

University of California, Riverside

UCR Health Outpatient Pavilion Project

Request for Offers (RFO) for
Project Developer

November 6, 2017

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APPENDICES*

- A. Basis of Design
- B. UCR Health Clinical Strategic Business Plan
- C. Expanded Business Terms Sheet
- D. Work Product Agreement

REFERENCE DOCUMENTS**

- Request for Qualifications (including Addenda)
- Request for Additional Information

* Appendices have been or will be made available in electronic folders to which Offerors have been provided access.

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1.0 INTRODUCTION

The University of California, Riverside campus (“UC Riverside” or “UCR”) has completed prequalification for a selection process for a potential developer (“Developer” or “Offeror”) to undertake development, design, construction, ownership, and management, and the potential financing of a medical office building, including, potentially, ambulatory care, pharmaceutical, and other related healthcare facilities, improvements and services on land owned by the University of California (“University”) as more particularly described in this Request for Offers (“RFO”), which also establishes the requirements for a real estate offer submission by Offerors. Offers will be accepted only from Offerors short-listed through the initial Request for Qualifications (“RFQ”) and Request for Additional Information (“RAI”) processes.

The University reserves the right to reject any, or all, submittals and/or to not proceed with this Project for any reason, in its sole and absolute discretion.

1.1 Request for Offers and Project Approval Schedule

The anticipated schedule of the RFO process is below. The University may update and revise the schedule in its sole discretion.

Anticipated RFO Milestones

Activity	Schedule
Release of RFO	November 6, 2017
Submit Questions	November 6, 2017 to December 1, 2017
Submit Alternative Technical Concepts*	November 6, 2017 to December 15, 2017
Charrette #1	November 16 & 17, 2017**
Charrette #2	December 5 & 7, 2017**
Approval of Alternative Technical Concepts	December 21, 2017
Response Deadline	January 9, 2018
Respondent Interviews	January 16 - 19, 2018
Selection of Preferred Offeror	January - February 2018

RFO Schedule Notes

* See Section 3.9 for a discussion of alternative technical concepts.

** The charrette process will be conducted in two rounds, as noted above. The University will be available to each Developer for up to four hours per round. Meetings will be scheduled through the University.

Anticipated Project Approval Milestones

Activity	Schedule
Negotiations of Business Terms	January – March 2018
Discussion Item at UC Regents Meeting	February – April 2018
Action Items at UC Regents Meeting <i>(UC Regents Meeting for approval of Business Terms is typically a closed session)</i>	May – July 2018
Action Items at UC Regents Meeting <i>(Approval of Design and CEQA)</i>	July – Sept. 2018

1.2 Project Overview

1.2.1 Project Description. The proposed UCR Health Outpatient Pavilion (“Project”) is expected to encompass approximately 155,000 gross square feet (“GSF”) in a multi-story complex, based on UCR’s near-term needs, anticipated future growth, expected demand for pharmacy and other on-site retail and dining services, and potential capacity of the site. The final size of the facility will be determined through the selection process based on the site’s capacity, the Developers’ offers, the University’s future space needs, and other factors. The University will also require parking sufficient to meet the Project and University needs as described in 1.2.3 below. Offerors should take into consideration, that the University envisions a later phase building of equivalent or similar size to be constructed adjacent to the facility within the Project site at a later date, in order to serve the future needs of the UCR Health system enterprise.

The facility will house, at a minimum, the Student Health and Counseling Center (~35,000 GSF), the UCR Health community outpatient clinics and other ambulatory medical services (~112,000 GSF), and the balance of space provided as specified in the following table. A minor amount of additional space may be leased within the building to other tenants with complementary programs. As

its needs evolve, the University could occupy additional space in the facility, over time. See University’s Basis of Design (“BOD”) for additional details (**See Appendix A**).

Below are the key programmatic elements of the Project and their respective estimated **minimum** space needs in GSF. These requirements are flexible in the event that there are alternative approaches proposed in the Offer.

UCR Health Outpatient Pavilion	Estimated Minimum Space Needs
UCR Student Health & Counseling Center	35,000 GSF
UCR Health (SOM Clinical Enterprise)	112,000 GSF
Other Uses (e.g. pharmacy, dining & other retail)	8,000 GSF
Total Building Size	155,000 GSF
Parking Structure	4.5 parking spaces per 1,000 GSF of facility space + 155 parking spaces for existing campus parking

1.2.2 Project Site. The primary parcel is located at 1150 University Avenue, between the intersection of Iowa Street and the I-215 off ramp at the University Avenue exit. It is directly across the street from University Village, a mixed-use commercial development with restaurants, entertainment, and retail stores. This site is close enough to the University to encourage pedestrian and bicycle traffic, and its adjacency to I-215 should make it attractive to retail and office users. The primary parcel is an irregular quadrilateral consisting of approximately 3.6 acres. The longest edge spans 600 feet north-south on its western boundary while its eastern boundary runs 490 feet along the Gage Canal. The majority of the vertical improvements on the site (as seen in the image below) have been removed by the University and the Project site is currently being used for University Parking. The University is not removing any existing underground utilities. For reference, please see the parcel outlined in yellow in the site map below. The site map is also available in the electronic Project folder as Attachment 1 to the RFQ. Site studies and surveys will be made available in the Project folder in a forthcoming addendum.

The secondary parcel (outlined in pink below) is located at the rear of the primary parcel and immediately north of Everton Place, consisting of approximately 1.2 acres. It currently is being used as a surface parking lot. It is anticipated that the University also will provide a Ground Lease for the secondary parcel in order to facilitate compliance with open space and parking requirements of optimal development on the primary parcel. Replacement parking of 155 parking spaces for the University Extension (“UNEX”) would have to be included in the proposed Project from Offeror.



