

Request for Qualifications

To Develop a New Center for Novel Therapeutics Research Building

May 2013

I. INTRODUCTION

The Regents of the University of California ("University") is soliciting statements of qualifications from development teams, comprised of developer, architect, and general contractor, interested in ground leasing Lot 4 (the "Site") of the UC San Diego Science Research Park (www-srp.ucsd.edu) ("Park") on the University of California San Diego campus ("UCSD") and in designing, financing, building, owning, and managing on that Site a new Center for Novel Therapeutics research building ("CNT"). The project will consist of 110,000 Gross Square Feet ("GSF") of building on land owned by the University. The project will be structured as a long-term unsubordinated fair market rent ground lease to a private developer with a lease back under an operating lease, by the University of approximately thirty percent (30%) of the rentable space for the specified uses.

In addition to the University's occupancy, under the deed restrictions for the Park, the building may be occupied by government entities, private companies, and research institutes with which the UCSD has research affiliations for industrial scientific and technological research purposes. The rentable space is to be leased by the developer to pharmaceutical and biotech companies and institutes whose presence will synergize with UCSD Cancer Center scientists and other UCSD researchers. The CNT is envisioned to promote new personalized therapeutics through research conducted by UCSD investigators and private sector collaborators in shared space. The development opportunity is hereinafter referred to as the "Project."

The CNT is also envisioned to include a biotechnology accelerator comprised of approximately 10,000-15,000 Rentable Square Feet (RSF) for companies engaged in research and development of therapeutics including drug development and discovery in a concerted effort to create a new public private model for drug development, and bring together multidisciplinary expertise to discover new, more effective treatment, diagnostic, and prevention interventions. The University has obtained, over the last two years, letters of interest from more than 20 companies interested in space in the proposed biotechnology accelerator. The biotechnology accelerator is to be leased and operated by a non-University entity that will provide investment capital, selection of which will be done at a later date.

Request for Qualifications

The selection process for the development team for the Project will include initial qualification of development teams responding to this Request for Qualifications ("RFQ") and the selection by the University of a short list of such respondents.

General design and permitted use parameters for projects in the Park are available in the Science Research Park Development Concept and its amendments at www-srp.ucsd.edu. The developer will be required to select an architectural firm as part of the development team that will be successful in UCSD's aesthetic environment, is recognized for high quality design, and has a portfolio of work supporting its design capability.

Subsequent Request for Proposal for Short Listed Development Teams

Those selected by the University to be included on the short list of teams will be asked to submit responses to a subsequent detailed Request for Proposal ("RFP"), which will include more specific information with respect to the Project and the terms of the proposed transaction.

The subsequent RFP will provide the development teams with a sufficiently detailed set of design and program parameters to take the project through Conceptual Design and allow respondents to submit design and pricing information sufficient to permit the University to compare competing proposals on an open-book basis with respect, to among other things: (i) the project cost, (ii) developer's, architect's, and general contractor's fees, (iii) developer's cost of capital and expected return on equity, (iv) the University's space lease-back cost, (v) the design and specifications submittal, and (vi) ground rent. The selected developer, its contractor and subcontractors will be required to pay prevailing wage at the location of the Project work. Specific transaction terms will then be negotiated with the selected developer. The University retains the right to not proceed with the Project as well as proceed to negotiate with another developer should the negotiations with the selected developer not proceed to a mutually acceptable ground lease or if the selected developer fails to secure Project financing.

II. PROJECT DESCRIPTION

The proposed CNT will be three stories totaling approximately 110,000 GSF on Lot 4 of UCSD's 30 acre Science Research Park on its East Campus in La Jolla. Program spaces will include wet and dry laboratory research and laboratory support space, a vivarium shared among building tenants, research and administrative offices, meeting rooms and conference space, and shared administrative support space, the biotechnology accelerator, and research space for other tenants.

