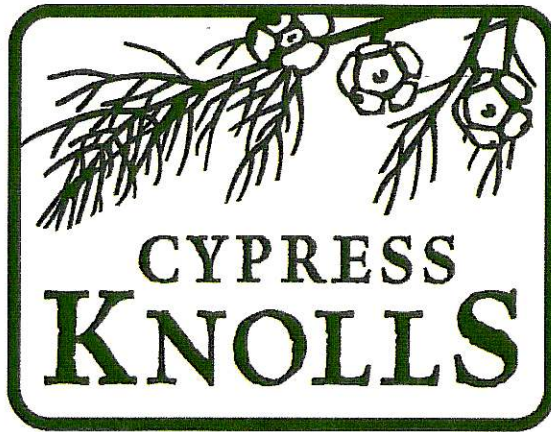




**Cypress Knolls
Request for Proposals**

Redevelopment Agency of the City of Marina

9 November 2009 - Updated

Proposals Due: 26 March 2010



211 Hillcrest Avenue, Marina CA 93933

www.ci.marina.ca.us

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OVERVIEW

The Redevelopment Agency (Agency) of the City of Marina is soliciting proposals from experienced developers and operators who have the capability and experience to develop and operate a state-of-the-art residential community/neighborhood for seniors. The 188-acre Cypress Knolls development site is part of the former Fort Ord and is owned by the Agency. It is a very desirable property in terms of coastal area location and topography and offers partial views of Monterey Bay. Key entitlements such as water allocation are in place. Demand for senior housing with full continuum of care services is strong in the area and desired by the City of Marina.

OBJECTIVES

The Cypress Knolls community/neighborhood is generally envisioned to consist of:

- An age-restricted community with both ownership and rental units
- Integrated senior care residential products providing a full-continuum of care, including independent living, assisted living, dementia care, and skilled nursing
- A robust network of walking paths and recreational facilities
- Integrated community serving facilities and amenities such as dining, recreation, athletic, social, available both to the immediate and larger Marina community
- Environmentally sustainable development with best practices in building construction, water conservation, and community design

The history of the project since the closure of Fort Ord is described in Appendix C. The Redevelopment Agency approved entitlements for an active adult community in November 2006. During the past year, the City Council and Agency Board have held a series of public workshops and meetings to gather further public input and refine the scope of the future development and the objectives of the community.

On August 26, 2008, the community reviewed the project as approved. The Agency Board noted strong preferences were expressed for the following policy objectives and refinements that may vary from the approved entitlements:

- Incorporate a full continuum of care facilities seamlessly into the development as part of the non-optional development program (entitlements approved an active adult community with limited services and an optional assisted living).
- Integrate development with surrounding neighborhoods (entitlements approved a full fenced and gated development with community pedestrian and bicycle access during daylight hours).
- Ensure that universal design features for senior living are incorporated throughout the project; (the approved Design Guidelines incorporate universal design).
- Maximize green building principles, (which have been addressed in part in the approved Design Guidelines).
- Incorporate solar energy throughout the development, beyond the current entitlement condition which requires wiring all single-family and duet housing for solar power and offering solar energy as an option that may be exercised by the homebuyer.
- Examine potential increase in building height and density to facilitate the development of housing with continuum of care, and enhance community design.
- Seek integration of affordable housing within the community; (the layout of the existing entitlements show the low and very low affordable housing outside the gate).
- Operate Senior Center activities and services for the entire Marina community, not separate City and project community centers.

Show how the project will integrate and connect to the 2nd Avenue extension to the West and the potential for reconfiguring circulation to/from the project to this important community arterial.

Consider other viable land use options for the property that would support the primary use of the project as a senior community and the surrounding community such as neighborhood-serving retail and services.

Proposed development may go outside of entitlement footprint onto adjacent Agency property if needed to support the project objectives

In July 2009, the community responded to three specific questions about the project scope to be addressed by this RFP.

Question 1. What Type of Additional Land Uses Could Work Well With Senior Residences and Senior Services to Enhance the Cypress Knolls Neighborhood for Residents and Visitors?

Response: Walking Trails; Physical Activities; Public Arts; Safety Elements; Parks; Cafés; Community/Senior Centers; Meeting Rooms; Fitness Center & Spas; Museum; Chapel; Dog Parks; Library; Sports Arena; Healthcare Facilities; Transit; Retail

Question 2. What Type of Public Spaces and Amenities/Uses Should be Located Near Cypress Knolls Neighborhood Center?

Response: Two (2) Centers one for Activities; one for Service Needs; Art Gallery/Center; Holistic Center; Multi-Use Facility; Open Spaces; Adult Classes; Satellite Public Safety; Mass Transit; Ground Fountain; Gaming Tables

Question 3. How do You Feel About the Community Recommendations from August 28, 2008 Workshop/ Study Session? Do You Wish to Modify Them, What Other Recommendations Do You Suggest?

Response: Memory Care should be included in Continuum Care; Gated vs. Non-Gated; Police/Security Sub-Station should be considered; Green Principles should be required/added; Transit Friendly Community; Purchase property, when time comes for Assisted Living home sale proceeds to transfer to Assisted Living Units; Ground units should be considered and spacious with gardens

Developers are strongly encouraged to incorporate the Agency's 2008 policy objectives and refinements and 2009 community recommendations in development proposals.

SETTING

Description of Site

The Cypress Knolls project area consists of approximately 188 acres, shown on Figure 1. The site contains the remains of 260 duplex housing units, vacant since the closure of Fort Ord in 1993. The site is bounded on the north by Patton Parkway, to the east by California Avenue, on the west by vacant land adjacent to Highway One and on the south towards 12th Street. The dominant land form of the project area has been described as a large bowl with a flat base in the approximate center of the site. The site varies in elevation from a low point of approximately 56 feet above mean sea level to a high point of approximately 127 feet in the northwest portion of the site.

Context of Fort Ord Base Reuse

While the City of Marina, population 21,000, on the Monterey Bay suffered greatly from the 1993 closure of the Fort Ord Army installation, a significant opportunity exists and is being realized. Six redevelopment projects covering nearly 55% of the City's land area are projected to increase the City's population by 40%, increase the number of jobs by 200% and quadruple the City's assessed valuation. Since the Fall of 2004, the City established an office dedicated solely to comprehensive project implementation: the award-winning Strategic Development Center (SDC), managed by the Department of Development Services. In cooperation with other City departments, the Director of Development Services and the Project Manager for each project are empowered to expeditiously process all development approvals from initial negotiations to the final certification of occupancy. The five projects beside Cypress Knolls are The Dunes, Marina Station, Marina Heights, Downtown Vitalization and the Marina Airport Economic Development Area. Together they comprise the equivalent of a master planned community of 1,863 acres with potential for 6,523 housing units, 500 hotel rooms, and 4.2 million square feet of commercial/industrial. Further details are available on the City web site at www.ci.marina.ca.us.