1.2.3 Parking. The Project will require sufficient on-site parking to meet market standards and demands for the size and uses of the facility, considering the site location, anticipated flow of visitors and modes of travel, etc. The University estimates that the Project will require 4.5 parking spaces per 1,000 GSF of facility space. That estimate will need to be further validated by the preferred Developer to establish the final parking ratio, supported by a comprehensive traffic and parking study, and subject to approval from the University. A multi-level parking structure is envisioned, consistent with market standards for the scope and scale of the facility. Over the long term, the parking facility may be owned and/or operated by the Developer or by the University, subject to negotiation of mutually agreeable terms. Developer's Offer must address both scenarios. In addition to the parking provided per the Project's requirements, the Project also will need to replace 155 spaces that currently are allocated to the UNEX on the Project Site.

1.2.4 Purpose of Selected Delivery Approach. The University's primary objective in selecting a third-party delivery approach for the Project is to bring the best available design, construction, operations and maintenance ("O&M") and management experience, project delivery skills and resources necessary to deliver and operate a first-class ("Class-A") medical office building and other related healthcare improvements and services on a timely and economical basis, consistent with the University's desired allocation of risks and responsibilities.

The University desires to select a best-in-class team whose members will work with one another and the University to deliver the Project in a manner that fully meets the University's established program, schedule, design standards, site development guidelines, and other specifications as set forth in the BOD. This delivery approach is intended to allow the Developer, designer, contractor, and O&M operator to work together to optimize timely delivery of the proposed facility, economize University occupancy costs, and achieve lifecycle savings.

The University requests design concepts that will meet the minimum program requirements, achieve design intent, and meet construction quality consistent with a Class-A private-sector project. Additionally, the University encourages innovative approaches to Project design, construction, speed of delivery, minimization of on- and off-site impacts, and operations that will fulfill the University's functional requirements and objectives. Developer's approach must also be consistent with, or otherwise improve upon, the UCR Health Clinical Strategic Business Plan for the facility (**See Appendix B**).

1.2.5 Transaction Overview. As further described in the Expanded Business Terms Sheet (**See Appendix C**), the Project will be implemented through, *inter alia*, a lease disposition and development agreement (the "Lease Disposition and Development Agreement"), pursuant to which the Developer will enter into the ground lease ("Ground Lease"), and related transaction documents for the Site pursuant to which the Developer will be required to design, potentially secure financing, build, hold title to the building, and operate, manage and maintain the Project. The University will lease space in the Project facilities pursuant to an occupancy lease with terms to be negotiated by the parties ("Space Lease"). The agreements required to commence and complete this Project are collectively defined as "Transaction Documents."

1.2.6 Primary Project Agreements ("Business Terms"). The Business Terms will be presented for the approval of the UC Regents at a meeting of the Regents currently anticipated to occur in early 2018. The UC Regents Meeting for approval of Business Terms is typically a closed session. If, and when, the approval is granted by the Regents, the University and Developer will proceed towards the future execution of the Project-related Transaction Documents.

Certain primary agreement terms for the Project are described in the Expanded Business Terms Sheet (**See Appendix C**). Developers will be expected to respond to the term sheet and submit the response as part of the Offer. Highlights are as follows and pertain to a Developer financed structure. A tax-exempt bond financed structure may involve additional parties, agreements, and different terms.

(A) REIMBURSEMENT AGREEMENT TERMS

The Reimbursement Agreement between the University and Developer will include, *inter alia*, provisions for the reimbursement to Developer of certain qualified out-of-pocket project design and other pre-development costs incurred in connection with its obligations (subject to a cap to be negotiated) prior to the commencement of construction of the Project. The Reimbursement Agreement will apply if the University fails to approve a final design submittal notwithstanding the parties' good faith efforts to obtain such approval.

It is possible that reimbursement terms could be folded into the Lease Disposition and Development Agreement.

(B) LEASE DISPOSITION AND DEVELOPMENT AGREEMENT TERMS

The Lease Disposition and Development Agreement between the Developer and the University (“LDDA”) will provide for, *inter alia*, the design of the Project, and conveyance of the Ground Lease and other transaction documents.

The LDDA will govern design submittals and approvals as well as conditions precedent to commencement of the Ground Lease. The Developer's obligations under the LDDA will include, but not be limited to, the following:

1. Manage, hire and coordinate a design team and contractor;
2. Manage design team and coordinate interaction with UCR representatives;
3. Coordinate submittal of plans and specifications, and the transaction documents to the University for review and approval;
4. Provide information for CEQA documentation and University project and environmental approvals and work with University to coordinate entitlements and community reviews;
5. Provide cost estimates and schedules for the Project;
6. Coordinate permits for construction and all compliance requirements (e.g., ADA compliance) through the State Fire Marshal, the Department of the State Architect, UCR, as the Authority Having Jurisdiction (“AHJ”), the Office of Statewide Health Planning and Development (“OSHPD”) (if, and as, applicable), with UC Policies, and the City of Riverside (if, and as, needed);
7. Construct building core and shell and interior tenant improvements, as described in the Basis of Design; and
8. The University, in its sole discretion, may expand the Developer’s obligations to include, *inter alia*, project fixtures, furnishings, and equipment.

Anticipated key terms of the LDDA are described in the Expanded Business Terms Sheet **(See Appendix C)**.

(C) GROUND LEASE TERMS

Upon completion of the Project approval process, procurement of construction permits and finalization of financing arrangements and upon satisfaction of the conditions precedent to entering a ground lease, the University will enter into the Ground Lease with the Developer, pursuant to which the Developer will be required to construct the proposed improvements, upon completion of which the University will take occupancy under the Space Lease. The term of the Ground Lease is anticipated to be between 40 and 60 years, depending on the financing structure, plus the period of construction, from the date of closing, with no renewal options, and will provide for specified annual rental payments.

The University will have a continuing right of first refusal (on the terms offered to a third party) and a right of first offer to purchase both the Developer's Ground Lease and/or Space Lease interests prior to sale or transfer of these interests to a third party. Any sublease or assignment of the Ground Lease or Developer interest in the Space Lease other than to an affiliated entity will require the University's approval in its sole and absolute discretion.

The University requires a continuing purchase option at any time after the end of the 10th year of occupancy. At the termination of the Ground Lease, the improvements will revert to University ownership.

