



September 30, 2011

This is an Important Transmittal Regarding an Offering of An Early Development Opportunity within the Tustin Legacy Project

Attention Time Sensitive Response Required

Dear Interested Party:

The City of Tustin on August 1, 2011 issued a solicitation offering for sale a number of specific sites within the Tustin Legacy Project at the former Marine Corps Air Station Tustin at the center of Orange County, California. The City's desire is to collaborate with highly qualified and well-financed developers who share the City's vision for Tustin Legacy, and who will help the City create a vibrant new district within our City.

One of the sites that the City issued a solicitation offering for was Disposition Package 2B. Disposition Package 2B is an approximate 25+/- net acre site proposed largely for commercial office and/or other commercial uses including approximately 713,131 square feet of office, up to 27,000 square feet of other potential commercial uses (not required), and a 250 room hotel. Exhibit A to this letter, identifies the location of Disposition Package 2B. While the City received several responses to the offering on this site which we will be considering, it is also the desire of the City to extend the time frame for response to the Disposition Package 2B solicitation to provide a broader opportunity to those development entities that might be interested in the site based on current market conditions and who may not have responded to the City's earlier offering in August of 2011.

Background

The City recently revised its approach to marketing the sale and development of remaining portions of the Tustin Legacy Project at the former Marine Corps Air Station. As part of the revised Tustin Legacy Disposition Strategy, the City will subdivide approximately 420 net acres available for private development into development Disposition Packages that will be offered for sale to private sector developers for certain land uses and infrastructure improvements required under

the MCAS Specific Plan and Tustin Legacy Master Plan. For more information about the Tustin Legacy Disposition Strategy, a copy is available on the City of Tustin website at www.tustinca.org and on the Tustin Legacy website at www.tustinlegacy.com.

The selection of developers by the City for specific initial Disposition Packages at the Tustin Legacy Project has been established as a two-step process. Step 1 will result in the identification of a short-list of the most qualified prospective developers, who will then be asked in Step 2 to respond to a specific proposal and make a business offer. The City intends that the competitive developer selection process will lead in Step 2 to exclusive negotiations with selected developers of initial Developer Packages sometime in the first six months of next year.

At this time, the City is proceeding with Step 1, which is soliciting developer interest in several sites adjacent to Tustin Ranch Road, near “The District” retail center. For Step 1, an Expert Panel has been created by the City to undertake a developer screening process which will involve an approximate 30 minute in-person interview of the development entities interested in purchasing and developing property at Tustin Legacy. Each Expert Panel will interview and recommend a short list of the three most qualified Development Entities for the solicited Disposition Packages. The Step 1 screening process is really designed to be an efficient and cost effective way to screen development teams by reducing the time, effort and cost normally required of developers. It will not involve any need for a developer to prepare proposals, plans, or business offers for a site at this stage in the process but to only appear before the Expert Panel who will have questions that correspond to selection criteria determined important by the City. Once a short list of the top three qualified developer entities for each Disposition Package is confirmed, the successful short-listed developers will be asked to submit a more detailed formal proposal to the City in response to a specific City package, with terms and conditions which will be subsequently identified by the City.

The solicitation for each Disposition Package is open to interested development entities only, that is, qualified entities that are prepared to purchase and develop the property within time frames to be established by the City after the City’s final selection of a developer for each. This solicitation is not open to land speculation.

Format, Time and Place for Response

As part of this extension notice for the City’s solicitation of interest in Disposition Package 2B, a developer entity must first submit a specific response to the attached questionnaire to be eligible for participation and interview in Step 1 of

the developer selection process. **Such response shall not exceed the specific pages provided for the Disposition Package.** Failure to submit a response to each question in the format required, including checking all boxes will be grounds for immediate elimination and disqualification from the developer selection process, with no interview offered. No additional supplemental information, collateral or marketing material shall be submitted with the questionnaire response at this time. Also, any response to questions related to whether the developer has current or past litigation which could impact its capability the entity to perform, or if developer has at any time filed bankruptcy or been subject to a foreclosure, will disqualify the developer from further participating in the process.

