

MerloneGeier
Partners

September 5, 2019

Ms. Aarti Shrivastava
Community Development Director
City of Mountain View
500 Castro Street
Mountain View, CA 94041

Re: Reauthorization of Gatekeeper Application
San Antonio Precise Plan
Block 3 of Phase II of San Antonio Village
Implementation of City of Mountain View/ Los Altos School District TDR Program

Dear Ms. Shrivastava,

Please accept this letter as Merlone Geier Partners IX, L.P.'s ("MGP IX") request for reauthorization of our Gatekeeper application for City consideration of proposed redevelopment of properties at the SW corner of San Antonio Road and California Street and consisting of four parcels totaling approximately 43,137 square feet (the "Development Site"). The City of Mountain View (the "City") previously approved MGP IX's Gatekeeper application for two of the four parcels within the Development Site on January 16, 2018. The initial Gatekeeper application expired on January 16, 2019.

Since the City's approval of the initial Gatekeeper application, MGP IX has reached agreements to acquire the other two parcels within the Development Site from their respective owners. MGP IX still intends the Development Site be a recipient of the Transferred Development Rights (TDRs) pursuant to a proposal by MGP IX to the Los Altos School District that would facilitate the District's development of a new school. The development intensity proposed remains unchanged from the initial Gatekeeper application.

Attachment 1 to this letter identifies the Development Site, including the parcels MGP IX has reached agreements to acquire. Attachment 2 to this letter is the executed TDR Letter of Intent from MGP IX to the District.

The Development Site. The Development Site of approximately 1 acre is located at the SW corner of San Antonio Road and California Street within what is known as Block 3 of Phase II of San Antonio Village. It consists of grade level unimproved parking areas and 2 structures which will be demolished. The properties are surrounded by Blocks 1, 2, 4, 5 and 6 of Phase II of San

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Antonio Village, which have been developed by MGP X with nearly 2,500 parking spaces (both below grade and an 8-level above-grade structure, two (2) 6-story office buildings leased in their entirety to We Work, an Icon Theater and a Hyatt Centric hotel, together with approximately 65,000 square feet of ground floor retail. In addition, Block 3 is integrated into an internal street grid system that provides access and circulation to both Phase II and Phase I, which includes another 135,000 square feet of retail anchored by a 65,000 square foot Safeway and 330 residential rental units. Block 3 is the only remaining portion of the San Antonio street frontage between California Street and El Camino Real that has not been upgraded and densified in conformity with the San Antonio Precise Plan (the "SAPP").

The Development Site includes four parcels, three owned by MGP X (including the parcel formerly owned by Steve Rasmussen) and one parcel owned by David Pilling. The former Rasmussen parcel and the Pilling parcel are improved with non-conforming single-story structures. MGP X has a binding contract to purchase the Pilling parcel with an anticipated closing date of October 1, 2019.

Development Proposal & San Antonio Precise Plan. The proposed development intensity and requested City approvals remain the same as described in our original Gatekeeper application. MGP X proposes to construct an office building of approximately 221,500 FAR square feet on the Development Site. Approximately 100,000 square feet of development may currently be approved on Block 3 under the SAPP. Similar to other Gatekeeper requests the City authorized under this TOR program, our request will require the City's discretionary approval of increased density above and beyond what is currently allowed in the General Plan and Zoning Ordinance, or anticipated to be allowed in the SAPP. Specifically, our proposal includes amendments to existing maximum FAR density and use restrictions to allow development of 221,500 square feet of office and retail development on the Development Site, an increase in building heights to eight (8) floors, and a reduction of required building setbacks to permit the requested density.

The existing Phase II parking for San Antonio Village was designed to be integrated with Block 3 uses, specifically with underground parking for Blocks 1 and 2 extended into Block 3 and a further integration of shared parking, autonomous driving vehicles and valet services. The proposed increase in density for the Development Site will be accompanied by onsite subterranean parking, a shared parking program integrated with Blocks 1 and 2 incorporating valet and autonomous driving vehicle considerations.

Prior Studies Relevant to the Project. The Development Site and adjacent lands have been the subject of significant environmental analysis under CEQA, including in the San Antonio Precise Plan Environmental Impact Report (certified by the City Council on December 2, 2014) and the Village at San Antonio Center (Phase II) Environmental Impact Report (certified by the City Council on December 2, 2014). While our proposal introduces certain changes to the program for the Development Site, we anticipate significantly streamlined environmental

review of our proposal through reliance on the existing, previously-approved environmental documents.

Fiscal Impact. As noted by staff when the SAPP was adopted in 2014, projected office development within the SAPP "is not expected to negatively impact the City's net fiscal balance because it would result in comparable increases in revenue and would not result in significant new costs, such as maintenance of new public streets or increased emergency services due to increased City population." (San Antonio Precise Plan Staff Report, December 2, 2014, at page 16).

We appreciate your consideration.

Sincerely,

Merlone Geier Partners IX, LP.

By: MGGP IX, LP.
a California limited partnership

By: Merlone Geier IX, LLC
a California limited liability company

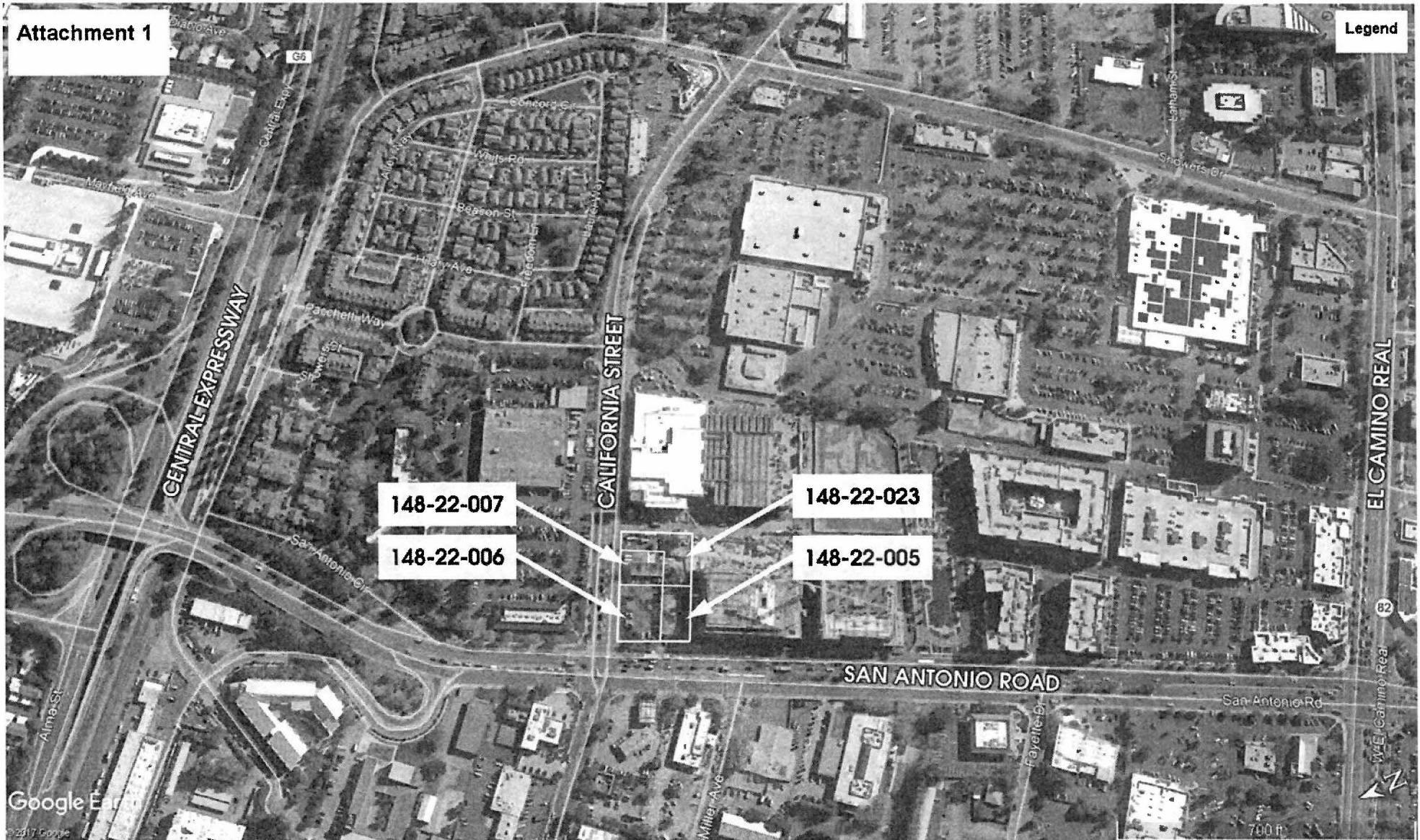
By: 