Anticipated key terms of the Ground Lease are provided in the Expanded Business Terms Sheet **(See Appendix C)**.

(D) SPACE LEASE TERMS

The term of the Space Lease(s) is to begin upon permitted occupancy of the Building. The Space Lease(s) will stipulate the Developer, as Lessor under the Space Lease(s), will furnish the most favorable market terms available, including but not limited to costs and expenses of operation and management of the Project. Each Offeror is being asked to submit a proposed rent amount based on projected costs, the formula by which the rent will be adjusted to account for the difference between projected and actual costs, and any provision for cost of living rent adjustments,

payable by the University under the Space Lease(s). The proposed terms of the Space Lease(s) should be presented by Offerors assuming a Modified Gross ("MG") Space Lease(s).

In addition, the proposed terms of the Space Lease(s) should be consistent with the anticipated key terms of the Space Lease provided in the Expanded Business Terms Sheet **(See Appendix C)**.

(E) FINANCING TERMS

The University requires that each Offeror submit a financing scenario for a private financing option. The University also requests (but does not require) that each Offeror submit a financing scenario for a tax-exempt bond financing option. Under the private financing option, the Developer shall be responsible for procuring all necessary financing. Under the tax-exempt bond financing option, the University shall be responsible for the financing. Neither the University's fee interest in the Site nor the University's interest in the Ground Lease will be subordinated to any financing or other lien or encumbrance that may be created in connection with development and ownership of the Project.

1.2.7 Examination of the Site. The selected Offeror shall be responsible at its sole cost and expense for any physical examination of the Project site it deems necessary for purposes of responding to the RFO. Prior to Offeror accessing the Project Site, Offeror will need to obtain a fully executed Right of Entry agreement from the University. The Right of Entry agreement (i.e. document) will only be issued by the University. **Requests for access should be directed to Thomas Toepfer at: thomas.toepfer@ucr.edu**

1.2.8 Local Hiring. Developer shall ensure that qualified local residents are aware of, and have access to, employment opportunities for the Project.

Because UCR is a member of the University of California system, it is prohibited from mandating hiring goals and/or preferences premised upon residency. However, UCR is interested in strengthening the economic opportunities UCR provides to its community and increasing employment opportunities for local residents. Developer shall provide its plan to UCR for maximizing economic and employment opportunities for the local community.

1.2.9 Nondiscrimination Requirements. Every effort will be made to ensure that all persons have equal access to contracts and other business opportunities with the University within the limits imposed by law or University policy. Each Offeror may be required to show evidence of its equal employment opportunity

policy. The successful Offeror and its subconsultants and subcontractors will be required to follow University nondiscrimination requirements at the location of the work.

- 1.2.10 Prevailing Wage.** The successful Offeror and its subconsultants and subcontractors will be required to pay prevailing wages at the location of the work. More information is available here: <http://www.dir.ca.gov/oprl/pwd/>.
- 1.2.11 Fair Wage Requirements.** The University also abides by the “UC Fair Wage/Fair Work Plan.” More information is available here: <http://ucnet.universityofcalifornia.edu/compensation-and-benefits/fairwage/index.html>
- 1.2.12 Community Engagement.** The University is committed to applying to this Project the Community Planning Principles from the 2005 Long Range Development Plan (“LRDP”) and LRDP Amendments 2 & 3, and more recently referenced in the 2016 Physical Master Plan Study. The Developer shall work with UCR to establish University-approved community outreach activities for the Project.

1.3 Additional Guidelines

- 1.3.1 Addenda.** The University may issue addenda for changes to the RFO at any point from the time of release prior to the Offer submittal due date. Such addenda may result from Offeror-initiated requests for information (“RFIs”) and provide the only mechanism for changes to the RFO documents. Offerors will be responsible for reviewing the requirements contained in all addenda and for adhering to all requirements contained therein, unless those requirements have been modified or rescinded by a subsequent addendum. The actual timing and sequence of events resulting from this RFO ultimately shall be determined by the University and may be adjusted at its discretion.
- 1.3.2 General Provisions Regarding Offers.** Each Offeror must submit its Offer by the due date and time. Each Offer component shall be clearly titled and identified and shall be submitted without reservations, qualifications, conditions or assumptions. Any failure to provide all the information in the format specified by the RFO may result in the University’s rejection or reduced evaluation of the Offer, depending on the nature of the omission. The University reserves the right to require additional presentations or meetings with Offerors.

2.0 SELECTION PROCESS & CRITERIA

As described in the Developer Selection Schedule set forth above, it is anticipated that the University will select a preferred Developer in January 2018. Upon selection, the preferred Developer and University shall promptly enter into negotiations for a Reimbursement Agreement and other transaction documents on the terms set forth in the Expanded Business Terms Sheet and in accordance with the Project Schedule. It is anticipated that the LDDA and other transaction documents will be fully negotiated by Spring 2018. The Campus reserves the right to terminate negotiations with the selected Developer and to negotiate with another Offeror if negotiations fail or the Developer fails to perform.

The Developers are hereby notified that negotiations with respect to this Project may begin more than 14 days after the successful Developer has been notified of its selection, and that more than 45 days will be necessary to complete the documentation for the Project.

To the extent allowable by law, the University will use reasonable efforts to protect trade secret and other proprietary information of the Offerors. If a submittal contains any trade secrets or proprietary information that a Developer does not want disclosed to the public or used by the University for any purpose other than selecting the preferred Developer, each sheet of such information must be marked with the designation "Confidential." The University agrees that if a "Public Records Act" request is made for disclosure of data so classified, it will notify the submitter of such data so that the submitter will have an opportunity to legally challenge the University's obligation to disclose such information.

2.1 Financial Offer

Offeror should fully address and the University may consider the following criteria:

- (A) The economic and business terms of the offer that will produce the most favorable lease terms under the Space Lease, especially for the first 5 to 10 years of occupancy;
- (B) If an Offer includes third-party relationships, the extent to which the Offer demonstrates that those relationships are significantly beneficial to the University and improve achievement of the Project goals;
- (C) The reasonableness and affordability of monthly rent payments over the proposed space lease term and any offered extensions, including the formulae by which the rent will be adjusted for rent growth factor and to reflect the projected and actual project cost differences. The University will review the financial model required to be submitted under section 3.6 of this RFO.

