



ClarkVentures

June 3, 2005

Ms. Lonnelle Robinson, CPPB
Contract Administrator
Department of Purchasing and Supply Management
12000 Government Center Parkway, Suite 427
Fairfax, Virginia 22205

Re: Request for Expression of Interest
RFI05-791627-16
Public and/or Private Agreement for the Adaptive Reuse of the Former
Reformatory and Penitentiary Area of Laurel Hill

Dear Ms. Robinson:

The purpose of this report is to express Clark Real Estate Advisors' (Clark Advisors) and Clark Ventures' interest in working in partnership with Fairfax County to adaptively reuse the former Reformatory and Penitentiary Area of Laurel Hill.

Clark Advisors and Clark Ventures are currently involved in a successful public-private partnership with Fairfax County to deliver Laurel Hill's South County Secondary School, just steps from where this new development will take shape. By working together, this school project is scheduled for delivery three years earlier than initially planned, 30% below the budget, and with the benefit of leveraging private sector funds. Through this example and the others which will be presented in the body of this response, we hope you agree that our capabilities for implementing private-public partnerships have been tested and proven successful not only in delivering projects on schedule and under budget but demonstrate our innovative and creative thinking to structure and deliver a successful project. Clark and Fairfax County can continue to build our successful collaboration by partnering on the implementation of the vision for Laurel Hill.

Please contact us with any questions or comments regarding this response. Should you wish to further discuss development options as you consider the preparation of the RFP, we would be pleased to speak with you directly. We thank you for your consideration of our team for this project.

Sincerely,

S. Michael Vardell
Clark Real Estate Advisors

Claudia Meer
Clark Ventures

Table of Contents

SECTION

- 1 Identification of the Development Entity
- 2 Contact Person and Contact Information
- 3 Previous Development Experience
- 4 Vision of the Concept in Sufficient Detail to Respond to the Development Guidelines
- 5 Proposed Project Management and Team
- 6 Why Clark Ventures is Interested in the Laurel Hill Redevelopment
- 7 Request for Proposal Preparation Estimation
- 8 Request for Proposal Preparation Relative to the Public-Private Education Facilities and Infrastructure Act of 2002 Process

1 Identification of the Development Entity

Our firm will create a sole purpose development entity composed of representatives of the following two groups:

Clark Real Estate Advisors (Clark Advisors) brings over 30 years of extensive real estate development experience for the benefit of its clients to minimize the burden on management resources and manage risk in the development process while optimizing functionality, aesthetics, cost, flexibility and accountability. Clark Advisors' development experience is broadly diversified by product type and size, geographic location, client objectives and services provided. Their approach to development is founded in common sense analysis, infused with imagination and managed with attention to detail. Representatives of Clark Advisors have been developing the South County Secondary School.

Clark Ventures has considerable experience structuring corporate, real estate and public sector financings and projects, including project financings and revenue bond structures that are relevant to this project. Clark Ventures' experience in working with both tax-exempt and for-profit clients in developing creative solutions to accelerate their infrastructure needs utilizing alternative financing options will prove beneficial in minimizing the impact of the project on the County's budget and tax payers. Clark Ventures structured the transaction that accelerated the development of South County Secondary School, the senior housing facility and the Municipal Golf Course.

2 Contact Person and Contact Information:

Clark Ventures

Claudia Meer, Vice President
7500 Old Georgetown Road
Bethesda, MD 20814
Phone: 301-272-8444
Fax: 301-272-1912
Email: claudia.meer@clarkventures.com

3 Previous Development Experience

Clark Advisors and Clark Ventures are currently involved in more than \$350 Million of public-private partnership projects for state and local governments in the Metro Washington area. In Virginia, these projects include the develop/design/build/finance of South County High School (renamed South County Secondary School) in Fairfax, a \$200 Million develop/design/build/finance for the construction of six interchanges on Route 28 in Virginia, and a develop/design/build middle school project for the City of Falls Church.

