



January 31, 2020

James Bezek, Assistant Director of General Services
General Services Department
675 Texas Street, Suite 6500
Fairfield, CA 94533

Dear Mr. Bezek,

On behalf of North Bay Media Campus LLC, I'm pleased to submit this response to your Request for Qualifications ("RFQ") for development of a portion of the 149.1 acre Fairgrounds site (the "Site") in the City of Vallejo ("City") and Solano County ("County").

We believe that our proposed development, a film/television studio and retail backlot (the "Project"), will prove to be an accretive asset to the neighborhood and a significant long-term benefit to the City and County. We have "proven the concept" over the past four years on Mare Island and are committed to building on that success on the Site by developing the only purpose-built studio in the Bay Area, in fact, anywhere in Northern California. Our attached response addresses an outline of the Project as well as its positive impacts to the community.

While we have approached this as a stand-alone development, we are well aware that other proposals are being submitted and prepared to work in concert with Six Flags and other proposers to provide the best overall result for the City and County.

We understand and acknowledge the terms of the RFQ and look forward to working with you, your associates and staff to move this proposal forward.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephan", with a stylized flourish extending to the right.

Stephan D. Smith
SHM Partners
On behalf of:
North Bay Media Campus LLC

SHM Partners—North Bay Media Campus

Background

As is the case with most other states Northern California has historically been relegated primarily to location filming. For decades Los Angeles has been the epicenter of the State's, and the Country's, film and television business. Starting about 20 years ago the business started to migrate to other countries such as Canada, Australia, New Zealand and the Czech Republic and then to other states such as New York, Louisiana and Georgia due, in large part, to differing incentives and wage rates. As a result, Southern California lost substantial production business and Northern California was never able to get off the ground as a production center.

In 2015 the California Legislature passed, and the Governor signed, the Film Tax Credit (see below) which more than tripled the production incentives to \$330 million per year, opened them up for larger productions and provided for an additional 5% credit for those filming outside of L.A. County. In 2018 the State passed Film Tax Credit 2.0 which extended the program, originally scheduled to sunset in 2020, to 2025. Though it took a couple of years for the program to yield results, it has led to the return of many TV projects, the retention of both TV and film production in the State and interest in locales outside of Southern California such as the Bay Area. However, at the time there were no production facilities in Northern California.

In late 2015, Film Mare Island approached Lennar Mare Island, successor to the City of Vallejo as owner of much of the southern end of Mare Island, to lease former Navy facilities for (adaptive re-) use by large studio productions. The response has exceeded expectations—we've hosted a popular TV (Netflix) show *13 Reasons Why*, which just completed its fourth season and *Bumblebee*, one of the largest budget features shot in the State in 2018, plus a number of smaller, infill projects. The problem is that demand for facilities has been greater than what we have to offer.

Statement of Qualifications/Development Entity

Film Mare Island (“FMI”), comprised of SHM Partners and Mark Walter, has brought large-scale film and television to Mare Island and downtown Vallejo over the past four years. The principals of Film Mare Island have over 50 years of experience in the development and management of, plus consultation on, film and television studios. These projects include adaptive re-use of existing facilities as well as purpose-built stages and support space on 5 continents. It’s a unique business calling on real estate expertise in siting, programming and design, government relations, underwriting and construction together with an in-depth understanding of production dynamics, operations and accounting.

The parties involved in this North Bay Media Campus venture are SHM Partners, Mark Walter and Cinelease, together with TDA Financial.

SHM Partners. Stephan Smith and Lawrence Hricik, principals of SHM Partners (SHM), built, opened and operated Los Angeles Center Studios, the first new studio in the City of Los Angeles in more than 50 years. Since opening in Downtown Los Angeles in 1999, the Studios have hosted more than 500 feature films, television shows, commercials, music videos, and major special events. SHM Partners has provided consulting and development expertise on proposed and existing film production facilities worldwide, including existing and to-be-built studios across the U.S.. including Hawaii and Puerto Rico, in five Canadian provinces, and Mexico as well as projects in the U.K., Spain; Czech Republic; South Africa; Australia; Thailand; and New Zealand. SHM also created Skyline Locations, one of the largest and most diversified practical location companies in Los Angeles.