To be eligible for an interview, prospective developers interested in Disposition Package 2B, will have until **November 4, 2011 at 5:00 p.m.** to complete the attached questionnaire for Disposition Package 2B and return it to the City by mail on or before the following dates: **A hard copy (no e-mails will be accepted) of all responses shall be transmitted to:**

**Debbie Sowder
Executive Secretary
City of Tustin
City Manager's Office
300 Centennial Way
Tustin, CA 92780**

A responding developer entity assumes all responsibility for the delivery of a response to this solicitation in the form required. Developer entities should not assume that because a fax or e-mail communication was sent that it was received by the City.

Upon receipt of the completed questionnaire and contact information, those Developers determined eligible will be contacted by e-mail with a specific interview time and location, with the actual time and date assigned to a developer to be in City's sole discretion. Developers will be permitted to bring no more than 4 representatives into the interview. Additional instructions will follow once a development entity is determined eligible for an interview.

Terms and Conditions of Step 1 Response

By submitting a completed questionnaire to participate in Step 1 of the solicitation process, all respondents automatically are bound and agree to the following terms and conditions:

- The City reserves the right in its sole discretion to terminate the solicitation; to issue subsequent solicitations for the same sites or sites, or

variations thereof; to modify the selection criteria, or; to take other actions which ultimately satisfy the City's goals.

- City reserves the right to modify the response requirements to this solicitation notice, including, without limitation, extending the due date for a response, and to obtain additional responses beyond the due date. The City reserves the right to modify, reissue, or cancel in whole or part this solicitation and/or response requirements, timing, arrangement and method of developer selection throughout the selection process.
- City and its Expert Panel reserves the right to disqualify any development entity on the basis of perceived conflict of interest that is disclosed or revealed in the process or by any data available to the City.
- City and its Expert Panel reserves the sole right to judge a respondent's representations, either in written or oral form as to their veracity, substance and relation to the proposed project and solicitation.
- By making a response, the respondent authorizes the City and its Expert Panel, if necessary, to contact individuals and organizations regarding its experience, financial capability and other factors determined by the City important to determining its capability to purchase property, develop, own and operate in a manner in compliance with the MCAS Tustin Specific Plan.
- A respondent by submitting a questionnaire response shall have waived all rights to protest or seek legal remedies whatsoever, regarding any aspect of the Step 1 developer screening process, any Expert Panel or City decision on the selection of the top three most qualified developers or the City's rejection or disqualification of any respondent regarding any Disposition Package.
- Respondents shall respond to this solicitation and any future undertakings related to this solicitation at their own risk and cost. The City will not pay or reimburse respondents for any incurred expenses or pre-contractual expenses.
- Respondents acknowledge that responses are subject to public inspection under the California Public Records Act unless exempted by law. If the respondent believes that any information submitted should be protected from such disclosure due to its confidential, proprietary nature or other reasons, it must identify such information and the basis for the belief in its non-disclosure. Notwithstanding that disclaimer, it is the intention of the City to keep all responses confidential until such time as real estate

negotiations are successfully concluded for the properties described in this solicitation.

- This solicitation is not a contract or commitment of any kind by the City and does not commit the City to enter into an Exclusive Agreement to Negotiate, Disposition and Development Agreement, purchase and sale agreement, ground lease or any other agreement.
- The content of information on the City's web-site regarding the Tustin Legacy project is not warranted or guaranteed by the City, and respondents are urged to do their own independent investigations and any evaluations as they deem advisable. Neither the City, nor its consultants nor Expert Panel provides any warranties, guarantees, or assurances in that regard.

Contacting the City

As part of Step 1, the City will not be responding to specific background or due diligence questions about the MCAS Tustin Specific Plan, Master Plan, or Tustin Legacy Disposition Strategy. Once a developer is short listed and moves onto the Step 2 process, substantial additional due diligence materials and additional detailed information will be provided by the City.

Should you have specific questions about the process that is outlined herein, please transmit your questions in writing by e-mail to RDA@tustinca.org. The Agency will review any questions received and determine in its sole discretion whether a response to all parties is warranted.

For more information about Tustin Legacy, interested developers as part of Step 1 should find applicable general background information regarding the Tustin Legacy Project, the MCAS Tustin Specific Plan and also the Tustin Legacy Disposition Strategy by referring to the City's website at www.tustinca.org or the Tustin Legacy web-site at www.tustinlegacy.com.

