B EPS Memorandum

DRAFT MEMORANDUM

To: Mr. Alan Ashimine, RBF

From: Darin Smith and Andrew Kaplan

Subject: Response to Comments on Lincoln Plan DEIR; EPS #144021

Date: December 16, 2014

The Economics of Land Use

Economic & Planning Systems, Inc. (EPS) has been preparing several analyses regarding the feasibility of reusing existing buildings in the "Lincoln Plan" to redevelop the former Nelles Youth Correctional Facility in Whittier, California. The Draft Environmental Impact Report (DEIR) for the project has been circulated and comments have been received from many third parties. Several of those comments have posed questions regarding EPS's analysis contained in the technical appendices of the DEIR. At the request of RBF Consulting, the lead consultants who prepared the DEIR on behalf of the City of Whittier, EPS is responding to a number of the comments received during the circulation of the DEIR. For reference, we are responding to the email correspondence submitted by Mr. Fred Kerz on November 26, 2014, as well as the letter submitted by Mr. Ted Snyder, President of the Whittier Conservancy, on November 29, 2014. This memorandum will be included as a technical appendix as part of the Final EIR.

In addition, EPS also prepared a supplemental Addendum that will also be included as a technical appendix to the Final EIR ("*Addendum: Reuse Feasibility Study, Nelles Correctional Facility Redevelopment*" dated December 15, 2014). This memorandum will cite the original "EPS Report" (from August 2014, included in the DEIR) as well the new EPS "Addendum Report" where appropriate.

Further, the resumes of Mr. Smith and Mr. Kaplan, as well as EPS' Company CV are attached hereto as Exhibit "A." As demonstrated, the firm of EPS and Messrs. Smith and Kaplan has extensive experience in the fields of economic analysis and public and private sector real estate transactions.

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Comment category #1: Analysis of reduced land sale proceeds due to retention of the historic buildings

(This response pertains to the comments cited by RBF as #8-7, 8-8, 8-9, 8-11, 8-15, 8-17, 9-13, and 9-15).

In the EPS Report and Addendum Report, EPS estimates the amount of land that is programmed for new development in the Lincoln Plan, but would be unavailable for such development if the existing buildings are retained. As stated in the EPS reports, with the exception of the buildings proposed for retention in the Lincoln Plan (the Administration Building and the Superintendent's Residence) and the Chapel (located in an area planned for a park), each other building's retention would result in a reduction of revenue-generating land generally equivalent to the retained building's footprint, parking, and set-back requirements. EPS therefore reduces the amount of land sale revenues according to the amount of land that would no longer be available for sale.

Mr. Kerz and Mr. Snyder both state that this calculation is conceptually misguided, as it does not account for the fact that the retained buildings themselves will have value that can augment the revenues to the developer. Mr. Snyder's letter states "We contend that projected profits from the sale of finished pads on the so-called 'lost-land' need to be measured against the values identified in the subsidy analysis for the same land if historic resources are rehabilitated and retained."

This is precisely what the EPS analysis already does. The EPS methodology does indeed account for the "gross" value of the retained buildings under several different reuse scenarios, and then compares those building values to the costs of renovation to determine their "net" value to the project. The study shows a reduction in land sale proceeds for any land that is no longer available for sale, as well as the net cost or net value of the retained building. To assume, as is suggested by Mr. Kerz and Mr. Snyder, that the underlying land value is retained or is the same (or greater) for an adaptive reuse as it would be for new development is to ignore the fact that (i) the developer would have less land available to sell for new development and (ii) the documented expectation, in the EPS Report and Addendum Report, that adaptive reuse of these particular buildings requires a subsidy rather than generating net proceeds to the project.

Mr. Snyder's letter goes on to say, "If the market value of the retained Gymnasium, Maintenance Garage, Auditorium and Infirmary . . . are compared to the values potentially obtainable through the sale of finished pads, then the retention and sale of the historic resources actually result in an increased value of $1,892,290, not a loss of $6,296,500 as the impact analysis contends." As stated above, the EPS analysis does indeed account for the gross value of these four buildings as a revenue source to the project, but subtracts from that gross value the costs of building rehabilitation, and represents the difference as the net value to the project (in each case, resulting in a "re-use subsidy" summarized on Table 2 of the EPS Report and updated in Table 2 of the Addendum Report). Mr. Snyder's math seems to compare the "gross" value of the four buildings after rehabilitation ($7.6 million) to the value of the land no longer developable for new uses ($5.7 million), rather than comparing the "net" value of the buildings after incorporating the cost of their rehabilitation. Mr. Snyder's math therefore assumes that there is no cost to rehabilitate those structures, which is clearly not the case.

