

5095 – 5275 Katella Avenue

City of Cypress, California

Mixed-Use Development Opportunity

Request for Qualifications

RFQ Issued – Tuesday, March 13, 2018

Deadline to Submit – Tuesday, April 10, 2018 by 5:00 PM PST

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DEADLINE FOR SUBMITTAL: Tuesday, April 10, 2018 by 5:00 PM PST

An electronic copy of the RFQ and supporting documentation can be accessed at the following location: <https://goo.gl/evk5Wu>

1. Introduction

Overview of Opportunity

The City of Cypress has retained JLL and Kosmont Realty Corporation to arrange the sale of a 13.3-acre, commercially zoned parcel located at 5095-5275 Katella Avenue in Cypress, CA (“Property”) (please refer to Figure 2: Property Map).

The City Council envisions a compelling mixed-use project providing Cypress public amenities, job growth, and increased economic activity. Located along one of Orange County’s major transportation corridors, the Property is an integral component and catalyst for Katella Avenue. The Property offers the opportunity for residents, youth, and visitors to enjoy a dynamic day and nighttime environment. Proposals should integrate with the future redevelopment of Los Alamitos Race Course, promote retail activity along Katella Avenue, and present uses including a hotel, luxury cinema, casual and fine dining, and resort-style apartments.

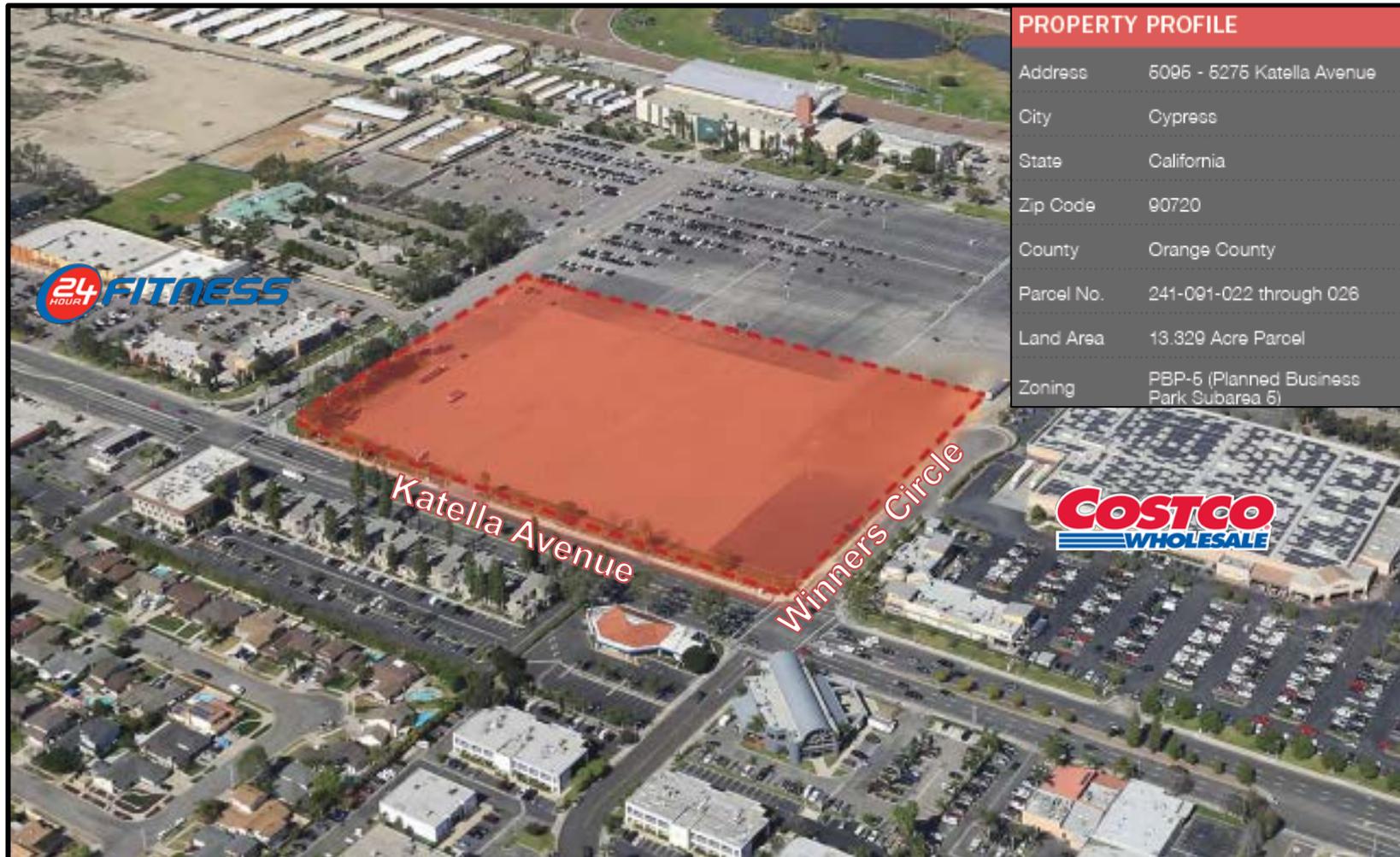
The City is presenting this opportunity to mixed-use developers with a successful presence in Southern California and the verified financial capacity to purchase and develop the Property. The ideal development entity is experienced, well capitalized, and a hands-on operator. The City seeks a partner committed to long-term ownership and operation of the project.