Exhibits Attached:

- A- General Location of Disposition Package
- B- Developer Questionnaire for Disposition Package/Parcel 2B.



Exhibit A

General Location of Initial Disposition Package/Parcel being Offered

Disposition Areas

- 1A Tustin Ranch Road Project
- 1B Neighborhood G South
- 1C Neighborhood B / Ramp Parcel
- 2 Neighborhood D South (Tustin Ranch Road Edge)
- 3 Neighborhood D North (North of Warner)
- 4 Neighborhood E (Old Phase II, Armstrong Road Edge)
- 5 Neighborhood E (Old Phase I, Red Hill Avenue Edge)
- 6 Neighborhood G Central
- 7 Neighborhood G North
- 8 Neighborhood D South (Armstrong Edge)



Legend

- LEGACY PARK PROJECT BOUNDARY
- PHASING BOUNDARY
- LIFOC PARCEL BOUNDARY

Disposition Area numbering does not imply phasing or sequencing for development purposes.

Lotting patterns shown on this exhibit are for illustrative purposes only and are likely to change based on new development concepts.



Exhibit B

Developer Questionnaire

**Disposition Package 2B (Office/Hotel)
Developer Questionnaire**

Instructions for Completing Form: The form will be used by the City and the interview panels to get a fundamental understanding of the proposing development entity. Do NOT provide more information than that requested on this form. Do NOT attach information not requested. Complete ALL INFORMATION REQUESTED including "checking all the boxes". Failure to provide the information requested on this form will result in your disqualification. This form must be returned to the City of Tustin by **November 4, 2011 at 5:00 p.m.**

1. ENTITY

Name of Entity: _____
 Address: _____
 Telephone: _____ Fax: _____
 Email: _____ Website: _____
 Primary/Principal Contact Name: _____

a) **Form of Entity** (e.g., corporation, partnership, LLC, LP, REIT, etc.) _____

b) **Is the proposing entity primarily a development entity?** YES NO
 If you checked "NO", state your primary business _____

c) **Is the Developer a subsidiary of /or affiliated with any other Corporation(s), Joint Venture(s), or Firm(s)?**
 YES NO

If "YES", please list the affiliated entity and the relationship to the proposing entity:

Affiliated Entity	Relationship to Proposing Entity
1.	
2.	
3.	

d) **List the name and title of the lead person responsible for negotiating the purchase of the parcel.**

Is this person a principal with the company or an employee?
 Principal Employee Other

e) **List the name, title, and years of experience in the development industry of the person responsible for managing the development for the proposing entity?**

Is this person a principal with the company or an employee?
 Principal Employee Other

f) **List key persons at the proposing entity who will be responsible for acquisition, development [and disposition] of the property.**

Name of Person	Title	Area of Responsibility
1.		
2.		
3.		

2. EXPERIENCE AS A DEVELOPMENT ENTITY

a) List three representative developments completed since 2005.

Project Name	Year Completed.	Location	Number of Square Feet	Project Manager/Principal
1.				
2.				
3.				

b) Does the proposing entity have experience developing in a Master Planned Community (MPC)?

YES NO

If yes, please list not more than three MPCs in which the proposing entity has developed similar product to that proposed for the project.

Project Name	Location	Years (e.g. 2000 to 2005)	Product Types Developed within MPC
1.			
2.			
3.			

c) List no more than three architectural firms the proposing entity has retained on similar projects since 2005? (limit to the three most frequently used firms). Would you propose to use one of these firms for the project?

YES NO If "YES", which one? _____

Architectural Firm	Project(s)	Year(s)	Product Types
1.			
2.			
3.			

3. ACQUISITION AND DEVELOPMENT

- a) **Have you, as the proposing entity, purchased property from a City or Redevelopment Agency using a Disposition and Development Agreement (DDA) or similar agreement in which developing a specific project was a condition of the purchase?** YES NO

If "YES", provide the following information.

Project Name	Location	Public Agency or Municipality
1.		
2.		
3.		