2.2 Conceptual Design

The University will consider the extent to which the Offeror demonstrates its capacity to perform its design and construction obligations under the LDDA and complete the Project. Offeror should fully address and the University may consider the following criteria for its conceptual design:

- (A) Meets functional and programmatic requirements established in the BOD;
- (B) Represents a superior design solution that establishes a new gateway for the University and enhances the UCR Health brand while balancing the program and budgetary needs;
- (C) Architecture is appropriate to both the building's locations on campus and in the community;
- (D) Facilitates optimal serviceability and ease of maintenance;
- (E) Provides quality consistent with a "Class-A" market medical office building;
- (F) Achieves balance between building construction costs and support system operational and life cycle costs;
- (G) Incorporates consideration of alternative materials, design approaches, and construction processes, including anticipated cost savings and efficiencies;
- (H) Proposes innovation in the conceptual design, including any of the categories set forth in Section 2.2 or otherwise; and
- (I) Complies with [University's June 2017 Sustainable Practices Policy \(http://policy.ucop.edu/doc/3100155/Sustainable%20Practices\)](http://policy.ucop.edu/doc/3100155/Sustainable%20Practices); and
- (J) Complies with [University's May 2017 Seismic Safety Policy \(http://policy.ucop.edu/doc/3100156/\)](http://policy.ucop.edu/doc/3100156/).

2.3 Additional Partnerships

The University will consider the extent to which the Offeror demonstrates that its strategy and suggestions for any additional partnerships with the University would result in significant benefits to the University. Such benefits may include the expertise, experience, and resources gained by the University through another third-party relationship. Potential partnerships could involve activities such as retail, parking, dining, pharmacy, lab, imaging, ambulatory surgery, or other uses as allowed by the University. Additional third-party relationships might additionally include service lines for which the University lacks current capacity. The Offeror should fully address and the University may consider the strategic, financial, and operational benefits of any suggested additional partnerships.

2.4 Design and Construction Plan*

The University will consider the extent to which the Offeror demonstrates that its proposed Project will be designed and constructed in accordance with the BOD Requirements (including any Alternative Technical Concepts accepted by the University).

** Guidelines for construction of the Project will be finalized with input from the selected Developer and will be subject to change at the sole discretion of the University. Additional or modified standards may be provided to the selected Developer, reflecting mitigation measures adopted through the CEQA process and otherwise. All standards provided by the University should be considered as minimums only. In addition, the selected Developer shall be held to the most restrictive applicable codes.*

2.5 Proposed Schedule

The University will consider the extent to which the Offeror demonstrates its capacity to perform its scheduling and logistical management obligations under the LDDA and complete the Project. Offeror should fully address and the University may consider the following criteria for the Offeror's proposed schedule:

- (A) Schedule is complete and describes a coherent and achievable process for University occupancy of the Project no later than July 2020;
- (B) The Offer includes a complete discussion of schedule issues combined with the earliest practical occupancy date; and
- (C) The Offer provides tangible evidence of the beneficial scheduling impact of any proposed innovations, including for speed of delivery, cost certainty, seismic stability, minimizing impacts on site, and site adjacencies.

2.6 Financial Capability

The University will consider the extent to which the Offeror demonstrates its capacity to perform its financial obligations under the Transaction Documents and complete the Project. Offeror should fully address and the University may consider the following criteria:

- (A) The net worth of Offeror (inclusive of all parties providing financial support to the Project), and the net worth of the Guarantor thereunder;
- (B) Strength of sources of financing;
- (C) Strength of financial condition of Offeror as evidenced by required financial statements (inclusive of all parties providing financial support to the Project).

2.7 Litigation/Arbitration Update

The University will consider the extent to which the Offeror demonstrates its fitness to perform its obligations under the Transaction Documents and complete the Project. Offeror should fully address and the University may consider the Offeror's response to the requirements of section 3.10.

2.8 Overall Qualifications

The University may consider the overall quality of each Offeror and its architects, contractors, consultants, subconsultants, key personnel, representatives (of any tier), as well as adequacy and constancy of proposed staffing during all phases. Experience and history of successful engagement of the community, successful delivery of projects involving multiple stakeholders, and experience in difficult locations may be considered. The University also is looking for a Developer that will bring continual, measurable innovative practices to the Project. The University will look favorably on innovations that achieve or exceed the objectives in any or all of the key areas of the Offer. The University may give special consideration to the demonstrated success of proposed innovations based on Offeror's past experience.

2.9 General Provisions Regarding Offer Procedures

The Offeror's initial offer should contain its best terms from a cost and technical standpoint. The University reserves the right to conduct discussions with any Offeror if the University determines them to be necessary. Such discussions with Offerors after receipt of an offer do not constitute a rejection or counteroffer by the University.

2.10 Stipend & Work Product Agreement

Each Offeror may elect, in its sole discretion, to include in its Offer an executed counterpart of the Work Product Agreement (**See Appendix D**), which provides, among other things, that subject to the terms and conditions set forth therein, the work product prepared by or on behalf of such Offeror in response to the RFO shall become the property of the University upon Offeror's receipt of the stipend identified herein. **Note that the Work Product Agreement provides that the Developer selected to proceed with the Project will not receive the stipend.** The amount of the stipend for each *other* Offeror executing the Work Product Agreement and submitting a qualifying Offer will be \$125,000.00 USD (one hundred, twenty-five thousand dollars).

The University shall pay the stipend to eligible Offerors that complete the Work Product Agreement, subject to Offerors' submission of a qualifying Offer and project-related Work Product, and fulfillment of other commitments as defined in the Work Product Agreement.

Promptly after receipt of the Offeror's signed counterpart of the Work Product Agreement, the University will deliver its signed counterpart to such Offeror.

