



# REQUEST FOR PROPOSALS

SOLICITATION NO. 2014-01-02

## LONG-TERM GROUND LEASE FOR 22 ACRE SITE TOWN CENTER DEVELOPMENT OPPORTUNITY LAGUNA NIGUEL, CA



[OCREProjects.com](http://OCREProjects.com)

[OCgov.com](http://OCgov.com)

ORANGE COUNTY EXECUTIVE OFFICE  
CEO REAL ESTATE  
LAND DEVELOPMENT GROUP  
County of Orange, California  
Hall of Administration  
333 W. Santa Ana Blvd.  
Santa Ana, CA 92701  
Real Estate Project Office: (714) 667-9697

**ISSUED: JANUARY 16, 2014**

**PROPOSALS DUE: MONDAY, APRIL 7, 2014 AT 4PM PST**

## REQUEST FOR PROPOSALS: TOWN CENTER DEVELOPMENT OPPORTUNITY IN LAGUNA NIGUEL 22 PRIME ACRES AVAILABLE FOR LONG-TERM GROUND LEASE



### INTRODUCTION

The County of Orange, California is seeking, through this Request for Proposals process, a qualified Development Team to enter in a long-term ground lease for an approximately 22 acre site in Laguna Niguel, CA (“Development Site”) and owned by the County. The County envisions the creation of a Town Center which would serve as a distinctive area in the heart of the host community and provide an exciting, artful mix of retail, office, financial, entertainment, residential, cultural, and recreational uses.

The ocean-close City of Laguna Niguel is one of the first master planned communities in Southern California. Today, the City is home to many upscale neighborhoods with over one-third of the area designated as open space. Laguna Niguel is characterized by the lowly mountain ridges and valleys that run through the community.

Laguna Niguel is bordered by the Cities of Aliso Viejo and Laguna Beach to the west, Laguna Hills to the north, San Juan Capistrano to the east, and Dana Point to the south, all located in the southern part of Orange County.

**NOTE:** In this document, Orange County will be referred to as “County”, “We” or “Us”. The entity submitting a Proposal will be referred to as “Developer”, “Development Team”, “Respondent” or “You”.

## PROJECT GOALS

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The County has established three important goals for the outcome of this solicitation:

1. A partnership with a Development Team with sufficient experience, financial resources, and personnel to fully develop the property and unlock the value of the Development Site.
2. A workable plan and reasonable timetable to secure all necessary zoning changes, entitlements, permits, and equity/debt financing as well as an achievable marketing and leasing program.
3. A fair financial return to the County based on the value of the site today and in the future.

## THE PROCESS

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An integral part of Orange County's *Vision Statement for Business Values* is to "seek cost-effective and efficient methods" in everything we do. We respect our potential private sector partners and understand the time and expense required of you to pursue this opportunity. Therefore, every effort has been made to request only the information relevant to the County's evaluation and selection process.

You will be asked to submit your written response in two parts:

- A. Technical Proposal** — The Technical Proposal is the Developer's Proposed Plan, Background, Experience, Financial Capacity, Proposed Team Members, Key Personnel, and other information as requested in **SECTION 2 — TECHNICAL PROPOSAL REQUIREMENTS**.
- B. Financial Offer** — The Developer shall complete and sign the Financial Offer Form as requested in **SECTION 3 — FINANCIAL OFFER**. The Financial Offer must be submitted in a separate, sealed envelope or container.

After the DUE DATE, each Developer's Technical Proposal and Financial Offer will be distributed to and scored by an Evaluation Committee ("EC").

Each Technical Proposal score will be combined with the accompanying Financial Offer to select a PRIMARY DEVELOPMENT TEAM and, at our sole option, an ALTERNATE DEVELOPMENT TEAM. The County, in its sole and absolute discretion, may recommend to the Orange County Board of Supervisors the Developer(s) whose proposals are considered the best of those submitted and with whom the County is able to negotiate fair and reasonable terms.