Mr. Kerz raises the question of just how much developable land is estimated to be lost if the buildings are retained, as he believes there is contradictory information in the DEIR. Page 6 of the EPS Report states "if the six remaining historic structures are re-used, the revenue-generating developable acreage will be reduced by . . . roughly 5 percent of all developable land." The DEIR itself, on page 7-23, states that the size of the commercial buildings in Area 1 would be reduced by 30 percent under the "Reduced Density/Additional Historic Preservation Alternative." These are not equivalent ideas – one pertains to land acreage in the entire project, the other to building square footage in the commercial program, and they apply to different project scenarios – and there is no inherent contradiction between them.

Finally, Mr. Snyder states that there is an "internal contradiction" on page 21 of the EPS Report, because we state that "there may be no net reduction in the allowable retail square footage in the Lincoln Plan" if the Gymnasium is re-used for commercial purposes, yet we deduct the value of the land that might otherwise be developed for commercial purposes under the Gymnasium. This is not an internal contradiction. The fact that the retail *building* square footage does not change does not mean that the economics of the commercial component are unchanged. If the Gymnasium is not retained, the plan would have 12.9 acres of commercial land available for sale at market value, and the value of the buildings on that land is expected to exceed their construction costs, yielding positive "residual land values" that can be paid by the commercial developer to the land developer. If the Gymnasium is retained, that commercial land available for sale will be reduced by 0.6 acres, thus reducing the commercial land sale proceeds by an estimated $1,253,000 at an estimated value of $47 per land square foot. Then, the analysis estimates that the retention of the Gymnasium building for restaurant uses will have a net cost of $1.8 to $2.6 million (because the rehab costs exceed the building's finished value) rather than generating net "residual land values" revenues to the developer. Thus, there is no "internal contradiction" and the feasibility study must and does take into consideration the combined cost impacts on project revenues as part of the overall feasibility analysis.

Comment Category #2 – Restored buildings will have equal or greater financial value than new buildings

(This response pertains to the comments cited by RBF as #8-7, 8-8, 8-15, 9-13, and 9-14)

Mr. Kerz asserts that "restored buildings will generate equal to or greater revenue than the newer buildings with less character and detail if they are all restored as retail or restaurant spaces." This assertion is not supported by any evidence offered by Mr. Kerz, and is contradictory to EPS's findings and those of Gruen Gruen + Associates in 2011. The EPS Report includes data showing that the costs of construction for rehabilitation are greater than the costs of new construction for all uses evaluated, including retail and restaurants. While there may be examples in the City and in other jurisdictions of businesses successfully operating in rehabilitated historic structures, it is certainly not obvious that a retail or restaurant use in a restored building would be willing or able to pay higher rents than one located in a new building, as the ability to pay rent is driven by gross receipts and other operating costs that may or may not be improved in a renovated building with greater "character and detail." In EPS's opinion, factors such as visibility, accessibility, suitability of space for a given tenant's operation, and above all, market competition and demand arguably are far more important than the "character and detail" of a particular building. As demonstrated by both the MACK5 and Spectra cost analysis, the historic buildings on site would require millions of dollars to re-habilitate, and even then (post-restoration) the buildings may not be consistent with the physical needs or desires of potential national and regional tenants.

Mr. Snyder's letter states that "if some of the historic resources are grouped . . . and used in ways that complement each other and the project as a whole, then the negative fiscal impacts predicted in these analyses are mitigated or eliminated." This assertion too is offered without any evidence, other than the anecdotal assertion that certain other historic structures in Southern California have been successfully reused for commercial purposes. While EPS does not doubt that a close cluster of older buildings may be preferable to having them spread out, that is not the existing case here and the financial analysis prepared by Spectra and EPS indicates that relocating buildings, even on-site, is considerably more costly than restoring them in place. Moreover, we have aimed to use market rents that represent achievable values in an attractive and functional configuration of buildings rather than discounts associated with poor configurations.