The selected developer (the "Developer") will be required to construct the Project and specified infrastructure, including on- and possibly limited off-site utilities, adjacent Science Research Park terrace and walkway improvements, core and shell for the entire building, and tenant improvements for the Project. The proposed building will include one level of parking (about 50 spaces) below grade and surface parking to be located on Lot 5 in the Science Research Park, to be built as part of the Project, and Parking Lot 3 on an interim basis. The use of the parking on Lot 5 and Parking Lot 3 will be under a parking license agreement. Planning and Design Guidelines are available in the Design Concept located at the UCSD Science Research Park website at www-srp.ucsd.edu. The Project will be designed and built, at a minimum, to LEED Silver.

A more precise scope of work and details of the on-site improvements to be constructed by Developer at its cost will be set forth in the RFP. In addition, the RFP will specify those elements of infrastructure and other off-site improvements that will be the responsibility of Developer at its cost. The RFP will also include an anticipated schedule for the delivery of the Site and for University approval of the Project.

As further discussed below, the Project will be implemented pursuant to the University entering into a long term ground lease of not more than 52 years including construction (the "Ground Lease") with the Developer. The Ground Lease will require the Developer to finance, design, build, own, and manage a research building on the Site. Initially, the Developer will lease a portion of the space in the research building to the University pursuant to an **operating lease** to be negotiated by the parties (the "Space Lease"). Depending on space lease costs, the University will consider initially leasing approximately 30% of the building. The University is subject to the rules of the Government Accounting Standards Board (GASB) that govern capital and operating leases.

III. MAJOR AGREEMENT TERMS

The Ground Lease will govern design submittals and approvals as well as conditions to "closing" and conveyance of the ground leasehold interest to the Developer. The Developer's obligations under the Ground Lease will include the following:

- a. Manage, hire and coordinate a design team including architect and contractor;
- b. Manage design professionals and coordinate interaction with UCSD user groups and outside user groups;
- c. Coordinate submittal of plans, contract documents and specifications to the University for review and approval;
- d. Coordinate entitlements and community reviews;

- e. Provide cost estimates and schedules for project;
- f. Arrange or provide construction and interim/permanent financing;
- g. Obtain permits (primarily from the University) for construction; and
- h. Provide information for CEQA documentation and University Project approvals.

Upon completion of the Project approval process, the obtaining of construction permits and finalization of financing arrangements, the Developer will enter into a long term Ground Lease with the University, pursuant to which the Developer will be required to construct the above-described improvements, upon completion of which the University will occupy a portion of the premises under the Space Lease. The term of the Ground Lease will be at least 30 years (or longer if required for financing, but in no instance longer than 52 years) from the date of closing, with no renewal options, and will provide for the Developer to make ground rent payments in the amount of the estimated fair market rent for the leasehold estate, as determined by appraisal and specified in the RFP. The University will have the option at specified times to acquire the entirety of the Developer's interest by payment of the then appraised fair market value thereof.

The Space Lease will be a modified "gross lease"; that is, the Developer, as lessor under the Space Lease, will be responsible for all costs and expenses of ownership, operation and management of the land and improvements, other than specified services and categories of maintenance that may be the responsibility and at the cost of the University. Based upon the terms of the Space Lease specified in the RFP, each respondent will be asked to submit a proposed fixed rent amount, and any provision for rent adjustment, payable under the Space Lease. The terms of the Space Lease must result in the determination of the Space Lease as an operating lease under GASB.

Each developer's response to the RFQ must include evidence of financial capacity to perform its obligations under the Ground Lease, including creditworthy guaranties or other assurances of performance. 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 the Developer may create in connection with development and ownership of the Project. A brief statement regarding the proposed source of Project financing must be included in the RFQ response.

