

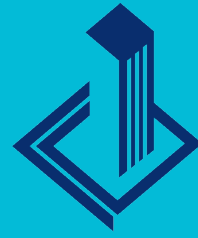


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A JOINT VENTURE BETWEEN TWO TRIPLE-BOTTOM-LINE DEVELOPERS



**RESPONSE TO THE 2020 REQUEST FOR PROPOSALS
FOR THE DOWNTOWN SAN BERNARDINO
MIXED-USE DEVELOPMENT OPPORTUNITY**



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PROCESS BEFORE PLAN

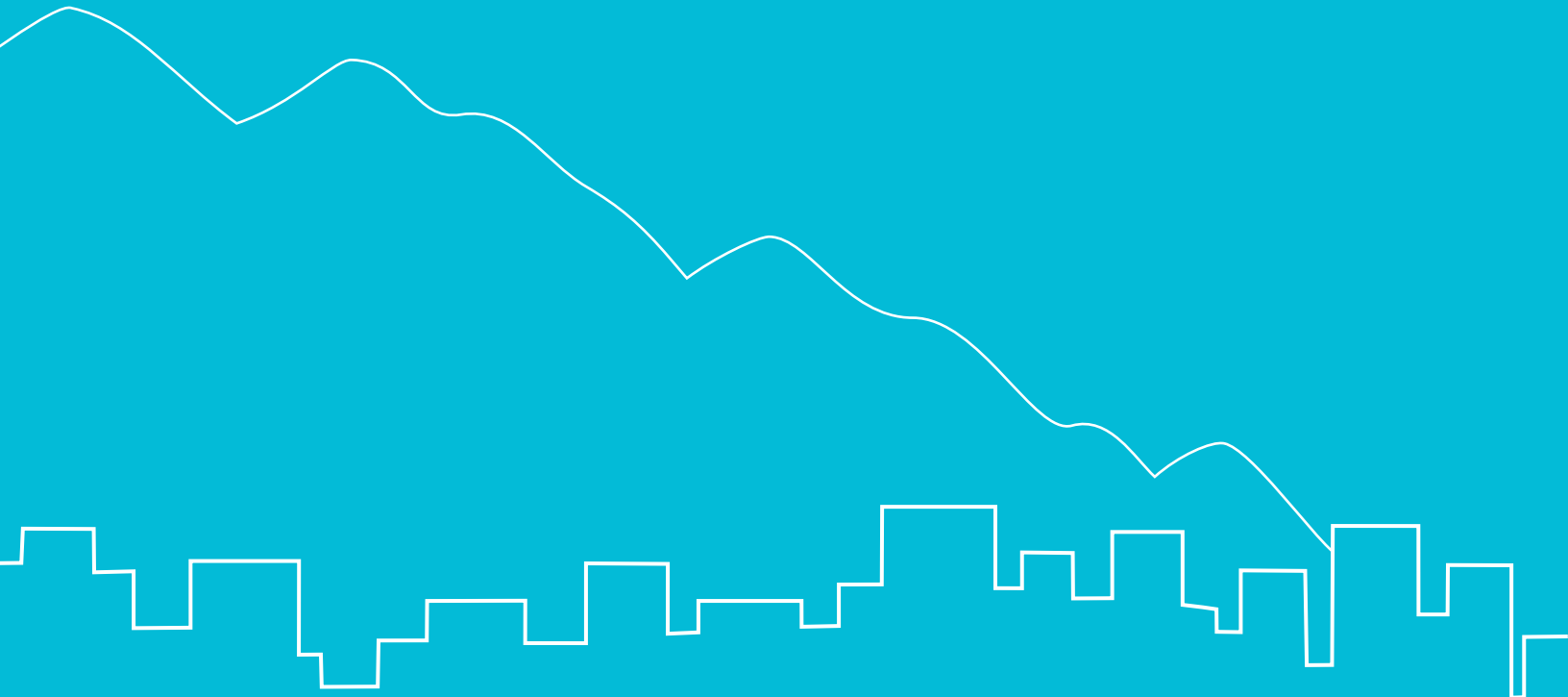
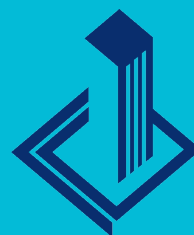


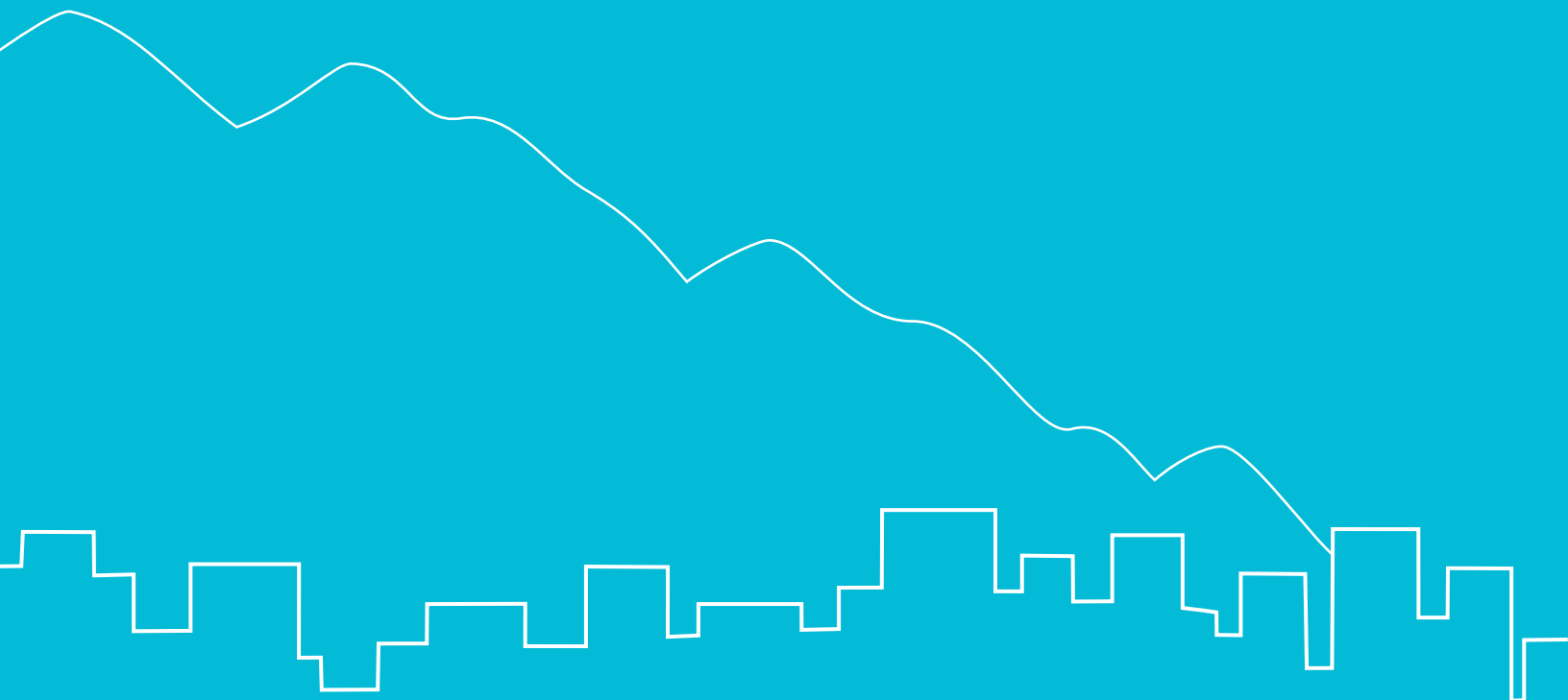
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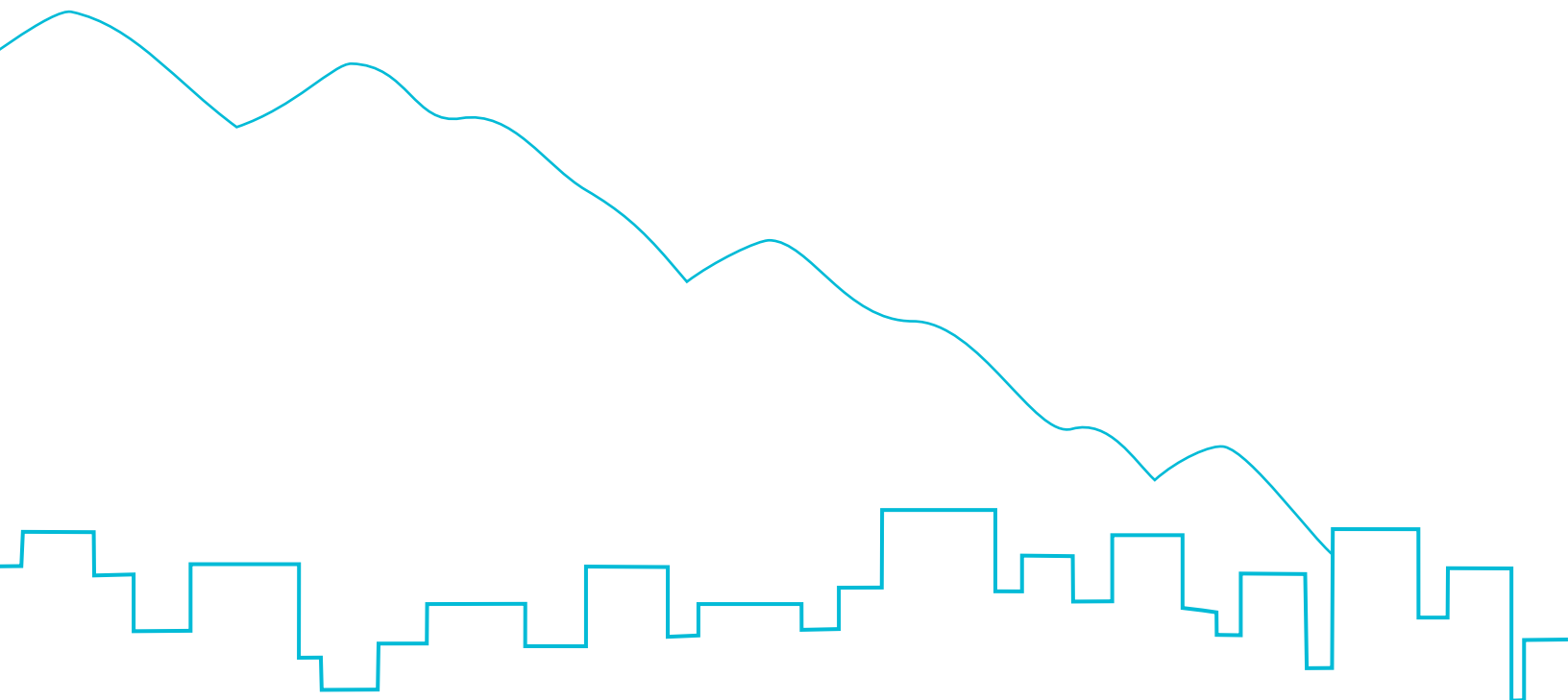


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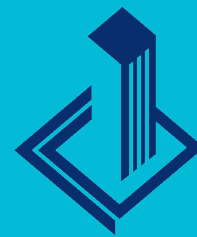
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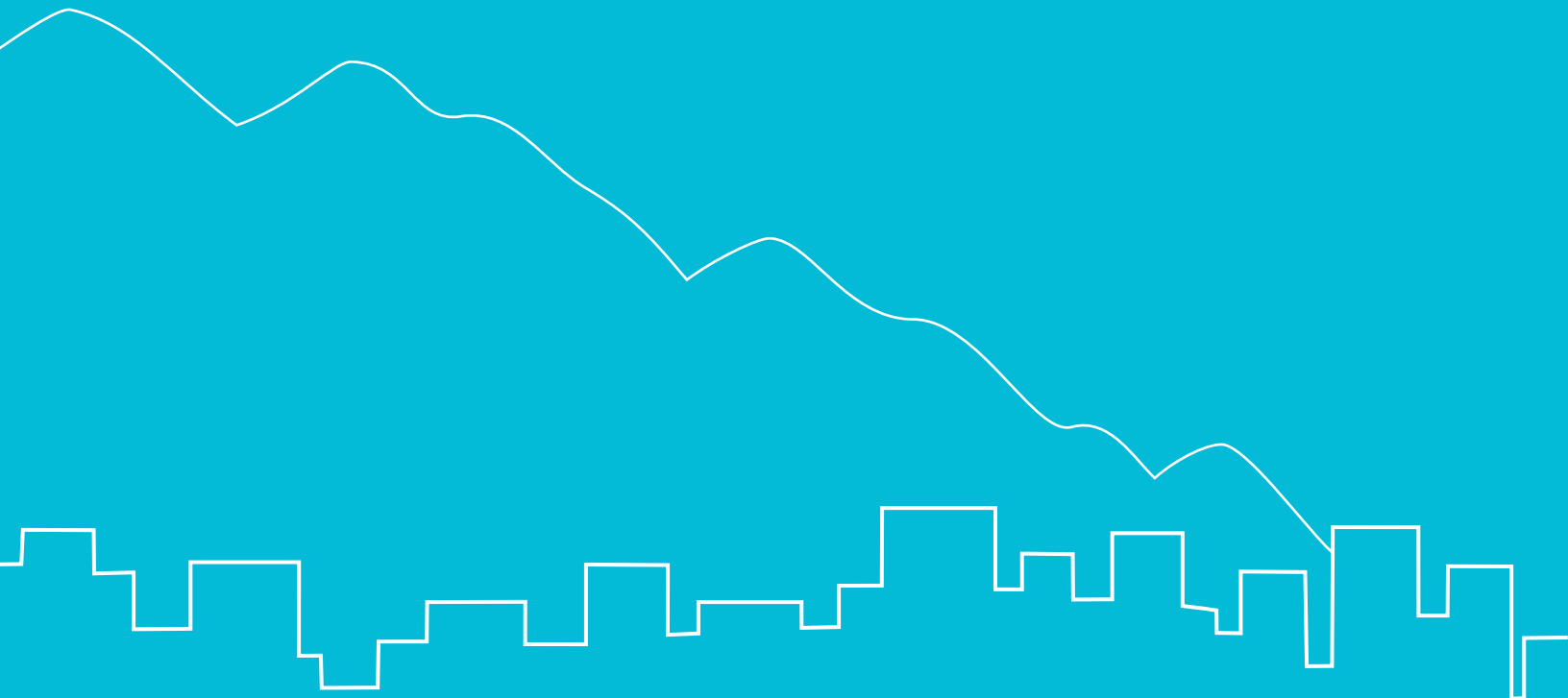
SECTION I · Cover Letter





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SHARED PROSPERITY





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City of San Bernardino
 ATTENTION: Jim Slobojan, Deputy Finance Director
 290 North D Street, 3rd Floor
 San Bernardino, CA 92401

Dear Mr. Slobojan,

Enclosed please find our response to the “City of San Bernardino’s Request for Proposals for a Mixed-Use Development Opportunity” (the “RFP”) submitted jointly by **Renaissance Downtowns USA** (“RD”) and **ICO Real Estate Group** (“ICO”), hereinafter referred to as (“**RD ≡ ICO**” or “Developer”).

During the December 4th City Council meeting attended by **RD ≡ ICO**, we both listened very intently to comments made by the Mayor, Council Members, and City Staff which guided our preparation of this response to the City’s RFP and its desire to see a sustainable redevelopment project happen as quickly and responsibly as possible.

RD ≡ ICO is extremely excited that the City has simultaneously issued an “RFP for General Plan and Development Code Update” and will be selecting a Planning Firm to assist the City in updating their General Plan, which will include a Specific Plan for Downtown San Bernardino. During the aforementioned December 4th City Council Meeting, City Officials expressed a desire for the Master Developer, the City, and its Planning Firm to work in conjunction for the formation of a Downtown Specific Plan. We applaud these efforts and look forward to being a part of this Team.

If selected as the City’s Master Developer for its Downtown Revitalization, **RD ≡ ICO** firmly commits to follow the principles of co-creating an Equitable Transit-Oriented Development (“ETOD”), which not only builds upon the City’s historical past, but pays close attention to development in the **new norm**. Creating strong social bonds is a hallmark of our development philosophy of “**If you do good, you’ll do well!**”

Since the Downtown Redevelopment has been 12 years in the making, it appears that the sentiment that we have heard is that “**the time is now**” which sends a positive message that there is **political will** like never before which is a true indication that **the City is truly open for business**. We are fully committed to help make this dream become a reality.

Sincerely,

Donald Monti
Renaissance Downtowns USA LLC

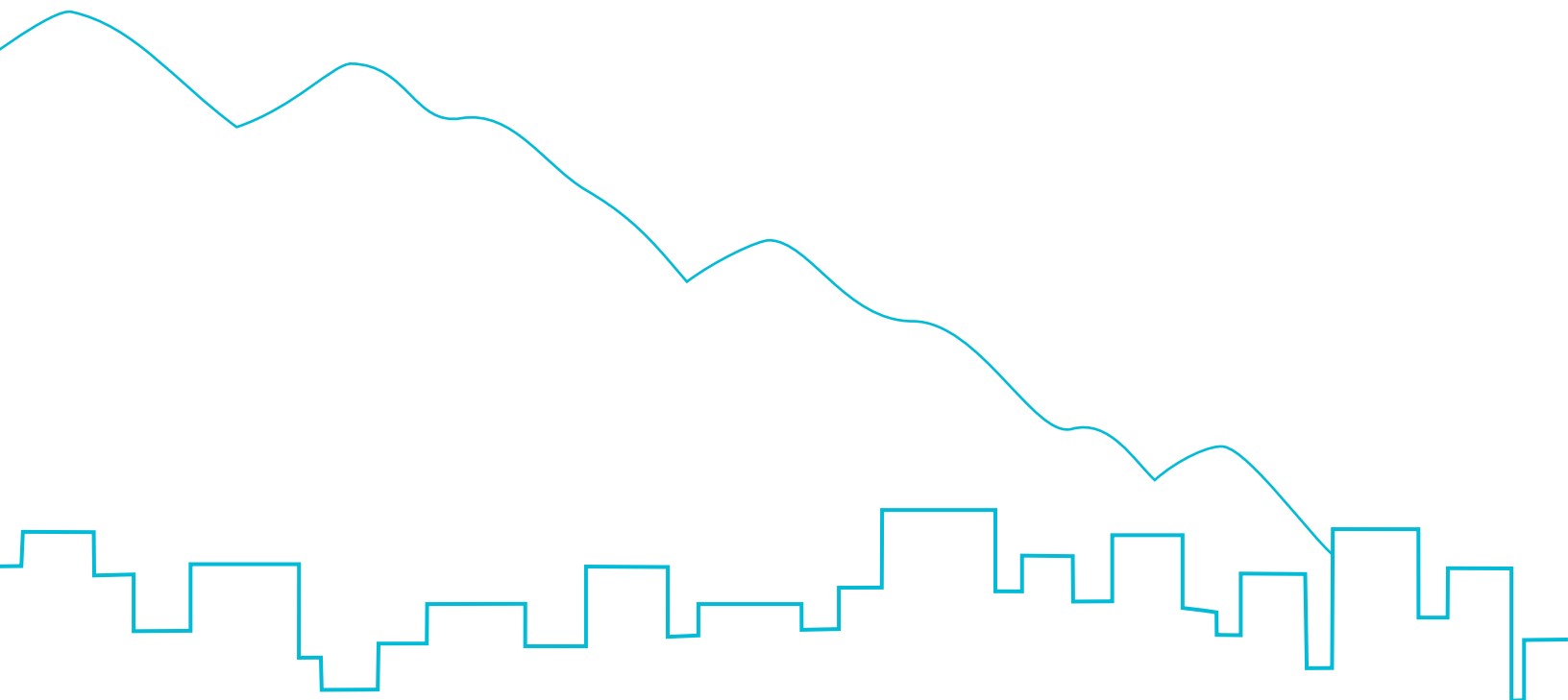
Jian Torkan
ICO Real Estate Group



Authorized Signature

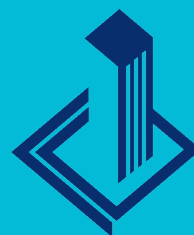


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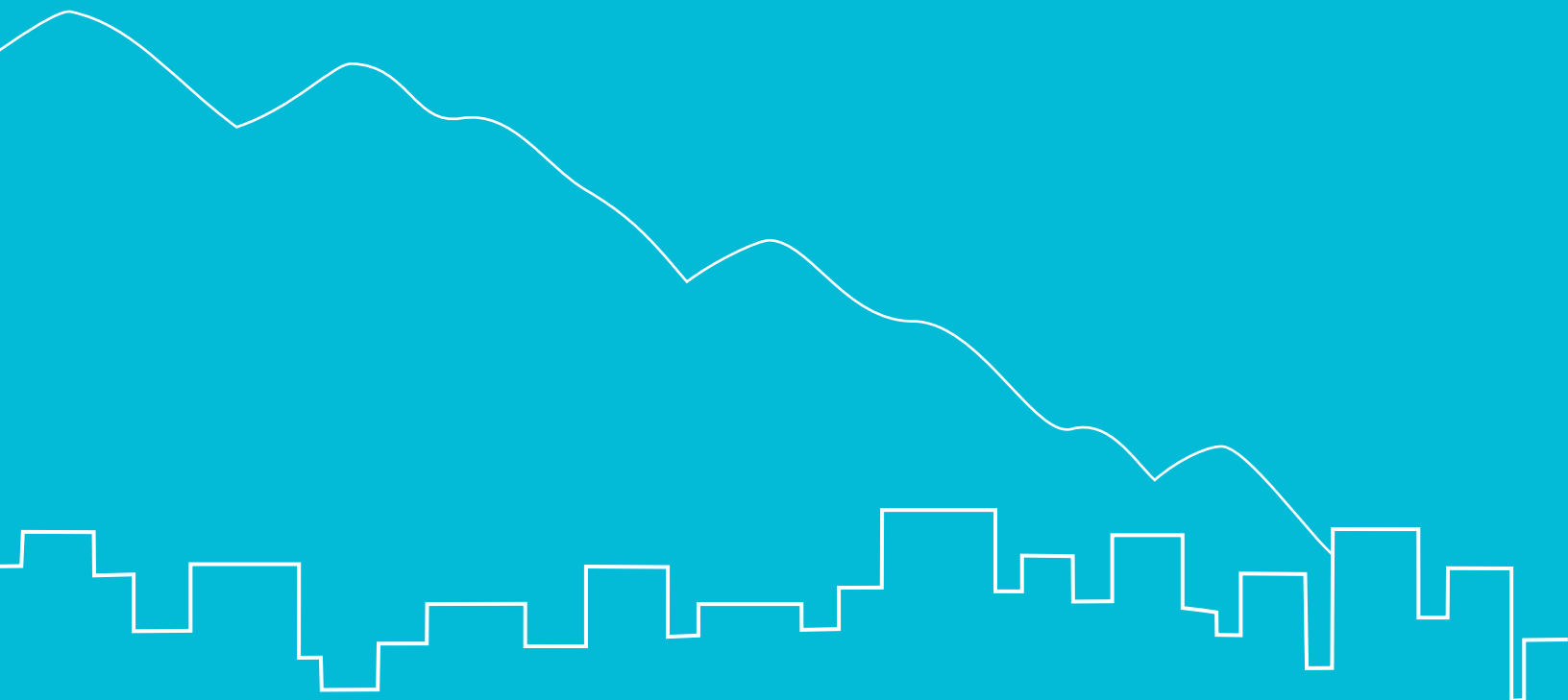
SECTION II · Letter of Introduction





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EQUITABLE TRANSIT-ORIENTED DEVELOPMENT





Letter of Introduction

We are extremely pleased to present this response to the “City of San Bernardino Request for Proposals for a Master Developer for a Mixed-Use Development Opportunity” (the “RFP”) submitted jointly by **Renaissance Downtowns USA (“RD”)** and **ICO Real Estate Group (“ICO”)** (hereinafter collectively referred to as “**RD ≡ ICO**” or “Developer”). We are confident that our overall proposal will not only meet, but rather seeks to exceed the City’s expectations. We have assembled a Team of Nationally, Regionally and Locally recognized experts to assist us in this endeavor. We will be emphasizing our shared Mission, Vision and Development Philosophy throughout this response. Moreover, we completely concur with the RFP’s submittal requirement to have the design concept “be the catalyst for future growth and development in the Greater Downtown Area.” As such, we have demonstrated throughout this document what we refer to as the **Big and Bold** approach that we believe the City of San Bernardino is ready, willing, and able to embrace.

BACKGROUND

The issuance of the aforementioned RFP, the subsequent response, and ultimate selection of Master Developer by the City has created a new and exciting opportunity for growth and development in Historic Downtown San Bernardino. Based on the parameters of the RFP, we have responded to each section both in this Letter of Introduction and more comprehensively in subsequent sections of this response.

The Carousel Mall and Downtown San Bernardino’s proximity to the San Bernardino Regional Transit Center and the sbX High-Speed Bus Rapid Transit System symbolizes an enormous

opportunity to bring about positive transformation through the strategic intersection of land use and transportation. By returning to its roots, the City of San Bernardino (“City”), which blossomed around a transit stop along the Pacific Electric’s San Bernardino Line in 1907, is uniquely positioned for a watershed moment by re-framing its shopping and entertainment amenities in a walkable, pedestrian-friendly Downtown Transit-Oriented District. This will result in a significant increase in job creation, property tax revenues, sales tax revenues and economic development, in addition to numerous health and quality of life benefits.

The potential for a sustainable revitalization strategy can be realized through the creation of a holistic and comprehensive approach which allows for the City, Community Stakeholders and Master Developer to co-create a development program built on the Carousel Mall site as the catalyst for transformation of Downtown San Bernardino into the epicenter of the Inland Empire— and as a 21st century model for development throughout the country.

San Bernardino’s current revitalization efforts are guided by the City’s 2005 Land Use and Economic Development Elements of the General Plan (the “General Plan”) and from the 2009 Vision Plan for the Carousel Mall property (the “Vision Plan”), which outlines a vision and plan that encompasses an area greater than 600 acres bounded by the Interstate 215 freeway, Sixth Street, Waterman Boulevard and the Metrolink right-of-way/Rialto Boulevard. As Master Developer, **RD ≡ ICO** believes very strongly that this development time-frame can be dramatically reduced with some minor complimentary zoning enhancements, vis-à-vis an opt-in form-based zoning code, that could yield **as many as 15,000 units of attainable housing throughout the Greater Downtown Area.**

In addition to the City’s geographic advantages along with their current planning and economic development initiatives, the Region’s demographic profile and economic indicators present the potential for positive transformation following the Triple-Bottom-Line principles of socially, environmentally, and economically sustainable development.

The City’s median age is **29.7** years old and its fastest growing population are ‘Boomers’. These two generations, (the Millennials and Boomers) create the market for this walkable, pedestrian-friendly downtown environment where there is currently a more than a thirty percent (30%) market demand and only a two percent (2%) supply.

