

# EXHIBIT A

## MINIMUM BUSINESS TERMS

The following section briefly describes minimum business terms. In their RFQ response, prospective developers should indicate acceptance of these minimum business terms or identify areas of proposed modification with an explanation as to why they need to be modified and suggest alternative ways to address them.

- Development Requirements—The development must be developed at a density of at least 75 units per acre unless the City requests a revision to the density subject to VTA approval; and, subject to compliance with State and Federal fair housing law, if there is a tenant selection or marketing preference for persons who live or work in the City of Mountain View, the City must also include VTA employees in this preference.
- Subordination—Pursuant to City policy, the City will not typically subordinate its Affordable Housing Regulatory Agreement or affordability restrictions set forth in the ground lease to private lenders. The City may consider subordination of the City Regulatory Agreement and City Deed of Trust to deeds of trust and regulatory agreements to be recorded for the benefit of other public agency lenders that provide Project financing greater in amount than any financing the City provides for the Project. The City will consider subordination of the City Deed of Trust to conventional lenders provided that the subordination agreement provides adequate notice and cure rights to the City and does not unreasonably restrict or modify the City documents, including the ground lease.
- Lease Term—The initial ground lease term will be 65 years, which can be modified if demonstrably necessary to address financing conditions (e.g., if necessary to satisfy the “true debt test,” i.e., if project financing cannot reasonably be projected to be repayable or refinanceable at maturity given the ground lease restrictions). The maximum ground lease term with extensions is 99 years.
- Base Rent—Given the City’s goals for this property, the City does not consider the future development on this property to be a revenue generation project and will consider allowing a below-market-rate ground rent payment and/or allowing annual payments to be paid from residual receipts in coordination with payments due on any City-provided residual receipts loan. However, submittals should clearly state the terms of the base rent that are being assumed in the RFQ response.
- Possessory Interest Tax—The Lessee will be required to pay all property taxes and assessments, and any possessory interest tax applicable to the property or the improvements.

- Good-Faith Deposit—Prior to entering into an Exclusive Right to Negotiate Agreement (ERNA) with the City, the development firm selected for the project will be required to submit a good-faith deposit of Fifty Thousand Dollars (\$50,000) (wire or cashier’s check payable to the City of Mountain View) to offset City costs associated with negotiation and preparation of a disposition and development agreement (DDA) and ground lease. The initial Fifty Thousand Dollar (\$50,000) good-faith deposit will become immediately nonrefundable. If the ERNA process extends beyond ninety (90)-days, a sixty (60) day extension may be considered, and an additional Twenty-Five Thousand Dollar (\$25,000) good-faith deposit would be required.
  
- Predevelopment Costs—The development team will be responsible for City consultant and legal fees, all customary City permit processing and other fees, and all private predevelopment costs, including the cost to prepare all required submittals to the City to receive land use and environmental approvals. The good-faith deposit will be applied toward such costs; any balance will be payable by the developer.
  
- Assurances—The DDA will require the provision of performance and payment bonds, or other assurances to ensure completion of the project. The General Contractor must obtain performance and payment bonds with City named as co-obligee for the full amount of the construction contract from a surety source approved by the City that is licensed in California with an AM Best rating acceptable to the City. Under certain circumstances, the City may accept an alternative form of assurance of project completion.
  
- Insurance—The Lessee will be required to maintain certain prescribed minimum insurance coverages throughout the term of the lease.
  
- Assignment—The ground lease may not be assigned in whole or in part without prior City written approval. Subleases (other than for residential units) will require the City’s prior written approval.
  
- Real Estate Commissions—The City will not pay commissions to brokers in this transaction.
  
- Documents—The successful development team will be required to execute applicable documents as identified in this RFQ.

**By signing below, I hereby acknowledge that I have completely read and fully understand the City of Mountain View Minimum Business Terms.**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_