The Property has complex geotechnical characteristics owing to storm water drainage and Cypress’ high-water table. Respondents should demonstrate experience with similarly situated projects and address the Property’s geotechnical evaluation (Section 3. Disclosures) as part of their submittal.

Figure 1: Regional Map



Figure 2: Property Map



Design & Development Requirements

The City desires developers achieve the following design and development components:

1. Potential uses identified by the City Council include:
 - a. Commercial uses including restaurant, entertainment, hospitality, theater and/or retail uses
 - b. Residential uses primarily above and/or behind street level uses.
2. The development must meet the concepts and standards identified in the Cypress Municipal Code (<http://qcode.us/codes/cypress/>).
3. The development must exemplify exceptional architectural design and construction, as well as generate street-level activity. Developers selected to advance to **Round Two** of the RFQ process will have the opportunity to meet directly with the City to exchange priorities and details about the expected design, quality, and mix of the development as well as proposed offsite improvements that may impact the project. These priorities will ultimately need to be considered and as part of the financial pro forma, valuation estimates, financial returns/feasibility, and estimates of project fiscal impacts that serve as the basis for the Letter of Intent (“LOI”) to be submitted in **Round Two** (see Tentative Timeline).
4. The development should create pedestrian connectivity and create a space for the community to gather, relax, dine, people watch, and be seen.
5. Project concepts should consider the physical relationship with the adjacent Los Alamitos Race Course for connectivity with the future development of that site. The Los Alamitos Race Course has qualified for the June 2018 ballot when voters will be asked to approve the Cypress Town Center and Commons Specific Plan 2.0, a comprehensive master plan and regulatory framework for the use and development of approximately 154.4 acres of adjacent land. The Cypress Town Center and Commons Specific Plan 2.0 [Los Alamitos Race Course] can be accessed through the following online portal: <https://goo.gl/evk5Wu>
6. The development should incorporate similar streetscape design guidelines as outlined in the Cypress Municipal Code (<http://qcode.us/codes/cypress/>).
7. A hotel study was recently completed by CBRE in February, 2018, which indicates market support for a 120 room select-service hotel. Proposals should include a hotel component.

2. Zoning Designations and Entitlements

The Property is owned by the City of Cypress and consists of a single parcel located at the northwest corner of Katella Avenue and Winners Circle. The parcel is approximately 13.3 acres and consists of a paved parking lot previously utilized by Los Alamitos Race Course. The Property is zoned Planned Business Park (“PBP”) and is located in Planning Area 5 (designated as “Professional Office”) of the Amended and Restated Cypress Business and Professional Center Specific Plan.

