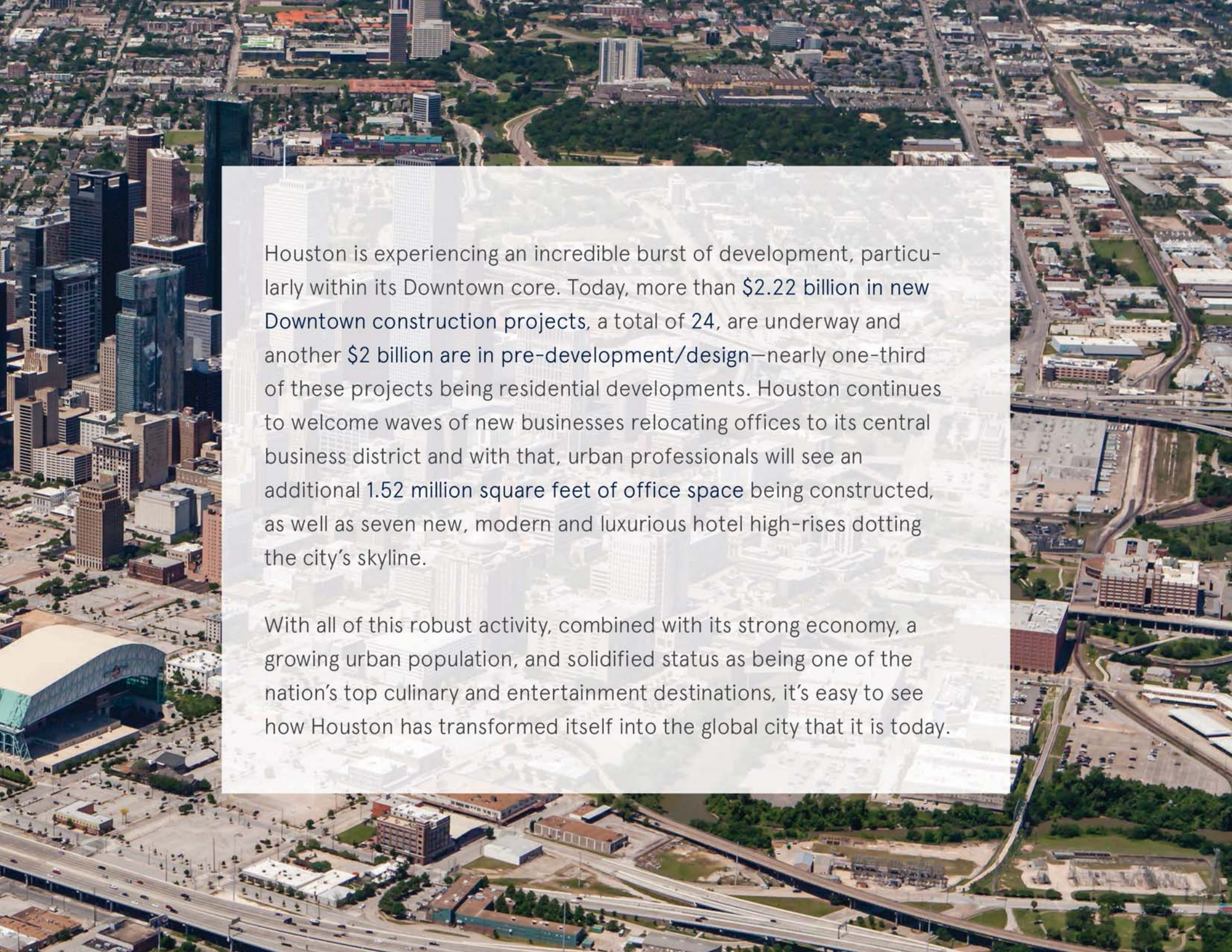


REQUEST FOR DEVELOPER QUALIFICATIONS

For Acquisition and Development
of a **Mixed-Use, Residential/Hotel,
Retail and Parking Project** at
1111 Main and 1010 Lamar, Houston, Texas



An aerial photograph of Houston, Texas, showing a dense urban landscape. The left side features a cluster of tall skyscrapers, including the Houston skyline. The right side shows a mix of lower-rise buildings, parking lots, and a highway interchange. A large, modern stadium with a curved roof is visible in the lower-left corner. A semi-transparent white box with text is overlaid in the center of the image.

Houston is experiencing an incredible burst of development, particularly within its Downtown core. Today, more than \$2.22 billion in new Downtown construction projects, a total of 24, are underway and another \$2 billion are in pre-development/design—nearly one-third of these projects being residential developments. Houston continues to welcome waves of new businesses relocating offices to its central business district and with that, urban professionals will see an additional 1.52 million square feet of office space being constructed, as well as seven new, modern and luxurious hotel high-rises dotting the city's skyline.

With all of this robust activity, combined with its strong economy, a growing urban population, and solidified status as being one of the nation's top culinary and entertainment destinations, it's easy to see how Houston has transformed itself into the global city that it is today.

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Houston's Downtown Redevelopment Authority seeks a qualified development team to pursue a high-image downtown development opportunity for: retail, multi-family residential and/or hotel.

The strategic, 35,579 square foot site at 1111 Main Street is to be sold, cleared, and developed into a multi-family residential and/or hotel mid or high-rise tower with a significant retail component on the lower floors. In addition, the adjoining 19-story office tower at 1010 Lamar Street (Younan Square) will provide two or three levels of that building for lease, to be re-purposed, converted and connected to the new retail space at 1111 Main Street.

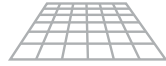
The Authority executed a Memorandum of Understanding with the property owner for 1111 Main Street and 1010 Lamar, YPI 1010 Lamar, LLC, and asset manager, Younan Properties, defining the broad scope of the project,

including the requirement to provide 587 parking spaces at market rates for use by the office tenants and retail customers. There are no governmental height or density limits on the site.

The Authority will administer a process to select a firm or firms with whom to negotiate a purchase agreement for 1111 Main Street and lease agreement for 1010 Lamar with the property owner over a 180-day negotiating period. Public sector incentives also may be available for this project, subject to approval by the Chief Development Officer and the Redevelopment Board of the development project scope, plans, and any public sector participation.