Clark Advisors has developed over 7 million square feet of real estate representing investments in excess of \$750 million, including office, retail, hotel, industrial, institutional, educational and residential projects. Especially relevant to the adaptive reuse of Laurel Hill, Clark Advisors has managed the master planning, market feasibility analysis and rezoning of over 500 acres in nine major developments ranging from 20 to 100 acres. Clark Advisors and Clark Ventures have assembled numerous multi-faceted development teams, tailored to the specific needs of the projects, drawing upon our broad relationships nationwide and locally.

The Clark organization has substantial experience in residential development, retail development and historic renovations:

- Clark has delivered over 5,000 apartment units in metropolitan Washington, DC. Further, Clark is currently under six separate contracts with the Corp of Engineers for development of over 11,000 military housing units to be developed in 13 projects at eight military installations across the United States.
- Clark Advisors' retail development experience includes the development of a retail center in Rockville, Maryland and the establishment of a restaurant park in Centreville, Virginia. Clark has constructed tenant fit-outs for a variety of retail operations throughout the region, including restaurants, entertainment venues and shopping malls such as Dulles Town Center. In addition, a Clark Ventures led team has been awarded the sole right to negotiate a mixed use project with the City of College Park, Maryland to create a downtown area that will include residential condominiums, retail, office condominiums, a new City Hall and a municipal parking garage.
- Clark has extensive experience in historical restoration, having completed over 43 restoration projects, collectively worth over \$1 billion. We understand the unique challenges posed by restoring and protecting the historic fabric of landmark buildings while at the same time modernizing the building for practical use. Local examples of such experience include the renovation of the Willard Intercontinental Hotel, the Omni Shoreham Hotel and the Warner Theatre.

Our relevant experience enables Clark to bring extensive capabilities to benefit Fairfax County including:

- Determining the feasibility of residential, retail, office and educational uses within a mixed-use development;
- Managing the process of transforming a strategic plan and program into a flexible, phased implementation plan;
- Securing complex, difficult zonings with multiple uses within a single property;
- Providing turnkey develop/design/build/finance solutions and public-private partnerships to solve real estate needs; and
- Creating financing structures to support the delivery of capital projects where the returns are not suited for the typical speculative development partner.

4 Vision of the Concept in Sufficient Detail to Respond to the Development Guidelines

Clark has reviewed the development guidelines crafted by the Laurel Hill Adaptive Reuse Citizen Advisory Task Force which were approved by the Board of Supervisors in December 2004. We are generally in agreement with the basic development principles that the Task Force suggested including the need for a coordinated development effort at the Penitentiary and the Reformatory areas as well as the overall vision of a mixed-use development centered on a Main Street concept. Clark also recognizes the importance of ensuring that the design be sensitive to the historic nature of the site.

Our goal is to ensure Laurel Hill's traditional Main Street becomes the vibrant and successful hub for this community.

From a land use perspective, we believe the Reformatory could be adapted for retail and residential uses including both market rate and magnet housing. The Task Force's recommendations call for 50 to 125 loft apartments and 40,000 to 60,000 feet of retail space. While potentially economically feasible, we believe the more compelling program for the community will include an increased retail

(and potentially residential or office) component. Ultimately, our goal is to ensure Laurel Hill's traditional Main Street becomes the vibrant and successful hub for this community.

In terms of the Penitentiary use, we again concur with the Task Force's recommendation to target education related uses, supporting office and research facilities and other uses. The Task Force suggested the size of this portion of the project should range from 50,000 to 125,000 square feet. Clark would engage potential partners in discussions leveraging on some of the initial work done by the Task Force. Since Clark has delivered more than 60 educational projects over the past ten years totaling more than \$1.2 billion in project value, we are uniquely suited to evaluate and implement the best and highest educational use for the County.

One critical area of focus for our team will be to evaluate the various components of the project timeline to deliver the vision as quickly as possible. This need for expediency is never more pressing than today with the specter of rising interest rates as well as already rising material and labor costs in the construction market. Of particular interest will be the zoning, comprehensive plan and Memorandum of Agreement amendment processes.

