May 27, 2015

TO: ALL BIDDERS

RE: UNIVERSITY OF CALIFORNIA, REQUEST FOR PROPOSAL # UCM1210KM

Addendum "1" is hereby expressly incorporated and made part of the University of California, Merced RFP# UCM1210KM dated April 24, 2015.

**ADDITIONAL #1**

This Addendum has been issued to respond to extend the due date of the RFP and answer questions received by the deadline as follows:

1. The RFP due date/time has been extended from 4:00p.m., May 29, 2015 to 4:00p.m., June 8, 2015.

2. Question [re: Section] 1.2: Given the time constraints for a ground up project, is the University considering an RFP for an additional project in 2017 to meet your housing needs for the following academic year?  
   A. No, the 2020 Project will supply our housing needs after this RFP.

3. Question [re: Section] 2.2 & 3.6.4: Do you think it's realistic to expect proposers to obtain entitlements then design, construct and deliver to tenant in twelve (12) months for a new ground up project? Will the prospective proposers who are asking questions at the very least be notified directly (i.e. via email) if there is an addendum to the RFP?  
   A. The University is offering all proposers, both developers and owners of existing housing, the opportunity to deliver to the University the housing needed by the date needed. We cannot evaluate the feasibility for any particular proposer. All proposers registered in the University’s SRS system will, of course, be notified if there are any addenda to the RFP.

4. Question [re: Section] 2.10: What is meant by "at the time of proposal opening" (if there is a date specific please provide)? What is the time allowance once we start the submittal process (i.e. can our proposal be submitted over consecutive days as long as we meet the proposal due date or does the proposal have to be completed on the same day we start the submittal)?  
   A. The proposals will be opened/reviewed by the University only after the RFP due date/time.  
   Proposals are able to upload/modify documents into SRS at various times until they "submit" their final proposal(s) prior to the due date/time.

5. Question [re: Section] 2.13: The amount of time from the proposal due date to the anticipated award contract is only sixty (60) days. Why are all proposals firm and fixed for one hundred twenty (120) days?  
   In such case, will there be an extension of time for delivery?  
   A. In an excess of caution, to give the University time to extend if necessary.

6. Question [re: Section] 3.1: How do we present two (2) proposals (one (1) original and one (1) alternate)?  
   A. A space has been added in the SRS tool so that proposers can submit two separate proposals.

7. Question [re: Section] 3.2: Other than the Appendices, where can we find the "University of California requirements"?  
   A. The requirements are contained in the RFP exhibits and any addenda.
8. Question [re: Section] 3.5.15: If owners of the LLC provide financial statements are they kept confidential from the public? 
   A. The University can protect certain financial statements submitted in response to the RFP, however, only to the extent allowed by law.

9. Question [re: Section] 3.5.20: How does the University expect existing premises to comply with the Seismic Safety Policy? 
   A. Existing premises or new construction must comply with the University's Seismic Safety policy as it applies to Leased space (available at: http://policy.ucop.edu/doc/3100156/SeismicSafety). Please see Seismic Safety Policy Section III., I. "Standards for Lease, License, Acquisition by Purchase or other Title Transfer", including the requirements regarding Independent Review and Certificate of Applicable Code.

10. Question [re: Section] 3.6.4 Will the University consider a delivery during the academic year? 
    A. No.

11. Question [re: Section] 3.6.4: Can the University move up the anticipated award date? What is anticipated date for award or signature of contract? 
    A. The schedule listed in the RFP is an aggressive timeline; the University's anticipated award date is specified in the RFP.

12. Question [re: Section] 3.6.4: In the event that proposer does not meet the delivery date, what hotels/motels are acceptable to the University for interim housing? 
    A. Hotels such as the Holiday Inn, Courtyard, and others similar in quality/amenities/etc. within 10 miles of the campus would be acceptable in such an event.

13. Question [re: Section] 3.6.7: Is the Rent Commencement Date of sixty (60) days in addition to the five (5) years? 
    A. No.

14. Question [re: Section] 3.6.9: Is the provision of security going to be provided by the University? What type of security is the University looking for Landlord to provide? (Be specific). Will the University be providing supplemental security? 
    A. This can be determined later based on the location and configuration of the property, taking into consideration whether the City Police or Public Safety can most likely respond soonest. There will need to be a limited number of controlled access points to the property appropriate to the size and configuration of the property. Please note the following:
    1. The University will provide daytime and nighttime CSO security patrols through the facility and surroundings.
    2. Walkways and parking lots need to be well lit.
    3. The security staff, complex staff, and other staff must be Clery Trained and must report incidents to University Police.
    4. The complex and main parking areas of the facility need to be CCTV monitored at the entrance and exit points.
    5. The storage of the video from the CCTV must be readily accessible to University Police without the need for a warrant.