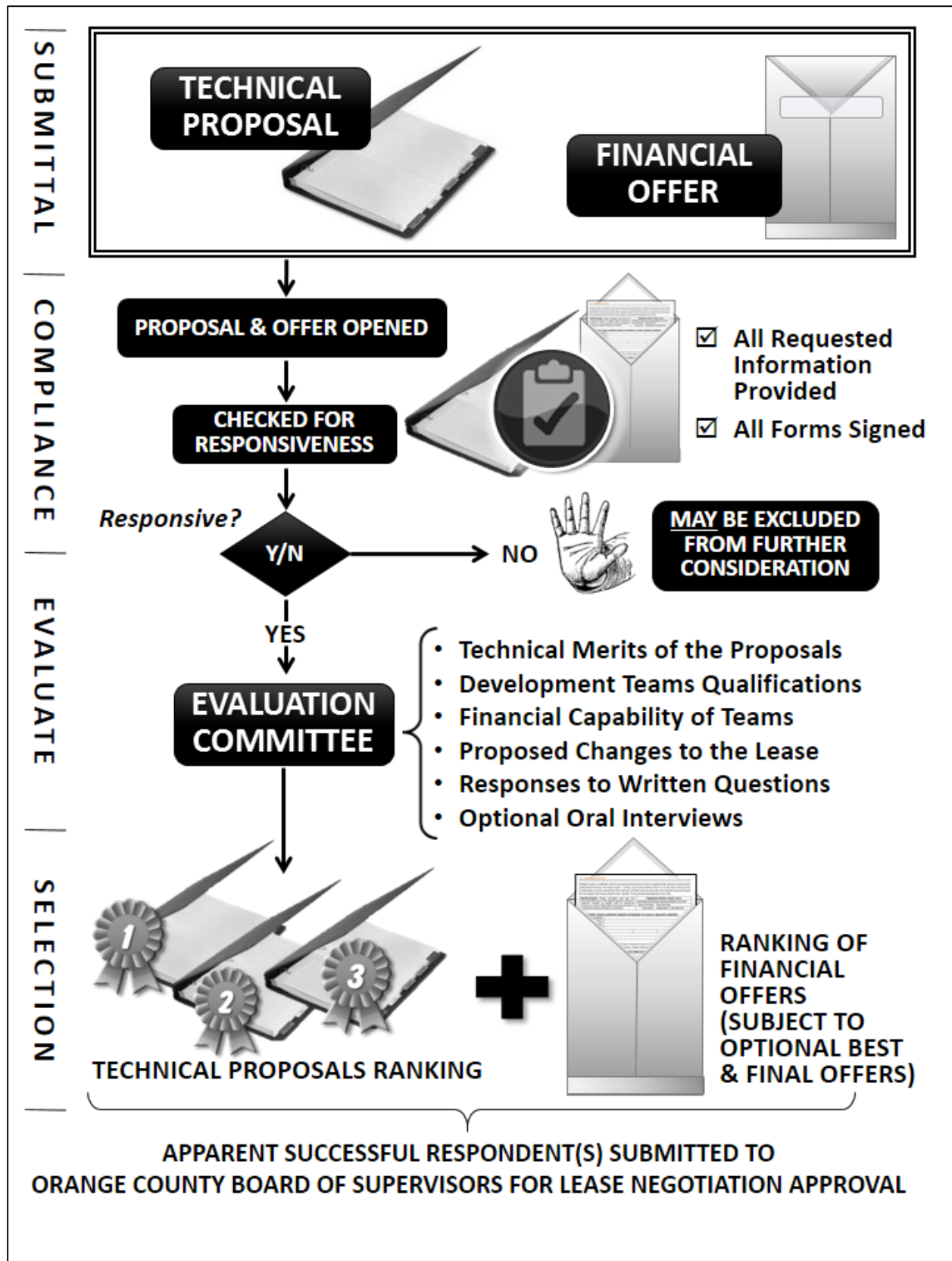
The recommended DEVELOPMENT TEAM(S) will be submitted to the Orange County Board of Supervisors for approval to enter into Ground Lease Agreement negotiations.

We will attempt to negotiate a fair and reasonable agreement with the highest ranked Developer. If we cannot negotiate a fair and reasonable agreement, we reserve the right to negotiate with the next highest ranked Developer.

The County also reserves the right to make no selection as a result of this solicitation. The finalized Ground Lease Agreement will be submitted to the Orange County Board of Supervisors for final review and approval.

The County of Orange does not require and neither encourages nor discourages the use of lobbyists or other consultants for the purpose of securing business.

## Process Overview



## SECTION 1 – INSTRUCTIONS, DATES, RESERVATIONS AND OTHER GENERAL INFORMATION

You must read and understand the solicitation and tailor your Technical Proposal, Financial Offer, and activities to ensure compliance. This section provides essential information about submitting questions, who you can contact at the County about this RFP, formatting your proposal, important dates, how to package your proposal and where it should be delivered, and other related matters.

### 1.1 SUBMISSION OF QUESTIONS

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If you suspect an error in this solicitation, you must immediately notify the Project Contact identified in this section.

**Orange County Project Contact:**

Ms. Yasie Malek  
445 Civic Center Drive West  
Santa Ana, CA 92701  
Email: OCLand@OCgov.com Direct Dial: (714) 667-9697

Any and all questions should be submitted via BidSync Q&A at [www.BidSync.com](http://www.BidSync.com) (RFP No. 2014-01-2) or may be emailed to the Project Contact. BidSync is preferred. For BidSync assistance, please contact the BidSync Contractor Support Team at (800) 990-9339, Option 1.

Receipt of each question will be acknowledged by the Project Contact within 1 (one) business day. Questions and Answers regarding this RFP will be posted to [www.BidSync.com](http://www.BidSync.com) and [www.OCREProjects.com](http://www.OCREProjects.com) on a timely basis at regular intervals. In accordance with the provisions of the Quiet Period (Section 1.2), do not discuss the solicitation or your proposal, directly or indirectly, with any County officer or employee other than the named Orange County Project Contact. The County will only acknowledge written questions. Telephone calls regarding the solicitation are not permitted.

You may submit questions until **4:00 PM PST on Monday, March 24, 2014**.

### 1.2 QUIET PERIOD

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The objectives of the Quiet Period are to ensure that prospective Developers competing for contracts with the County have equal access to all information and the process of selecting a Development Team is transparent, efficient, diligent and fair. The quiet period will commence upon the issuance of this solicitation and end upon award of any resulting contracts from this process.

All Orange County staff shall refrain from communicating with potential Respondents regarding any aspect of this solicitation throughout the quiet period. Throughout the quiet period, if any Orange County personnel is contacted by a potential Developer in regard to this solicitation, the staff member shall refer the Developer to the Project Contact.

A potential Respondent may be disqualified from the consideration under the RFP for a knowing violation of this quiet period policy.