Financing of the Project will be the responsibility of the Developer and may consist of (i) a loan agreement between the Developer and an independent § 501(c)(3) non-profit entity, which will arrange through a "conduit issuer" for issuance of tax exempt and taxable bonds in an amount sufficient to fund some or all of the development costs, or (ii) other methods of financing. The details of the financing mechanism to be used by the Developer would be provided in the

short listed Developer's response to the RFP. For financing, an assignment for security purposes of Developer's interest in the Ground Lease and in the Space Lease may be used as collateral for construction and permanent 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 which the Developer may create in connection with development and ownership of the project. The Ground Lease will be unsubordinated and the credit of the University (other than through its operating space lease obligations) will not be pledged for financing.

The University will have a continuing right of first refusal (on the terms offered to a third party) and/or a right of first offer to purchase both the Developer's Ground Lease interest and the Project prior to sale or transfer of interest to a third party. Any refinancing, ground sublease or assignment will require the University's approval consistent with standard loan limit parameters and participation in net proceeds.

IV. PROPOSED PROJECT SCHEDULE

The University anticipates the following schedule of events:

Issuance of RFQ	May 6, 2013
Mandatory Qualifiers' Conference	May 20 2013
Development Teams' Submission of Qualifications	June 10, 2013
Selection of Short List for Interviews	July 11, 2013
Interview of Short List Teams	Week of July 22
RFP Issuance to Short List Developers	August 26, 2013
Developer Submission of Proposals	October 11, 2013
Developer Selected for Exclusive Negotiations	November 15, 2013
Execution of Exclusive Negotiating Agreement (ENA)	January 15, 2014
Regents Informational Presentation	March 2014
Regents Approval of Design, Environmental and Ground Lease	July 2014
Execution of Ground Lease and Closing	July 2014
Building Design Completed and Start of Construction	July 2014
Building Completion and Occupancy	July 2016

V. ITEMS TO BE PROVIDED BY THE UNIVERSITY

The University will be the lead agency for securing CEQA approval for the proposed ground lease and for building design, construction, and operation. The University has the statutory right to provide Project Plan Check, Building Permit, and Inspection and the Developer will reimburse the University for these

services. The reimbursement amount will be finalized at the time of negotiation of the documentation. Project design, CEQA, financing and lease terms are subject to approval by the University. Any required Community reviews will be coordinated by UCSD.

VI. CONTENT OF RFQ SUBMITTAL:

- A. Cover letter (2 pages maximum) summarizing the key points of the qualifications submittal
- B. Respond to each item listed under the Selection Criteria, Attachment A.
- C. Complete Statement of Qualifications form, Attachment B.
- D. Complete Development Experience Project Data forms, Attachment C.

VII. SUBMITTAL AND REVIEW PROCESS:

- A. A mandatory Qualifiers' Conference will be on **Monday, May 20, 2013 at 1:00 p.m.** at the Goldberg Auditorium at Moores Cancer Center, UCSD, 3855 Health Sciences Drive, Second Floor, La Jolla, CA 92037. Campus maps may be found at <http://maps.ucsd.edu> or directions at cancer.ucsd.edu.
- B. Submit responses to A, B, C, and D above on flash drive only to:
Real Estate
University of California, San Diego
10280 North Torrey Pines Rd., Suite 340
(MC 0982)
La Jolla, CA 92037
Att.: Nancy E. Kossan, Assistant Vice Chancellor – Real Estate

Qualifications must be received no later than **June 10, 2013 at 4:00 p.m.**, in order to be considered.
- C. For general questions, please call Nancy Kossan, (858) 534-1427.
- D. Potential qualifiers are not permitted to communicate with any University employee regarding this RFQ and process during the period between the RFQ issue date and the selection of the Development Team, unless authorized by the Assistant Vice Chancellor-Real Estate. If a potential qualifier is found to be in violation of this provision, the University reserves the right to disqualify the potential qualifier from further consideration.

