQ (Phase I): Interested Proposers are asked to submit Statements of Qualifications and preliminary development concepts. The District will appoint a selection panel that will review Phase I RFQ submittals. The Selection Panel will make a recommendation to the Chancellor of the Coast Community College District. It is anticipated that the Chancellor will make a recommendation to the District Board of Trustees for approving a short list of qualified Proposers. The Proposers approved by the District will be invited to participate in the RFP phase of the selection process.

Deposit Required: A refundable earnest money deposit of $10,000 is required as part of the RFQ submittal. The Phase I deposit will be refundable to Proposers not selected to proceed to the RFP phase of the selection process. Short-listed Proposers will be required to increase the refundable deposit amount to $100,000 as part of the Phase II RFP submittal. The Phase II deposit is refundable to Proposers not selected to enter exclusive negotiations with the District.

RFP (Phase II): Short-listed Proposers will be asked to submit a detailed development program, an operational and management plan, and narrative descriptions including conceptual drawings and renderings of the proposed improvements and mix of uses. Proposers will also need to include their financial proposal, projected development costs, source of funds, operating plans, cash-flow projections for at least the first ten years of operations, completion guarantees and project schedule.

As in Phase I, the Selection Panel shall make their recommendation to the Chancellor. The Chancellor will subsequently recommend the finalist that best meets the District’s objectives to the District Board of Trustees. The District Board of Trustees will direct District staff to initiate the exclusive negotiations process with the selected Proposer.

Exclusive Negotiation Agreement: During the exclusive negotiations period, the District and Proposer will negotiate draft transaction documents for the Project, including an Option to Lease, a Joint Occupancy Lease, and other related documents in a form approved by the District Legal Counsel, which will include but not be limited to, the District and Proposer responsibilities, economic parameters, development standards and requirements, and performance benchmarks and schedules. Negotiations will conclude with the execution of documents, but conveyance of the property under the ground lease will not occur until an extensive series of conditions, notably including all entitlements, have been met.

As part of the Exclusive Negotiation Agreement, the District and Proposer will set up a mechanism for funding a Predevelopment Fund that will be used, after the $100,000
has been exhausted, to pay for District staff, District’s consultants, and other District-related expenses associated with the Project planning and review prior to construction start. The Predevelopment Fund initially will be set at $25,000 and will be replenished as needed. The District will permit access to the Project Site for review of existing conditions pursuant to the District’s standard procedures.

6.2 Recommended Pre-Submittal Conference

The District has designated the following date and place for a recommended RFQ pre-submittal conference and site walk-through at which prospective Proposers may acquaint themselves with the requirements of the District, and with the conditions relating to the construction and operation of the project.

**TIME AND DATE:** 10:00am, Tuesday, February 18, 2014

**LOCATION:** CCCD Headquarters, 1370 Adams Avenue, Costa Mesa

Questions answered during the pre-submittal conference will be recorded and or made available to any interest parties not attending the conference who would like to be informed. In order to access additional information and answers to questions, attendees of the pre-submittal conference will be asked to register and provide e-mail contact information. Proposers who do not attend the recommended pre-submittal conference may access the same information and documents as those who registered at the pre-submittal conference by visiting:

[http://publicprivateventures.net/coastrfq](http://publicprivateventures.net/coastrfq)

6.3 Statement of Qualifications Content

In Phase I, interested parties are requested to submit their Statement of Qualifications and a preliminary narrative that describes the Proposer’s approach for developing the Project Site. The RFQ information must be responsive to the items below. In order for respondents to identify potential obstacles, general parameters and key lease terms are provided in Attachment B.