### 1.3 PRE-PROPOSAL CONFERENCE/SITE VISIT

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A non-mandatory Pre-Proposal Conference and Site Visit will be held on **Thursday, February 6, 2014** at a time and location to be announced. Attendees must R.S.V.P. to the Orange County Project Contact by close of business **Tuesday, February 4, 2014**. All parties interested in responding to this RFP are urged to

attend in person. Orange County representatives will answer questions and clarify the terms of the RFP at the meeting.

#### **1.4 PROPOSAL DUE DATE**

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Proposals (Technical Proposal and Financial Offer) are due **Monday, April 7, 2014 at 4:00 PM Pacific Time**. Proposals should be sent to the Project Contact identified below. Failure by a messenger delivery service or printing service to meet the deadline will not excuse the Respondent from the deadline requirement.

Prior to the due date, you may ship or hand-deliver proposals, modifications, and withdrawals. We do not allow e-mail, fax, or other electronic submissions. Responses must be dated and time-stamped on the outside of the sealed package by the Project Contact or a staff member of the County of Orange Real Estate Office. It is the responsibility of the Offeror to ensure that delivery is made to the address stated below prior to the closing date and time. Delivery receipts are available upon request. We will not consider proposals, modifications or withdrawals received after the due date and time.

**DELIVER PROPOSALS TO:**  
**County of Orange, CA/Real Estate**  
445 Civic Center Drive West  
Santa Ana, CA 92701  
ATTENTION: Ms. Yasie Malek

**LABEL OUTSIDE OF ENVELOPE/CONTAINER:**  
Solicitation No. 2014-01-2 (Laguna Niguel)  
Due Date: April 7, 2014 at 4:00 PM PST  
Name of Entity Submitting/Address  
Name of Contact/Phone Number/Email

#### **1.5 FORMAT AND NUMBER OF COPIES**

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**Technical Proposal:** Proposals shall be prepared on standard 8 and 1/2" x 11" letter size paper. Drawings included with the proposal should be no larger than 11" x 17". The Technical Proposal Contents (Section 2) must be organized into separate tabbed sections and pages numbered.

Proposers must submit one signed in ink original (marked ORIGINAL) and 14 copies (each marked COPY) of the Technical Proposal in a sealed container. In addition, Proposers must submit 1 copy of the Technical Proposal on CD or a flash drive in PDF format.

**Financial Offer:** The Proposer's Financial Offer form must be in a separate, sealed envelope with one signed in ink original (marked ORIGINAL) and 5 copies (marked COPY). Proposers must submit of copy of the Financial Offer on a CD or a flash drive in PDF format in the same envelope. A copy of a completed Excel worksheet (see Section 3.1.6) must be included on this CD or flash drive in an Excel format.

#### **1.6 OFFER FIRM TIME**

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Your Financial Offer must be firm for a period of no less than 180 days or the Effective Date of the Ground Lease Agreement, whichever is later.

#### **1.7 GOOD FAITH DEPOSIT**

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Prior to the start of negotiation of the Option and Ground Lease Agreement with the County, the successful Respondent(s) must provide a Good Faith Deposit of \$75,000 (SEVENTY-FIVE THOUSAND DOLLARS) in the form of a certified check.

This deposit is at risk if, during ground lease negotiations, you substantially change the terms of your Financial Offer; substantially change the proposed development program or schedule; fail to respond to the County's requests for additional information or clarifications in a timely manner; fail to provide proof of financing, insurance, or bonding; or previously failed to disclose substantive background information

(e.g. major civil litigation in regard to prior projects, bankruptcies, criminal convictions, or any other matter that would reflect poorly on the County). In any of these instances the County's staff time in addressing these unanticipated issues may be deducted from the Good Faith Deposit at the County's discretion.

## **1.8 KEY DATES**

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|                                                  |                                           |
|--------------------------------------------------|-------------------------------------------|
| Issuance of the Request for Proposals            | Thursday, January 16, 2014                |
| Non-Mandatory Pre-Proposal Conference/Site Visit | Thursday, February 6, 2014                |
| Last Day to Submit Questions                     | Monday, March 24, 2014 at 4:00 PM Pacific |
| Proposal Due Date                                | Monday, April 7, 2014 at 4:00 PM Pacific  |
| Oral Interview (If Required)                     | Thursday, April 17, 2014                  |
| Recommend Developer(s) to Board of Supervisors   | May 2014                                  |
| Commence Ground Lease Agreement Negotiations     | May 2014                                  |
| Submit Finalized Ground Lease Agreement to Board | June 2014                                 |

## **1.9 PUBLIC RECORDS AND REQUEST FOR CONFIDENTIAL TREATMENT**

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Submittals become the property of the County and will not be returned to Respondents. Your proposal may be open to the public under the California Public Records Act and other applicable laws and rules. You may not request that certain information be treated as exempt and statements in the proposal cannot be marked as confidential or proprietary. In the event that any information is marked as confidential or proprietary, it will be returned unopened and not considered as part of your submittal.

## **1.10 RESERVATIONS**

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The County reserves the right to amend the solicitation and key dates; reject any or all proposals; to award by item, group of items, or grand total; and to waive minor defects. We may request clarifications, request a presentation, or otherwise verify the contents of the proposal, including information about subcontractors and suppliers.

When considered in the best interest of the County, certain proposal requirements may be waived by the County. Such waivers will be only for minor requirements which will not provide a material advantage for one Proposer over another.

