



CHRISTIANSEN
COMMERCIAL REAL ESTATE

MASTER-PLANNED DEVELOPMENT SITE - FOR SALE

Parcel C – PR Convention Center District

REQUEST FOR PROPOSAL

BID DEADLINE: March 15, 2019



Description

This Request for Proposal as described herein is for a vacant land parcel comprising approximately 9,890.9858 square meters or 2.5165 cuerdas, identified as “Parcel C”, a private parcel within the approved Master Plan of the Puerto Rico Convention Center District (“District”), specifically located along the main entrance to the Convention Center District having frontage to Baldorioty de Castro Boulevard to its east, to Paseo Street to its west, to Fernández Juncos Avenue to its north, and to Center Street to its south, within the Miramar Sector of the Santurce Ward in San Juan, Puerto Rico (hereinafter, the “Property” or “Parcel C”).

Location

Parcel C is a private parcel within the Master Plan of the District in the Miramar Sector. The Property enjoys a prime location at the main vehicular entrance to the District, which maximizes its exposure and possible uses.

Site Coordinates

Latitude 18°27'21.52"N

Longitude 66° 5'20.79"W

Zoning

CT-3/CT-I Intermediate Density Commercial Tourist District, and subject to the parameters imposed on the Master Plan of the Puerto Rico Convention Center District.

Property Tax Id

Parcel C has no single tax id, but appears as part of the District, under Id number 040-000-003-02-000.

RFP PROCESS

The sealed bid process is being conducted by Christiansen Commercial – Corporate Real Estate Service Advisors (“Christiansen”), as exclusive real estate contractor assisting the owner of the Property, Puerto Rico Development Fund (“Fund”, “Owner” or “Seller”).

The proponents (“Interested Party”) are kindly requested to submit sealed offers to Christiansen no later than 6:00pm on *Friday, March 15, 2019* at the address specified below:

Christiansen Commercial
American International Plaza
250 Muñoz Rivera Avenue, Suite 350
Hato Rey, Puerto Rico, 00918
787.778.7000

gdb@christiansencommercial.com

<https://totalcommercial.com/listings/50899> or www.christiansencommercial.com/gdb

Christiansen suggests the following guidelines to assist in the submittal of your proposal as you may add other points in making your proposal (hereinafter, the “Proposal”):

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| 1. PRICE: | YOUR BEST OFFER |
| 2. PROOF OF FUNDS: | MUST ACCOMPANY THE OFFER |
| 3. TERMS: | PLEASE INCORPORATE |
| 4. DEVELOPMENT PLANS: | MUST BE DETAILED |
| 5. INITIAL DEPOSIT: | 5% MUST ACCOMPANY THE OFFER ¹ |
| 6. CONDITION OF THE PROPERTY: | “AS IS / WHERE IS / WITH ALL FAULTS” |
| 7. SALES CONTRACT/OPTION/ DEED OF SALE: | TO BE PREPARED BY SELLER |
| 8. ESCROW ACCOUNT: | CHRISTIANSEN COMMERCIAL ESCROW ACCOUNT |
| 9. CLOSING DATE: | MUST OCCUR BEFORE MAY 30 th , 2019 |

Owner reserves the right to either accept or reject any and all Proposals. Once all Proposals have been reviewed by Owner, the selected proponent, if any, will be notified by certified mail with return receipt requested within a thirty (30) day term after the award and also by email. Delivery of a Purchase Option Agreement may follow thereafter. Rejected Proposals and earnest money checks will be returned via certified mail within twenty (20) working days after Owner reviews the Proposals. All Proposals will be analyzed based on the net return to Owner.

¹ Provided that \$10,000 from such initial deposit of the awarded Proposal are non-reimbursable.

REQUIREMENTS TO BE AN ELIGIBLE PROPONENT

If a **legal person** who participates in a process to acquire the Property from Owner, it shall present, at a minimum, the following documents:

1. Registration Certificate or Certificate to do business in Puerto Rico, as applicable, and also a Certificate of Good Standing, issued by the Department of State;
2. Articles of incorporations and the corporate by-laws, partnership deed or contract governing the joint venture enterprise, as applicable;
3. Resolution of its Board of Directors or governing entity, as the case may be, authorizing its participation in the process to buy the property;
4. Certificate from the Treasury Department of income tax return filing for the last five (5) years;
5. Certificate of Tax Debt from the Treasury Department. Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan;
6. Certificate from the Municipal Revenue Collection Center of movable property tax return filing for the last five (5) years;
7. Certificate of Debt from the Municipal Revenue Collection Center for taxes on movable and immovable property (Certification of Debt for All Concepts). Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan; and
8. Negative Certificate of Debt for Unemployment Insurance and Temporal Non-occupational Disability Insurance taxes, and Negative Certificate of Debt for the Chauffeur's Insurance from the Department of Labor and Human Resources. Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan.
9. Certificate from the Child Support Administration stating that the company is in compliance or it has no outstanding debt.