Surrounding Land Uses

Land uses surrounding the Cypress Knolls project area are shown on the attached Figure 2. An existing central Marina neighborhood is to the North, the new Marina High School is to the Northwest, open space with coastal vistas are due West, housing of the Veterans Transition Center and Monterey Peninsula College's Marina Center are to the South, as are two future medical facilities and other commercial development opportunity sites along Imjin Parkway. Housing, retail and future services and recreation facilities at The Dunes are to be built across Imjin Parkway, complementing the Phase I retail development. Housing in the Marina Heights project is to be built due East.

DEVELOPMENT PRINCIPLES

Summary of Entitlements

All entitlement documents are available for review at the Marina Redevelopment Agency's office. They are also available on the City's web site at www.ci.marina.ca.us and may be purchased on a flash drive from the Department of Development Services.

The following entitlements were approved by the City Council/Redevelopment Agency in November, 2006:

- Tentative Map
- Certified Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Program (MMRP) that was upheld in litigation
- Use Permit
- Tree Removal Permit for 1,076 trees
- Zoning Map and Text Amendments
- General Plan map and text amendments
- Design standards for homes, community center, open space/landscaping, gates and fencing
- Water allocation confirmed by City and Marina Coast Water District
- Confirmation of consistency with Fort Ord Base Reuse Plan
- Development Agreement
- Disposition and Development Agreement (DDA)

The Fort Ord Reuse Authority found the project consistent with the Fort Ord Base Reuse Plan.

The description of the land use plan and entitlements secured for Cypress Knolls, illustrated in the conceptual plan contained in Figure 3, is provided in Attachment D.

Actual entitlements for the future project may vary based on the incorporation of the additional policy objectives as noted previously. Developers should be prepared to propose and justify amendments to the entitlements as needed to support their development proposals.

Development and Disposition Agreement (DDA)

The City of Marina has executed DDAs on major strategic projects with certain concepts common to all projects: profit participation, prevailing wages, fiscal neutrality, inclusionary (below market rate) housing obligations, and full payment of City and FORA development/impact fees.

(Please note: While it is the desire of the City to stay within the context of the approved Cypress Knolls DDA to the extent possible to meet the objectives of the development, project economics will vary depending on the specific future project, and as such, the terms of the DDA may also change.)

Key business terms of the DDA approved in November, 2006 specific to the Cypress Knolls project entitlements, are provided in Attachment E. Below are terms to include in the final DDA which represent key Agency interests:

Purchase Price and Phasing: The land sales price will be determined at fair reuse value as provided for in California Redevelopment Law. The development site may be conveyed to Developer in phases, with land payments coinciding with the conveyance of the site.

Profit Participation Payments: In addition to the purchase price to be paid as set forth above, the Developer shall pay to the Agency Profit Participation Payments, which would be dependent upon the economic performance of the Project. The Profit Participation Payments shall be equal to 50% of the excess cash flow over the development's threshold Internal Rate of Return (to be negotiated as part of the DDA).

Demolition of Existing Improvements: The developer is responsible for demolishing all existing buildings located on the property. The demolition of buildings, removal of roads and utility infrastructure may occur in phases. Demolition costs to be borne by the developer were estimated at \$13.8 million under the previous DDA but may be less or more depending on actual site preparation.

Prevailing Wages: The developer is committed to cause all contractors and subcontractors to pay prevailing wages in the construction of both horizontal and vertical improvements as those wages are determined pursuant to Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations, and in accordance with the FORA Master Resolution.

Other Financial Obligations: In addition to payment of the land purchase price, development impact fees, and FORA impact fees, the developer will pay \$1,830,000 for Patton Parkway and Crescent Street extension construction, and contribute towards construction of the City's senior center.

Below Market Rate Housing: The developer is required to develop, or cause to be developed by a third party, a minimum of twenty percent of units affordable to Very Low, Low and moderate income households, and potentially units affordable to Bridge Income households, earning between 120% to 150% of area median income.

Agency Assistance for Affordable Housing: The Agency anticipates contributing Low and Moderate Income Housing Fund revenues generated by the Cypress Knolls development project to fund a portion of the construction costs associated Low, Low, and Moderate-Income residential units to be provided on-site.

Agency Assistance for Infrastructure: The Agency may consider the use of non-Low/Moderate Income housing property tax increment to assist in the meeting the cost of developing infrastructure for the property. The amount and timing of such assistance will be negotiated as part of the DDA.

Fiscal Impact and Neutrality

The City requires that all projects must have a neutral fiscal impact on the City of its operating expenses required to service the project, such as police, fire, recreation, maintenance services, etc.

ROLES AND RESPONSIBILITIES

The development of Cypress Knolls will be a public/private partnership between the selected developer and the Agency. It is envisioned that an Exclusive Negotiating Agreement (ENA) will be executed that will provide a period of time to undertake site evaluations, any additional environmental review and entitlements, negotiate business terms, and prepare/execute a Disposition and Development Agreement (DDA), which will govern the conveyance and redevelopment of the property. The selected developer will be obligated to enter into a reimbursement agreement with the Agency to cover 100% of the Agency's and City's cost to issue the RFP, review proposals, negotiate the terms of the ENA and the DDA and process entitlements as necessary.

Role of Developer

Serve as the lead partner with respect to planning, designing, building, and operating a premier senior adult residential neighborhood;

Enter into an Exclusive Negotiating Agreement (ENA) with the Agency, which will enable the Developer to proceed with its due diligence and negotiations with the Agency;

Negotiate a Disposition and Development Agreement (DDA) with the Agency, which will include business terms for the conveyance of the property, a development program, Developer obligations, Agency obligations, and a schedule of performance for acquiring the site, securing financing, starting construction, completing affordable housing, etc;

Fund 100% of predevelopment expenses associated with the Project, including negotiating and preparing the ENA and DDA, funding on-site-security and fence maintenance costs;

Evaluate the existing tentative map, use permit, EIR, and other documents;

Submit to the Agency any requested changes to the Project;

Secure and fund any remaining entitlements, or modifications to the entitlements, for the Project;

Secure financing for the Project;

Purchase the property from the Agency in phases or in one takedown at a price and under terms consistent with the property's fair reuse value and DDA;

Demolish existing improvements;

Undertake backbone improvements;

Complete public amenity improvements;

Complete vertical development;

Operate the assisted living facility, the dementia care facility, the skilled nursing facility and all resident services, and manage all community-serving facilities;

Maintain during the ENA period and throughout project development a full-time project manager on-site in Marina.

Role of Redevelopment Agency/City

Provide access to entitlement documents and all available site information;

Provide information on city fees, standards and regulations;

Negotiate ENA and DDA with selected developer;

Process entitlements and permits in expedited manner;

Sell property to developer and provide limited financial assistance under terms consistent with the property's fair reuse value and the to be negotiated DDA.