PROJECT SPECIFICATIONS

1111 MAIN
1010 LAMAR



SITE SIZE

35,579 square feet
plus opportunity to
expand retail floor plate
into adjoining office space
(+ 25,936 sf between floor 1
and lower level)



SITE FRONTAGE

Main Street: **153'**
Dallas Street: **252'**
Fannin Street: **153'**
Adjoins 1010 Lamar 19-story
office tower



ACCESS

Adjoins Main Street light rail
Convenient Interstate
Access
Connection to Houston's
extensive pedestrian
underground tunnel system
Downtown continues to
be the hub of Metro's bus
system



POTENTIAL USES

Retail
Multifamily Residential
Hotel
Parking



DEAL STRUCTURE

Sale or Ground lease of 1111
Main Street **35,579 sf**

Lease and re-purpose of
selected office floors into
retail—adjacent 1010 Lamar
office tower

Lease: **15,000 – 16,263 sf**
tunnel connected retail



ENTITLEMENTS

No restrictions on
height or density



DOWNTOWN DEVELOPMENT

\$4 billion in new project
investment underway or
open in past decade



ADJACENT DEVELOPMENT ACTIVITY

New 23-story **Hilcorp
headquarters** under
construction and
scheduled for completion,
March 2016

Hotel Alessandra, new
225-room luxury hotel
opening in fall 2016 at
Green Street mixed use
development



RETAIL MARKET

Office: **150,000** office
population within walking
distance; 254,000 total
workforce in the Greater
Downtown area.

Visitors: **11.6 million** annual
visitors to hotels, sports
and entertainment venues
and other

Residents: Trade area of
374,690 growing at 5.5%
to **395,330** by 2019

**Average Household
Income** of **\$90,346**; 38%
of households earn \$75,000
or more annually

The Authority was created by the City of Houston to further the goals of the City of Houston in redeveloping Downtown real property to increase overall property values, support business development, build the tax base, create job opportunities and enhance the desirability of visitors and convention business.

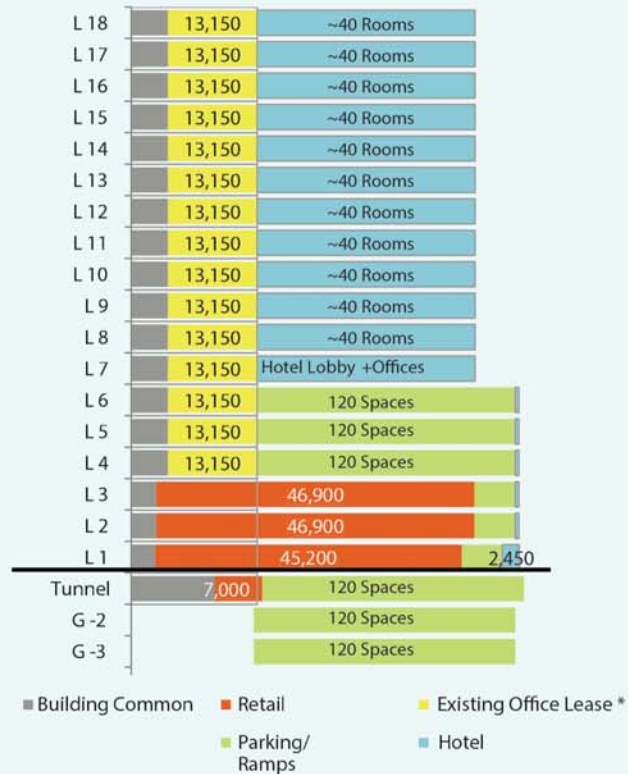
The Authority brings expertise to the redevelopment project; can provide oversight for any public incentives; and serves to provide quality control to ensure the redevelopment project meets the objectives of the public.

Younan Properties, asset manager, and YPI 1010 Lamar, LLC, owner, of the subject property (property owner) have interest in furthering the goals of the City of Houston and the Authority by facilitating the sale and redevelopment of the property consistent with the recommendations of the Downtown Retail Task Force.

The Authority, in conjunction with the property owner, is seeking proposals that will expeditiously lead to

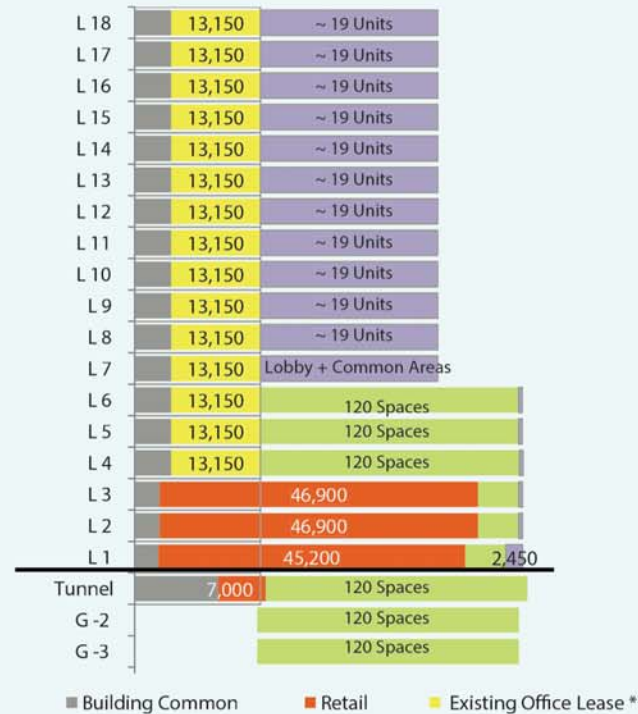
the creation of a compelling mixed-use development at this strategic downtown site. The Authority anticipates that the project will encompass three and potentially as many as four program components: residential, hotel, retail, and parking. Two of the components are required at a minimum—retail and parking. One or more teams may be invited to enter into negotiations with the property owner. The Authority does not own or control the subject property but will serve to facilitate the transaction with the property owner. The Authority has executed a Memorandum of Understanding with the property owner that supports the direction for the site outlined in this request for qualifications.

