

Request for Qualification

Prepared For:



June 13, 2007



City of Gaithersburg
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CONTENTS

- I. BACKGROUND / SELECTION CRITERIA**

- II. SITE DESCRIPTIONS**

- III. REQUIREMENTS / QUALIFICATIONS**

- IV. DEVELOPER VISION FOR THE SITES**

- V. FINANCIAL STRUCTURE**

- VI. SUBMITTAL INFORMATION**



City of Gaithersburg
Request for Qualification
June 13, 2007

I. BACKGROUND / SELECTION CRITERIA

INTRODUCTION

The City of Gaithersburg, MD (the “City”) invites and welcomes your participation in a process designed to identify qualified development team(s) capable of developing two building sites (the “sites”) in the City of Gaithersburg. This Request for Qualifications (“RFQ”) is the first step in the process to select a development team(s). Prospective developers may bid on one or both of the sites. The sites are located in close proximity to each other and are described as: 1) The “Y” Site which is bounded by Olde Towne Avenue (south side), and the CSX Railroad right of way (north side) and 2) The 315 East Diamond Avenue Site, part of a larger City-owned property, which is collectively bounded by Summit Avenue (west side), CSX Railroad right of way (south side), and East Diamond Avenue (north side).

The Staubach Company (“TSC”) has been retained by the City to be its exclusive agent and consultant in assisting the City in the procurement of a development team and the negotiation of the sale. It is the intent of TSC to follow this RFQ with more focused and detailed RFPs (one for each site) that will be circulated to a select group of short-listed candidates.

The developer(s) of the two sites should use the Gaithersburg Olde Towne District Master Plan (“Master Plan”) as a guide in considering the project, however, initiative and innovation from the development team is encouraged. The Olde Towne Master Plan may be accessed on the City’s website at: http://www.gaithersburgmd.gov/Documents/083005_olde_towne_plan3.pdf. The City’s efforts to date in preparing for future private sector development are an indicator of the City’s desire to proceed with this development expeditiously.

The City’s primary goal is to sell the two sites to a development team(s) who wish to work with the City to further the development of Olde Towne Gaithersburg. The City and the selection team intend to use the RFQ process as a decision tool in determining the degree to which vertical development and/or open space concepts will be most appropriate for the sites. The City intends to cooperate with the successful development team(s) to facilitate rapid development of a project(s) that will be in the best interest of the developer and the residents of the City.

Ultimately, the City plans to enter into a purchase and sale agreement with a development team(s) for the sites. The agreement will include (but is not limited to) the following provisions:

- Integration of the clock tower/plaza (planned for on an adjacent property) into the development of 315 East Diamond Avenue as indicated on the Master Plan;
- Sustainable development techniques; and
- An agreement governing the operations, maintenance and control of open or public space that may be included in the development of the sites.

Elements of the transaction will be discussed in more detail in subsequent sections of the RFQ.



City of Gaithersburg
Request for Qualification
June 13, 2007

Key Assumptions

The City is open to a flexible approach for the long-term development of the sites, but is very interested in maintaining a rigorous developer selection process and construction timetable with demonstrated milestones. There are several key assumptions associated with the process:

- Development of each site as key and integral catalysts in the ongoing revitalization of the surrounding neighborhood. The City will look favorably upon development concepts that bring 24-hour activity to the site, such as first floor retail, cafes with outdoor eating, inviting open space, and other appropriate urban amenities. The City expects that the presence of the Olde Towne MARC station on the west edge of the 315 East Diamond site, with its steady flow of transit users and pedestrians, will contribute to this goal. The development team(s) should look to integrate the challenges presented by the railroad into the design concept by utilizing effective noise mitigation techniques.
- Development team(s) should possess the ability to create a vision that optimizes the development of the sites and makes this vision a reality. The development team(s) should expect that this will be a high-visibility project and the ability to work with multiple stakeholders, including elected officials, will be essential. The development team(s) will lead the entitlements process, but the City will be an active partner. The flexibility of Olde Towne's unique CBD Zone, which has been designed to promote development and redevelopment, should be taken into account.
- Retail activity is critical to activating the two sites. Accordingly, the City will be very interested in plans that incorporate a mix of uses.
- The development (or relevant portions of the development) should attempt to meet the City's sustainability objectives. It is desired that LEED certification be accomplished if practicable.

Selection Criteria

While the City wishes to obtain financial return from the project(s), creativity, innovation and adherence to the intent of the Master Plan will weigh heavily in the selection of the finalists. It is intended that the successful teams will have made substantial input into the development concept. The City will select a limited number of firms that substantially meet the following criteria to receive the RFP:

- Have a proven expertise in developing office, residential, or mixed use properties incorporating urban space concepts;
- Have the best overall development concept for the sites which will catalyze revitalization of the broader neighborhood while staying within the spirit of the Master Plan. Creativity in the overall utilization of the site, and the integration of existing assets, parking and open space will be highly rated by the selection team;
- Offer the City an attractive financial package;
- Incorporate LEED/sustainability concepts into the development of the site;
- Bring the best opportunity for accessing and securing a successful and timely entitlements package, including an internal teaming structure (with financial strength) that can carry the project to fruition;



City of Gaithersburg
Request for Qualification
June 13, 2007

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- Demonstrate experience/capability of working with multiple stakeholders;
 - Articulate the effectiveness of their proposal in activating the project over the long term, including a discussion of proposed retail components or other project elements that the offeror believes would effectively activate the site.

