

To: City of Mountain View City Council

Date: 12/20/2017

Subject: Statement of Intent – Use of Transferred Development Rights

Honorable Mayor and City Council Members,

In early December 2017 we submitted a Letter of Intent (LOI) to the Los Altos School District (LASD) for the purchase of Transfer of Development Rights (see attached LOI). We also made the decision to delay submitting a gatekeeper request letter and in lieu offer this statement of intent to the City in good faith, and consistent with our prior discussions with LASD. The key elements of our intentions for participation in the City/LASD TDR program and use of TDR in a future development application are as follows:

- A Letter of Intent for use of 100,000 sq. feet of TDR on our receiving property at 291-339 N. Bernardo Ave. was approved by the LASD Board of Trustees at their meeting of Dec. 11, 2017.
- The location of our receiving site is within the pending East Whisman Precise Plan (EWPP) area and in the Medium-Intensity Office zone. We do not intend to change the receiving site in the future.
- Subject to closing on the TDR purchase, we are willing to activate a gatekeeper or development application not later than January 2023. We understand that approved gatekeepers will be valid for two years and may be renewable at the discretion of the City Council.
- Subject to closing on the TDR purchase, we expect to enter into a Development Agreement at end of our entitlements process, specifically and only to memorialize the transfer of development rights to our site, and acknowledging that the addition of TDRs is a community benefit.


We are requesting this deferral because:

- a) Our existing tenant leases were extended until 2020-2021 in anticipation of the completion of the EWPP;
- b) The finalization of the FAR for the EWPP is a vital planning action relative to our long-term development goals and economic analysis of the redevelopment of the site; and
- c) The demand for office space continues to grow in the East Whisman area.

We appreciate the City's willingness to accept this statement of intent and thereby provide the flexibility we need to make sound business decisions for our N. Bernardo property. We very

much look forward to working with LASD and the City to utilize TDR in our future development plans.

Sincerely,



Chris Vanni

Copy: Randy Tsuda, Community Development Director

To: LOS ALTOS SCHOOL DISTRICT

Attn: Jeffrey Baier, Superintendent
201 Covington Road
Los Altos, CA 94024
Fax: 650-947-0118
E-mail: jbaier@lasdschools.org

Re: Purchase of TDR Units – Los Altos School District

[Vanni Business Park, LLC] (“Buyer”) is pleased to submit this Letter of Intent (“LOI”) in order to express our interest in acquiring [100,000] 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 novel 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, subject to the preparation, negotiation, execution and delivery of a TDR Purchase Agreement acceptable to Buyer, 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 basic terms and conditions contained in this LOI.

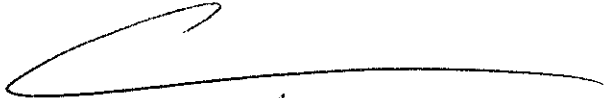
The basic business terms are as follows:

1. Buyer. Vanni Business Park, LLC
2. Seller. Los Altos School District.
3. Receiving Properties. 291-339 N. Bernardo Ave. Mountain View CA/APN: 165-36-003
4. 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 100,000 TDR units from the District for a total value of \$13,000,000.00 dollars 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 acquire 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 TDRs originating from the School Site as well as document the transfer of TDRs to the receiving property or properties.
 - (d) The parties recognize that the preparation of a TDR Purchase Agreement may not commence 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 TDR program.
7. Closing. If all conditions precedent have been satisfied and Buyer has satisfied itself with any and all contingencies, including those listed below in Paragraph 8 (c), the Closing of the TDR Purchase Agreement shall occur no later than thirty days after execution of the TDR Purchase Agreement. After the 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 February 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 TDRs in order to enter into the TDR Purchase Agreement and acquire the TDRs.
 - (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 TDRs 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 TDRs.
 - (d) Buyer shall be responsible for obtaining approvals from the City for any development application that utilizes some or all of the purchased TDRs on the receiving property or properties. 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.
 - (e) Buyer's obligation to (i) negotiate a, (ii) enter into and/or (iii) close on a TDR Purchase agreement is subject to Buyer's satisfaction of the following conditions (which shall be contingencies for the benefit of Buyer to (i) negotiate a, (ii) enter into and/or (iii) close on a TDR Purchase agreement): Gatekeeper status, vesting timeline of the TDR's, shelf life limitation, transferability of TDR's (what are rules for secondary market), confirmation there will be no development "moratoria" or other "public benefit" exactions layered on the use of TDRs and Buyer's economic analysis including Buyer's review and approval of its internal feasibility study of acquiring the TDR's.
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 will 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 TDR 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 undersigned would enter into a TDR Purchase Agreement to purchase the TDRs. This LOI shall only serve to form part of the basis for the TDR 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 claimed 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 TDR Purchase Agreement acceptable to the parties are conditions precedent to the creation of any legally binding contractual relationship with respect to the purchase and sale of any TDRs.

Sincerely,



*Chris Vanni, Manager
Vanni Business Park, LLC*

AGREED TO BY DISTRICT:

By: _____
Jeffrey Baier, Superintendent