Potential Opportunity: Hotel Above Retail & Parking



	Levels	Area (USF)	#
Existing Office	15	197,250	
Retail	3+	146,000	
Hotel	12	390,250	440 keys
Parking	5	247,776	720 spaces

Potential Opportunity: Residential Above Retail & Parking



	Levels	Area (USF)	#
Existing Office	15	197,250	
Retail	3+	146,000	
Residential	12	318,250	209 units
Parking	5	247,776	720 spaces

* Please note: The office portion of 1010 Lamar is not included in the proposal.

The analysis above does not include the approximately 6,000 sf property located at the corner of Main and Lamar.

In early 2013 Mayor Annise Parker announced the formation of a Downtown Retail Task Force to research all available retail opportunities in Downtown.

The task force issued a comprehensive report (Exhibit A) entitled *Envisioning a Vibrant Shopping District Downtown Houston* in September of 2013. The report recommended that Dallas Street between Milam and La Branch, with connections to adjacent retail activity and tunnel access on Main Street and The Shops at Houston Center on San Jacinto and Austin, serve as a unique, premier setting for a Shopping District.

The four corners of Main and Dallas Streets, and the Dallas streetscape, are critical in establishing Dallas Street as the most prominent intersection of the retail core. Creating retail frontage directly at this intersection and improving the streetscape will work in tandem to create a lively pedestrian public realm. Currently the northeast corner of Main and Dallas (1111 Main) serves as a parking garage, supporting the adjacent office building, 1010 Lamar.

Through past retail studies conducted by the Houston Downtown Management District, the task force determined that demand exists for at least another 350,000 to 400,000 square feet of retail in Downtown. The study also specifically recommended a need to: attract anchor retailers; provide convenient parking; designate portals connecting to the tunnel system; provide a critical mass by securing commitments from property owners to participate in development; and to transform Dallas Street into a signature street within the

Shopping District.

In February of 2014, the Downtown District contracted with The Fransen Company, Inc. (TFC) to lead efforts to attract major national and regional retailers to a Downtown area of 20 blocks. The consultants focus has been to target large properties within the Shopping District boundaries that could provide significant, 7-day-a-week national/regional chain-oriented retail development likely in mixed-use developments with residential, office, hotel and/or parking.

In addition to moving forward retail recruitment, the Authority has designed and will begin construction of major renovations to the Dallas street conditions as well as to Main Street, which intersects Dallas. The Dallas Street project will commence construction in February of 2015, consisting of \$16 million in infrastructure improvements including new street surfaces, signature vehicular and pedestrian lighting, sidewalks, pavers, and lush landscaping. The Main Street renovation project will encompass \$12 million of improvements in lighting, landscaping, and sidewalks. In addition, the three blocks of Main Street Square, which includes the 1100 block bordering the subject property, will feature creative event programming and innovative public art installations. The Dallas and Main Street projects have a targeted completion date of February 2016.

Envisioning A Vibrant Shopping District Downtown Houston



1



2

- 1 Mayor's Retail Task Force Report Cover
- 2 Proposed Shopping District Boundaries

The Houston Metropolitan Statistical Area (Houston MSA) covers 9,444 square miles, consists of nine counties, includes a population of 6.3 million, and ranks fifth among U.S. MSAs, behind New York, Los Angeles, Chicago, and Dallas-Fort Worth.

Houston recorded 2.9 million jobs in September 2014, more than the job counts of 36 other U.S. states. According to the U.S. Bureau of Labor Statistics, if Houston were a state, it would employ more than Tennessee, Missouri or Maryland. The Houston economy is expanding at a strong, steady pace with total employment growing at twice the national average over the past year. The unemployment rate has declined to five percent, well below the national average and near full employment.

Houston ranks second in the top 10 U.S. MSAs with the highest population growth between 2000 and 2012.

Between 2000 and 2012 the population of the MSA is estimated to have grown nearly 32 percent. The Houston region is one of the youngest, fastest-growing, and most diverse populations anywhere. People from across the globe

relocate to Houston every year to take advantage of the abundant opportunities the region provides. Houston prizes its racial and ethnic diversity as a source of strength in the global economy. Given its prominence in international business, it is perhaps not surprising that more than one-fifth of metropolitan Houston residents were born abroad.

In addition to being multicultural, Houston's population is young and educated. The Houston population's median age is among the lowest of the nation's major metro areas, and the percentage of college graduates living in Houston is ahead of the U.S. average and significantly exceeds the state average. All of these demographics add up to a diverse and well-educated workforce that can supply all of manner of skills and occupations.

