REAL ESTATE DEVELOPMENT

Request for Qualifications and Statement of Interest
For
Coral Canyon

Coral Canyon™
A Master Planned Community

Washington Utah

State of Utah
School and Institutional
TRUST LANDS ADMINISTRATION
Planning and Development Group
2303 N. Coral Canyon Blvd., Ste. 100-A
Washington, Utah 84780
435-652-2950
REQUEST FOR QUALIFICATIONS AND STATEMENT OF INTEREST

The State of Utah, School and Institutional Trust Lands Administration (“Trust”) has a master planned, mixed-use community, Coral Canyon (“Project”), located along I-15 at mile post 16. The majority of the project is within the city boundaries of Washington with portions also located in the City of Hurricane, in Washington County, Utah. The Project encompasses 2,600+/- acres and is covered by a Development Agreement and a Planned Community Development plan (“PCD”) approved and adopted as ordinance by Washington City (“City”) in 1999. The project currently stands at approximately 45% complete. The Trust assumed the project form the previous development partner in 2010.

INTENT
The Trust is soliciting statements of interest and qualifications for purchase and/or development of the Project. The purpose of this request is to allow the Trust to ascertain the experience, compensation structure, and resource commitment of developers interested in working with the Trust. Substance in the response will carry more weight than form or manner of presentation.

The Trust anticipates selecting a master developer and entering into a contract wherein the selected developer will provide all resources to execute the approved PCD or an alternate plan if approved by the City and the Trust. It is intended that the selected developer will implement the development plan in a phased approach that responds to market conditions and results in a high quality, balanced mixed-use community.

The Trust anticipates preference for a transaction in which the Trust will act as a non-subordinated land partner in a development-lease structure. In this scenario, the selected developer would bring all capital and operate as either i) a “land developer” intending to wholesale “ready to build” lots to builders; ii) a “land developer-builder” selling buildings at retail; or iii) a combination of i and ii.

Compensation structures to the Trust should reflect the level at which the developer intends to operate. The Trust desires to be compensated at a gross price point so it will not be obligated to audit developer expenses. The Trust encourages additional and/or other compensation structures that could include performance-based bonus payments, profit participation and percentage rents of revenue-producing improvements.

REQUEST
The Trust requests statements of interest and qualifications from developers to implement the Project. In their statements of interest and qualifications, developers are encouraged to provide their views on the viability of the current PCD and to propose alternatives if such would improve the developed community and the Trust’s economic returns.

EXPECTATION
The Trust anticipates a high-quality mixed-use master planned community to be developed on the Project in keeping with, or surpassing, the standards established in the current PCD.

TIMING
The Trust expects to enter into negotiations with one or more qualified developers, depending on
the nature of qualifications and statements received. The Trust expects to conclude a
development lease, development agreement or purchase agreement in 2015 with the selected
developer. At that time, the selected developer would assume full responsibility for the
completion of the Project. This may or may not include the assumption of approximately 85,
finished, retail lots in the Highlands portion of area 3 and 4 (please see figures 3 & 4). These lots
are under a multiple lot purchase agreement with 2 local builders that runs through the end of
2016. The potential development partner will have the ability to decide on whether to assume
this obligation or not at the time agreement is executed. Depending upon the specific agreement
reached with the Trust, the Trust may retain partial prior approval authority for subsequent
submittals to the City made in the normal course of development. It is expected that the
developer would be able to commence development in 2015. The project is currently governed
by existing design guidelines and CC&Rs. Additionally there is already established a well-
funded (currently 110% of the state required reserve) and efficient community association that
governs the day to day affairs of the HOA.

PROPERTY AND DISCLOSURES

The following information about the Project, including disclosures, is believed to be accurate but
is not warranted by the Trust. The information, in this document and separate files on the Trust’s
website, is presented for convenience only and may not represent the true conditions of the
property. It is the developer’s responsibility to collect and use the correct information for its
statement of interest.

LOCATION
The Project is located along I-15 in the northern portion of the City of Washington and the south
west portion of the City of Hurricane (see Figure 1), within Sections 4, 5, 6, 7, 8 and 18, Township
42 South, Range 14 West, and Sections 32, Township 41 South, Range 14 West, SLB&M,
Washington County, Utah.

GENERAL DESCRIPTION
The Project is located on varying terrain ranging from flat to undulating which encompasses a
series of valleys and mesas suitable for development. The Project encompasses the Plan area that
was approved by the City with the PCD to provide a variety of mixed uses ranging from low-,
medium- and high-density residential products to commercial, institutional and civic facilities.
The project currently stands at roughly 45% completion.

MASTER CONCEPT PLAN AND VISION
In cooperation with the City and the previous development partner the Trust developed the Plan
that is specific as to some elements and general as to other components. Specific elements
include:

- A central village square – partially completed
- A championship, 18 hole golf course (already completed - under separate lease)
- An elementary school (already completed)
- 1 church (already completed)
- 2 large neighborhood parks (already completed)
• A recreation center and pool (already completed)
• Office space located in the central village square.
• Major roads and backbone infrastructure has already been completed and deeded to the respective cities in the PCD

The Trust has planned *but not* laid out the remaining residential roads, lots within development parcels, church sites, neighborhood parks, or other elements that will be finished as planning is refined. These elements leave the developer with considerable latitude to size lots and vary density within development parcels in response to the market.