SCHEDULE AND SELECTION PROCESS

Schedule

November 1, 2009	Issue RFP
December 11	Information Meeting and Tour of Site, 10:00 a.m. - 4:00 p.m.
February 16, 2010	Proposals due
March, 2010	RFP Review Committee: review proposals for completeness, request clarifications from respondents
April 2010	RFP Review Committee: evaluate proposals, interview proposers, visit proposers' comparable developments; recommend to Agency Board one team for selection and two alternate teams
May 2010	Agency/Council: reviews proposals submitted by teams recommended by Review Committee
June 2010	Agency/City Council takes action to select a developer and instructs City staff to negotiate ENA
August 2010	Agency/Council approves ENA

Information Meeting and Site Tour

Agency staff will host an information meeting and site tour, currently scheduled for December 11, 2009 at 10 a.m. Attendance must be confirmed by contacting Jennifer Coile at (841) 384-7324 or jcoile@ci.marina.ca.us. Lunch will be served and there will be an opportunity for interested development team members to meet and discuss the project.

Selection Process

The evaluation process leading to developer selection is as follows:

All submittals will be reviewed for completeness by staff. Any development teams that do not submit complete packages will be eliminated.

An evaluation panel comprised of five public members (appointed by the City Council); one representative each (the Chair) from the Planning Commission, Public Works Commission, Recreation and Cultural Services Commission, Economic Development Commission; plus City senior management staff will review the remaining submittals and select the top development teams to interview. The evaluation panel reserves the right to request additional information from development teams and may elect to visit one or more of the teams' completed projects.

Following the interviews, the panel will recommend to the Agency a Developer for selection and up to two alternate teams.

The Agency Board will select a Developer and Agency staff and Developer will negotiate the terms of an Exclusive Negotiation Agreement (ENA). The ENA will require the Developer to fund 100% of predevelopment and Agency negotiation expenses of the Agency, including expenses in the RFP and developer selection process that were not reimbursed by developer deposits.

If ENA is successfully negotiated, Developer and Agency staff will proceed under the ENA with negotiating the terms of a Disposition and Development Agreement, and completing the project entitlements, as necessary. The timeframe, costs and requirements for such negotiation and activity will be detailed in the ENA.

SUBMISSION REQUIREMENTS

Teams must submit a complete package in order to be considered. The package (excluding the information requested in item numbers 6, 7, and 8 below) should be a maximum of thirty (30) pages total. The ideal submission package identifies each of the sections below, in the following order:

1. Executive Summary

A two-page summary highlighting the Developer's qualifications, experience, and development proposal. The letter should clearly identify all of the team members and their roles as well as indicate the person who will serve as principal point of contact/project manager with the City and be authorized to make representations on behalf of the entity. Please indicate the percentage of time that the project manager will dedicate solely to Cypress Knolls development, if selected.

2. Composition of Developer, Development Team and Organization Chart

The narrative description should include the following:

anticipated legal structure of the Developer;

name, address and phone number of each member of the Developer (excluding consultants)

contact information of the responsible individuals of the Developer who have the authority to execute contractual obligations on behalf of the Developer;

if any member of the Developer is not a public company, the names of the members, partners or officers and directors, as applicable, and any shareholder, member or partner having a 5% or greater interest in the Developer Member;

the role and responsibilities of each Developer Member relative to the Cypress Knolls development;

lead negotiator for the Developer;

What committees and/or individuals need to approve ENA and DDA terms and what is the process/ lead time necessary to secure such approvals;

the names of additional members of the Development Team who are consultants to the Developer;

the services to be provided by each Team member to the Cypress Knolls development;

It is anticipated that the Developer/Development Team will include the following entities:

Developer, managing general partner, affordable housing developer, project manager for Developer, financial partner (possible), architect, continuum of care service provider, property manager/manager of the HOA, marketing director, etc.

3. Proposed Approach to Project and Development Program

A narrative description and detailed tabular presentation of the proposed project—land use program, phasing, public amenities, residential product types, affordable housing, ownership versus rental components, integration with surrounding community, continuum of care elements, sustainable elements, etc. Specific development projects of less than 188-acres may be submitted, however, the developer should explain how he/she will coordinate and complete master planning, financing, infrastructure and site preparation of the entire site. The narrative should also outline the team's approach and philosophy to developing projects and how that approach translates into a successful development. The Developer's approach to utilizing the entitlements that are currently in place for Cypress Knolls should be addressed as well as current market conditions and the impact of current market conditions on the project's schedule. Describe consideration of City Council's 2008 revised objectives and community's 2009 comments. In matrix form, describe any elements of the proposed development program that may require modifications of existing entitlements and projected level of effort to achieve those modifications.

4. Property Management, Recreation Program, and Services Management Plan

A narrative description of the plan for managing/operating the rental independent living, assisted living, dementia care, and skilled nursing portions of the property. Additionally a narrative description of the recreational facilities (square footage by use) and programming to be offered to both residents and all Marina seniors. The plan should address staffing, services, fees for services for both Cypress Knolls residents and all Marina residents, recreation programming, and a clear statement of the Developer's expectations regarding the City's responsibilities for funding any improvements, funding any programs, or providing staffing/management for programs.

5. Proposed Financing Plan

Narrative and quantitative summary of the project's financing plan. The financing plan should include a schedule of project costs, and anticipated sources of funds to be used to finance each component of the project. The financing plan should clearly indicate any City/Agency financial assistance that is being requested. The financing plan should also address the source of private capital, the return requirements/expectations of the private capital, the availability of unencumbered funds for this project, and letters of interest from potential financial partners/lenders.. The assumed use of land-based financing for infrastructure should also be addressed as well as Home Owners Association obligations.

6. Proposed Business Offer to Agency/City.

A detailed narrative and cash flow description of the Developer's business offer to the City. The offer should address:

the metrics that have been used to form the business offer,
proposed land payments to the Agency (timing, amount, contingencies, formula)
proposed payments to the City for public facilities such as Patton Parkway construction, etc
Agency participation in project-upside;
Any requested Agency financial assistance, why the assistance is needed, terms of the assistance, and proposed funding source for the assistance; and
A cash flow projection showing land payments to be made to the Agency and any proposed Agency financial contributions.

7. Development Pro Forma

A detailed financial pro forma for the development of the Project, including detailed statements of: predevelopment costs, demolition costs, backbone infrastructure costs, FORA fees, in-tract infrastructure costs, vertical improvement costs by product type, projected sales revenues by product type, net operating income statements for rental and service components, net cash flow projection for the project through full build-out showing land payments and any Agency assistance payments. The pro forma must utilize a model that illustrates unleveraged returns and non inflationary revenues and expenses.

8. Developer Relevant Projects

Include a maximum of five projects in the United States and Canada that highlight the experience of the Developer serving as the land and finished product developer role of senior residential communities that offer a full-continuum of care, from active adult neighborhoods to assisted living to dementia care and skilled nursing facilities. All relevant projects must be described using the format provided in Table 1.

9. Developer Background

Detailed background information on the proposed developer entity(ies), including membership of the board of directors, senior management, corporate history, corporate mission statement or similar characterization of the entity's principal business objectives, and corporate organizational structure. Similar information is requested for any development partner that is proposed to be a part of the project.

10. Development Team Relevant Projects

For each Development Team member, provide at least two past housing developments in the United States and Canada for which the Development Team Member assumed the same responsibilities/roles as it will be assuming for the Development. The Project descriptions shall be in the format of Table 2. The experiences of the entity(ies) responsible for operating the assisted living, dementia care, and skilled nursing facilities are of key importance.