If a **natural person(s)** who participates in a process to acquire the Property from Owner, they shall present the following documents:

1. Certificate from the Treasury Department of income tax return filing for the last five (5) years;
2. Certificate of Tax Debt from the Treasury Department. Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan;
3. Certificate from the Municipal Revenue Collection Center of movable property tax return filing for the last five (5) years;
4. Certificate of Debt from the Municipal Revenue Collection Center for taxes on movable and immovable property (Certification of Debt for All Concepts). Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan;

5. Negative Certificate of Debt for Unemployment Insurance and Temporal Non-occupational Disability Insurance taxes, and Negative Certificate of Debt for the Chauffeur's Insurance from the Department of Labor and Human Resources. Should there be any debt, it must show an authorized payment plan and a certification stating that the company is in compliance with said plan; and
6. Certificate from the Child Support Administration stating that the person has no outstanding child support debt.

EVALUATION AND SELECTION CRITERIA

Owner will use one or more of the following criteria to evaluate, consider, rank, determine and select the Proposal to be awarded. In its evaluation, Owner may consider all information contained in the Interested Parties' Proposals and any other information obtained by Owner. For each part of the RFP process, Owner will review the Proposals and conduct whatever additional research and due diligence it deems necessary in order to fully evaluate the Proposals. The Evaluation and Selection Criteria herein are not necessarily listed in order of importance. Owner reserves the right to refuse any and all Proposals at its full discretion.

1. Payment to Owner or the Economic Offer, which represents the payment to purchase the Property in connection with the execution of the Deed of Sale. Such Economic Offer shall include the following:
 - a. An official commitment for any financing arrangement must be provided in the Interested Party's Proposal submission.
 - b. Verifiable documentation evidencing that the Interested Party has the available funds to execute the Economic Offer to Owner, or an official letter of commitment for credit.
2. The proposed time to close the transaction. Owner expects that closing will occur with full payment within sixty (60) days following the notice of award, unless it is extended by the sole consideration of the Owner.
3. The appraisal value of the Property.
4. The best use or development plans for the Property, including but not limited to, compliance with the approved Master Plan of the District.
5. The promptness in the execution of the development plans and construction in the Property.
6. The proposed use of the Property and the consistency with urban and economic development plans of the central, municipal, or federal governments, including but not limited to, the Master Plan of the District.
7. The economic, social, urbanistic, or aesthetic impact on Puerto Rico, more particularly, in the District and Convention Center.
8. Any other factor that Owner or its Board of Directors, at their sole discretion, deem necessary and convenient or relevant.

Notice of Award. Based on the evaluation of the Proposals and the Evaluation and Selection Criteria as set forth herein, Owner will determine the awarded Proposal. Owner will notify the result, by certified mail with return receipt requested within a thirty (30) day term after the award and by e-mail, to all participants who submitted Proposals in compliance with this RFP.

Approvals. In all cases, the selection of the awarded Proposal and the execution of the Deed of Sale, or if necessary, a Purchase Option Agreement, shall require the approval of the Board of Directors of the Fund and any other mandatory approval as may be required in order to procure the sale or prior to execute the Deed of Sale. Furthermore, the Fund's Board of Directors may define other specific clauses which shall be included in the Deed of Sale, or also adopt additional terms and conditions, or contractual clauses, including but not limited to, prohibition to sell, right of first refusal and repurchase, among others, all of which must be considered or incorporated in the Deed of Sale or in any Purchase Option Agreement to be executed by the parties before the execution of the Deed of Sale, as deemed necessary and pursuant to the adopted Resolution containing the terms and conditions applicable or related to the sale of the Property.

Protests and Reconsiderations. Any Interested Party adversely affected by a notified decision made by the Fund may, within twenty (20) days of the postmark date of the notice on the award of this RFP, present a motion for reconsideration before the Fund or a judicial review appeal before Puerto Rico Court of Appeals. Motion for Reconsideration shall be filed to the following address: Puerto Rico Development Fund, P.O. Box 42001, San Juan, Puerto Rico 00940-2001, pursuant to Section 3.19 of the Act No. 170 of August 12, 1988, as amended, 3 L.P.R.A. §2169 (2011), known as the Uniform Administrative Procedure Act (UAPA). Any judicial review must be filed in accordance with Section 4.2 of UAPA and applicable rules of the Rules of Procedure of the PR Court of Appeals.