Comment category #3 – The need for a peer review

(This response pertains to the comments cited by RBF as #9-10, 9-11, and 9-14)

Mr. Snyder's letter states several times that a peer review of EPS's Feasibility Study would be appropriate. We agree and understand that the City has commissioned a peer review study by another land use economics firm, and that peer-review is being completed.

Comment category #4 – The source of the "lost land" estimates

(This response pertains to the comments cited by RBF as #8-7, 8-15, and 9-10)

Both Mr. Kerz and Mr. Snyder indicate that they would like to see the "study" conducted by the Galloway Group detailing the amount of land that would no longer be developable for new uses as a result of the retention of each building. The Galloway "study" was a mocked up site plan to illustrate the impacts of additional on-site rehabilitation and re-use. EPS used the land areas provided in the Galloway site plan, except that Galloway did not provide a land area estimate for the Gymnasium building. EPS assumed that the Gymnasium's reuse for restaurant space would reduce the sellable land area of the commercial program by 26,659 square feet, based on the overall commercial program's floor-area-ratio of 0.35. EPS understands that the Galloway site plan has been provided to the Conservancy and is attached hereto as Exhibit "B".

Comment category #5 – The appropriateness of the uses tested for the buildings

(This response pertains to the comments cited by RBF as #8-12, 8-14, and 9-13)

Both Mr. Kerz and Mr. Snyder suggest that uses other than those tested by EPS may yield more favorable financial results. Mr. Snyder states generally that "more care needs to be paid to identifying the best possible use for each structure." While it may be possible to explore the costs and revenues associated with myriad reuse options for each structure, EPS understands that the uses explored for each building were suggested and vetted by a combination of the developer, the Whittier Conservancy (Mr. Snyder's own organization), and the City of Whittier.

Mr. Kerz asserts that the Maintenance Building and the Auditorium would be more feasible if developed as retail or restaurant space than under the assumed assisted living facility and auditorium uses assumed in the feasibility study. Spectra did not provide costs for reusing these buildings as retail or restaurants, and the cost estimates would ideally represent the unique characteristics of each building as it must be modified for a specific use. However, as an initial indicator, EPS has reviewed the Spectra cost estimates for the Gymnasium building as restaurant space as a potential analog of the costs of reusing the Maintenance Building and Auditorium for restaurant uses, because the Gymnasium is of similar scale and has large, open interior areas rather than being subdivided into numerous rooms as in the other buildings. Table 10 of the EPS Report indicates that the Gymnasium's reuse as a restaurant would cost roughly $498 per square foot, if retained in its current position (rather than raised, re-graded, or relocated). By comparison, the estimated value of the restaurant use in the Gymnasium is $385 per square foot, resulting in a required subsidy of $48 per square foot (assuming tax credits are received) to $113 per square foot (without tax credits). If these figures from the Gymnasium analysis are reasonably representative of what costs would be incurred to reuse the Maintenance Building and/or Auditorium as restaurant uses (and EPS believes they are), the net costs to reuse those two buildings may be reduced, but they would still require substantial subsidies rather than generating positive net revenue for the overall project.

Comment category #6 – Potential plan changes to reduce costs

(This response pertains to the comment cited by RBF as #8-10)

Mr. Kerz states that "a good developer would . . . redesign the master plan to reduce the cost of the grading and keep all of the existing buildings at their current grade." This comment is not supported by any evidence offered by Mr. Kerz. EPS is not expert in grading engineering and offers no technical response to this comment, other than to say that in our experience it would be rare for a rational, profit-driven developer to create a site plan that includes higher costs than are deemed necessary if they believed the overall project value or financial returns could be optimized by using existing grading. Factors such as visibility and accessibility are affected by site grading, and can be critical to the success or failure of a commercial use.

Comment category #7 – Infeasibility of relocation costs

(This response pertains to the comment cited by RBF as #8-13)

Mr. Kerz states that "all numbers for relocating the existing historic buildings should be considered not feasible and removed from all "subsidy reuse analysis" and other tables. EPS agrees that no scenario involving either on-site or off-site relocation of existing buildings appeared to be feasible in terms of individual building economics. The cost of such relocation was provided by Spectra Corporation as part of a good-faith due diligence effort to explore all options, and included in the EPS study for the same reason. The summary tables of the overall impacts of the building reuse (Tables 2 and 24 of the EPS Report) include the relocation of only one building – the Assistant Superintendent's Residence – which is a woodframe building with relatively modest relocation costs and its onsite relocation would allow for a preferable circulation pattern, because it currently sits in the planned right-of-way to create a four-way intersection with Sorensen Avenue and Keith Drive.