11. Resumes of Key Individuals of Developer or Development Team

Provide the resumes for the lead negotiator, the responsible individuals of the Developer, and the project manager who will be responsible.

12. References for HOA Manager/Property Manager

Please provide the name and contact information for other residential facilities or communities currently managed by the Development Team Member.

13. Awards

Please list any awards received by any Development Team Member for its home construction, community facilities, or management practices.

14. Financial Qualifications

Provide clear evidence of financial resources to plan, acquire, and develop the property in accordance with preliminary development objectives and principles established by the City, including:

Names(s) of members of the developer team who are responsible for securing financing for developing Cypress Knolls.

List and describe other comparable projects for which the developer secured financing. Description should include: scope of development, date of completion, amount and nature of funding provided.

If an equity fund partner is being proposed, list and describe other comparable development projects funded by the proposed funding source. Description should include: scope of development, date of completion, amount and nature of funding provided.

Copies of audited financial statements of responsible entities for the past two years are preferred. Financial statements should include balance sheets, unencumbered liquid assets, income statements, and accompanying notes.

Availability of unencumbered funds to complete the Project and the compatibility of the funding source with the time horizon and return profile of Cypress Knolls.

Contact information for equity source and list of financial references.

15. Financial History

Please indicate if any member of the master developer team or any partnership, joint venture, or LLC including a member of the master developer team has ever declared bankruptcy or participated in a restructuring of debt commitments of a distressed property. If so, please describe the project and circumstances.

16. Litigation and Disciplinary Action

Please list (including case name, court and docket number) any litigation or other proceedings commenced against any Developer Member or any Development Team Member within the last five years (whether pending or terminated) relating to housing constructed or managed by the entity. Please describe any disciplinary action commenced against any member of the Developer/Development Team by any licensing board.

SUBMITTAL DIRECTIONS

Two simultaneous packages must be submitted, one to the City and one to the Financial Advisor.

Submittal Fee

A non-refundable fee of \$5,000.00 must be submitted to process review of the proposal.

Submittal to the City:

Submittal packages to the City should include:

one (1) unbound original

twenty-five (25) bound copies

one (1) electronic version of item numbers 1 through 9 listed above.

Cashier's Check for \$5,000.00, non-refundable fee for processing review of proposal

Notes: Tables 1 and 2 should be in Microsoft Office Word format. Facsimile copies are not acceptable.

Please submit to:

Ms. Jennifer Coile, AICP

Cypress Knolls Project Manager

Department of Development Services, City of Marina

211 Hillcrest Avenue

Marina, CA 93933

Submittal to the Financial Advisor:

All financial information required in item numbers 14 through 15 listed above will be summarized by the City's financial consultant. Therefore the City will not possess any of the financial data, and it will remain highly confidential. All financial information of those proposers who are not selected will be returned immediately following the selection of a developer. Please submit one copy of the financial data to:

Ms. Debbie Kern, Keyser Marston Associates

Golden Gateway Commons

55 Pacific Avenue Mall

San Francisco, CA 94111

Both submittals must be received no later than 4 p.m. on Tuesday, February 16, 2010. packages received after this date/time will not be considered. If you have any questions, please contact Jennifer Coile, Cypress Knolls project manager at (831) 384-7324 or jcoile@ci.marina.ca.us.

EVALUATION CRITERIA

The Agency/City is interested in partnering with a developer responsible for master planning and development of the 188-acre Cypress Knolls property. Submitted proposals will be evaluated to assess: overall ability to complete the entitlement process, purchase the property, coordinate overall site preparation and infrastructure, build and maintain a premier senior community. Development teams will be evaluated based on the following criteria:

Relevant Experience

Each member of the team must have demonstrated experience in successfully undertaking the same role that s/he will assume at Cypress Knolls, as follows:

Managing Partner of Developer—must have developed at least three (3) successful adult residential communities. The communities shall include both ownership and rental residential components. Each of the communities must have no less than 250 residential units. The developer shall have undertaken all typical developer responsibilities, from conceptualizing a successful community, securing entitlements, securing financing, completing infrastructure improvements, completing vertical construction, and marketing the community. The Developer shall also have completed at least three (3) joint public/private projects and shall have past experience in using Mello-Roos financing for public infrastructure (if the Developer is proposing to use land-based financing for the subject project).

Developer Member Responsible for Securing Financing—must have secured debt and equity financing to fund land and improvement development costs for at least three residential developments of 250 units or more. It is preferred that the Project Manager have experience in managing the development of active adult and continuum of care residential developments.

Project Manager—must have managed the land and vertical development of at least two (2) residential projects, with each project having no less than 250 residential units. The project manager must have experience in managing the development of public/private partnerships.

Project/Program Manager—must have current experience in managing recreation/event programs for communities of no less than 250 units.

Continuum of Care Service Provider—must have strong current experience in operating assisted living, dementia care, and skilled nursing facility residential communities similar in size and scope as what is being proposed at Cypress Knolls.

Affordable Housing Developer—The developer responsible for developing the Project's Very Low, Low, and Moderate income housing units must have developed at least 200 affordable residential units over the past 8 years. The developer shall have been responsible for securing entitlements, securing funding sources, developing the units, marketing the units, screening tenants/buyers, managing rental units, and monitoring the compliance of tenants with income and tenancy requirements.

Marketing/Sales Director—The team member responsible for sales and marketing of the residential units must have designed and successfully implemented a comparable marketing and sales campaign for at least one other comparable sized active adult community within the last five years.

Consistency of Proposed Project with Agency's Goals and Objectives

The Agency is seeking proposals that will result in Cypress Knolls being the premier senior community in the Monterey Bay area, and in the State of California. The ideal proposal will meet all of Agency's land use objectives, including affordable housing targets, public amenities, robust recreation facilities, both ownership and rental opportunities, seamless integration with the surrounding community and a range of product types that will deliver full continuum of care. The ideal proposal will also demonstrate that the rental component, recreation facilities and service programs will be expertly managed. Alternative land uses may be proposed, if supporting to and complementary to the primary senior use, such as innovative institutional uses, and will be evaluated according to feasibility.

Business Offer to Agency

The Agency is desirous of protecting its financial return from the sale and redevelopment of the property. Consistent with this objective, the Agency will be evaluating each proposal relative to:

- Proposed land purchase price;
- Schedule for payment of purchase price;
- Conditions for the acquisition of the property;
- Proposed profit participation formula;
- Need for Agency financial assistance for the production of affordable housing;
- Need for Agency assistance beyond affordable housing (i.e. infrastructure);
- Developer's commitment to funding 100% of the project's entitlement and predevelopment costs.

The Fort Ord Reuse Authority will also review the proposed land purchase price and schedule for payment as is consistent with their authority.

Feasibility of Proposed Project

The Agency is seeking a Developer who will expedite the redevelopment of the property. To that end, the Agency will be closely examining all aspects of the proposal, including proposed land use, entitlements, development schedule, conditions to development, estimated development costs/revenues, available funding, and the integrity of the financing plan to assess the feasibility of the proposal.