A request for reconsideration, and any other protest, shall be in writing, and state the name and address of the requesting party, shall contain a detailed and accurate statement of the legal and factual ground for the request, including copies of relevant documents, and shall specify the relief requested. **A request for reconsideration shall not stay the further action of the Fund related to the procurement process.**

A request for reconsideration or other protest that fails to comply with the time limits or procedures stated above or provided in the applicable laws or regulations may be dismissed or denied without reconsideration.

Judicial review of the determinations made by the Fund will be governed by the laws of Puerto Rico.

The Fund's Board of Directors shall require from the requesting party the posting of a bond, guaranty or other security to cover any expense or damage that might be suffered by Owner as a consequence of the undue staying of the proposal selection process caused by the request for reconsideration and/or judicial review. The guaranty, bond or other security must be presented to the Fund's Board of Directors within two (2) working days from the date of submission of the request for reconsideration or judicial review. Should it be determined that the request for reconsideration or judicial review was frivolously filed, or was based on negligent or malicious allegations, Owner may foreclose upon such security. The guaranty or bond to be required shall be issued by a surety or insurance company authorized to do business in Puerto Rico. Security may also be supplied in the form of a draft or certified check payable to the Fund. The amount of the security shall be no less than \$250,000.00.

FUND'S RIGHTS AND DISCLAIMERS

According to enabling act of the Puerto Rico Convention Center District Authority ("Authority"), Act No. 351-2000, as amended (hereinafter the "Act 351"), the Interested Party shall be aware and cognizant of, and shall fully comply with, the provisions of such Act 351. Under Act 351, the Authority has the legislative mandate to assess and collect benefit charges to defray the common area operating expenses of the District and all owners of private parcels (included Parcel C), must adhere to any master plan and design criteria adopted or to be adopted or modified by the Authority. The Authority has also the power to impose restrictive covenants on the development, construction and use of private parcels. The Authority is responsible for the development and management of the District and Convention Center, among others.

The sale of the Property and the future development and/or use it shall entail, shall be informed by the Fund to the Authority prior to the execution of any Deed of Sale and shall not be in contravention to the laws, regulations, executive orders, master plan and/or development plans of the Authority and/or in violation of the terms of any existing contracts between the Authority and third parties.

According to the records, the Authority has invested a total of \$478 million in the development of the District and Convention Center to date, including \$252 million for the Convention Center and \$212 million for District's land and improvements. Additional investment by private parties has brought the development of three hotels (Sheraton, Hyatt Place and Hyatt House), restaurants, and the ongoing development of District Live!, which will have brought over \$300 million of private investments, that contribute to the daily operations of the District by way of a district fee on property square footage.

Parcel C forms part of the Master Plan of the District, therefore, falls under the overall Planning Board's approvals for said District. The Puerto Rico Planning Board has determined and given notice on the record that specific uses within the District's parcels can be redistributed by the Authority as long as the total square footage and approved units are not exceeded (emphasis provided). Notwithstanding the foregoing, in accordance with Deed Number 7, Deed of Declaration of Covenants, Conditions, Easements and Restrictions for Residential Parcel C of the Puerto Rico Convention Center District executed in San Juan on the 1st day of May 2006 before notary public Guillermo R. Picó Gómez ("Deed of Covenants"), the Authority established a defined plan and scheme of development and maintenance program for Parcel C or any part thereof. The Deed of Covenants provides that Parcel C shall be devoted as a residential community consisting of a maximum of 114 residential dwelling units, with a commercial and office space not exceeding 50,000 square feet and 19,000 square feet, respectively. Currently, this commercial area cannot be developed on Parcel C. The Authority has transferred this entitlement to other parcels within the District with the authorization of the Puerto Rico Permitting Agencies. The Deed of Covenants also establishes a series of restrictions, rules and prohibitions, among others. Furthermore, through the Deed of Covenants, the developer of Parcel C is required to constitute a Home Owners Association in the Puerto Rico Department of State, as a non for profit entity responsible to maintain and operate the improvements of the Property. Under such undertaking the Association is obligated to pay the benefit charges imposed by the Authority for the purposes of funding the District Common Expenses, as defined and set forth in the Deed of Covenants and under Act 351. The Deed of Covenants also provides that only with the Authority's prior written consent,

a person or entity may record a new declaration of covenants, conditions and restrictions, or modify the existing ones embodied on the Deed of Covenants.