Comment category #8 – State agreement with the proposed reuse plan

(This response pertains to the comment cited by RBF as #8-16)

Mr. Kerz states that the State of California's stipulation that only two buildings be retained as a condition of sale and land pricing was "an error by the state and should have required all 8 historic buildings to be saved." Mr. Kerz further asks if SHPO (the State's Historic Preservation Office) has commented on this error. EPS has no direct knowledge or participation in discussions between State agencies, but we do note that SHPO has submitted a comment letter to the DEIR.

Comment category #9 – Appropriate profit margins

(This response pertains to the comment cited by RBF as #9-15)

Mr. Snyder's letter states "nowhere in the document does it say what the applicant's actual expected revenues, costs or profit margin will be." Rather than providing an actual development pro forma for the entire project (which would require data that EPS did not have at the time of the EPS Report), EPS offered an explanation of how a reasonable profit margin may be inferred from market data on land values and the terms of the land sale deal with the State of California. EPS has recently been provided a pro forma summary by the developer, which has been included in an updated analysis attached here in the Addendum Report.

Mr. Snyder further states confusion regarding how the profit margin is calculated, asserting that profit margin is "typically defined (as) net profit as a percentage of revenues." EPS agrees that many developers discuss profit margin as a percentage of *revenues*, but in the interest of creating a closer analog with the Internal Rate of Return metric included in the land sale deal with the State, EPS has defined profit margin as a percentage of *costs* (i.e., investment) for this discussion. Tables 2 and 24 in the EPS Report show an estimated profit margin as a percentage of *revenues* (20 percent) and as a return on *costs* (25 percent). These are equivalent dollar values.

Mr. Snyder goes on to assert that the developer profit margin will in fact be greater than estimated in the feasibility study because "the EPS analysis is premised on the contention that profits for the project applicant end at the sale of finished pads, (though) divisions of the applicant corporation will be building and selling residences on those finished pads."

It is possible that affiliates of the developer will be purchasing pads on which to build and sell homes. However, in EPS's experience, it is standard in the development industry to achieve market-based values for all land transactions, even to related affiliates, rather than intentionally achieving lower profits in one "division" to boost profits in another. If the developer's land development division (as opposed to the homebuilding division) would optimize their profit by selling the finished pads at their maximum value to another unaffiliated homebuilding company, that is the choice that rational and typical development companies would make.

Comment category #10 – Cost of demolition

(This response pertains to the comment cited by RBF as #9-12)

Mr. Snyder's letter states, "We contend that the costs of demolishing historic buildings should be itemized and quantified as part of new construction estimates." EPS agrees that the Lincoln Plan, with its assumption that two buildings are retained, would result in demolition costs for the other six buildings, and that the avoidance of such costs should be accounted for in the feasibility analysis of each building's retention and reuse. That cost avoidance was not incorporated into the feasibility analysis submitted as part of the DEIR, but is incorporated into an updated analysis attached here (*Addendum: Reuse Feasibility Study, Nelles Correctional Facility Redevelopment).*

Comment category #11 – Project feasibility "tipping point"

(This response pertains to the comment cited by RBF as #9-10)

Mr. Snyder's letter states, "while the analysis is quick to conclude economic infeasibility if all historic buildings are preserved, it does not locate the tipping point between so-called 'feasibility' and 'infeasibility.' Where is it?"

In response to Mr. Snyder's request, EPS has produced a new analysis (the Addendum Report) that provides "scenario-by-scenario" insight into the cumulative impacts of individual buildings that may be combined as part of the preservation program. The analysis is provided separately as *Addendum: Reuse Feasibility Study, Nelles Correctional Facility Redevelopment (Supplemental Report).* As demonstrated, EPS's professional opinion is that the Lincoln Plan projects evinces numerous risks pertaining to entitlement, financing, development, and market that suggests an appropriate target threshold for financial feasibility (i.e., the so-called "go" or "no-go" threshold) would be a 20 percent return on costs. The Lincoln Plan, with retention of the Administration Building and Superintendent's Residence and demolition of the other six subject structures, approaches this feasibility target at an estimated 19.1 percent return. The retention of the Chapel and Assistant Superintendent's Residence, as required by the City in the DEIR, lowers the overall project returns to between 15 and 16 percent. The retention of any additional building is estimated to lower project returns still further, and are well below EPS's expectations for a feasible return threshold for this project, and would result in a "no go" decision by a typical developer.