**A. TRANSMITTAL LETTER**

The proposal shall be transmitted with a cover letter describing the firm’s/team’s interest and commitment to the proposed project. The letter shall state that the proposal shall be valid for a 90-day period and that the proposed project staff are available to begin work on this contract. The person authorized by the firm/team to enter into a contract with Coast Community College District shall sign the cover letter and the letter should identify the individual to whom correspondence and other contacts should be directed during the selection process.
B. DEVELOPMENT CONCEPT NARRATIVE

Provide a narrative description of the proposed development and design approach to the Project Site in response to the development objectives and options described above in Section 2.1 and Section 2.2. The narrative should describe proposed land use distribution, general gross square footage of building area, and other major urban design features of the proposed Project. The narrative should convey the general character, use mix, and design objectives of the proposed Project, and a discussion of target markets for the proposed use(s).

No graphics other than a conceptual site plan, which should be illustrative of the described program for the Project Site, are to be provided, as any considerations of design are to be deferred to the RFP. The site plan should contain or be accompanied by a tabular statement of the development program.

C. DEVELOPMENT FIRM BACKGROUND/EXPERIENCE

C.1 Development Entity: Please identify the legal entity constituting the Proposer that will accomplish the development and implementation of the Project, and identify the legal entity, if different, that will contract with the District for the Development Agreement and Lease, including all joint venture and limited partners, indicating the percentage interests and capital/equity committed to the entity. In addition, please provide the following information:

- Provide an accurate description of the Proposer, including number of employees, annual revenue, office locations, etc.
- Identify the role of each member of the development team, consisting of the Proposer (including joint venture partners) and major consultants, in the implementation of the development.
- The consultants identified should include but not be limited to design architects, engineers, contractors, environmental compliance and regulatory advisors, financial consultants, and legal counsel (regulatory processes and transactions).
- Identify the legal entity/ies that will be responsible for the operation of the Project following its completion, and provide the structure of the operation and management business. If, as is likely, the operating and ownership entity is a special purpose entity (SPE) created solely for this project, please describe how it will be capitalized, who will be the general partner or managing member, and what other entity will guarantee its performance with respect to development and operation.
- Identify the relationship between this entity and any superior or subordinate entities that will be involved in the day-to-day operations or long term planning of the operations.
- Identify the roles and submit resumes for the project manager and key individuals who will be involved in the development, implementation and operation of the Project.
• Identify the lead negotiator and any limitations on his/her authority to contractually bind the entity in negotiations.

C.2 Development Team Experience: Please provide relevant development experience of each member of the development team with respect to the development and operation of projects. Each team member is required to have at least five years of relevant experience in the identified areas. When appropriate, please identify if the experience obtained was with a college and/or university client.

In addition, provide detailed explanations of previous and current experience completed within the last five years with the following information:

• Development and construction of projects comparable to that envisioned by this RFQ.
• Coordination with educational institutions and public planning agencies to successfully develop projects on constrained sites.
• Management and operations of comparable projects.
• Financing comparable projects encumbered by unsubordinated ground leases.
• Identification of working relationships with public agencies in the development of any relevant previous and current projects.

C.3 Relevant Projects: For each project identified, please provide the following information, using the Project Experience form provided in Attachment D:

• Project name and type.
• Location, including address, and photographs.
• Size, mix of uses.
• Development timeline (from Proposer selection/site control to completion of construction, indicating any phasing if relevant).
• Project cost, capital and financing sources used, and economic performance.
• General description, including role of development entity, unique challenges of project, occupancy and history.
• Current management/owner contacts, including phone numbers.
• If development was undertaken in conjunction with public entities, references and contact information.
• Identification of developer and explanation if different from the developer for the proposed project.
• Identification of operator and explanation if different from the proposed operator for the project.