Mark Walter is an independent Studio consultant from Los Angeles California who has worked on Studio Developments and Assessments around the world. Mr. Walter is the past Director of Studio Operations for Manhattan Beach Studios, one of the most

successful independent Studios in California. In August of 2010, Mark traveled to Asia, where he served as Head of Studios for Bigfoot Studios restructuring Studio Operations and overseeing construction of Studio Expansion. In 2011, he was named VP of Studio Operations for Santa Fe Studios, responsible for Operations and Marketing of the Studio. In 2015, he Joined Cinelease, heading up their Studio Development department, partnering with Studio Operators in developing and managing Studio facilities all over the United States. Co-founded Film Mare Island, managing Operations and Marketing for the Studio.

Gary Bastien, AIA is the founder and Chief Administrative Officer of Bastien and Associates, Inc. Architecture and Planning in Tustin, California. He is licensed in 16 states, including California and New York and is certified by the National Council of Architectural Registration Boards (NCARB). His professional experience includes providing services for numerous award winning entertainment and commercial projects for the past 35 years. The firm has gained worldwide recognition designing Hollywood style, state of the art movie and television studio projects and has programmed and master planned over 45 studio projects, including over 180 sound stages in 16 states and 14 countries. Bastien continues to perfect the studio “Hollywood Design Standard” in terms of state of the art operational and technical performance. Key clients include Paramount Pictures, Warner Bros., NBCUniversal, Disney, CBS Studio Center, Sony, DreamWorks, Intel, Google and YouTube. Most notable studio projects include Manhattan Beach Studios, LA Center Studios, CBS Studio Center, NBCUniversal Studio Expansion, Lightstorm Entertainment (James Cameron), Viacom Broadcast Center, Dubai Studio City and Chapman University Film School.

Cinelease (owned by HERC (Hertz) Corp.), will provide all lighting and grip equipment necessary during filming at the new studio. Cinelease is the largest independent rental company in the U.S, priding itself on providing excellent customer service and top-quality lighting and grip equipment, servicing thousands of feature films, television productions, commercials, music videos and pilots since its inception in 1977. The recognized leader in the entertainment industry for lighting and grip services, Cinelease’s success over the

past 37 years is due in large part to its reputation of honesty and integrity; their expansive inventory houses all the major manufactured brands in tandem with a large selection of specialty items. Its inventory reflects the preferred choice of the experienced working production professionals.

TDA Investment Group (“TDA”) is Fiduciary Real Estate Investment Manager for multiple Taft Hartley (Union) Construction Pension Trusts, with an investment allocation in excess of \$600 million. TDA’s Pension Trust clients have aggregate investment capital in excess of \$8 billion. In its capacity as Fiduciary Manager, since 1991 for its longest-tenured client, TDA makes all investment and management decisions on real estate investments in which it participates. As of September 2019, TDA manages a portfolio of 42 projects, representing over \$500 million of invested capital. Such projects encompass all real estate types and development stages.

Rob Perkins, Executive Vice President and Director of Investments leads TDA’s new investment activities, as well as being involved with all TDA corporate and client activities. He has over 25 years of experience executing commercial, industrial, and residential real estate and corporate transactions, including originating, diligencing, structuring and executing investment transactions across varied asset classes. Mr. Perkins has worked for the largest privately held company in the U.S. (Koch Industries), executing real estate and corporate M&A investments, as well as smaller investment and private equity firms. He has led TDA’s investment activities for over thirteen years, during which time the company’s investment portfolio and client base has tripled in size.

Project Description:

A \$30 million multi-phase motion picture and television studio complex (the “Project”) on a portion of the 149-acre Solano County Fairground Site at the intersection of Highway 37 and Interstate 80 in the City of Vallejo and County of Solano, California. The anticipated 2020-1 project, proposed by NBMC Studio Development LLC (the

“Company”), will total over 125,000 square feet on the 18 acre site and will generate over 350 full time equivalent jobs upon completion.

A sound stage is an expansive, soundproof, column-free structure with technological components used for the production of feature films, television shows, commercials and documentaries. Every production utilizes sound stages to save time and money. To date, Northern California based productions have utilized improvised warehouses and abandoned retail space, as there are no local sound stages in the Bay Area of any significant size. There are over 300 in California alone, with a median (average??) operating utilization of over 90%.

The Company represents a group of private employers/equity investors and a seasoned team of experienced California/Hollywood film industry leaders/studio operators and designers with a strong Northern California affiliation.

The Studio, to be managed and operated by the Company, will be a world-class technological facility. It will include 4 state-of-the-art sound stages of two dimensions (and allowing for aggregation to offer the largest stage in the Region at 60,000 sf) in order to meet the varied demands of production companies. The complex will also include ancillary-use space for movie and television production, including production and executive office space, dressing, hair/make-up and wardrobe rooms, mills, commissary and a multi-purpose theater. A 600-student Film School collaboration with a local University is also included in the Project’s strategic plan on an adjacent site under a stimulus incentive option.