EXHIBIT A:

EPS Statement of Qualifications

EPS FIRM OVERVIEW

Economic & Planning Systems, Inc. is a land economics consulting firm experienced in a wide spectrum of services related to real estate development, the financing of government services and public infrastructure, land use and conservation planning, and government organization. Since 1983 EPS has provided consulting services to hundreds of public and private sector clients in California and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys. EPS was founded on the principle that real estate development and land use-related public policy should be built upon a realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.

Cities and regions are complex and dynamic systems, subject to cycles of growth, stability, decline, and regeneration. Our work addresses the needs of places at all phases of their life cycle. As places grow, we are involved in planning and implementing the physical buildings, infrastructure, financial tools, and organizations that growth demands. As places mature, we are involved in sustaining the physical, financial, and political systems that allow people and businesses to operate efficiently while maintaining the qualities that first made the place successful. And as places evolve or decline, we are involved in restoring their vitality by finding new uses for old properties, new functions for declining districts, and new economic opportunities for growing cities and regions.

EPS's core services include the following:

- **Market Analysis** to identify and assess development opportunities through an understanding of local and regional supply and demand dynamics
- **Feasibility Analysis** to assess whether the economics of development (costs and revenues) are expected to yield competitive, risk-based financial returns
- **Property Valuations** using cash flow projections and residual land value analyses to establish reasonable expectations for the proceeds from land disposition and development or the reuse of existing structures
- **Community Benefits Analysis** to evaluate the trade-offs associated with various requirements or requests that new development provide affordable housing, parks, jobs programs, or similar benefits that can add costs and/or reduce revenues for the developer
- **Fiscal Impact Analysis** to project municipal revenues as well as service demands and costs associated with proposed development
- **Financing Strategies** for infrastructure, community benefits, and other development components that optimally utilize available tools and resources to yield a feasible project
- **Disposition and Development Strategies** to assess an organization's overall real estate portfolio and identify actions likely to yield positive financial and operational results

- **Developer or Tenant Solicitation**, including drafting of RFQs/RFPs, managing correspondence with interested parties, and evaluation of responses
- **Negotiation Support** to establish terms for the lease or sale of property, financing of improvements, and sharing of risks and financial rewards
- **Economic Development** and **Revitalization Strategies** to enhance job creation, revenue generation, and physical improvements in the community, and
- **Sector-Based Research** and **Strategies for Economic Development** to capitalize on an area's competitive advantages and to target and attract catalytic and complementary businesses.

Darin Smith

Managing Principal

Education

Master of City Planning, University of Pennsylvania, 1997.

Bachelor of Arts in Psychology, University of Pennsylvania, 1993.

Previous Employment

Real Estate and Urban Planning Consultant, ZHA, Inc., Annapolis MD (1997-2000)

Retail Site Selection Consultant, Pep Boys, Inc., Philadelphia, PA (1996-1997)

Honors and Awards

Text

Congress for the New Urbanism "Award of Excellence" 2001 – Robert Mueller Municipal Airport Reuse Plan, Austin TX

FTA/FHWA/APA "Transportation Planning Excellence Award" 2004 – Valley Metro Rail Station Development Opportunities and Strategies, Phoenix, AZ

California APA "Award of Merit for Planning Implementation" 2002 – Sonoma County Housing Element, Sonoma County, CA

California AIA and APA "Ahwahnee Award of Honor" 2002 – Hayward Cannery Area Design Plan

Panelist – Rail~Volution National Conference, 2007, 2008, 2010, 2012

Panelist – Urban Land Institute San Francisco Bay Area Transit-Oriented Development Opportunities, 2007, 2008, 2010

About

Darin Smith is a real estate economist with broad experience providing strategic advice to public and private clients on the economic and financial dimensions of land use and real estate development. He has particular expertise in complex, large scale urban reuse and redevelopment projects, and in the negotiation of public/private development and financing agreements. Darin has also helped numerous clients to evaluate and optimize opportunities for transit-oriented development, as well as creating strategies and policies to promote the creation of affordable housing.

Selected Project Management Experience

BART Joint Development Projects, Bay Area, CA

For the Bay Area Rapid Transit District, EPS provided market and feasibility analysis, land value estimations, review of developer qualifications and proposals, and negotiation support for business terms for public/private and public/public deals.