15. Question [re: Section] 3.6.9: Please be specific as to custodial services (i.e. vacuuming, washing of bed linens, maid service, dusting, trash removal, sorting and disposal of recyclables and other trash, etc.) and the frequency of those services (i.e. daily, weekly, monthly). 
    A. Please see specific information regarding custodial services below:
<table>
<thead>
<tr>
<th>Custodial services will not be provided inside the units except at turnover.</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover detailed cleaning inside units</td>
<td>At turnover</td>
</tr>
<tr>
<td><strong>Custodial services must be provided in the common areas including parking areas, and include:</strong></td>
<td></td>
</tr>
<tr>
<td>Cleaning</td>
<td>Daily</td>
</tr>
<tr>
<td>Landscape maintenance</td>
<td>Weekly</td>
</tr>
<tr>
<td>Pest control</td>
<td>As agreed</td>
</tr>
<tr>
<td>Replacement of light bulbs</td>
<td>As needed</td>
</tr>
<tr>
<td>Graffiti removal</td>
<td>As needed, within 24 hours</td>
</tr>
<tr>
<td>Common interior areas</td>
<td>Daily cleaning</td>
</tr>
<tr>
<td>Detail cleaning of common areas and furniture</td>
<td>During break periods (Dec, Spring, Summer)</td>
</tr>
<tr>
<td>Power wash stairs and walkways for move in</td>
<td>Annually or as needed</td>
</tr>
</tbody>
</table>

16. Question [re: Section] 3.6.11: What items specifically is the University expecting the landlord to provide in terms of furnishings (i.e. refrigerator, stove, bed, desk, chest of drawers, window coverings)? After the five (5) year term is up, will the University remove their FF&E?
   A. The landlord shall provide the refrigerator, stove, microwave, dishwasher, window coverings. Laundry room(s) must be furnished with washers, dryers and a minimum of one laundry sink in each laundry room. Yes, the University will remove FF&E after a five (5) year term.

17. Question [re: Section] 3.6.14: If we are setting up a new entity, how do we provide financials and/or tax returns?
   A. The University will require guarantees from the equity members of the entity as well as their financial information.

18. Question [re: Section] 3.6.18: Appendix A #11 What does "active" mean in terms of duration? Does a person need to be monitoring full time (24/7/365)?
   A. Active means someone is actually watching the screen as part of a security detail, full time. It could be an outsourced service.

19. Question [re: Section] 3.6.20: Our Conditional Use Permit process with the City of Merced includes CEQA. What does "University CEQA revie" consist of and what is the timing?
   A. The University CEQA review consists of a review of the CEQA documents generated and approved by the Landlord during planning entitlements. The University uses those documents for its internal approval process. Failure to submit satisfactory CEQA will be an event of default under the lease.

20. Question [re: Section] 3.6.21: Are the University standards different than federal standards? Is this requirement in addition to or separate from the ADA?
   A. The property must comply with California Building Code, Chapter 11B. All properties must be reviewed by a CASp consultant for compliance.

21. Question [re: Section] 3.6.22: When is this review in relation to construction documents? Does the review occur before submittal of construction documents to the University? If there are delays, will it count in addition to the delivery date (i.e. an extension)?
   A. CEQA documents use in the entitlement process must be submitted to the University before or with submission of detailed design (50% drawings). Assuming the CEQA documents are in order University approval time will be very short. Owner safeguards against University delay can be discussed in negotiation of the lease.

22. Question [re: Section] 3.8: What are the insurance requirements that need to be met? Are they referenced in 14.2 in the draft form agreement? If so, what are the insurable amounts that must be met?
A. The specific insurance requirements are as follows:

ARTICLE 14 - INSURANCE REQUIREMENTS

14.1. **Tenant's Insurance.** Tenant, at its sole cost and expense, shall insure its activities in connection with this Lease and obtain, keep in force and maintain insurance as follows:

   a. General Liability Self-Insurance Program (contractual liability included) with minimum limits as follows:

      1. Each Occurrence $5,000,000
      2. Products/Completed Operations Aggregate $5,000,000
      3. Personal and Advertising Injury $2,000,000
      4. General Aggregate $5,000,000

   b. Business Automobile Liability Self-Insurance Program for owned, non-owned, or hired automobiles with a combined single limit of not less than one million dollars ($1,000,000) per occurrence.

   c. Property, Fire and Extended Coverage Self-Insurance Program in an amount sufficient to reimburse Tenant for all of its equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises including leasehold improvements hereinafter constructed or installed.

   d. Workers' Compensation as required by California law.