The Studio Backlot will be a new “themed” retail entertainment district to be constructed adjacent to the sound stage complex and will be a combination of motion picture-related business structures adjacent to a fully functioning backlot.

The Backlot will be designed in the tradition of the original Hollywood backlots but with 21st century amenities along with today’s engineering and safety improvements. With

over 2,000 linear feet varying “staged” locales in a controlled studio environment, productions will be able to journey back in time, to shoot the streets of Middle America from anywhere in the early 1900’s to modern day cities, coupled with the ability to construct additional short term ‘sets’ in any open spaces on the lot.

Included in the Studio Backlot complex will be a blend of retail shops, office space, and restaurants/cafés. Each aspect of the Studio Backlot is being designed with a themed “streetscape façade” to afford the public the opportunity to experience moviemaking magic first-hand. It will be a convergence district for not just the entertainment industry but the community-at-large, to explore and enjoy. The studio project will attract talent from around the world, the Backlot concept will provide amenities while offering an attraction for residents and tourists. The tipping point to developing a vibrant film industry in Northern California is a studio complex with purpose-built stages coupled with the necessary infra-structure and crew base.

Approach to Meeting Solano360’s Objectives for the Site

A studio campus at the Site will dramatically raise the County’s and City’s profile as a desirable place to live, work and entertain. As suggested by the aforementioned overall impact, production facilities generate economic activity far in excess of the onsite revenues as evidenced by the television and film productions which have been hosted on Mare Island in the last two years.

Purpose-built studios have an even greater long-term impact—they are catalysts for local area improvement as visitors are drawn to the site of movie-making and other high wage creative and high-tech businesses seek to locate in the area.

Typically, full-service production facilities do, in fact, cause neighboring property values to rise. Though the stages themselves are self-contained and not generally open to the public, other businesses, including specialty retail, are drawn to the mystique of the studio. Thus, this clean, non-polluting property use would serve to increase the local tax

base and boost utility taxes while not adversely impacting City services.

Bottom line: the local community benefits far more than the studio could ever hope to in terms of real estate appreciation and expenditures captured, including lodging, food service and entertainment, hardware and lumber sales, other retail sales and services such as dry cleaning, hair styling and transportation.

Demand

Film Mare Island has had an opportunity over the past few years to test the waters in a previously unproven market, and demand has exceeded the most aggressive assumptions. Even with space, which is far less than optimal for filming, the primary issue has been a lack of available space. Productions have been flexible and creative in utilizing former Navy facilities for both short and longer-term purposes due to their desire to work in this North Bay location.

A number of major studios and well-funded, widely-acclaimed streaming companies have expressed interest in the area to Film Mare Island, but there has been, and will be, no way to accommodate them until proper stage facilities are built. With the exception of a building on Mare Island and an aging hangar on Treasure Island, which the proponents operate on behalf of the City/County of San Francisco, there are no other production facilities in Northern California. This has led to the conclusion that Vallejo, Solano County and the Bay Area, are ready for a real studio campus.

Jobs/Local Economic Benefit

In a recently completed feasibility study for a similar-sized studio complex in another state, it was determined that the total impact (i.e. direct, indirect and induced) of the project over the construction period was over 500 jobs with an employment value of approximately \$30 million. With a multiplier of 1.5 to 3.0 (this varies from one location to another, subject to the local jurisdiction's discretion), the total impact would be \$45 to \$90 million, including the construction trades as well as others including wholesale trade, retail, petroleum sales and architectural, engineering and insurance services.

More compelling are the impacts derived from ongoing production activity. Again, based on IMPLAN model numbers for a studio project of similar size and scale, it was estimated that approximately 1,500 total jobs would be created annually with an employment value of greater than \$55 million and an overall yearly impact in excess of \$200 million. While the vast majority of this output is centered in the motion picture/television industry, other impacted sectors include independent talent, real estate, retail, as well as insurance, professional and employment services.

Closer to home: Produced by Paramount Pictures for distribution through Netflix, *13 Reasons Why* was based in Vallejo and filmed the entire series in Northern California. Set in the Bay Area, the series filmed and/or spent expenditures in the following counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma counties. During its first three seasons, the Netflix-original series spent more than \$89 million in the Bay Area on local wages, hotel rooms, location and permit fees, and local purchases and rentals such as wardrobe, gas, office space, craft services, transportation, and construction. Collectively, over 7,000 local cast, crew, and background hires from eight Northern California counties earned aggregate total wages of \$19 million.