If an Offeror does not wish to execute the Work Product Agreement, such Offeror must include, in its signed Cover Letter to the Offer, a statement that, "[Offeror] declines to sign the Work Product Agreement and, therefore, acknowledges that it will not be entitled to a stipend in connection with its work and response to the RFO."

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3.0 OFFER REQUIREMENTS

Offer Submittal Process

1. Deadline.

- a. Electronic copies are due to the University on **January 9, 2018, at 3 pm Pacific time**. Each team will be provided with instructions and individual access to a secure folder for upload. **The secure folder uses the same “OneDrive” platform and links as used for the RFAI submittals.**
- b. Delivery of hard copies also is required; however, such copies may be delivered within (3) business days of the due date listed above, **by January 12, 2018, at 3 pm Pacific time**

2. Electronic Copies.

The University will provide a link to a secure folder for each team to upload its Offer. Details will be provided by UCR to each individual team lead. **It is the responsibility of the Offeror to test its access to the secure folder and its ability to upload documents well in advance of the above deadline. Difficulties should be reported to the University at least one week prior to the deadline.**

3. Hard Copies.

Five (5) hard copies of the Offer must be delivered, within three (3) business days of the electronic submission, to:

Raoul Amescua, Executive Director
Real Estate Services and Asset Management
Capital Asset Strategies Department
UNIVERSITY OF CALIFORNIA, RIVERSIDE
1223 University Avenue, Suite 240
Riverside, CA 92521

Requests for Information

Offerors may submit questions and Requests for Information (collectively “RFIs”) in writing **via email to Barbara Lloyd at: barbara.lloyd@ucr.edu**. RFIs are requested by the date in the schedule above. Offerors are encouraged to submit RFIs as quickly as possible. The University will endeavor to answer RFIs in writing on a timely basis; however it is under no obligation to respond to all or any particular RFI. In no case will RFIs be accepted via telephone.

When submitting an RFI, Offerors shall clearly identify for each RFI:

1. Whether the RFI relates to a clarification or interpretation of language in the RFO, or a recommended change to the requirements contained in the RFO or its appendices;
2. The section in either the RFO or its appendices to which the RFI pertains; and
3. If the Offeror submits an RFI that is requesting a change to a requirement of the RFO or its appendices, the change requested, rationale for the change and the specific benefits that such a change will provide to the University in achieving one or more of the Project objectives.

The University reserves the right to discuss with an individual Offeror the requirements of this RFO and any element of an Offer submitted.

Cover Letter

Identify whether the Offeror is a single entity, partnership, corporation or joint venture, or other legal entity recognized in the State of California, and the date such entity was legally established. The University reserves the right to inspect such establishment documents and related governance documents.

Identify the Project Team lead and provide the name, phone number, and e-mail address for the main contact person.

Indicate the name and title of the signatory of the Cover Letter and certify that:

1. Signatory is submitting the Offer on behalf of the Offeror and all team members;
2. Signatory has the authority to negotiate on behalf of the Offeror and all team members and, upon request of the University, will provide documented evidence of such authority;
3. Signatory affirms acceptance of the conditions of the Work Product Agreement and provides an executed Work Product Agreement with the Offer, or includes in the Cover letter the statement specified in Section 2.10 of the RFO; and
4. Signatory affirms Offer's conformance with the requirements of the RFO.

Format

In addition to the Cover Letter, each Offer should include the elements specified in Sections 3.1 through 3.10, below. To the extent possible, each Offeror's written offer should be indexed with section separators numbered and labeled according to the headings below, in Sections 3.1 through 3.10.

All design schematic and similar visual documents should be provided in 11 x 17 format, and may be provided in a separately bound document, with appropriate cross-references included in both the body of the Offer and on the 11 x 17 documents.

3.1 Conceptual Design Submittal

Each Offeror must submit a Conceptual Level Design for the Project. Based on the Basis of Design provided by UCR and the planned services in the facility, provide site plan(s) and building concept(s), including phasing, stacking, massing, adjacencies, and other elements demonstrating your team's understanding of the University's needs and the facility's program. This should include site master planning and future master planning approaches (e.g., placement of future buildings).

The Conceptual Design Submittal also shall include the following:

3.1.1 Design Concept. The primary design goals for the Project are that the design, including parking (i) meets the specific design and program requirements detailed in the BOD, (ii) be practical and economical, and (iii) produces a facility that promotes the UCR Health brand and establishes a new University gateway presence in this blended City-Campus district.

3.1.2. Technical Component. The following drawings and perspectives shall be provided in each Offer:

(A) SITE PLAN

Scale: 1" = 20' – 0".

Include the following:

- Relationships with existing site elements and buildings
- Relationships to adjacent site improvements and buildings
- Relationships with site program, site adjacencies (internal and external), and indicate any future phasing opportunities
- Location of the proposed and future buildings
- Location of the proposed roads, parking, service areas, walks, and other various site/building features

- Building and site accessibility including to/from public right-of way
- Site and facility entry points, and circulation

(B) DESIGN DIAGRAMS

- Massing diagram
- Stacking diagram

(C) (C) FLOOR PLANS

Include all levels and roofs

Drawing requirements:

- Floor plans to include the following: Scale: 1/8" = 1' – 0"
- North arrow designation
- Dimensioned structural grid
- Exterior walls, doors, glazing, and openings
- Building core elements
- Floor Plans indicating each functional use area

(D) EXTERIOR ELEVATIONS

Scale: 1/8" = 1' – 0"

Drawing requirements:

- One representative detailed Exterior elevation
- Structural grid designations
- Vertical floor elevation designations
- Material designations
- Two fully rendered versions: 1-aerial version and 1-pedestrian version

(E) BUILDING SECTIONS

Scale: 1/8" = 1' – 0";

Two (2) required

Longitudinal and cross section through entire building

Drawing requirements:

- Primary building sections
- Structural grid designations
- Vertical floor elevation designations
- Material designations

(F) PERSPECTIVES

Fully Rendered

Scale: No scale

Indicate context, height and mass, exterior finishes and materials

3.1.3. Project Narratives. The following design narratives and reasoning for the suggested approach shall be included in each Offer with the content as described below:

(A) ARCHITECTURAL DESIGN NARRATIVE

Identify design context and philosophical design intent and reasons for overall interior and exterior design approach (e.g., how it meets the needs of the University).