It is anticipated that a limited number of development teams will be included in the subsequent Request for Proposal (“RFP”) phase. We encourage the teaming of developers to finance and construct different portions of the project if partnering is a preferred methodology of development.

Preliminary Timeline

The development of these sites is a priority project for the City. It is the intent of the City to have a developer selected, following a Request for Proposal (RFP) process, by late 2007.

City Right to Terminate Process

The City reserves the right to amend, suspend, or terminate this procurement at any time during the process. In addition, the City reserves the right to reject any (or all) RFQ submission(s) and reissue this procurement at a future date at the City’s sole discretion.



City of Gaithersburg
Request for Qualification
June 13, 2007

II. SITE DESCRIPTION

The “Y” Site (West Diamond and Fulks Corner Avenues, Gaithersburg, MD) is part of the Sector 1 Improvements as described in the Master Plan. The site is irregularly shaped and roughly resembles the shape of the top part of a “Y”. It has a footprint of approximately 2.2 acres. On the east side of the site there is a City parking structure that may possibly satisfy some amount of the parking requirement.

The 315 East Diamond Avenue Site (North Summit Avenue and East Diamond Avenue, Gaithersburg, MD) is northwest of the “Y” Site on the north side of the CSX/MARC line. The site is approximately 1.5 acres (\pm). On the southwest corner of the site is the historic Olde Towne Train Station.

The sites, currently zoned CBD, allow for flexible zoning. As noted previously, the City seeks development that is consistent with the Master Plan and enhances economic development of the adjacent area. Developers should familiarize themselves with the Master Plan (http://www.gaithersburgmd.gov/Documents/083005_olde_towne_plan3.pdf) and other relevant documents to understand the City’s development objectives for the site and the neighborhood.

A current site photos and site map are included below.



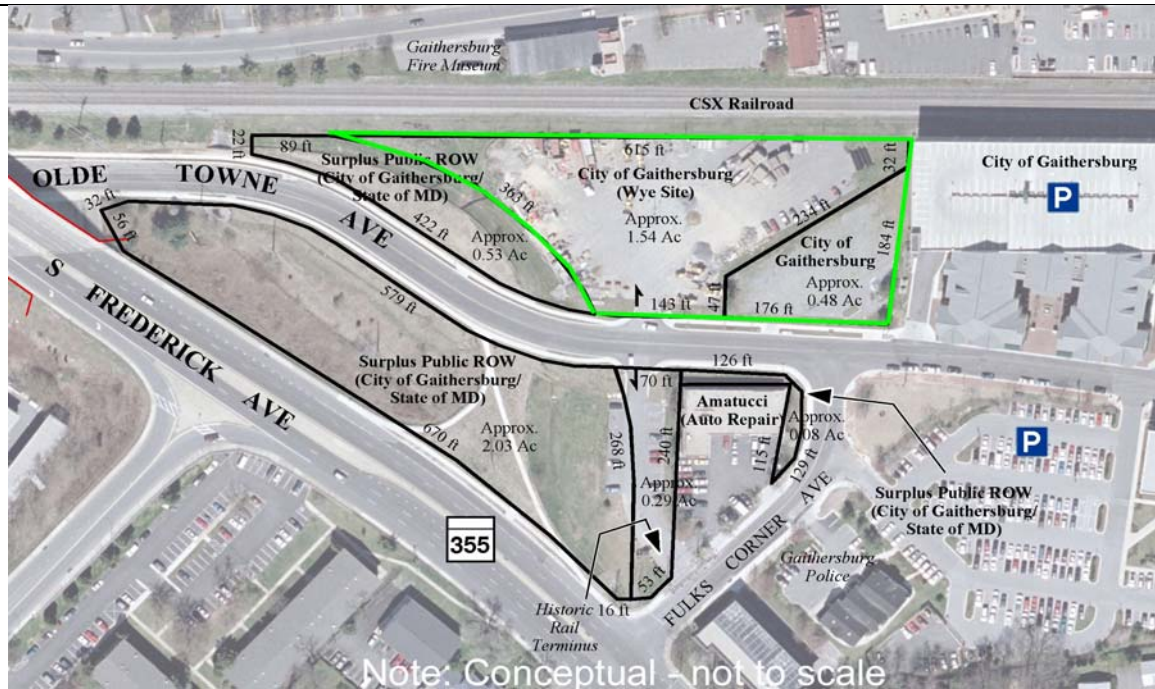
“Y” Site



315 East Diamond Avenue Building



City of Gaithersburg
Request for Qualification
 June 13, 2007



“Y” Site



315 East Diamond Avenue Building



City of Gaithersburg
Request for Qualification
June 13, 2007

II. REQUIREMENTS/ QUALIFICATIONS

REQUIREMENTS / QUALIFICATIONS

The primary goal of the City is to ensure the selection of a seasoned and highly qualified development team. The team should have a plan that portrays the best overall development concept for the site; strongly contributes to the revitalization of the neighborhood; and yields the best financial return for the City. Important selection criteria will include the team's experience in developing urban properties and working through complex entitlement procurement processes.