DOWNTOWN HOUSTON MARKET



OFFICE



TRANSPORTATION



RESIDENTIAL



TUNNEL/SKYBRIDGE SYSTEM



THEATER DISTRICT



GEORGE R. BROWN CONVENTION CENTER



PARK SPACE



HOSPITALITY



SPORTS FACILITIES



EDUCATIONAL INSTITUTIONS

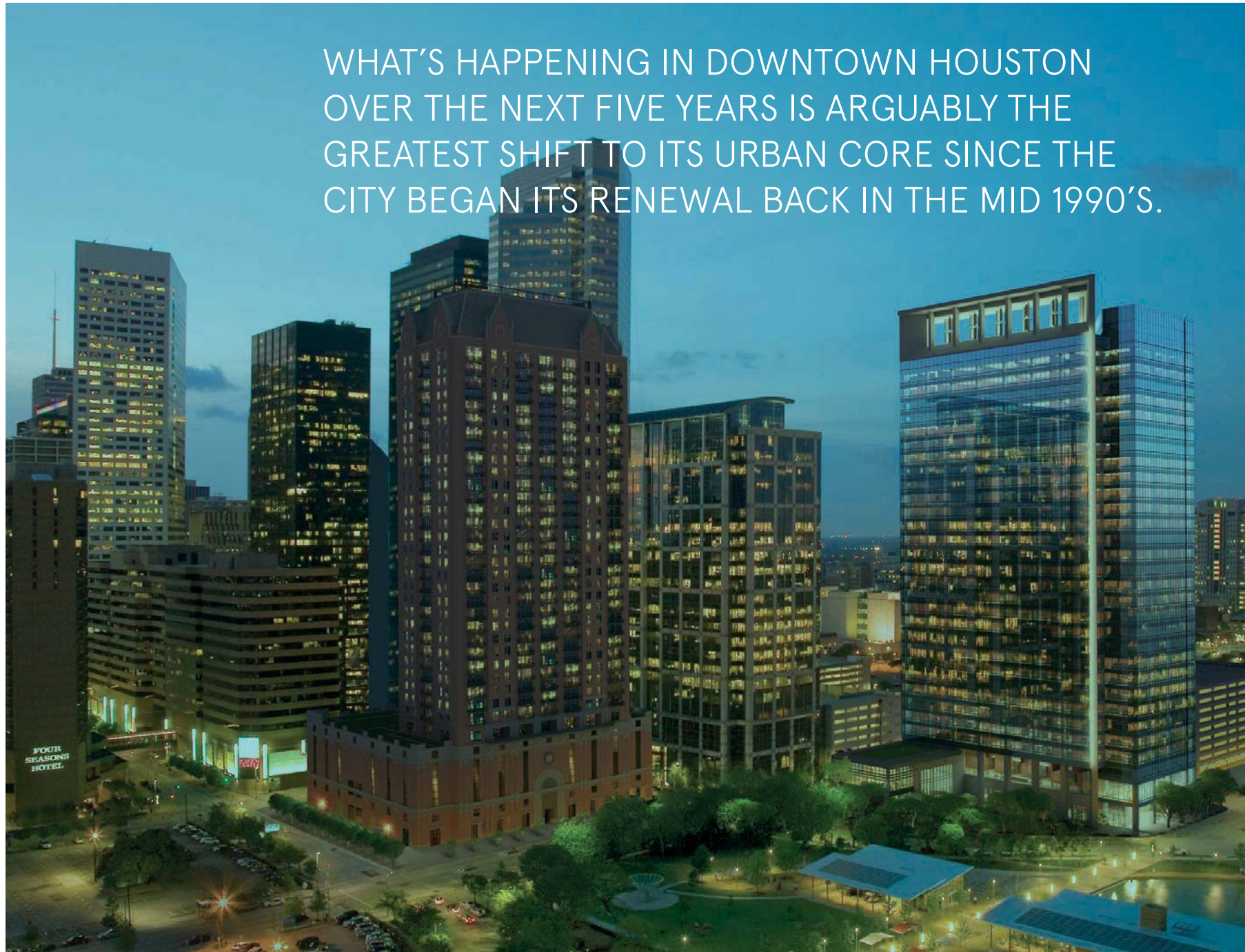


MAJOR EVENTS



RETAIL

WHAT'S HAPPENING IN DOWNTOWN HOUSTON
OVER THE NEXT FIVE YEARS IS ARGUABLY THE
GREATEST SHIFT TO ITS URBAN CORE SINCE THE
CITY BEGAN ITS RENEWAL BACK IN THE MID 1990'S.





OFFICE

Downtown Houston has approximately 45 million square feet of office space, with an additional 1.5 million square feet under construction; 10 Fortune 500 companies Downtown; and a workforce of more than 150,000 in the core and 254,000 within three miles.

DOWNTOWN REMAINS THE LARGEST SUBMARKET IN THE REGION, PROVIDING 21 PERCENT OF THE REGION'S OFFICE SPACE.

Downtown's office use is driven by firms in the energy business, but has diversified with new firms added over the past decade—powerhouses such as Waste Management and JPMorgan and creative minds Page, Gensler and Morris Architects are just a few that call Downtown home. Downtown's office space occupied by the energy industry is 58 percent; followed by 19 percent legal; and 12 percent finance, insurance and real estate. Vacancy rates are



approximately 13 percent and the Hess office building, adjacent to Discovery Green Park, recently sold at a reported price of \$526 per square foot.

RESIDENTIAL

What's happening in Downtown Houston over the next five years is arguably the greatest shift to its urban core since the city began its renewal back in the mid 1990's. This change can be attributed to the city's focus on growing its Downtown residential population. Residential development has increased tremendously in density in the central city and now approximately 175,000 residents live within a three-mile radius, more than 74,000 live within a two-mile radius, and 23,500 live within a one-mile radius of Downtown's center (excluding the residential units under construction or in development). The Authority, together with the City of Houston and Houston Downtown Management District, created the Downtown Living Initiative program which is designed to incentivize residential development in Downtown. The program has led to 336 new residential units completed, 2,364 currently under construction and 2,676 additional units in

RESIDENTIAL DEVELOPMENTS →

- 1 Catalyst Marquette
- 2 Texaco Building
- 3 Market Square Tower
- 4 Block 334
- 5 Skyhouse
- 6 One Market Square



Hotel Alessandra



development which plan to break ground over the next two years. Nineteen separate residential projects across all areas of Downtown, including seven high-rise towers, one historic restoration, and two multi-block projects will bring 24/7 activity to the immediate area around the Shopping District.

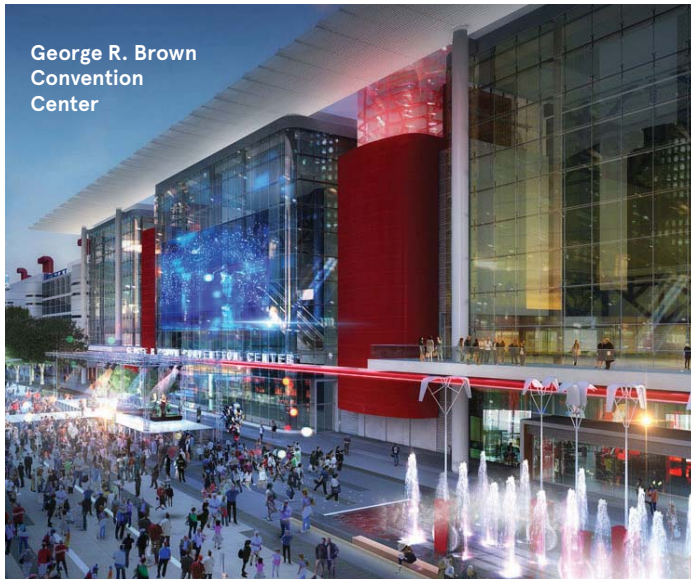
HOSPITALITY

For nearly a decade Downtown's hotel supply and demand remained in general equilibrium with approximately 5,000 hotel rooms. However, the hotel base is increasing significantly over the next two years.

