

Memorandum

To: Matthew Rodriguez, Interim City Administrator, City of Commerce
Matt Marquez, Deputy Director of Development Services., City of Commerce

From: Ken K. Hira, Executive Vice President, Kosmont Companies
Archie Davenport, Vice President, Kosmont Companies

Date: August 30, 2017

Subject: **Kosmont Companies Work Plan for Advisory Services**

I. Background

Kosmont Companies ("Kosmont") has been providing assistance to the City of Commerce ("City") since May 2017 in connection with economic development projects in the City, including the Gatwick Project ("Project" or "Site") evaluation, hotel and retail recruitment and outreach. The City has expressed interest in retaining Kosmont for continued hotel and retail recruitment and outreach at the upcoming International Council of Shopping Centers ("ICSC") Western Conference and Deal Making in Los Angeles October 2-4, 2017 pertaining to the Project. Kosmont staff includes International Council of Shopping Centers ("ICSC") Western Division P3 Retail Chair, Ken K. Hira, and other active industry leaders.

II. Work Plan Outline

Task 1: Analysis and Update Summary Report

Consultant will summarize economic and hotel market profile and relevant tasks per the May 2017 proposal, illustrating existing and future projected trends in hotel market and economic characteristics, including updates on preliminary discussions with hotels, site evaluation, etc. Preliminary conclusions and next steps will be summarized in a Report (In PowerPoint format).

Task 2: Hotel and Retail Outreach and Recruitment

Based on current demographics, and sales leakage, Kosmont will update collateral marketing material previously prepared by Kosmont and City to be utilized in recruitment of appropriate hotels, retailers and/or developers in connection with the Site.

Activities will include targeted outreach, dissemination of marketing material, and coordination of up to three (3) meetings at the ICSC Western Conference & Deal Making in Los Angeles October 2-4, 2017.

Task 3: Follow-Up and Implementation

Kosmont will selectively follow up with prospective hotel, retailer and/or developer candidates as deemed appropriate by Consultant and City.

Potential Future Tasks:

Tasks 1 through 3 are not meant to represent comprehensive implementation, but rather the initiation of implementation efforts referenced above. Kosmont will be available to assist in additional implementation services, such as retailer recruitment efforts for other opportunity sites within the City, pro forma review and financial feasibility evaluation, fiscal impact and economic benefit analysis, additional market and economic analysis, public-private transaction structuring and negotiations, special district formation (e.g., EIFD, CRIA), and/or other tasks as directed by City, time and budget for which will be outlined at the appropriate time in a follow-on scope to be approved by City in advance.

If the City so desires, or has a need for financial advisory transaction-based services and/or brokerage services, Consultant would be able to provide those services via one of our integrated firms, either by Kosmont Transactions Services or Kosmont Realty Corporation (see disclaimer).

To assist the City in marketing economic development sites as a component of implementation services, Kosmont recommends that we showcase and manage your development sites on OppSites.com. OppSites empowers city and economic development leaders with digital tools to raise awareness of development opportunities that support their goals for growth, share their local knowledge with a global audience of real estate professionals, and connect directly with interested parties. OppSites has built a national platform supported by the latest technology, and puts every community on ONE MAP to create a single global online economic development marketplace. There is no cost to the City for listing sites on OppSites.

To augment the City's capacity to interface directly with OppSites, Kosmont is a certified Economic Development Services Provider on OppSites, enabling us to leverage all features of the OppSites PRO platform. We will partner with the City to showcase opportunity sites, market them to real estate professionals, and use analytics and messaging tools to connect with interested investors, brokers, and developers, saving time and resources (as there is no charge for OppSites).

III. Schedule and Required Data

Consultant is prepared to commence work as soon as authorized by Client and upon receipt of written authorization of this work plan and budget. Client will provide Consultant with all existing project data including submitted plans and studies for the Site.

IV. Budget Authorization

Compensation for Tasks 1 through 3 is estimated at \$10,000 for professional services (hourly) fees at Consultant's billing rates as shown on Attachment A. Future increases in budget will require approval by Client in advance. Budget may be increased by Client at any time.

Consultant's attendance or participation at any publicly noticed (e.g., City Council, Planning Commission, Public Agency Board, other) meeting requested by Client is in addition to compensation for Tasks 1 through 3 and will be billed at the professional services (hourly) fees as shown on Attachment A.

Services will be invoiced monthly at Consultant's standard billing rates, as shown on Attachment A. In addition to professional services (hourly) fees, invoices will include reimbursement for out-of-pocket expenses such as travel and mileage (provided that there shall be no overnight travel without the Client's prior approval and that mileage shall be reimbursed at the current IRS mileage reimbursement rate), professional printing, conference calls, and delivery charges for messenger and overnight packages at actual cost. Unless otherwise agreed to in advance, out-of-area travel, if any, requires advance funding of flights and hotel accommodations.

Consultant will also include in each invoice an administrative services fee to cover in-house copy, fax, telephone and postage costs equal to four percent (4.0%) of Consultant's monthly professional service fees incurred. Any unpaid invoices after 30 days shall accrue interest at the rate of 10% per annum.

Consultant is prepared to commence work upon receipt of written authorization of this Work Plan and Budget.

DISCLOSURE: Kosmont Transactions Services ("KTS") and Kosmont Realty Corporation ("KRC"): Compensation for possible future transaction-based services or brokerage services.

The following is being provided solely as an advance disclosure of possible real estate brokerage and finance services and potential compensation formats for such services. This disclosure is not intended to commit the Client.

When public agency assignments involve real estate/property brokerage or public financing transactions on behalf of the public agency, such transaction based services are typically provided by Kosmont Transactions Services ("KTS") or Kosmont Realty Corporation ("KRC").

KRC is currently registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor. KRC is licensed by the CA Bureau of Real Estate (License #01770428) and is certified as a Minority Business Enterprise (MBE). KRC is also registered as doing business as KTS.

KTS provides transactional Financial Advisory Services and compensation is typically for financial advisory/loan broker services. KRC provides Brokerage Services and compensation is typically for brokerage commissions such as property and lease transactions and/or success/broker fees. KRC also provides Broker Opinions of Value (BOV) services on a fixed fee basis.

Kosmont respectfully requests City's written authorization of this Work Plan and Budget.

ATTACHMENT A

Kosmont Companies 2017 Public Agency Fee Schedule

Professional Services

President & CEO	\$325.00/hour
Executive Vice President	\$305.00/hour
Partner/Senior Vice President/Senior Consultant	\$295.00/hour
Vice President/Associate	\$195.00/hour
Project Analyst/Project Research	\$165.00/hour
Assistant Project Analyst/Assistant Project Manager	\$125.00/hour
GIS Mapping/Graphics Service	\$ 95.00/hour
Clerical Support	\$ 60.00/hour

- **Additional Expenses**

In addition to professional services (labor fees):

- 1) An **administrative fee** for in-house copy, fax, phone and postage costs will be charged, which will be computed at four percent (4.0 %) of monthly Kosmont Companies professional service fees incurred; **plus**
- 2) **Out-of-pocket expenditures**, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
- 3) If Kosmont retains **Third Party Vendor(s)** for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
- 4) Consultant's **attendance or participation at any public meeting** requested by Client will be billed at the professional services (hourly) fees as shown on this Attachment A.

- **Charges for Court/Deposition/Expert Witness-Related Appearances**

Court-related (non-preparation) activities, such as court appearances, depositions, mediation, arbitration, dispute resolution and other expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

Rates shall remain in effect until December 31, 2017.