13 Reasons Why Season 3 Local Community Spend



There is a common argument put forth, primarily by government entities, that the studio itself does not generate a lot of jobs as it's merely the "factory", not the manufacturer. While it is certainly the case that the production companies are the primary employers, the foregoing impacts study exhibits the reality that a studio campus, when properly designed, executed and managed, does, in fact, attract the business that generates very meaningful economic impacts for the area. In the final analysis, the local community benefits far more than the studio could ever hope to in terms of expenditures captured, including lodging, food service and entertainment, hardware and lumber sales, other retail sales and services such as dry cleaning, hair styling and transportation. In addition, there are typically a meaningful number of local hires for everything from day labor to extras, not to mention the tough-to-quantify tourism impact. These are the reasons that cities, states and countries are anxious to attract studio operations, especially those which are purpose-built and tailored for major productions. The problem is.....very few locations are suitable. North Bay/Solano County is.

The Project is responsive to the heightened demand for California-based production studios following the film industry's enthusiastic response to the California Film Tax Credit enacted in 2015 and further amended in 2018. The Tax Incentives offer up to 25% to "production companies" doing business in Northern California: (see below).

California Tax Credit Program

In September 2014, Governor Edmund G. Brown, Jr. signed bipartisan legislation establishing the Film & Television Tax Credit Program, known as Program 2.0. Assembly Bill 1839 created a five-year program beginning in FY 2015-2016 and running through FY 2019-2020, now extended to 2025 (See Appendix A for Enacting Legislation). The legislation increased program funding from \$100 million to \$330 million per fiscal year. Aimed at retaining and attracting production jobs and economic activity across the state, Program 2.0 also expanded eligibility to include a range of project types that were excluded from Tax Credit Program 1.0. Such projects include big-budget feature films, television pilots, and 1-hr television series for any distribution outlet. This expanded eligibility represents a major strategic improvement for California's Film & Television Tax Credit Program, which now enables the state to attract a greater number and wider range of television series and features films.

The California Film Commission administers the Film & Television Tax Credit Program 2.0 which provides tax credits based on qualified expenditures for eligible productions that are produced in California. The \$1.55 billion program runs until at least June 30, 2025. Each fiscal year – July 1 to June 30 – the \$330-million funding is categorized in: TV Projects, Relocating TV, Indie Features, and Non-Indie Features.

Program 2.0 expanded eligibility to include projects with budgets over \$75 million. To date, Program 2.0 has attracted 12 such big-budget feature films resulting in \$1.5 billion in direct spending in California. The Program provides added incentives for projects filming outside the Los Angeles region. As a result, approved productions have spent more than \$130 million across 19 counties outside of Los Angeles. Third-party data reveals job and infrastructure growth due to the program, i.e.. members of California's

below-the-line unions working in film and television have experienced substantial growth in employment – including a 11.7 percent increase in hours worked in the basic craft unions in 2018 compared to 2017. SAG-AFTRA reported a significant increase in the number of in-state entertainment background performer jobs, with a 30 percent increase in 2018 compared to 2014. California is also benefiting from a surge in stage and production support space construction while sound stages are operating at or near capacity.