The coverages referred to under a. and b. of this Section 14.1 shall include Landlord as an additional insured. Such a provision shall apply only in proportion to and to the extent of the negligent acts or omissions of Tenant, its officers, agents and employees. Tenant, upon the execution of this Lease, shall furnish Landlord with certificates of insurance evidencing compliance with all requirements. Certificates shall provide for thirty (30) days advance written notice to Landlord of any material modification, change or cancellation of any of the above insurance coverages.

The coverages required herein shall not limit the liability of Tenant.

14.2. **Landlord's Insurance.** Landlord, at its sole cost and expense, shall insure its activities in connection with this Lease and obtain, keep in force and maintain insurance as follows:

   a. Commercial Form General Liability Insurance (contractual liability included) with minimum limits as follows:

      1. Each Occurrence $5,000,000
      2. Products/Completed Operations Aggregate $5,000,000
      3. Personal and Advertising Injury $2,000,000
      4. General Aggregate $5,000,000

If the above insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Lease. The insurance shall have a retroactive date of placement prior to or coinciding with the Lease Commencement Date.

   b. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single limit of not less than one million dollars ($1,000,000) per occurrence.

   c. Property, Fire and Extended Coverage Insurance in an amount equal to one hundred percent (100%) of the full replacement value of the Building to conform with then current codes and
the costs of demolition and debris removal, excluding land and the footings, foundations and installations below the basement level.

d. Workers' Compensation as required by California law.

e. Premises Environmental Liability / Pollution Legal Liability (PLL) for any environmental loss to the premises; shall include coverage for mold, fungus and related bacteria in an amount not less than five million dollars ($5,000,000) per occurrence and aggregate.

The coverages referred to under a. and b. of this Section 14.2 shall include Tenant as an additional insured. Such a provision shall apply only in proportion to and to the extent of the negligent acts or omissions of Landlord, its officers, partners, agents, and employees. Landlord, upon the execution of this Lease, shall furnish Tenant with certificates of insurance evidencing compliance with all requirements. Certificates shall provide for thirty (30) days (ten (10) days for non-payment of premium) advance written notice to Tenant of any material modification, change or cancellation of any of the above insurance coverages.

The coverages required herein shall not limit the liability of Landlord.

23. Question [re: Section] 4.9: Can we identify the University as tenant under a master lease arrangement when we seek financing with a lender? What if the landlord wants to sell the project? What amount of disclosure will be allowed so as to permit or accommodate the landlord the right to sell its' property without restricting its' ability to conduct commerce?
   A. The University may be identified as a tenant subject to the terms and conditions of the transaction but will not participate in discussions with lender or make representations to the lender. Since the transaction is contemplated to be three up to a maximum of ten years, sale during the lease term is subject to tenant’s approval, since in making the selection the University is relying on among other things the track record and reputation of the developer in constructing, maintaining and operating its properties.

   A. Proposers have not been pre-qualified, so this is not applicable to this RFP.

25. Question [re: Section] 4.14, 5.1, 5.2 & 5.3: How does any post-qualification, oral presentation or evaluation effect the time frame of proposer’s delivery date (i.e. an extension)?
   A. We need the housing on a definite date so clearly it is in our best interests to select the preferred proposer as soon as possible. If there is a date after which, if selected, a proposer would be unable to meet the deadline, the proposer should so state so that this cutoff date is taken into consideration in the selection process.

26. Question [re:] Standard Lease Form: It appears that the form lease applies to the leasing of an existing facility. Is there a different form for a new facility? There are cancellation provisions prior to and during occupancy in the form lease. Will these be applicable to the creation of a new facility? (If so, it will be difficult to get bank financing).
   A. It is expected that the University Standard Lease Form will be modified to meet the circumstances of this project. The lease will provide for cancellation by Tenant in the event of Landlord default under the lease specifically including failure by Landlord to meet the deadline for delivery of the premises, whether existing or new, because the need is time-definite. If there is a termination for convenience option for Tenant, it will take into consideration the amounts Landlord has at risk at the time of termination.