Furthermore, San Bernardino, like most Southern California cities must address the dire need for the creation of attainable housing in its downtown area if it wishes to retain its young and talented workforce. Many young professionals have already made the decision to leave and relocate to areas that provide this Live, Work, Shop, Learn and Play environment. **RD ≡ ICO** believes very strongly that San Bernardino is uniquely positioned to address these needs and take advantage of these opportunities.

DEVELOPMENT PARAMETERS AND VISION

The **Development Parameters and Vision** presented in the City’s RFP, and shared by **RD ≡ ICO**, aim to create a

redevelopment strategy that serves as a catalyst for the creation of a destination attracting new businesses, residents and visitors to the downtown core of the City. The following section reaffirms our commitment to the City’s Development Parameters and Vision as described in the RFP and is further demonstrated through our comprehensive response in Section III: Development Plan. **The Master Developer’s vision should mirror the City’s commitment to transform Downtown San Bernardino into the only true, high-density Urban Live, Work, Shop, Learn, and Play downtown in all of the Inland Empire.**

Our award-winning **Crowdsourced Placemaking (“CSPM”)** process, known affectionately as our “**secret sauce**,” serves as an important pillar to our “**three-legged stool**” for a design framework of future development that is co-created in collaboration with the City, the Community, and the Master Developer.

We whole-heartedly agree with the City’s idea that re-establishing the Historic Street System in part or whole is an opportunity to return to its roots, when the City blossomed around a transit stop along the Pacific Electric’s San Bernardino Line. To that end, we have detailed our proposal for returning the Historic Street System in Section III: Development Plan. Downtown San Bernardino is uniquely positioned for a watershed moment by re-framing its shopping and entertainment amenities in a walkable, pedestrian-friendly, downtown transit-oriented district.



Renaissance Downtowns USA is a national leader of community-driven master development of Climate-Smart and Equitable Transit-Oriented Communities by utilizing a transformative triple-bottom-line process of Crowdsourced Placemaking and Social Impact Investments that are socially, environmentally and economically responsible.



Renaissance Downtowns USA leads community-driven development of Climate-Smart and Equitable Transit-Oriented Communities that enhance health and quality of life through “healthy land use” planning, urban greening and urban cooling strategies, holistic and resilient economic development and the creation of attainable housing.

Downtown San Bernardino’s revitalization would include urban development in a vertical mixed-use format combining high-density residential, commercial and office uses. Development patterns could include ground floor commercial, retail, service, entertainment, and food-oriented uses with residential uses on the floors above. Outdoor dining areas would be included to accompany ground floor restaurant and food-oriented uses. Entertainment venues would also be sought to contribute to a vibrant downtown ecosystem with complimentary uses and amenities.

Professional and governmental office development may be a component of the redevelopment of the site. On secondary street frontages, live/work units could accommodate small business owners, artists, entrepreneurs, as well as Boomers and Millennials seeking an urban lifestyle and amenities.

New development in Downtown San Bernardino will be designed, sited, and massed to convey “Urban” characteristics with buildings and structures in close proximity to sidewalks, bike paths, and pedestrian-friendly streets. First floor architectural designs will be created at a pedestrian scale and evoke the interest of passersby.

Buildings of historic significance should be preserved when feasible in an effort to maintain the historic character of the Downtown. Moreover, **RD ≡ ICO** proposes consideration of development design guidelines to further support this historic character within Section III: Development Plan of this response. Pedestrian-oriented plazas, courtyards, and open space will serve to create a sense of place and belonging for the users and residents of the Downtown, as well as bringing about the now invaluable benefits of “**healthy land use.**”

Parking is an important strategic decision for a sustainable Downtown and should be located at the rear of sites or underground to the extent feasible, and not along public streets. Main entryways to the Carousel Mall property site and surrounding Downtown will tie into nearby transit facilities so that off-street parking needs can be reduced by making use of public transportation provided at the San Bernardino Regional Transit Center, sbX High-Speed Bus Rapid Transit System, and

the future Arrow Rail Station of the Redlands Passenger Rail Project.

Through the use of a well-crafted form-based zoning code, flexibility may be provided as it relates to residential densities, floor area ratios, building heights, and appropriate mixes of uses to ensure the development is feasible. A well-crafted form-based zoning code can provide economic resiliency to a large-scale redevelopment project such as Downtown San Bernardino by allowing developers to shift to the vicissitudes of economic cycles and market demands, which is necessary now more than ever during these uncertain times, with the coronavirus pandemic and the resulting economic crisis.

The City and Master Developer understand that a project of this magnitude will be broken into various development phases; yet, we must evaluate the future development opportunities on adjacent and surrounding properties in a holistic and comprehensive manner which can be accomplished most effectively through our 8-step **Core Revitalization Methodology**, as outlined below and described in Section III: Development Plan.

DEVELOPMENT METHODOLOGY

One of the primary reasons that RD and ICO formed a Partnership for this development opportunity is predicated on the fact that we share a Vision and a Corporate Culture that solidified our decision to work together. Our development methodology incorporates a series of well-thought out and proven strategies, imperative for transformative redevelopment to occur. These strategies are illustrated below in an order that is almost assured to bring about an alignment amongst the City, Community Stakeholders, and **RD ≡ ICO**.

Our philosophy is that “for an ecosystem to be sustainable, all species must be included.” This is exemplified in our Triple-Bottom-Line commitment to socially, environmentally, and economically sustainable development. Our Core Revitalization Methodology is custom-tailored around this philosophy and vision for equitable transit-oriented downtowns in suburban communities. This philosophy, vision, and methodical approach are the reason why our proposal is superior to others being



considered and how we will ensure that redevelopment of Downtown San Bernardino serves as the catalyst for future growth and development throughout the greater areas of San Bernardino and the Inland Empire.

For an Ecosystem to be sustainable, all species must be included. **RD ≡ ICO** has pioneered community-driven economic development of Urban Nodes in Suburbia while staying true to the Triple-Bottom-Line principles of social, environmental, and economic sustainability. Outlined below is our 8-Step proven methodology, that when followed in partnership with Municipalities and Community Stakeholders, is assured to bring about a holistic, comprehensive, and synergistic result.

1. Process Before Plan – the economic development and revitalization of Downtown San Bernardino through the co-creation of a shared development vision must begin with a partnership between the CITY, COMMUNITY STAKEHOLDERS and MASTER DEVELOPER, and a commitment to place **PROCESS Before PLAN**. All too often, the unveiling of a Plan prior to the introduction of the Process leads to community opposition that can result in the premature derailment of even a well-conceived project. Conversely, the **PROCESS Before PLAN** approach would enable the San Bernardino community, including private property owners, to participate in the vital role of co-authorship through their early involvement in the Process which would result in the co-creation of the Plan. **PROCESS Before PLAN** allows for the return of the “Art of Listening” which is essential to our Triple-Bottom-Line development approach. By making a commitment to a **PROCESS Before PLAN** approach and selecting a master

developer with the unique qualifications and experience to lead a collaborative and holistic process, San Bernardino can expedite its implementation of comprehensive downtown revitalization that is economically viable, vibrant, and pedestrian-friendly.

2. Selection of a Master Developer – the economic development and revitalization of Downtown San Bernardino can only succeed if done in a holistic and comprehensive manner. An infill development approach has not and will not work to produce transformative suburban downtown economic development and revitalization. Infill development may work in major gateway cities since those are normally the only opportunities that exist for development in built-out urban centers. It’s impossible to think of re-inventing cities like New York, Los Angeles and Chicago. However, what is needed in many suburban downtown communities such as Downtown San Bernardino is total re-activation of a central business district in order to create a walkable, pedestrian-friendly environment where people can Live, Work, Shop, Learn and Play. This transformation can only be accomplished in a responsible manner and timeframe under the auspices of a Master Developer, such as **RD ≡ ICO**, working collaboratively to co-author and implement a shared vision with the Community Stakeholders and the Municipality.

3. Crowdsourced Placemaking (CSPM) – **RD ≡ ICO**’s key asset is ‘Crowdsourced Placemaking’ (CSPM), a grassroots, bottom-up program for community engagement. The authenticity that is created through the Community’s pride of authorship enables San Bernardino Community Stakeholders to be involved from the outset leading to unprecedented community support

which automatically converts into increased political will. Shortly after a city designates **RD** \equiv **ICO** as the Master Developer, we initiate the program by opening a local community engagement office staffed by local residents.

San Bernardino Stakeholders would work together to launch a community-based portal and outreach program which they will self-name, that will enable community members to join this collaborative process. Each community member is required to sign, either electronically or in person, a Triple-Bottom-Line agreement that the development ideas which they suggest must be socially, environmentally, and economically sustainable – difficult to argue with those rules. Once posted, we will do feasibility studies on the largest vote-getters for the purpose of gauging the impact of these Triple-Bottom-Line development ideas for Downtown San Bernardino.

4. Unified Development Approach (UDA) & Recommended Action Plan (RAP) – the UDA provides San Bernardino with a framework to facilitate a comprehensive, mixed-use Transit-Oriented Development strategy that brings together Community Stakeholders, Private Property Owners and Transit Agencies to collaboratively create and implement a shared, holistic development vision. The UDA will help San Bernardino to ensure project sustainability, maximize the social, environmental, and economic benefits and eliminate the need for eminent domain or displacement proceedings. This inclusive strategy creates an alignment between the Master Developer and Private Property Owners that would otherwise have resulted in the potential for competing interests that could thwart development efforts in Downtown San Bernardino.

The UDA, coupled with the ongoing CSPM process, serves as a platform for the creation of a co-authored Revitalization Action Plan (RAP). The RAP enables the commencement of the Triple-Bottom-Line process of analyzing the social, environmental, and economic benefits of implementing a shared development vision for Downtown San Bernardino.

5. Triple-Bottom-Line Analysis – Social Impact Investment (SII) is now being measured, and in many instances required, to fulfill Social Returns on Investment (SROI) mandates. **RD** \equiv **ICO**'s social impact real estate development model

adheres to these forward-thinking standards which will provide multi-benefits to San Bernardino and the surrounding region not just during the development phase, but for generations into the future of the City and its Community. The social impact created by this 21 Century development program will extend far beyond San Bernardino by providing the entire state and appropriate regions in the country with a sustainable and equitable model for development.

A few of the potential benefits of our Triple-Bottom-Line Analysis for San Bernardino would include:

Social Sustainability Analysis:

- Attainable Housing Analysis
- Social Impact & Equity Study
- Social Returns on Investment (jobs, contracting opportunities, services, retail, & entertainment)
- Multi-modal & active transportation, regional connectivity, quality of life improvements

Environmental Sustainability Analysis:

- Climate-smart development, community greening & urban cooling for climate resiliency
- Healthy land use for improved health outcomes
- Open space, bike trails connecting transit hubs, & multi-modal transportation options
- Reduced vehicle miles traveled & mobile emissions for better air quality

Economic Sustainability Analysis:

- Job creation & economic development
- Sustainable fiscal outcomes for the City, community, and potential developers
- Shared economic prosperity through attainable housing, substantial new revenues for the City & other economic benefits from the crowdsourced Community Benefits Agreement.

6. Specific Plan & Form-Based Zoning – in order for truly transformative suburban downtown economic development and revitalization to occur within a reasonable timeframe,

the Community must be able to adapt to market cycles and preferences in a timely manner. This is most effectively achieved within a Specific Plan utilizing the elements of a Form-Based Zoning Code, in contrast to conventional zoning. “Conventional Zoning” can stifle the ability of the City and potential developers to quickly respond and adjust to future uncertainties that surely lie ahead.

A properly written Form-Based Zoning Code will encourage San Bernardino’s downtown property owners to aggregate their properties in order to participate and maximize their development opportunities. By working collaboratively under this newly created overlay zone, all of Downtown San Bernardino’s Stakeholders stand to benefit from this inclusive process and through the value created by the ‘certainty’ resulting from the approval of sustainable entitlements.

The adoption of a Form-Based Zoning Code will encourage property owners to aggregate smaller parcels thereby creating the ability to actually implement development through a collaborative process.

7. Community Benefits Agreement (CBA) – baked into San Bernardino’s community-driven Form-Based Zoning overlay should be provisions outlining the terms and conditions of a CBA. This mandate will ensure that San Bernardino’s residents, local businesses and contractors are given opportunities for construction jobs, contract awards and careers so that they can also participate in the benefits of this newly created Live, Work, Shop, Learn and Play environment. We believe that a CBA will provide significant benefits to San Bernardino residents and local businesses while serving as the much-needed economic stimulus to both the City and Community given San Bernardino’s current economic challenges.

San Bernardino’s CBA could also provide the City with revenue-sharing opportunities to fund city services, public improvements and amenities, or other benefits identified as top priorities by the City and the Community as a result of our **PROCESS Before PLAN** approach.

8. Groundbreaking – What one might perceive as the end of this development methodology, actually represents a “New Beginning,” demonstrating the dividends that can be realized

through this holistic and comprehensive process. As a result of our proven 8-Step Methodology, the ground-up development of a transformative downtown can begin. It is totally feasible for there to be a significant amount of complimentary, rather than competitive development projects taking place simultaneously which will enable the City’s long-awaited dream to become a reality. The subsequent sections of this Response tell the full story of this transformative development opportunity.

We encourage you to review our entire RFP response, which is presented in a fully transparent manner and lays out the necessary parameters to be properly executed for a large-scale development strategy to successfully take place. **“Where there is a will, there is a way.”**

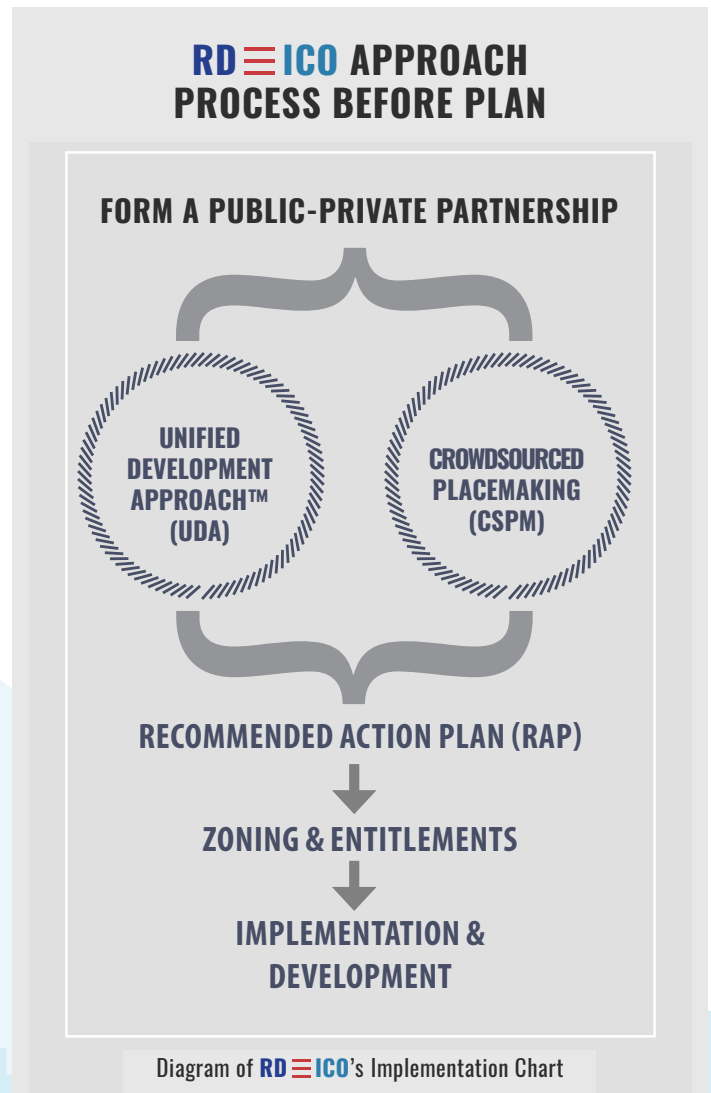
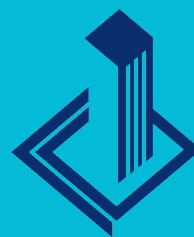


Diagram of RD ≡ ICO’s Implementation Chart

SECTION III · Development Plan





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COMMUNITY-DRIVEN PLACEMAKING



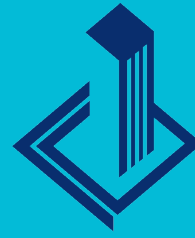
SECTION III • Development Plan

PROJECT DESCRIPTION

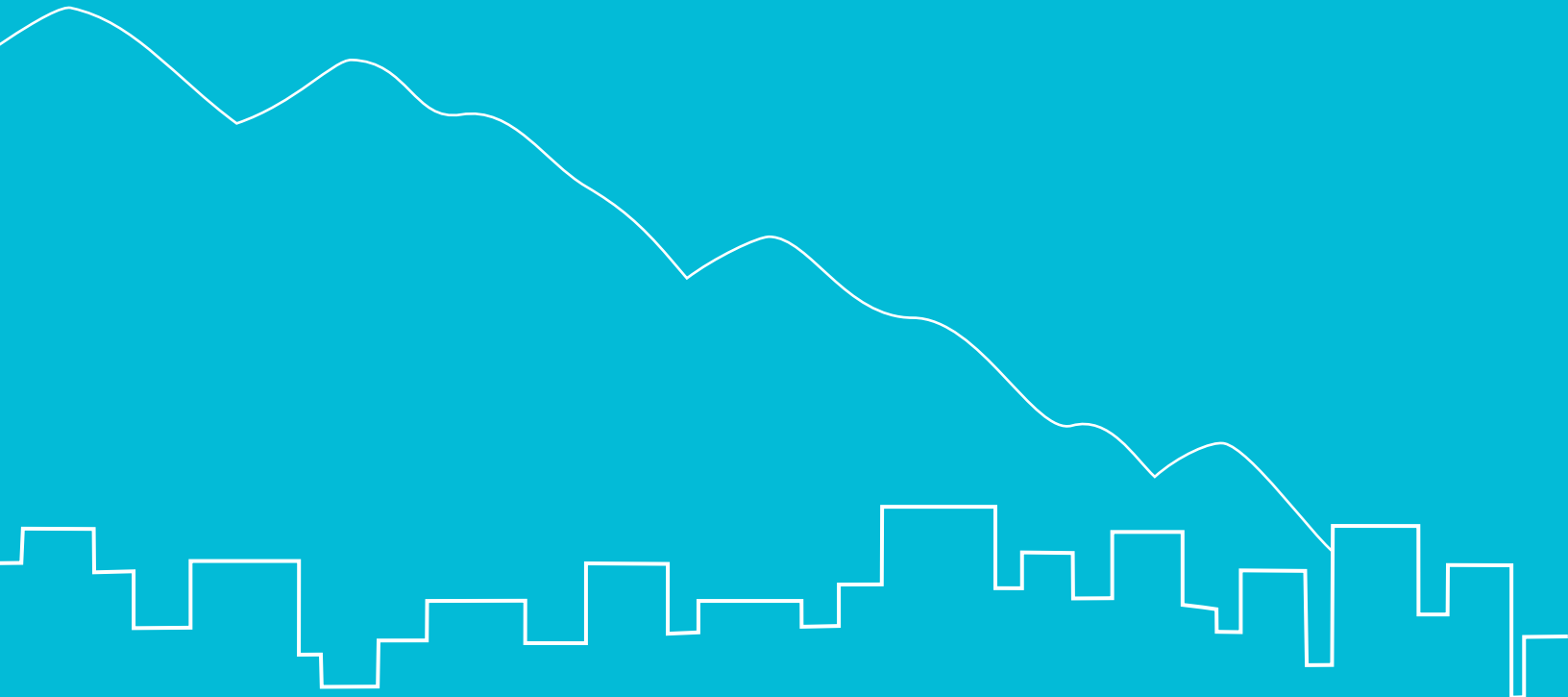




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USA



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Project Description

The following description begins with an introduction that provides key facts about the development proposal. Then, we list the City’s overarching goals, in the same sequence as in the RFP. Finally, we respond to each development parameter and explain how the development concept is designed to address them. For clarity and brevity, in some cases, we have combined our responses to multiple related RFP bullet points in a single paragraph. This methodology enables easy tracking of RFP response requirements.

We are excited about the potential of the Carousel Mall redevelopment as the first step in a newly re-emerging downtown San Bernardino. Our concept envisions 2,000 to 3,500 residential units within the overall Carousel Mall Site, along with appropriate market-driven retail and office components. As a phased development model, it is adaptable to the ever-changing needs of all asset classes in the new norm. The redevelopment will position the City as a vibrant, healthy, and walkable downtown through the creation of a live, work, shop, learn, and play environment.

San Bernardino’s outstanding transit hub provides connectivity to downtown L.A. and additional locations. The new ARROW rail connection between Redlands and San Bernardino is scheduled to open in the near future, representing yet another mobility enhancement to the City’s current transit system. The advent of this rail connection provides a significant opportunity for the City to emerge as THE destination for the Inland Empire.

The Carousel Mall area will become a catalyst for the expansion of the ‘Core’ Downtown, demonstrating how the whole becomes so much greater than the sum of its parts.

DEVELOPMENT PARAMETERS

The creation of what is now referred to as Urban Nodes in Suburbia (“UNIS”) will define the City as an enviable **destination**, exemplifying an authentic downtown living and entertainment environment. Additionally, the redevelopment opportunity will attract both new residents and businesses and serve as a true California model for **Holistic and Comprehensive Downtown Revitalization**. The social, environmental, and economic benefits (“**Triple-Bottom-Line**”) of a walkable downtown will create a neighborhood feeling with enormous economic benefits while striving to create a trend-setting development for climate adaptation.

A market-driven residential, retail, and office mix is fundamental to the transformation of the Carousel Mall Site. The development will additionally be enriched and enlivened by complimentary districts with a focus on innovation, entertainment, plus other features that will bring vibrancy to Downtown San Bernardino. These areas, when identified, will build upon and benefit from key qualities of the new development and greater downtown: proximity, density, and authenticity. They will function synergistically and grow with areas outside the mall site to further enable the comprehensive Downtown redevelopment of San Bernardino into a vibrant regional destination.

These **Innovation Areas** will facilitate the creation and commercialization of new ideas and support the local economy through commerce and job growth. The Development Team will seek partnerships with businesses and educational institutions in San Bernardino and nearby cities such as Redlands and Riverside.

This has the potential to connect disadvantaged populations to greater employment and educational opportunities.

Entertainment Areas are envisioned to build upon and bolster the momentum of existing assets such as Theater Square, located just north of the mall site. The most active parts of the redevelopment will have programmatic and physical connections through the entire Downtown Redevelopment Area. The City will come to life when diverse groups of people can engage with arts and culture, restaurants, retail, and other civic uses in a walkable environment with distinctive urban design.

Furthermore, communities that invest in mixed-use walkable downtowns provide social, economic, and environmental benefits for individuals and businesses alike. We have considered the inclusion of ‘walkable’ design principles throughout the entire revitalized downtown.

The Design Team is very committed to and knowledgeable about **placemaking** concepts and strategies. Best practices from other locations will be applied and adapted to San Bernardino, on every aspect of the new downtown. Every design suggestion for the proposed project is only there to provide maximum quality of place, and to strengthen the overall viability and competitiveness of the downtown as a whole.

A key in the revitalization of the mall property is restoring a street system based on the once existing **historic street grid**, albeit enhanced with some adjustments and improvements. The layout begins by extending the historic grid into the site, then adding to it a finer-grained structure; and lastly, adapting it to the unique aspects of the contemporary site.

Rather than continue a uniform grid, the newly proposed street system establishes hierarchies. Court Street will be the dominant commercial east-west axis. F Street will be the dominant north-south axis and connect the downtown to the existing Metrolink station. The grid keeps the existing north-south and east-west connectivity, but introduces additional streets mid-block to create a much more walkable, small-block structure. Research on urban form has traditionally suggested that smaller city blocks are better for foot traffic, and prominent urbanists have advocated them as key promoters of pedestrian access. Finally,

a network of paseos weaves through block structures, creating small-scale, shaded event locations along narrow walking paths and in shady inner courtyards.

Instead of continuing the overall north-south and east-west grid, the new western city blocks respond to an existing diagonal street (North G Street) and continue its diagonal pattern. With this, they redirect traffic from the north, back into the new downtown and towards F Street. It is the Development Team’s overriding goal to make the downtown walkable, and a diagonal grid is beneficial in this regard. A prime example of this pattern is in the old downtown of L.A., where there is always shade on one side of the street.

Cities were created to bring things together. Neighborhoods with a diversity of uses and places to walk to have significantly more walking than those that don’t. For most American Downtowns, it is housing – places to walk from – that is in particularly short supply. While the design of the new core will be driven by formal considerations (thru a form-based code) rather than functional use-allocations, it is to be expected that the majority of the new buildings will bring people to live in multi-family, multi-story residential structures designed, sited and massed to convey ‘urban’ characteristics; with buildings and structures in close proximity to the sidewalks. Some additional office space may also be created in the downtown if market conditions allow. All buildings will be designed at a pedestrian scale and generate interest to the casual walker-by on foot.

The design envisions ground floor restaurant and food-oriented uses along the more heavily populated streets, surrounding the lively open spaces, and along with the pedestrian paseo network. Along side-streets, and on secondary frontages, live/work units may become part of the functional mix. Supportive retail will be a consideration and introduced carefully if market forces allow. Standard placemaking rules will guide all new building designs. Buildings will provide frontages that are enjoyable to walk by; entrances will be off main streets and never off parking lots.

The New Downtown will get the parking right. The design contemplates a number of methods to accommodate the right number of cars. This will be achieved initially by retaining the vast majority of the existing mall garage as a central parking location

for new and existing functions close by; through diagonal and parallel street parking on select streets to encourage sidewalk pedestrian traffic; by creating dedicated parking facilities for residential car storage needs; and eventually by additional shared parking garages that will relieve individual buildings from creating parking capacity on their own lots as well as providing a more secure and safe parking environment through the 24/7/365 usage of parking garage facilities. This will allow the development of small-parcel infill properties, which otherwise could not effectively be built on because they could not effectively be parked. Small-parcel infill will noticeably contribute to the small-scale walkable character of the future downtown.

In addition to creating a walkable city, and to supplement existing vehicular circulation, the redesign will also focus on creating ample opportunities for mixed-mode mobility, which will include an electric trolley line, a bicycle network and a fitness trail as a healthy activity necklace around the entire newly revitalized urban core.

The design of the New Downtown core stresses that it will be a revitalization and enhancement, not a complete replacement of the existing downtown. Historic buildings are a welcome and necessary component of this evolving downtown, as such buildings give it a historic continuation with times gone past. The design of infill buildings will complement existing structures and attempt to continue and strengthen historical characteristics.

Open spaces of different sizes are sprinkled throughout and in between the new blocks. A larger central open space, located at the intersection of Court Street and F Street, emphasizes a new center. The idea behind this concept is that places thrive when users have a range of reasons to be there. Known as “The Power of Ten,” it indicates the ideal number of uses that take place within these newly created open spaces. These might include a place to sit, playgrounds to enjoy, art to touch, music to hear, food to eat, history to experience, and people to meet. Ideally, some of these activities will be unique to downtown San Bernardino, reflecting the culture and history of the surrounding community.