- E. The University will conduct a screening of all qualified qualification submittals. The screening will identify the respondents who, at the University's sole discretion, best meet the University's needs. The University reserves the right to reject any or all submittals and to change or add to the screening criteria at any time during the screening process.
- F. After a review of submittals from all interested candidates, all candidates will be ranked. The highest ranked candidates, at the University's sole discretion, will be invited to submit a Response to Request for Proposal and will be asked to provide detailed information in response to the proposed transaction as well as inquiries and requests for information in the RFP.
- G. UCSD assumes no obligations, responsibilities and liabilities to reimburse all or part of the costs incurred by parties considering a response to and/or responding to this RFQ or subsequent RFP. All of such costs will be borne solely by each Developer and its team. UCSD reserves the right to cancel, withdraw, postpone or extend this RFQ or the subsequent RFP in whole or in part at any time prior to execution of a Lease by UCSD without UCSD incurring any obligations of liabilities.
- H. The California Public Records Act limits the University's ability to withhold qualification and bid data. If a submittal contains any trade secrets that a Developer does not want disclosed to the public or used by the University for any purpose other than evaluation of the Developer's eligibility, 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.

VIII. ATTACHMENTS:

- Attachment A, Selection Criteria
- Attachment B, Statement of Qualification Form
- Attachment C, Project Data Form
- Attachment D, Figures 1- 3
 - Fig. 1 Project Location
 - Fig. 2 Project Site
 - Fig. 3 SRP Design Concept - CNT

ATTACHMENT A

SELECTION CRITERIA

1. **Development Team Background:** For the developer, architect, contractor, financial partners including lenders, and other participants as needed, please submit the following: company name, legal status, company or corporation number, company address, President's or Chief Officer's social security number, full names of company officers, addresses, credit references, and brief biographical summaries. Please provide a team organizational chart and a company organizational chart for each of the above.
2. **Relevant Experience.** Respondents must have development experience on a minimum of two similar projects. At least one project must be comparable in size and scope to this project. The two projects must be built within the last ten years from the due date of this RFQ submittal. Specific experience with biotechnology incubators and/or accelerators should be included. This information should be provided on the attached Project Data Form, Attachment C.
3. **Personnel Assigned to Project.** The Respondent must be willing to commit key staff to the Project. Please identify key team members in each organization. These individuals must have proven personal experience in development projects of this type, and the architects should show evidence of recognition for high quality design and a portfolio of work in support of their design capability.
4. **Financial Capability to Execute the Project.** Please describe experience in financing comparable projects, especially those involving unsubordinated ground leases and/or bond financing. Identify possible (and specific, if known) sources of debt/equity capital proposed for this Project and include a written statement from each financing source that the debt/equity is available and that a Project of this type and scale is consistent with their investment criteria. The University requires evidence of financial condition including company and, if relevant, personal financial statements. Parent company will provide financial statements for the past three years to demonstrate financial viability. The University may request a review of such submissions by a Certified Public Accountant. Show evidence of financial capacity to perform financial obligations under the Ground Lease, including credit worthy guaranties or other assurances of performance.
5. **Project Approach.** Please describe the design, budgeting, bidding and construction management strategy for the Project. Specific note should be made about how you will incorporate the University decision makers into the programming and design process. Additionally, describe the strategy for review and approval of periodic budgets, value engineering and final construction cost. Describe the strategy for sharing information with the University during the budget process, how a contract for construction will be negotiated with the

general contractor and how a maximum of competitive bidding will be incorporated into the process.

6. **Property Management Experience.** Please provide a statement of intent to have the property managed by a competent experienced management firm acceptable to the University. The Developers must state their commitment to own and manage directly or by contract with a management firm. Developers must provide evidence of their property management experience and expertise or that of their proposed management firm. At least three business references, which may be contacted by the University, must be provided.
7. **Litigation.** Respondent must identify any recent or currently outstanding legal claims against the Developer or Developer team member or any key personnel thereof, including the source of such claims, their amount, and status. The Developer or team member are required to reveal any criminal convictions of any key employees other than simple traffic convictions.
8. **Other Criteria.** Experience working on University projects or with higher education institutions is desirable, but not required; experience with biotechnology incubators and/or accelerators is desirable, but not required; familiarity with local neighborhood groups, State Fire Marshal, and Division of the State Architect is desirable. Please indicate any experience with these entities.
9. **Equal Employment Opportunity.** The response to RFQ should show evidence of company equal employment opportunity policy.