Examples of waivable informalities are:

- Failure of a Respondent to submit information due to oversight;
- Failure of a Respondent to sign or date a bid document; or
- Failure of a Respondent to submit the requested number of proposal copies.

Waivable informalities will be considered on a case-by-case basis and will occur only when in the best interest of the County.

The County may request Best & Final Offers when appropriate. We will make all decisions on compliance, evaluation, terms and conditions, and shall make decisions solely in the best interests of the County of Orange. This competitive process may require that you provide additional information and otherwise cooperate with us. If you do not comply with requests for information and cooperate, we may reject your proposal.

You have no right to an award by submitting a Technical Proposal and Financial Offer.

The County is not responsible for and will not pay any costs associated with the preparation and submission of your Proposal. You are responsible for all broker fees.

If you are the Awardee, you shall not commence work prior to the date all parties execute the ground lease contract, unless approved in writing in advance by an authorized County official.

**IMPORTANT**

The Property is offered and will be leased "as-is." It is the Respondent's responsibility to verify zoning, general plan conformity, and the feasibility of the proposed project. It is also your responsibility to conduct on-site inspections and investigations of the Development Site to confirm the size, configuration, and condition.

### **1.11 ORANGE COUNTY CHILD SUPPORT REQUIREMENTS**

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In order to comply with the child support enforcement requirements of the County, within ten (10) days of notification of selection as an Apparent Successful Respondent but prior to negotiations with the County, the selected Developer agrees to furnish to the Chief Real Estate Officer:

- A. In the case of an individual Developer, his/her name, date of birth, Social Security number, and residence address;
- B. In the case of a Developer doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of 10 percent or more in the contracting entity;
- C. A certification that the Developer has fully complied with all applicable federal and state reporting requirements regarding its employees; and
- D. A certification that the Developer has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment and will continue to so comply.

Failure of the Developer to timely submit the data and/or certifications required may result in the project being awarded to another Developer. In the event a Contract has been issued, failure of the Developer to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of the Contract. Failure to cure such breach within sixty (60) calendar days of notice from the County shall constitute grounds for termination of the Contract.

### **1.12 PROTEST PROCEDURES**

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Any actual or prospective Respondent who alleges a grievance by the solicitation or award of a contract may submit a grievance or protest to the Deputy Purchasing Agent.

**Procedure:**

All protests shall be typed under the protester's letterhead and submitted in accordance with the provisions stated herein. All protests shall include at a minimum the following information:

- The name, address and telephone number of the protester;
- The signature of the protester or the protester's representative;
- The solicitation or contract number;

- A detailed statement of the legal and/or factual grounds for the protest; and
- The form of relief requested.

#### **Protest of Bid/Proposal Specifications:**

All protests related to bid or proposal specifications must be submitted to the Deputy Purchasing Agent no later than five (5) business days prior to the close of the bid or proposal. Protests received after the five (5) business day deadline will not be considered by the County.

In the event the protest of specifications is denied and the protester wishes to continue in the solicitation process, they must still submit a bid prior to the close of the solicitation in accordance with the bid/proposal submittal procedures provided in the bid/proposal.

#### **Protest of Award of Contract:**

In protests related to the award of a contract, the protest must be submitted no later than five (5) business days after the notice of the proposed contract award is provided by the Deputy Purchasing Agent. Protests relating to a proposed contract award which are received after the five (5) business day deadline will not be considered by the County.

#### **Protest Process:**

- In the event of a timely protest, the County shall not proceed with the solicitation or award of the contract until the Deputy Purchasing Agent, the County Purchasing Agent, or the Procurement Appeals Board renders a decision on the protest.
- Upon receipt of a timely protest, the Deputy Purchasing Agent will within ten (10) business days of the receipt of the protest, issue a decision in writing which shall state the reasons for the actions taken.
- The County may, after providing written justification to be included in the procurement file, make the determination that an immediate award of the contract is necessary to protect the substantial interests of the County. The award of a contract shall in no way compromise the protester's right to the protest procedures outlined herein.
- If the protester disagrees with the decision of the Deputy Purchasing Agent, the protestor may submit a written notice to the Office of the County Purchasing Agent requesting an appeal to the Procurement Appeals Board, in accordance with the process stated below.

#### **Appeal Process:**

- If the protester wishes to appeal the decision of the Deputy Purchasing Agent, the protester must submit, within three (3) business days from receipt of the Deputy Purchasing Agent's decision, a written appeal to the Office of the County Purchasing Agent.
- Within fifteen (15) business days, the County Purchasing Agent will review all materials in connection with the grievance, assess the merits of the protest, and provide a written determination that shall contain his or her decision on whether the protest shall be forwarded to the Procurement Appeals Board.

**THE DECISION OF THE COUNTY PURCHASING AGENT ON WHETHER TO ALLOW THE APPEAL TO GO FORWARD WILL BE FINAL AND THERE SHALL BE NO RIGHT TO ANY ADMINISTRATIVE APPEALS OF THIS DECISION.**

## SECTION 2 – TECHNICAL PROPOSAL CONTENT

The following section is the outline of the information that we are requesting of you to fully understand and evaluate your proposal and the capabilities of your Development Team.