SEVEN NEW HOTELS SLATED FOR DOWNTOWN WILL ADD AN ADDITIONAL 2,100 ROOMS TAKING DOWNTOWN'S HOTEL COUNT TO MORE THAN 7,500 IN 23 HOTELS BY LATE 2016, JUST IN TIME FOR SUPER BOWL LI.

Downtown offers variety in hotel options including large convention hotels such as Hilton Americas-Houston, which is connected to the southern end of the George R. Brown Convention Center (GRBCC) and the Marriott Marquis which is under construction and located at the northern end of GRBCC. Luxurious service is available at the Four Seasons, recently purchased by Bill Gates' Cascade Investment LLC, the JW Marriott which opened on Main Street in September of last year and Hotel Alessandra at GreenStreet, breaking ground this spring, will take luxury in Downtown to new heights. There are also beautiful historic options with Hotel Icon, The Sam Houston Hotel, The Lancaster Hotel and Magnolia Hotel.

George R. Brown Convention Center



THEATER DISTRICT

Approximately two million people visit Downtown's Theater District each year to see award-winning performances of theater, dance, opera and symphony in four different

venues. Nine renowned performing arts organizations, and many smaller ones, are featured in the four venues: Jones Hall, Wortham Theater Center, Alley Theatre and Hobby Center for the Performing Arts.

Also located in the Theater District is Houston's Ballet's Center of Dance and Live at Bayou Place which is home to Bayou Music Center and Sundance Cinemas. Bayou Music Center, owned by Live Nation, seats 2,400 and has hosted a variety of acts ranging from the Steve Miller Band, Iggy Azalea and Bill Maher. Sundance Cinemas offers a mix of mainstream, independent, documentary and foreign-language films.

Just five blocks to the east of the subject property, construction has begun on the High School for the Performing and Visual Arts, a magnet school of the Houston Independent School System.

GEORGE R. BROWN CONVENTION CENTER

In 2014, the George R. Brown hosted approximately 1,362 events with more than 750,000 attendees. One of the 10 largest convention centers in America, the George R. Brown was recently expanded to nearly two million square-feet. It features seven exhibit halls, more than 100 meeting rooms, four outdoor balconies, a 31,000 square foot ballroom, a 3,600-seat amphitheater, 6,000 retractable arena seats and 66 loading docks on two levels. All these resources enable the George R. Brown to host any show. The convention and tourism industry continues to shine with Houston hosting the 2016 NCAA Final Four and Super Bowl LI in 2017. The new 1,000 key Marriott Marquis Convention Center Hotel, which is currently under construction, will expand Houston's ability to attract more large conventions. In addition to the second convention hotel, the area surrounding the George R. Brown Convention Center will be transformed into a more pedestrian-friendly, walkable, mixed-use neighborhood. Playing off the uber-successful Discovery Green, there will be less traffic, more retail and new landscaping, canopies

and flexible plaza areas. A 1,900-car parking garage with office space is also part of the master plan as is a new destination visitors center.

Activating the streets with residents, downtown workers, conventioners and visitors attracted by shops, restaurants and entertainment venues will create a vibrant convention district that appeals to meeting planners and exhibitors.

SPORTS FACILITIES

Toyota Center seats 19,300 and is home to the NBA's Houston Rockets and plays host to the nation's top concerts and touring shows.

Minute Maid Park is home to Major League Baseball's Houston Astros. The 40,950-seat ballpark has a retractable roof and hosted the 2004 MLB All-Star Game and the World Series in 2005.

BBVA Compass Stadium is home to Major League Soccer team, the Houston Dynamo's. The state-of-the-art open air stadium was completed in 2012 and seats 22,000.





PARK SPACE

Discovery Green is a 12-acre urban park in front of the George R. Brown Convention Center. The park features Kinder Lake for sailing remote-controlled boats in the summer and ice skating in the winter, two dog runs, a putting green, children's playground, interactive water features, two restaurants, and multiple lawns that are host to numerous public and private events. They host more than 300 events annually and draw approximately 1 million visitors per year.

Market Square Park is located in Downtown's Historic District was recently renovated to be an amenity to the many nearby residents with two dog runs, public art and a restaurant that is anchored by a central lawn that is host to free outdoor movies and concerts. The park has been a successful catalyst for growth in the area including more than a dozen new restaurants and bars and two new high-rise residential projects which are currently under construction.

Buffalo Bayou Park stretches 2.3 miles and encompasses 160 acres adjacent to Downtown between Sabine and Shepherd Drive. A \$58 million makeover, to be completed in mid-2015, improvements includes landscaping, lighting, new and upgraded trails for walkers, runners and bicyclists, two pedestrian bridges, and a dog park. The park is also host to

activities such as pontoon boat rides, kayaking and canoeing and skate boarding at the Lee and Joe Jamail Skatepark.

EDUCATIONAL INSTITUTIONS

The University of Houston-Downtown is a four-year state university and the second-largest university in the Houston area with nearly 14,000 students. Its campus spans 20 acres in Downtown Houston. South Texas College of Law, also located in Downtown a block from the Shopping District, has a total enrollment of 1,225 students, of which almost 1,000 are full time.

Within three miles of Downtown are the University of Houston- Main campus with an enrollment of 40,750 students, the third largest university in the state of Texas and Rice University with an enrollment of approximately 6,500 students, about 40 percent of which are graduate students. Both the University of Houston and Rice University campuses have easy access to Downtown via Metro's light rail system.

Also located in Downtown is Incarnate Word Academy, a faith-based college preparatory high school for young women, and a new state-of-the-art High School for the Performing and Visual Arts is currently under construc-

tion. There are 15 public elementary schools, eight middle schools and nine high schools within two miles of Downtown and six charter schools and 19 private schools.

TUNNEL/SKYBRIDGE SYSTEM

Downtown's tunnel and skybridge system connect 57 office buildings and 46 parking garages, residential properties, medical and other buildings. While some tunnel and skybridge sections are just hallways, other sections offer food options, medical and professional services, beauty salons, convenience stores, banks and gift shops. There is no one owner of the tunnel system, each building owns and operates the tunnel space below it. Because it is mainly used by office workers, the hours and operation of the tunnel are generally 6:00 a.m. to 6:00 p.m. Monday through Friday, with the majority of the food operators closing by 3:00 p.m.