Attachment B

STATEMENT OF QUALIFICATIONS

1. Firm Name: _____
2. Business Address: _____
3. Firm Established: (Year) _____ Telephone: _____
4. Type of Organization: (Check one)
 - a. Sole Proprietorship
 - b. Partnership
 - c. Corporation
 - d. Joint Venture
5. If a sole proprietorship or partnership, provide the required information for each Principal (P) and Associate (A) to be utilized on the project: (Check "P" or "A" for each). If a corporation, provide the names of the corporate officer responsible and the required information on each principal employee to be assigned to the project.

	NAME	P	A	DEGREE OR CERTIFICATION	INSTITUTION
a.					
b.					
c.					
d.					

6. Average staff employed in home office: (Average of past 5 years)
 - A. Project Managers _____
 - B. Project Engineers _____
 - C. Assistant Project Managers _____
 - D. Field Engineers _____
 - E. MEP Coordinator _____
 - F. Field Construction Managers _____
 - G. Cost Estimator _____
 - H. Scheduler _____

- I. Clerical _____
7. Proposed subconsultants, if any (include resume/brochure):
- A. _____
- B. _____
- C. _____
8. References:
- A. _____
- B. _____
- C. _____
9. Describe the quality of service that distinguishes your firm.
10. For the services your firm provides, what types of projects does your firm have experience in? (e.g. medical, housing, lab & research facilities, classrooms, etc.)

By: _____
(Signature) (Type Name)

Position: _____

Date: _____

UC San Diego Science Research Park
Center for Novel Therapeutics
University of California, San Diego
Real Estate

Please attach to this form any other information you wish us to consider, such as your firm's brochure or a discussion of your recent work.

ATTACHMENT C

PROJECT DATA FORM
DEVELOPMENT EXPERIENCE

(One Form Per Project, Minimum 3 comparable projects)

DEVELOPMENT FIRM: _____

1. Project Name and Type: _____

2. Project Location: _____

3. Owner's Name: _____

Address: _____

Phone: _____

Contact Person: _____

4. Design Professional: _____

Phone: _____

Contact Person: _____

5. General Contractor:

Phone: _____

Contact Person: _____

6. Gross Square Feet: _____

7. Project Timetable:

A. Design Start Date: _____

B. Construction Start Date _____

C. Construction Completion Date: _____

8. Project Cost:

A. A. Cost at Bid \$ _____

B. B. Cost at Completion \$ _____

Attachment C (Continued)

Project Name: _____

9. Type of Project: Research Laboratory Hospital
 Biotechnical Facility
 Other:

10. List CM staff & their title that were assigned to this project:

Name	Title

11. Describe, briefly, the scope of project and how it is similar to the proposed project. Also, describe in which aspect, this project satisfies the important selection criteria: a Fast Track construction method, an innovated construction delivery method including design-build, a new laboratory or similar facility located on a challenging site.

12. Describe, briefly, the type of funding and financing for the project, the current occupancy level, and current rents.

