

REQUEST FOR PROPOSALS
THE PRESIDIO TRUST
PUBLIC HEALTH SERVICE HOSPITAL COMPLEX
AUGUST 27, 2003

The Purpose of this Request for Proposals (RFP) is to select a development team to enter into exclusive negotiations to rehabilitate the Public Health Service Hospital (PHSH) complex, as described in the Request for Qualifications (RFQ) issued by the Presidio Trust on April 18, 2003. With the exception of expanded descriptions of the Project Goals and Objectives and the Selection Criteria, information provided in the RFQ will not be restated.

SUMMARY OF OPPORTUNITY

The Presidio Trust seeks detailed proposals to rehabilitate the former Public Health Service Hospital and to revitalize and reuse buildings within the project site. The project site lies within the 42-acre PHSH district, and is restricted to the shaded areas on the potential ground lease premises map attached as Exhibit A (this diagram was previously distributed as Addendum #2 to the RFQ). All proposals must include rehabilitation of the historic core of the main hospital building (Building 1801). Proposals may also include any of the other buildings identified in the RFQ. All historic buildings included in the proposal must be rehabilitated. The Trust will entertain proposals to demolish non-historic structures within the site, including the non-historic wings of the hospital building. The Trust will also consider replacement construction in the developed areas indicated in Figure 3 of the Draft Planning and Design Guidelines (included in Appendix A to the RFQ). Replacement construction is not required. However, if proposed, replacement construction may not exceed the number of square feet demolished, up to a maximum of 130,000 square feet. At project completion, the total square footage in the PHSH district may not exceed 400,000 square feet, as stated in the Presidio Trust Management Plan (PTMP).

PROJECT GOALS AND OBJECTIVES

The Request for Qualifications identified seven project goals and objectives. Because of their importance, they are restated below with clarification and expansion:

HISTORIC RESOURCES

The Trust seeks to preserve the historic resources that contribute to the Presidio's designation as a National Historic Landmark District (NHLD). Preservation and rehabilitation of at least the historic portion of the hospital building are required in all proposals. If other historic buildings are included as part of a proposal, they must also be preserved. A significant portion of the costs incurred in the rehabilitation of historic structures may qualify for the federal Historic Tax Credit, which equals 20 percent of

qualifying rehabilitation costs. Developers are encouraged to consult with qualified advisors and counsel in investigating the application of the Historic Tax Credit.

PREFERRED USES

The Trust seeks proposals that are consistent with the PTMP, which specifies residential use as the preference for the main hospital building, with residential, educational, and other supporting uses elsewhere in the district. As subsets of residential use, senior and assisted living and related uses (e.g., skilled nursing, continuing care) will also be preferred uses. Educational uses and supporting uses may be considered in other buildings, in addition to residential use. Public access to open spaces within the district must be preserved.

The Trust seeks a proposal that is consistent with other activities and projects in the PSHS district. These other activities and projects include: remediation of land fills consistent with the ongoing Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) process; improving and establishing trails, bikeways, and an overlook and trailhead consistent with the Presidio Trails and Bikeways Master Plan; restoring natural areas and improving designed landscapes consistent with the Presidio Vegetation Management Plan (as amended through the PTMP); enhancing habitats included in the Quail Habitat Enhancement Plan; and improving access to the project site via 14th and 15th Avenues as described in the PTMP.

TRAFFIC AND PARKING

The Trust seeks to limit traffic and parking demand related to reuse of the site, and will require prospective tenants to participate in the Trust's transportation demand management program, which encourages alternatives to single-occupant automobile use. Proponents must consider uses and programs that minimize traffic and parking demand. Program elements may include use of paratransit, public transportation support, and other incentives and disincentives.