D. STATEMENT OF FINANCIAL CAPABILITY

Interested parties must submit a Statement of Financial Capability that describes the financial capacity of the Proposer. To the extent permitted by law, the District Board of Trustees will maintain the confidentiality of information contained in the financial
**submittals.** Respondents will provide, in a separate submittal (with three copies), the information indicated below:

a. The most recent available credit report and audited financial statements for the past four years of each principal and joint venture partner, including statement of changes in financial position and statements of any parent organizations and any materially relevant subsidiary units.

b. To provide information regarding the composition of the Proposer's current real estate portfolio, publicly traded companies should submit their last annual report and 10-K; privately held companies who do not provide comparable data (i.e., listing of project names, type, location, size, date completed, etc.) may be asked for such data as part of the review process.

c. Recent history (preferable within the last 2-3 years) in obtaining financing commitments, detailing type of project, financing source, amounts committed, etc.

d. Indicate any working relationship on other projects with members of the development team for the proposed project.

e. Address whether the Proposer or any joint venture partner has been involved in any litigation or other legal dispute regarding a real estate venture during the past five years that involved claims greater than $1 million. In the explanation, include information regarding the outcome of any material litigation or dispute.

f. Indicate if the Proposer or any joint venture partners have ever filed for bankruptcy, or have owned or controlled projects that have been foreclosed, or have had fines levied by governmental agencies. Include the date of occurrence, contact person, telephone number and address.

E. PHASE I EARNEST MONEY DEPOSIT

Provide an Earnest Money Deposit of Ten Thousand Dollars ($10,000.00) in the form of a cashier’s or certified check payable to the District. This deposit will be returned to all Proposers except those selected by the District for the Phase II RFP shortlist. Return of deposit will be made immediately after the District Board’s approval of the Phase II selected Proposer shortlist. Failure to provide this required Earnest Money Deposit will result in the District determining the proposal to be non-responsive.

6.4 Evaluation Criteria

Statements of Qualifications (SOQ) will be evaluated by the Selection Panel on a variety of criteria. The District will select a short list of qualified Proposers based on an evaluation of qualifications and the proposed development project concept.

Statements of Qualifications (SOQ) will be evaluated by the appointed Selection Panel based on the following criteria:

- Compatibility of concept with District’s overall goals.
• Proposer’s experience in constructing similar projects as demonstrated by other comparable projects. Minimum of at least five (5) years required.
• Financial strength and capacity of Proposer to attract, raise, commit or otherwise access financial resources to successfully complete the proposed project.
• Proposer’s experience in managing the development of comparable projects.
• Experience in public/private transactions.
• Proposer’s experience in day-to-day operations of similar projects.
• Proposer’s experience in working collaboratively with municipal entities and community organizations in achieving political and community support for complex development projects.

Minimum qualifications include the following:

• Development of at least five (5) similar projects in the last ten years.
• Liquid net worth equal to a multiple of equity in the proposed project.
• Experience in securing entitlements in complex development scenarios.
• Proposer was previously a member of senior team with demonstrated experience working with complex public/private transactions.
VII. OTHER PROCESS ELEMENTS

7.1 REJECTION AND WAIVERS OF PROPOSALS

This Request for Qualifications does not commit the District to award a contract or to pay any costs incurred in the preparation of a proposal in response to this Request.

The District reserves the right to accept or reject any or all proposals received; to negotiate with qualified Proposer(s) or cancel the Request; and, to waive any minor irregularities and informalities in the proposal or proposal process.

The District reserves the right to evaluate proposals for a period of ninety (90) days before deciding which proposal, if any, to accept.

7.2 NON-COLLUSION

By submittal and signing the enclosed Non-Collusion Affidavit (Attachment G; form found at http://publicprivateventures.net/coastrfq), the Proposer is certifying that the proposal document is genuine and not a sham or collusive, and not made in the interest of any person not named and that the Proposer has not induced or solicited others to submit a sham offer, or to refrain from proposing.

7.3 COMPLIANCE WITH LAWS AND REGULATIONS

The Proposer shall comply with federal, state and local laws, regulations, and Industry standards. The Proposer shall also comply with the Drug Free Workplace Act requirements of California Government Code Sec. 8350 et seq. (Attachment H; form found at http://publicprivateventures.net/coastrfq).