While the Trust values the previous vision for the Project and believes that it can yield the highest reasonable, long term return to the Trust and its developer-partner through creating a desirable community, the Trust’s highest priority continues to be the financial return to the Trust from the Project. The Trust encourages developers to respond frankly to this vision in their statements of interest, and is open to alternative development concepts if a developer can demonstrate a higher, long term return, with reasonable risk, from a variation or alternative to this concept.

**PROPERTY DISCLOSURES**
The Project encompasses the Coral Canyon master planned community.

**Acreage** – The Project has 2,600 +/- acres, about 55% of which is still available for development:

**Key PCD Terms** – In 1999, the City, the previous development partner and the Trust agreed to the terms of the PCD and the accompanying Plan.

• **Entitlements** – The City granted approximately 3,100 mixed, residential units to the Project. To date approximately 1100 of those units have been developed. The details are shown in Figure 3 and 4.

• **Parks, Trails and Recreation Centers** – The Trust has already deeded two neighborhood parks to the City of Washington: Heritage neighborhood park (8 acres) and Highland Park (4 acres). Over nine miles of paved trails have been built and deeded to the City of Washington. Additionally the previous development partner constructed a recreation center and pool in the central portion of the community and dedicated them to the existing HOA. The PCD calls for the construction and dedication of an additional 2 neighborhood parks in the 4-8 acre size range as well as completion of the regional trail system in future development phases. The Trust also foresees the need to develop 1 additional community recreation center.

• **Water** – All backbone water infrastructure has been installed. The developer will need to plan and install all future water lines for ancillary neighborhoods and commercial uses according to the standards of the respective municipalities found in the master plan area.
- Roads – The previous development partner has constructed and dedicated to the respective cities all needed arterial and minor residential streets.

Soils – Preliminary soils conditions were ascertained at project conception in 1998. At that time investigations indicated that the subject site can be utilized for development provided that potential geologic hazards and geotechnical constraints are mitigated with proper site preparation and design. Several of these hazards and constraints have already been dealt with through construction and planning design. A copy of the preliminary soils report will be made available upon request.

**IMPROVEMENTS**

Most of the major, backbone infrastructure improvements have been installed for the Coral Canyon project including major arterial roads, storm sewer, sanitary sewer, culinary water, power, natural gas and telecommunications. The selected developer will be responsible for supplying all future onsite and offsite improvements related to the finishing of the Project. The Trust expects interested developers to perform their own investigations regarding all aspects of the Project, including requirements and opportunities for all future onsite and offsite infrastructure and amenities. The Trust anticipates that the statements of interest will highlight the developer’s thoughts about the following improvements:

**Access** – The PCD and the City’s Transportation Master Plan define the major collector and arterial roads. The majority of these roads are already constructed. However several minor arterial and neighborhood roads have yet to be installed. Interested developers should give thought to layout of future neighborhood collector systems and how they will relate to the already established major roads and collectors both inside and adjoining the Coral Canyon master plan area.

**Culinary Water** – Culinary water for this project will be obtained from the municipal water system of the City of Washington. Interested developers should give consideration to how future development will tie into existing infrastructure. Careful analysis will also need to be undertaken to ascertain the community’s water storage and pressure capabilities.

**Parks and Trails** – All of the Project’s open spaces, except for 2 existing city, neighborhood parks, have been conveyed to the Coral Canyon HOA. Additionally existing trails have been dedicated to the City of Washington. The Plan calls for a minimum of 2 additional neighborhood parks as well as the completion of the regional trail system within the community. The Trust encourages the selected developer to work closely with the City in planning these amenities. The developer will be responsible for the design and construction of neighborhood trail systems throughout the Project.

**Sanitary Sewer** – Major sewer improvements have already been installed for the project including 3 lift stations. The developer will be responsible to install all future sanitary sewer improvements in accordance with respective standards of the municipalities in the master plan area.
Storm Drainage – Major storm drainage and hydrology studies for the parcel have already been completed. It is anticipated that the future developer will refine future drainage studies to match the vision and impact of any and all future development.

PROPERTY CONDITION
The unfinished portion of the Coral Canyon master plan area is in a mostly raw, ungraded state. There are however some mass graded, finished super pads in the town center and freeway commercial areas.

DEVELOPER OBLIGATIONS
The developer selected to develop the Project will be responsible for all aspects of the Project including future capital investment, full execution of the Project including obtaining all further City approvals, resolving any offsite and onsite issues including utilities, and performing all additional testing, engineering, planning, marketing, construction, and managing of contractors.