- Programmatic Approach: internal adjacencies, and stacking including diagrammatic illustrations
- Relationships with existing site elements and external adjacencies
- Location of the proposed building(s), open space features, and parking
- Circulation approach: location of proposed roads, service areas, walks, and other relevant site/building features

(B) CONFORMANCE TO PROJECT REQUIREMENTS

Describe in detail how the proposed design meets the required Project elements.

(C) BUILDING SYSTEMS DESIGN NARRATIVE

Describe all building systems. Include discussion of energy conservation/sustainability provisions, seismic resilience and consideration of life cycle costs.

(D) PROJECT MANAGEMENT APPROACH

Provide a narrative overview of the management structure and key roles and responsibilities for the Project. Provide a project

management organizational and management structure concepts, and associated descriptive narrative, as follows:

1. Construction schedule, delivered in Primavera;
2. An organizational chart related to the design and construction phases of the Project, clearly indicating lines of communication between members of the design team, construction team, quality assurance and quality control teams, O&M operator and management team and the University; and
3. An organizational structure concept that diagrams responsibilities, communication lines and utilization of key personnel, together with a narrative describing the rationale and intent for the proposed organizational structure highlighting specifically the following activities:
 - a) Master planning, design, and permitting;
 - b) Construction; and
 - c) Operations and maintenance services.

(E) SUSTAINABILITY

Each Offeror shall prepare a sustainability project plan to reach minimum LEED Silver certification upon occupancy (Gold certification preferred by UCR) and as described in the BOD. Offers may refer back to Offeror's initial SOQ or add additional detail, as necessary.

(F) BEST MANAGEMENT PRACTICES

The Offeror will provide a comprehensive plan that demonstrates how the project team will be integrated and focused on a common set of values that aligns behaviors of the team to deliver the project goals. Such plan should include, but not be limited to, how the Offeror is responsible for leading the Project team in the implementation of Offeror's preferred project delivery process, and providing measurable design and construction efficiencies of no less than 5% of traditionally-delivered Project costs.

3.2 Project Schedule and Construction Plan

Timely delivery of the Building and related improvements is an essential element of this Project and an essential term of this transaction. Each Offer shall include a detailed schedule of the entire Project delivery process with a narrative describing how tasks intersect, interlink and how the Project team members will be managed to achieve project goals.

1. Offeror shall describe its approach to organizing the design and construction work for the Project, broken down by major component, to achieve the Offeror's milestone dates in the proposed Project schedule. Developer's approach must explain the anticipated timing and required submissions for University, Campus and other jurisdictional plan check review, permitting and inspections, as related to proposed construction phasing, coordination with ongoing Campus projects and construction staging and management.

The proposed Project schedule should include all of the tasks necessary for the team to complete the Project. The schedule shall allow reasonable time for community outreach and for the University to complete its CEQA process and to participate in the design, budget and approval processes.

2. The Offeror shall describe its Design and Construction Plan, including, at a minimum, the following:
 - (A) Management of traffic congestion (e.g., vehicular, bicycle and pedestrian) in, and around, the Project Site throughout the construction period for each phase of the Project;
 - (B) Coordination of site access to construction trades, supervisory and delivery personnel, construction laydown, materials and equipment delivery personnel and visitors, staging of equipment and materials and contractor and subcontractor parking;
 - (C) Management and procurement of available trades and labor to maintain schedule and budget;
 - (D) Site control, security and safety; and
 - (E) Innovative approach to construction, including speed of delivery, mitigation of site impacts, adjacent sites, cost certainty and any categories listed in this Section 3.2 or otherwise.

3.3 Property Operations, Management and Maintenance Offer

The Offeror shall provide details of how the Project will be operated, managed and maintained during the term of the Space Lease in a manner consistent with “Class-A” medical office buildings, including, *inter alia*, ambulatory care and surgery, pharmaceutical and other related healthcare facilities and services. Services are to be provided in accordance with the Expanded Business Terms Sheet. Where appropriate, the operational details that would differ by type of use should be provided separately. The Offer should include, but not be limited to, the following:

- 3.3.1 Expense reporting and tracking;
- 3.3.2 Preventative maintenance plan, reporting and tracking;
- 3.3.3 Centralized computerized maintenance management system (CMMS) to track building maintenance, repair history and tenant work orders and monitor utility usage, mechanical systems (i.e. air handlers, steam plants, water treatment plants, elevators, etc.), electrical consumption (normal, life safety, critical, equipment, etc.), fire alarm systems, vendor check in/out, key check in/out, security systems, access control, etc.
- 3.3.4 Capital renewal and maintenance plan;
- 3.3.5 Staffing plan;
- 3.3.6 Emergency response;
- 3.3.7 Warranty management;
- 3.3.8 Operation and Management fee structure that is tied to best practices that could include Key Performance Indicators (KPIs), Service Level Agreements (SLAs), tenant feedback and a building communications plan;
- 3.3.9 Green facilities management practices to achieve a USGBC LEED Silver certification at a minimum; all new buildings will strive to achieve a USGBC LEED Gold Rating;
- 3.3.10 Conformance to and compatibility with UCR policies and procedures *e.g.*, access *via* UCR badges/keys, UCR IT infrastructure, UCR Police Department (“UCR PD”) and security, on-site security, etc.;
- 3.3.11 Alarm and fire alarm systems management and practices, as well as its integration with PD and UCR Environmental Health & Safety, emergency response;
- 3.3.12 Janitorial services by space and use type with frequency of janitorial services specified;
- 3.3.13 Conformance to federal, state and local regulations for proper hazardous waste management including but not limited to: bio-hazardous waste, pathological waste, medical waste, sharps waste, radioactive waste, and pharmaceutical waste;

- 3.3.14 Conformance to federal, state and local regulations for environmental health and safety, radiation safety, biosafety, laser safety, infectious disease control and prevention, public health and controlled substance use;
- 3.3.15 Bio-engineering calibration and repair of medical equipment. Must be onsite.