### 2.1 TRANSMITTAL LETTER

|                                                                                                                                                                                                                                        |                                         |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--|
| <b>INSTRUCTIONS:</b> Please complete, sign, and enclose this form with your Technical Proposal. Any electronic alteration to this Transmittal Letter template is prohibited. Any such changes may result in a Proposal being rejected. | <b>TRANSMITTAL LETTER   PAGE 1 OF 1</b> |  |
|                                                                                                                                                                                                                                        | LAGUNA NIGUEL, CA DEVELOPMENT SITE RFP  |  |
|                                                                                                                                                                                                                                        | SOLICITATION: 2014-01-2                 |  |
|                                                                                                                                                                                                                                        | DUE DATE: APRIL 7, 2104 @ 4PM PST       |  |

#### DEVELOPMENT TEAM'S POINT OF CONTACT

|                   |  |  |  |
|-------------------|--|--|--|
| POINT OF CONTACT: |  |  |  |
| TITLE:            |  |  |  |
| COMPANY NAME:     |  |  |  |
| ADDRESS:          |  |  |  |
| CITY, STATE, ZIP: |  |  |  |
| TELEPHONE:        |  |  |  |
| EMAIL:            |  |  |  |

#### DEVELOPMENT TEAM'S COMPANY SIGNOR AUTHORIZED TO LEGALLY OBLIGATE COMPANY

|                   |  |  |  |
|-------------------|--|--|--|
| COMPANY SIGNOR:   |  |  |  |
| TITLE:            |  |  |  |
| COMPANY NAME:     |  |  |  |
| ADDRESS:          |  |  |  |
| CITY, STATE, ZIP: |  |  |  |
| TELEPHONE:        |  |  |  |
| EMAIL:            |  |  |  |

The undersigned authorized representative of the identified Developer does hereby submit this Technical Proposal in full compliance with the subject solicitation. By completing and signing this Form, you are making an offer to the Orange County that the County may accept.

You certify that the content of your proposal was established without collusion with other eligible Developers and without effort to preclude the County of Orange from realizing the best and highest use of this Development Site.

By submitting your proposal, you acknowledge and agree that the governing law and forum for this solicitation is the State of California. You must bring any action relating to this solicitation or any resulting contract in the appropriate court in California.

\_\_\_\_\_  
AUTHORIZED COMPANY SIGNOR  
(Signature of party authorized to bind the named Developer)

\_\_\_\_\_  
DATE

## 2.2 EXECUTIVE SUMMARY

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In no more than two pages, please provide a summary of your approach to the opportunity and highlight the strengths that your team and approach will bring to the Site Development. [Wow us.]

## 2.3 PROPOSED PLAN

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Provide a development plan that incorporates all or any combination of uses suitable to the location of the Development Site. Please include the following:

- 2.3.1 Provide a development plan that incorporates all or any combination of uses suitable to the location of the Development Site and an overview of the intended approach to achieve the development objectives.
- 2.3.2 Provide renderings of proposed options including a site plan and a complement of drawings and written documentation that summarizes the uses, concepts, design basis, and square footage for each use.

**Proposers are encouraged to show creativity in design and development of the parcel, demonstrate a commitment to a sustainable environment by including use of energy efficiency techniques, utilization of green and open spaces, and creating a sense of community.** [Be a good and responsible neighbor.]

- 2.3.3 Detailed description of anticipated costs to complete the development.
- 2.3.4 A projected Ten-Year Operating Statement.
- 2.3.5 Detailed schedule for the proposed development and description of Developer's approach to identifying critical path issues to ensure adherence to project budget and schedules.
- 2.3.6 Detailed description of Developer's plan to finance costs of construction, including the mix of equity and debt financing.
- 2.3.7 Provide a plan to attract and recruit businesses and individuals to the proposed development for each of its component parts. If Letters of Interest are available from potential users or tenants, please include in your proposal.
- 2.3.8 Demonstrate ownership or the use of vendors that are owned by Minorities, Women or Persons with Disabilities.

## 2.4 TEAM COMPOSITION

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Provide a description of the Developer's proposed team. Developer shall identify all key personnel and owners as well as anticipated affiliate firms. Provide resumes for all key personnel including experience and educational background.

## 2.5 RELATED EXPERIENCE

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- 2.5.1 **Past Project Experience:** Please provide a listing and description of at least five projects completed in the previous 10 years that demonstrate the Developer's experience in developing land opportunities for improvements, renovations and/or new construction. Please note any relevant experience working with the County or similar entities. List the projects in order of priority with the most relevant project listed first indicating: (1) project name, location, year completed and description, (2)

project size (gross SF) and final total construction cost, (3) names of all affiliate firms that comprised the Developer's project team including architecture, design, engineering, construction, brokerage, financial and marketing firms, and (4) current contact information for the owner's representatives for each of the projects listed.

**2.5.2 References:** You and your Architect must provide references from established private firms or government agencies, (four preferred; two of each type preferred) other than Orange County, that can attest to your experience and ability to perform the contract subject of this solicitation. You must provide the name, contact information and a description of the work provided. [We will check every reference.]

**2.5.3 Litigation and Disputes:** Please disclose if the Developer, its affiliate firms, or any of their respective principals in the past 10 years have been a debtor in bankruptcy, a defendant in a lawsuit for deficient performance under a contract or fraudulent misrepresentation, a defendant in an administrative action for deficient performance on a project, or a convicted defendant in any criminal action. [We reserve the right to search public databases for past bankruptcies, lawsuits, and convictions.]