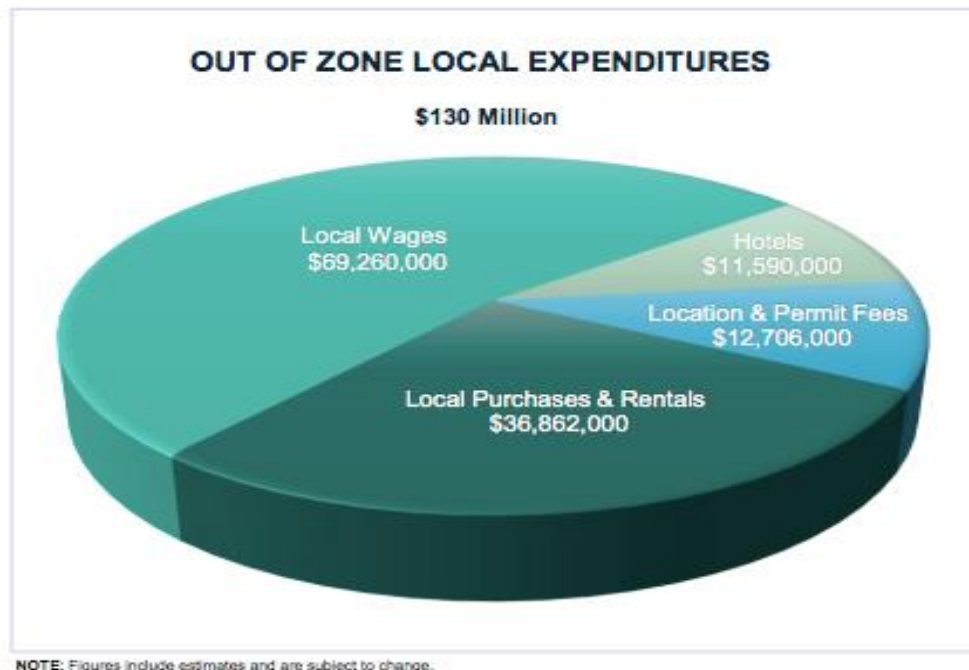
Tax Credit Program Statistics

California garnered a notable \$8.4 billion in direct expenditures by film and television projects approved during the first four fiscal years of Tax Credit Program 2.0. These expenditures include \$3.0 billion in qualified wages, \$2.6 billion in qualified vendor expenditures, and another \$2.8 billion in expenditures which do not qualify for tax credits. (See Appendix B Table 1 for Program 1.0 Aggregate Summary.) Notably, qualified wages do not even include compensation paid to actors, writers, producers, directors, or other above-the-line workers, as these salaries do not qualify for tax credits. Collectively, projects selected for tax credits during the first four years of Program 2.0 hired more than 27,000 cast and 36,000 crew members. Out of the 189 approved projects, 16 television series relocated from Florida, Georgia, Ireland, Louisiana, Maryland, New York, North Carolina, Texas, and Vancouver. There were 85 new and recurring television series, 37 non-independent feature films, 30 independent films, 18 pilots, two movies of the week, and one mini-series accepted during years one to four of Program 2.0. To date, the tax credits reserved and/or allocated during years one to four totals \$1.1 billion.

Regional Filming Impact

Program 2.0 encourages productions to use locations throughout California. Non-independent projects that film outside the Los Angeles' 30-mile zone are eligible to receive an additional five percent tax credit for related prep/shoot/strike costs incurred during the applicable period. (See Appendix B Table 4 for Program 1.0 Regional Filming.) The Los Angeles 30-mile zone encompasses the greater Los Angeles area, where most

filming typically occurs. The additional incentive for out-of-zone production applies only to non-independent films, as independents already receive the maximum 25 percent tax credit. Projects may also receive up to 10 bonus points to raise their Jobs Ratio score and increase their chance of being selected based on the percentage of filming days outside the Los Angeles 30-mile zone. When productions film on location outside the Los Angeles area, data reflects that they typically spend \$50,000 - \$150,000 per day in the local region.



To date, more than two dozen feature films and television series spent an estimated \$130 million outside the Los Angeles zone. These expenditures include \$69 million for local wages, \$36 million in local purchases and rentals, \$11 million for local hotels, and \$12 million for location and permit fees. This spending benefits many small businesses, including grocers, hardware stores, gas stations, hotels, and other retail businesses, as well as local hires for services such as catering and construction work. In addition, such spending impacts local governments directly via payments made to local police and fire departments, as well as revenue from local permit fees. Local expenditures increased

23% from year one to two, 59% from years two to three, and 64% from years three to four, evidencing the increasing use of local resources by tax credit projects.

Twenty-seven projects that filmed outside the LA zone employed 71 cast, 4,085 crew, and 27,037 background players (the latter measured in man-days).

OUT OF ZONE SPEND OUTSIDE THE 30-MILE ZONE



Infrastructure Usage & Growth

The CFC defines a Production Facility as any facility in compliance with Title 24, Chapter 48 of the California Fire Code and used by the entertainment industry for the purpose of film, television, commercial or digital production. A facility may also be a building or ranch that is used primarily for film, television, commercial or digital production. Applicants are able to increase their bonus points by filming at an approved facility, verified by the CFC prior to the start of principal photography. In order to receive facility days bonus points, the project's first unit crew must utilize a production facility for six hours or more for a principal photography day. If the first unit crew is utilizing a studio backlot location, it may also be counted as a production facility day. To date, approved productions have logged a total of 5,941 film days at approved production facilities.