The Professional Office district allows a variety of office and service uses, as well as any use which is permitted within the Industrial Section of the Cypress Municipal Code, subject to a conditional use permit. Surrounding uses of the Property include Los Alamitos Race Course to the north within the PS Public & Semi-Public Zone, various commercial uses located to the south in the City of Los Alamitos, the Costco retail center located to the east in the PBP zone, and a retail commercial center and a hotel located to the west in the PBP zone.

On April 28, 2008, the City Council approved Conditional Use Permit No. 2007-13 and Design Review Committee Permit No. 2007-07 for the construction of a proposed 146,300 square foot commercial shopping center on the Property, which also included the approval of the onsite sale of alcohol and the sign program for the proposed project (Section 6. Additional Documentation and Contact Information).

Since 2008, the City Council has granted extensions of the entitlements (including environmental documentation previously approved). The most recent extension, April, 2017, remains in effect through April, 2018 (Section 6. Additional Documentation and Contact Information). Any future extensions of the entitlements will require City Council approval.

Since the City is requesting project concepts that contemplate the addition of a residential component and various other commercial uses (e.g. hotel), an amendment to the existing entitlements and environmental documentation will be required.

Figure 3: City of Cypress Zoning Map



3. Disclosures

1. A Geotechnical Evaluation was completed by Leighton Consulting, Inc. in November, 2017, and can be accessed here: <https://goo.gl/evk5Wu>. It identifies site conditions and onsite underground storm water detention and filtration requirements related to development of the Property. Respondents must review the Geotechnical Evaluation prior to submitting a response to this RFQ.
2. The City reserves all rights to modify or terminate the selection process, go outside of the selection process to select a developer, or not select a developer at all. This RFQ and selection process does not constitute any type of offer and creates no contractual or other liability to the City. There is no guarantee that a sale will be consummated or that a project will be reviewed or accepted pursuant to this RFQ.
3. Approvals of future conveyance agreement is subject to approval by City Council.
4. The development standards provided in the RFQ are subject to change.
5. Additional due diligence information and materials can be found here: (<https://goo.gl/evk5Wu>).

4. Submittal Requirements

Submittal Overview

The City reserves all rights with regard to this solicitation, including but not limited to the right to amend or modify this RFQ, reject all proposals, extend any dates, or, subject to an approved conveyance instrument, to initiate negotiations with the next most preferred respondent if negotiations with the preferred respondent do not result in an agreement. Should the City not receive qualified proposals of interest by a submittal deadline, it reserves the right to extend that deadline until qualified proposals of interest are received.

Respondents are responsible for ensuring submittals are actually received. All materials submitted during any part of the selection process become the property of City. The respondent may designate portions of its submittals, which contain proprietary data as “confidential”, but the City cannot guarantee that it will be able to enforce such confidentiality.

The City shall not be responsible for any costs and/or obligations incurred by and/or on behalf of a potential developer in preparing, submitting, or otherwise participating in any part of this RFQ, the selection, documentation, or the development process in its entirety. The City reserves the right to request clarification or additional information from respondents. Information included in this RFQ is believed to be accurate, notwithstanding all information presented by the City or its representatives should be independently verified by potential respondents prior to reliance upon.

Qualifications and Proposal Content

The City's top priority is to select a development partner to design and build a high quality mixed-use development project that will accommodate future growth and development intensity along Katella Avenue. The evaluation criteria will consider prospective developer's recent experience in working on projects of similar size, scope, and quality.

The evaluation and selection process will include two rounds as follows:

1. **Round One** - Respondents shall provide all the information that follows in this Section by the stated deadline. Once the City has had the opportunity to evaluate each response, some or all respondents may be invited to participate in **Round Two**.
2. **Round Two** - Respondents selected to advance to **Round Two** will be notified via email. Round Two may include, but is not limited to, an in-person interview, additional submittals, financial references, as well as a preliminary LOI, which would include a description of the proposed development, purchase price and terms, project delivery and performance benchmarks. Some or all respondents may be invited to provide a Best and Final LOI and proposed terms, additional requests for information, as well as a presentation to the City Council.