7.4 QUESTIONS / CONTACT PERSON

The District will accept written questions via email until March 17, 2014. Questions regarding the work must be submitted to:

John Eriksen, Director of Purchasing
E-mail: jeriksen@mail.cccd.edu.
Telephone: (714) 438-4680

The District will respond to each question by email directly to the firm submitting the question. If the question demonstrates that clarification or additional information is needed, an addendum will be issued to all Proposers by email. Proposers should acknowledge any and all emails sent by the District regarding this RFQ by replying to the email sender that the email was received.
Proposers shall not contact any District employee or official regarding this proposal other than the individual listed above as the contact person. Contacting District staff or officials regarding this work may result in disqualification. No verbal comments made by District staff or officials are binding regarding this RFQ except for that which is made in writing by the above-mentioned contact person. This will assure that all Proposers receive the same information in a timely manner.

7.5 DEADLINE FOR SUBMISSION OF STATEMENT OF QUALIFICATIONS

To be considered, Qualifications must be received at the address below no later than March 24, 2014. Late proposals will not be considered. The District highly encourages early submittal of proposals.

Proposer shall submit one electronic version of the proposal on a CD or flash drive; one (1) printed original and four (4) printed copies of the entire proposal including any supporting documentation in a sealed box or package addressed as follows:

Attention: John Eriksen  
Coast Community College District  
Purchasing Department  
1370 Adams Ave  
Costa Mesa, CA 92626

The box or envelope must also be clearly marked on the outside with the words: Proposals Enclosed: RFQ #2027, CCCD Parcel 1 Disposition and Development RFQ; Deadline: 4 p.m., March 24, 2014.

INCOMPLETE PROPOSALS WILL NOT BE CONSIDERED.
SUPPORTING DOCUMENTATION

Links for the following documents are provided at:

http://publicprivateventures.net/coastrfq

• Title Report & Legal Description
• Campus Master Plan, (2011)
• Asset Management Strategic Plan, January, 2012
• Market Analysis Study, January, 2013

List of Figures

Parcel Assessor Map

Campus Master Plan Map
PROPOSED KEY LEASE TERMS

A Joint Occupancy Lease Sample Agreement and its related documents will be attached or made available to all Proposers during the RFP process. Proposers should identify any exceptions or deviations from the Agreement or its related documents in its submittal. *Proposers are requested to state clearly in writing any exceptions to the Lease Agreement in its response to the RFP.*

A. **Subordination** The District’s fee ownership and rental income stream will not be subordinated.

B. **Premises:** Proposer will be provided exclusive shared use of the Project Site with the District.

C. **Proposed Use:** All proposed uses shall be consistent with and responsive to the Development Objectives and Criteria set forth in the RFP.

D. **Rent To The District:**

- **Base Rent** – Base Rent paid in monthly installments will be negotiated with District staff based on the proposal submitted by the Proposer.
- **Base Rent Adjustment** – Periodic cost of living or other adjustments to the monthly Base Rent will be negotiated with District staff based on the proposal submitted by the Proposer.
- **Percentage Rent** – Percentage Rent calculated and paid monthly on the gross receipts of the Project Site will be negotiated with District staff based on the proposal submitted by the Proposer. Percentage Rent should be structured to allow the District to participate in future growth of gross receipts and may be re-characterized as “adjusted gross receipts” in the event that the parties agree that certain expenses outside the control of the lessee should be excluded, e.g., insurance, utilities and taxes.
- **Construction Period Rent** – Construction Period Rent to be paid to the District during the construction of the Project will be negotiated as a percentage of Base Rent with District staff, based upon the proposed submittal by the Proposer.
- **Participation in Capital Events** – The District would prefer that when the Lessee receives net proceeds in excess of basis either from a sale or a refinancing, that the District receive some participation in those net proceeds.

E. **Term:** The District will agree to a lease term appropriate to the proposed rental schedule and structure, capital investment and proposed uses, not to exceed 66 years in length.
F. **Improvements:** All capital improvements to the Project Site shall be at the sole cost of the Proposer and will become part of the realty upon construction.