Scott A. McPherson
Executive Managing Director

- Attachment 1: Development Site
- Attachment 2: MGP IX's Executed TDR Letter of Intent with Los Altos School District

cc: Peter Merlone
Brad Geier

Attachment 1



LETTER OF INTENT

To: J,OS ,=ALTOS SCHOOL DISTRICT

September 4, 2019

Attn: Jeffrey Baier, Superintendent
201 Covington Road
Los Altos, CA 94024
Fax: 650-947-1118
E-mail: jbaier@lasdschools.org

Re: Purchase of TDR Units - Los Altos School District

Merlone Geier Partners IX, L.P. or affiliate ("Buyer") is pleased to submit this Letter of Intent ("LOI") in order to express our interest in acquiring 150,000 Floor Square Feet of Transferable Development Rights ("TDRs") from the Los Altos School District ("District" or "Seller").

We appreciate the efforts the District has invested in partnering with the City of Mountain View ("City") to develop a new program that would (i) facilitate the District's acquisition of a new site, for a school facility (the "School Site"). (ii) enable the creation of new public recreational facilities for the City on the School Site pursuant to a shared use program, (iii) allow the District to sell TDRs to interested purchasers for use on specific sites and (iv) allow purchasers to pursue early "gatekeeper" approval for proposed projects seeking to apply TDR to the receiving site.

We further understand and acknowledge that this LOI may be relied upon by the City in determining whether to grant "gatekeeper" status for any proposed project or projects seeking to use TDRs purchased from the District. Over the course of the coming months, we look forward to working with the District and the City to help bring this vision forward and make it a success.

In furtherance of the objectives outlined above, Buyer is prepared to enter into a purchase and sale agreement with the District for the acquisition of TDRs (the "TDR Purchase Agreement") that would include the terms and conditions set forth in this LOI.

The basic business terms are as follows:

- Buyer.** Merlone Geier Partners IX, L.P. or affiliate ("MGP IX" or "Buyer").
- Seller.** Los Altos School District ("District" or "Seller").
- Acquiring Property.** Four (4) parcels owned by Buyer within what is known as Block 1 of Plan 2 of San Antonio Village located generally at the SW corner of San Antonio Road and California Street. Buyer's obligation to close on the TDRs purchase would be conditioned upon the City of Mountain View granting approvals requested by MGP IX for office development utilizing 150,000 TDR units and such approvals becoming final and vested pursuant to a Development Agreement (Govt. Code § 65864 et seq.) for at least 15 years. MGP IX may elect at any time, subject to the required future land use approvals by the City, to reallocate some or all of the TDRs to other properties, subject to Section H(c) below.
- TDR Unit Price.** Purchase Price for each unit of TDRs shall be One Hundred and Thirty dollars; (\$130.00). One unit of TDR equals one square foot of gross floor area of improvements.

5. Purchase Price and Quantity. Buyer shall purchase 150,000 TDR units from the District for a total value of \$19.5 million. Purchase price to be paid in cash at Closing of the TDR Purchase Agreement.
6. Conditions Precedent to the Closing of the TDR Purchase Agreement. The Closing of the TDR Purchase Agreement shall be subject to the following conditions precedent:
 - (a) The District shall have acquired fee title to the School Site property within the City sufficient to accommodate its mandate to develop a new school within the District's service area.
 - (b) Upon taking title and pursuant to any requirements imposed by the City, the District shall record a covenant against the School Site property restricting allowable development rights on the School Site.
 - (c) The District shall comply with any additional requirements imposed by the City in order to document the creation of IDRs originating from the School Site as well as document the transfer of TDRs to the receiving property or properties.
 - (d) Developer shall have obtained all City approvals required for development on the receiving property or properties that is reliant upon at least the number of IDR units identified in Section 3 above. Such City shall authorize the IDRs to develop only office uses on any receiving properties. The City's approvals shall have become final approvals no longer subject to appeal, referendum, or legal challenge under CEQA or the Planning & Zoning Law.
 - (e) The parties recognize that execution of a TDR Purchase Agreement may not occur until after the District acquires the School Site and is contingent upon a variety of factors, including actions undertaken by the City to authorize a memorandum of understanding or other similar agreement between the District and the City regarding the IDR program.
7. Closing. The TDR Purchase Agreement shall provide that Closing on the transfer of TDR units shall occur within thirty (30) after all conditions precedent have been satisfied. Upon Closing of the TDR Purchase Agreement, the District shall convey the TDRs to Buyer and Buyer shall pay the TDR Unit Price to the District. Notwithstanding the foregoing, in no case shall Buyer be required to execute the TDR Purchase Agreement prior to October 1, 2019, unless Buyer elects to proceed prior to that date.
8. Additional Terms:
 - (a) Buyer shall not be required to secure any government approvals or permits for a development using the IDRs in order to enter into the TDR Purchase Agreement and acquire the IDRs.
 - (b) Buyer shall have the right to file a "gatekeeper" development application with the City any time after submittal of this signed and accepted LOI to the City.
 - (c) Buyer may use the purchased IDRs on one receiving property or multiple receiving properties and for one or multiple development projects subject to securing any necessary City approvals and subsequently entering into a Development Agreement with the City to memorialize the use of IDRs.
 - (d) The IDRs shall be conveyed in perpetuity to Buyer, without expiry and shall be freely transferable to other landowners within the City of Mountain View, subject to the limitations that may be imposed by the City upon transfer of the TDRs from the District to the Buyer.
 - (e) Buyer shall be responsible at its own cost for obtaining approvals from the City for any development application that utilizes some or all of the purchased TDRs. If the City does not grant the required approvals for a development or if Buyer decides to not proceed with a City approved development, Buyer may propose a different development using the TDRs on the same receiving property or different receiving property if authorized by approval of a subsequent Gatekeeper application.
9. Commissions. Buyer and District hereby acknowledge that there are no brokerage commissions to be paid by either party.