FINANCIAL CONTRIBUTION

The Trust must become financially sustainable over the long term and seeks a project that enhances the viability of the Presidio. Revenues support the Trust's Congressional mandate to preserve and protect the Presidio for public use in perpetuity. The Trust, therefore, seeks to realize the full economic benefit of its large residential projects. Proposals must include at least the minimum annual base rent (adjusted to increase over time), some participation in future increased revenues (including cash flows and proceeds from transfer, sale or refinancing), and payment of the Service District Charge (SDC) to commence upon delivery of the site by the Trust. The SDC is a pass-through of a portion of Presidio operating expenses (e.g., police, fire, road and other infrastructure maintenance) that are not directly associated with revenue-generating buildings. Tenants are charged a pro rata portion of such costs based on the relationship of the space leased to the total square footage within Area B of the Presidio (currently estimated to be 5,421,000 rentable square feet). The Service District Charge for Fiscal Year 2003 is estimated to be \$3.57 per rentable square foot.

DESIGN AND QUALITY OF IMPROVEMENTS

The Trust seeks proposals that exhibit the highest quality of site planning and design, and which are compatible with the NHLD and surrounding neighborhoods. The PHSH project will be required to meet prevailing codes and standards for the proposed use, and to comply with the Planning and Design Guidelines for the district.

NATURAL RESOURCES

The Trust seeks to protect the undeveloped areas within and adjacent to the PHSH district. These areas shelter many important plant and wildlife habitats, including that of the San Francisco lessingia, a federally-listed endangered plant. Residents and visitors will have an opportunity to learn about and to protect these valuable natural and biological resources. The Trust expects that proposals will preserve and respect the district's natural and biological resources as discussed in the Environmental Review Summary referenced in Appendix A to the RFQ.

ENVIRONMENTAL SUSTAINABILITY

The Trust encourages environmentally sustainable building design, materials, and construction practices. Energy-efficient materials and building techniques should be incorporated into any proposed design. Building and grounds operations should promote water conservation, energy efficiency, and indoor air quality, and tenants are expected to participate in Presidio-wide waste management programs. Green building guidelines are referenced in Appendix A to the RFQ.

SUMMARY OF TERMS

The transaction will be documented by a Development Agreement and Ground Lease, the terms of which will include an initial lease term not to exceed 75 years, and a total term (inclusive of options) not to exceed 90 years. The ground lease will provide for the minimum annual base rent (with adjustments), for the payment of the Service District Charge and for Trust participation in revenue increases. The Trust has elected to circulate the Development Agreement and Ground Lease after the commencement of exclusive negotiations.

Respondents must prepare and return an executed term sheet with the proposals.

An earnest money deposit of \$100,000 is required with the proposals. The deposit will be refunded to those developers not selected.

A non-refundable fee of \$25,000 is also required with the submittal in order to defray environmental review costs.

The development team that is selected to enter into negotiations will be required to remit an additional non-refundable negotiating fee of \$50,000.

SELECTION PROCESS

Trust staff, with the assistance of outside consultants, will evaluate all proposals against the selection criteria contained in this RFP, and will prepare a recommendation for consideration by the Trust Board of Directors. The Presidio Trust is sole decision-maker regarding this selection, and reserves the right to reject any or all proposals, as well as to terminate lease negotiations at any time. Following this process, a respondent may be selected to enter into negotiations leading to a non-binding Letter of Intent and an Exclusive Negotiations Agreement.

Teams are also required to present their proposals at a public meeting of the Trust Board of Directors on October 29, 2003. Following the submittal date and initial public meeting, the Trust may request additional information, conduct interviews, and schedule additional public presentations.

DEADLINE AND DELIVERY

Three originals of the proposals, as well as one public copy submitted pursuant to the provisions identified in the *Use and Disclosure of Information* section of this document, must be received by the Presidio Trust no later than 5:00 p.m., Pacific Standard Time, on October 27, 2003, at the following address:

The Presidio Trust
34 Graham Street
P.O. Box 29052
San Francisco, CA 94129-0052

Proposals that are not received at the Presidio Trust office before the specified deadline will not be accepted. Facsimile reproductions or electronic transmissions of proposals will not be accepted.

All copies of the proposal must be enclosed in a sealed box or envelope showing the title of the proposal and the name and address of the submitting organization(s). The Presidio Trust will retain all proposals for the official record. The Presidio Trust will acknowledge receipt of the proposals, but will not provide respondents with any other information about the status of submittals.

Respondents must submit a public copy of their proposal that complies with the requirements of the Freedom of Information Act.