G. **Maintenance/Repairs:** During the term of the Lease, the Proposer shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Project Site, including the non-exclusive areas.

H. **Possessory Interest and Other Fees and Taxes:** The Proposer will be required to pay any or all possessory interest taxes on the assessed value of the leasehold interest. Respondents may contact the County Assessor’s office for more information on how these taxes will be calculated. The Proposer also will be required to pay other applicable federal, state and city taxes, including sales and payroll taxes, and any applicable exaction fees.

I. **Security Deposit:** A security deposit will be required and must be maintained during the term of the Lease in an amount equal to at least two months’ Base Rent, as adjusted over the term of the Lease.

J. **Insurance and Bond Requirements:** The Proposer will be required to maintain throughout the term of the Lease insurance issued by an insurer with a Best’s rating of no less than B++ or better. Coverage should provide for amounts and limits determined appropriate by the District in a form and with carriers acceptable to the District, in consultation with the District’s Risk Manager. Insurance coverage should include, but not be limited to, comprehensive general liability, workers’ compensation, property insurance on the premises, automobile liability, personal property, business interruption, builder’s risk, and any other insurance required by law. The Proposer shall furnish to the District a certificate of insurance and endorsement that shall name the “Coast Community College District” as additionally insured.

K. **Performance Bond:** Each of the Proposer’s construction contractors shall be required to furnish the District with a performance bond, or other guarantee of completion acceptable to the District in its sole discretion, naming the District as an obligee issued by a responsible surety company licensed to do business in California and satisfactory to the District in the District’s reasonable discretion and in consultation with the District’s Risk Manager. Such bond shall guarantee the full and faithful performance of the construction contract and in an amount not less than the value of constructing the said improvements. Each of the Proposer’s construction contractors shall furnish a bond guaranteeing the payment of any materials, provisions or other supplies, used in, upon for, or about the performance of the work contracted to be done.

L. **Guaranty:** The District will likely also require a guaranty from the parent company or other security guaranteeing the successful completion of the Project.
M. **Hazardous Materials:** During the “due diligence” period, the selected Proposer may conduct environmental site assessments of the Project Site, possibly including sampling and testing of the soils sediments and groundwater. The selected Proposer shall be solely responsible for the removal or remediation of hazardous materials for which removal or remediation is required for the Project. Requirements for removal and remediation, if any, will depend on the construction plans proposed. All costs for such removal and remediation of hazardous materials shall be borne solely by the selected Proposer.

N. **Assignment:** The District shall have the right to approve any assignment or transfer of the Lease and would like to participate in any net proceeds from any assignment or transfer. Prior to completion and stabilization, the District may grant or withhold consent to transfer in its sole discretion. After stabilization, such consent will be subject to a reasonableness standard.

O. **Subleases:** The District shall have prior approval of subleases to ensure each tenant’s financial ability and that the overall tenant mix achieves the Development Objectives and Criteria of this offering and is compatible with the adjacent neighborhood.

P. **Performance Benchmarks:** All documents governing the approval and development of the Project Site, whether a letter of intent, development memorandums, Lease Disposition and Development Agreement, or other documents will contain time and performance benchmarks with clear termination provisions for non-performance and otherwise provide for the District’s right to terminate the agreement in its sole discretion.

Q. **Compliance with the Law:** The Proposer will ensure it performs any and all requirements of the Lease Agreement in compliance with all relevant and necessary local, state, and federal laws.

R. **Proposer’s Construction Contract:** The District reserves the right to review and approve Proposer’s general construction contractor prior to commencement of construction. Such approval shall not be unreasonably withheld. Any construction contract between the Proposer and its general contractor shall provide all necessary protections to the District.