LIMITATIONS AND WAIVERS

By responding to this RFP, each proposer voluntarily and knowingly agrees as follows:

Selection is at the sole discretion of the Agency. The Agency reserves the right to reject all submittals or to waive minor irregularities. The cost of preparing any responses to this RFP shall be borne by the respondents and will not be reimbursed by the City/Agency.

Each proposer shall hold the City and Agency harmless from any and all liability, damage, claim, loss and/or expense incurred by or on behalf of such proposer in connection with or relative to this RFP.

All materials submitted in response to this solicitation (with the exception of the confidential financial information submitted to the Agency's financial advisor) will become the property of the Agency.

The Agency may amend or terminate selection procedures at any time at its sole discretion.

To waive any and all rights that it may have to object, protest, or seek any legal remedies whatsoever regarding any aspect of this RFP, including, without limitation, the Agency's selection of a developer, the agency's rejection of any or all submittals and any subsequent agreement that might be entered into as a result of this RFP solicitation.

The proposer and any subsidiary substantially owned by it, does not and will not discriminate against any employee or applicant for employment because of race, religion, sex, color, national origin, sexual orientation, ancestry, marital status, physical condition, pregnancy or pregnancy-related conditions, political affiliation or opinion, age or medical condition. Any subsequent contracts or agreements shall contain similar language and requirements pursuant to the California Community Redevelopment Law.

In the interest of a fair and equitable selection process, development entities and their representatives and agents are not permitted to undertake any activities or actions to promote or advertise their bid, or to make any direct or indirect (through others) contact with members of the City Council or Agency Board concerning their proposals, the proposals process, the subject property, or any related matters, other than through City/Agency-sponsored presentations, interviews or interaction with Agency/City staff as assigned to this project. Development entities and their representatives or agents shall interact with the Agency/City staff only through the assigned Agency/City staff to this project. Violation of this prohibition will be grounds for disqualification of the proposer.

Agency Board members and Agency staff are subject to several legal and policy limitations regarding receipt of gifts from persons, firms, or corporations either engaged in business or with the Agency, or proposing to do business with the Agency. To avoid the appearance of impropriety, respondents should not offer any gifts or souvenirs, even of minimal value, to Agency officers or employees. The selected developer shall continue to be subject to this prohibition.

APPENDIX A

TABLE 1. RELEVANT EXPERIENCE

The Developer is to submit up to 5 summaries (tables) of similar completed projects.

Project Title:	
City, State:	
Type of Development: 1) Active Adult; 2)Continuum of Care; 3) Land Development; 4)vertical improvements; 5)public/private partnership:	
Project Description (size, mix of land uses, location and entitlement process):	
Similarities to Cypress Knolls:	
Role of Developer Member in Project:	
Size of Project/Number of Acres:	
Construction Start Date:	
Construction Completion Date:	
Construction Cost (Hard Costs Only):	
Provider/Amount of Long-Term Financing – both Debt and Equity:	
Contact for Equity Financing:	
Contact for Debt Financing:	
Project Manager:	Name: Company: Phone:
Master Developer Members (if applicable)	Managing Members/Companies:
Project Team Members (Please identify all team members being proposed for Cypress Knolls who also worked on this project. Please indicate any leading roles played by proposed team members.)	Name: Company: Role: Name: Company: Role: Name: Company: Role: Name: Company: Role: Name: Company: Role:
Local Government Reference:	Name: Phone: E-mail Address: Role of Agency/Local Government:
Amount/Type of public investment in project:	
Description of facilities in project:	
Description of affordable housing component	
Description of Assisted Living/Continuum of care component:	

Please limit the table to three pages total per project: up to two pages for the table and one page for project photographs, drawings, etc.

APPENDIX B

TABLE 2. RELEVANT EXPERIENCE – MEMBERS OF THE DEVELOPMENT TEAM

Each member of the Development Team shall submit development summaries (tables) for up to 5 projects in which the member has served in the same role as it will for Cypress Knolls.

Project Title:	
City, State:	
Type of Development: 1) Active Adult; 2)Continuum of Care; 3) Land Development; 4)vertical improvements; 5)public/private partnership; 6) Affordable development (list all that apply or other):	
Role of Team Member in Project:	
Project Description (size, mix of land uses, location)	
Similarities to Cypress Knolls:	
Size of Project/Number of Acres:	
Construction Start Date:	
Construction Completion Date:	
Developer	
Project Team Members (Please identify all team members being proposed for Cypress Knolls who also worked on this project. Please indicate any leading roles played by proposed team members.)	Name: Company: Role: Name: Company: Role: Name: Company: Role: Name: Company: Role: Name: Company: Role: Name: Company: Role:
Local Government Reference:	Name: Phone: E-mail Address: Role of Agency/Local Government:

Please limit the table to three pages total per project: up to two pages for the table and one page for project photographs, drawings, etc.

APPENDIX C

CYPRESS KNOLLS—SUMMARY BACKGROUND ON HISTORY OF PROJECT

History of Cypress Knolls Project

In 1994, the Base Reuse Plan for Fort Ord designated the western portion of the Patton Park enlisted staff housing area for senior/retiree housing. In 1995, the Agency accepted a proposal from a partnership named Lifespan to develop the project, which became known as Cypress Knolls. Over time, the member entities of Lifespan changed and Cypress Knolls LLC was formed with Front Porch of Burbank, California as the primary partner.

On January 6, 2004, the City Council adopted the Housing Element of the Marina General Plan which identified the Cypress Knolls project as age-restricted housing, affordable multi-family rental units available to income-qualified individuals and families, and an assisted living facility.

On May 18, 2004, the Redevelopment Agency of the City of Marina approved an agreement between the City of Marina and Cypress Knolls LLC (Developer) that established a process and timetable for completion of the Cypress Knolls Development Project. The approved project concept envisioned 712 housing units for age 55 plus, thirty percent (30%) affordable units, with a project community center, 34 acres of open space and network of walking/biking trails and an optional assisted living center of 60 beds. The affordable housing included 71 “bridge” duet ownership units, 49 moderate income ownership units, and 92 rental units for very low and low income seniors. Adjacent to the housing development was a site for a City senior center and acreage for a future school/park site.

On January 19, 2005, the City Council and Redevelopment Agency Board approved an Agreement to Negotiate Exclusively (ANE) between the City of Marina, Marina Redevelopment Agency and Cypress Knolls, LLC for the Cypress Knolls Development Project.

After a significant entitlement and public participation process, on November 21, 2006, the City Council and Agency Board granted entitlements for the Cypress Knolls project. The Council/Agency actions included certification of the Environmental Impact Report (EIR) and approval of the Tentative Map, General Plan Map and Text Amendment, Zoning Map and Ordinance Amendments, Use Permit, design guidelines, tree removal permit, water supply assessment, development agreement and Development and Disposition Agreement (DDA). The Council/Agency also approved an Amendment to the ANE (AANE), which required Cypress Knolls LLC to fulfill certain conditions for its partnership within a designated timeframe.