SELECTION CRITERIA

The following criteria (which include additions and clarifications to those presented in the RFQ) will be used to evaluate proposals.

1. Conceptual Proposal

- Compatibility with the draft PSHH Planning and Design Guidelines, the Presidio Trust Management Plan, the Presidio Trust Act, and the general objectives of the General Management Plan Amendment for the Presidio (*Trust Board Resolution 99-11*)
- Responsiveness to the Presidio Trust goals and objectives for the site, as stated in this RFP
- Compatibility of design and concept with the Presidio's National Historic Landmark District

2. Qualifications and Experience to Develop the Site

- Experience with similar projects
- Quality of past projects and timeliness of past performance
- Quality of ongoing maintenance standards
- Qualifications of principal and other team members
- Experience with public-private collaborations
- Experience working in an historic district setting and/or national park
- Experience in historic building rehabilitation, including the use of historic tax credits
- Experience using environmentally sustainable building techniques
- Experience executing projects in environmentally-sensitive areas

3. Financial Capability

- Ability to raise capital for the project
- Strength of current relationships with financial institutions
- Overall financial track record

4. Outreach

- Proposed public outreach efforts during the development process and after project completion
- Successful past outreach programs to increase employee diversity and procurement from minority- and women-owned firms

- Successful past outreach programs to increase diversity in residential populations

5. Business Offer, including:

- Guaranteed base rent of at least \$1 million annually for the main hospital building and Battery Caulfield
- Base rent adjustments
- Percentage rent (or other revenue sharing)
- Percentage rent or revenue sharing adjustments
- Construction period rent and SDC payments
- Trust participation in proceeds from sale, transfer or refinancing
- Projected income to the Trust
- Other proposed financial terms

6. Project Feasibility, including:

- Evidence of funding availability
- Project economics, based on cash flow projections
- Guarantees
- Project schedule

7. Other relevant factors, including but not limited to:

- Completeness, accuracy and clarity of proposal
- Demonstrated understanding of the complexity of the project
- Description of team roles and responsibilities
- Description of working relationship with the Trust

SUBMITTAL REQUIREMENTS

PROJECT PROPOSAL

In narrative and graphic form, describe the overall design objectives, team approach, and character of the project. The proposed development program and conceptual design should be limited to the areas shown in Exhibit A. The Battery Caulfield site should be excluded from the development program site if there is no proposed replacement construction at that location.

- For each building included in the proposal, identify the type of use, square footages, and unit counts, if applicable.
- Propose parking counts for each building and the general location of parking areas.
- Indicate how the proposed approach and design complies with the *Draft Planning and Design Guidelines*, including the height limits and development boundaries included in Figure 3, p. 27 of the RFQ.

- Describe how the design and concept is compatible with the Presidio’s National Historic Landmark District and the guidelines set forth in the Presidio Trust Management Plan. Identify proposed components, if any, that may warrant focused NHPA consultation.
- Describe what measures will be taken to conserve energy and other resources in the design and rehabilitation of existing and any new structures.
- Identify design strategies, appropriate technologies, construction materials, mechanical systems, and other strategies to be implemented that will contribute to sustainable building design.
- If new construction is proposed, include a summary of building materials, external as well as internal.
- For all housing, specify the proposed mix of senior, assisted living, and conventional dwelling units by unit count and square footage.
- Indicate whether Presidio-based employees will receive preference for conventional units, and whether any units will be designated as affordable.
- For accessory and non-residential uses, describe the size, character and populations served.
- Discuss the potential accommodation of the existing tenants (Arion Press and Lone Mountain School).
- Include a discussion of the landscape design for the development site and indicate if there are areas that you would propose not to make available to the public.

CONCEPTUAL DESIGNS AND RENDERING

Submit conceptual designs at a minimum scale of 1 inch = 32 feet. Illustrate typical conceptual floor plans in the rehabilitated historic structures. Indicate where there may be substantial modification or removal of historic fabric. If new construction is proposed, provide floor plans and sufficient elevations to fully convey the massing, scale, color, texture, and architectural character. Please provide details such as sections, elevations, and other drawings to clarify any design concepts for the project.