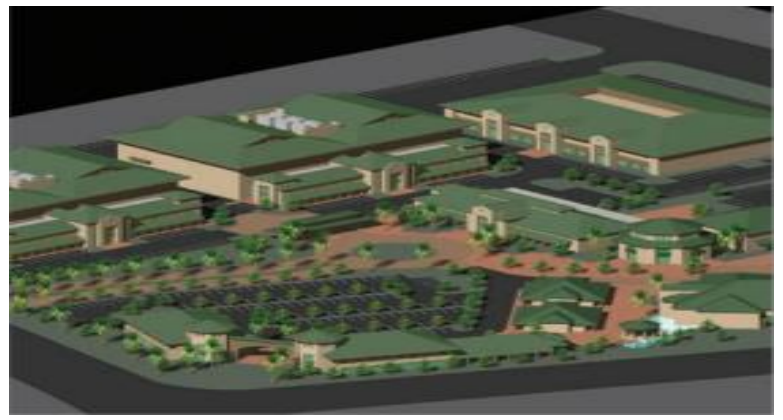
FilmLA., the not-for-profit official film office of the City and County of Los Angeles – tracks sound stage production days in a bi-annual report, analyzing the region's certified sound stages. FilmLA. reports that the region is seeing the greatest growth in sound stage supply since the late 1990s, attesting to the increased need for facilities. Additionally, FilmLA. and the City and County of Los Angeles are identifying warehouses or other properties that can be converted into temporary sound stages. Office space is also in demand, with the streaming services expanding their footprint in Southern California: Amazon is planning on occupying 530,000 square feet at Culver Studios, which intends to grow the existing campus from 358,000 to over nearly 721,000 square feet; Apple reports it will build a new studio home in Culver City, creating 128,000 sq. feet of offices and support space; Netflix plans to occupy 1.6 million sq. feet of non-contiguous space in Hollywood.

Film Mare Island operates the only stage and equipment rental facility in Northern California at a former Navy ship building property on Mare Island in Vallejo. The studio opened in 2015 and has stage space totaling 150,000 square feet. The studio group also rents a 110,000 square foot facility at Treasure Island for filming. There is definitely the need for more stage space in the Bay Area—the sooner the better.

Past Studio Projects:



Film Mare Island



Kapolei Studios



Prague Studios



Los Angeles Center Studios



New England Studios



Santa Fe Studios

Financials

Provided separately

Solano360 Mixed-use Site RFQ Response

Executive Summary

Development Entity/Qualifications:

Film Mare Island (“FMI”) has brought large-scale film and television to Mare Island and downtown Vallejo over the past four years. This project would be part of the natural progression of the concept which we’ve been able to prove. The parties involved are SHM Partners, Cinelease Inc., the largest grip and lighting company in the country, together with TDA, a very substantial union pension fund advisor based in the Bay Area.

The principals of Film Mare Island have over 50 years of experience in the development and management of, plus consultation on, film and television studios. These projects include adaptive re-use of existing facilities as well as purpose-built stages and support space on 5 continents. It’s a unique business calling on real estate expertise in siting, programming and design, government relations, underwriting and construction together with an in-depth understanding of production dynamics, operations and accounting.

Development Concept

A full-service, purpose-built media campus on approximately 20 +/- acres at the Solano County Fairgrounds site (“the Site”) will consist of the following:

- 1) Initially, four (4) purpose-built sound stages and ancillary support facilities, including production offices, mills, dressing rooms and a screening room/theater, to accommodate a single, large-scale major studio production or two smaller productions.
- 2) The initial phase will also include a retail backlot, i.e. a blend of retail and restaurants/cafes, open to the public but designed, built and operated for practical location filming. It is envisioned that this element could be designed and themed in concert with Six Flags to provide a “movie-set” option for their visitors.
- 3) Further phase(s) will be built in response to the particular contours of demand for studio space and backlot offerings.

Job Creation

In a recently completed feasibility study for a similar-sized studio complex in another state, it was determined that the direct impact of the project over the construction period was over 500 jobs with an employment value of approximately \$30 million; including indirect impacts such as retail trade and services, such as architectural and engineering, the total impact would be approximately \$60 million. Furthermore, it has been estimated that approximately 1,500 total jobs would be created annually with an employment value of greater than \$55 million and an overall yearly impact in excess of \$200 million.

The Netflix series *13 Reasons Why* which was produced by Paramount and was based on Mare Island spent over \$89 million in the Bay Area over the first three seasons and directly and indirectly created over 7,000 jobs amounting to aggregate wages of \$19 million.

Approach to Meeting Solano360's Objectives for the Site

A studio campus at the Site will dramatically raise the County's and City's profile as a desirable place to live, work and entertain. As suggested by the aforementioned overall impact, production facilities generate economic activity far in excess of the onsite revenues as evidenced by the television and film productions which have been hosted on Mare Island in the last four years.