In February 2007, the Board of Directors of the Fort Ord Reuse Authority (FORA) found the project consistent with the Base Reuse Plan, and approved a Memorandum of Understanding (MOU) concerning a special rate for FORA fees and contributions to FORA capital projects. Within thirty days, Save Our Peninsula filed a lawsuit challenging the project's EIR for alleged inadequacies under the California Environmental Quality Act. The case was mediated and the litigation dismissed in August 2007.

Cypress Knolls LLC failed to meet the terms of the AANE by the specified deadlines. On March 17, 2008, the City Manager, acting as Redevelopment Agency Executive Director, notified Cypress Knolls LLC that the AANE was terminated. At a regular meeting on April 22, 2008, the Agency Board adopted a resolution upholding the Executive Director's decision, and the AANE termination became effective on that date.

At a special meeting of August 26, 2008, the Agency Board and City Council conducted a study session on the Cypress Knolls Development Project and surrounding developed and undeveloped areas. After significant public discussion and input, the Agency Board and City Council considered potential actions to continue implementation of the Cypress Knolls project and gave staff direction to prepare a Request for Proposals (RFP) for development proposals.

At a special meeting of July 28, 2009, the City Council held a facilitated public workshop to discuss the Cypress Knolls project scope and RFP.

APPENDIX D

CYPRESS KNOLLS—SUMMARY OF APPROVED LAND USE PLAN AND ENTITLEMENTS

Scope of development: As entitled, the development consists of 712 housing units including detached single-family residences, below market rate housing units, and a community center facility of approximately 20,000 square feet. Additionally, approximately 3.77 acres is designated as the possible future site of an assisted living facility with 60 beds.

Thirty percent (30%) of the 712 housing units will be below market rate: 71 (10%) duet Bridge units (affordable to households with incomes between 120% and 150% of median income), 142 (20%) affordable, of which 43 are Very Low income rentals, 50 are Low Income rentals, and 49 are Moderate income for sale units.

Gated community: The property was proposed to be fenced, with restricted vehicular access and landscaped entrance gates, with a project condition that the gates were to be open to pedestrians and bicyclists during daylight hours. Two gates to enter the property were approved: on California Avenue on the west and on Third Avenue to the south. A third access point to the property on Patton Parkway was intended for emergency vehicle access.

Home Owners Association: A homeowners association or an association of separate interest will be established to maintain commonly used facilities not accepted for public ownership, including on-site drainage facilities, private roadway and alleys, landscaping, irrigation, walls, and fences pursuant to the requirements of Section 17.54.110 of the Marina Zoning Ordinance. The HOA was contemplated to manage the project community center and operate shuttle services.

Tentative Map: The approved tentative map subdivides the property into residential lots with minimum sizes ranging from approximately 4,000 to 6,000 square feet, a site of approximately 8.33 acres for affordable housing, and a site of approximately 3.90 acres for an assisted living facility. The total net area of the residential lots is approximately 89.6 acres (after required street dedication). Remainder parcels include an approximately 16.6-acre site located at the southeast corner of the project's site (future park/school) and an approximately 2.6 acre site located at the northeast corner of the site (potential future City senior center). Open space comprised of 33.38 acres contains a network of walking trails within areas of native habitat, including sand gilia, restored habitat and drought-tolerant landscaping. Storm water for the western portion of the property is proposed to be collected and drained in a retention area to the west of the site on City property. Otherwise, storm water is collected and drained on site.

Certified Environmental Impact Report. Firma Consultants Inc. prepared the Environmental Impact Report (EIR) that identified significant environmental impacts associated with the project. Potential significant impacts that cannot be avoided include: (1) cumulative regional traffic impacts; (2) cumulative noise impacts from traffic; (3) air quality impacts related to occasional regional prescribed burn activities by other government agencies, and; (4) temporary construction noise impacts. Mitigations that will reduce these potentially significant impacts to a less than significant level were included in the EIR and the Council approved a Statement of Overriding Consideration and a Mitigation Monitoring and Reporting Program.

Tree Removal and Mitigation: The Tree Removal Permit approved the removal of one thousand seventy six (1,076) trees with two thousand one hundred and fifty two (2,152) replacement trees planted as mitigation.

Amendments to the City General Plan and Map: The General Plan Map was amended to change the land uses on the 8 acre affordable housing parcel from Single Family Residential to Multi-Family Residential, and two sites (sixteen acres and three acres) from Single-Family Residential to Public Facility to allow for potential future public uses of a senior center and park/school. Plan text amendments included numbers of housing units.

Rezoning and Amendments to the Zoning Ordinance: A portion of the property was rezoned from R-4 to R-1 and the school/park site was rezoned to Public Facility. Three zoning text amendments allow Planned Unit Development Projects flexibility in lot sizes, setbacks, and building coverage, while meeting standards for maximum density and open space, permit a maximum height of forty feet for public and quasi-public buildings in the R-1 Single-Family Residential district (e.g. project community center), and allow reduced parking standards for private community center upon granting of a use permit with the finding that members of the community center generally live or work in close proximity and are well served by transit and/or a network of walking and bicycling trails to access the center.

Use Permit: A use permit was approved to allow the Planned Unit Development, large residential care home (sixty (60) assisted living beds), and community center in the R-1 district and to allow for reduced parking at the private community center.

Water Resources and Allocation: A Water Supply Assessment was prepared and approved by the Marina Coast Water District (MCWD) which estimates there are sufficient water supplies for the build out of the project. MCWD provided a “will serve” letter for the project. The Water Supply Assessment, the project’s EIR and the proposed water allocation resolution and supporting findings conclude that there is sufficient water to serve the project.

Site and Architectural Design Review: Design guidelines to direct the site planning, landscaping, and design of the community center, single-family residences, signs, street furniture, fences, and walls were approved and incorporated recommendations from the Crime Prevention Through Environmental Design (CPTED) unit of the Marina Police Department. Site and Architectural Design Review for the affordable housing and the assisted living components of the project will need to be considered by the Design Review Board, Planning Commission, and City Council.

Development Agreement: The Agency approved a Development Agreement (DA) consistent with state law and Title 4 of the Marina Municipal Code with a term of twelve (12) years, to preserve the right to proceed with developing the property in accordance with the entitlement requirements.

APPENDIX E

CYPRESS KNOLLS—SUMMARY – DEVELOPMENT AND DISPOSITION AGREEMENT (DDA)

Key business terms of the DDA approved in November, 2006 specific to the Cypress Knolls project entitlements, included:

Purchase Price and Phasing: The Purchase Price shall be a total of \$15.9 million, anticipated to be paid in phases: \$4.8 million for Phase I, \$4.6 million for Phase 2, \$3.5 million for Phase 3, and \$3.0 million for Phase 4, which will be paid in cash at the close of escrow for each phase. The Phase 5 land contains the Affordable Apartments and Moderate Income units and will be sold to the Developer at the same time as Phase 2. The Assisted Living parcel was contemplated to be sold to the Developer if and when the Developer elects to exercise his/her option to purchase the site for development as an Assisted Living Facility; the purchase price will be determined prior to the transfer of the property.