TRANSPORTATION

Downtown remains well served by freeways and managed lanes with recent improvements to US 59, I-45 South, and I-10. Improvements are being made on SH 288 and planning is occurring on I-45 North and US 290.

Just as important, Downtown is the center of Houston's transit network, and as a result employees have access to a variety of commuting options, including light rail, busses, vanpools and carpools. A large number of Metro's routes come Downtown, making it possible for anyone to use Houston's bus and rail systems and avoid the hassles of driving to and from work. In addition, almost all Park and Ride buses serve Downtown. Whether employees are driving alone to work every day (about half do), taking the Park and Ride from the suburbs (29 percent), riding local buses or light rail (8 percent), carpooling (11 percent), bicycling or walking, employees from all parts of the region can reach Downtown with or without a car. Important to employers is that this access to transit further eliminates the need for one parking space per employee.

The Metropolitan Transit Authority (METRO) has expanded the original 7.5-mile light rail line (Red Line) that connects Downtown to the Museum District, Texas Medical Center and NRG Park. The 5.3-mile North Line extends the existing Red Line northward starting at the University of Houston-Downtown campus, along North Main to Boundary where it crosses over to Fulton and continues northward to the Northline Transit Center and Northline Commons Mall. With an average weekday ridership of 43,900 and total annual ridership of over 11.3 million,

METRORAIL RANKS AS THE SECOND MOST-TRAVELLED LIGHT RAIL SYSTEM IN THE SOUTHERN UNITED STATES AND THE 12TH MOST-TRAVELED LIGHT RAIL SYSTEM IN THE UNITED STATES.





Two new lines will open in May 2015: the Green Line and Purple Line will provide needed connectivity to and from Downtown to the area east including large residential populations and both the University of Houston- Main campus and Texas Southern University.

Downtown is also leading the way in alternative modes of transportation with new programs such as Houston B-cycle, Zipcar and Greenlink. Houston B-cycle is a public bicycle sharing system that has 28 citywide stations, with 12 stations located Downtown. B-cycles are used for short trips in and around Downtown Houston and surrounding urban areas. Zipcars are shared automobiles; there are eight locations in Downtown Houston and many more across the city and even the country. Greenlink is a free shuttle through a partnership between the Downtown District, BG Group and Houston First Corporation; the Downtown community can utilize the environmentally friendly buses to get to popular Downtown locations quickly. Seven buses operate Monday through Friday, 6:30 a.m. to 6:30 p.m., approximately 7-10 minutes apart. The route spans 2.5-miles with 18 stops and

connects major office buildings along Smith and Louisiana streets to METRO transit, the convention corridor, hotels, restaurants, shopping and entertainment. Popular Downtown destinations along the route include the George R. Brown Convention Center, Main Street Square, Discovery Green, GreenStreet, Phoenicia Specialty Foods, City Hall and the Central Library. The Greenlink route moves down Dallas Street through Main with two stops in close proximity to the 1111 Main property.

MAJOR EVENTS

Downtown has always been the host of Houston's signature festivals and civic celebrations. Citywide events such as the Thanksgiving Day Parade, Freedom Over Texas 4th of July Celebration, Houston Livestock Show & Rodeo Parade, International Festival, Art Car Parade, Free Press Summer-Fest, the Houston Marathon and many more, draw millions of visitors annually.

According to a 2014 study by Jeff Green Partners, there is significant retail sales potential in the Downtown Houston market now and well into the future.

This potential comes from three distinct demand components: Trade Area Residents; Office Workers; and Tourists/Visitors/Hotel Guests. Downtown Houston has grown, and continues to grow significantly in population across all of these consumer components. The Jeff Green Partners study (Attachment B) concluded that Downtown Houston offers a total of **\$10 billion of traditional retail and restaurant potential.**



For most retailers, the total residential trade area will provide 40 to 45 percent of the total sales. The daytime worker base will account for 25% to 30% of sales, the Downtown Houston tourist 20 to 25 percent of sales, with the remaining sales (5 to 10 percent) derived from those residents traveling from outside the residential trade area.

The current population estimate within three miles of Downtown is approximately 174,483 persons, which represents an increase of 4.5 percent since 2000. This base is projected to increase 5.4 percent to 183,824 by 2019. Within the residential trade area defined by Jeff Green Partners, the current population level is an estimated 374,690 persons, which is projected to grow 5.5 percent to 395,330 by 2019.

Incomes throughout the residential trade area are strong. The average household income reported for the defined trade area is \$90,346, this compares to an average household income in the city of Houston of \$67,536. In the defined trade area, nearly 38 percent of the households report incomes of \$75,000 or higher, followed by an additional 14 percent reporting household incomes between \$50,000 and \$74,999.



Based on the defined residential trade area, the total current year residential retail sales potential is \$5.7 billion.

Retail in the Downtown Houston area would serve a base of 33,492 employees within a quarter-mile radius, growing to 176,636 within one-half mile and 215,185 within a one-mile radius of the Downtown Shopping District. Using the average expenditures per worker reported by the International Council of Shopping Centers (ICSC) in their March 2012 report Office Retail Spending in a Digital Age total current year retail sales potential generated by the daytime employment base is projected to be \$957 million.

Based on data provided by the Greater Houston Convention and Visitors Bureau (GHCVB), tourism supported 117,000 jobs in Houston in 2011 and generated \$15.5 billion for the local economy (up 11 percent from 2010). Houston's visitation in 2012 dipped below 2011, but remained 5 percent above 2010, a better performance than either Texas or the U.S. Four out of five (81 percent) leisure visitors spend the night, similar to 2011.

Specific to Downtown there are 11.6 million visitors to

cultural, entertainment, sports and convention center venues and events annually. According to the GHCVB, visitors to Houston spend an average of \$514 per traveling party. Overnight leisure visitors spend an average of \$517 with day trip visitors spending an average of \$152. Business travelers spend 45 percent more than leisure travelers and non-Texas travelers spend double that of non-Houston Texas residents. The report from Jeff Green Partners estimates total current year retail sales potential generated by the tourist/hotel visitor population to be \$3.2 billion.

There are approximately 75,000 garage parking spaces, 23,000 surface lot spaces and 4,400 on-street parking spaces in Downtown.