BART Real Estate Portfolio, Bay Area, CA

For BART, EPS and its subconsultants evaluated the market, regulatory, physical and political conditions affecting development opportunities at 49 stations, and is preparing an overall strategy for property retention or disposition to enhance BART's ridership and revenues.

Mueller Airport Reuse Plan and Negotiations, Austin, TX

For the City of Austin, EPS provided market and feasibility analysis for the reuse plan for the former Austin airport, and assisted in the solicitation and negotiation of a Master Development Agreement, including the creation of innovative financing strategies.

Naval Air Station Reuse Plan and Negotiations, Alameda, CA

For the City of Alameda, EPS provided market and feasibility analysis for the reuse plan for the former Navy base, and subsequently assisted in the negotiations between the City, the Navy, and a master developer.

Hunters Point Navy Shipyard Negotiations, San Francisco, CA

For Lennar, a private developer selected by the City of San Francisco to redevelop the former Navy shipyard, EPS provided market and financial analysis and strategic support during the successful negotiations of a Disposition and Development Agreement.

VTA Joint Development Negotiations, San Jose, CA

For the Santa Clara Valley Transportation Authority, EPS provided assistance in evaluating development proposals, recommending preferred developers, and negotiating business terms for development documents.

VTA Property Portfolio Analysis, Santa Clara County, CA

For the Santa Clara VTA, EPS assessed the market opportunities, financial feasibility, and projected revenues from development of the agency's dozens of property holdings.

SELECTED PROJECT MANAGEMENT EXPERIENCE (CONTINUED)

Land Use/Transportation Corridor Plan, San Mateo, CA
For the City of San Mateo, EPS conducted market and feasibility analysis and development programming for the redevelopment of transit-adjacent properties along El Camino Real. EPS also assisted the City in the negotiation of a Development Agreement with a proposing developer.

Seaholm Redevelopment Plan Negotiations, Austin, TX
For the City of Austin, EPS provided feasibility analysis, financial due diligence, financing strategies, and negotiation support for a master-planned public/private mixed-use redevelopment of a former City power plant property.

Saltillo District Master Plan, Austin, TX
For the City of Austin and Capital Metro, EPS provided market and feasibility analysis for the development of publicly owned property, as well as strategies to promote local economic development and address gentrification concerns.

East 11th/12th Street Revitalization Strategy, Austin, TX
For the City of Austin, EPS led a multidisciplinary team to assess market opportunities for catalytic development on publicly owned sites, identify infrastructure and regulatory issues, and build community and political support for public investment.

San Mateo Corporation Yard Redevelopment, San Mateo, CA
For the City of San Mateo, EPS evaluated the market demand and feasibility of developing a public property, and then assisted with the evaluation of developer proposals.

Hawaii Housing Corporation Development, Kapolei, HI
For the Hawaii Housing Finance and Development Corporation, EPS led a multidisciplinary team to prepare due diligence, prepare RFQ/RFP materials, evaluate developer qualifications and proposals, and negotiate with a selected partner for development on a public parcel.

Central Health Medical Campus, Austin, TX
For the Central Health district, EPS is part of a multidisciplinary team evaluating market opportunities, financial feasibility, and projected revenues from alternative reuse scenarios for a closing hospital campus.

Green Water Treatment Plant Redevelopment, Austin, TX
For the City of Austin, EPS provided feasibility analysis, financial due diligence, financing strategies, and negotiation support for a master-planned public/private mixed-use redevelopment of a former City water treatment plant property.

Denver RTD Ground Lease Negotiations, Denver, CO
For the Regional Transit District, EPS assisted in evaluating a developer's proposal for renewal, amendment, or buy-out of a ground lease for an existing downtown office tower.