For the Submittal, at a minimum, please include the following information for **Round One** of the evaluation process:

1. **Letter of Introduction** - Include a summary of the respondent's basic qualifications, experience, past projects of similar nature and size, and reasons for interest in this opportunity. The letter must be signed by a principal or authorized officer including a statement that the officer may make legally binding commitments for the entity.
2. **Detailed description of proposed conceptual project** - Include sufficient detail and definition as to proposed uses, tenants, and/or concept to give the City an idea of what the final development could contain and look like. Supporting market data and collateral materials may be submitted to support the proposed concept.
3. **Team Members** - Identify members of the development team and provide a brief description of each team member's role including the following:
 - Principals involved in the project.
 - Resumes of key team members.
 - A description of team member's proposed role and relevant experience with projects of similar nature and size and experience in and familiarity with development in Cypress or surrounding areas.
 - An organizational chart.
 - Designation of lead contact for the team.
4. **Relevant Project Experience** - A summary of current and previous team experience regard to comparable projects. As appropriate, this information should include a project description, photos, or site plans, if available, land uses, dates completed, developer role, cost/value, financing sources, duration of development processes, role of current employees in the project, and existing status as to ownership and leasing of current developments, percentage owned since project completion, and volume sold/leased. Additionally, please identify similar completed projects in the area that can be visited, and provide a name and contact information.
5. **Project Approach** - A high level summary of the team's approach and anticipated timing related to planning, design, approvals, financing, phasing, development, construction, and operation. Provide examples of processes employed in other projects as it relates to mixed-use projects on urban infill sites. The City's preference for the conveyance of the publicly owned Property is a fee simple sale. The RFQ response should identify the preferred and/or acceptable conveyance structure(s) . Respondents may submit, and the

City will consider, As-Is, Where-Is purchase offers with no entitlement contingencies. As-Is, Where Is offers will be evaluated as part of Round Two of the selection process.

6. **Public Outreach** - A high level summary of the respondent's anticipated plan and approach for community outreach, including specific outreach efforts and methods.
7. **Financial Data** - A summary of the potential developer/development entity's capability to source the capital necessary to successfully fund and/or finance the proposed concept. A description of the anticipated financing structure employed to finance the project and specific evidence to support proof of the ability to fund a project of this size should be provided.
8. **References** - An accurate list at least three references (name, title, entity, telephone number and contractual relationship) that may be contacted with respect to current and past project experience. Additionally, a reference list of and contact information for five to ten individuals involved in the previous projects identified as examples of Relevant Project Experience.
9. **Litigation History with Public Agencies** - Provide information as to any litigation that any developer/development entity that comprises the overall team has had with public agencies over the last ten years.

Submittal Dates

Please return submittals as part of **Round One** for review by **Tuesday, April 10, 2018 at 5:00 p.m. Pacific Standard Time** to the contacts listed below. The City may continue to solicit qualifications beyond the above date if the City, in its respective sole determination, is not satisfied with the number and quality of submittals received.

Submittal Quantity and Contact

Please provide five printed copies of the submittal and one electronic version on a thumb drive to:

Brian Moncrief, Senior Managing Director
Kosmont Realty Corporation
Mailing Address: 1601 N. Sepulveda Boulevard, #382, Manhattan Beach, CA 90266

If you have any questions about the submittal process, please contact:

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5. Evaluation Criteria, Award Procedures, and Timeline

Evaluation Criteria

The following criteria will be used as the primary basis for evaluating developer responses as part of **Round One**:

- The respondent's applicable experience and expertise.
- The respondent's experience in formulating and implementing successful mixed-use projects of similar scope and character.
- The respondent's demonstrated ability to implement projects that retain and authentically reflect local character.
- The respondent's track record, experience, and financial capacity to start and complete projects and uses similar to those requested in the RFQ.
- The respondent's demonstrated ability to structure development and financial transaction structures, which minimize the City's risk while maximizing the public's return on assets and other public benefits.
- The respondent's demonstrated ability to access capital for the proposed scope of development.
- Experience of key project team members with similar projects.