## **2.6 FINANCIAL CAPABILITY**

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A narrative description and sufficient documentary evidence of the Developer's financial capacity to complete the development project. Describe your access to or ability to raise equity and additional capital sources. Who are the Respondent's primary or active relationships with in this regard? In particular, how will all pre-development costs for the subject site be funded?

You must at all times have financial resources sufficient, in the sole opinion of the County, to ensure performance of the development project and must provide proof upon request.

## **2.7 THE GROUND LEASE AGREEMENT**

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### **IMPORTANT**

A well-crafted lease agreement is critical to protecting the interests of all parties in any transaction. To that end, Orange County is providing a copy (PDF) of the proposed Ground Lease Agreement for your review. The document can be accessed via [www.OCREProjects.com](http://www.OCREProjects.com) or [www.BidSync.com](http://www.BidSync.com). This is the Respondent's opportunity to submit comments, a redlined contract, or proposed changes to the Agreement.

If there are no substantial changes required by the Developer, please provide an affirmative statement to that effect.

You may also submit written questions about the Ground Lease Agreement to the Project Contact identified in Section 1.1.

## SECTION 3 – FINANCIAL OFFER

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Orange County, its officials, and its personnel continuously strive to thoughtfully maximize the revenue streams from underutilized County real estate assets. Further, the County believes that it is in the best interest of its Constituents to retain ownership (“fee interest”) of these parcels and enter into long-term ground leases for its properties.

### 3.1 INSTRUCTIONS

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As a unit of government, we have a responsibility to our citizens to solicit the highest return on their real estate assets and to fully understand the basis of your financial offer. To that end, we require detailed information about your analysis of the opportunity including land valuation, proposed rate of return to the County on the value of the site, how ground rent payments will increase over time, and so on. We appreciate your cooperation.

Beginning on Page 14 of this document, you will find a six-page **FINANCIAL OFFER FORM**. You must complete this form and sign in ink one original (marked ORIGINAL) as well as provide copies (marked COPY) and an electronic PDF version as requested in Section 1.5.

- 3.1.1 **Company Signor:** Please identify the individual who is authorized to legally obligate the Respondent. Also provide his/her title, the name of the entity, and all contact information as requested.
- 3.1.2 **Term:** For this site, Orange County has established a minimum term of **50 YEARS** and a maximum term of **99 YEARS** including any proposed extension options. Please indicate the term length that you are seeking beginning with the end of the OPTION PERIOD.
- 3.1.3 **First Operating Year Ground Rent:** The Proposers shall express the financial offer for the First Year Ground Lease Rent, payable in 12 equal installments, by stating the fee simple VALUE OF THE SITE (your valuation) and the PROPOSED RATE OF RETURN TO THE COUNTY. The resulting **FINANCIAL OFFER** is calculated as follows: VALUE X RATE OF RETURN = FIRST YEAR GROUND RENT. This is the base rent for the First Operating Year ("Year 1").
- 3.1.4 **Increases in Ground Rent/Transactional Profits:** Over time, the County believes that the value of this asset will increase. Therefore, Proposers shall state their proposed methodology for increasing the Ground Lease rental rate. Methodologies include:
  - (a) Market Value (Preferred Methodology) where a third-party appraiser establishes the value of the land at proposed intervals and the ground lease rent is adjusted by multiplying the revised Market Value by the Proposed Rate of Return to the County.
  - (b) Indexed to the region’s Consumer Price Index – Urban (CPI-U), Personal Consumption Expenditure (PCE), or other widely-recognized statistical measurement.
  - (c) Fixed percentage increases at proposed intervals and unrelated to market value or indexing.
  - (d) Revenue Sharing of Gross Income with minimum Annual Rent Guarantees.

- (e) A “blend” of the above methodologies or any other approach that meets the County’s financial goals for this project.

In addition, please indicate how the County would share in the transactional profits from the sale of the leasehold to a third-party or if the project was refinanced with equity withdrawn.

- 3.1.5 **Contingencies:** Please list any contingencies (i.e. specific outstanding items that you must address in order to proceed to the lease execution).

- 3.1.6 **Financial Offer Worksheet:** Throughout this worksheet, we make reference to “YEAR 1 Ground Rent”. This is the first operating year of your development as calculated on the first page of the FINANCIAL OFFER FORM per the 3.1.3 instructions.

For the **A. OPTION-TO-LEASE PERIOD**, you may request time (expressed in a number of months) to complete your due diligence, entitlements, permitting, geotechnical and environmental studies, or any other activity normally conducted by a Developer prior to a lease execution. Indicate the PERCENTAGE OF YEAR 1 GROUND RENT OFFERED for the option. NOTE: If you do not proceed with the proposed development for any reason, option payments will be retained by the County. Regardless if the project moves forward or not, you will not receive credit or be eligible for reimbursement for any payments made during the option period.

For the **B. CONSTRUCTION PERIOD**, indicate the number of months required and the PERCENTAGE OF YEAR 1 GROUND RENT OFFERED for this period.

For the **C. OPERATING PERIOD**, use your proposed methodology for increasing the Ground Lease Rent to the County over the term of the Ground Lease Agreement, please complete the provided worksheet for the first 30 operating years indicating the **PROPOSED YEARLY GROUND RENT** to the County, Net Present Value (NPV) of the payment assuming an 8% discount rate, and grand totals as indicated. At a minimum, the ground rent must increase by 3% per year or by the region’s Consumer Price Index – Urban (CPI-U), whichever is greater.