S. **Additions to Contract:** Terms and obligations of this contract shall be applicable to the residential development project and operations. After the initial contract year, the parties upon mutual agreement may adjust the specific terms or guarantees of this contract where circumstances beyond the control of either party require adjustments. Before becoming effective, all adjustments shall be proposed in writing by the Coast Community College District for prior approval by its Board of Trustees. All required contract amendment(s) shall be issued by the College District.
T. **Contract Cancellation:** The District may cancel this contract for breach, for failure to comply with the terms and conditions of the contract. This may include any cessation or diminution of service including but not limited to failure to maintain adequate personnel, whether arising from labor disputes, or otherwise any substantial change in ownership or proprietorship of the contractor which in the opinion of the District is not in its best interest.

U. **District/Proposer Responsibilities:** Proposer shall design, build, operate and manage the residential facility. Such operation and management shall include the maintenance of the common areas, including the indoor and outdoor areas and restrooms. The Proposer shall be financially responsible for obtaining all required permits, licenses, and bonding to comply with pertinent Board of Trustees regulations, and municipal, county, state and federal laws, and shall assume liability for all applicable taxes including but not restricted to sales, property, and beverages.

V. **Prevailing Wage:** TBD prior to publication of the RFP.
PHASE II: ILLUSTRATIVE DRAFT REQUEST FOR PROPOSALS

In Phase II, short-listed Proposers will be required to submit a detailed development program, an operational and management plan, proposed financing structure, conceptual drawings, and architectural renderings of the proposed improvements.

The RFP information must be responsive to the items below.

1. SCOPE OF PROJECT

The Proposer will enter into a joint occupancy lease with the District for an initial term of sixty-six (66) years to design, build and operate a residential development on that portion of the District property that is located at 1370 Adams Avenue, subject to the objectives and concepts identified in the RFP and adherence to the terms and conditions identified in the Joint Occupancy Lease and related documents.

2. MANDATORY SUBMITTAL REQUIREMENTS

Submittal requirements that must be included in the Proposal are as follows:

A. Schematic Plan: A schematic site plan that illustrates building layouts, circulation, parking, open space, and other Project amenities. Proposers may provide additional drawings such as artist perspectives that convey architectural creativity, quality and overall Project character. All design plans and graphics must be formatted electronically to enable the District to distributed copies via email.

B. Development Narrative: A detailed narrative describing the general style, materials, colors, and other design elements of the proposed Project. The development narrative shall provide the following information:

- Summary of the proposed development program, including product types, types of uses, and square footages.
- Concept plans, including site layout, building and unit configuration, common areas, and the joint occupancy component.
- The operational and management plan for the proposed project and how it would achieve the Development Objectives and Criteria.
- Identification of potential occupants and operations.
- Explanation of how the proposed project and its public access and open space improvements and amenities would meet the Development Objectives and Criteria.
• Description of how the Project will physically, operationally, and programmatically integrate with the Orange Coast College campus.
• Detailed operational and management plan.

C. Lease Terms: A detailed presentation of the proposed lease terms, including the following:

• Guaranteed monthly Base Rent to be paid to the District.
• Periodic adjustments to Base Rent, including size and timing of adjustments.
• Proposed method for calculating Percentage Rent.
• Proposed method of calculating District participation in capital events.
• Rent to be paid to the District monthly during construction.
• Length of lease term.
• District participation in proceeds that Proposer receives from sale, transfer or refinancing of leasehold.
• All other proposed lease terms so that the District Board of Trustees fully understands the intent and basis of the proposal.

D. Project Development Costs: A breakdown of construction and development costs for the proposed project, including hard and soft costs.

E. Financing Arrangements: A complete explanation of the financing arrangements, including how the proposed project will be funded and specifying the proportion of equity that is cash and the proportion of the funding that will be debt.

F. Funding Sources: Specifically identify the source(s) of all proposed project funding. Submit a written statement from each financing source that the equity and/or subordinate mortgage capital is available for funding the proposed project. The written statement should also confirm that the proposed project is consistent with the source’s investment criteria for a project of this type and size.