CONCEPTUAL SITE PLAN

Submit a conceptual site plan, scaled at 1 inch = 100 feet, illustrating the site configuration including:

- All existing and proposed buildings included in the project
- Vehicular circulation and parking, including the number and generalized layout of parking spaces
- Pedestrian circulation
- Recreational amenities
- Landscaped areas and open space

As described in Figures 2, 4, 5, and 7 of the *Draft Planning and Design Guidelines*, indicate extant historic resources and cultural landscape features. Indicate also vegetation and natural resources to be protected and public access priorities.

PLAN FORMATS

All plans must be submitted in a reduced 11-inch x 17-inch format. All plans must include:

- Title block identifying the RFP respondent & project name
- Dimensional scale
- North arrow
- Date
- Sheet numbers

OTHER INFORMATION

- AutoCAD (dwg.) file of preliminary conceptual design on a Presidio base topo map (file provided) to ensure scale compatibility for Trust graphics.
- Estimated number of truck trips to/from the site for both demolition and construction, including excavation for underground parking, if proposed, approximate duration of construction phase, expected working hours, and expected number, or range, of personnel on site each day.
- Requirements and conceptual program for infrastructure improvements within the project area, and general requirements for energy services (electric and natural gas), potable water, sanitary sewer, and irrigation.
- Photosimulations of conceptual site plan from various vantage points as specified below. The numbers below are keyed to the Viewpoint Map attached as Exhibit B.
 1. From the 15th Avenue Gate looking north
 2. From the parking lot on the upper plateau below the Nike Swale looking northeast (only if new construction is proposed on the Battery Caulfield site)
 3. From the proposed overlook on the Landfill 10 parking lot looking east-northeast
 4. From any other vantage point that would best illustrate proposed new construction
- If new construction is proposed on the Battery Caulfield site, describe drainage measures that will be taken to comply with the following PTMP EIS mitigation measure:

NR-11 Nike Missile Site. Proposed uses of the Nike Missile site shall be designed or otherwise conditioned to minimize changes in the local hydrology such that the existing wetland and lessingia habitat near the PHSH is not adversely impacted. Final Environmental Impact Statement, Presidio Trust Management Plan, Vol. I at 240 (May 2002).

- Also describe ways in which the project accommodates other Presidio Trust goals, including creation of ‘corridors’ for animal movement.
- If reuse of buildings adjacent to Battery Caulfield is proposed, or if new construction is proposed on the site, describe measures that will be taken to increase and protect the California Quail population in the Presidio.

PROJECT COSTS

Provide a detailed breakdown of construction and development costs, including hard and soft costs, broken into the following three components:

1. Main hospital building
2. Battery Caulfield site (if applicable)
3. All other buildings

PROJECT SCHEDULE

Provide a schedule of the expected duration of the following project milestones: phases of construction, completion of tenant improvements, and occupancy.

BUSINESS OFFER

The proposal should include, at a minimum, the following business terms:

PROJECTED INCOME TO THE PRESIDIO TRUST

Propose a base rent that meets or exceeds the minimum base rent for Building 1801 and Battery Caulfield, and state when the base rent will commence. Also propose additional base rent for other buildings. State the selected index and time periods for adjusting the base rent, including periodic reappraisals. Propose percentage rent or other revenue sharing above the base rent and explain the basis for determining the amount. The Trust expects to participate in net proceeds from sale, transfer or refinancing. The proposal should include such participation, stated as a percentage of net proceeds.

FUNDING

Indicate sources for construction and long-term financing, including equity participation (amounts and terms including return requirements), debt (amounts and terms including loan to value ratio, debt coverage ratio, reserve requirements and contingencies), guarantees, and historic tax credits and other sources, if applicable. Provide at least one “comfort letter” from each financing source indicating interest in financing the project and concurrence with the proposed development program. If a “comfort letter” is not available, provide a letter from each lender and investor indicating interest in providing financing to the project, including financing parameters and an indication of the amount of the project cost the lender or investor is willing to finance. Indicate if you intend to apply for historic rehabilitation tax credits as a component of equity. Describe how the tax credit approval and placement process will be incorporated into the project design, development, and financing schedule.