An intense process of engagement with the community will help the design team to co-create the specific character and

functionality of the new open spaces. According to the guidelines of the Project for Public Spaces, public perception begins to shift amongst both locals and tourists when cities contain at least 10 of these destinations or districts. Urban centers can become better equipped for generating resilience and innovation.

URBAN FORESTRY

As a further amenity towards a livable and enjoyable downtown, the Development Team intends to create a tree canopy over an area much larger than the core downtown and Carousel Mall Site. **The planting of 250,000 trees** should be part of the overall development strategy to give the streets a shade canopy over a larger district. This will also provide additional social, environmental, and health benefits for pedestrians.

The City has available water resources, and the design intends to make water a feature attraction in one or more of the City’s new open spaces. While no specific decision has been reached about the design or size, such a water feature could become like the pond in the popular Grove in Los Angeles, or the Americana at Glendale.

SAFETY AND SECURITY

The time-tested principles of Crime Prevention through Environmental Design (“CPTED”) underpin our approach to the project. Site plan elements, including the size and location of parks, plazas, and streets, and their relationships to buildings and uses around them, are all configured to maximize natural surveillance, access control, and territoriality. When employed skillfully, these strategies not only help deter crime; they will also foster a sense of ownership and community among the people who live and work here.

We look forward to incorporating CPTED principles on a more granular level (block and building scale) as we move through the planning and design process. In addition, an often-overlooked feature in the creation of UNIS is the fact that eyes on the street in the form of residential buildings and pedestrians moving about in a walkable environment have proven to create the safest environments.

Furthermore, this newly Revitalized Downtown creates the opportunity for the formation of mechanisms, such as a Property-Based Business Improvement District (“PBID”), to further strengthen desirable safety measures through the creation of a safer, more secure, and prosperous downtown. We will also include professional Safety and Security consultants as part of our Development Team to work in collaboration with local law enforcement.

SUPPORTING HEALTHY LIFESTYLES

Each aspect and characteristic mentioned above is a building block in the foundation of a healthy community. Together, they add up to an environment where making the healthy choice is easy, convenient, safe, and desirable. The fine-grained network of streets and trails and parks **increases physical activity**. Supportive retail such as grocery stores, plus farmers’ markets and community gardens, enhance **access to healthy foods**. Quality urban environments help **reduce absenteeism at work and school** and foster an **overall sense of well-being**. And with robust external connections, these positive impacts can spillover **to improve the quality of life of surrounding communities**.

PLANNING FOR GROWTH IN GREATER DOWNTOWN SAN BERNARDINO

Although the Carousel Mall represents the potential redevelopment of 43 acres in Downtown San Bernardino, the opportunity exists to look at this redevelopment as a catalyst for a more holistic and comprehensive approach. This will create a true downtown that, if urbanized in this manner, will become the poster child for downtown redevelopment in California. We strongly recommend that the City and their Planning Team view this redevelopment opportunity as transformative, possibly serving as an example for the entire State of California. To that end, we believe the area extending north to 6th Street and east to Sierra Way can accommodate several thousand additional residential units, along with supportive retail, commercial, entertainment, and cultural uses.

In support of the above, an analysis has been performed by **RD≡ICO**, which has been included for illustrative purposes only, as a sample representation of a potential expanded redevelopment area. As described in Section II: Letter of Introduction, the vision for this expanded Development Approach addresses the City’s desire for a big and bold creative approach towards the overall Downtown Redevelopment of San Bernardino. **RD≡ICO**’s unique Unified Development Approach (UDA) offers adjacent property owners the potential to participate in this overall Downtown Redevelopment opportunity in a fully immersive, collaborative development environment. This **Inclusive Development Strategy** is certain to be attractive to Private Property Owners and will enable them to participate collaboratively in the overall Downtown Redevelopment.



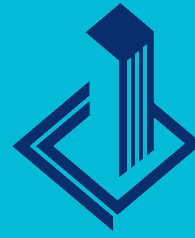
SECTION III • Development Plan

**VISUALIZATION &
ANALYTICAL TECHNOLOGY**

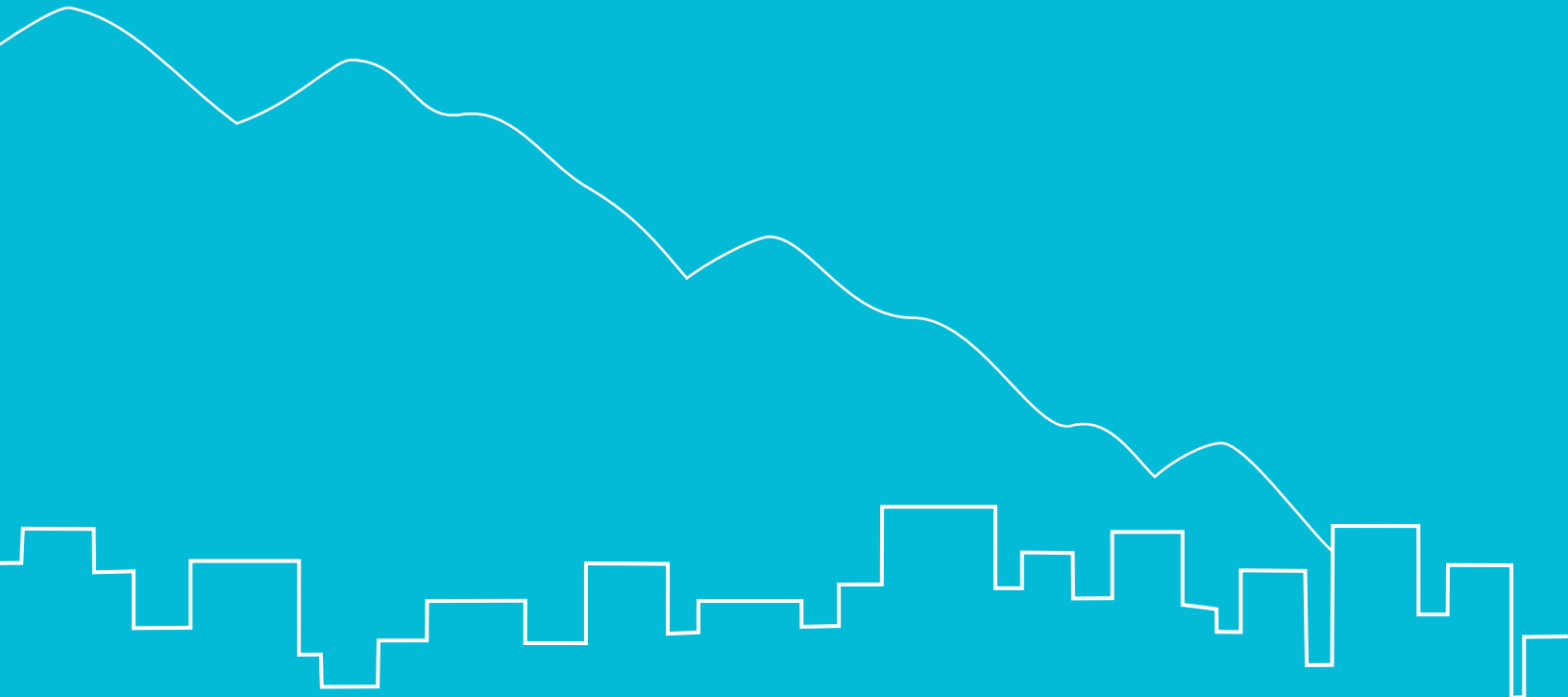




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Visualization & Analytical Technology

Bold decisions and inspired leadership require intent, commitment, and resources. To help realize the vision described in our Project Description, **RD ≡ ICO** will use the vibrant force of America's technological brilliance combined with modern urban design metrics to create the best version of the rebirth of Downtown San Bernardino. Starting with the Carousel Mall redevelopment program, **RD ≡ ICO** will utilize data analysis to generate information that allows stakeholders to “score” progress, employing data and inputs that empower the Mayor, City Council Members and City Planning Team to make more informed decisions by putting Process before Plan. The public's participation will be enhanced with visualization and analysis software tools (“V&A Tool”) essential to both visual and textual/numerical analysis provided by **RD ≡ ICO**'s proprietary V&A Tool. This innovative and one-of-a-kind technology also enables the Community to participate in this collaborative process through social online media platforms and in-person meetups, resulting in the Community feeling a sense of pride and authorship in the co-creation of their newly envisioned Downtown.

The mechanism of communication will be engaging three-dimensional (3D) data visualization from both detailed 3D city computer models and comprehensive data charts which will generate a revealing comparison to “what is”—and “what could be.” This will result in the **“creation of a legacy.”**

Geospatial data equips urban planners with a vast amount of valuable information which can be used in concert with other data to revitalize Downtown San Bernardino for the entire community and its visitors. For instance, **“digital health scoring”** and **“decision analysis”** prove integral to urban design. This especially applies to physical activity (biking, walkability,

fitness centers, etc.) and medical facilities (location of health providers). Biometric and lifestyle information team up as influential components of Triple-Bottom-Line (“TBL”) analysis. For example, a high walk score translates into the ability to conduct day-to-day activities without a vehicle. A rating score of 90-100 (100 being maximum) could be weighted to certain design schemas for the Carousel Mall and surrounding areas. Balancing **“drivable suburban vs. walkable urban”**, through the creation of Urban Nodes in Suburbia (**“UNIS”**) throughout the entire planning process, is integral to the success and sustainability of this transformative redevelopment opportunity. In addition, spatial analysis is essential for the creation of the built environment in the **“new norm.”** Geospatial data is an essential element in evaluating and determining the impacts of both present and future environmental changes.

The TBL analysis does not stop at health and lifestyle information metrics. It also defines environmental and economic values for a specific urban design. Like health information, a vast amount of available environmental, economic, and social data will result in a richer, more holistic, and comprehensive built environment. By combining both mobility and land use options with climate-smart renewable energy in a solar-rich area like San Bernardino, **RD ≡ ICO** will deliver highly valuable information into its V&A Tool to be visualized and communicated to City Leaders, as well as all Community Stakeholders.

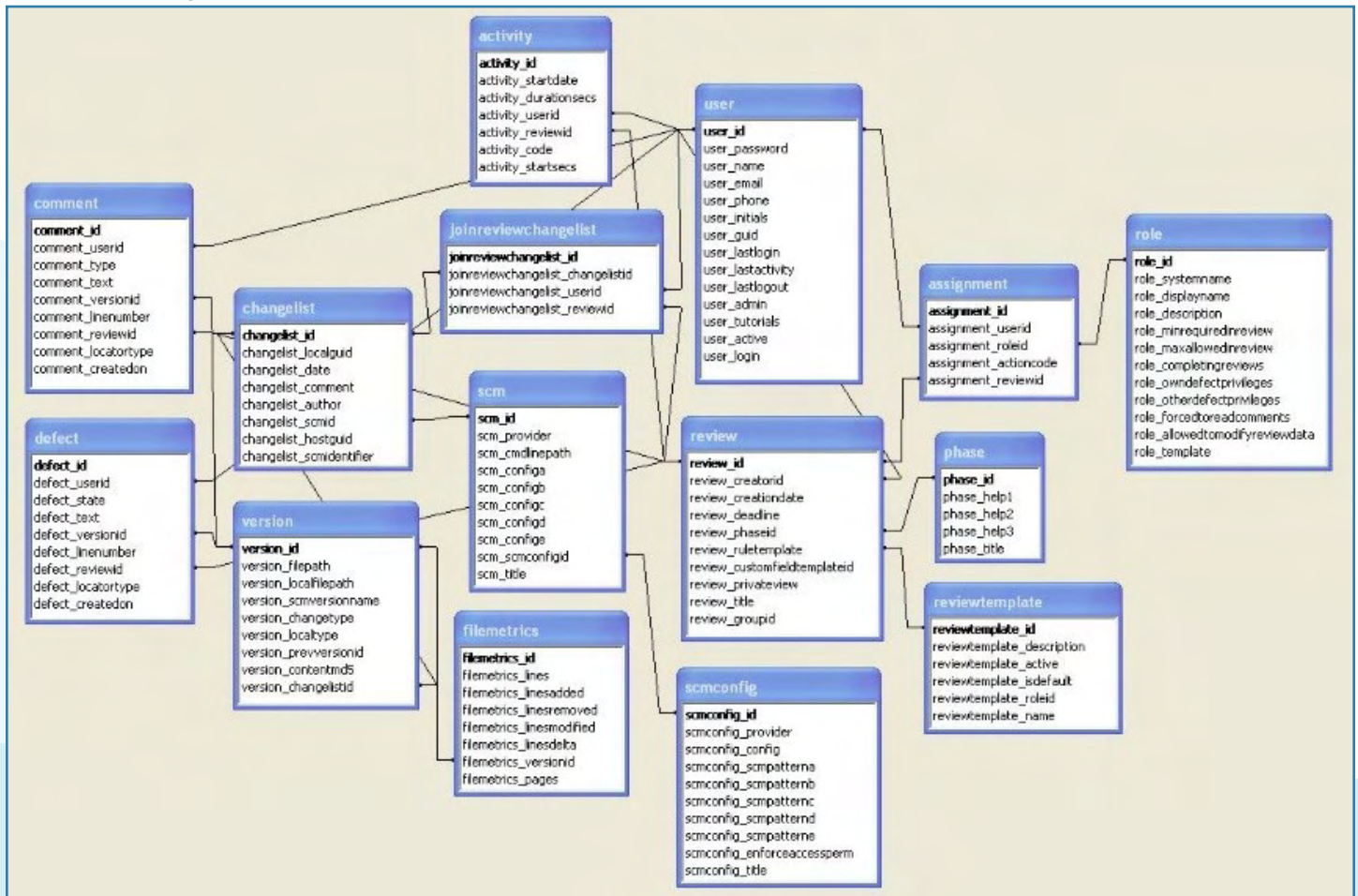
RD ≡ ICO also utilizes a scoring system for measuring **“Social Return on Investment”** (“SROI”) as compared to traditional returns on investment (“ROI” or “IRR”). Social scoring aggregators (walkability, cycling, health impacts, environmental, safety factors, etc.) factor heavily into SROI.

Our Team deploys risk analysis into the algorithms when designing successful urban plans. Be it risks associated with terrorism (9/11), climate change, or disease (COVID-19), we are readily prepared to analyze and stay ahead of the curve utilizing the latest data available.

RD≡ICO's Development Team brings over 70 years' experience in real estate development as well as software and data integration to this extraordinary V&A Tool. Members of The Team have worked with companies like Facebook, Microsoft, Google, ESRI, and Autodesk in the development of **RD≡ICO**'s V&A Tool. The time to think **BIG AND BOLD** is **now**. If not now, when? Create a movement of positive growth harnessed by the power of forward-thinking 3D visualization and analytical technology to forge a holistic and comprehensive revitalization of Downtown San Bernardino.

The V&A Tool we are creating will contain a huge data bank of relevant information to give the Municipality and the Community instant information and gratification by showing different building typology's, facades, heights, rooftop configurations, landscaping, etc., immediately. This visualization capability will simultaneously produce the social, environmental, and economic benefits that will instantly update as modifications are made to the visualization elements of this tool. Everything begins with data input, as illustrated in **Exhibit A: Sample Data Schema**. The term "schema" refers to the organization of data into a blueprint illustrating how the database is constructed (divided into database tables, in the case of relational databases). For instance, the number of apartment "units" as well as retail and commercial uses all represent a value. When planned development of the appropriate mix of these uses change, those +/- differences cause a shift in all the other information indicators relating to jobs, safety, health impacts, carbon footprints, social return on investment, etc.

Exhibit A - Sample Data Schema



Exhibits B & C below represent visualization images and Triple-Bottom-Line performance indicators generated in real-time by this V&A Tool.

Exhibit B - V&A Tool, Before Data Input

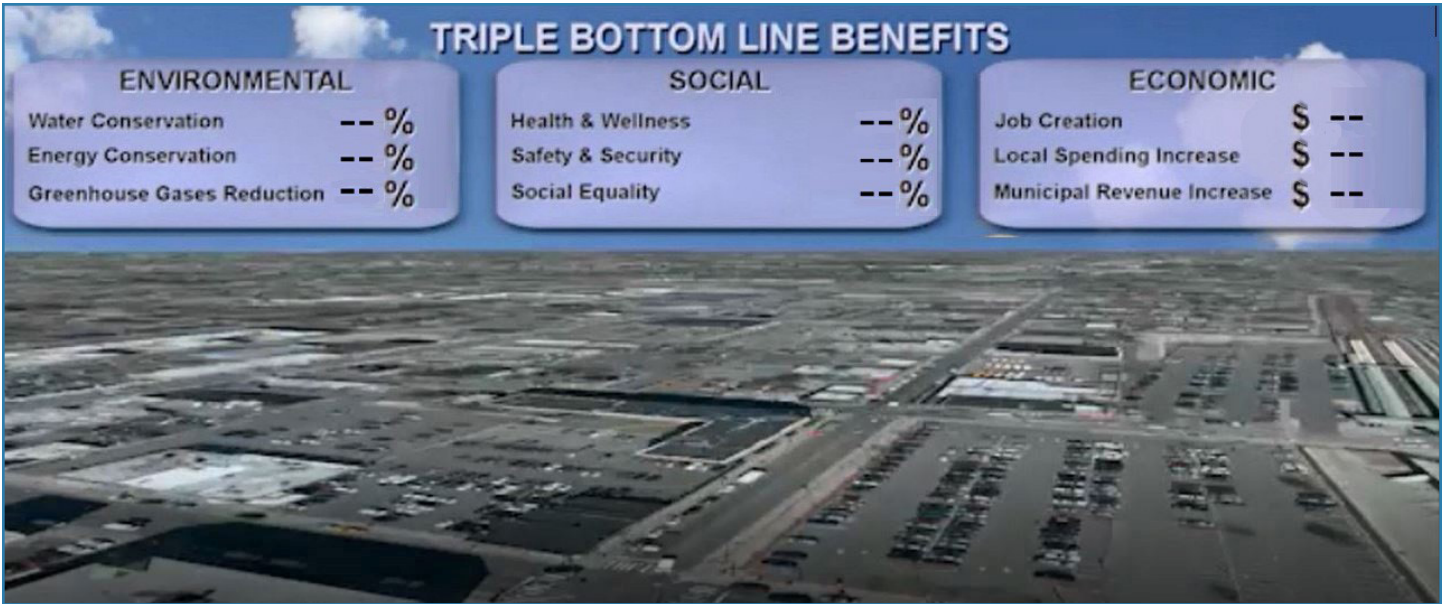
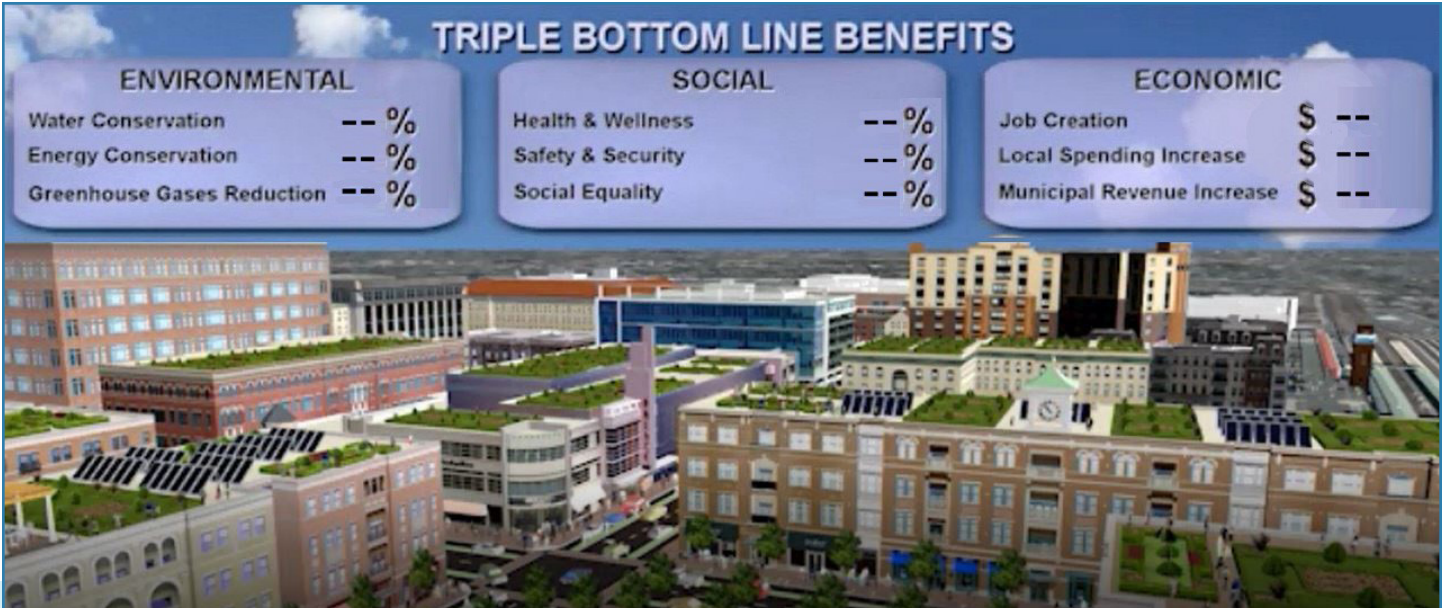
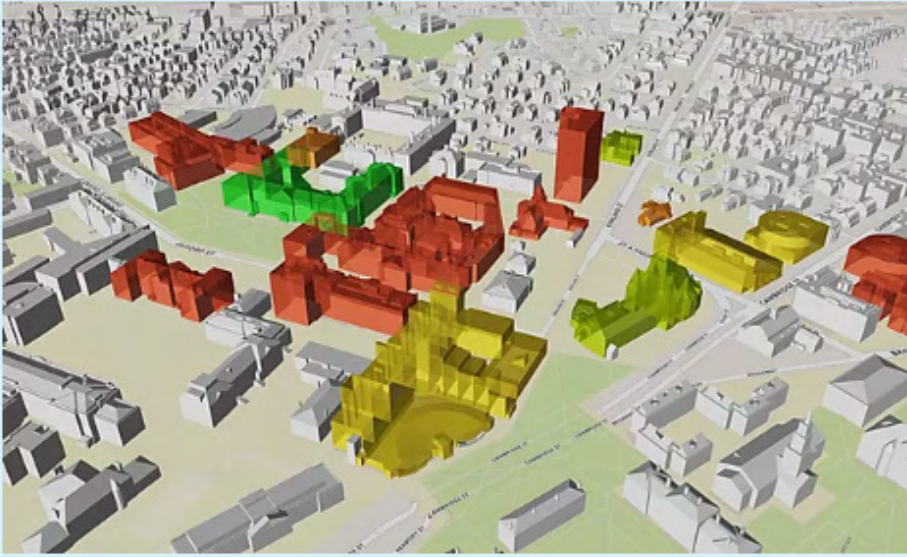


Exhibit C - V&A Tool, After Data Input



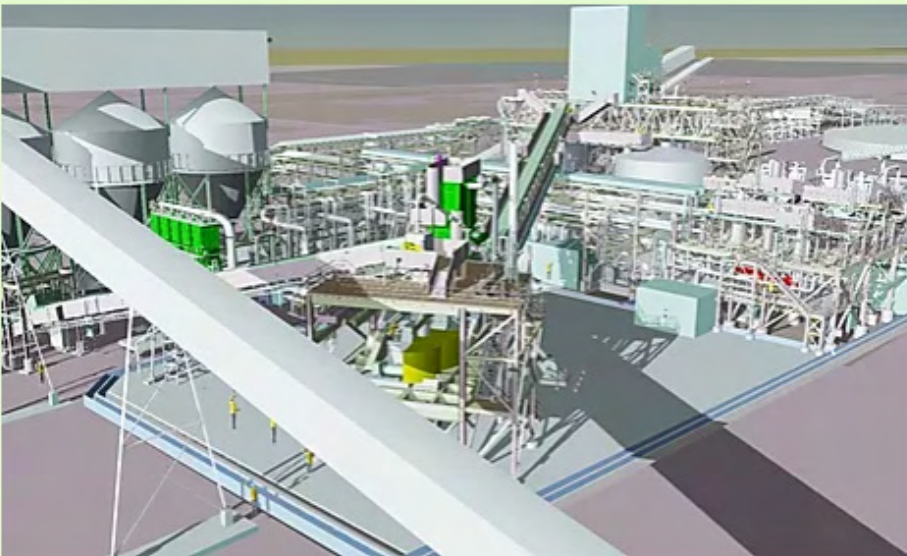


GEOSPATIAL DATA MANAGEMENT

Geospatial content management and document linking system for data.

Add your own data from CAD, BIM or GIS or other 3D design systems for later download and reuse.

Secure permission and user management for uploaded data - share as much or as little as you want.



CREATE 3D/4D DIGITAL TWINS

EdgyGeo is a system that is designed to make the creation of 3D and 4D Digital Twins fast, easy and useful.

A SaaS solution for integration of CAD, BIM, GIS, and other data for use in facilities and asset management.

Linking CAD, BIM, GIS, IoT into a single dashboard with drill down capability.



COMMON DATA MODEL SCHEMA

Many to one browser-based data map viewer. Talk the same language.

Dynamically integrate data from multiple sources into a single environment for common viewing, collaboration, editing or management.

Bring people together around a common understanding – 3D Visuals can be understood by all.

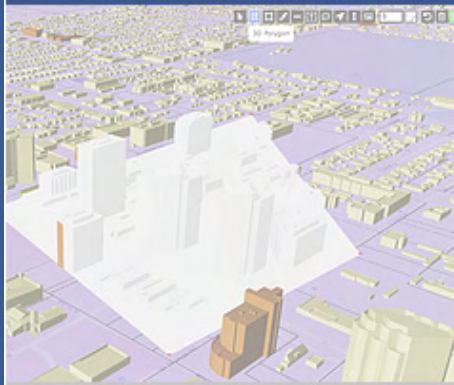


3D GEOSPATIAL/BIM PRESENTATION TOOLS

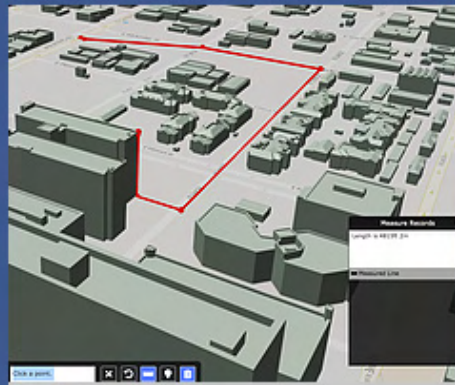
Easy to create, rich and interactive data driven 3D sales, marketing or project presentations of your world.

Create visual reports with renderings and high resolution print output. Analyse light, shadow and sight lines.

Fast production - low training. Storytelling with visual data.