- b) **Will you, as the proposing entity, agree to inclusion of a standard provision in the DDA that in the event of default such as the failure to meet the schedule of performance or to construct in accordance with plans, the City may exercise a right of reversion (allowing it to retake title to the property).**

YES NO

- c) **Do you, as the proposing entity, have any major concerns with the "Disposition Strategy" adopted by the City Council on April 25, 2011 with respect to Disposition Package 2B?** YES NO

If "YES", briefly state concern(s)

- d) **Would you, as the proposing entity, be capable of providing a performance guarantee if you were the selected developer?**

YES NO

If "YES", will you commit to provide a performance guarantee?

YES NO

How do you intend to secure the performance guarantee obligation? _____

- e) **Will your entity or an affiliated entity manage the property during the tenure of ownership?**

YES NO

If "NO", who will provide property management services? Please list.

4. FINANCING, INVESTMENT OBJECTIVES AND PROPERTY MANAGEMENT

a) How does the entity propose to finance the following?

Item	Source of Financing
1. Property Acquisition	
2. Backbone Infrastructure (Off site)	
3. Onsite Infrastructure Improvements	
4. Onsite Vertical Improvements	

b) What is the average length of time you, as the proposing entity or an affiliated entity, hold property before sale to a third party? Check only one box.

LESS THAN ONE YEAR 2 TO 7 YEARS 7 TO 10 YEARS OTHER _____

5. FINANCIAL HISTORY AND RELATIONSHIPS

The questions below use the term “you” which shall mean and include the proposing entity and each entity owned or controlled by the proposing entity or under common control with the proposing entity (including parent, subsidiary and affiliated entities) and each entity under common management or control of the Officers, Principal Members, Shareholders and/or Partners having more than a 5% interest in the proposing entity. All references to “lenders” mean third parties not affiliated with the proposing entity.

a) Since 2005, have you “walked away” from a project by terminating any of the following: 1) Purchase and Sale Agreement, 2) Development Agreement, 3) Disposition and Development Agreement, and/or 4) agreement with development partner before project completion?

YES NO

If “YES”, please briefly explain.

b) Do you currently have a credit line(s) from a recognized institutional lender(s) that has a capitalized value of more than \$5 Billion?

YES NO

If so, provide the name of the lender(s).

Entity	Name of Lender	Is Credit Line Available for Project? (Yes/No)	How much of Credit Line is Unallocated?	Length of Relationship with Lender
1.				
2.				
3.				

- c) List three representative projects completed by the proposing entity since 2005 in which the value of the completed project exceeded \$50 million and indicate the Ownership Percentage of the proposing entity for each project.

Name of Project	Value of Project at Completion	Ownership Percentage of Proposing Entity
1.		
2.		
3.		

- d) Have you been involved in the following:

- o Adjudged bankrupt, either voluntary or involuntary? YES NO
- o Had a project foreclosed upon by a Lender? YES NO
- o Failed to make payments on any debt instrument for more than 3 months? (types of debt instruments include notes, bonds, certificates, mortgages, leases or other agreements between a lender and a borrower.) YES NO

- e) Are you current with all debt obligations to third parties? YES NO

- f) List the proposing entity's three major investment partners (equity sources), not related to the proposing entity, since 2005, and state the length of this relationship and the type of entity (e.g., pension fund, insurance company, publicly traded company, private placement entity).

Name of Equity Source	Type of Entity (e.g., pension fund, insurance company, publicly traded company, private placement entity)	Length of Relationship with Investment Partner
1.		
2.		
3.		

- g) Since 2005 have you recast the terms and conditions of any real estate loan with a lender? YES NO
If "YES", please explain.

Entity with Loan	Explain Status of Loan Recast/Workout
1.	
2.	
3.	

6. LITIGATION

a) Have you been involved in litigation relating to a development project either voluntary or involuntary within the past three years? (List all litigation in which you have been involved—additional pages may be attached)

YES NO

If “YES”, briefly explain.

Development Entity	Location	Opposing Party	Explain Circumstances
1.			
2.			
3.			

b) Have you been involved in litigation against any local, state or federal public agency, City, Redevelopment Agency, or other special purpose entity owned and operated by a federal, state or local agency?

YES NO

If “YES”, briefly explain.