If you intend to utilize tax-exempt financing, describe how the tax-exempt bond approval and syndication process will be incorporated into your design, development and financing schedule. Provide sufficient information to enable the Trust to verify the entities interested in issuing and underwriting the bonds. Describe how the process would work given the requirement that the Presidio remain in federal ownership. The Trust may require an opinion letter from qualified bond counsel. In addition, if tax-exempt financing is the primary financing vehicle proposed, an alternative financing strategy must be provided in the event tax-exempt financing proves infeasible.

TRANSACTION STRUCTURE

Describe the anticipated structure of the transaction with the Presidio Trust, including master lease and development agreement. Identify completion guarantees and existing tenant treatment.

FINANCIAL PRO FORMA

The Trust expects respondents to submit realistic pro formas that do not overstate the expected financial performance of the project. The project pro forma must include a financial projection that outlines development and operating assumptions, as well as cash flow projections for the pre-development phase and ten years of operations. The pro forma must be specific with respect to all assumptions and variables, such as development program by building type, project phasing, unit costs, and an annual cash flow that clearly shows gross income, operating expenses, vacancy, all reserves, debt service, net operating income, and rent to the Presidio Trust. The pro forma should be submitted in hard copy format and in a computer-readable spreadsheet format using Microsoft Excel.

USE AND DISCLOSURE OF INFORMATION

Your submittal in response to this Request for Proposals may be subject to the federal Freedom of Information Act (“FOIA”), 5 U.S.C §552. Under the FOIA, only certain categories of information submitted to and in possession of the federal government are exempt from disclosure under the FOIA. Information that is not properly identified may be released by the Presidio Trust (“Trust”) without further review or consultation with you. Information that is properly identified may be released to a public requestor under FOIA only upon a finding by the Trust or by a court that it is not, in fact, exempt from disclosure.

Among the FOIA exemptions that may apply to information you submit is one that exempts “trade secrets and commercial or financial information obtained from a person and privileged or confidential.” 5 U.S.C. §552 (b)(4). Courts have further defined these terms in specific situations. You may wish to seek legal advice on this and other FOIA issues, including other exemptions that may apply to the information you submit.

If your proposal does not contain information that you believe is exempt from disclosure under the FOIA, you must submit a letter to the Trust along with your proposal indicating that nothing in the proposal is exempt from disclosure.

If your submittal contains information that you believe is exempt from disclosure under the FOIA, you must mark the cover of each document submitted as part of your proposal with the following legend:

The information specifically identified on pages ___ of this document constitutes information which the submitter believes to be exempt from disclosure under the federal Freedom of Information Act. The submitter requests that this information not be disclosed to the public, except as may be required by law.

You must also specifically identify the information on each page of the proposal on which exempt material appears, and must prominently mark each such page as follows:

CONTAINS INFORMATION THAT IS EXEMPT FROM DISCLOSURE UNDER THE FOIA

You must also submit to the Trust an additional complete copy of your proposal marked prominently on the cover as a “PUBLIC COPY” with the information that you believe is exempt from disclosure permanently redacted such that this public copy may be released to the public without further review.

Failure to identify information in your submittal and/or failure to redact information from the public copy you submit will be treated by the Trust as a waiver of your claim to exemption from public disclosure under the FOIA for such information.

The Trust shall use the information that you identify in your submittal only for the evaluation of your submittal. Please note, however, that if the Trust enters into a contract with you as a result of or in connection with the submittal, the Trust shall have the right to use the information as provided in the contract. In addition, if the same information is obtained from you or from another source, it may be used in accordance with such restrictions, if any, as may be placed on it by that source.

If a request of the Trust under the FOIA seeks access to information in the submittal that you have identified as exempt from disclosure under FOIA, the Trust will notify you at your current address on file with the Trust in accordance with Executive Order 12600, and the Trust will provide you with an opportunity, on an expedited basis, to submit additional evidence and written argument in support of your position. If the Trust determines that some or all of the information claimed by you to be exempt from the FOIA is, in fact, subject to disclosure by the Trust under FOIA, the Trust will notify you of this determination before the information is released. In order to receive notice in such situations, you must ensure that the Trust at all times has your current mailing address, phone number, facsimile number (if any), and electronic mail address (if any).