We have elected to use Net Present Value as part of our evaluation to reflect the time value of money. Simply, we want to bring this perspective to your proposed Ground Rent: The longer the Option and Construction Periods, the lower the intrinsic value of your offer for the Operating Period.

An Excel worksheet has been developed by the County to assist in your calculations and is available at [www.OCREProjects.com](http://www.OCREProjects.com) or [www.BidSync.com](http://www.BidSync.com). Respondents must use this spreadsheet to ensure that the same set of formulas are used for each Financial Offer. **In addition to filling out the Financial Offer form, a copy of a completed FINANCIAL OFFER WORKSHEET must be submitted electronically as part of your Financial Offer as instructed in Section 1.5.**

- 3.1.7 **Signature:** A duly authorized officer who can bind the Developer to the Financial Offer must sign and date the form as indicated.

|                                                                                                                                                                                                                                                               |                                       |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--|
| <b>INSTRUCTIONS:</b> Please complete and sign this Financial Offer form. The original signed in ink form, required number of copies, and an electronic PDF version on a CD or flash drive must be provided in a separate <u>sealed</u> envelope or container. | <b>FINANCIAL OFFER FORM</b>           |  |
|                                                                                                                                                                                                                                                               | HUNTINGTON BEACH DEVELOPMENT SITE RFP |  |
|                                                                                                                                                                                                                                                               | SOLICITATION: 2014-01-2               |  |
|                                                                                                                                                                                                                                                               | DUE DATE: APRIL 7, 2014 @ 4PM PST     |  |

**DEVELOPMENT TEAM'S COMPANY SIGNOR AUTHORIZED TO LEGALLY OBLIGATE COMPANY**

|                   |  |  |  |
|-------------------|--|--|--|
| NAME:             |  |  |  |
| TITLE:            |  |  |  |
| COMPANY NAME:     |  |  |  |
| ADDRESS:          |  |  |  |
| CITY, STATE, ZIP: |  |  |  |
| TELEPHONE:        |  |  |  |
| EMAIL:            |  |  |  |

**PROPOSED TERM**

|                       |  |                             |  |                    |  |
|-----------------------|--|-----------------------------|--|--------------------|--|
| INITIAL TERM (YEARS): |  | OPTION PERIOD TERM (YEARS): |  | NUMBER OF OPTIONS: |  |
|-----------------------|--|-----------------------------|--|--------------------|--|

**FIRST OPERATING YEAR GROUND RENT**

|                    |                                    |                                           |
|--------------------|------------------------------------|-------------------------------------------|
| VALUE OF THE SITE: | PROPOSED RATE OF RETURN TO COUNTY: | FINANCIAL OFFER FOR FIRST OPERATING YEAR: |
| \$ _____           | _____ %                            | \$ _____                                  |

**GROUND RENT INCREASES/TRANSACTIONAL PROFITS**

Please describe your proposed methodology to increase the Ground Rental Rate over time and at what intervals:

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In a scenario where the awarded Leasehold Rights for the Development Site were sold to a third-party or the project was refinanced with equity withdrawn, how would you propose the County share in the profits of the transaction?:

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**CONTINGENCIES**

Please list any contingencies (i.e. specific outstanding items that you must address in order to proceed to the Ground Lease Agreement execution):

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**A. OPTION-TO-LEASE PERIOD**

| CATEGORY                                                     | MONTHS REQUIRED | PERCENTAGE OF YEAR 1 GROUND RENT OFFERED | PROPOSED MONTHLY RENT | Please state the number of months required for the Option Period in order for you to perform California Environmental Quality Act analysis, undertake any necessary site investigations, obtain the prerequisite City and County approvals for development, and all necessary financing to commence construction. |
|--------------------------------------------------------------|-----------------|------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OPTION PERIOD                                                | ____ MONTHS     | _____%                                   | \$                    |                                                                                                                                                                                                                                                                                                                   |
| <b>TOTAL AMOUNT TO BE PAID TO THE COUNTY (OPTION PERIOD)</b> |                 |                                          | \$                    |                                                                                                                                                                                                                                                                                                                   |

**B. CONSTRUCTION PERIOD**

| CATEGORY                                                    | MONTHS REQUIRED | PERCENTAGE OF YEAR 1 GROUND RENT OFFERED | PROPOSED MONTHLY RENT | The NET PRESENT VALUE for Year 1 of the Operating Phase takes into account the amount of time required for the OPTION PERIOD and the CONSTRUCTION PERIOD and is discounted 8% per year. |
|-------------------------------------------------------------|-----------------|------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CONSTRUCTION                                                | ____ MONTHS     | _____%                                   | \$                    |                                                                                                                                                                                         |
| <b>TOTAL AMOUNT TO BE PAID TO THE COUNTY (CONSTRUCTION)</b> |                 |                                          | \$                    |                                                                                                                                                                                         |