Markup Tools



Measure Tool



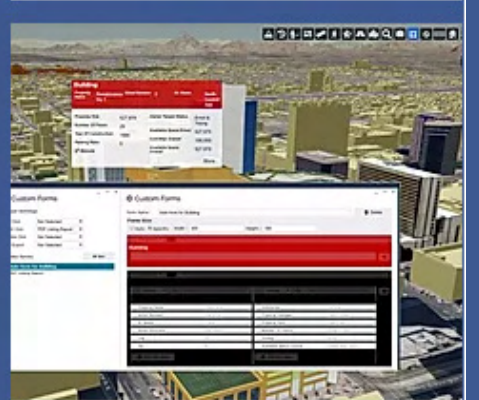
1 Click 2D to 3D



Walk / Fly Mode



Real-Time 3D Quality



Create Forms / Popups



3D Callouts / Legends



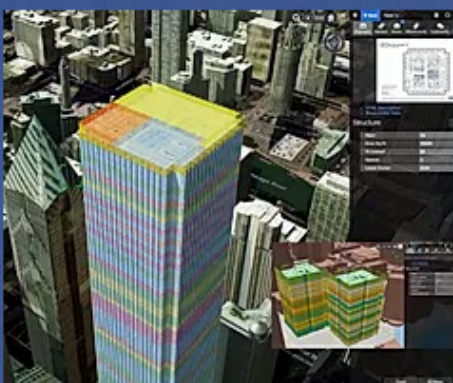
Bookmark Scenes



Full Data Search



Multiple Basemap Choices



Attribution Colorization



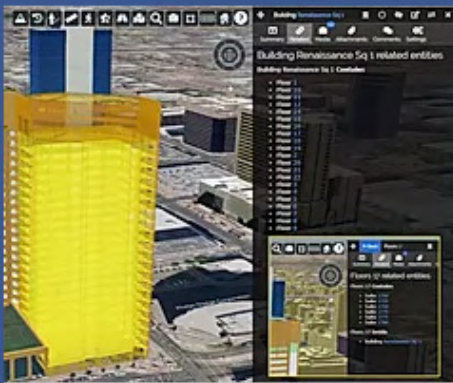
3D City Models Included



Integrate GIS / BIM Data



Add 3D Scan Tours



Navigate Data Relationships



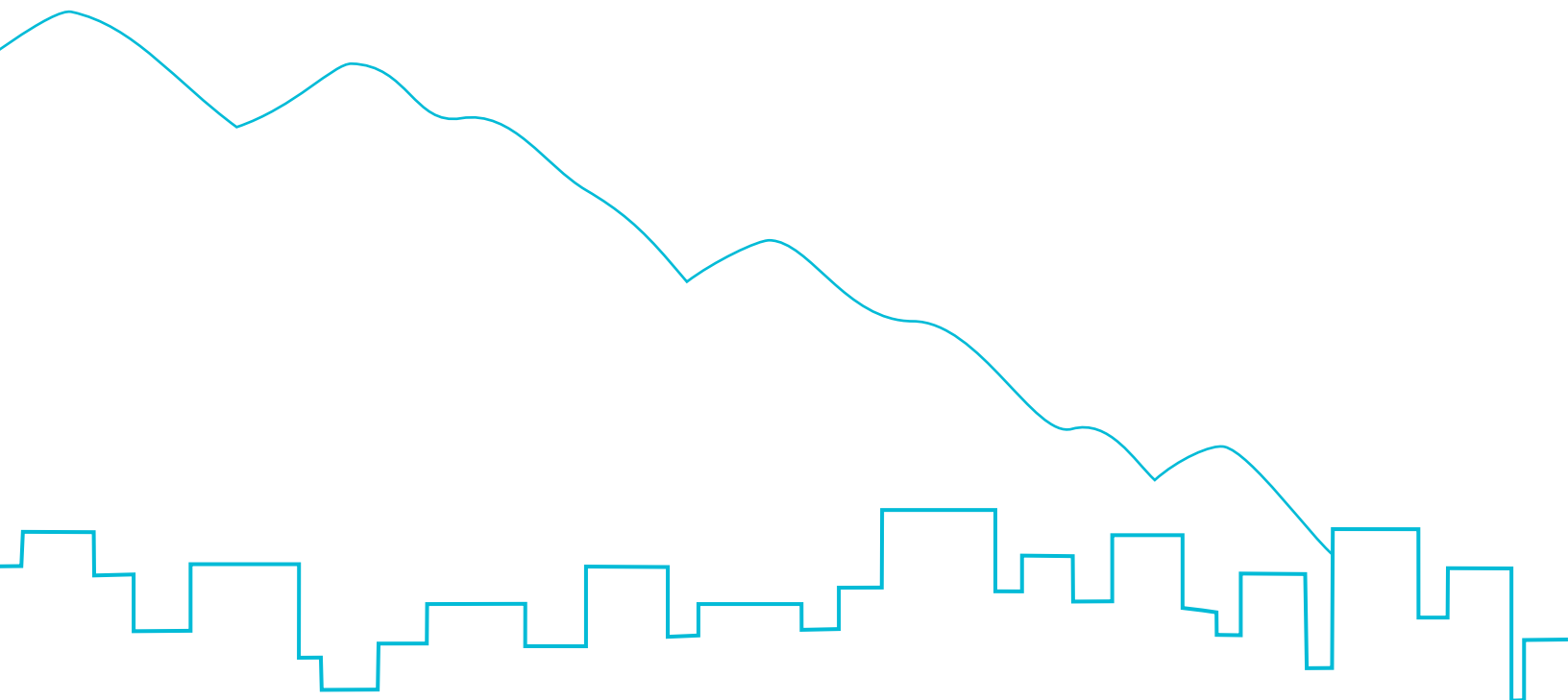
3D Stacking Diagrams



Data Download Feature



Google Maps / Streetview



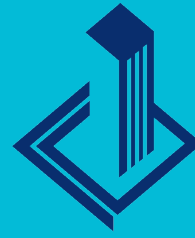
SECTION III • Development Plan

**CONCEPTUAL SITE PLANS,
ELEVATIONS &
PROJECT SUMMARY**

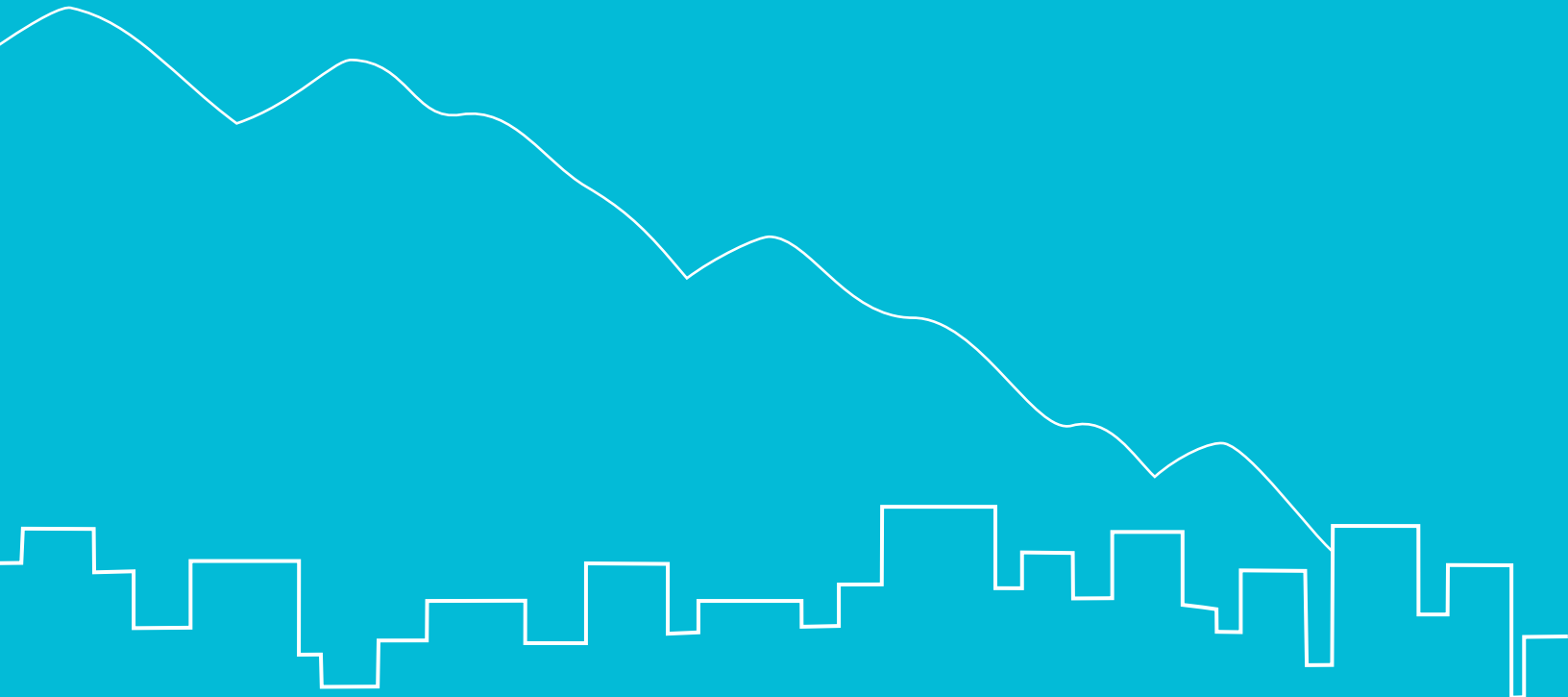




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Conceptual Site Plans, Elevations & Project Summary

Working in concert with the Visualization & Analytical Technology described above, we are able to propose different site plan configurations for various densities, heights, uses, etc., and all based upon market feasibility and demand. As these Conceptual Site Plans are further developed, we are proposing to utilize our V&A Technology to generate real-time data outputs measuring the social, environmental, and economic benefits and impacts.

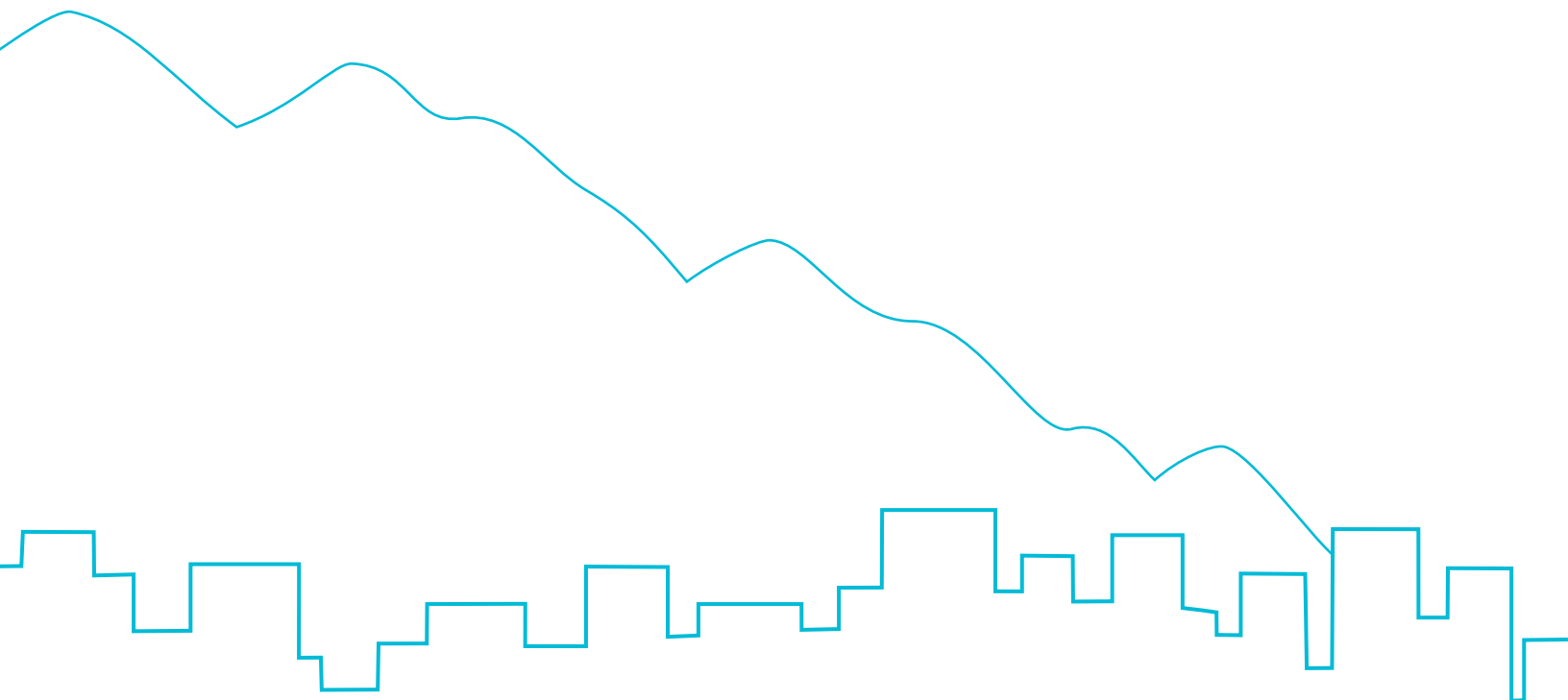
Furthermore, we have provided a series of conceptual site plans beginning with the first plan which provides the City with imagery that recreates the Historical Street Grid and completed by a site plan that shows an expanded version for the overall Downtown Redevelopment Area with connections to the Transit Hub and surrounding Downtown destinations.

We have prepared this **Development Plan Section** knowing that the initial RFQ, issued July 11, 2019, and the subsequent RFP, issued February 3, 2020, did not anticipate the significant global impact caused by the COVID-19 pandemic and resulting economic crisis. Our entire Development Team is committed to adapting our thinking and approach with the City and Community Stakeholders as the plan evolves, paying particular attention to all design and programmatic elements that will be affected by this new norm.



The co-creation of a socially, environmentally, and economically sustainable development.





Re-establishing the Historic Street Grid

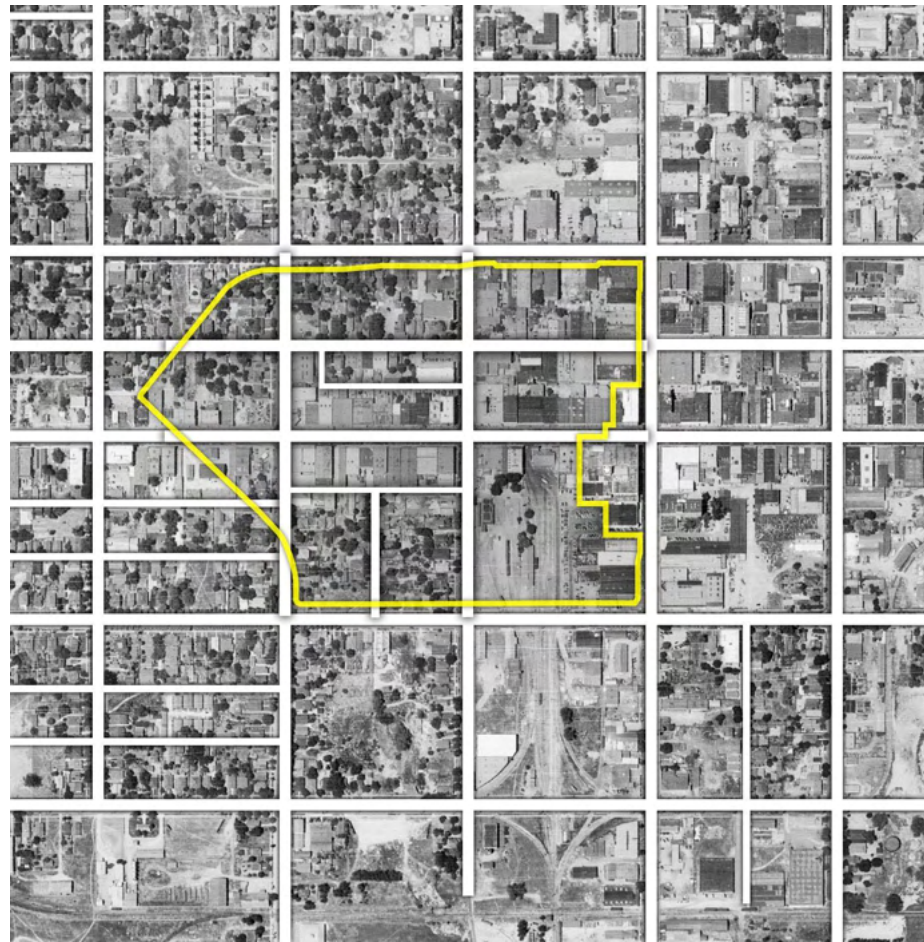


Exhibit A. 1938 aerial photo and street grid. Solid yellow line indicates boundary of mall built and opened in 1972.

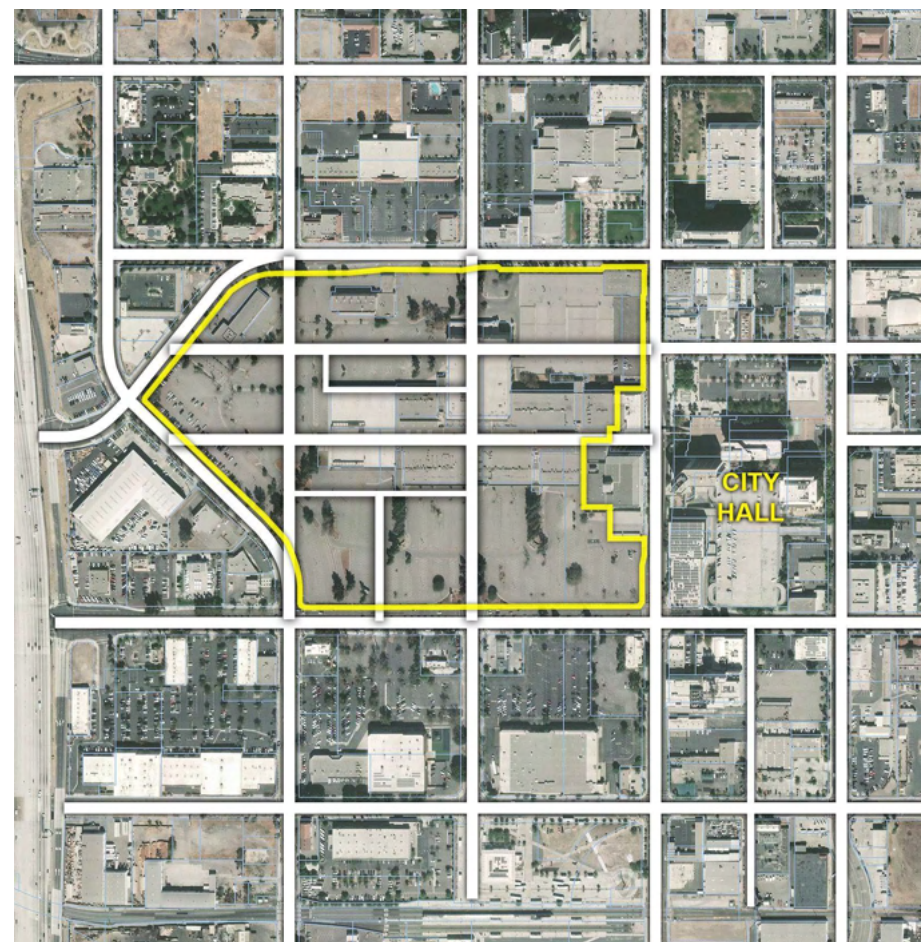


Exhibit B. 2017 aerial photo. Historic (1938) street pattern overlaid on the mall site.

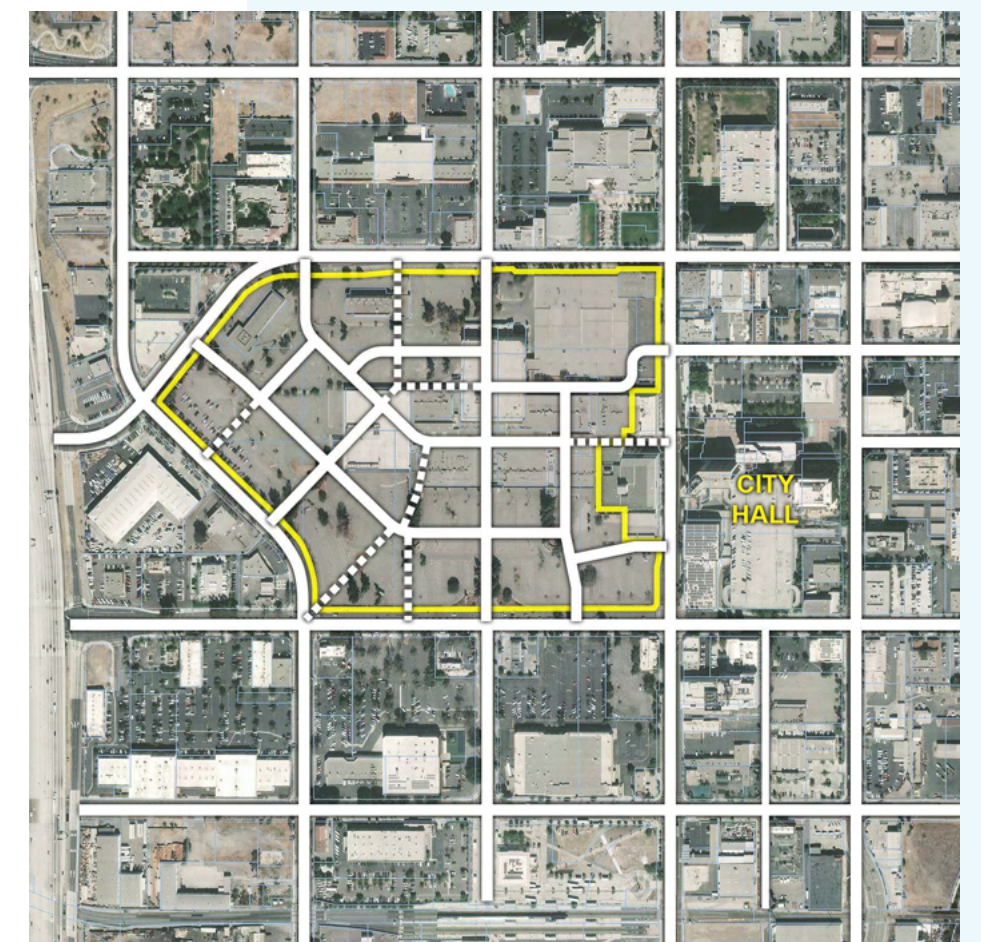
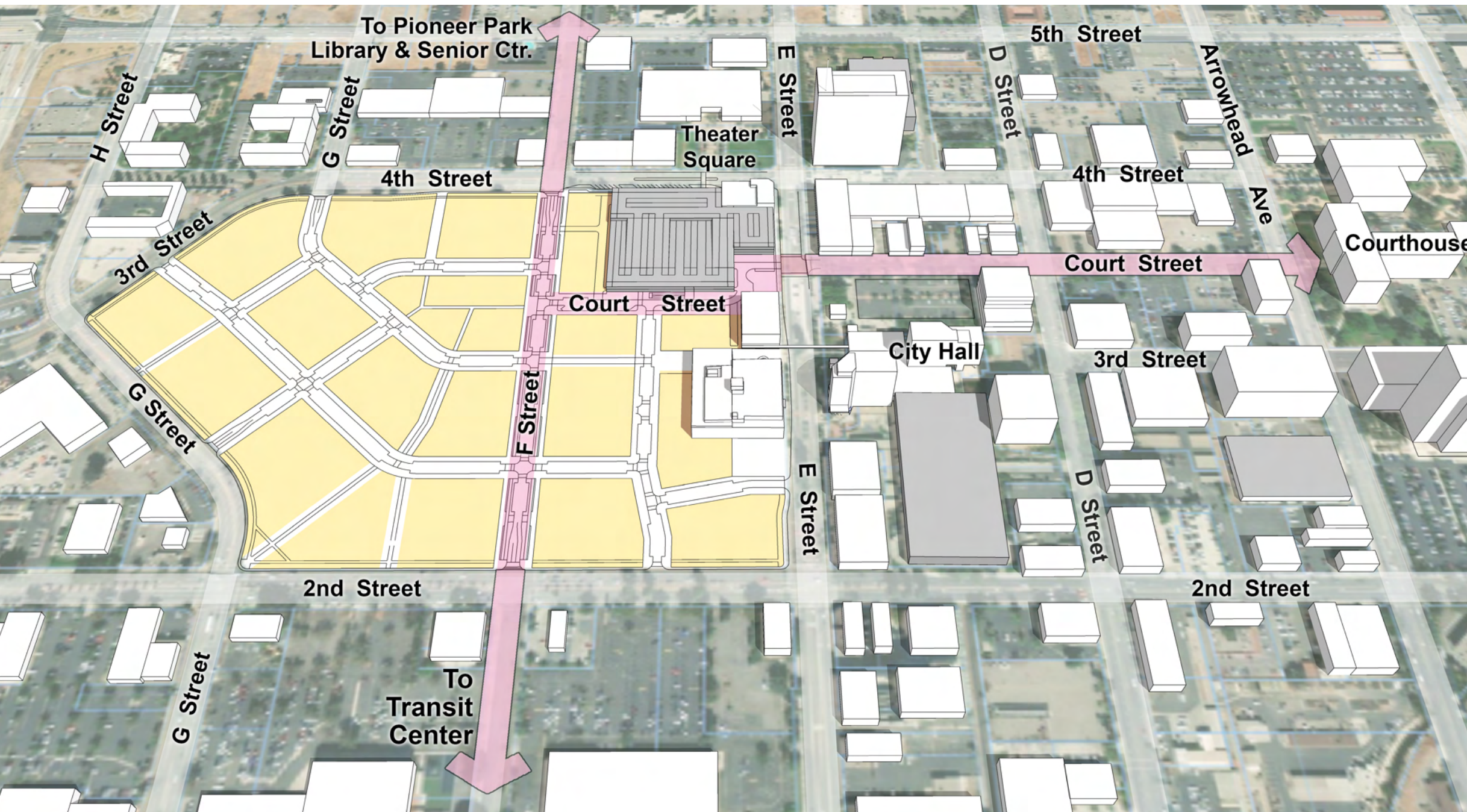


Exhibit C. 2017 aerial photo. Existing surrounding streets suggest two different grid geometries. By combining both grids and retaining important existing buildings we can make a street network that re-establishes historic connections, maximizes walkability, responds to local climate conditions, and creates a unique sense of place. In addition, we have researched and found the names of these former streets, should the city decide to reuse these names in any future street dedications.



Conceptual Site Plan I - Re-establishing the Historic Street Grid



The conversion of the Carousel Mall into a lively downtown will begin with the creation of a street grid on the existing mall site, and its parking lots. We suggest both resurrecting and repairing historic street patterns, as well as including several smaller modifications as refinements and suggested improvements.

The street grid will connect to the existing downtown streets and emphasizes their hierarchical weight in the downtown urban fabric. Court Street will be continued as the dominant east-west axis, and E and F- Streets will further strengthen existing north-south connectivity.

Diagonal blocks, in response to the existing North G Street, will add environmental optimization to the street system, like many historic downtowns in similar climate locations where there is always shade on one side of the street. Further, the diagonal alignment will redirect activities in the west back into the core downtown and towards E and F Streets.

The street pattern introduces additional streets mid-block, to create a much more walkable small block structure. Research on urban form has traditionally suggested that smaller city blocks are better for foot traffic, and prominent urbanists have advocated them as key promoters of pedestrian access. Finally, a network of paseos weaves through block structures and creates small scale shaded event locations (placemaking) along narrow walking paths and in shady inner courtyards.