Interested Party must be responsible to conduct its due diligence to verify the permitted uses and development restrictions and limitations applicable to the Property pursuant to the Deed of Covenants. Interested Party should be mindful that the Master Plan may be changed, and the Authority reserves the right to modify, reduce or extend such Master Plan, at any times as it deems desirable, at its sole and absolute discretion, including the plan and composition of the District common areas, without any further limitations. Interested Party accepts and agrees to assume any all cost associated to the due diligence for this Property.

Parcel C is located in relatively close proximity to Isla Grande Airport and is therefore subject to development height limitations. It is conceivable, that the Interested Party or new developer of Parcel C will be responsible for conducting specific studies, including a determination of no hazard to air navigation from the Federal Aviation Administration (FAA, as known by its acronym). Interested Party accepts and agrees to assume any cost associated to any and all necessary studies in order to confirm the project's feasibility in light of the aforesaid restrictions.

The cost of the notarial tariff shall be borne by the Interested Party. Notwithstanding, according to Act 351, all owners, lessees, sub-lessees or concessionaries of private parcels or portions thereof shall be exempt from the payment of all internal revenue stamps, vouchers or taxes required by law for the execution of public instruments and their presentation and recording in any public registry of the Government of Puerto Rico in relation to the sale, purchase, lease, financing, mortgage or other transfer of a private parcel or interest therein. Therefore, the Deed of Sale of the Property shall be exempt from the payment of internal revenue stamps, presentation and recording vouchers (See 23 LPRA 6462). Furthermore, the Fund is a governmental entity of the Government of Puerto Rico, fully exempt from the payment of internal revenue, legal assistance stamps, recording fees and property taxes.

The Property currently has the basement foundation and partial site utility infrastructure from the previous proposed development identified as Plaza Convention Center District. Only the corresponding qualified professional in structural foundations and soil field can accurately determine the adequacy of the existing site improvements for future construction. The Interested Party accepts and agrees to assume any cost associated or related to any and all necessary soil field and/or environmental studies for the Property. The Fund assumes no liability in such both matters.

The Fund assumes no liability regarding the measurements and surface area of the Property, its tax property status nor any easement and restrictions covenants established and affecting the Property. Each Interested Party shall be diligent and solely responsible for conducting their own evaluation to understand the restrictions or limitations that could affect the Property or any development in the Property.

Owner may, at its sole discretion, record restrictions on the Property prior to executing the Deed of Sale and consistent with the Master Plan of the District. The Fund shall also impose additional

restrictions, as may be agreed with or requested by the Authority, which may include a Development Agreement to prevent land banking.

The Fund reserves its right, in its sole discretion to: (1) amend or withdraw this RFP at any time, (2) reject all conceptual plan, submittals or Proposals, (3) withdraw at any time from this process with no recourse to any Interested Party, their respective entities, shareholders, and / or partners, (4) at any time during the RFP process, undertake discussion and modifications with one or more Interested Party(s), and (5) choose or reject any or all Proposals received in response to this RFP either on the basis of an evaluation of the factors listed in this RFP or for other reasons, including any reason that best serves the interests of the Fund, the Authority or the Government of Puerto Rico.

Owner may enter into simultaneous or subsequent negotiations with Interested Parties to determine the final selection of the awardee. Owner reserves the right to interview key personnel of the Interested Party before the award of the contract or deed. Owner reserves the right to conduct discussions with each and every Interested Party and to request that Interested Parties submit a revised experience and technical proposal and/or price proposal. Owner shall award the contract to the Interested Party that submits the most advantageous Proposal found to be technically sufficient and acceptable.

The information contained in this RFP and in any subsequent addenda or related documents is provided as general information only. **ALSO, THE PROPERTY IS SOLD ON "AS IS, WHERE IS, WITH ALL FAULTS" BASIS.** The Fund makes no representations, warranties, or guarantees that the information contained herein is accurate, complete, or timely, or that such information accurately represents the conditions that would be encountered at Property and its vicinity, now or in the future. The furnishing of information by the Fund shall not create or be deemed to create any obligation or liability upon it for any reasons whatsoever, and each recipient of the RFP by submitting a Proposal to the Fund, expressly agrees that it has not relied upon the foregoing information, and that it shall not hold the Fund, or any other third party who prepared a report for the Fund, liable or responsible therefore in any manner whatsoever. **Furthermore, no warranty or representation, express or implied, is made by the Fund as to: (a) fitness for any particular purpose, (b) merchantability, (c) design, (d) quality, (e) condition, (f) operation, (g) compliance with specifications, (h) absence of latent defects, (i) condition or absence of hazardous or toxic substances, (j) absence of faults, (k) flooding, (l) wetlands, (m) utilities, (n) compliance with laws and regulations (including, without limitation, those relating to health, safety and the environment), (o) land area, (p) geometric configuration or topography, (q) quality and/or quantity of improvements, (r) access, (s) soil or subsoil, (t) zoning, (u) construction or use permits, (v) any other permits, approvals or authorizations issued or to be issued by or needed from government agencies affecting, related to, or necessary for the sale or for the development of the Property, or (w) any other matter or thing affecting or related to the Property. This clause shall prevail and be included in any subsequent contract or deed.**