10. Gatekeeper. The parties understand that there are many factors that influence the District's decision to proceed with the TDR program, including, but not limited to, selection and acquisition of a School Site as well as the City's willingness to partner with the District to provide a funding contribution in exchange for recreational improvements that would be available to the public. In the event that either the District or the City elect not to proceed with the TDR program for any reason prior to the closing of the TOR Purchase Agreement, the parties recognize that the City may revoke any "gatekeeper" authorization provided by the City in reliance on this LOI.

11. Non-binding-LOI. This non-binding LOI is intended to address a portion of the basic terms and conditions under which the parties would enter into a TOR Purchase Agreement to purchase the TDRs. This LOI shall only serve to form part of the basis for the TOR Purchase Agreement, which must be agreed upon and executed by the District and Buyer and which, in addition to the above, would include all of the terms and conditions for the sale of the TDRs. It is the express intention of the parties and despite any subsequent negotiations, actions taken hereafter by any party, or any actual or deemed reliance, this LOI does not give rise to any legally binding contractual obligations of Buyer or Seller. The preparation, negotiation, execution and delivery of a TOR Purchase Agreement (or other binding agreement) acceptable to the parties is a condition precedent to the creation of any legally binding contractual relationship with respect to the purchase and sale of any TDRs.

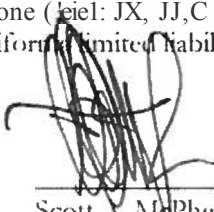
Please feel free to contact me with any questions you may have. We look forward to working with the Los Altos School District to implement this interim plan.

Sincerely,

Merlone (e) Partners IX, L.P.


By: MGGP IX, L.P.
a California limited partnership

By: Merlone (e) Partners IX, L.P.
a California limited liability company

By: 

Scott A. McPherson
Executive Managing Director

AGREED TO BY DISTRICT:

By: 

Jeffrey Bayer, Superintendent

V I L L A G E A T S A N A N T O N I O C E N T E R

B u i l d i n g D e s i g n P a c k a g e

Gensler



CONCEPT RENDERING

FAR TRANSFER TABULATION:

Phase 1/2 Site Summary

South Phase 1 Site Area (w/ 1/2 HH ROW)	506,578 SF
North Phase 2 Site Area (w/ 1/2 HH ROW)	427,515 SF
North Phase 2 Parcel 4	<u>9,631 SF</u>
	924,462 SF

Phase 1/2 Building Summary

FAR Category B (Office/Comm/Retail)

South Phase 1	
Comm/Retail/Rest/Mixed Use Retail	133,975 SF
North Phase 2	
Comm/Retail/Rest/Cinema	152,306 SF
North Phase 2	
Office & Office Services	367,946 SF
Parcel 4 office not included	<u>10,000 SF</u>
	654,227 SF

Phase 1/2 Subtotal FAR Category B Only

Office/Comm/Retail (654,227/924,462) = 0.71

FAR Allowed 0.75 x 924,462 SF Site = 693,382 SF
 693,382 allowed - 654,227 used = 39,155 SF available to transfer to Phase 3

Phase 3 Site Summary

APN 148-22-005 (former Pilling)	0.218 AC / 9,480 SF
APN 148-22-006 (MGP IX)	0.322 AC / 14,026 SF
APN 148-22-007 (former Rasmussen)	0.230 AC / 10,000 SF
APN 148-22-023 (MGP IX Parcel 4)	<u>0.221 AC / 9,631 SF</u>
	0.99 AC / 43,137 SF

Phase 3 Building Summary - 8 Story Building

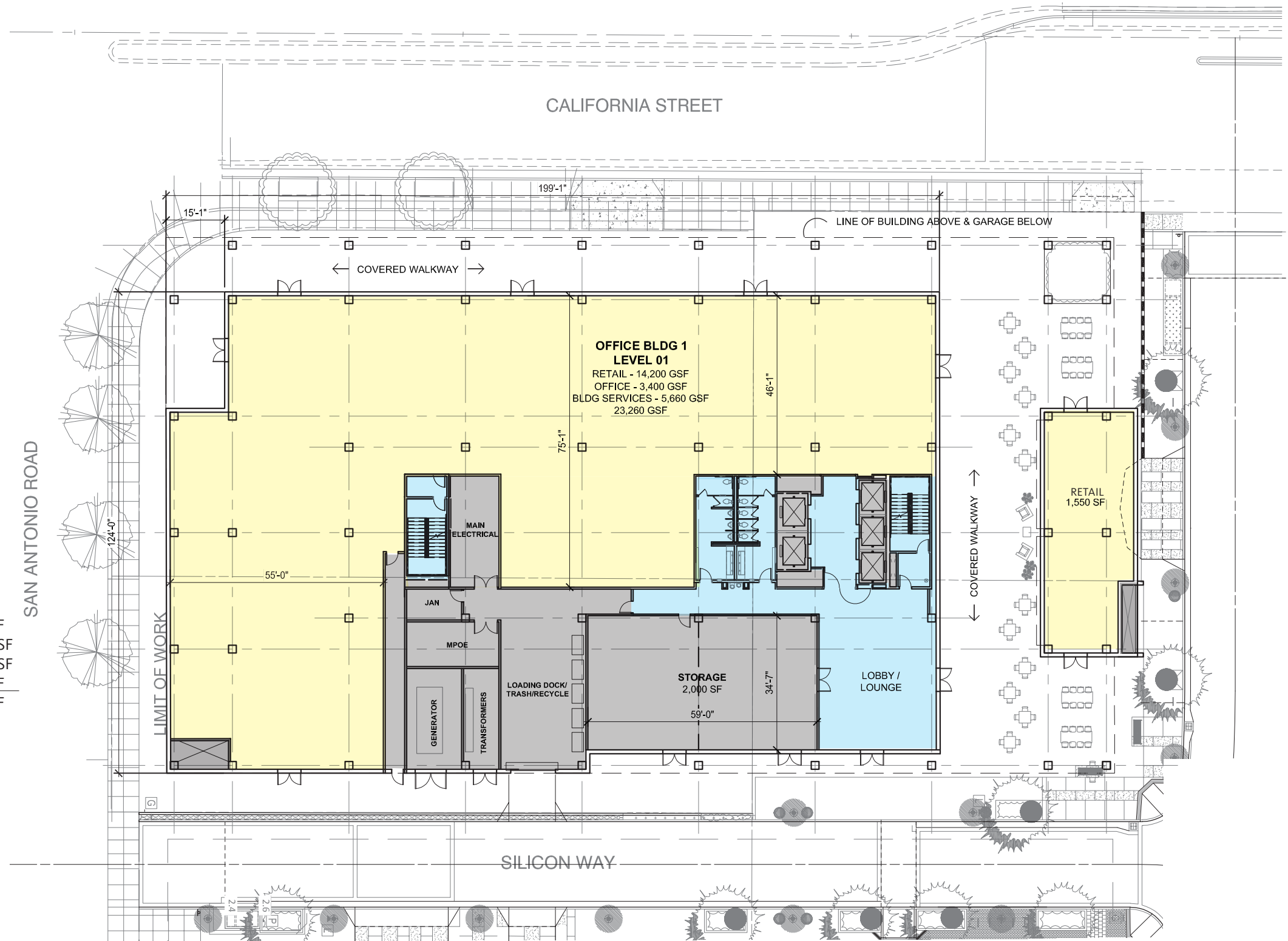
FAR Category A (Building Services)	9,700 SF
FAR Category B (Office/Comm/Retail)	
Retail Ground Floor	15,750 SF
Office & Office Services (Floors 1-8)	205,758 SF
Category B Total	221,508 SF