Profit Participation Payments: In addition to the purchase price to be paid as set forth above, the Developer shall pay to the Agency Profit Participation Payments, which would be dependent upon the economic performance of the Project. The Profit Participation Payments shall be equal to 50% of the excess cash flow over the Developer's threshold Internal Rate of Return.

Demolition of Existing Improvements: The developer is responsible for demolishing all existing buildings located on the property as part of Phase I improvements. The demolition/removal of roads and utility infrastructure will occur in phases. Demolition costs to be borne by the developer were estimated at \$13.8 million but may be substantially less.

Prevailing Wages: The developer is committed to cause all contractors and subcontractors to pay prevailing wages in the construction of both horizontal and vertical improvements as those wages are determined pursuant to Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations.

Other Financial Obligations: In addition to payment of the land purchase price, development impact fees, and FORA impact fees, the developer will pay \$1,830,000 for Patton Parkway and Crescent Street extension construction, and contribution towards construction of the City's senior center.

Below Market Rate Housing: The developer is required to develop, or cause to be developed by a third party, a minimum of twenty percent of units affordable to Very Low, Low and moderate income households, and potentially units affordable to Bridge Income households, earning between 120% to 150% of area median income.

Agency Assistance for Affordable Housing: The Agency is committing to contributing from available property tax increment revenues generated by the Cypress Knolls project and retained by the Agency after pass-through payments to taxing agencies and Agency administration expenses. Use of the Agency's assistance shall be restricted to funding construction costs associated with the Very Low, Low, and Moderate-Income residential units.

Reuse Valuation Report

Keyser Marston Associates, Inc. (KMA) prepared a Reuse Valuation report for the Cypress Knolls property, with the premise that the project will be developed shortly after conveyance to the Developer in each phase. Speculation in land holdings is not permitted. The cost approach and the market data comparison approach were not applicable to determining the market value of the Cypress Knolls site so the Reuse Value was established by the use of the income approach to value reflecting the project characteristics and requirements in the Agreement to Negotiate Exclusively and the DDA.

Fiscal Impact and Neutrality

The City requires that all projects must have a neutral fiscal impact on the City.