Conceptual Site Plan II - Climate-Smart Urban Forestry Plan



A primary goal for the new development is to introduce a higher level of walkability into the downtown core. Walking and other types of human-powered transportation play big role in reducing vehicle miles travelled (VMT), which in turn is the single most effective step we can take to combat climate change.

Streets and future buildings will be oriented to create as many shaded sidewalks and pedestrian routes as possible. Thousands of trees will be planted throughout the downtown. The Development Team will work with the city to determine these locations, as well as possibly planting different species in different districts. The cumulative effect is an extensive urban canopy that creates microclimates conducive for walking, biking, jogging, outdoor activities, exercise, trails, and 'micro-mobility vehicles' – for both recreational and utility purposes.

This robust tree canopy provides other social, ecological, and economic benefits. It reduces the heat island effect, adds beauty, improves air quality, adds habitat for wildlife, improves real estate values, and contributes to an overall sense of wellbeing.



Conceptual Site Plan III - Designing Urban Nodes in Suburbia (UNiS)



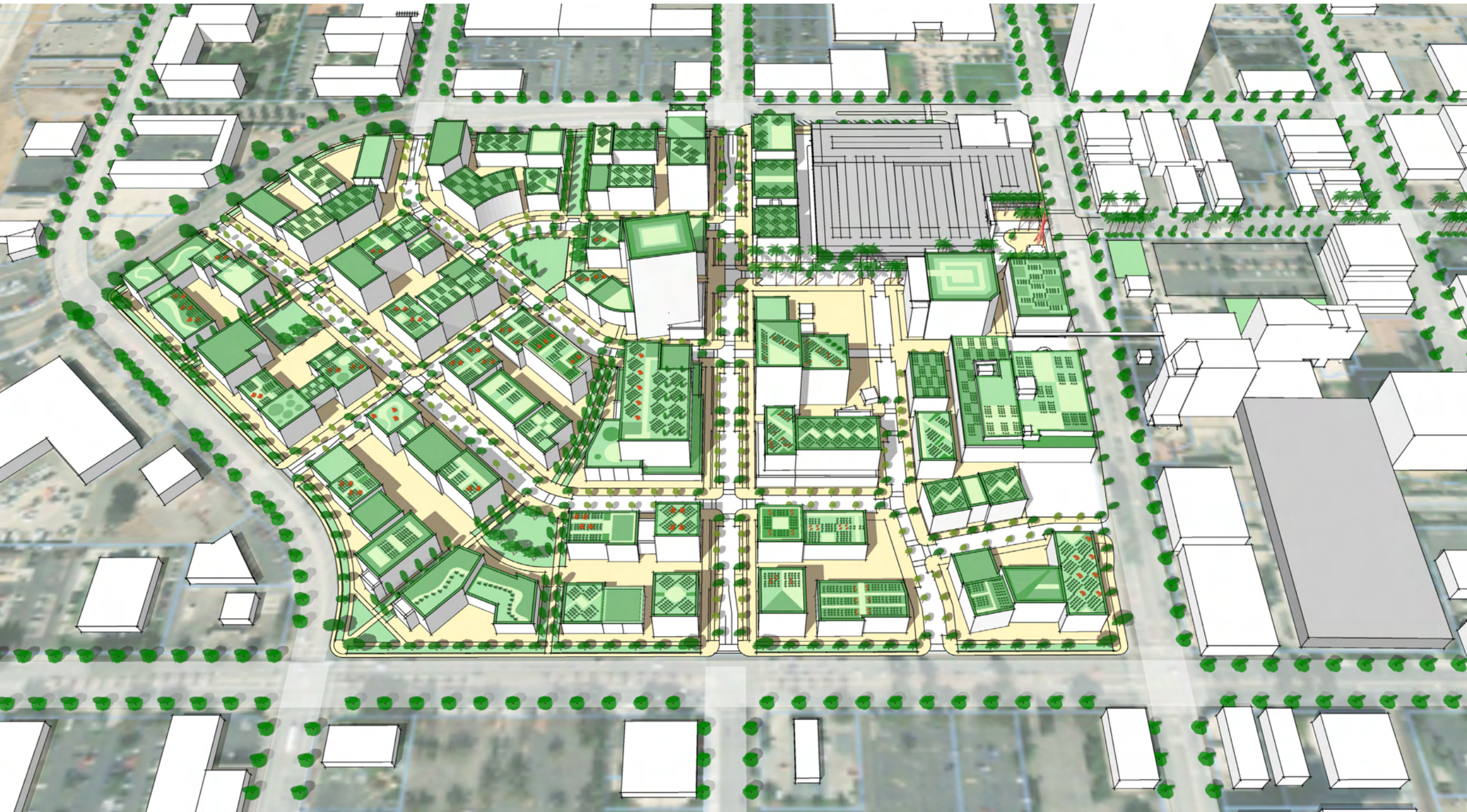
The new buildings on the carousel mall site will reflect a variety of uses, building types, building heights, mass, bulk and scale modulations, and stylistic appearances. New residential development will provide a range of housing typologies including lofts, live/work units, apartments, condominiums and townhomes. Buildings will be designed to help create an active street environment by assuring that many individual ground-level units will have direct access to/from the sidewalk. They will be complemented by high-quality streetscapes

The Team, in concert with the City and Community Stakeholders, should consider the establishment of design guidelines for the creation of distinct neighborhood districts, each with a unique character and architectural vocabulary. A preliminary list may include a Heritage District, an Arts District, an Innovation District, an Entertainment District, etc.

When completed, the redevelopment site has the potential to accommodate 2,000 – 3,500 residential units, along with supporting retail, entertainment, commercial and office uses. Building types and heights will be calibrated to satisfy market demand in the new norm.



Conceptual Site Plan IV - Green Roof Environmental Technologies



The inclusion of the latest green building designs throughout the redevelopment area will place the City of San Bernardino at the forefront of these innovative technologies. In addition to high-performance technological advances, these roof-top design features also provide placemaking opportunities for people to enjoy.

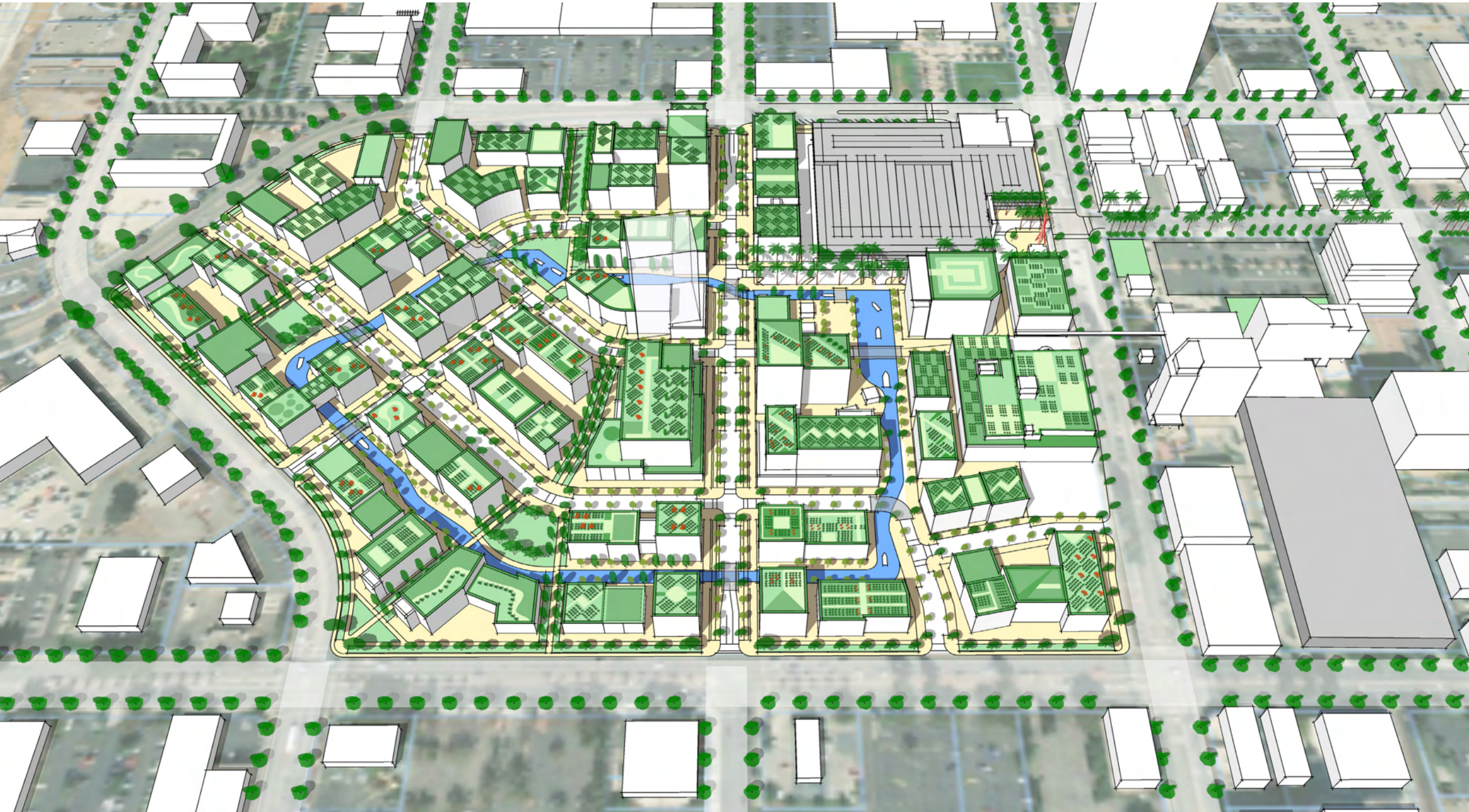
We intend to reduce each building's energy demand through passive design and smart technical systems, while lowering the embodied carbon through innovative construction strategies and the use of technologies such as cross laminated timber. After maximizing the daylighting potential on each block, individual buildings will have their glazing specifically sized and placed, depending on orientation, adjacencies, sound, and other environmental factors.

We will consider high-efficiency heating and/or cooling systems that are appropriate for the local climate. We plan to build green roofs on many of the new structures. Together with heavily insulated building envelopes, they will help insulate the buildings from solar heat gain and minimize energy losses. Green roofs attenuate runoff during and after heavy rain events. They will also become valuable outdoor spaces for private and sometimes public use; and may in some instances include rooftop agriculture and gardens.

We will investigate the potential for renewable energy generation on-site, based on carbon-reduction targets and cost efficiency. Renewable energy strategies will consider geothermal sources for cooling, solar panels for hot water generation, natural ventilation and cooling for thermal comfort, and roof-top photovoltaic panels.



Conceptual Site Plan V - Inland Empire Riverwalk Experience



In review of the City's 2009 Vision Plan, we concur that the inclusion of water into the downtown fabric could be a great amenity and a distinguishing feature of the downtown revitalization.

We propose a genuine Riverwalk that loops through the new development and has a strategic adjacency to the west extension of Court Street. Our vision includes a central lagoon with boat rentals and gondola rides. Slow footpaths would meander along the water's edge. In places where water flows through the middle of development blocks, the adjacent buildings will be designed to have two active frontages, street side and water side.

The value of such an attraction cannot be overstated. The Riverwalk will enliven downtown with enviable cultural and economic activities. It will also help San Bernardino achieve its ambition to become the prime urban destination for the Inland Empire.



Conceptual Site Plan VI - Unified Development Approach (UDA) & Holistic and Comprehensive Downtown Ecosystem



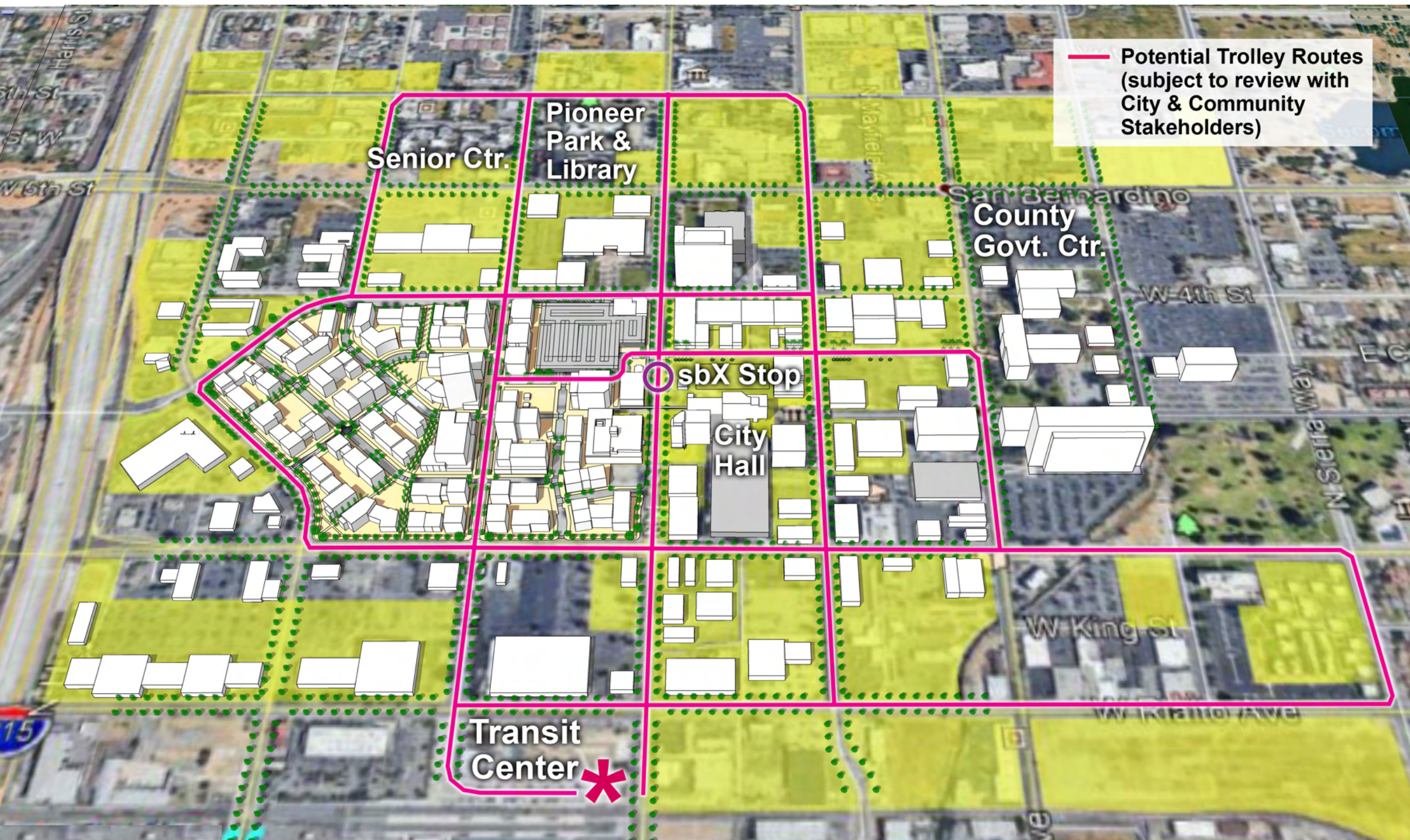
The redevelopment of Carousel Mall should be a catalyst for positive change throughout Downtown San Bernardino. We are encouraged by the City's expression of interest to expand the City's vision for a more holistic and comprehensive downtown redevelopment strategy, which would serve as 21st Century model for the entire State of California.

The yellow areas highlighted in this illustration indicate the potential for a preliminary representation of an expanded redevelopment area. As described in Section I: Letter of Introduction, our Team's unique Unified Development Approach (UDA) provides the opportunity for Downtown San Bernardino property owners to be an integral part of this overall redevelopment opportunity.

In other words, in addition to the master developer playing a pivotal role in this redevelopment it is imperative that this be viewed as an inclusive and not an exclusive process, where all parties big and small are involved.



Conceptual Site Plan VII - Urban Mobility Through Land Use and Transportation Connectivity



We are keenly aware of the City's desire to connect the transit hub to the entire downtown through land use and transportation integration.

San Bernardino's outstanding transit hub provides connectivity to many regional destinations in Southern California. The new ARROW rail connection between Redlands and San Bernardino is scheduled to open in the near future, representing yet another enhancement to the City's current mass transit system. The advent of this rail connection bolsters the opportunity for the City to emerge as "The Destination" for the Inland Empire.

The Metrolink station is a major point of interest for downtown growth and related activities. In addition, the vast majority of the Carousel Mall development site is within a short walk of the station.

The sbX Rapid Transit Line is an important connector to Cal State University San Bernardino, Loma Linda University and Medical Center, Downtown and the Metrolink station.

We are suggesting a trolley route as a downtown connector that makes it convenient and comfortable to reach all downtown destinations. We envision an electric trolley that runs at intervals that are predictable and frequent enough that people will not need to consult a timetable. It should be a genuinely helpful way to get around.

We will also strive to work with the City and Community Stakeholders to plan and implement a downtown network of complete streets that accommodate all modes of active transportation.



Final Thoughts

“I have lived in Southern California, and practiced as an architect and urban designer, for several decades. I love the natural potential of this place with its near perfect climate, nestled between a beautiful coast and spectacular mountains. But for almost as long as I have lived here, I have also seen local urban patterns as obstacles that prevent us from reaching the full quality of life that is possible and attainable.

In my practice as an architect and urban designer, I always attempt to make a difference in our existing communities, one project at a time. But this is not going fast enough considering the massive problems we need to solve as communities. So, I often dream about an urban site large enough where we can leapfrog past development patterns and demonstrate how great life can be in the compact multimodal walkable communities so much is written about. Southern Californians need to see and experience this for themselves, locally.

The Carousel Mall site is such a dream opportunity, and Downtown San Bernardino could become this example. It is so exceptional to have 43 acres of prime real estate available to be integrated into an enlarged vision for downtown redevelopment in a city so close to a transit hub. San Bernardino can demonstrate the future for SoCal, a place that shows people a higher quality of urban life, in a vibrant and walkable downtown, with a much smaller carbon footprint that can inspire hope for a sustainable future.

San Bernardino can sparkle brightly and become the beacon for the whole state to follow. We just have to believe it can.”

Gerhard W. Mayer AIA LEED-AP

Precedent Riverwalk Imagery

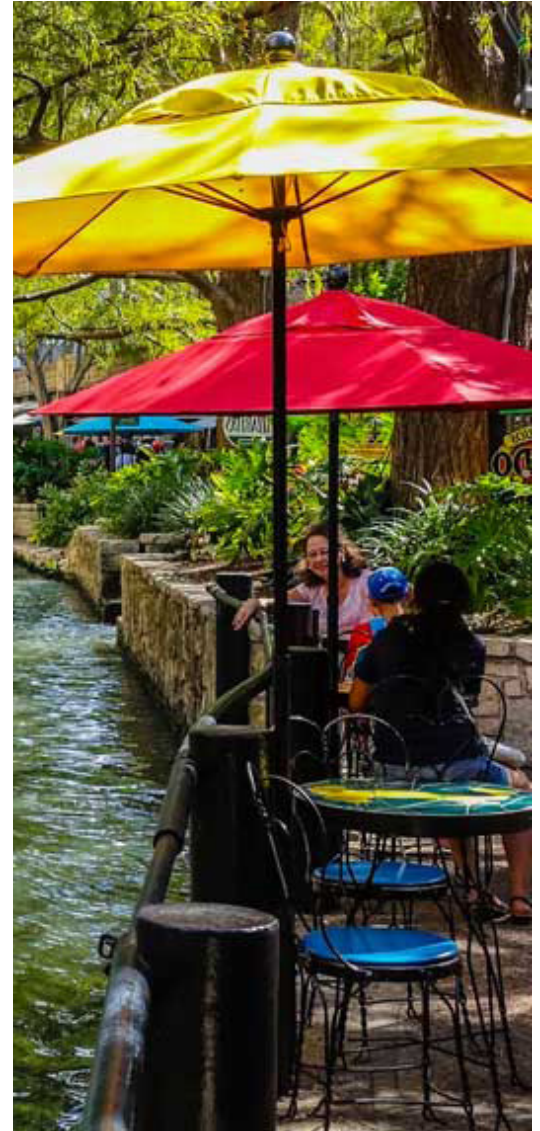


Image from 2009 San Bernardino Downtown Vision Plan



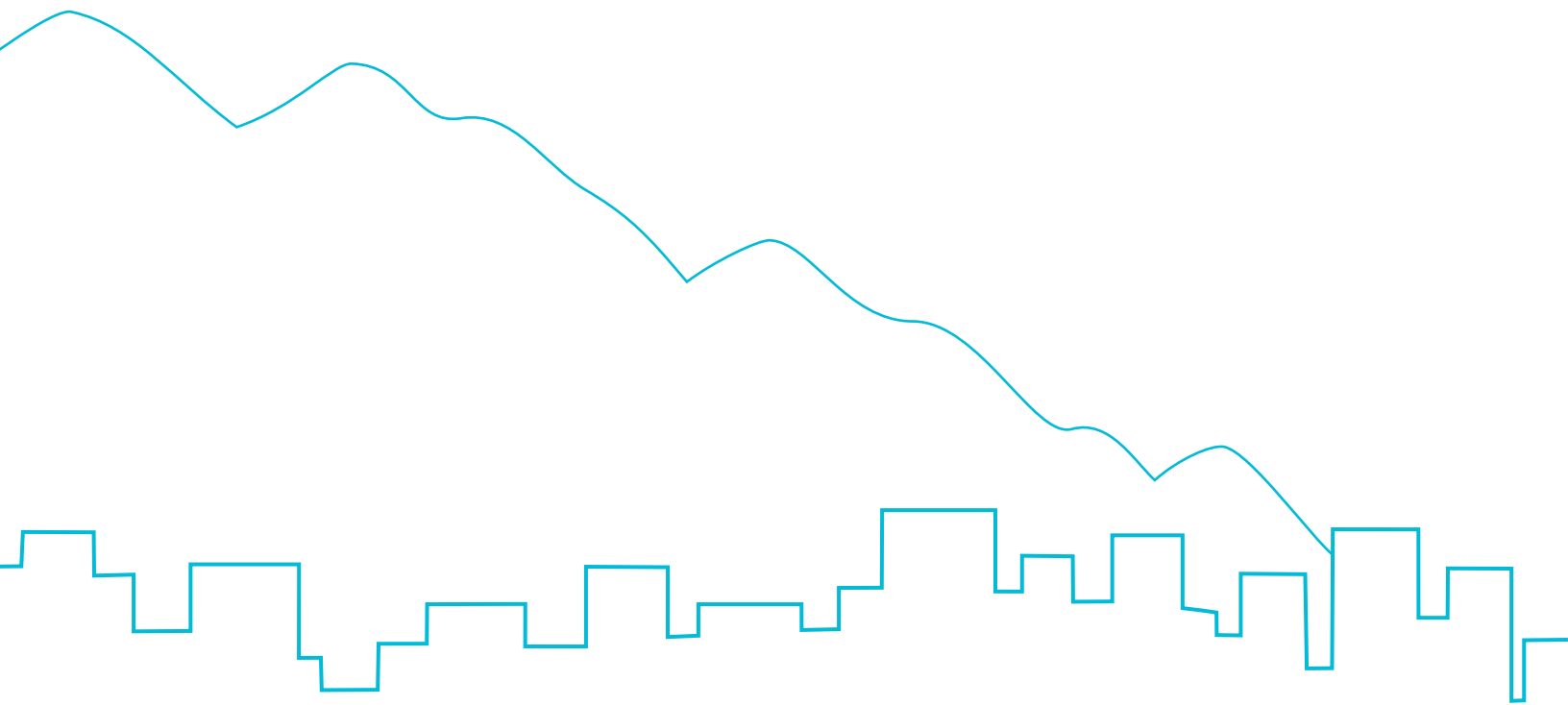
Precedent Building & Public Realm Imagery



Precedent Building & Public Realm Imagery







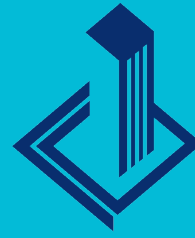
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**PRELIMINARY
DEVELOPMENT SCHEDULE
& ANTICIPATED PHASING**

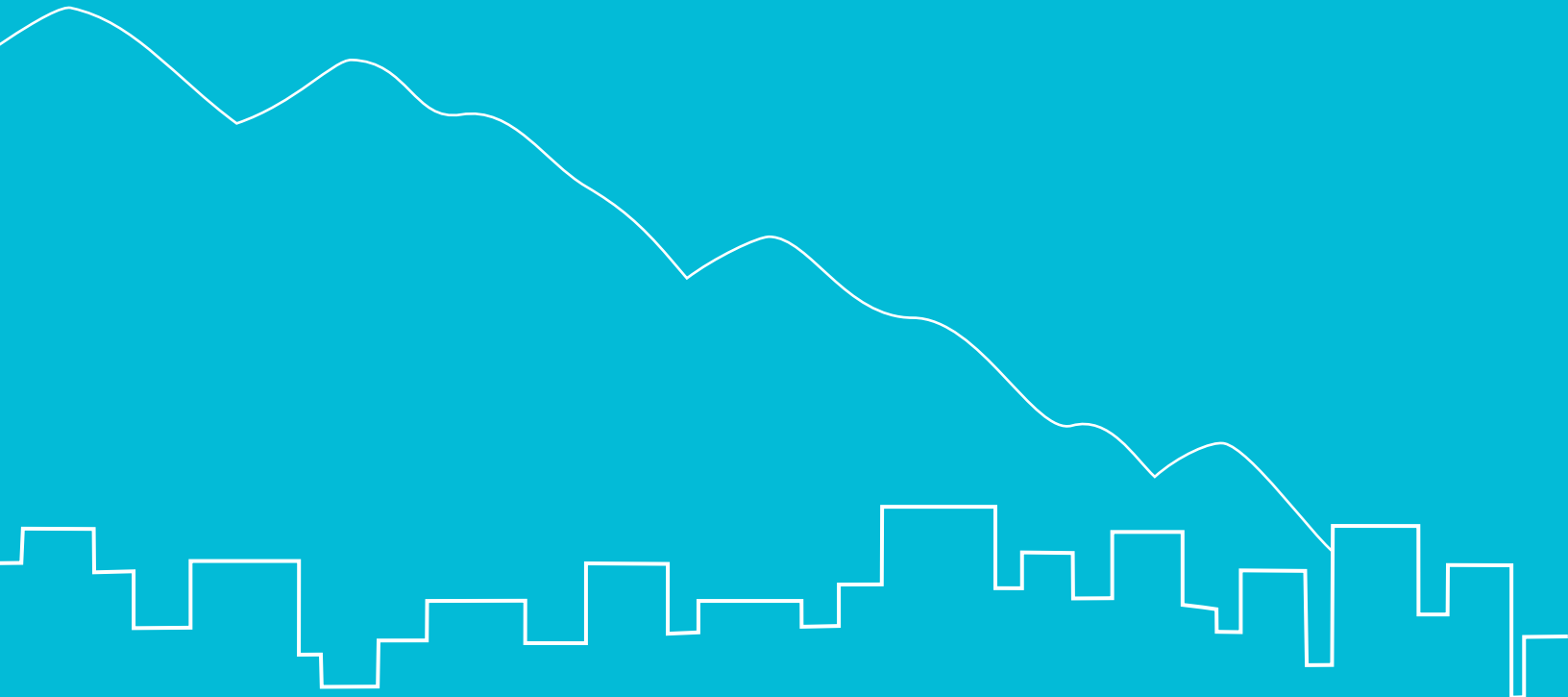




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Preliminary Development Schedule & Anticipated Phasing

The City of San Bernardino has an opportunity to create a development that is second to none in the State of California. In order for this to take place, several moving parts must come together. It is very difficult, and would be disingenuous on our part, to accurately estimate a timeframe for commencement or completion of a project of this magnitude. That should not discourage the City from moving forward in an aggressively responsible manner to fulfill what has been a desire for over a decade. Moreover, **RD**  **ICO**'s past experience in bringing to life transformative downtown redevelopments of this magnitude will enable us to accelerate overall timeframes with the City in an expeditious manner.