As part of the response, please provide the following:

- A general overview of your organization. Please detail the growth and development history of your team, and comment on the local team you would assign to this project.
- Information on your firm's ability and experience in developing assets in downtown or urban areas. Of particular interest is your work with high visibility, public, or mixed use projects. As part of this response, detail your specific experience working with the entitlement process in this or other jurisdictions. Please include details on challenges met, schedules achieved, and experiences working with stakeholder groups during these entitlement processes. ***Please provide at least three (3) pertinent examples of development within metropolitan areas that are relevant to this project and the development team:***
- A project schedule outline that runs through the entitlement process to the beginning of construction and assumes late 2007 as the date your team is selected. Include in this schedule (at a minimum) the project team "ramp-up" (the timing for adding key partners including architectural/engineering, general contractor, etc.), creation of architectural/engineering drawings, completion of the entitlement process including interface with community, City of Gaithersburg officials and others, securing financing, etc.
- Description of how your team would propose working with the City to achieve the above referenced project schedule. Elaborate on the roles that you would anticipate the City and your team playing in communications and decision making during the entitlement process.
- An overview of your company's financial strength. Financial strength will be a key factor in evaluating future proposals. We are interested in the financial structure (preliminary, if necessary) that you would use on your side of the relationship, the structures you typically use, the partners/investors/financiers you typically work with on these developments, and the timing for including these partners. Please include financial statements or bank relationship letters.



City of Gaithersburg
Request for Qualification
June 13, 2007

IV. DEVELOPER VISION FOR THE SITE

DEVELOPER VISION

These sites are important locations in the City's downtown revitalization efforts and they are also key elements in the implementation of the Master Plan. The City desires development on these sites that would include design features that recognize the character of the surrounding buildings, incorporate the train station and rail line issues, and catalyze the revitalization of the neighborhood. The following issues and project elements should also be considered and described by the development teams.

- **Public Access** - The City is seeking public access to these sites in the design, purpose, and function of the space, as these are key elements of the site redevelopment plan. Please describe how you would address these elements.
- **Location, Use, and Size of Building** - The Master Plan indicates the location and size of buildings. The City is amenable to considering a range of arrangements and sizes of buildings and will accept a mix of uses including office, residential, and retail in the developments. The City will consider all development concepts that responsibly address the issues identified in the Master Plan.
- **Parking** - The development plan is expected to address parking as appropriate to the developments and the Master Plan.
- **Pedestrian Connection** - The City would like to see the plan include a pedestrian connection that crosses over the CSX rail lines at some location and consideration of this element is highly encouraged.

Please provide us with your preliminary redevelopment vision(s) for the sites, and why you believe the vision maximizes the development potential of the sites and creates the greatest balanced value for the City. We are also interested in who your development team would select as design partner(s) for the site. At this stage the selection team is not looking for detailed architectural plans. Instead, we are seeking schematic and/or massing representations, visual depictions and narrative descriptions (or any other materials of your choosing) that represent your vision and share your team's approach to this opportunity.

Give us your view of what the market would support and how you would propose to phase the redevelopment of the property, if appropriate.



City of Gaithersburg
Request for Qualification
June 13, 2007

V. FINANCIAL STRUCTURE

FINANCIAL OFFER TO THE CITY

The City is interested in achieving the development goals for the site that will enhance revitalization of the surrounding neighborhood while maximizing the value of the project. Please provide input relating to the following:

- What are your assumptions as to the project mix (office, residential, hotel, retail, open space, etc.) that can be built on the property?
- Using your assumptions from the above bullet, combined with the previous section's information on the City's development objectives for the site, please provide your preliminary concepts of site value, along with your preliminary contingency elements.



City of Gaithersburg
Request for Qualification
June 13, 2007

VI. SUBMITTAL INFORMATION

RFQ responses are required no later than 3 p.m., July 16, 2007.

Please submit six (6) copies to:

Mr. John Totushek
Senior Vice President
The Staubach Company
575 7th Street NW
Suite 400
Washington, DC 20004
(202) 639-4563

Currently, we expect to evaluate these responses during the summer months and subsequently issue a detailed Request for Proposal (RFP) to candidates selected from respondents to this RFQ. It is anticipated that selection of a development team will occur as early as the fourth quarter of 2007. We appreciate your thoughts and responses to this RFQ and encourage you to contact us with any questions or comments you might have regarding this opportunity.