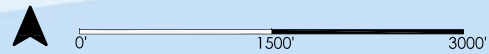
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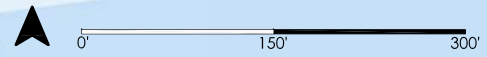
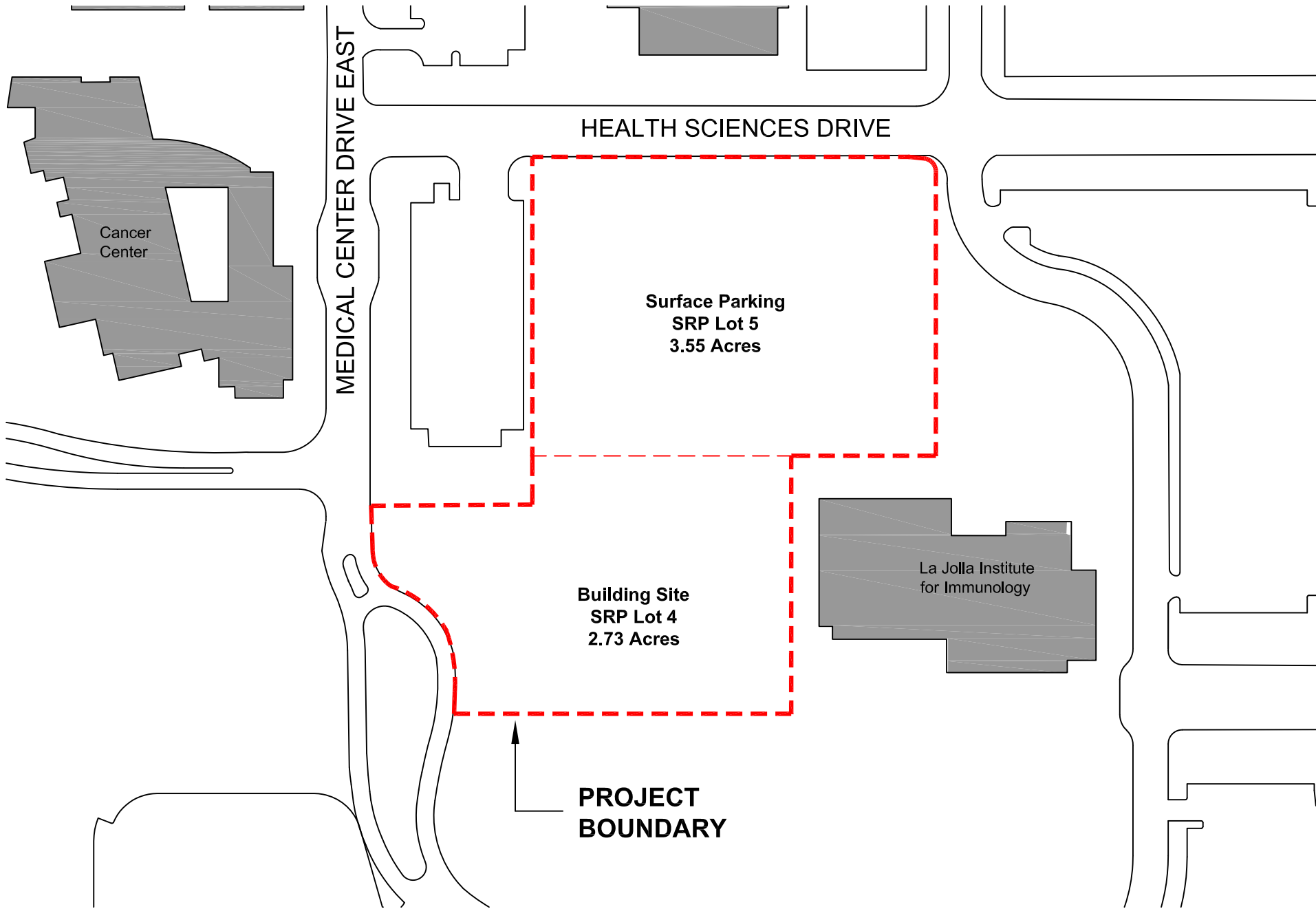
Attachment D