Purpose-built studios have an even greater long-term impact—they are catalysts for local area improvement as visitors are drawn to the site of movie-making and other high wage creative and high-tech businesses seek to locate in the area.

Potential Users

A number of major studios and well-funded, widely acclaimed streaming companies have expressed interest in the area to Film Mare Island, but there has been, and will be, no way to accommodate them until proper stage facilities are built. With the exception of a building on Mare Island and an aging hangar on Treasure Island, which the proponents operate on behalf of the City/County of San Francisco, there are no other production facilities in Northern California.



January 31, 2020

James Bezek
General Services Assistant Director, Solano County

RE: Letter in support of SHM Partners RFQ

Dear Mr. Bezek,

SAG-AFTRA fully supports establishment of a soundstage on the former Solano Fairgrounds. The San Francisco-Northern California Local represents 4500 performers and broadcasters throughout Northern California and works closely with county film commissions to promote Union filmmaking in our region.

The valuable economic impact is evident through the extraordinary strides Cinelease has taken in providing viable options for producers while supporting local filmmakers, cast and crew. Paramount Picture's production of "13 Reasons Why," running on Netflix, which leased the Mare Island facility from 2016 to 2019, is a great example. The production created more than 7500 union jobs for SAG-AFTRA members over the three year period. While these numbers illustrate the economic boost to the region during production, the popularity of the show continues to generate local revenue through film location tourism even after their final season wrapped.

Solano County is home to many exceptional industry professionals and offers dynamic restaurant and hotel options. A soundstage in the region will benefit the local community and will promote Northern California as a legitimate and viable hub for film production. That's a win for everyone.

Cordially yours,

A handwritten signature in black ink, appearing to read "Sean F. Taylor".

Sean F. Taylor
Executive Director



TDA Investment Group
Real Estate Investments

January 2020

*A Fiduciary Real Estate Investment Manager for Pension Plans
providing Debt & Equity Capital*

CONTENTS

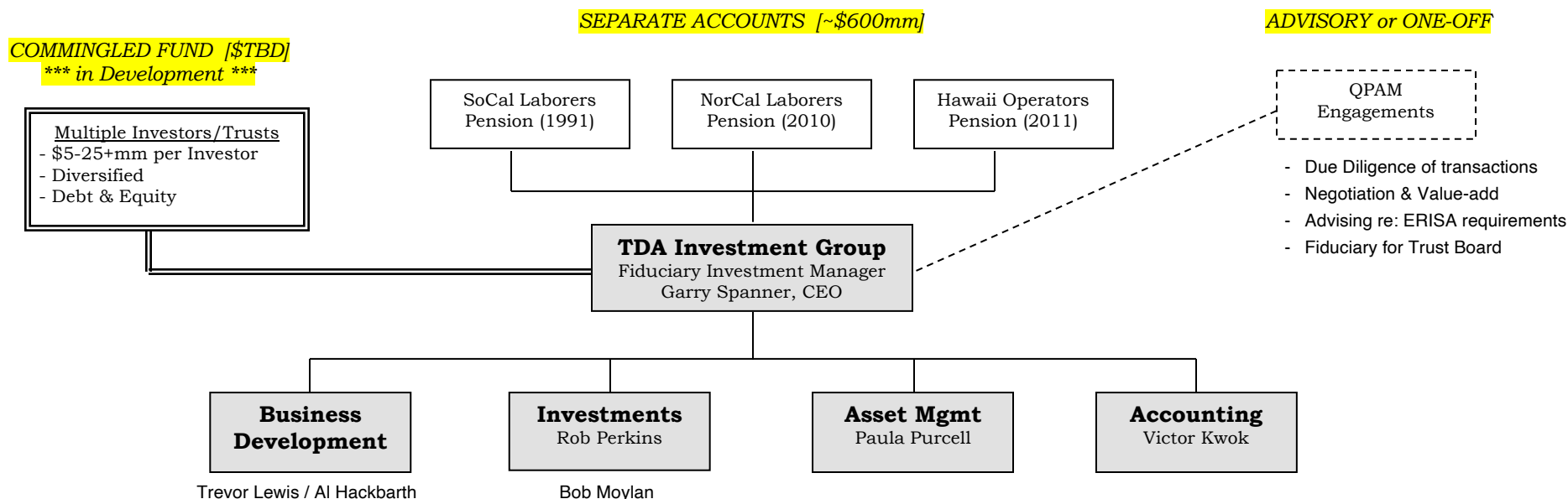
- I. Investment Parameters
- II. TDA Overview
- III. Union Requirements
- IV. Transaction Examples