The following criteria will be used as the primary basis for evaluating selected developer responses as part of **Round Two**:

- The criteria above, as well as the respondent's development proposal including price/terms as well as the proposed land uses/tenant mix, massing, financial structure, project valuation, initial financial pro forma, supportive market data, quality of design and development, fiscal impact to the City, and as applicable, project/site components to be provided by the City. In its consideration of the response to this RFQ, the City may request additional information.

The order of presentation of the above criteria does not necessarily denote the specific importance of the same.

Award Procedures

1. The City will evaluate responses to **Round One** of this RFQ. Selections for respondents to advance to **Round Two** will be based on the valuation of the respondents' submittals.
2. Those selected to advance to **Round Two** will be given the opportunity to meet with the City to discuss project approach and execution, and to better understand the City's expectations in terms of design, quality, and offsite improvements before submitting a response as part of **Round Two**. The City will clarify what the preliminary and nonbinding Letter of Intent ("LOI") shall cover.
3. Project concepts and the LOI responses to **Round Two** of this RFQ will be evaluated as to which proposals best satisfy the objectives expressed by the City, as well as provide a desired potential development project and financial return for the City. Selected respondents may be asked to submit a Best and Final LOI and prepare a presentation to the City Council about their proposed project approach and concept as well as relevant experience. **Round Two** evaluation results will be presented to the City Council to make a final selection.
4. The City will pursue negotiations with the top-ranked respondent with the goal of entering into one or more of a purchase and sale agreement, development agreement, a disposition and development agreement, or equivalent agreements effecting the conveyance of ownership and/or occupancy rights to preferred respondent.
5. The conveyance instrument shall include, among other relevant terms, the agreements between City and preferred respondent regarding the purchase price, deposit, due diligence/escrow period, design of the Project, schedule of performance (to include all anticipated discretionary approvals on the part of the City), and other business terms determined necessary or desirable for inclusion in the conveyance instrument to provide a scope of development acceptable to the City.
6. If the City and top-ranked respondent cannot successfully negotiate and execute a conveyance instrument, then the City shall be free to pursue negotiations with the respondent that next best satisfies the objectives and goals expressed by this RFQ, as determined by the City, or in its sole and absolute discretion proceed on alternative basis or terminate process.
7. The conveyance instrument will be presented to the City Council for a final decision regarding its approval.
8. As appropriate, the selected development team must comply with statutory and administrative requirements pertaining but not limited to zoning ordinances, subdivision

requirements, fee schedules, and other applicable City, County, State and Federal codes and ordinances.

9. The City reserves all rights to modify or terminate the selection process, go outside of the selection process to select a developer, or not select a developer at all. This RFQ and selection process does not constitute any type of offer nor does it create any contractual or other liability to the City. There is no guarantee that a sale will be consummated, or that any project will be reviewed pursuant to this RFQ.

Tentative Timeline

- Responses to **Round One** of RFQ are due on Tuesday, April 10, 2018 at 5:00 p.m. PST
- Review and evaluation of **Round One** responses and selection of **Round Two** candidates in April - May 2018
- **Round Two** interview, evaluation of **Round Two** responses and City Council final selection in May - July 2018
- City Council to consider proposed conveyance instrument with preferred developer by September/October 2018

6. Additional Documentation and Contact Information

An online portal has been established at <https://goo.gl/evk5Wu> and contains additional documents, information and materials including the following:

- This RFQ
- Deed
- Phase 1 – Environmental Assessment (2006)
- Appraisal Document from March 2011
- Due Diligence Geotechnical Evaluation from November 14, 2017
- Staff Report from April 2015 regarding CUP Extension
- Staff Report from April 2017 with the most recent CUP Extension
- Zoning Map
- Amended and Restated Cypress Business & Professional Center Specific Plan dated June 5, 2012
- Cypress Town Center and Commons Specific Plan 2.0 [Los Alamitos Race Course] from December 2017
- CBRE Hotel Study from February, 2018
- Fee Schedule

For more information, visit the City's OppSites Site Profile Page: <https://oppsites.com/sites/cypress-mixed-use-development-opportunity-cypress-ca>

City Contact

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