Questions concerning these FOIA procedures and related policies should be directed to:

The Presidio Trust
Attn: Steve Carp FOIA Officer
Building 34, Graham Street
P.O. Box 29052
San Francisco, CA 94129-0052
Voice: 415-561-5339
Fax: 415-561-5308

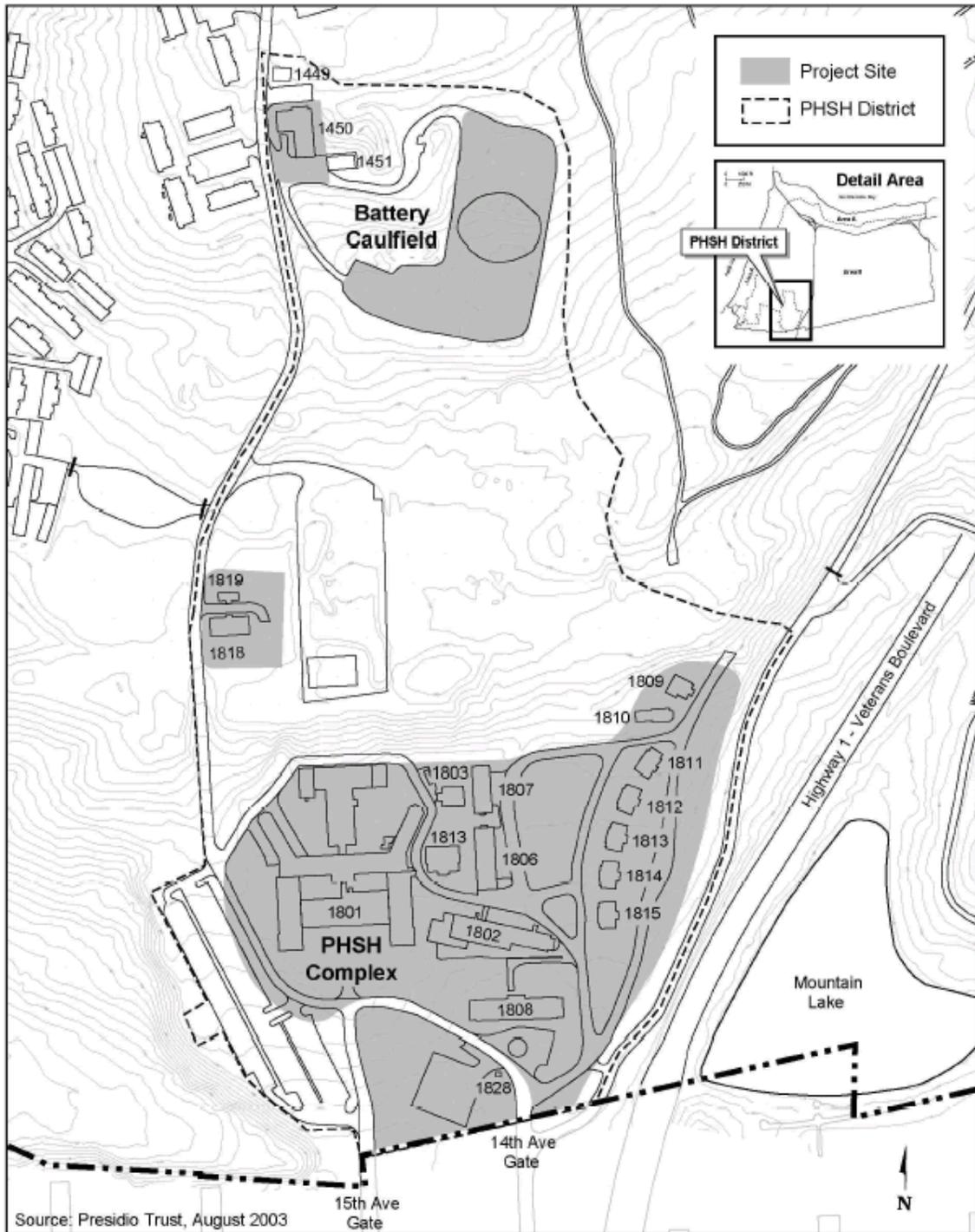


Exhibit A

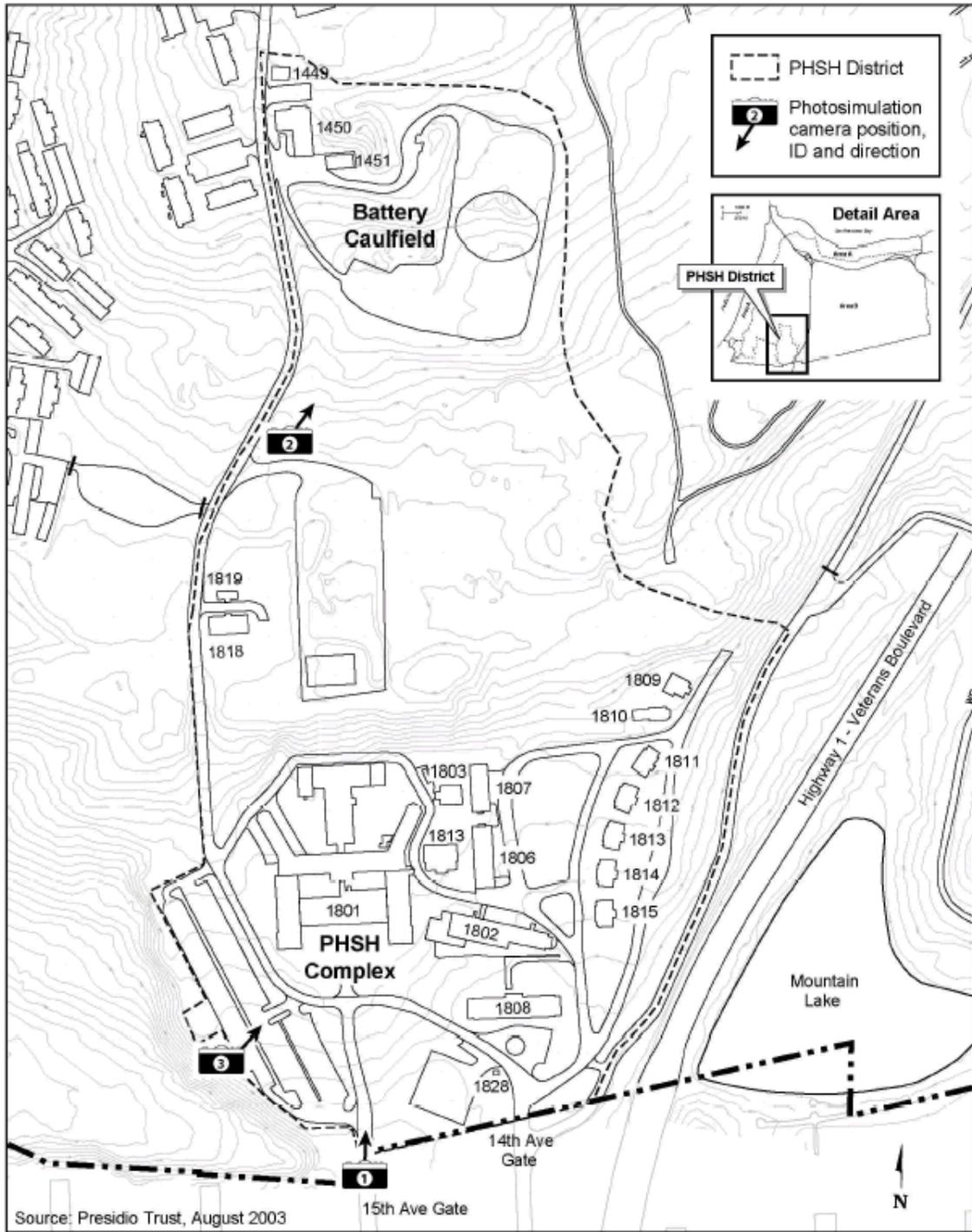


Exhibit B