Per the data, Downtown Houston has the opportunity to be developed into a specialty urban/lifestyle retail destination. This retail format would serve not only the residents in the defined trade areas, but also the close-in and substantial business population base as well as the tourist/visitor/hotel base.

A priority location for creating critical mass for the Shopping District has been identified as **1111 Main**, which is located at the northeast corner of Main and Dallas Streets, and the retail space(s) at **1010 Lamar**, which is located at the southwest corner of Fannin and Lamar Streets.

1111 Main was formerly the Sakowitz Department Store and was converted into a parking garage in 1998. The site is approximately 35,579 square feet. 1010 Lamar is a 19-story office building with 234,000 square feet of office space, 7,000 square feet of existing street level retail and 4,000 square feet of existing tunnel retail. Both buildings have access to the Downtown tunnel system. 1111 Main and the retail space(s) at 1010 Lamar are located at the center of Downtown with prime access to Downtown's dense office population and a growing residential population. In addition, the properties are a short walk from Downtown's "convention corridor," anchored by the George R. Brown Convention Center, as well as other traffic generators such as Minute Maid Park, Toyota Center and Discovery Green. The property has direct access to multiple public transportation options including a stop for the Metro light rail Red Line located on its block of Main Street.

The subject site is **linked to the underground tunnel and**

skybridge system that links it to 57 office buildings and 46 parking garages.

1111 Main and the retail space(s) at 1010 Lamar are **adjacent to GreenStreet**, which is comprised of three city blocks and anchored by major tenants Forever XXI, BCBG MAXAZRIA, House of Blues, Lucky Strike Bowling, Pete's Dueling Piano Bar, Ill Forks Steakhouse, McCormick & Schmicks and Guadalajara del Centro. In addition, GreenStreet's owner/developer Midway, has begun construction on a 225-key luxury hotel, Hotel Alessandra, with a fourth quarter 2016 opening date, located directly across Dallas Street on the block to the south.

Other surrounding development includes new construction of a 23-story 475,000 square foot office tower on the block directly west of 1111 Main, multiple residential projects under construction within a few blocks of the property and the recently completed hotels, SpringHill Suites and JW Marriott.

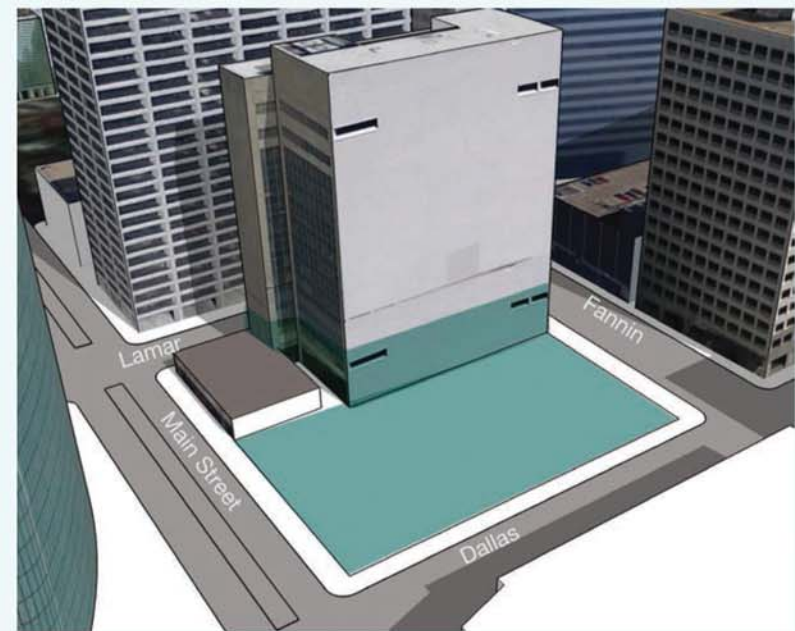
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- 1 Site detail
- 2 Existing site perspective
- 3 Site potential perspective

PROJECT PROGRAM REQUIREMENTS

The primary objective of this process is to create a successful mixed-use project that includes signature retail with residential or hotel along with parking by the redevelopment of 1111 Main and the retail space(s) at 1010 Lamar. Please note that the existing 19-story office tower has a windowless façade which faces the 1111 development site, making it suitable for a high image, multi-unit residential or hotel opportunity.

The Authority will accept Qualifications for the redevelopment of 1111 Main and the retail space(s) at 1010 Lamar with the following minimum requirements:

- i. Demolition of the existing Garage Facility portion of the Site and the construction of a replacement building (the "**Replacement Building**") where the Garage Facility was formerly located;
- ii. Development of approximately 90,000 square feet of retail, including substantially all of the ground and second floors of both the Replacement Building and the Office Building, including basement with tunnel access, with at least 85 percent of which must be suitable for soft goods retail;
- iii. Window transparency of at least 85 percent and pedestrian access on both the Main Street side and Dallas Street side of the Replacement Building;
- iv. At least 100 public parking spaces available to support the retail at the Replacement Building and the retail on the ground and second floor of the Office Building at prices no greater than retail parking rates in the market.
- v. Provide at the parking facility to be located within or under the Replacement Building for at least 487 parking spaces available at market parking rates, and/or at rates agreed to in lease agreements, as needed by office tenants at 1010 Lamar and available for use by the project's retail customers during non-office use—weekends, nights, and holidays.
- vi. Plan for signage and branding of the retail and public parking portion of the site;
- vii. Residential or hotel development over the retail and parking facility at the Replacement Building;
- viii. Conversion of the two lower levels of the Office Building into retail space connected to the new Replacement Building retail space. The lower levels will consist of the ground/street level with tunnel access and the level directly above it;
- ix. Interim Parking Agreement to run from the closing of the Garage Facility to the opening of the new parking;

- x. Long Term Parking Agreement for use of a portion of the parking facilities to be located in the Replacement Building for the current tenants and future tenants of the Office Building. The rate and term shall be agreed to by Seller and Developer. The Long Term Parking Agreement must be in a form approved by City to satisfy all City requirements for issuance of occupancy permits for Office Building; and
- xi. Sale of Garage Facility. Seller's agreement to sell the Garage Facility shall be subject to Seller's final approval of each of the following:
 - 1. Economics of the deal agreed to by the seller.
 - 2. The demolition of the Garage Facility and construction of the Replacement Building shall be subject to a performance and completion bond insuring completion of the Replacement Building satisfactory to the Seller.
 - 3. The Development Plans and financing for the project must be approved by all required governmental authorities and the Seller.
 - 4. The timeline for commencement and completion of construction shall be approved by parties to this Agreement and Developer.
 - 5. All material terms of a Contract of Sale for the sale of the Garage Facility must be agreed to by the Seller and Developer.
 - 6. Seller shall be entitled to easements over, across and through the Replacement Building to access parking facility within the Replacement Building.