This RFP has been prepared solely to solicit responses and it is not a contract offer and is not binding on the Fund. Neither the expression of any organization's interest, nor the submission of any organization's qualifications and any documents or other information, nor the acceptance thereof, by the Fund (or Christiansen or any consultant, on behalf of the Fund or its parent company, GDB), nor any correspondence, discussions, meetings, or other communication between any Interested Party and the Fund or Christiansen, shall impose any obligation on the Fund to include the Interested

Party in any such further procedures which the Fund may utilize prior to the final designation of an Interested Party or offeror, shall be deemed to impose any obligation whatsoever on the Fund to designate such Interested Party or offeror, to discuss any Proposals with any Interested Party, or to enter into negotiations with any Interested Party, or shall entitle any Interested Party to compensation or reimbursement for costs or expenses incurred by such Interested Party in connection with its Proposal's submission hereunder. No costs of responding to the RFP or any addenda or amendment thereto, nor cost of attending any subsequent interviews or meetings in connection with this sale opportunity, shall be reimbursed by the Fund and/or Christiansen.

At any time and from time to time after the receipt by Christiansen, on behalf of the Fund, of responses to this RFP, the Fund or Christiansen may give written notice to any of the Interested Parties in order to furnish additional information relating to its Proposals and/or may give written notice to any Interested Party to meet with them, as designated representatives of the Fund, with respect to its Proposals. Neither the furnishing of the RFP to any Interested Party, nor the submission of any materials, the Fund documents, or other information by the Interested Party, nor the acceptance thereof by the Fund or Christiansen, nor any correspondence, discussions, meetings or other communications between any proponent and the Fund or Christiansen, nor anything stated by the Fund in or at any such correspondence, discussions, meetings or other communications shall be construed or interpreted by such Interested Party to mean that the Fund has made a determination that it was the selected entity to purchase the Property, nor deemed to impose any obligations whatsoever on the Fund or Christiansen to compensate or reimburse such proponent for any costs or expenses incurred in connection with its response to this RFP or any meeting or further discussion.

The Fund or Christiansen may consult references familiar with any of the Interested Parties regarding its prior operations and development or management projects, financial plan, past performance, experience and qualifications, or other matters, whether or not the specific individuals are identified in the Proposals. Submission of a Proposal in response to this RFP shall constitute permission for the Fund or Christiansen to make such inquiries, and authorization to third parties to respond thereto.

Any information given to the Fund or Christiansen in any Proposal or any correspondence, discussion, meeting, or other communication between any Interested Party and the Fund or Christiansen before, with or after the submission of the Proposal, either orally or in writing, will not be, or deemed to have been, proprietary or confidential, although the Fund and Christiansen will use reasonable efforts not to disclose such information to persons who are not employees or consultants retained by the Fund, except as may be required by laws or regulations of Puerto Rico and/or USA. Use or disclosure of such information by the Fund or Christiansen (on behalf of the Fund) may be made without obligation or compensation and without liability of the Fund or Christiansen of any kind whatsoever. The foregoing applies to any information, whether or not given at the invitation of the Fund or Christiansen. Any statement which is inconsistent with the foregoing provisions of this paragraph whether made as part of, or in connection with, any information received from any Interested Party or otherwise made at any time in any fashion and whether made orally or in writing, shall be deemed null and void and of no force or effect. The Fund's/Christiansen receipt or discussion of any information submitted in response to this RFP, including information submitted during discussions after said submittal does not, and will not impose any obligations whatsoever on the Fund or Christiansen, or entitle any such Interested Party to any compensation.

Neither the Fund nor any individual member, employee, officer, agent or consultant thereof (including but not limited to Christiansen) shall be charged personally by any Interested Party or any third party with any liability or held liable to it under neither any term or provision of this RFP nor any statements made herein.

The Fund reserves its unqualified right, in its sole discretion, to disqualify any team, firm or individual from any phase or component of the process or this purchase and sale opportunity, due to felonious or other criminal record in any jurisdiction (domestic or foreign).