Total Combined Area 231,208 SF

Phase 3 Subtotal FAR Category B Only

FAR Category B (Office/Comm/Retail)

FAR Allowed 0.75 x 43,137 SF Site =	32,353 SF
Phase 1/2 SF available to transfer to Phase 3	39,155 SF
Density Transfer Required	
221,508 SF - (32,353 + 39,155) =	150,000 SF



SCALE: 1" = 30'

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 01
 8 STORIES
 238,500 GSF

LEVEL 01

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

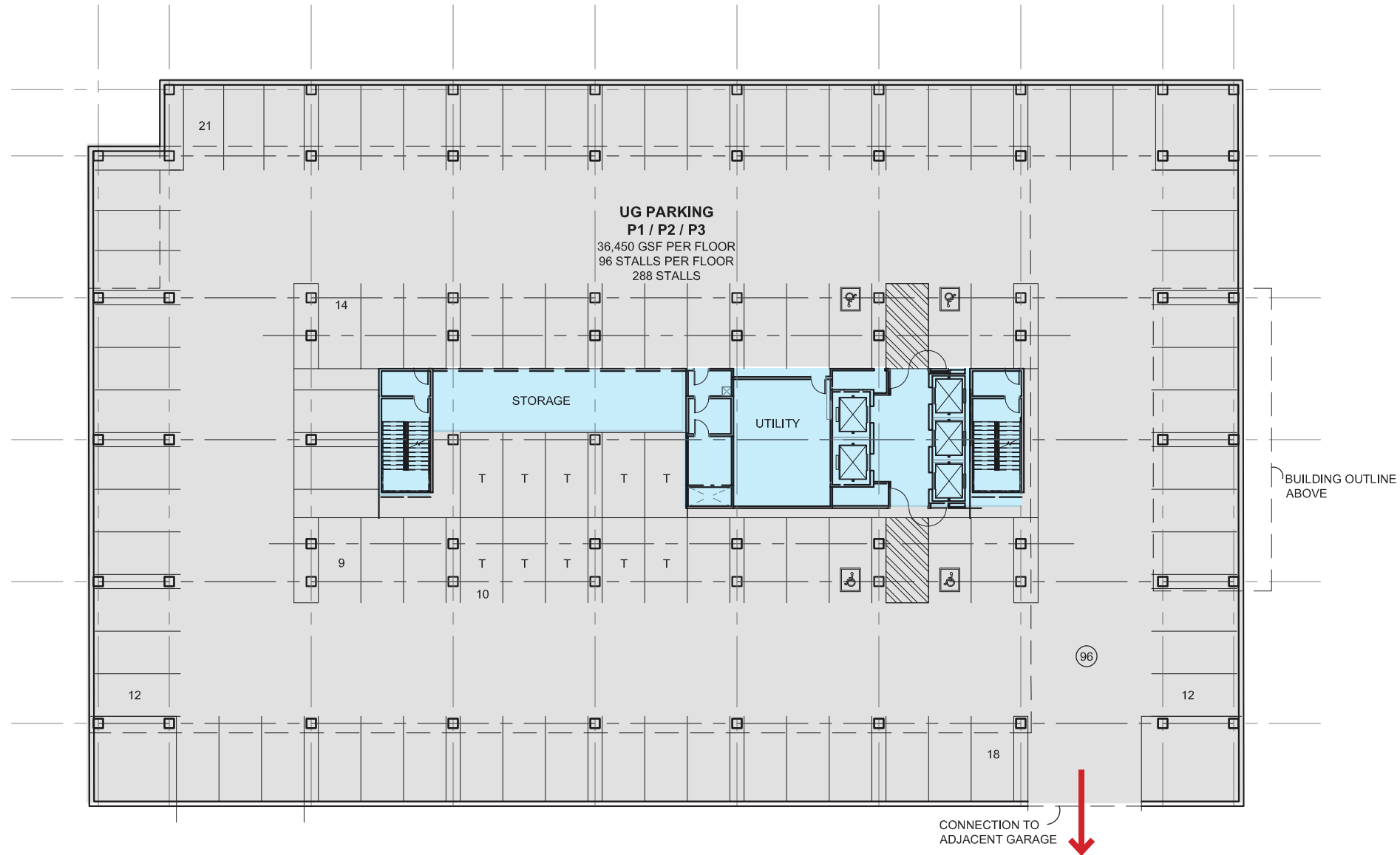
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL P1 / P2 / P3
8 STORIES
238,500 GSF

LEVELS P1-P3

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

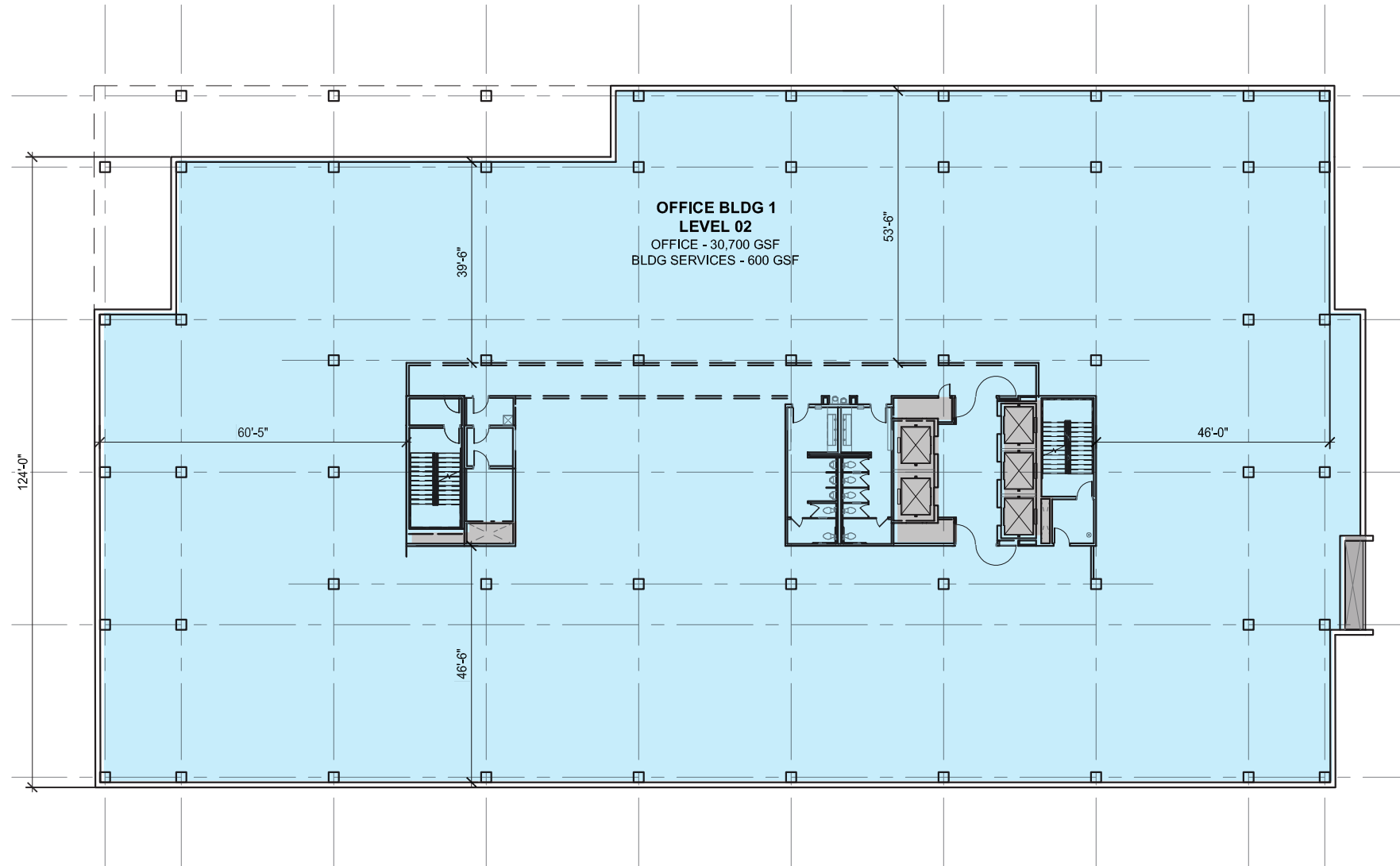
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE

LEVEL 02

8 STORIES

238,500 GSF

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

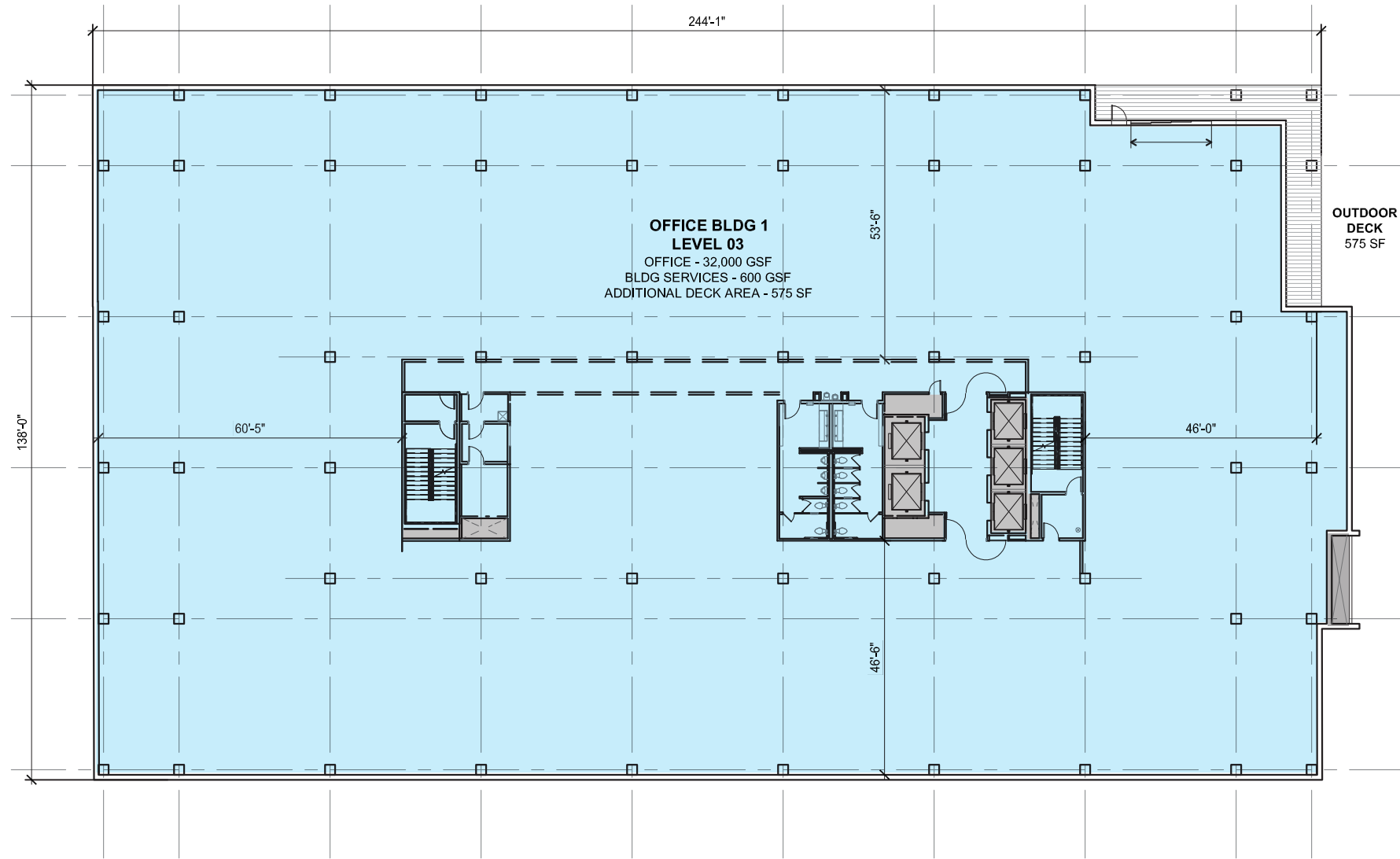
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 03
8 STORIES
238,500 GSF