(1) SELECTION PROCESS & EVALUATION OF CRITERIA

The Authority will solicit qualifications from the interested teams. The qualifications will be reviewed by a seven member committee consisting of the Chief Development Officer of the City of Houston, the Chairman of the Authority, the President of the Houston Downtown Management District, the existing property owner, and three volunteers from the business community with expertise in real estate and retail development.

Upon receipt and review of the submittals, one or more teams may be invited to enter into negotiations with the property owner based on those respondents that provide the most benefit to the overall goals of the retail task force and are approved for advancement by the committee (based on a majority vote). The project(s) advanced by the committee will be given a 180 day exclusive negotiating period. The Seller shall have sole right to accept or reject any or all proposals based on price and/or terms. Public sector incentives may be available for the project, but public incentives will only be available in

the event that the Chief Development Officer and the Authority board approve redevelopment plans and any incentive offered.

Respondents will be evaluated on the following criteria:

- Developer's relevant experience, qualifications, capabilities, financial strength, and past performance with privately financed projects.
- Concept/approach for the retail development and strength of track record in securing premier national retail tenants, and/or residential/hotel development expertise.
- Qualifications of the design team and success with similar projects.
- The design quality of the project.
- The degree to which project adds additional residential and/or hotel development to support the retail.
- The degree to which project enhances the connection of the retail development to the tunnel system.
- Program outline for retail, residential/hotel, and office parking at competitive rates.
- Plans to mitigate any adverse impact to the existing office tenants during construction.

(2) SCHEDULE

The schedule for this RFQ is as follows:

Issue of RFQ	March 27, 2015
Pre-qualification submission conference	April 15, 2015
Deadline for receipt of questions	April 25, 2015
Deadline for RFQ submittals	May 26 , 2015
Committee Review	June 8, 2015
Recommended short-list	June 9, 2015
Deadline for follow up submissions	July 10, 2015
End of exclusive negotiation period	January 15, 2016
Executed sale/joint venture	February 15, 2016

(3) DESIRED SUBMITTAL TEAM MEMBERS

The Authority is seeking developer and design team members only at this time. Developers may include construction firms on their team, but this is not required.

(4) SUBMITTAL REQUIREMENTS

All submissions must include:

- Executive summary-Summarize the project concepts, market approach and how the project meets the development objectives of the Authority;
- Visual exhibits including diagrams and/or renderings communicating the vision for the site;
- Company information including company history, years in business, company financial capabilities, relevant experience with similar projects; and team's key personnel experience and qualifications;
- Offering price and approach to financing;
- Requested role of the Public Sector.

Project teams short-listed will be given the opportunity to enter into negotiations with the owner of the property. All teams short-listed will be required to provide and will be evaluated on the following:

- Detailed site plan, elevations and renderings of the project;
- Project schedule;
- Leasing plan for the retail component;
- Plan for operation of the hotel/residential component;
- Development cash flows (revenues, expenses, capital, etc.), with a summary of significant assumptions, demonstrating financial viability;
- Terms for purchasing or leasing the land;
- Financing plan for the project;
- MWBE participation opportunities.

(5) CONTACT PERSON

The contact person for this RFQ is Ryan Leach, Executive Director of the Authority, who may be reached by phone at **713.752.0827 ext.107**; or by email at **rleach@downtowntirz.com**.

Interested parties should email their contact information to Mr. Leach no later than April 13, 2015 to ensure receipt of any addendum to this RFQ. In addition, a copy of the RFQ and any and addenda can be downloaded at **www.downtowntirz.com/programsapplications**.

Mr. Leach is authorized to have oral communications with prospective Proposers relative to matters of process or procedures only. Requests for additional information or clarification must be made in writing to rleach@downtowntirz.com or via fax at 713.650.1484. Replies to inquiries and additional information or amendments deemed necessary will be issued in written addenda that will be issued to all persons that have indicated an interest in being a Proposer prior to the deadline for responding to the RFQ.

(6) PRE-SUBMITTAL MEETING

A pre-submittal meeting will be held on Wednesday, April 15, 2015 at 3:00 p.m. CST at the Authority's offices located at the following address:

2 Houston Center
909 Fannin, Suite 1650
Houston, Texas 77010

In person attendance is encouraged, but is not mandatory. For those that cannot attend in person, they may contact Aide Meza at **ameza@downtowntirz.com** for the teleconference information.

(7) SUBMITTAL LOCATION AND TIME

One (1) original and (7) seven copies, plus one copy on CD, of the Proposers' responses must be submitted by May 26, 2015 at 5:00 p.m. CST to the following address:

Ryan Leach
Downtown Redevelopment Authority
2 Houston Center
909 Fannin, Suite 1650
Houston, Texas 77010

(8) DISCLOSURE AND DISCLAIMER

The Authority reserves the right to reject any or all responses to the RFQ, to advertise for new RFQ responses, or to accept any RFQ response deemed to be in the best interest of the Authority.

A response to this RFQ should not be construed as a contract nor indicate a commitment of any kind. The RFQ does not commit the Authority to pay for costs incurred in the submission of a response to the RFQ or for any costs incurred prior to the execution of a final contract.

The role of the Authority is that of facilitator, ultimately, the property owner has final control over the property and whether or not a transaction is concluded. The Authority makes no guarantees regarding the subject property or its suitability for development.

Attachments:

- A. Mayor's Retail Task Force Report**
- B. Jeff Green Partners, Market Analysis Report for Proposed Traditional Retail in Downtown Houston, Texas**
- C. Downtown Development Map**
- D. Dallas & Main Street Improvement Projects**
- E. Houston Economy at a Glance/Greater Houston Partnership**



CONTACT:
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