Andrew Kaplan

Vice President

Education

Master of Real Estate Development, University of Southern California, Los Angeles, California, 2005

Master of Business Administration, Columbia Business School, New York, New York, 1999

Bachelor of Arts with Honors, History and Literature of Russia, Harvard College, Cambridge, Massachusetts, 1992

Previous Employment

Subcontractor with Allan D. Kotin & Associates (ADK&A), (2010-2011)

Project Developer, Forest City Enterprises, Los Angeles, CA (2005-2009)

Consultant, Media and Entertainment Strategy, IBM Global Business Services (formerly PricewaterhouseCoopers Consulting) (1999-2003)

Associate Consultant, GeoPartners Research, Inc. (1994-1997)

Writer, Frommers Eastern Europe on $30 a Day (1993-1994)

Researcher, Newsweek Magazine, Moscow Russia (1993)

Writer, Editor, Managing Editor, Let's Go Travel Guides (1990-1992)

Affiliations

Urban Land Institute

International Council of Shopping Centers

Westside Urban Forum (former Board Member)

About

Andrew Kaplan joined EPS to open the firm's Los Angeles office in 2011, bringing a background in land economics, strategy consulting, and real estate development. He is experienced with TOD, urban revitalization strategies, development economics for commercial and residential uses, fiscal and economic impact analysis, and Public-Private Joint Venture negotiation support.

Selected Project Experience

Duarte Gold Line Station Transit Village Specific Plan

In a multi-disciplinary team that developed a Specific Plan for the proposed Duarte/City of Hope Metro Gold Line light rail station, EPS assessed the area market, recommended land uses, verified financial feasibility of the program, and provided an implementation strategy considering land assembly, market factors, and the impacts of light rail. The plan, which was adopted in 2013, received an APA-LA 2014 certificate of Merit.

Legado Redondo Fiscal Impact Analysis

To support the developer's negotiations with the City of Redondo Beach for a proposed mixed-use hotel, multifamily, and retail mixed-use project, EPS prepared a fiscal impact analysis to estimate the impacts the project might have on the General Fund in regards to fiscal revenues and City expenses.

Agua Caliente Section 14 Market Analysis and Feasibility Study

The Agua Caliente Band of Cahuilla Indians sought to update the market analysis of the Master Development Plan for Section 14, a one-square mile area located due east of downtown Palm Springs. EPS analyzed 20-year market potential in the area for residential, retail, hospitality, and other uses considering physical site, market, land ownership, and regulatory factors. In addition, EPS evaluated potential fiscal and economic impacts of Section 14 development on the City of Palm Springs.

Pomona North Metrolink/Gold Line Station Area Plan

EPS was retained by the City of Pomona and SCAG to prepare a conceptual plan for the proposed Pomona North Metrolink/Gold Line Station Area. As part of a multi-disciplinary team, EPS prepared a market study focused on catalytic land use opportunities and proposed implementation tactics centered on value-capture, regulatory, joint-venture strategies.

Memorial Park Neighborhood Plan

The proposed Memorial Park Activity Center is located at one of the forthcoming Metro Exposition Line stations. For this ongoing project, EPS has been retained in a multi-disciplinary team by the City of Santa Monica to formulate a plan for the transit station area. EPS's role is to assess market conditions, test market feasibility of different land use programs, and devise a development and financing strategy that will induce development and fund corollary community benefits.

Hermosa Beach Downtown Corridors Revitalization Strategy

EPS was retained by the City of Hermosa Beach to develop a revitalization strategy for Hermosa Avenue and Pier Plaza in the city's Downtown Core. EPS performed market, development feasibility, and financing that led to a set of strategies for streetscape improvements, district parking, tenant outreach, and zoning changes.