That being said, we believe that it is the City's desire to see a shovel in the ground for elements of the project as quickly as possible. This expediency will come from the City, the Master Developer and Community Stakeholders working collaboratively immediately upon the City's designation of a Master Developer and Planning Firm. We commend the City for its timing of not only the issuance of an RFP for both a Master Developer and Planning Firm but also for the selection of both in a timely manner, which would allow for the commencement of this process to occur synergistically.

In order for an acceleration of elements of the overall project to be developed within a desirable timeframe, it will require a strategy put forth by all interested parties for a standalone construction project within the Downtown Redevelopment Area to commence as expeditiously as possible. In discussions with legal counsel, one possibility would be to review density parameters that could be independent of a General Plan Update through a discretionary process with some expedited CEQA review.

If the City desires such a path to move forward, it is our opinion that there could be a shovel in the ground on a Downtown Project within 9-12 months from selection of a Master Developer and execution of appropriate documents.

As stated above, once a Master Developer and Planning Firm have been selected, much of the subsequent milestones will be determined by political will, community support and statutory requirements.

On the following pages, you will find a schedule for anticipated phasing, with estimates based on the aforementioned variables. It should also be noted that Section II: Letter of Introduction further expounds upon the phasing process within this section.



PRELIMINARY DEVELOPMENT SCHEDULE & PHASING UTILIZING OUR CORE REVITALIZATION METHODOLOGY

Our CORE REVITALIZATION METHODOLOGY



1

PROCESS BEFORE PLAN



2

MASTER DEVELOPER



3

CROWDSOURCED PLACEMAKING



4

UNIFIED DEVELOPMENT APPROACH
REVITALIZATION ACTION PLAN



5

TRIPLE-BOTTOM-LINE ANALYSIS



6

FORM-BASED ZONING CODE



7

COMMUNITY BENEFITS AGREEMENT



8

GROUNDBREAKING

*For purposes of fulfilling the RFP submittal requirements, we have estimated dates for a preliminary development schedule & phasing by utilizing **RD** \equiv **ICO**'s Core Revitalization Methodology. The estimated dates are dependent upon the City's selection of a Master Developer and execution of a Master Developer Agreement, as well as full collaboration throughout the entire Entitlement Process.

RFP SUBMISSION DATE:

5/27/20

The Starting Gate...

PROCESS Before PLAN



Process Before Plan – The economic development and revitalization of Downtown San Bernardino through the co-creation of a shared development vision must begin with a partnership between the CITY, COMMUNITY STAKEHOLDERS and MASTER DEVELOPER, and a commitment to place **PROCESS Before PLAN**. This was made possible by the Mayor and City Councils' thoughtful decision to continue the RFQ process by issuing an RFP during the **December 4th, 2019** City Council Meeting. The City's forward thinking has made it possible for **RD ≡ ICO** to propose a holistic and comprehensive strategy for the transformative revitalization of Downtown San Bernardino by the RFP's **May 27th, 2020** deadline, which we envision as a starting point for this projects' development timeline.

MASTER DEVELOPER SELECTION:

***7/15/20**

Round 2

Selection of a MASTER DEVELOPER



Selection of a Master Developer – Time is of the essence. This transformation can only be accomplished in a responsible manner and time-frame under the auspices of a Master Developer, such as **RD ≡ ICO**, working collaboratively to co-author and implement a shared vision with the Community Stakeholders and the Municipality which is initiated as soon as the City Council officially selects the Master Developer and executes a Master Developer Agreement (“MDA”). This step can be completed within ***30 days**. In short, the selection of a Master Developer could occur during the City Council’s July 2020 City Council meetings. Hence, we have listed the ***July 15th, 2020** Council Meeting for this purpose.



Create **Urban Nodes in Suburbia (UNiS)** through a Holistic & Comprehensive Development Strategy.

Partnerships Require:

SHARED VISION, CONFIDENCE, TRUST

THINKING BIG IS OFTEN BETTER AND EASIER!

COMMUNITY OUTREACH CSPM START DATE: *8/15/20

Round 3

Crowdsourced Placemaking (CSPM) Our “SECRET SAUCE”



Crowdsourced Placemaking (CSPM) – Shortly after the City designates **RD** \equiv **ICO** as the Master Developer, we will initiate our CSPM program by opening a local community engagement office staffed by local residents. This will be completed within **30 days** upon the execution of the MDA. Hence, this step could occur by ***August 15th, 2020**.



Community – Opens Informational Office
Community – Self-Names
Community – Signs Triple-Bottom-Line Agreement
Community – Recruits Thousands of Participants
Community – Votes on Ideas Posted

UDA & RAP:

***08/15/20 - 12/15/20
ON-GOING PROCESS**

Round 4

Unified Development Approach (UDA)

Revitalization Action Plan (RAP)

Unified Development Approach (UDA) & Recommended Action Plan (RAP) – The UDA and RAP provide San Bernardino with a framework to facilitate a comprehensive, mixed-use TOD strategy that brings together Community Stakeholders, and Private Property Owners to collaboratively create and implement a shared, holistic development vision. The initial component of this inclusive strategy, coupled with completion of the RAP, will take place concurrently with the CSPM process from ***August 15th, 2020** through **December 15th, 2020**. Subsequent efforts will continue to inform the Development Project through completion.



SOCIAL-ENVIRONMENTAL-ECONOMIC BENEFITS & IMPACTS CEQA

Round 5

Triple-Bottom-Line Analysis

Triple-Bottom-Line Analysis – RD \equiv ICO's social impact real estate development model provides multi-benefits to San Bernardino and the surrounding region. This process includes completion of CEQA requirement and shall be determined by statutory requirements and in close consultation with the City and its selected Planning Firm.



Social Responsibility Analysis

- Attainable Housing Analysis
- Social Impact & Equity Study
- Social Returns on Investment (SROI)

Environmental Responsibility Analysis

- Climate-Smart Development
- Healthy Land Use
- CEQA & tomorrow's generation

Economic Responsibility Analysis

- Job Creation & Economic Development
- Sustainable fiscal outcomes
- Act now or pay later

Timeframe:

This all-important process will be guided by statutory requirements and in consultation with the City.

DOWNTOWN SPECIFIC PLAN FORM-BASED ZONING

Round 6

Specific Plan Form-Based Zoning



Specific Plan Form-Based Zoning – For truly transformative suburban downtown redevelopment to occur within an expedited timeframe, the Community must be able to adapt to market cycles and preferences in a timely manner. This is most effectively achieved within a Specific Plan utilizing Form-Based Zoning to encourage property owners to aggregate smaller parcels for development through a collaborative process. We envision this as an opportunity to work hand-in-hand with the City and its selected Planning Firm to co-create a Downtown Specific Plan that will catalyze development throughout the downtown in a condensed timeframe. The timeline for this will be formulated in consultation with the City and its Planning Firm.

The Intersection of Land Use & Transportation

Conventional Zoning (the “Old Norm”)

- Separation of uses
- Inability to react timely to market conditions

Form-Based Zoning (the “New Norm”)

- Create live, work, shop, learn, play overlay district
- Ability to react timely to market conditions

Timeframe:

This all-important process will be guided by statutory requirements and in consultation with the City.

COMMUNITY BENEFITS AGREEMENT (CBA)

**CBA WILL BE IMPLEMENTED
SIMULTANEOUS WITH APPROVALS.**

Round 7

Community Benefits Agreement (CBA)



Community Benefits Agreement (CBA) – Baked into San Bernardino’s community-driven Form-Based Zoning overlay should be provisions outlining the terms and conditions of a CBA. This mandate will ensure that San Bernardino’s residents, local businesses and contractors are given opportunities for construction jobs, contract awards and careers so that they can also participate in the benefits of this newly created Live, Work, Shop, Learn and Play environment. We believe that a CBA will provide significant benefits to San Bernardino residents and local businesses. The timeframe for this will coincide with the completion of the Specific Plan and Form Based Code and become codified.

Our commitment to the inclusion of CBA’s are the hallmark of our continued commitment and serve as further reassurance that **“If You Do Good! You’ll Do Well!”**



**APPRENTICESHIP
PROGRAMS**

HIRING Mechanisms for Each Municipality


- Construction jobs
- Contracting opportunities
- Permanent jobs & careers

**Baked into the Zoning.
It’s now the Law.**

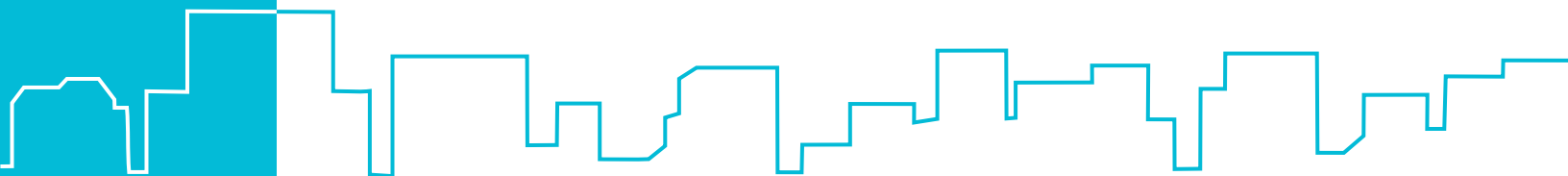
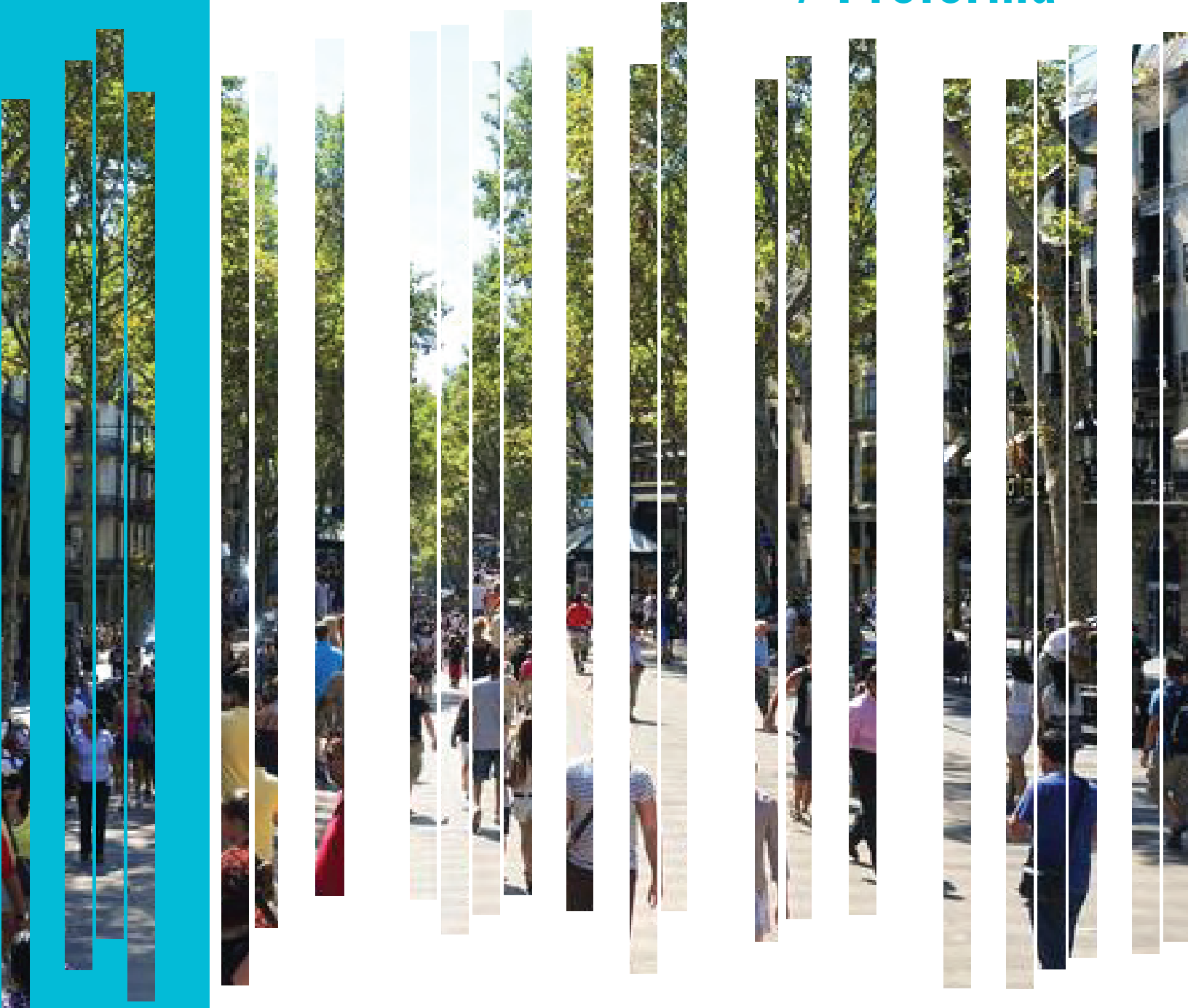
**SHOVEL - READY
TIME IS OF THE ESSENCE!!!
AND WILL BE DETERMINED BY POLITICAL WILL,
COMMUNITY SUPPORT & STATUTORY REQUIREMENTS.**

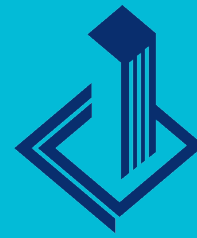
The Finish Line...
Groundbreaking



What one might perceive as the end of **RD**  **ICO's** collaborative revitalization process in fact represents a *New Beginning*.

SECTION IV · Economic Analysis / Proforma





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HOLISTIC & COMPREHENSIVE REDEVELOPMENT



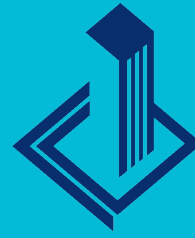
SECTION IV • Economic Analysis / Proforma

**PROFORMA /
MARKET STUDY**

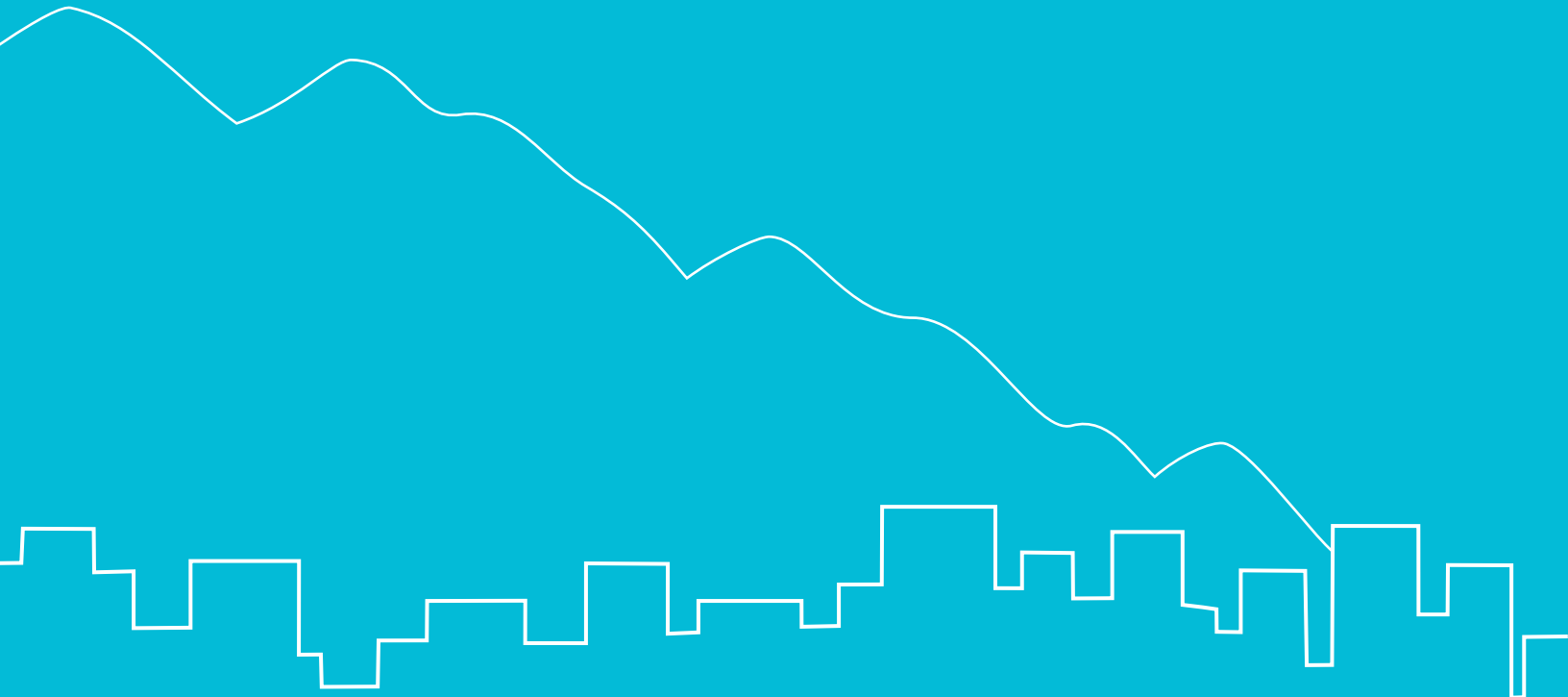




RENAISSANCE
DOWNTOWNS
USA



ICO
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Proforma / Market Study

Throughout the entire economic section below, we have either given examples of specific project proformas or created a larger economic benefits section to show the overall positive financial results that would be derived from this redevelopment effort. We have also repeatedly pointed to the fact that market analyses and studies would subsequently be performed as the elements of the overall project are developed.

The recent pandemic has shown that the favored real estate asset classes that provide safety and stability to investors are residential buildings, light industrial and online retail fulfillment centers. **RD ≡ ICO** is proposing to develop a Transformative Downtown Redevelopment Project which includes a sufficient number of residential units to drive demand for a significant amount of appropriate retail, office, hospitality, and entertainment uses. The ultimate densities of these additional uses will be determined by market demand as well as other unforeseen outcomes that will be revealed as we all experience the “New Norm.” The presence and potential expansion of Amazon and other related industry operators, compounded the State’s housing crisis, will serve as further justification for such residential demand.

Given that the Developer’s successfully proven methodology of prioritizing **Process Before Plan** by utilizing a **Triple-Bottom-Line** approach, it would be disingenuous at this juncture in the Process to provide the City with an overall proforma for the entire 43-acre Carousel Mall Site. In addition, given the magnitude of development potential, in-depth market studies would need to be conducted to determine the proper mix of overall uses and subsequent financial analysis of the foregoing. Furthermore, there exist unknown health-related factors from the current pandemic that could determine development patterns going forward.

Based on the above, and subject to the RFP, we have nonetheless provided the City with an economic analysis which is predicated on current market rents for development of new residential product in the City of San Bernardino, considering the highest rents achieved to date in the City. We have also utilized the most updated construction numbers for a current residential project in San Bernardino County. Since each development site has its own specific site plan conditions and no such site has yet been specifically identified, we have chosen to use site plan numbers that assume no unusual site conditions. A sample proforma for a 200-unit project at the Carousel Mall Site is provided later in this section as Exhibit A.

The proforma indicates that given present market rents, currently estimated costs for pre-development and development of the above referenced project, the potential for development of this project would be financially unfeasible at this time.

Notwithstanding the above, we are extremely confident that by utilizing our unique, proprietary and innovative development solutions described below, we will create a viable and sustainable redevelopment of your Downtown that will serve as a 21st Century model for the State of California and the entire Country.

RD ≡ ICO has identified three essential components necessary to overcome the financial challenges of development in order to create a feasible path towards a successful, sustainable, and transformational Downtown Redevelopment in San Bernardino.

Co-Creating Market Entitlement Certainty: The Development Community must achieve reasonable project returns on their investment (ROI’s) to ensure their participation and financial investment in a project. Entitlement risk is attributable to the initial lack of knowledge about what would be required

when going through the Municipal and Community Stakeholder discretionary approval process. Time is money and when one is able to shave months and sometimes years off of the pre-development approval process, this can result in millions of dollars of savings to developers for significant projects. A good portion of these savings can be passed along to the Community by the creation of certainty in a predictable timeframe. Additionally, time to market risk, which represents the time it takes from the moment the developer makes a financial decision to proceed with a project to the time the project is completed and ready to be leased, is a further incentive for developers to invest in the City. The longer this period extends, the higher the development risk given the possibility of higher future construction costs, higher future interest rates, and future volatility in market conditions.

While the sample proforma in Exhibit A demonstrates that a typical project in San Bernardino would not be feasible based on the parameters as stated above, the **RD ≡ ICO** methodology for holistic and comprehensive development has proven to overcome these obstacles. The creation of “certainty” through entitlements has proven itself over-and-over to de-risk capital investments in real estate. The stock market thrives on “certainty” and so does real estate development.

In other sections of this RFP response, we discuss extensively our unique “Triple-Bottom-Line” approach in creating market-driven zoning code amendments for the Downtown Redevelopment Area. The purpose of this methodology is to further reduce developer entitlement risk by expediting the Developer’s ability to bring a sustainable mix of development types to market. Essentially, at the time the developer makes the decision to move forward with a project, the fact that the project would be shovel-ready enables the developer to properly time the development consistent with market demand cycles.

In order to properly co-create the “Entitlement Certainty” referenced above, **RD ≡ ICO** in concert with Zimmerman Volk Associates (ZVA) supplements the conventional supply/demand analysis (as described below) with a proprietary **Target Market Analysis** (“**TMA**”) which was developed in response to the deficient and antiquated traditional methodologies. This **TMA** is able to prove that development of not only residential units in

the City is viable, but other retail, commercial, entertainment and cultural uses can also be financially feasible.

Since conventional supply/demand analyses generally project the continuation of past trends, the projections of “demand” in urban areas are often minimal, if not negative. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on future settlement patterns, which can be substantial when that supply is specifically targeted, and limited, to match the housing preferences and financial capabilities of solely the past and current project area households.

In contrast to supply/demand analysis, which is based on supply-side dynamics and baseline demographic projections, **TMA** can determine the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined project area, even in locations where no close comparables exist.

The **TMA** employs a variety of significant “predictor variables,” ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes known as “behaviors,” such as mobility rates, lifestyle choices and purchase preferences. ZVA has refined the analysis through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

Through analysis of historical migration and development trends, and employment and commutation patterns, the residential product can be quantified using the **TMA**. The potential market for new units is then determined by the correlation of a number of factors—including, but not limited to: household mobility rates; median incomes; lifestyle characteristics and housing preferences; the location of the site; and the competitive environment.

The end result of this series of filters is the optimum market position—by tenure, building configuration and household type, including specific recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context. Use of this creative and innovative method has proven to actually **Change Settlement Patterns** in such a manner as to result in a project’s financial feasibility. In other words, **it’s not**

a matter of “if you build it, they will come;” but, more of a concept that “if you CO-CREATE THE RIGHT PRODUCT in the right market, they will come.”

CO-CREATING THE RIGHT PRODUCT: The essential driver of downtown redevelopment is the residential component. That being said, if we view the City’s Downtown as an ecosystem, in order for that ecosystem to flourish, we must include all species, such as retail, commercial, entertainment, cultural, and other uses.

With regard to the residential component, there are three segments: The Upper Market Segment which encompasses 15% of overall demand, the Middle Market Segment which encompasses 70% of overall demand and the Below Market Segment with accounts for the remaining 15% of overall demand. The Middle Market represents the opportunity to provide “**Attainable Housing**” for America’s challenged Middle-Class. This segment of the market has been most significantly impacted by the high development costs in California and other parts of the country. Therefore, a significant focus for **RD ≡ ICO** is to provide financially attainable housing for the largest segment of the market, the forgotten Middle-Class.

We start this process of creating the proper Downtown Ecosystem by utilizing **RD ≡ ICO**’s renowned Development Team. We begin with Zimmerman/Volk Associates, Inc. (ZVA) to head up our residential **TMA** process. Successful Downtown Revitalization begins with the creation “Rooftops.” As stated above, the traditional method of guesstimating what a new development will derive in rents is to do a simple supply-demand analysis, essentially determining what the current rental stock in the marketplace is asking and what residents are willing to pay for this exiting stock of units. However, by specializing in Urban Renewal projects, ZVA has devised this **TMA** to determine the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined project area, even in locations where no comparables exist. In other words, by utilizing ZVA’s proprietary approach we can plan for a development that specifically matches the needs and preferences of the residents who desire to live in an urban area with specific characteristics that meet their needs and desires.

In summary, ZVA has proven their **TMA** methodology to be effective in several hundred Municipalities throughout the Country. The City of Detroit, is a shining example of what was and what could be. Our Development Partner, Jian Torkan, has traveled to the City of Detroit with other San Bernardino Elected Officials and met with Detroit’s Mayor and Staff to see first-hand the successes the City of Detroit has achieved through Community-driven Economic Development that we, as Co-Developers, intend to bring to Downtown San Bernardino.

As stated above, the creation of these new Rooftops will serve as the catalyst for inclusion of the additional, much needed and required “species” to create a sustainable and vibrant Downtown Ecosystem. In furtherance of that goal, **RD ≡ ICO** has assembled a Development Team of nationally recognized experts described below.

The CLUE Group is a nationally recognized firm specializing in the analysis of Downtown Revitalization as related to both retail and commercial uses. Kennedy Smith, a principal in the CLUE Group also founded the Main Street America organization. The CLUE Group helps community leaders create vibrant downtowns and neighborhood commercial uses. Their work focuses on developing forward-looking economic transformation strategies, with particular emphasis on cultivating locally owned businesses, removing regulatory and financial barriers, creating effective incentives to stimulate new investment, reusing older and historic commercial buildings, and outlining practical implementation plans.

Economics & Politics, Inc. is an economic consulting and research firm located in the Inland Empire. The company specializes in the analysis of economic trends, statistical data and job forecasting as well as providing perspicacity on the political and policy issues of one of the most significant and fastest growing regions in the United States, the Inland Empire. Principal John Husing, Ph.D., is renowned and highly regarded for his forward-thinking and in-depth local knowledge. In our discussions with Dr. Husing, he expressed a high-level of enthusiasm to participate in this exciting regional opportunity.