3.4 Project Team Organization

If any of the team members have changed from the submitted team in response to the RFQ, each new team member should be identified along with background information describing the new team member. Throughout the development of the Project and during the term of the Space Lease, the University reserves the right to interview each new team member to confirm its acceptance of the new team member. If the University does not accept a proposed new team member, the Offeror will provide alternative team members acceptable to the University in its sole and absolute discretion.

3.5 Financial Capacity

The Offeror's response to this RFO must include evidence of financial capacity to perform its obligations under the Development Agreement, Ground Lease, and Space Lease and related Transaction Documents, including credit-worthy guaranties, assurances of performance of lien-free construction, and completion and payment of contractors and sub-contractors. At a minimum, Offers must include:

- 3.5.1 The net worth of Offeror (inclusive of all parties providing financial support to the Project), and the net worth of the Guarantor thereunder;
- 3.5.2 Sources of financing (and a commitment letter if financing source is an unrelated entity);
- 3.5.3 Three years of audited financial statements for Offeror (inclusive of all parties providing financial support to the Project).

3.6 Project Financial Proposal and Financial Pro Forma Models

The University requires Offerors to submit financial proposals and the Offeror should propose the Space Lease rent structure to be paid by the University. The University requires that the Offeror submit a financial proposal for a private financing option, in which the selected Developer will develop, own, finance, and operate and maintain the Project. The University also

requests (but does not require) that the Offeror submit a financial proposal for a tax-exempt bond financing option, in which the selected Developer will earn a fee to develop, own (subject to the requirements governing tax-exempt financings), and operate and maintain the Project, and tax-exempt bonds will be issued to finance the development of the Project based on the University's credit. Both financial proposals shall assume the use of \$40 million in University funds to be used for the project (see **University Funds**, below).

The Offeror should present in its pro forma models the financial information supporting its Space Lease rent structure, including: developer/construction management fee or developer profit, property management fee (and indicate if included in the rent structure), total project costs, both hard and soft, and monthly construction period and annual operating cash flow projections, (i.e., Project revenues, operational expenses and capital reserves), plus annual escalations for design and construction costs, rent, operational expenses and capital reserves for the term of the proposed ground lease. The pro forma models for the tax-exempt bond structure must also include estimated debt service. **The Offer must include an unlocked and dynamic financial pro forma model in Microsoft Excel format, with all hardcoded cells in blue font, all formulae cells in black font, and all cells with formulae connections to cells in other tabs in the workbook in green font.**

Financial Parameters for Pro Forma Model:

Developer Ownership/Private Financing Model. Terms to be proposed by Offeror. However, Offeror shall make known all key investment metrics (e.g. minimum going-in Yield-to-Cost, Unlevered Internal Rate of Return (IRR), Levered IRR, etc.)

Developer Fee/Tax-Exempt Bond Model. If Developer analyzes a tax-exempt bond financing option, the Developer shall provide assumptions used in the model, including, but not limited to financing rate, bond term, and ground lease term.

The financial proposals (private financing or tax-exempt financing) shall assume and/or include the following:

Infrastructure Costs/Payments Required for the Project. There could be infrastructure costs payable by the Developer to the University or other entities, in addition to the utility connections to services provided by the Developer and fees relating to Riverside Public Utilities ("RPU") and other utilities normally encountered in such a development as defined in the BOD.

Construction Costs. The Developer will provide its preliminary estimate of all construction costs for fully constructed facility and development of the Project in Excel and in a line-item format including hard/soft costs, contingencies, etc.

University, CEQA, and Project Costs. The University will pay all costs of compliance with the California Environmental Quality Act (“CEQA”) and the University at its sole discretion may elect to have any and all CEQA costs reimbursed back to the University via a “UC System Fee” that will be charged as a cost to the Project. Other University Costs associated with the Project could be included in the UC System Fee. The University anticipates that it will provide Offerors its estimated UC System Fee within a week after the 2nd Charrette meetings with the University. Offerors are advised that the University may, at any time and at its sole discretion, change the estimated UC System fee prior to financial close.

Cost of Building Permits. The Developer will pay any and all costs associated with securing entitlements and building permits, as well as all associated plan check and inspection fees for the Project. University is the Authority Having Jurisdiction (“AHJ”) including through the Campus Building Official (“CBO”) and Designated State Fire Marshal (“DSFM”), and will issue building permits, perform inspections, and issue certificate of occupancy.

Capital Renewal Reserve Analysis. Offeror shall submit on its own tab in the financial model a Capital Renewal Reserve Analysis in accordance with the proposed Property Operations, Management and Maintenance Offer. This analysis will not be used in the pro formas and is for separate Campus evaluation purposes only.

Parking Scenarios. The Offer must include alternative scenarios for both University and Developer ownership and operation of parking, as described in Section 3.7, below.

University Funds. The Offers must include the use of \$40 million in University funds in all submitted Financial Proposals and Financial Pro Forma Models. Under the developer financing model, the funds shall be modeled as a loan to the Developer with a 40-year term. Under the tax-exempt financing model, the funds shall be modeled as a \$40 million reduction to the tax-exempt bond financing needed for the Project.

3.7 Parking

Alternative scenarios for ownership and operation of the Project parking (i.e. surface and structured parking) by the University, the Developer, or a third party should be described in narrative form and the financial implications of the alternative scenarios included in the response to Section 3.6 (Project Financial Offer and Financial Pro Forma Models).

3.8 Innovation

Each Offer must include a narrative that highlights the key innovations incorporated in the Offeror's approach, in each section, and how they apply to the relevant aspect of the Project. Innovations could relate to design, construction, speed of construction, reduced Project schedule, minimization of on- and off-site impacts, utilization of space, operational efficiencies, sustainability, financial structure, etc. In addition, the Offer should include a summary in Section 3.8 of all innovative practices included within the Offer.