**C. OPERATING PHASE (CERTIFICATE OF OCCUPANCY ISSUED/LEASE TERM COMMENCES)**

| YEAR | PROJECTED ANNUAL RENT | MINIMUM ANNUAL RENT GUARANTEED | NET PRESENT VALUE (NPV) |            |
|------|-----------------------|--------------------------------|-------------------------|------------|
|      |                       |                                | PROJECTED               | GUARANTEED |
| 1    | — FROM PAGE 1 —       | — SAME FOR YEAR 1 —            |                         |            |
| 2    |                       |                                |                         |            |
| 3    |                       |                                |                         |            |
| 4    |                       |                                |                         |            |
| 5    |                       |                                |                         |            |
| 6    |                       |                                |                         |            |
| 7    |                       |                                |                         |            |
| 8    |                       |                                |                         |            |
| 9    |                       |                                |                         |            |

| YEAR | PROJECTED ANNUAL RENT | MINIMUM ANNUAL RENT GUARANTEED | NET PRESENT VALUE (NPV) |            |
|------|-----------------------|--------------------------------|-------------------------|------------|
|      |                       |                                | PROJECTED               | GUARANTEED |
| 10   |                       |                                |                         |            |
| 11   |                       |                                |                         |            |
| 12   |                       |                                |                         |            |
| 13   |                       |                                |                         |            |
| 14   |                       |                                |                         |            |
| 15   |                       |                                |                         |            |
| 16   |                       |                                |                         |            |
| 17   |                       |                                |                         |            |
| 18   |                       |                                |                         |            |
| 19   |                       |                                |                         |            |
| 20   |                       |                                |                         |            |
| 21   |                       |                                |                         |            |
| 22   |                       |                                |                         |            |
| 23   |                       |                                |                         |            |
| 24   |                       |                                |                         |            |
| 25   |                       |                                |                         |            |
| 26   |                       |                                |                         |            |
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| 29   |                       |                                |                         |            |
| 30   |                       |                                |                         |            |
| 31   |                       |                                |                         |            |
| 32   |                       |                                |                         |            |

|                         |    |    |    |    |
|-------------------------|----|----|----|----|
| 33                      |    |    |    |    |
| 34                      |    |    |    |    |
| 35                      |    |    |    |    |
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| 47                      |    |    |    |    |
| 48                      |    |    |    |    |
| 49                      |    |    |    |    |
| 50                      |    |    |    |    |
| <b>GRAND<br/>TOTALS</b> | \$ | \$ | \$ | \$ |

Please provide any explanations or comments that would assist us in understanding your offer:

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**SIGNATURE**

The undersigned authorized representative of the identified Developer does hereby submit this Financial Offer in full compliance with the subject solicitation. By completing and signing this Form, you are making an offer to the Orange County that the County may accept.

You certify that this Financial Offer was established without collusion with other eligible Developers and without effort to preclude the County of Orange from maximizing its financial return on this Development Site.

By submitting your Financial Offer, you acknowledge and agree that the governing law and forum for this solicitation is the State of California. You must bring any action relating to this solicitation or any resulting contract in the appropriate court in California.

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AUTHORIZED COMPANY SIGNOR  
(Signature of party authorized to bind the named Developer)

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DATE

## SECTION 4 – EVALUATING YOUR PROPOSAL

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Subject to waivable informalities, County staff will first assess the Developer's compliance with and adherence to the requirements of the solicitation. Any Technical Proposal which is incomplete and missing key components necessary to fully evaluate the response may, at the discretion of the County, be rejected from further consideration due to "non-responsiveness" and rated Non-Responsive.

Next, an Evaluation Committee, which will include County staff, will review and evaluate the Technical Proposals. The County reserves the right to enlist independent consultants, municipal personnel, and other stakeholders to assist with the evaluation of all or any portion of a Proposal, as it deems necessary.

The Criteria for the evaluations will include a) the Developer's approach to the site and proposed programming, b) team's qualifications and references, c) experience with other developments similar to the proposed scope, d) implementation plan including length of the option term and construction period, and e) financial strength of the Developer and ability to raise capital through equity/debt financing. We will consider the information you supply or do not supply, and the quality of that information when evaluating your proposal. If we find a failure or deficiency, we may reject it or reflect that in the evaluation. We reserve the right to seek publicly available information about the Development Team.

We may ask you for an oral interview on the date listed in KEY DATES (Section 1.8). We also may send you written questions and ask for written responses within 5 business days.

In addition, Financial Offers will be opened and ranked based on Net Present Value and financial viability.

Prior to contract award, submittals shall be accessible only to members of the Evaluation Committee or other County personnel having a legitimate interest in them. Prior to the execution of the Ground Lease Agreement, the contents of any proposal will not be revealed to competing Proposers or to anyone not participating in the proposal evaluation process.

The Developer(s) with the highest combined Technical Proposal (weighted 50%) and Financial Offer (weighted 50%) scores will be recommended to the Orange County Board of Supervisors for approval to finalize the Option-To-Lease and Ground Lease Agreements.

Based on their approval, we will conclude our negotiations and submit the final documents to the Board for final review and approval.

## SECTION 5 – ADDITIONAL INFORMATION

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We have provided the following documents on [www.OCREProjects.com](http://www.OCREProjects.com) and [www.BidSync.com](http://www.BidSync.com) to assist with preparation of your proposal:

1. Draft of Proposed **OPTION-TO-LEASE AGREEMENT** (PDF)
2. Draft of Proposed **GROUND LEASE AGREEMENT** (PDF)
3. **FINANCIAL OFFER** Template (EXCEL) – This must be downloaded, completed, and submitted in the Excel file format as part of your Financial Offer
4. **PHASE I ENVIRONMENTAL REPORT** (PDF)

## SECTION 6 – THANK YOU

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In government, as in life, we don't say "Thank You" nearly enough. Thank you for your interest in this project and the critical skills that you can bring to the opportunity. We look forward to your input, ideas, and responses.