ADDITIONAL INFORMATION
Additional information about the Project is located on the following websites:

- City Documents – City development code, as well as land use and transportation maps and plans: [http://www.washingtoncity.org/](http://www.washingtoncity.org/)
- Other Questions – Contact Kyle Pasley at 435-652-2950 or kylepasley@utah.gov. Information in response to questions will be posted on the website.
- Pre Submission Meetings – Trust staff will be available the week of January 26-30, 2015 for private tours of the property by interested individuals. Please call 435-652-2950 to set appointment times.
SUBMISSION REQUIREMENTS

Any developer wishing to receive consideration should submit the following:

*Substance in the response will carry more weight than form or manner of presentation.*

A. Qualifications

1. **History** – The Trust seeks to partner with experienced real estate developers. Provide background information such as a brief history of the developer, years in business and any other information communicating capabilities including numbers of master-planned residential land/lots developed and sold, and of commercial and/or industrial land developed and leased or sold.

2. **Personnel** – Identify and provide resumes for all principals and key personnel who will be involved with the Trust. Provide contact information for the primary individual(s) representing the developer.

3. **Relevant Developer Experience** – An overview of large-scale mixed-use project experience over the last 10 years. The overview should outline the type(s) of transaction, position in the transaction(s) and the services provided by the principals and key personnel identified above.

4. **References** – Names and contact information for at least 3 current or recent-past references to demonstrate general professional integrity and reputation of the developer held within the business/public community.

5. **Financials**\(^1\) – The Trust seeks to partner with well capitalized developers. Provide the following financial information for the developer:
   - The guarantee relationship that will exist between the development entity and its sponsors or participants if the entity undertaking the development will be specifically formed for this Project or represents a subsidiary or joint venture.
   - Provide the following information for the development entity or, in the case of a specifically formed company, for each of its guarantors:
     - Two (2) most recent years of audited financial statements.
     - Two (2) credit references, preferably involved in projects of similar scope.
     - The development entity’s ability to commit capital to the Project.
     - A statement of willingness to contribute unsecured capital to invest in the Project.

B. Statement of Interest

1. **Vision** – Summarize developer’s vision for the Project. Drawings and/or plans may be submitted to support the respondent’s vision; however, the respondent is not required to submit any plans or drawings.

2. **Strategy** – Outline developer’s strategy for developing the Project including:
   - Interest in developing all of the Project
   - Developer’s depth of involvement in the development, i.e. a) “land developer” intending to wholesale “ready to build” lots to builders; b) “land developer-

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\(^1\) The Trust recognizes the sensitive nature of the financial information request. Financial information should be labeled “Confidential” and submitted in a separate electronic file or under separate cover. This information will be used by the Trust for evaluation purposes only and will be kept confidential.
builder” selling or leasing buildings at retail; or c) a combination of a and b.

3. **Transaction** – Proposed transaction style: purchase, development-lease structure or another type of transaction.

4. **Compensation** – Proposed compensation structure that dovetails with the proposed transaction style identified above.

5. **Other Information** – Identify and discuss any other information that you believe the Trust should be aware of or should take into consideration when reviewing your submission.

**SUBMISSION INFORMATION**

**Date and Time:** By 3:00 pm Mountain Standard Time on Thursday, March 5, 2015.

**Format:** Electronic file (PDF preferred) or three (3) paper copies. Financial information should be labeled “Confidential” and submitted in a separate electronic file or under separate cover.

**Submission Method/Location:**

Electronic: kylepasley@utah.gov

Paper: School and Institutional Trust Lands Administration
        2303 N. Coral Canyon Blvd., Suite 100-A
        Washington, UT 84780
        Re: Coral Canyon RFQ
        435-652-2950

**GENERAL CONDITIONS**

Brokers are encouraged to work with prospective clients to make them aware of this offering. The Trust will not compensate brokers for their work; brokers must seek compensation from their client. Brokers will be required to submit a copy of their client agreement to become involved in the selection process.

The selection of entities for negotiation and the modification of any resulting proposal are at the sole discretion of the Trust. Selection decisions will be based primarily on financial capacity, development experience, qualifications of key personnel, and transaction proposal; however, a subjective component is likely in the selection process.

The Trust may consider all information available to it in reference to the qualification and ability of the submitting entity, including past performance with the Trust.

The Trust reserves the right in its sole discretion to waive irregularities of any kind in responsive submissions, to reject any and all submissions, to accept any submission it feels serves the Trust’s and Project’s interest, and to extend submission deadlines.
No right whatsoever shall inure in the respondent by virtue of its selection, until such time as a contract has been fully executed.

All expenses incurred in preparing submittals are the sole responsibility of the respondent.

Any proposal may be withdrawn at any time prior to the scheduled submission closing time.

The Trust will not return any copies of submitted proposals and will retain each submission.

Financial information that is specifically labeled “Confidential” by the respondent will be held confidential by the Trust. All other portions of submitted proposals will be public after the Project developer is selected and contract documents are signed, pursuant to the Government Records Access and Management Act (Utah Code Title 63G subsection 2).

Proposals will not be publicly opened.
Figure 1: Location map for the Coral Canyon Project.
Figure 2: Arial Photo Looking South or Coral Canyon Project Circa 2007.
Figure 3: Approved Master Development Plan (Revised 2007)
Figure 4: Remaining Development Parcels