

NON-RESIDENTIAL REAL ESTATE POLICY

Superseded April 24, 2017

This Non-Residential Real Estate Policy applies to leases that are longer than ten years in length (including extension options), or that result in total lease payments to the Trust exceeding two million dollars (\$2,000,000) over the term of the lease.

OBJECTIVES

In addition to compliance with the [Presidio Trust Act](#), the Trust will reasonably meet four objectives when initiating and negotiating real estate projects and transactions:

- Reasonable Competition
- Public Outreach/Input
- Adherence to Sound Market Criteria
- Mix of Tenants

REASONABLE COMPETITION

Reasonable competition will be achieved by publishing notice of and sending out a Request for Qualifications (RFQ)/Request for Proposals (RFP) to interested parties. It is expected that in some cases a two-step process may be utilized incorporating a proposal stage following an initial qualification stage. Issuance of an initial RFQ/RFP satisfies the reasonable competition requirement of the Trust Act with respect to the Trust's ability to accept responses, in the future, to the initial RFQ/RFP for a particular building.

In limited circumstances, the reasonable competition requirement may be met without undergoing the RFQ/RFP process upon a finding by the Board that all of the following criteria have been satisfied:

- The prospective tenant and the proposed use of the building bear a significant relationship to the Presidio's history;
- The proposed use is consistent with the Trust Act, the Presidio Trust Management Plan (PTMP) and with Trust programmatic goals;
- There is limited market demand for the building as well as limited potential for revenue;
- The prospective tenant has demonstrated its ability to undertake the project; and
- The prospective tenant has demonstrated its capacity to meet fair-market financial terms.

Expansions of space and lease renewals, at current market rates, meet the reasonable competition requirement if the space was reasonably competed in the first instance.

PUBLIC OUTREACH

Public outreach will be achieved by ensuring that the solicitations have the widest reasonable circulation among the for-profit and non-profit tenant and business communities, including businesses and organizations owned and operated by women and members of minority groups. Public input will be achieved by meeting with a wide variety of Presidio constituency groups in the form of public workshops, pre-submittal conferences and/or public information. Public input will be sought on concepts and uses, rather than on the economic details of the particular transaction.

SOUND MARKET CRITERIA

Sound market criteria are those elements that will ensure the private real estate market's interest in the Trust's real estate opportunities. This will be achieved by establishing clear policies for evaluating proposals, implementing a timely decision making process, assuring that those most qualified will be given the highest priority and keeping details of real estate contracts confidential during negotiations. The Trust will look to comparable real estate transactions in the Bay Area market for guidance.

LEASE OFFERINGS

The issuance of an RFQ/RFP will be based on market demand and planning considerations.

RFQ/RFP - QUALIFICATION PROCEDURES

With Board approval, staff will publish an RFQ or RFP for one or more lease opportunities seeking qualified users that are consistent with the provisions of the Trust Act and the PTMP. The Board's Real Estate Committee will review a copy of the draft RFQ/RFP prior to publication. Major projects will have a minimum 45-day response time, smaller projects a minimum 30-day response time.

At a minimum, responses to an RFQ/RFP must include the following information:

- Core business of applicant and related companies;
- Financial capabilities (including acknowledgment of projected rent range);

- Compliance with the Trust Act and relationship to planning principles and preferred uses described in the PTMP;
- Outreach programs (programming offered to the public);
- Evidence of interest in and performance in sustainable development practices;
- Explanation of diversity in employment and procurement;
- Employee/space ratios;
- Transportation Management Program (both existing and planned); and
- Key financial terms for the proposed transaction.

TENANT SELECTION CRITERIA INCLUDE:

- Demonstrated ability to enhance the Presidio's financial viability or reuse of historic buildings (i.e., rent/economic package);
- Responsiveness to the general objectives of the GMPA and contribution to the visitor experience;
- Compatibility with planning principles and preferred uses articulated in the PTMP;
- Compatibility with the Trust Act and the PTMP;
- Meeting or exceeding minimum business terms; and
- Demonstration of financial capacity.

RFQ/RFP SELECTION PROCESS

- Staff will evaluate all submissions against selection criteria outlined in the RFQ/RFP and will prepare a summary and recommendation for consideration by the Board's Real Estate Committee;
- The Board's Real Estate Committee may recommend one or more tenants with whom to enter into negotiations; and
- The Board may authorize staff to enter into "exclusive" negotiations with one or more tenants in priority order.

The Trust may reject any and all proposals at the discretion of the Board.

REAL ESTATE COMMISSION POLICY

For selected transactions, the Trust will pay reasonable market rate commission to a procuring broker. Procuring cause must include at least the following:

- The broker must accompany the clients on the initial visit to the Presidio;
- The broker must provide written confirmation of an agreement between broker and tenant; and
- The broker must have a continuing involvement in the transaction.