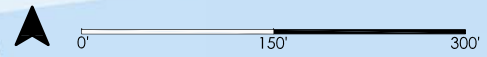
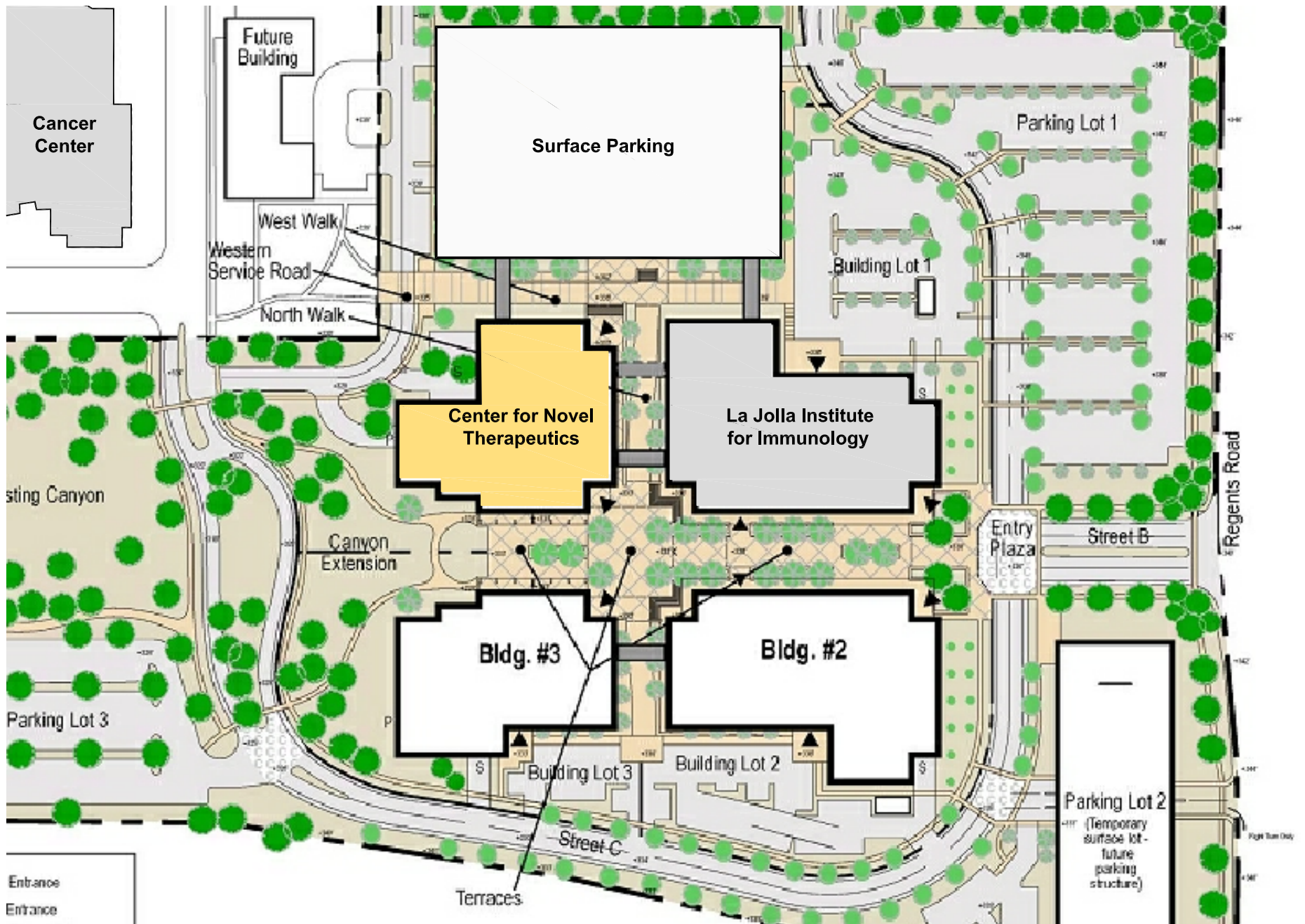
Figures 1-3



PROJECT SITE







Center for Novel Therapeutics