G. Completion Guarantees: Describe guarantees and bonding arrangements to ensure timely completion of the proposed project.

H. Cash Flow Projection: An estimate of the development costs, revenues and expenses of the proposed project, in the form of a pro forma Statement of Cash Flows for each year during at least the first 10 years of the Lease. The Statement of Cash Flows will be formatted pursuant to a pro forma format template to be provided by the District in Attachment E (form found at http://publicprivateventures.net/coastrfq). The pro forma will include the following items:

• Development costs, including all planning, design, permitting, construction, general conditions, overhead, etc.
• Revenues setting forth each operating department’s revenues concluding in a total revenue line.
• Expenses concluding in a net income available for rent to the District and debt service, and other non-operating expenditures.
• Rental payments to District (Base Rent and Percentage Rent).
• Reserves, including replacement reserves, re-tenanting reserves, infrastructure replacement, etc.
• Debt Service (principal and interest)
• Cash Flow after Rent to District, Reserves and Debt Service
• Non-Operating Outlays
• Net Cash Flow Before Taxes

I. Phase II Earnest Money Deposit: An Earnest Money Deposit of Ninety Thousand Dollars ($90,000.00) in the form of a cashier’s or certified check payable to the District. The total deposit amount of $100,000 (Phase I $10,000 deposit plus Phase II $90,000 deposit) will be returned to all non-selected Proposers immediately after the District Board of Trustees award an exclusive negotiations agreement to a selected Proposer. Failure to provide the Phase II Earnest Money Deposit will result in the District determining the proposal to be non-responsive.

J. Project Schedule: A project timeline setting forth anticipated dates to complete the following components of the proposed project:

• Completion of term sheet and document negotiations.
• Completion of environmental review.
• Securing entitlements.
• Conveyance of Lease.
• Commencement of construction.
• Completion of construction.
• First year of stabilized operation.

K. Identification of Project Management Team: Include complete resumes of project manager and key project team members.

L. Clarification of Individual Proposals. District staff or their consultants reserve the right to clarify individual proposals at their discretion during the evaluation process.

3. EVALUATION CRITERIA

The following are illustrative of criteria that may be used to evaluate proposals:

• Proposal’s connection to the core District mission, and integration with the District’s educational and facilities master plans.
• Proposal’s detailed presentation of proposed lease terms and cash flow projections for generating long-term, sustainable and stable income streams with a minimum of risk to the District.
• Proposal’s consistency with the District’s commitment to sustainability and “green” design principles.
• Proposal’s client references, compatibility of previous projects, evaluation of current commitments, and quality of oral presentation. Client references should be current within the last five (5) years.
• Depth of experience of Project Management Team including project manager and other key project team members. Project Manager shall have at least 5 years of experience in managing a project of similar scale. Include whether such experience was in a college or university setting.
• Proposal’s explanation of the financing arrangements.

4. SELECTION PROCESS

After a complete review of the Proposer proposals submitted, the Advisory Panel shall submit their evaluations to the District staff. District staff shall review the Advisory Panel’s evaluations and make the final recommendation to the Board of Trustees for selecting a Proposal and initiating exclusive negotiations with the selected Proposer for a Joint Occupancy Lease Agreement, Development Disposition Agreement and related documents.

5. PROCEDURES

The issued RFP will contain procedures for the following:

• Oral presentation
• Site visitations
• Notification of intent to award
• Award of exclusive right with exception
• Meeting RFP specifications
• Interpretation of documents
• Dispute process
• Questions regarding Phase II: RFP
• Addenda or Amendments to RFP
• Mandatory Phase II pre-proposal conference
• Proposed information to be accurate and complete
• Expenses
• Authorization to do business
• Subcontractors
• Withdrawal of proposal
• Proposal submission deadline
• Performance guarantee
• Acceptance of proposals
• Default
• Contract documents
• Certification of Non-Discrimination
• Non-collusion Affidavit
6. CERTIFICATION OF NON-DISCRIMINATION and NONCOLLUSION AFFIDAVIT

The Certification of Non-Discrimination and the Non-collusion Affidavit are to be signed by the Proposer’s authorized signatory and must be submitted by the Proposer in the sealed envelope along with its proposal. The District is unable to accept any proposal submitted without these statements completed and signed by the Proposer’s authorized signatory.