27. Question: If the University’s responses to the above questions are not provided to us by May 8, 2015, will the University accept follow up questions pertaining to the above-referenced Sections after the deadline of May 9, 2015?
   A. No, follow up questions are typically not allowed in a formal RFP process.
28. Question: Can you please elaborate on the desired unit mix? The RFP mentions up to two bedroom, two bathroom units but would the University be interested in four bedroom, four bathroom units if these units can be delivered in single occupancy units? (Per Appendix A, Page 30)
   A. The University is willing to also consider a four-bedroom four-bath cluster arrangement.

29. Question: Would the University be interested in bed/bath parity if it can be offered? In other words, if a four bedroom/four bath single occupancy unit can be delivered, would this be desirable to the University? (Per Appendix A, Page 30)
   A. The University is willing to consider suites, each with four single occupancy rooms, with each room having its own en suite bathroom; however, this configuration may prove too expensive to be rent-competitive.

30. Question: Has the University completed a market student [sic] to determine market student housing rental rates, and if so, can this be provided?
    A. No, the University has not completed a market study.

31. Question: Given our experience in structuring public-private partnerships to deliver student housing, the length or duration of the Master Lease is critically important to whether permanent financing can be secured to build new ground up student housing. Will the University, and under what conditions, will the University consider entering into a Master Lease term with a private developer that may require a significantly longer duration, in order to secure permanent financing?
   A. The University can consider a term of up to 10 years; however, this would need to be submitted as an "alternative" proposal as it does not specifically comply the requirements of the original request.

32. Question: The RFP contemplates that the student housing be delivered in a location within a 10 minute walk of a grocery store. What is the closest location of a grocery store currently? (Per Appendix A, Page 30)
   A. The location of the closest grocery store to existing student housing is irrelevant. Proposals submitted must meet the requirements of the RFP to be considered.

33. Question: The RFP contemplates that the student housing be delivered in a location that is within close proximity of shipping and receiving store (ie FedEx, etc.). What is the closest location of a shipping facility currently? (Per Appendix A, Page 30 #4)
   A. The location of the closest shipping/receiving store to existing student housing is irrelevant. Proposals submitted must meet the requirements of the RFP to be considered.

34. Question: What is the University's position on double occupancy v. single occupancy bedrooms? Does the University have a preference? Can you please elaborate? (Per Page 16, Section 3.6 & Appendix A)
   A. The University prefers double occupancy but will consider single-occupancy bedrooms.

35. Question: Would the University prefer full kitchens, as opposed to kitchenettes, if it can be provided? (Per Appendix A #3&4)?
    A. Yes.

36. Question: Can you please elaborate on the proposed use of the function room with kitchen? How many people would this space need to accommodate at one time? (Per Appendix A #3&4)
    A. This space needs to accommodate a minimum of 15 people.

37. Question: Does the requested phone service to be provided in the units need to be hard wired for phone service? In our experience, students no longer use land phone lines. (Per Appendix A, #8)
    A. No, it does not need be hard wired.

38. Question: Our team currently controls an xx acre tract of land located on the southeast corner of [street name] Street and [street name] Street, which we believe is the most suitable location for the proposed Master Leased housing. Can you please comment on whether this location meets the locational requirements as set forth in the RFP? (Per Page 17, 3.6.1)
A. Yes, it is east of R St, north of Main St., south of Bellevue Rd., and west of McKee Rd., and therefore, meets the criteria.

39. Question: Can you please elaborate on the Prevailing Wage requirements if the University is NOT a lessee of more than 50 percent of the assignable square feet of the project? (i.e., our project contains 8 each 27 unit apartment blds. If you lease under 50% of the 8 bldgs, would prevailing wage be required?) (Per Page 13, Section 3.5.5).
   A. The University has determined that sharing the facility with non-University tenants would not meet the University’s programmatic and security needs.

All other specifications, terms, and conditions remain unchanged.

Proposers who do not already have the complete proposal package are encouraged to download it from the Supplier Registration and Sourcing (SRS) home page: https://suppliers.scisquest.com/UCOP
Proposals must be submitted as instructed in the original RFP document and submitted in the Supplier Registration and Sourcing (SRS) web tool no later than the new due date/time of 4:00p.m. 06/08/2015.

Proposers are strongly encouraged to complete and submit their proposal in the SRS tool well in advance of the RFP’s closing date and time, because the site slows down significantly when multiple parties are uploading documents simultaneously. Late proposals will not be accepted after the RFP’s closing date and time.

IMPORTANT NOTE: If you submitted your proposal in the SRS tool prior to this Addendum being posted, you must review this addendum, update your proposal based on the new information (if necessary), and if updated, resubmit your proposal to be considered. Failure to resubmit will result in no proposal submission by your company to the University!

BY: Karen Meade, C.P.M.
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