The **Kosmont Companies** is an industry leader in economic development and real estate advisory services specialized in

economic development tools and how best to implement strategies and projects, including the creation of Enhanced Infrastructure Financing Districts (EIFD's). The firm has represented numerous Municipalities in Southern California for the creation and implementation of EIFD's. **RD** **≡** **ICO**'s significant relationships with the County of San Bernardino, a key stakeholder for EIFDs, combined with the technical expertise of Kosmont Companies, provides ideal synergies to successfully negotiate and create an EIFD for the Carousel Mall site and the redevelopment of the overall Downtown. An EIFD would generate significant funding from the increased property tax revenues generated by the project itself, whereby both the City and the County will benefit by utilizing a portion of the tax increment for bond financing of infrastructure costs and other related improvements necessary for the Downtown Redevelopment. The 33-year old firm understands the needs of the public and private sectors and consistently deliver on successful projects that improve the quality of life for communities while generating market returns for private investors, developers, and corporations.

As a result of the Kosmont Companies being on the cutting-edge of real estate trends and their expertise of funding requirements that large-scale redevelopment projects desperately need, **RD** **≡** **ICO** believes that the Kosmont Companies are an essential member of our Development Team as it relates to the myriad of potential funding solutions and mechanisms identified below.

Urban Innovations (UI) is a nationally recognized transportation service firm with offices located in Pennsylvania, California, and Arizona. Their mission is to help municipalities, transit authorities and developers to implement Transit Oriented Development (TOD) projects by maximizing government funding and long-term financial benefits for their projects. Their approach includes establishment of the appropriate transportation strategies and synergies to secure grant funding necessary to make a project's proforma viable. With this objective in mind, UI has pioneered and developed a proprietary process to maximize Federal, State, Local and private financing for TODs and has overcome the complexities surrounding the implementation of TOD through their construction experience, relationships with developers and knowledge of governmental and private funding

mechanisms. UI is in the business of helping local municipalities, transit authorities and developers maximize the benefits of TOD funding for their projects, by helping all stakeholders analyze the wide-range of funding vehicles, outlined below, that could be advantageous to redevelopment efforts.

Co-Creating Funding Solutions for the Right Product:

The Developer, the Municipality, Community Stakeholders, and appropriate Team Members must work collaboratively to solve the funding challenges that previously existed, which have been exacerbated by the recent pandemic and resulting economic crisis. Development project financing hurdles, including, but not limited to, the high costs of pre-development entitlement and design, land acquisition, infrastructure, and construction, require funding solutions that either currently exist or are sure to be available in the coming months as part of the rebuilding process of our country's economy. We have assembled below a list of funding mechanisms that we intend to fully explore with the City and Community Stakeholders to ensure that San Bernardino is at the forefront of this anticipated opportunity for economic stimulus funding. It is imperative that the City realizes that in order to be in a position to take advantage of this myriad of funding options, they must demonstrate that they are **truly open for business**.

Prior to the global pandemic, funding for development opportunities had been challenging. Under the current environment that we are in, one might assume that these funding hurdles have become even more difficult to overcome. That being said, we believe very firmly that not only does there still exist enormous opportunities for the City of San Bernardino to avail themselves of, but there is certain to be huge sums of money that will become available through federal, state and local initiatives geared towards rebuilding this country's economy in the most expedient manner. What we hope is in the forefront of the City's thought process is that these newly created economic stimulus dollars, of which a significant portion will be designated to real estate development, will be deployed to areas of the country that have significant, transformative shovel-ready projects.

We are strongly recommending that the Developer, City, and Community Stakeholders conduct a thorough research of the

funding mechanisms listed below and how they may help solve the challenges associated with this large-scale, holistic, and comprehensive Downtown Redevelopment opportunity.

FUNDING MECHANISMS & STRATEGIES

Opportunity Zone Funding: Opportunity Zones are select census tracts in which businesses, equipment, and real property can receive investment through special funding. They allow investors to receive federal tax incentives by investing their capital gains into select communities known as Opportunity Zones using special investment vehicles called Opportunity Funds.

Opportunity Zones were added to the IRS tax code by the 2017 Tax Cuts and Jobs Act. Since Downtown San Bernardino is located within an Opportunity Zone, it is important that we explore the relevance of this mechanism for redeveloping San Bernardino.

Gap Financing Vehicle: Many times, project proformas demonstrate short falls that must be addressed in order for projects to move forward. In certain instances, Gap Funding has been used to bridge these shortfalls. This funding mechanism is often supported by large corporations located within close proximity of the redevelopment area. These companies look at this Gap Funding mechanism in certain instances as a way of them giving back to the community provided the use of these funds is consistent with their corporate culture. In the case of San Bernardino such companies do exist within the region and it is our job to promote the relevance to this potential transformative redevelopment project.

Developer Contributions in Perpetuity: It is time for private developers to step up to the plate and not just talk the talk, but walk the walk. In a community where developer certainty has been provided and translated into an expedited approval process, the potential exists for developers to save hundreds of thousands, if not millions of dollars in predevelopment entitlement costs. Developers, like the stock market, love certainty and where certainty can be provided, this creates the opportunity for developers to give back a portion of income in perpetuity towards endeavors that could help to create and maintain project sustainability for future residents and businesses in San Bernardino.

Potential for Tax Deductible Contributions for Private Sector Investments in Attainable Housing: This possibility exists since governments whether federal, state, or local will need to be very creative in order to stimulate the economy as rapidly as possible. We are already in discussions with decision makers and policy makers relative to this concept which has been viewed in a much more positive manner based on the current health crisis experienced by this country.

Economic Stimulus Package Funding for Shovel-Ready Projects: The next Stimulus Package is certain to contain funding opportunities for all potential job creation mechanisms. Since approximately 40% of this country's wealth is represented by the real estate industry there is no doubt that opportunities will be created to stimulate that industry for shovel ready projects. It's up to the City to commit their resources towards being a part of this solution.

PILOT Increment Financing (PIF): PIFs allow local governments to create tax increment financing districts and apply a portion of the proceeds of the PILOT Agreement negotiated with the Developer to fund infrastructure improvements related to the project. A PIF Agreement uses a portion of the future tax revenue from a development over a set term. PIFs, unlike conventional TIFs, are useful because they create fixed dollar payments aimed at eliminating underwriting uncertainty. Taxing jurisdictions do not lose any current tax revenues and often share a portion of future revenues from the development. In sum, PIF financing creates a partnership among tax jurisdictions and private entities to foster economic development and growth in tax base. Most importantly, neither the Municipality nor the Developer are ultimately responsible if these revenue generating estimates are not achieved. It is the bond holders that are assessing the risk return rewards which is what makes this potential mechanism so attractive.

Railroad Rehabilitation and Improvement Financing (RRIF): Offers long-term, low-interest loans to projects located in close proximity to existing commuter rail. The program has been modified to offer the potential for funding such uses as parking structures, as well as residential buildings with very favorable loan repayment parameters. Projects must show the

ability for repayment over a 30-year period with the first five years waived and tacked onto the back-end term. In other words, the repayment period is over 35 years and not 30.

Transportation Infrastructure Finance and Innovation Act (TIFIA): TIFIA provides credit assistance for qualified projects of regional and national significance. Under certain specific circumstances, it is possible to utilize TIFIA financing opportunities in conjunction with RRIF.

Tax Increment Financing (TIF): In this particular case, Tax Increment Financing, or TIF, could provide financing opportunities for infrastructure by diverting a portion of tax revenues generated to help finance development in an area or region. Unlike the above referenced PIF responsibility for repayment of these bonds in most cases is the responsibility of the Municipality and in some cases alongside Developer participation in such responsibility.

Enhanced Infrastructure Financing Districts (EIFD's): Enhanced Infrastructure Financing Districts (EIFDs) allow for a separate government entity to be created by a city or county within a defined area to finance infrastructure projects with community-wide benefits. When formed through a Joint Powers Authority (JPA), an EIFD can be established without voter approval. EIFDs can also finance other community benefit projects, such as childcare centers, affordable housing, and parking facilities. EIFD's may also finance the purchase, construction, expansion, improvement, and/or seismic retrofitting of a property.

EIFD's are financed through tax increment generated from the growth in property taxes collected from the designated parcels. Because school districts are not permitted to participate in an EIFD, the primary participants in EIFDs will be cities, counties, and special districts.

EIFD expert and RD/ICO Development Team consultant, Larry Kosmont reports, "EIFDs can lead the way to further economic development and growth in cities and counties. EIFD tax increment is available for up to 45 years from the date of first bond issuance."

Private Activity Bonds for Qualified Transit-Oriented Development: The term Transit-Oriented Development Bond

means any private activity bond issued as part of an issue for the purposes of the acquisition, construction, reconstruction or improvement of land or property that is within one half mile of an existing or planned major public transportation facility including fixed-guideway transit stations (Rail and BRT) designated high speed or existing intercity rail stations, or an intermodal transportation station.

Social Impact Investment Funds: Social Impact Investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending on investors' strategic goals. The City of San Bernardino could represent an attractive redevelopment model for investment by such funds.

Value Capture Investment Funds: When a city or county builds a hospital, school, or park, or places a subway stop or a highway off-ramp in a neighborhood, property value in the proximity can increase. Owners of homes or businesses nearby benefit from this increase and are the recipients of this potential benefit. Value capture is the concept of the government and community gaining back some of the benefits generated.

Pension Funds: A pension fund is any plan or fund that provides retirement income. Pension funds are pooled monetary contributions from pension plans set up by employers, unions, or other organizations to provide for their employees' or members' retirement benefits. Pension funds are the largest investment blocks in most countries and dominate the stock markets where they invest. When managed by professional fund managers, they constitute the institutional investor sector along with insurance companies and investment trusts. Typically, pension funds are exempted from capital gains tax and the earnings on their investment portfolios are either tax-deferred or tax exempt.

In many instances pension funds will also invest in real estate often after an exhaustive due diligence process. These investments are typically for large scale transformative projects for municipalities and developers with a track record for performance.

Union Pension Funds: Real Estate and Infrastructure are two of the most favored asset classes for union pension fund investment, since construction of these projects equates to employment for its members. The potential magnitude for the comprehensive redevelopment of San Bernardino could become a very attractive investment for many of these funds. Most if not all of these pension funds are represented by sophisticated pension fund advisors and this strategy is something that should be pursued early on in the process.

Infrastructure Banks: Infrastructure banks have become a potential funding source for large scale projects. Recent emphasis has been placed on actual investments made by infrastructure driven funds as an operating business entity for these funds which obviously indicates that many companies see infrastructure investment as a potential profit generator. This possibility should also be explored at the opportune time.

Re-Patriotization of Offshore Investments: A restructure of this Re-Patriotization of offshore dollars serves as a potential for funding opportunities for areas of infrastructure investment. A further reduction in taxation of these dollars could serve as an incentive for government to require that the additional savings be mandated for investments in our crumbling infrastructure system.

New Markets Tax Credits (NMTC): Historically, economically challenged communities experience a lack of investment, as evidenced by vacant commercial properties. The New Market Tax Credit Program (NMTC Program) was created to break this cycle of disinvestment by attracting the private investment necessary to reinvigorate struggling local economies.

State and Federal Grants: The federal government in the past has distributed about \$700 billion (17 percent of its budget) to states and localities each year, providing a portion of these governments' total revenues. In 2017 about 65 percent of the funds were dedicated to health care. The federal government distributes grants to state and local governments for several reasons. In some cases, the federal government may share responsibility for a given service or function because state and local governments have better information about local preferences and costs. In others, the federal government may

offer states and localities incentives to undertake additional spending benefiting neighboring jurisdictions or the country as a whole.

It is certain that given the current health crisis these amounts are certain to increase exponentially as we look to rebuild the economic viability of this country. As stated above, shovel ready projects are likely to receive the bulk of these opportunities.

Transformative Climate Communities (TCC): The Transformative Climate Communities (TCC) Program funds development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities. TCC is one of many California Climate Investment programs. San Bernardino represents a city that can benefit enormously from this TCC program.

Parking Revenue Sharing: Provides a share of revenues from parking activities which are in excess of a baseline established to cover ongoing costs of providing parking amenities. The revenues shared may be designated to specific entities and purposes as agreed to by the participating parties. This structure is often formalized in some form of a revenue sharing agreement.

SB-2 Planning Grants: SB-2 planning grants provide funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.

It is our understanding that San Bernardino, to their credit, has been awarded an SB-2 Grant in the amount of 3 Million dollars which positions the City to be in the forefront of redevelopment and serve as a model city for social, economic and environmental sustainability. We look forward to the opportunity of working with the City and its selected planning firm to perform this task.

Property-based Business Improvement District (PBID): A Property-based Business Improvement District (PBID) is a unique funding tool which allows business district property owners to pool their financial resources by assessing themselves to pay for certain district-wide activities and improvements. PBIDs have been found to be the most effective and fair method to fund business district programs.

Typical Apartment Proforma for San Bernardino
Rental Income and Development Summary
May 17, 2020

EXHIBIT A

Rental Summary						
Apartment Market Unit Type	Sq. Ft.	Mix	Monthly Rent	Rent Per Sq. Ft.	Annual Rent	%
Plan A (1 Bed / 1 Bath)	747	100	\$1,390	\$1.86	\$1,668,000	50%
Plan B (2 Bed / 2 Bath)	952	100	\$1,620	\$1.70	\$1,944,000	50%
Plan C (2 Bed / 2 Bath)	1,085	0	\$1,720	\$1.59	\$0	0%
Plan D (3 Bed / 2 Bath)	1,250	0	\$1,930	\$1.54	\$0	0%
Total Square Feet / Total Base Rent	169,900	200	\$301,000	\$1.77	\$3,612,000	100%
Utilities & Other Reimbursements		Qt	Rent	Annual Rent		
RUBS Reimbursement Income		200	\$80	\$192,000		
		0	\$0	\$0		
		0	\$0	\$0		
Total Premiums			\$16,000		\$192,000	
Operating Budget			Unit/Annual	Monthly	Annual	Percent
Total Rent			\$19,020	\$317,000	\$3,804,000	100%
Vacancy Factor at 4%			(\$761)	(\$12,680)	(\$152,160)	-4%
Gross Income			\$18,259	\$304,320	\$3,651,840	96%
Operating Expenses			(\$7,304)	(121,728)	(\$1,460,736)	-38%
Net Operating Income			\$10,956	\$182,592	\$2,191,104	58%
						0%
				Unit Cost	Project Cost	
Total Development Costs				\$233,447	\$46,689,400	
Stabalized Valuation						
Completed Stabilized Value	CAP RATE	7%	per unit	\$156,507	\$31,301,486	

Typical Apartment Proforma for San Bernardino
Rental Income and Development Summary
May 17, 2020

EXHIBIT A (Continued)

Development Summary	Per SF	Avg/Unit	Total	Percent
Number of Units			200	
Square Feet		850	169,900	
Land Acquisition		\$6,250	\$1,250,000	2.68%
Off-Site Directs		\$2,495	\$499,000	1.07%
Site Directs		\$27,451	\$5,490,200	11.76%
Fees and Permits		\$30,020	\$6,004,000	12.86%
Vertical Directs	\$148.35	\$126,023	\$25,204,600	53.98%
Contingency		\$12,100	\$2,420,000	5.18%
General Conditions		\$9,560	\$1,912,000	4.10%
Onsite Indirects		\$870	\$174,000	0.37%
GC Fee (3.75%)		\$5,798	\$1,159,600	2.48%
Developer Fee		\$2,500	\$500,000	1.07%
Marketing		\$2,030	\$406,000	0.87%
Finance		\$8,350	\$1,670,000	3.58%
Total Development Costs	\$275	\$233,447	\$46,689,400	100.00%

Profit/Loss from Project	
Project Valuation upon Stabilization	\$31,301,486
Total Cost of Project	\$46,689,400
Profit/Loss from Project	-\$15,387,914

Rental Comparables Highest Probable Rents

Comp Number & Name	Location	Rent	Bd/Ba	Sq.Ft	Rent/Ft	Remodeled
1 Broadstone Apartment Homes	North	\$ 1,625.00	2/2	986	\$ 1.65	n/a
2 Ridgeline Apartments	North	\$ 1,725.00	2/2	1002	\$ 1.72	n/a
3 Hillside Village Apartments	North	\$ 1,520.00	2/2	910	\$ 1.67	n/a
4 Castlepark Apartments	North	\$ 1,875.00	2/2	900	\$ 2.08	Yes
5 Lido at Shandin Hills Apartments	North	\$ 1,585.00	2/2	898	\$ 1.77	n/a
6 Cresthaven Apartments	North	\$ 1,700.00	2/2	829	\$ 2.05	n/a
7 The Vue Apartment Homes Apartments	North	\$ 1,595.00	2/2	830	\$ 1.92	n/a
8 Kendall Brook Apartments	North	\$ 1,575.00	2/2	970	\$ 1.62	n/a
9 Mountain Gate Apartments	North	\$ 1,525.00	1/1	674	\$ 2.26	n/a

**All Comps are from University area of San Bernardino*

**All Comps are for properties with full amenities and parking*

**All comps are garden style projects*

Comp 1

Broadstone Apartment Homes

1930 W College Ave, San Bernardino, CA 92407 – Hudson

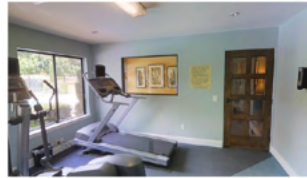
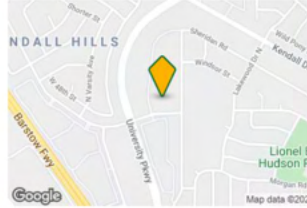
\$1,385 - 1,675

Staying home? [See Online Tour Options](#)



Home / California / San Bernardino / Broadstone Apartment Homes

Today



Rent Specials

\$99 Security Deposit (on approved credit)

\$99 Security Deposit (on approved credit)

1 BR	1 BA	\$1,410	17	750 Sq Ft	The La jolla	Available Now
1 BR	1 BA	\$1,385	56	750 Sq Ft	The La jolla	Jun 1
2 BRs	1 BA	\$1,490	226	750 Sq Ft	The Montecito	Jun 1
2 BRs	1 BA	\$1,540	161	875 Sq Ft	The Montecito	Jun 1
2 BRs	2 BAs	\$1,675	73	986 Sq Ft	The Santa Barbara	Jun 15
1 BR	1 BA	\$1,385 - 1,410		750 Sq Ft	The La jolla	Not Available
2 BRs	1 BA	\$1,490 - 1,540		750 - 875 Sq Ft	The Montecito	Not Available
2 BRs	2 BAs	\$1,675		986 Sq Ft	The Santa Barbara	Not Available

Prices and availability subject to change without notice.

Comp 2

Ridgeline Apartments

\$1,410 - 1,725

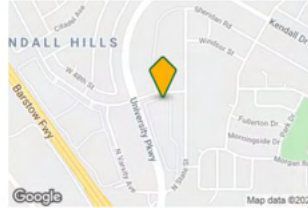
1925 W College Ave, San Bernardino, CA 92407 – Hudson

Staying home? [See Online Tour Options](#)



Home / California / San Bernardino / Ridgeline Apartments

Today



Rent Specials

May Special!

\$99 Deposit (O.A.C) \$250 OFF MOVE IN COST Ends May 31st

1 BR	1 BA	\$1,410 - 1,460	730 Sq Ft	The Crest	Available Now
2 BRs	1 BA	\$1,540 - 1,590	902 Sq Ft	The Summit	Available Now
2 BRs	2 BAs	\$1,675 - 1,725	1,002 Sq Ft	The Ridgeline	Available Now

Prices and availability subject to change without notice.

Comp 3

Hillside Village

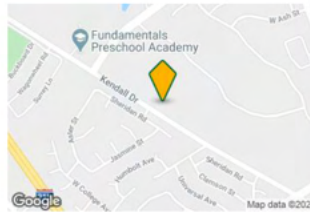
2196 Kendall Dr, San Bernardino, CA 92407 – University Heights

\$1,190 - 1,520

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[Home](#) / [California](#) / [San Bernardino](#) / Hillside Village

🕒 2 Weeks Ago



1 BR	1 BA	\$1,190 - 1,320	701 - 710 Sq Ft	1 Bedroom 1 Bath	Available Now
2 BRs	2 BAs	\$1,390 - 1,520	901 - 910 Sq Ft	2 Bedroom 2 Bath	Available Now

Prices and availability subject to change without notice.

Comp 4

Castlepark

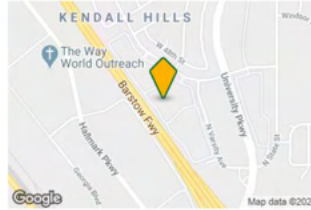
2065 W College Ave, San Bernardino, CA 92407 – Kendall

\$1,375 - 2,135

Staying home? [See Online Tour Options](#) ✕

[Home](#) / [California](#) / [San Bernardino](#) / Castlepark

🕒 Today



Rent Specials

\$700 off move-in fees! Restrictions apply. Specials, pricing and availability subject to change daily. Contact the leasing office for details.

2 BRs	1 BA	\$1,430 - 1,830		875 Sq Ft	Kona	Available Now
2 BRs	1 BA	\$1,510 - 1,830	1166	875 Sq Ft	Kona	Available Now
2 BRs	2 BAs	\$1,575 - 1,915		900 Sq Ft	Palm Beach	Available Now
2 BRs	2 BAs	\$1,585 - 1,900	2142	900 Sq Ft	Palm Beach	Available Now
2 BRs	2 BAs	\$1,585 - 1,900	3098	900 Sq Ft	Palm Beach	Available Now
2 BRs	2 BAs	\$1,600 - 1,915	3176	900 Sq Ft	Palm Beach	Available Now
2 BRs	2 BAs	\$1,600 - 1,915	2041	900 Sq Ft	Palm Beach	Available Now
2 BRs	2 BAs	\$1,680 - 2,015		900 Sq Ft	Palm Beach Full Remodel	Available Now
2 BRs	2 BAs	\$1,700 - 2,015	1100	900 Sq Ft	Palm Beach Full Remodel	Available Now
2 BRs	2 BAs	\$1,585 - 1,900	3070	900 Sq Ft	Palm Beach	May 18

Comp 5

Lido at Shandin Hills

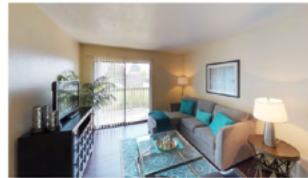
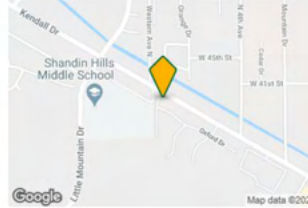
\$1,190 - 1,700

1265 Kendall Dr, San Bernardino, CA 92407 – Shandin Hills

Staying home? [See Online Tour Options](#) ✕

[Home](#) / [California](#) / [San Bernardino](#) / Lido at Shandin Hills

🕒 2 Weeks Ago



1 BR	1 BA	\$1,190	652 Sq Ft	The Cambridge	Available Soon
2 BRs	1 BA	\$1,320	778 Sq Ft	The Harvard	Available Soon
2 BRs	2 BAs	\$1,390	859 Sq Ft	The Oxford	Available Soon
2 BRs	2 BAs	\$1,585	898 Sq Ft	The Stanford	Available Soon
3 BRs	2 BAs	\$1,700	1,075 Sq Ft	The Yale	Available Soon

Prices and availability subject to change without notice.

Comp 6

Cresthaven

6155 Palm Ave, San Bernardino, CA 92407 – University Heights

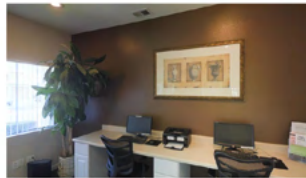
\$1,245 - 1,700

Staying home? [See Online Tour Options](#)



Home / California / San Bernardino / Cresthaven

C 1 Day Ago



1 BR	1 BA	\$1,245 - 1,455	636 Sq Ft	Tahoe	Jun 4
2 BRs	1 BA	\$1,395 - 1,555	779 Sq Ft	Sierra	Jun 4
2 BRs	2 BAs	\$1,470 - 1,640	836 Sq Ft	Carmel	Jun 4
2 BRs	2 BAs	\$1,580 - 1,700	829 Sq Ft	Laguna	Jun 4

Prices and availability subject to change without notice.

Comp 7

The Vue Apartment Homes

\$1,595

1660 W Kendall Dr, San Bernardino, CA 92407 – San Bernardino

Staying home? [See Online Tour Options](#) ✕

[Home](#) / [California](#) / [San Bernardino](#) / The Vue Apartment Homes

🕒 Today



Beds	Baths	Rent	Sq Ft	Available
2 BRs	2 BAs	\$1,595	830 Sq Ft	Sierra Available Now

Comp 8

Kendall Brook Apartments

1200 Kendall Dr, San Bernardino, CA 92407 – Cajon

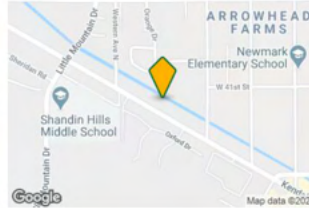
\$1,095 - 1,575

Staying home? [See Online Tour Options](#)



Home / California / San Bernardino / Kendall Brook Apartments

🕒 2 Weeks Ago



1 BR	1 BA	\$1,095			Available Soon
1 BR	1 BA	\$1,095			Available Soon
1 BR	1 BA	\$1,150	460 Sq Ft	Plan F	Available Soon
1 BR	1 BA	\$1,195	558 Sq Ft	Plan A	Available Soon
2 BRs	1 BA	\$1,325	750 Sq Ft	Plan B	Available Soon
2 BRs	1 BA	\$1,385	800 Sq Ft	Plan C	Available Soon
2 BRs	2 BAs	\$1,405			Available Soon
2 BRs	2 BAs	\$1,500 - 1,545	800 Sq Ft	Plan E	Available Soon
2 BRs	2 BAs	\$1,500 - 1,545	800 Sq Ft	Plan E w/yard	Available Soon
2 BRs	2 BAs	\$1,525 - 1,575	970 Sq Ft	Plan D	Available Soon

Prices and availability subject to change without notice.