LEVEL 03

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

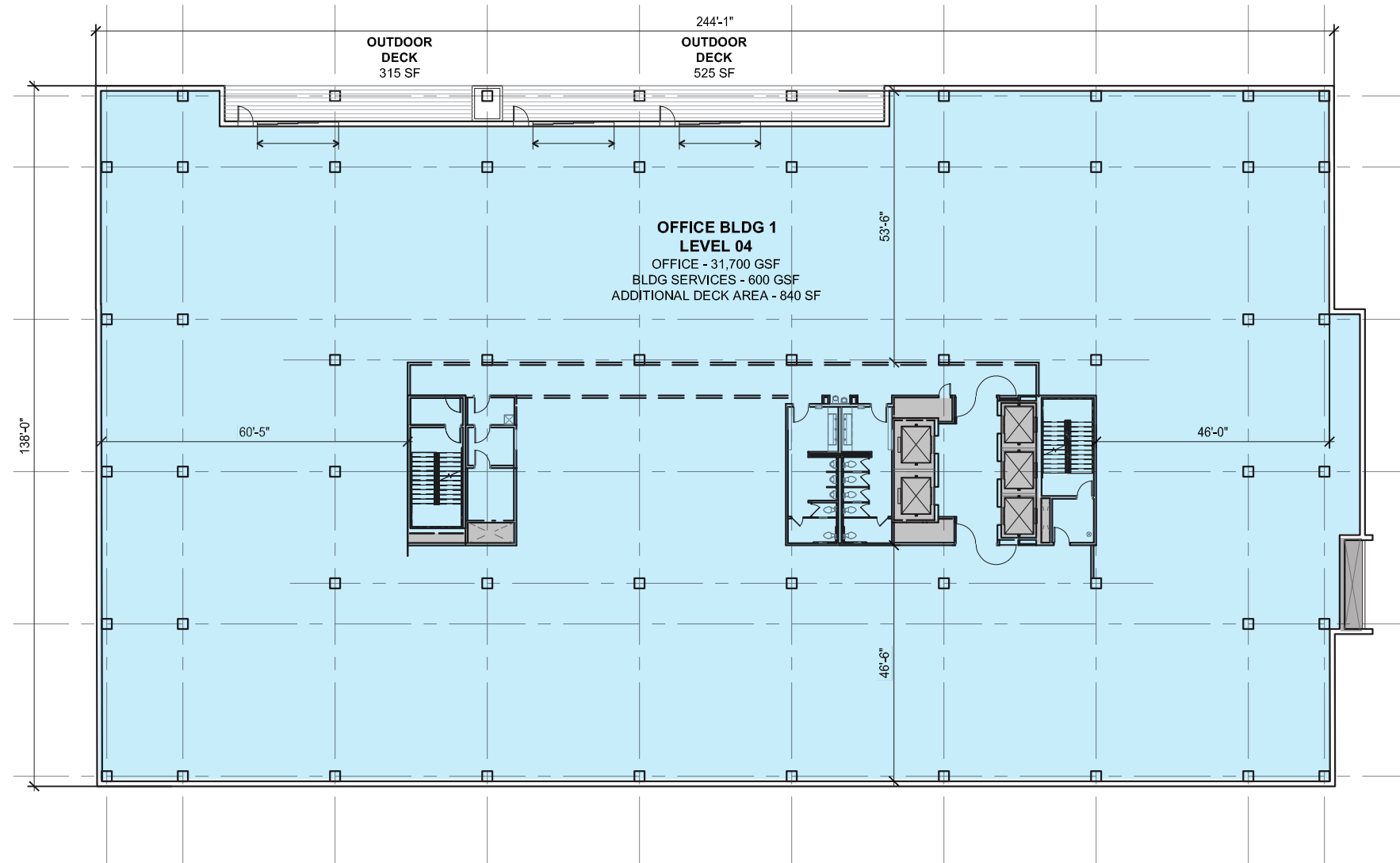
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 04
8 STORIES
238,500 GSF

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

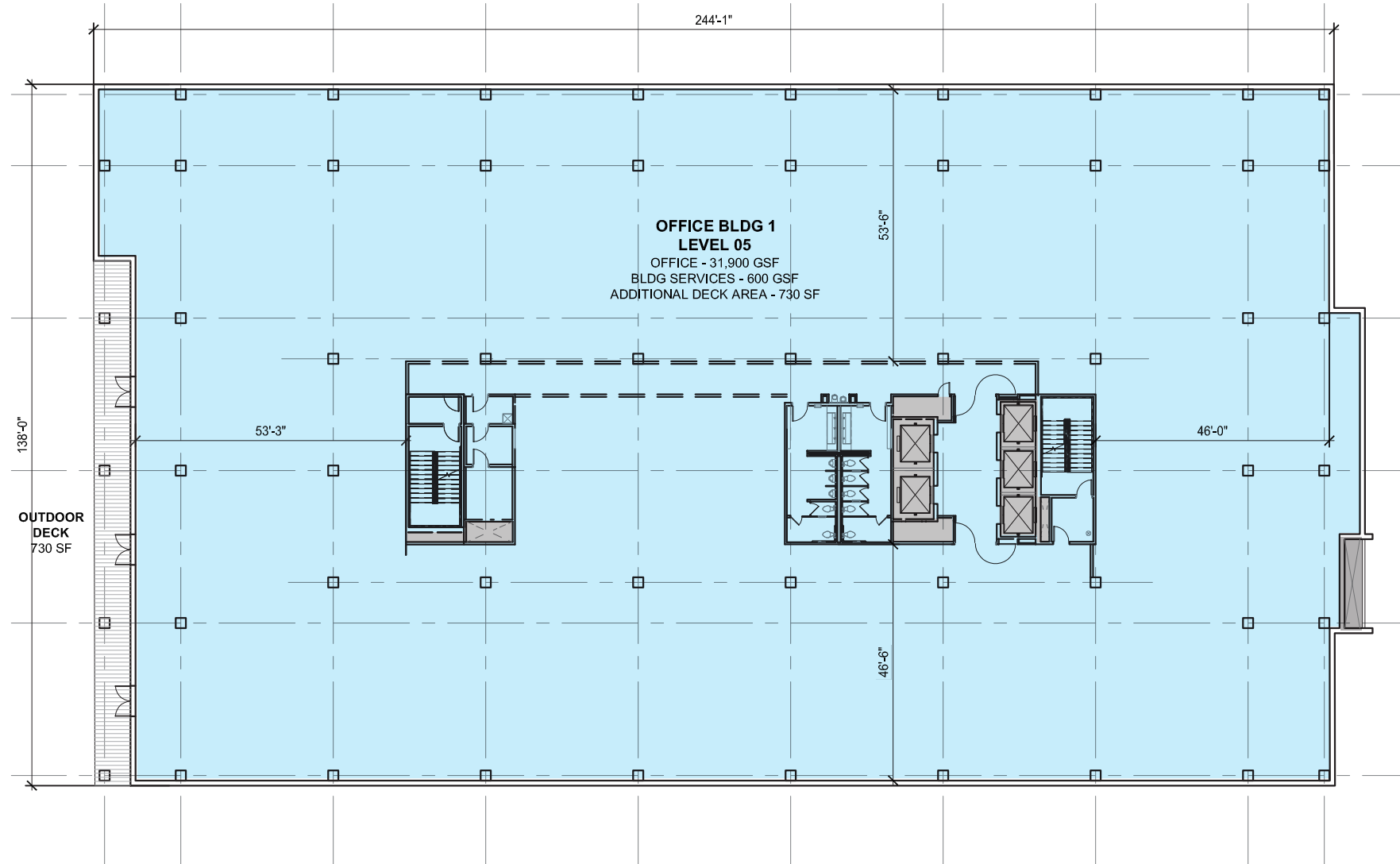
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 05
8 STORIES
238,500 GSF