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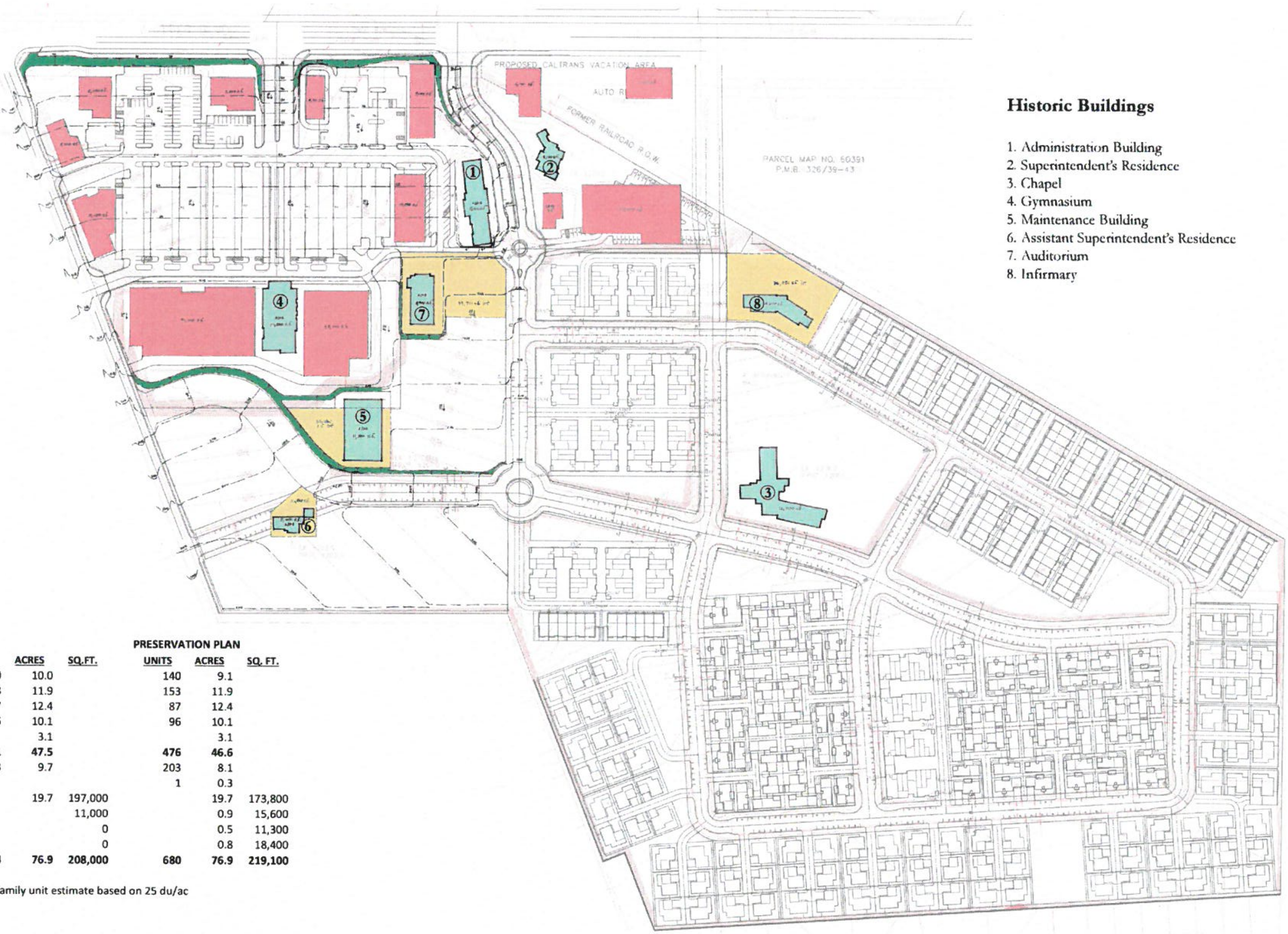
EXHIBIT B:

Site Plan

EPS



Historic Buildings

1. Administration Building
2. Superintendent's Residence
3. Chapel
4. Gymnasium
5. Maintenance Building
6. Assistant Superintendent's Residence
7. Auditorium
8. Infirmary

TABULATION

CURRENT PLAN				PRESERVATION PLAN		
PRODUCT	**UNITS**	**ACRES**	**SQ.FT.**	**UNITS**	**ACRES**	**SQ. FT.**
TOWNHOUSE 1.0	140	10.0		140	9.1	
P-2 ROWTOWNS	138	11.9		153	11.9	
P3 FESTIVAL SFD	87	12.4		87	12.4	
DAKOTA SFD	96	10.1		96	10.1	
PUBLIC PARK		3.1			3.1	
TOTAL (FOR SALE)	**461**	**47.5**		**476**	**46.6**	
MULTI FAMILY *	243	9.7		203	8.1	
RESIDENTIAL REUSE				1	0.3	
COMMERCIAL		19.7	197,000		19.7	173,800
OFFICE RE-USE			11,000		0.9	15,600
ASSISTED LIVING			0		0.5	11,300
PUBLIC USE			0		0.8	18,400
TOTAL SITE	**704**	**76.9**	**208,000**	**680**	**76.9**	**219,100**

* Net pad area used for multi-family unit estimate based on 25 du/ac

HISTORIC PRESERVATION STUDY

LINCOLN SITE PLAN

WHITTIER, CALIFORNIA

Brookfield Residential

0 50 100 200

SCALE : 1" = 100'

THE GALLOWAY GROUP

Strategic Land Planning · Site Planning
Community Design · Building Design