Furthermore, as recognized by the Task Force, the economics and pro forma for this project may be negatively impacted by the level of historic preservation work as well as the relatively low level of recommended density. If necessary, we may suggest re-evaluating these constraints as we further define the proposal to ensure the overall viability of the project. Before the publication of the RFP, we would like to engage with the County in a conversation about these constraints to maximize private partner engagement within the overall vision for Laurel Hill as articulated by the Task Force. To the degree the economics support it, Clark will also look to enable additional value-added programming for the Laurel Hill community including needed road improvements in the area and assistance in developing the Lorton Arts Foundation project. Since Clark has the capability to build almost any type of capital asset (e.g. schools, roads, buildings), we will deploy our efforts to create the most value possible for the Community in totality.

5 Proposed Project Management and Team

Clark would serve as the single point of accountability to the Laurel Hill Adaptive Reuse project for the day-to-day management of master planning, developing, designing, obtaining zoning, permits and other approvals, constructing and financing the project. This will minimize the burden on County staff, while also allowing you oversight on key issues during the design, financing, construction and turnover of the project.

Our management approach will minimize the day-to-day burden on county staff.

The project will be managed against a master budget and schedule so that potential problems are identified and addressed before they become impediments to the successful completion of the project. Various team members will have responsibility and accountability for specific areas of the work, both functionally and physically to provide a high level of involvement and understanding of the critical issues within those areas. Clark will provide you with monthly project status reports that document recent activities and critical issues, and provide a projection of future work along with a financial status of the project.

Clark will conduct regular process meetings with team members, including representatives from the County staff, to allow for their input and to keep them well informed of the project's progress. We will provide advance notification to the appropriate representatives of any actions needed on behalf of the County to facilitate successful completion of the project.

As Clark engages in the detailed concept development stage, we will select the appropriate partners to complement our skill sets. We have extensive experience with numerous consultants that might be used for the project. Some potential partners for this project include site planners,

architects for residential, retail and educational facilities, and historic preservation and land use consultants.

While our determination of the most appropriate partners for our team is on-going and will be subject to the Counties final RFP, Clark has begun assembling a team for the Laurel Hill Adaptive Reuse project to address the early issues of master planning, land use and market feasibility.

6 Why Clark is Interested in the Laurel Hill Redevelopment

The Clark Companies have a long standing commitment to Fairfax County and specifically to the Laurel Hill community. This investment is evidence by our work on the South County Secondary School project since 2001, several years before ground breaking of the school. We took an active role in this project's development viewing it as a true collaborative effort with the County, School system, and the community. In the process of structuring and ultimately delivering this project, Clark has become part of the Laurel Hill community. We closely follow the issues and needs of that area and feel that this project is a natural outgrowth of the work we have already started. Since we have the ability to develop and build almost any capital asset, we are interested in creating the most compelling and valuable development for the people of Laurel Hill and the broader Fairfax County community.

7 Request for Proposal Preparation Estimation

Based on our experience with comparable Request for Proposals, we believe it would be reasonable for the County to allow for three months for a conceptual proposal preparation. Although some work can be done in advance of the RFP, in order to ensure we are properly responsive the County's request, there is a significant amount of work that cannot commence until the RFP has been issued.

As part of the proposal, we are anticipating providing the following:

- full team description including proposed project managers,
- detailed vision of the redevelopment plan,
- preliminary design concepts,
- pro forma financial estimates,
- financing plan, and
- schedules.

8 Request for Proposal Preparation Relative to the Public-Private Education Facilities and Infrastructure Act of 2002

Clark also has experience submitting proposals under the PPEA legislation. The preparation of a response under the PPEA versus a traditional RFP process is relatively comparable. The PPEA process allows for competition while enabling the private sector to be the catalyst for movement of a project versus the County spending time assembling an RFP. Additionally, the PPEA allows for a fully turnkey project proposal including alternative funding plans.