Comp 9

Mountain Gate Apartments

4575 N Little Mountain Dr, San Bernardino, CA 92407 – [Cajon](#)

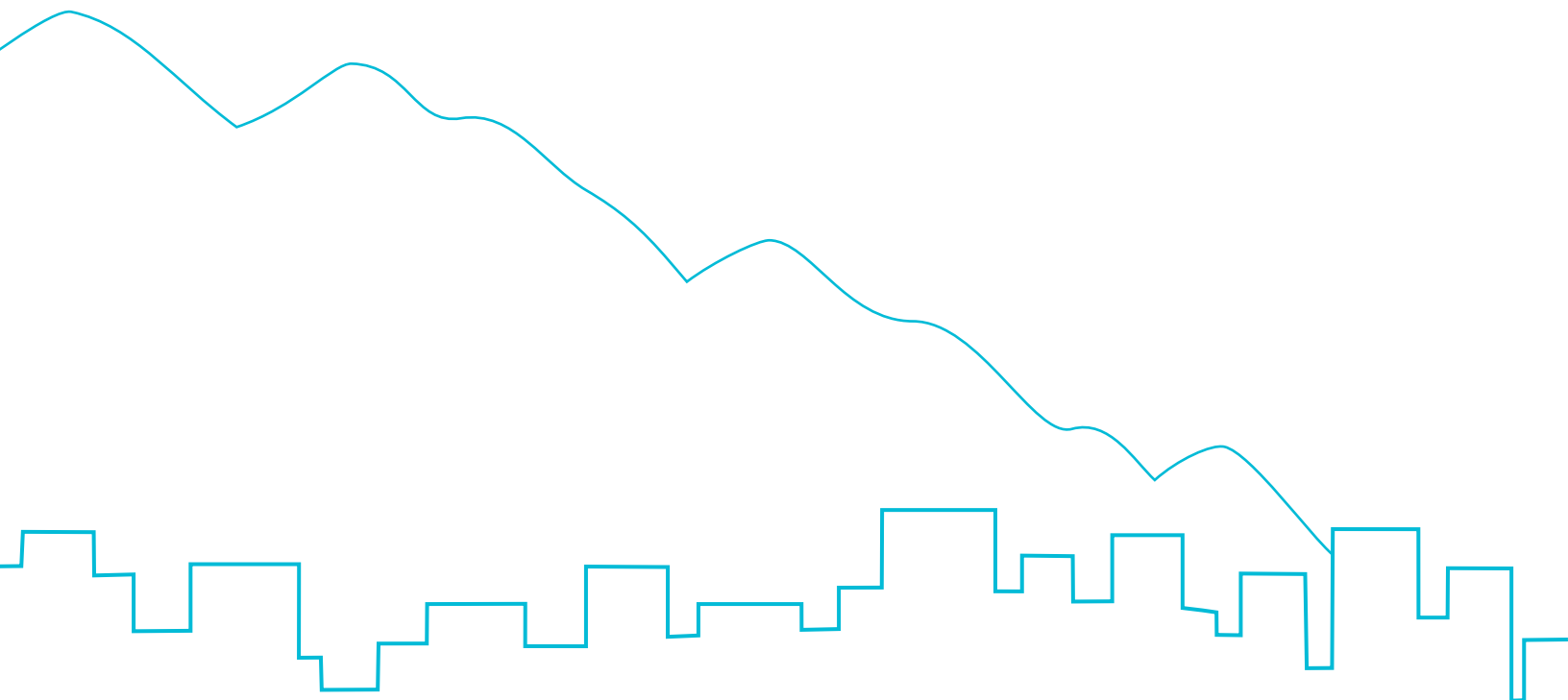
[Home](#) / [California](#) / [San Bernardino](#) / Mountain Gate Apartments

🕒 2 Weeks Ago



There are no available units.

Beds	Baths	# of Units	Average SF	Available
2 Br	2 Ba	20	895 SF	None of these are available.



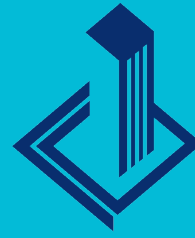
SECTION IV • Economic Analysis / Proforma

**ADDITIONAL
PROJECT BENEFITS**

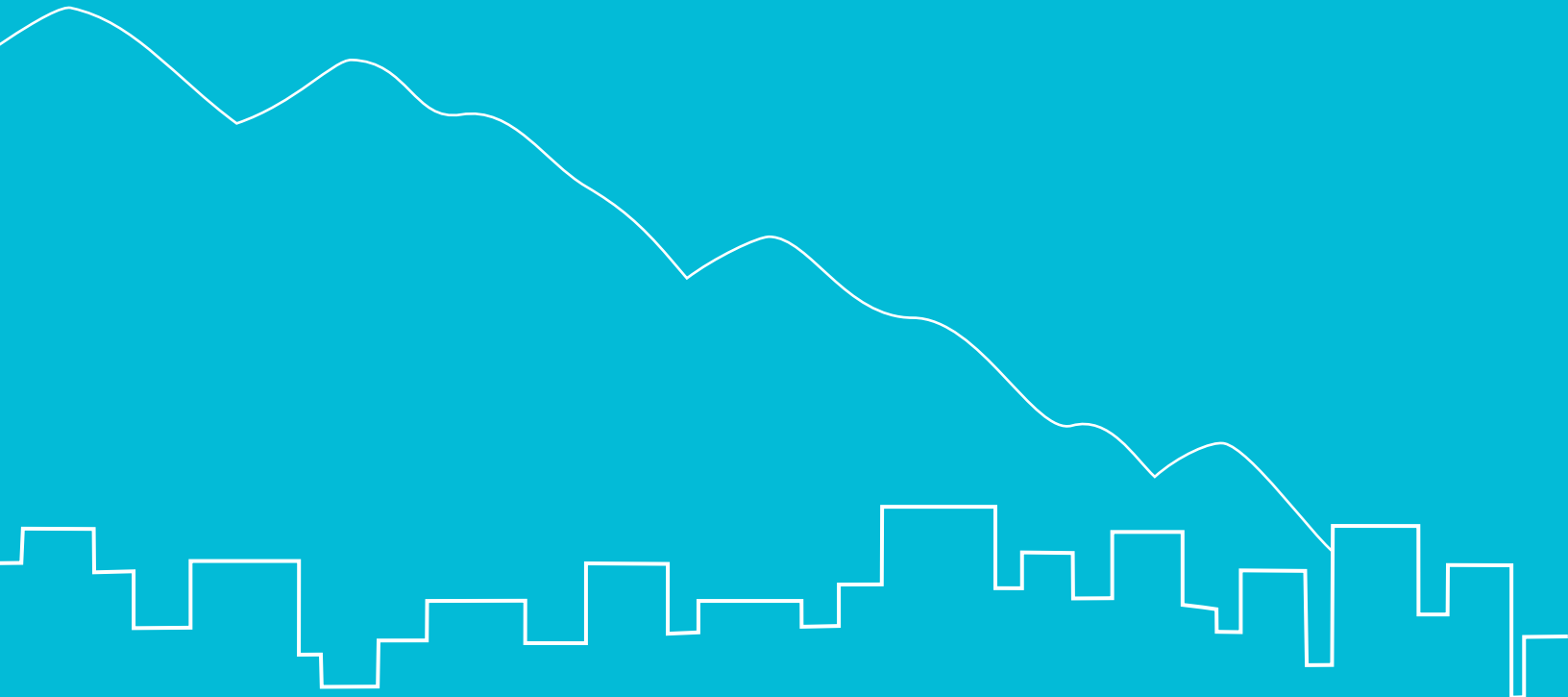




RENAISSANCE
DOWNTOWNS
USA



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Additional Project Benefits

As stated throughout this Response, it would be disingenuous for us to present forecasted data that would indicate definitive results. That being said, we are very aware of the City's desire to review certain indicators that could be relied upon based on historical redevelopment results of large-scale mixed-use projects. Since we have repeatedly encouraged the City to think **Big and Bold**, we have presented below an idea of how San Bernardino can turn its long-awaited **Vision into Reality**.

In our experience, we have worked with several Economic Consultants and are utilizing numerous parameters of their studies to present the big picture of what **Additional Project Benefits** could be!

Job Creation Assumptions: The City of San Bernardino has the exciting potential to create a minimum of 10,000 residential units in its total Downtown Revitalization Area. It is anticipated that the majority of inhabitants of these newly constructed units would be a combination of baby boomers and millennials who are seeking this type of vibrant pedestrian-friendly walkable environment. Using a conservative average of 1.5 persons per unit, this would represent over time, 15,000 new residents living in downtown contributing to this overall resurgence. The addition of these new downtown residents will serve as a magnet for attracting additional visitors to the downtown area, further enhancing the activity levels throughout.

It is encouraging to envision that these newly created rooftops, which are essential for downtown redevelopment will be followed simultaneously with up to an additional 1.5 million square feet of retail, restaurant, entertainment, cultural, office and other commercial uses. The net result of this redevelopment will

be the creation of a truly **live, work, shop, learn and play environment**.

Furthermore, the fact that the City of San Bernardino has an exceptional Transit Hub, which will be supplemented in the near future by a rail connection between Redlands and San Bernardino. This will create the true urban nodes in suburbia ("UNIS") atmosphere that is in high demand with such little supply.

An often overlooked and important benefit of Downtown Revitalization in a Transit Rich setting is community health and well-being. It has been shown that for every \$1,000 of Infrastructure Investment near transit, results in \$85 of health-driven productivity, \$2000 in construction output, \$40 in annual health savings, along with decreased worker absenteeism.

If we assume a 10-12 year absorption for the above scenario, there is the potential for the creation of 12,000+ construction job years which translates into 1500-2000 actual annual construction jobs. The creation of thousands of additional permanent jobs and careers further emphasizes the enormous Economic Engine that will be created from this **Big and Bold** project. The inclusion of a **Community Benefits Agreement (CBA)** will enable residents, contractors, and businesses to take full advantage of the entire job creation platform. In order for this to take place in a timely manner, we will immediately begin working with the City to create apprenticeship and job training programs to enable these local Stakeholders to prepare for this amazing opportunity.

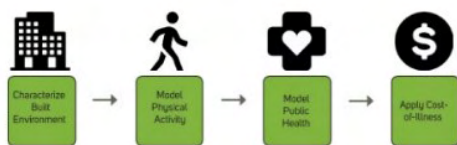
This, when coupled with additional downtown residents, new retail, and other commercial uses, represents a tremendous

HEALTH BENEFITS OF INFRASTRUCTURE INVESTMENT NEAR TRANSIT

Reduced Healthcare Costs

Increased Worker Productivity

Decreased Worker Absenteeism



Active Transportation

Health and Economic Impact Study

November 7, 2016

For Every **\$1,000** of Infrastructure Investment Near Transit

Results In

❖ **\$85** in Health-Driven Productivity

❖ **\$2,000** in Construction Output

❖ **\$40** in Annual Health Savings

amount of additional local spending power for all Stakeholders to benefit from, dramatically reducing the sales leakage to other areas outside of Downtown San Bernardino.

Furthermore, when complete, the addition of 11-12 million square feet of mixed-use newly constructed product will result in a tremendous increase in property and sales tax revenues to the City in perpetuity.

Of course, as the development parameters are further defined throughout the Pre-Development Entitlement Process, the above preliminary analysis will be advanced and refined.

In summary, there is no question that the potential exists for the creation of a multi-billion-dollar positive **Socio-Economic Impact in Downtown San Bernardino**.

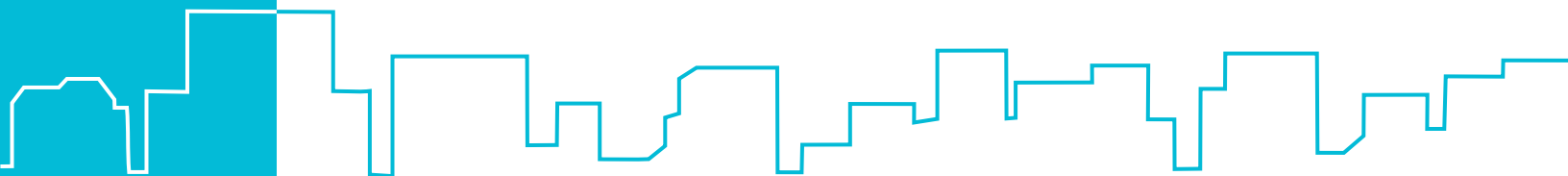
“A Legacy in the Making”

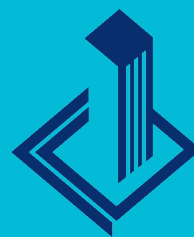
CONCLUSION

With the advent of the COVID-19 pandemic, we believe there will be a significant increase in the numbers of grants available for infrastructure and housing projects. However, time is of the essence, as those projects that are “Shovel-Ready” will immediately consume all the possible Funding. It is critical, that the City and the Developer move expeditiously toward bringing the project to a “Shovel-Ready” status.

As a final note, we want to emphasize that in the several decades of experience that our Development Team represents, even when 80% of suggested proven methodologies are followed, it is often the remaining 20% that is not followed that leads to development plans that over time accumulates dust that becomes thicker than the plan itself. Let us look to create that 100% model that will lead to a truly sustainable Redevelopment Project.

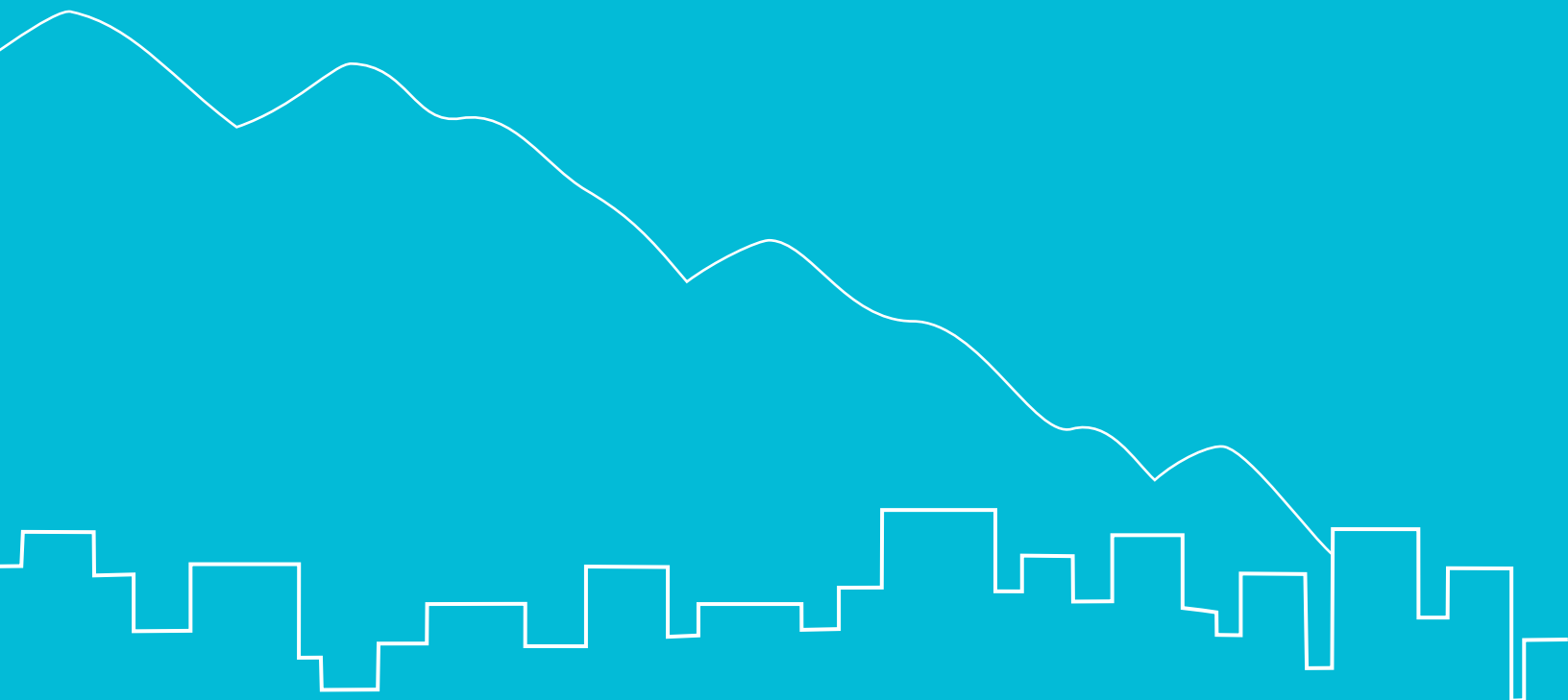
SECTION V · Transaction Terms & Conditions





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CONSCIOUS DEVELOPMENT





Transaction Terms & Conditions

The City of San Bernardino has an enormous opportunity to take advantage of the economic impact potential of an overall Downtown Revitalization. Getting a shovel in the ground as expeditiously as possible is critical to the success of the project. To ensure that this takes place, the process for establishing a **Purchase Price** must be determined when there is more certainty to the specific elements of the project, including densities and other parameters that are yet to be established.

That being said, we realize that the City must adhere to certain disposition requirements of publicly owned real estate. To that end, we fully intend to work with the City and conform to these requirements.

The ultimate goal should be to determine the subject property's Fair Market Value ("FMV"), at a time when the 'certainty' of what can be built is established, to enable the City to realize a FMV that encompasses the value of the entire Project as approved. In other words, the "whole," in terms of Appraised Value, will be far greater than the "sum of the parts."

A precedent methodology for accomplishing these goals would be the utilization of an Appraisal Process for establishing such a FMV. This process could be performed in various ways that would be finalized during the negotiation of development documents. In furtherance of this successfully proven methodology, we are providing sample language for elements of this precedent process which has successfully been used in the past by numerous Municipalities. The following represents language insertions that we believe address all elements of the Transactions Terms and Conditions Section of the RFP.

MUNICIPALITY PROPERTY(IES); ACQUISITION, AND PURCHASE

During the period of time between the execution of the Master Developer Agreement and the subsequent Approval of all Development Requirements ("Approvals") and Closing Conditions having been satisfied, the Master Developer agrees to acquire the Municipality Properties for a Purchase Price as set forth below in one (1) or more Closing Notices sent to the Municipality by the Master Developer. Such Purchase Price shall be established by utilizing an Appraisal Process as described below:

PURCHASE PRICE AND APPRAISAL PROCESS

Appraiser Selection Process. Within thirty (30) days of execution of a Master Developer Agreement, the Master Developer and the Municipality shall select an independent Appraiser to determine the Aggregated Fair Market Residual Land Value ("FMV") of the Municipality Property(ies), after all Approvals have been ascertained, shown on a parcel by parcel basis in the overall Appraisal ("Appraiser Selection Period" or "ASP"). However, if the Municipality and Developer fail to agree upon a single Appraiser within said ASP, then the Municipality shall select one (1) Appraiser and the Developer shall select one (1) Appraiser and notify each other of their selection within thirty (30) days after the expiration of the ASP. Within thirty (30) days thereafter, the Parties' selected Appraisers shall select a third Appraiser meeting all requirements of this subsection. All such Appraisers shall be duly licensed by the State of California and possess an MAI, SRA or other equivalent designations and not less

than ten (10) years of demonstrable experience in appraising mixed-use developments of a scale similar to the Project. Each such Appraiser shall agree to cooperate with the Parties and each other throughout the Appraisal Process, in good faith, to identify and resolve any potential issues or problems which have the potential to delay, disrupt or otherwise impact the Appraisal Process and/or Appraisal Methodologies as defined below.

Appraisals. The Appraiser(s) selected and operating pursuant to the provisions contained herein hereof shall be advised and state within their Scope of Work their Appraisal Methods and assumptions (“Appraisal Methodologies”) as provided for herein. Within sixty (60) days after the appointment of the last Appraiser to be appointed pursuant to the provisions hereof, the Appraiser(s) shall submit to the Parties and the third Appraiser, if applicable, in writing their respective estimate(s) of the then current Appraised Value, as defined below, of the Municipality Property(ies) (the “Appraisals”), which Appraisals shall (i) comply with the Uniform Standards of Professional Appraisal Practice or with other equivalent standards, (ii) be prepared in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice as set forth by the Appraisal Standards Board of the Appraisal Foundation or with equivalent standards, (iii) be sufficiently informative to support the conclusions stated within the Appraisals, and (iv) present an analysis and report of all Project Costs.

Appraisal Methodologies. Prior to the commencement of the Appraisal Process, the Appraiser(s) shall rely upon and utilize the following Appraisal Methodologies to determine the Appraised Value (as defined below) of the Municipality Property(ies):

(1) The Appraised Value (“**Appraised Value**”) shall be the residual land value of the aggregated Municipality Property(ies) identified for acquisition in the Agreement, taking into full account all costs of whatever nature incurred, and projected to be incurred, in connection with the entire Project with all Approvals in place (“**Project Costs**”).

(2) Project hard costs shall be estimated by a third-party independent construction cost estimating firm agreed upon by the consultants for both the Developer and the Municipality within thirty (30) days after issuance by the Municipality of all Approvals.

(3) Project soft costs shall be the actual soft costs incurred by the Developer in connection with the Project up to the completion of the Appraisal Process, plus additional soft costs estimated by the Developer which additional costs shall be reasonably consistent with project soft costs for other mixed-use developments in the State of California that are comparable in size and complexity to the Project. Said hard costs and soft costs shall thereafter be subject to the approval of the Appraiser(s) appointed pursuant to the provisions contained herein.

(4) The Appraiser(s) shall (a) utilize a rate of return on Project Costs that is commensurate with the development risks associated with the Project and Project Area and that a developer and its institutional financing or other partner(s) would require to execute the entire Project based on the full build out potential of the Approvals as studied under CEQA and (b) shall assume that such rate of return should reflect the time value of Project Costs and market absorption to the extent realization of the appropriate return is delayed by circumstances not the result of Developer’s fault or neglect.

(5) Final Appraised Value. Pursuant to the above, if more than one Appraiser has been selected then, prior to submitting their Appraisals, the two Appraisers shall meet to discuss their tentative findings. Within thirty (30) days after the Appraisals are submitted, the Parties shall meet to compare such estimates and if such estimates differ from each other by ten percent (10%) or less of the higher value, the Appraised Value of the Municipality Property(ies) shall be the average of such two Appraisals. If such estimates differ from each other by more than ten percent (10%), the third Appraiser shall be given forty-five (45) days to select one of the two estimates of Appraised

Value of the Municipality Property(ies) proposed by the two originally selected Appraisers (i.e., “baseball style arbitration”), said selection to be predicated upon the third Appraiser’s evaluation as to which Appraiser most closely adhered to the Appraisal Methodologies. Such decision of the third Appraiser shall be binding and conclusive upon the Developer and the Municipality. The Appraised Value, as determined by either (A) the sole Appraiser, (B) the average estimate of the first two Appraisers, or (C) the third Appraiser, as the case may be, shall hereafter be referred to as the **“Final Appraised Value”**.

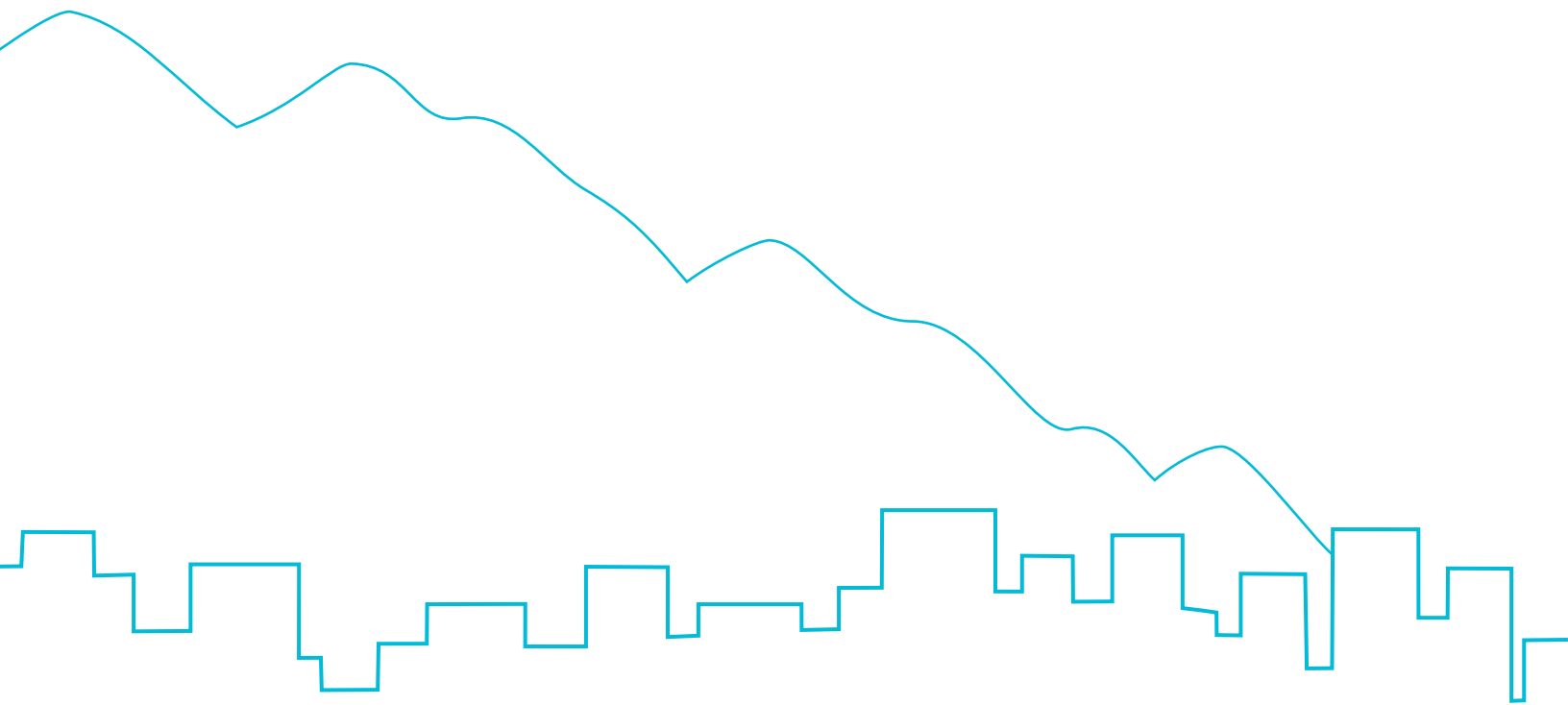
Purchase Price. The Purchase Price for the Municipality Property(ies) shall be the Final Appraised Value (as defined above).

Escrow and Payment of Purchase Price. At Closing of Escrow for the subject Municipality Property(ies), the Purchase Price shall be paid by certified check or bank draft to the order of the Municipality, drawn on a bank licensed to do business in the State of California subject to collection, or by wire transfer simultaneously with the delivery of the Deed(s) conveying such Municipality Property(ies) to the Developer.

Due Diligence / Closing Conditions. Simultaneously with the negotiation of the Master Developer Agreement, and with the cooperation of the Municipality, **RD≡ICO** will agree to perform an expedited Due Diligence Process that will enable them to fully identify the necessary Closing Conditions. Normally, such Closing Conditions would be heavily determined by the Municipality’s Approvals (as defined above), which in many cases could encompass the full requirements to close Escrow.

AS PREVIOUSLY STATED, WE WOULD LIKE TO RE-EMPHASIZE THAT THE AFOREMENTIONED TRANSACTION TERMS AND CONDITIONS HAVE BEEN PROVIDED AS AN EXAMPLE OF A PROCESS THAT HAS BEEN SUCCESSFULLY IMPLEMENTED IN OTHER MUNICIPALITIES. WE ARE COMPLETELY OPEN TO DISCUSSING OTHER FORMS OF ARRIVING AT MUTUALLY AGREED UPON ACQUISITION METHODOLOGY AND LOOK FORWARD TO THE OPPORTUNITY OF DEMONSTRATING NOT ONLY OUR ABILITY TO PERFORM, BUT OUR WILLINGNESS TO LISTEN ■







A LEGACY IN THE MAKING