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

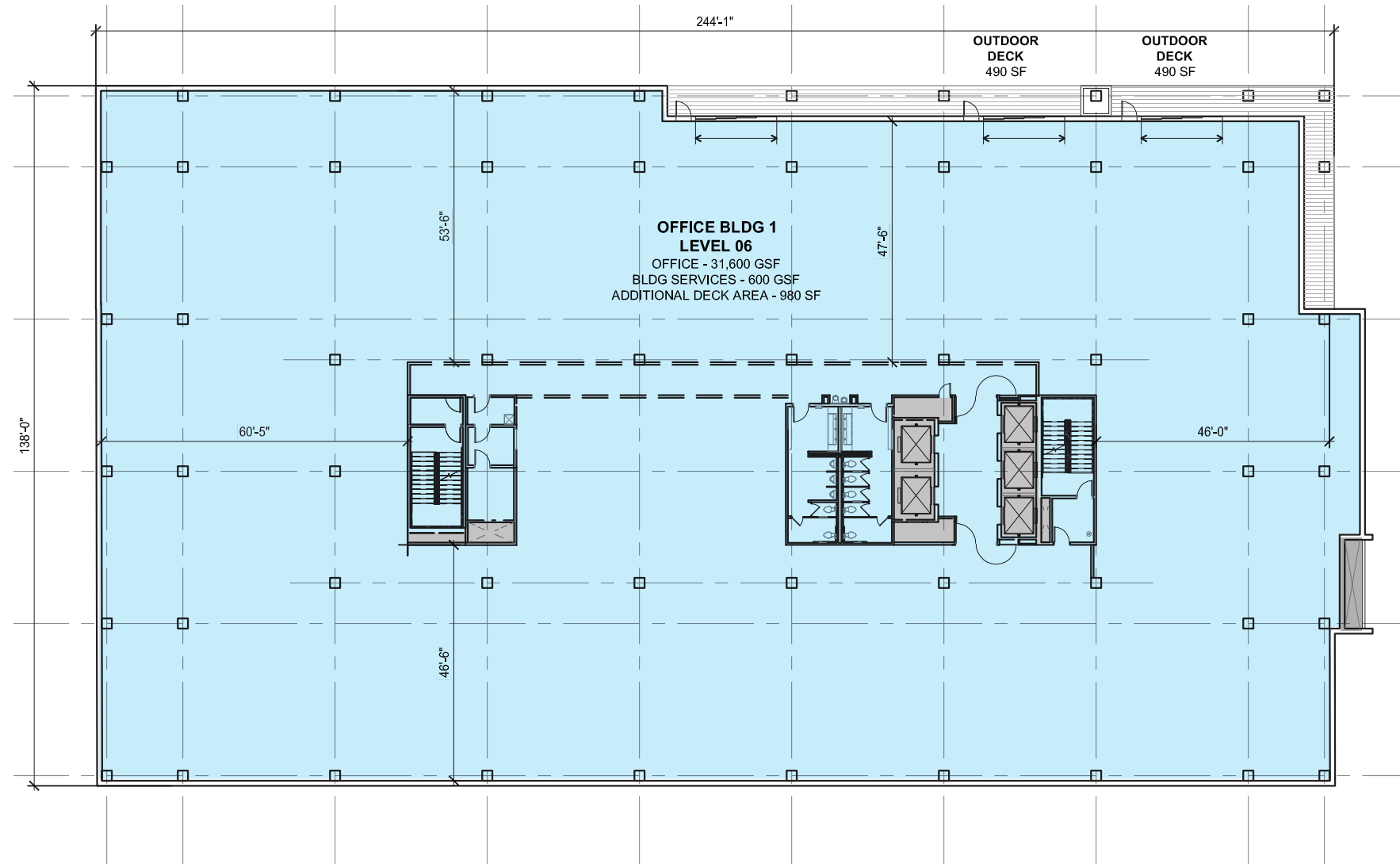
LEVEL 01 : 3,400 GSF
LEVEL 02 : 30,700 GSF
LEVEL 03 : 32,000 GSF
LEVEL 04 : 31,700 GSF
LEVEL 05 : 31,900 GSF
LEVEL 06 : 31,600 GSF
LEVEL 07 : 25,358 GSF
LEVEL 08 : 19,100 GSF
TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
3 LEVELS (P1 - P3): 288 CARS
*96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 06
8 STORIES
238,500 GSF

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

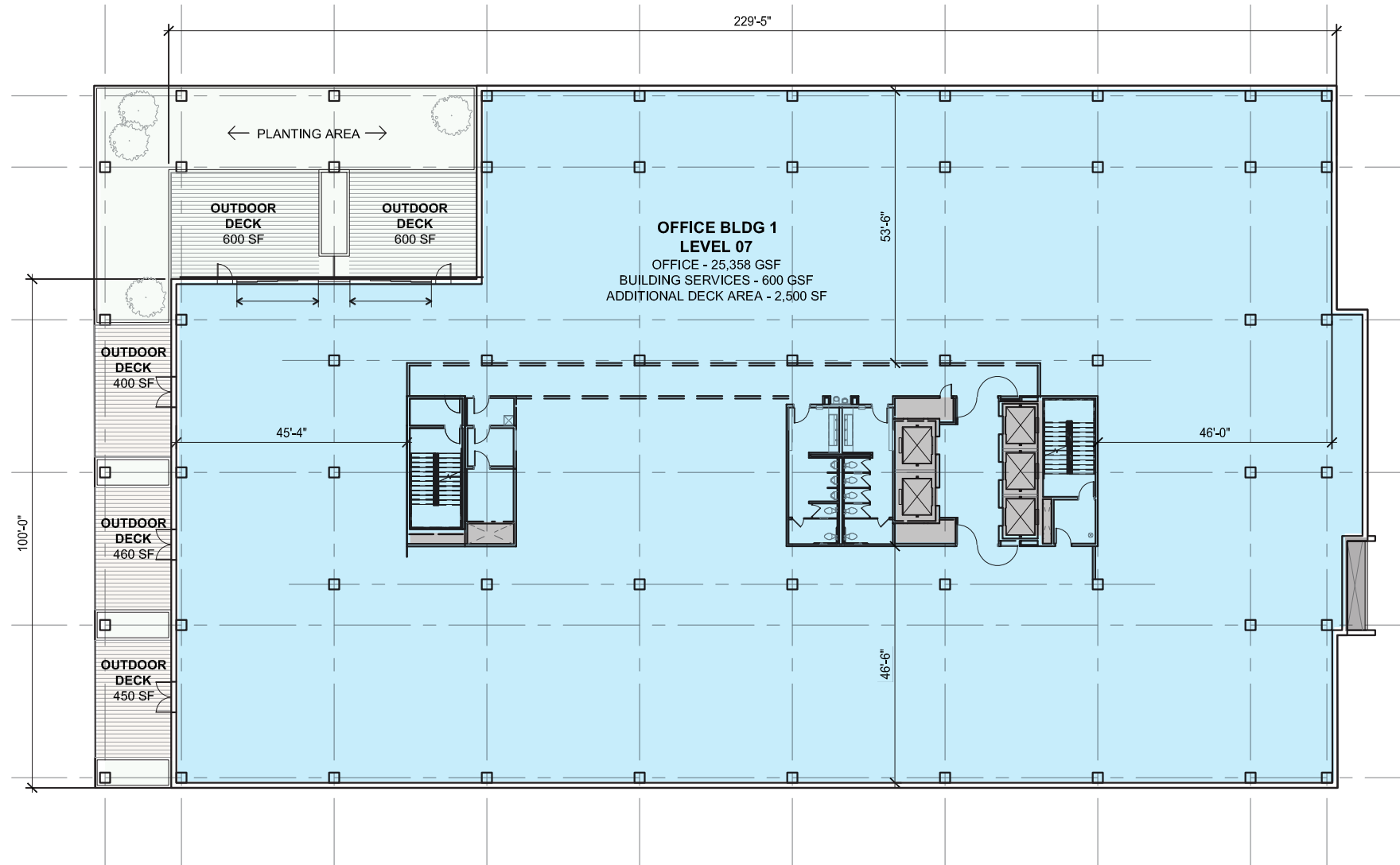
LEVEL 01 : 3,400 GSF
 LEVEL 02 : 30,700 GSF
 LEVEL 03 : 32,000 GSF
 LEVEL 04 : 31,700 GSF
 LEVEL 05 : 31,900 GSF
 LEVEL 06 : 31,600 GSF
 LEVEL 07 : 25,358 GSF
 LEVEL 08 : 19,100 GSF
 TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
 BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
 3 LEVELS (P1 - P3): 288 CARS
 *96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE

LEVEL 07

8 STORIES

238,500 GSF

LEVEL 07

PROJECT SUMMARY:

OFFICE BLDG: 8 STORIES

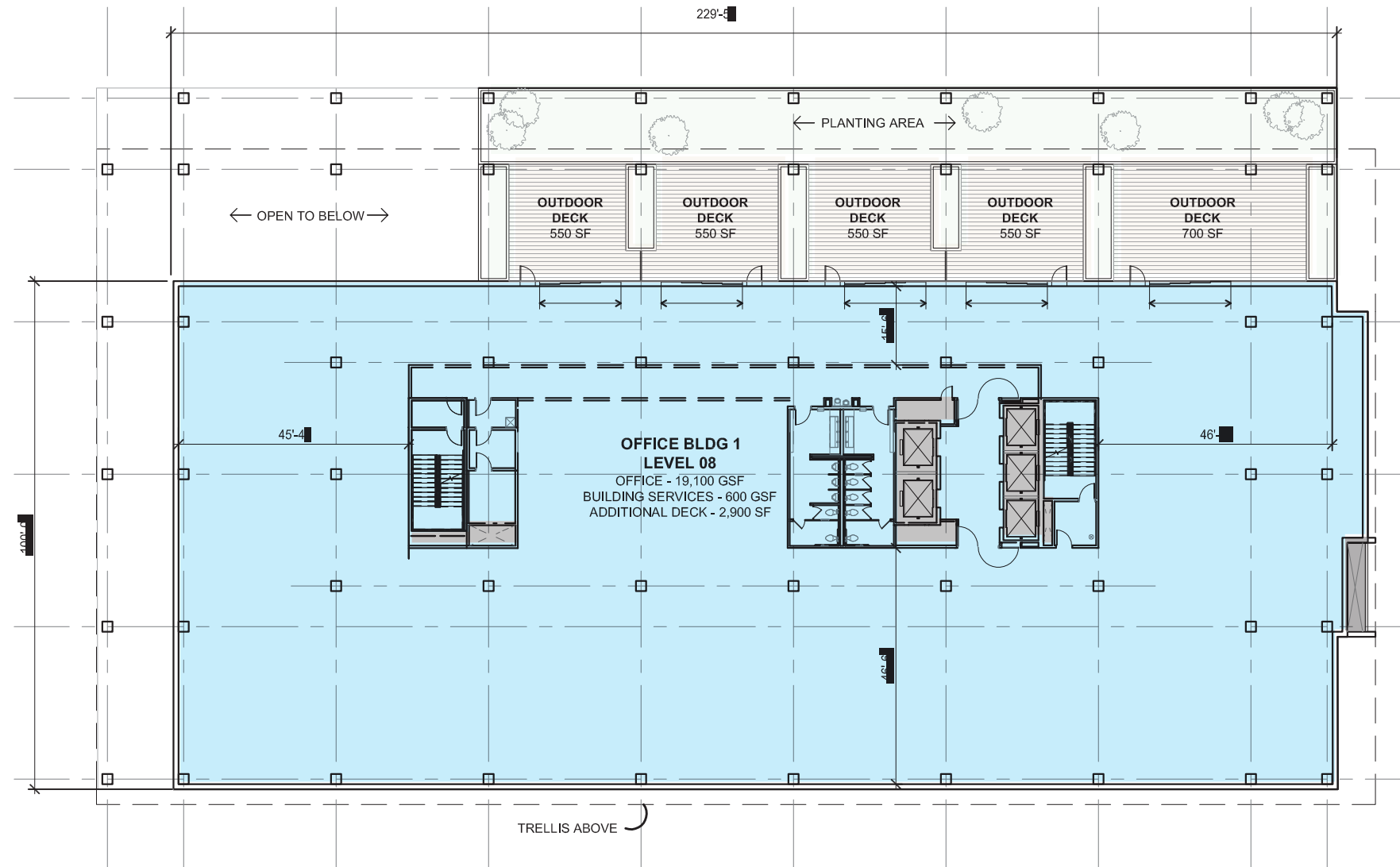
LEVEL 01 : 3,400 GSF
 LEVEL 02 : 30,700 GSF
 LEVEL 03 : 32,000 GSF
 LEVEL 04 : 31,700 GSF
 LEVEL 05 : 31,900 GSF
 LEVEL 06 : 31,600 GSF
 LEVEL 07 : 25,358 GSF
 LEVEL 08 : 19,100 GSF
 TOTAL OFFICE: 205,758 GSF


RETAIL (LEVEL 01): 15,750 GSF
 BUILDING SERVICES (LEVEL 01-08): 9,700 GSF

TOTAL PROJECT GSF: 231,208 GSF

CARS PROVIDED UNDER BUILDING:

UG PARKING STRUCTURE
 3 LEVELS (P1 - P3): 288 CARS
 *96 CARS PER LEVEL



SCALE: 1" = 30' 

VILLAGE AT SAC | OFFICE BUILDING | THE TERRACE
LEVEL 08
 8 STORIES
 238,500 GSF



- TO MECH. 126' - 6"
- ROOF 114' - 6"
- LEVEL 08 101' - 0"
- LEVEL 07 87' - 6"
- LEVEL 06 74' - 0"
- LEVEL 05 60' - 6"
- LEVEL 04 47' - 0"
- LEVEL 03 33' - 6"
- LEVEL 02 20' - 0"
- LEVEL 01 0' - 0"

0' 15' 30'

EAST ELEVATION



NORTH ELEVATION



- TO MECH. 126' - 6"
- ROOF 114' - 6"
- LEVEL 08 101' - 0"
- LEVEL 07 87' - 6"
- LEVEL 06 74' - 0"
- LEVEL 05 60' - 6"
- LEVEL 04 47' - 0"
- LEVEL 03 33' - 6"
- LEVEL 02 20' - 0"
- LEVEL 01 0' - 0"

0' 15' 30'

SOUTH ELEVATION



0' 15' 30'

- TO MECH. 126' - 6"
- ROOF 114' - 6"
- LEVEL 08 101' - 0"
- LEVEL 07 87' - 6"
- LEVEL 06 74' - 0"
- LEVEL 05 60' - 6"
- LEVEL 04 47' - 0"
- LEVEL 03 33' - 6"
- LEVEL 02 20' - 0"
- LEVEL 01 0' - 0"

WEST ELEVATION