3.9 Alternative Technical Concept Process

The University will allow for an Alternative Technical Concept ("ATC") process, which is intended to allow Offerors to incorporate technical innovation and creativity into their Offers, subject to the University's written approval, in its sole discretion. To be eligible for consideration, proposed ATCs must result in financial feasibility, affordability, performance, quality, and utility of the end product that is equal to or better than the financial feasibility, affordability, performance, quality, and utility of the end product that would result from full compliance with the RFO and its Appendices, as determined by the University, in its sole discretion. Any University-approved ATC may be included in Developer's Offer, subject to any conditions set forth in the applicable approval.

If a Developer is unsure as to whether a technical concept would require an ATC, the University suggests that the concept be submitted as a proposed ATC. Any concept that significantly deviates from the requirements of the RFO and its Appendices must be the subject of an ATC.

The University will convene ATC meetings in conjunction with charrettes in order to discuss proposed ATCs, answer questions and address other issues related to potential ATCs. The University shall arrange a minimum of two (2) charrettes and meetings to discuss proposed ATCs (as applicable). The Developer shall provide a brief description of the potential ATC.

All proposed ATCs shall be submitted electronically with correspondence identifying the Offeror and stating "UCR Health Outpatient Pavilion Project – Confidential ATCs." Offerors shall clearly identify the submittal as a request for review of a proposed ATC under this RFO. The University intends to respond to ATC submissions within five (5) business days of the submittal, provided,

however, that the University's response may be extended in the University's sole discretion based on the number and complexity of ATC submissions received from Offerors at any particular time. The University reserves the right to respond to ATC submissions whenever and in whatever order it chooses in order to expedite reviews. The University reserves the right to approve and/or deny any part or the entire ATC at its sole discretion and to determine if a submitted ATC should be deemed to be an RFI. If the University determines an ATC is actually an RFI and not an ATC, the submitted ATC will be treated as an RFI and released to all Offerors in the form of an RFI response.

Approved ATCs shall be submitted in both electronic and paper copy in accordance with the submission requirements of the RFO in Section 3.0.

Each approved ATC included in the Offer submittal shall contain the following information:

- i. A sequential ATC number identifying the Developer and the ATC number (proposed, multi-part or multi-option ATCs shall be submitted as separate individual ATC submissions with unique sequential numbers);
- ii. A description and conceptual drawings of the proposed ATC or other appropriate descriptive information, including location(s), necessary design variations, exceptions or variances from specified requirements of the RFO and its Appendices [and a traffic operational analysis, if applicable];
- iii. The locations where, and an explanation of how, the proposed ATC will be used on the Project;
- iv. Any changes in University facility and/or infrastructure operations requirements associated with the proposed ATC, including ease of operations;
- v. Any reduction or increase in the time period to reach substantial completion resulting from implementing the proposed ATC;
- vi. References to requirements of the RFO and its Appendices which are inconsistent with the proposed ATC, including an explanation of the nature of the deviation(s) from the requirements;
- vii. A written preliminary analysis of potential impacts justifying the value and identifying the risks to the University of approving the proposed ATC, which may include impacts of the proposed ATC to:
 - a. University operations both during and after construction;
 - b. safety;
 - c. maintenance of traffic and University operations during construction;
 - d. design and construction costs;
 - e. life-cycle costs; and
 - f. costs to perform the O&M Services;

- viii. A description of risks to the University or third parties associated with implementing the proposed ATC;
- ix. A qualitative estimate of the potential benefits (or detriments) that may accrue to University should the proposed ATC be approved and implemented. This may include any reduction in the University's costs to be incorporated into the Developer's Financial Model; and
- x. A quantitative analysis of how the proposed ATC is equal, or better, in quality and performance than the requirements contained in the RFO and its Appendices.

The University may, in its sole discretion, reduce or otherwise change the required information associated with an ATC submittal.

3.10 Litigation/Arbitration Update

Provide updated material information relating to any legal or regulatory proceeding or investigation in which the Developer or Development Team member is or has been a party and which might have a material impact on the financial viability of the Project or the Developer or Development Team member. Developer is not required to submit information that has already been provided unless the updated information meets the criteria below. Information shall be regarded as material if any one of the following applies to the claims:

- Resulted in the firm being disqualified from a project
- Resulted in a verdict / award in favor of project owners totaling over \$1 million
- Resulted in a verdict / award in favor of project owners for warranty and defect claims totaling over \$1 million
- Resulted in labor and enforcement fines over \$100,000
- Any claims involving The Regents of the University of California in the past ten (10) years
- Any claims involving a public entity in the past ten (10) years
- Any suspension or debarment in the past ten (10) years

Such disclosures shall include any parent, subsidiary, Guarantor, or affiliate of the Developer or Development Team member that is proposed to be involved in the financing, management, operation, maintenance or development of the Project.

3.11 General Conditions

While the Campus intends to proceed with the development of this Project in the manner described above, the Campus may, at its sole discretion, choose not to proceed with the Project, or to proceed with the Project without a third-party Developer, without obligation or liability to any offeror to this RFO, except as set forth in a Work Product Agreement executed by the Campus and an offeror. The Campus reserves the right, in its sole and absolute discretion, to (a) modify or cancel the selection process at any time, or not award this Project for any reason; (b) waive irregularities; (c) reject any, or all submittals to the RFO or seek new submittals; (d) seek clarification or additional information from offerors as it deems necessary to the evaluation of the response; or (e) request any additional information from individual offerors. This RFO does not create any legal rights or obligations between the Campus and any offeror hereto nor any obligation to proceed with negotiations. It is intended that any and all legal rights and obligations between the Campus and an offeror will be limited to those rights and obligations set forth in a Work Product Agreement executed by the Campus and an offeror; and that any other legal rights and obligations between the Campus and an offeror will come into existence only if and when a further definitive agreement is signed and delivered by both parties. Offerors to this RFO shall bear all expenses in connection with their submittals and responses.

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