7. REQUIREMENTS

The Proposer shall be responsible for becoming familiar with the District’s requirements for the scope of the project, and rely solely upon his or her own independent judgment, and not upon any statements or representations made by the District, whether express or implied.

Below is a summary of District and Proposer responsibilities:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>District</th>
<th>Proposer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predevelopment</td>
<td>District will provide Proposer with due diligence studies and reports done to date; District may conduct additional studies at its sole discretion.</td>
<td>Proposer has complete responsibility, and may not rely on work done by District.</td>
</tr>
<tr>
<td>Community Outreach</td>
<td>District will schedule public meetings for Proposer presentations of Phase I RFQ proposals and engagement with community stakeholders.</td>
<td>Proposer is responsible for working with community groups, as appropriate.</td>
</tr>
<tr>
<td>Financing</td>
<td>District is not presently considering making any financial contribution; however, it reserves the right to consider participation if appropriate. Proposals should not assume public financing.</td>
<td>Proposer has complete responsibility.</td>
</tr>
<tr>
<td>Construction</td>
<td>Coordination with Proposer to eliminate or reduce construction impact to existing campus projects.</td>
<td>Proposer has complete responsibility.</td>
</tr>
<tr>
<td>Operation &amp; Management</td>
<td>Coordination with District to ensure that operation and management of residential development is consistent with the objectives of District. District will have the right to review and approve any assignment of Operation &amp; Management responsibilities from proposer to another 3rd party.</td>
<td>Proposer has complete responsibility.</td>
</tr>
<tr>
<td>Subleasing</td>
<td>District shall have the right to review and approve.</td>
<td>Proposer has complete responsibility.</td>
</tr>
<tr>
<td>Land Use Entitlements</td>
<td>District will act as co-applicant and engage with City planning to seek necessary entitlements.</td>
<td>Proposer has final responsibility for securing all entitlements.</td>
</tr>
<tr>
<td>Environmental Review</td>
<td>District will act as co-applicant.</td>
<td>Proposer has complete responsibility for any subsequent environmental review, and for securing all related regulatory approvals and permits.</td>
</tr>
</tbody>
</table>
## Multifamily Residential Project Summary Form

*To be completed for each comparable project cited in the proposal as relevant experience*

<table>
<thead>
<tr>
<th>Name of Responding Company*</th>
<th>Date</th>
</tr>
</thead>
</table>

### Project Information:
- **Name**
- **Location**
- **Development Dates (Construction Start)**
- **First Opening**
- **Additional phase opening dates, if applicable**
- **What was the team member’s role in project?**
- **Were other members of the currently proposed team involved?**
- **Name**
- **Role**

### Components and Sizes:
- **Total Residential (du’s)**
- **Affordable Units (DU’s)**
- **Other land uses (describe)**
- **Total land area occupied**

### Public Participation In:
- **Financial Aid (Grant)**
- **Financial Aid (Loan)**
- **Fee Waiver**
- **Tax Waiver**
- **Special Entitlements**
- **Expedited Processing**

### Ownership:
- **Name of original owner**
- **Original ownership percentage of respondent**
- **Current owner (if different)**
- **Current ownership percentage of respondent**

### References:
- **Private Parties**
  - **Name**
  - **Title**
  - **Phone**
  - **Property Management**
  - **Construction lender**
  - **Permanent lender**
  - **Other**
- **Public Officials**
  - **Function or relationship**
  - **Name**
  - **Title**
  - **Phone**

*Must be provided for Master Developer and Architect/Planner if a separate entity. May be provided for other team members.*