FIGURE 1. AERIAL OF SITE

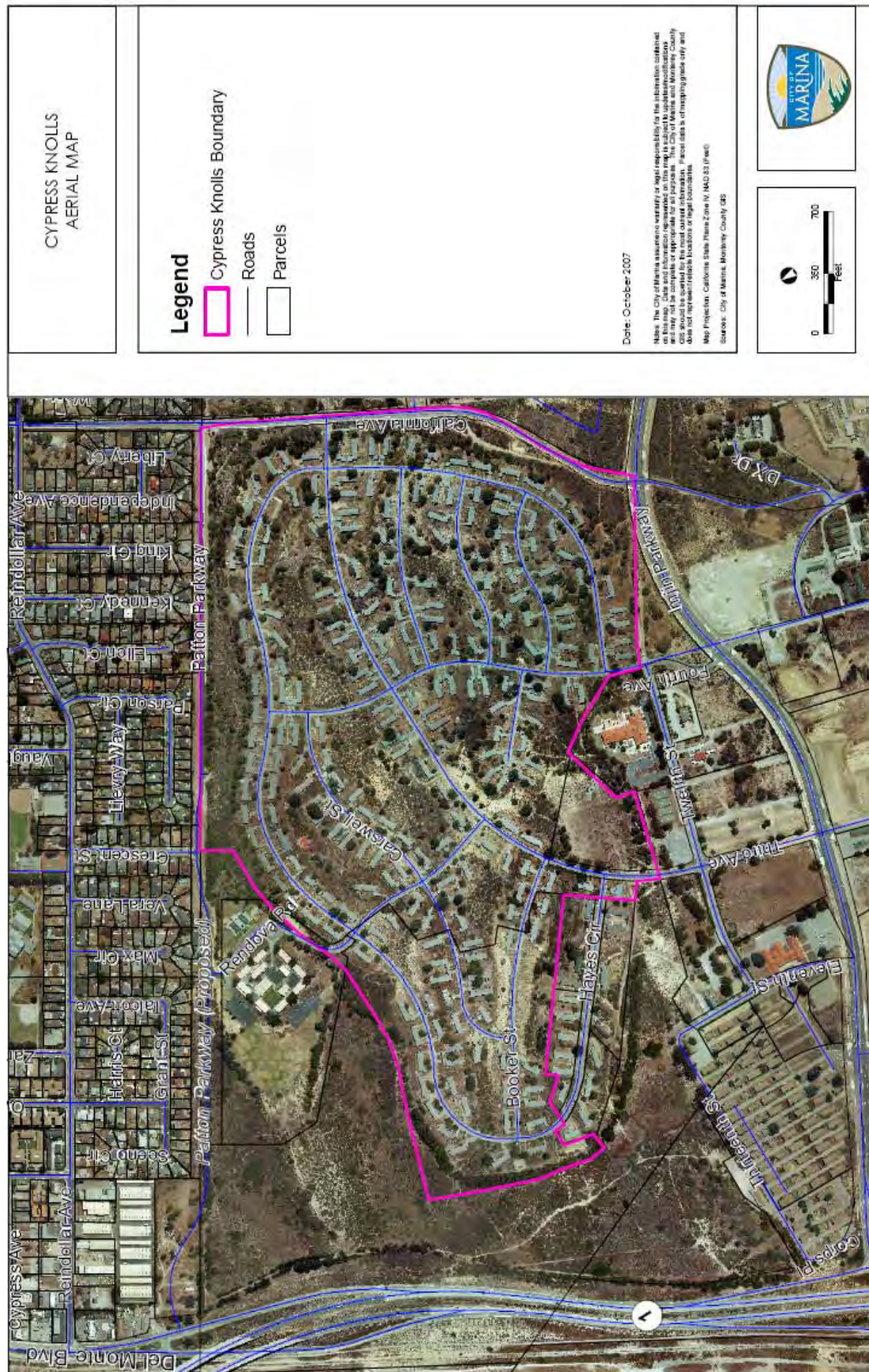


FIGURE 2. MAP OF SURROUNDING LAND USES

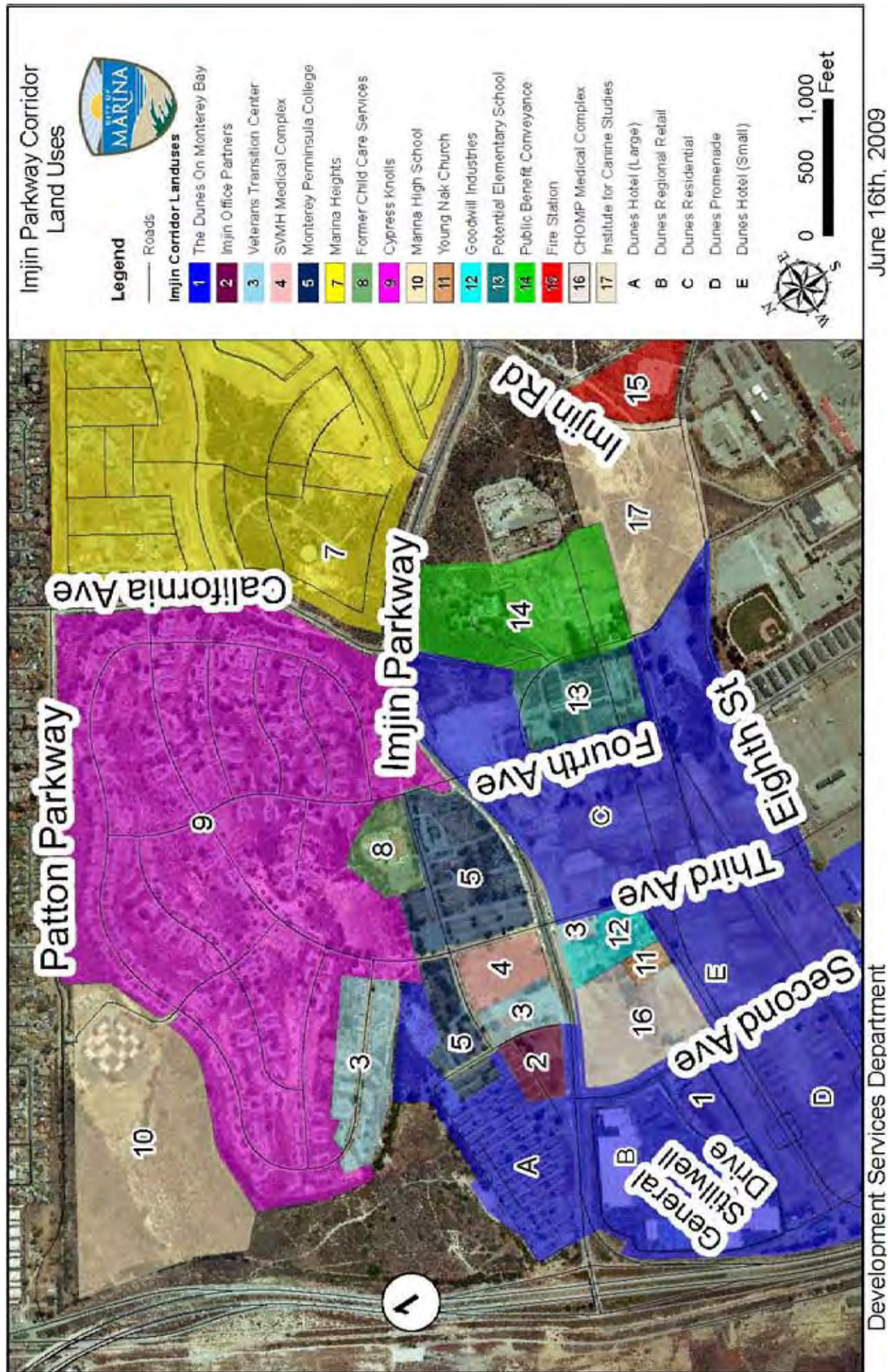
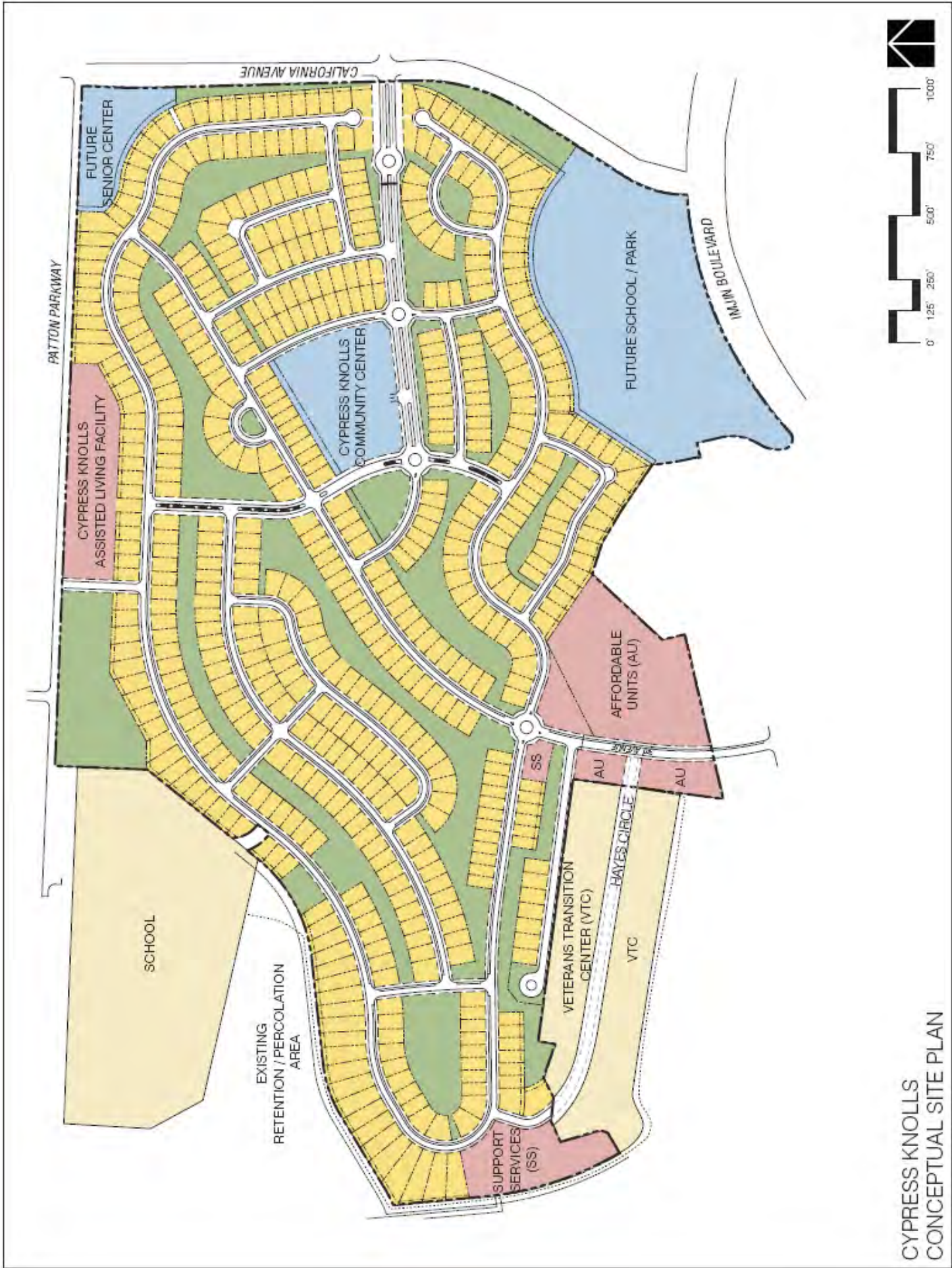


FIGURE 3. CYPRESS KNOLLS CONCEPTUAL PLAN



CYPRESS KNOLLS
CONCEPTUAL SITE PLAN

SOURCE: HOGUE-IRELAND, INC.
10/2/06

FIGURE 4. TOPOGRAPHIC MAP

