

## Cerone Request for Qualifications

### Questions & Answers

July 12, 2019

Question	Answer
The RFQ states that the property will be developed under a long-term ground lease with VTA. One section references a <i>minimum</i> of 65 years, while another states a <i>maximum</i> of 65 years. What is VTA's intent?	VTA intends to enter into a ground lease with a maximum initial term of 65 years. VTA is open to extension options if the Developer can show how it would enhance the project.
What are the subordination terms?	VTA will not subordinate its fee ownership in the property. VTA will provide mortgagee protection provisions in the ground lease.
How does the ENA deposit work?	No deposit is required in connection with RFQ submittals. A \$50,000 deposit check will be due with any RFP proposals. Once a development partner is selected by the VTA Board of Directors, VTA will deposit the check. Alternatively, if VTA elects to pursue an ENA with a RFQ Respondent, the Respondent will be required to remit a \$50,000 ENA deposit. Throughout the ENA period, the developer will be required to deposit additional monies to cover third-party VTA predevelopment expenses. Any remaining balance following commencement of construction, or failure of the ENA to result in a ground lease, will be refunded to the developer.
The RFQ states that there may be a Federal interest in the property. What does that mean?	The Federal Transit Administration, or FTA, invests in land acquisition and improvements for transit projects. When a property has a federal investment, development projects are required to obtain approval, or FTA concurrence. This process is defined in the FTA Joint Development Circular (Appendix 18 in the RFQ). After conclusive investigation, if VTA determines that there is federal investment in the Cerone property, VTA will submit all necessary applications (ground lease review and continuing control concurrence) to obtain FTA approval. Federal provisions that would ultimately be included in the Ground Lease documents should not be an impediment to project financing. See additional detail in the Appendix files.
Does VTA have expectations for density?	VTA's goal is to maximize density at the site.
Is the FAR limited to 0.4?	The City of San Jose's Planning Department has indicated that projects can exceed the 0.4 FAR defined in the North San Jose Area Development Plan by meeting certain criteria such as exceptional design and TDM measures. FAR can go up to the amount allowed in the General Plan. This site's underlying GP designations are CIC - Combined Industrial/Commercial, which allows up to 12.0 FAR and IP - Industrial Park, which allows up to 10.0 FAR. Please see Section 3(A) of the RFQ.

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<p>What VTA uses will need to be relocated?</p>	<p>All VTA uses that are currently located within the development area will need to be relocated into the area that VTA will retain for operations. Relocation of the uses will be at the developer's expense. Additional information can be found in Section 2(D), Section 3(C), and Section 4 of the RFQ.</p>
<p>Is the VTA open to potential discussions/proposals around the sale of the 28.8 acres, or are you only considering lease options?</p>	<p>VTA Board of Directors has stated a preference of long-term ground leases to provide a stable revenue source to the agency. The Board recently made an exception, however, it was for a 100% affordable housing site. Each site is subject to individual project-specific negotiation. Note that at the RFQ stage, specific proposal terms are not a requirement.</p>
<p>Would you contemplate having a multi-use building combined with the VTA building, or does the VTA require a separate standalone building?</p>	<p>VTA requires relocation of a separate, standalone building for Operations Admin facilities. This building will be located on the portion of the property that VTA will retain for operations behind secured fencing.</p>
<p>Would VTA agree to subdivide the property with some portion designated as logistics? For instance, would VTA consider carving off acres for the development of a single story logistics facility?</p>	<p>VTA would consider proposals that include only a portion of the 28.8 acre development site. However, VTA seeks to maximize density and return on the site and is not interested in low density, or low-value development.</p>
<p>Section 5. "Submittal Requirements" does not include a prompt to accept or suggest changes to the basic business terms outlined in Section 4. Minimum Business Terms. Should the RFQ response include a response regarding the basic business terms, or should a response wait until a subsequent RFP submittal?</p>	<p>VTA included the Minimum Business Terms as information for interested parties. This RFQ is focused on qualifications and no responses to the terms are necessary for RFQ submissions. VTA included this information in the RFQ as business terms will be required for RFP submissions.</p>
<p>The RFQ indicates that "a \$50,000 deposit will be required for any Respondent invited to respond to the RFP". If not selected during the RFP process, will the respondents be refunded the deposit?</p>	<p>Yes. A \$50,000 deposit check will be due with any RFP proposals. Once a development partner is selected by the VTA Board of Directors, VTA will deposit the check. If not selected, VTA will return the deposit check.</p>
<p>In Appendix 1, VTA provided an RFP submittal checklist. Can you confirm that this does not need to be included in the July 26 submission given that this is an RFQ?</p>	<p>Correct. This does NOT need to be included in RFQ submissions. VTA provided the checklist to inform interested parties of items that will be necessary in the RFP process.</p>
<p>In Appendix 1, VTA provided Iran Contracting form and Non-Collusion Declaration. Can you clarify where these forms need to be included in the July 26 RFQ submission?</p>	<p>These forms should be signed by Respondents and included in the submittal package, whether electronic or hand delivered.</p>