I. Investment Parameters

| | CRITERIA | INVESTMENT PARAMETERS |
|----|------------------------------|---|
| A. | TDA Approach | <ul style="list-style-type: none"> - A flexible capital 'Solutions Provider' based upon Project needs - Not pursuing speculative or high-risk investment opportunities |
| B. | Investment Size | <ul style="list-style-type: none"> - \$3-30mm per transaction, but no defined limits - Can provide entire capital stack, or only a portion (debt; equity; hybrid) - Prefer total Real Estate Asset Sizes <\$50mm, regardless of specific TDA investment |
| C. | Product Types | <ul style="list-style-type: none"> - Current portfolio including industrial, commercial, retail and residential ... plus other non-traditional asset classes such as self storage and airplane hangars |
| D. | Flexible Structures | <ul style="list-style-type: none"> - Flexible, creative and entrepreneurial based upon needs of the Project - Equity (all-cash investor). Senior & Mezz Debt. Development & Construction Loans. |
| E. | Rates & Returns | <ul style="list-style-type: none"> - Commensurate with risk/reward profile, but generally 8% to teens IRR |
| F. | Term | <ul style="list-style-type: none"> - Varied. Shorter-term bridge loans (1-3 yrs) as well as longer-term facilities (10+ yrs) |
| G. | Geography | <ul style="list-style-type: none"> - Focus on Southern & Northern California, and Hawaii, but no geographic limitations |
| H. | Timing/Speed | <ul style="list-style-type: none"> - Ability to close quickly upon of acceptable institutional due diligence; 45-60 days |
| I. | Union Signatory Requirements | <ul style="list-style-type: none"> - If Construction & Development, requires utilization of specified union labor coverages - Geographically dependent. Do not necessarily require "wall-to-wall" union trades |
| J. | TDA Corporate | <ul style="list-style-type: none"> - Established in 1980, with greater than two decades serving pension fund clients - A boutique investment firm, granted with full decision-making and management authority - Fundamental Real Estate Asset focus, regardless of specific market cycle - Long-term and 'patient' capital, supportive of sustainable business practices - Can serve as qualified QPAM for Due Diligence opportunities |

II. TDA Overview



- TDA is a fee-based Real Estate Investment Manager for Taft Hartley Union Pension Plans, since 1980.
- Full decision-making authority resides with TDA. Sourcing, due diligence, execution & management.
- ~\$600 million under management.
- ~\$300 million of investment in recent years. Debt & Equity. \$3-30 million investment size. Construction & Stabilized.
- Exposure to all real estate investment types within the Western US (California focused) and Hawaii.
- Long-term capital and investment horizon vs. a defined investment fund. Also active as bridge investor/lender.
- No real structural or regulatory constraints like banks or other financial institutions.
- A Boutique Firm. Institutional Capabilities. Relationship Focused. Entrepreneurial.

III. Union Requirements & ‘Covered Trades’

- TDA currently invests three ‘Separate Account’ Union (Taft Hartley) Pensions – Northern & Southern CA and HI.
- Union requirements vary by region, but do not generally require wall-to-wall union trades.
- The General Contractor shall be Signatory to the Laborers (executed a Master Labor Agmt), or is willing sign up.
- TDA does not allow ‘one-job’ or Project Labor Agreements (PLAs).

Southern California

... all applicable and material work on the Project shall be performed by the **General Contractor** and **Subcontractors** pursuant to a current, executed agreement with the Laborers’ International Union of North America, AFL-CIO (“**Laborers**”). All work performed on the Project that is work recognized by the AFL-CIO Building and Construction Trades Department as within the jurisdiction of the **Laborers, International Brotherhood of Teamsters, International Union of Operating Engineers, or Cement Masons**, shall be performed through a signatory general contractor or subcontractors pursuant to a current, executed agreement between the contractor performing the portion of work in question and either the Laborers or one of the foregoing labor unions having jurisdiction over such work ...

Northern California

... all applicable and material work on the Project shall be performed by the general contractor and subcontractors pursuant to a current, executed agreement with the Laborers’ International Union of North America, AFL-CIO (“**Laborers**”). All work performed on the Project that is work recognized by the AFL-CIO Building and Construction Trades Department as interpreted by the **Basic Crafts Alliance** within the jurisdiction of the **Laborers, Operating Engineers, or Carpenters**, shall be performed through a signatory general contractor or subcontractors pursuant to a current, executed agreement between the contractor performing the portion of work in question and either the Laborers or one of the foregoing labor unions having jurisdiction over such work ...

Hawaii

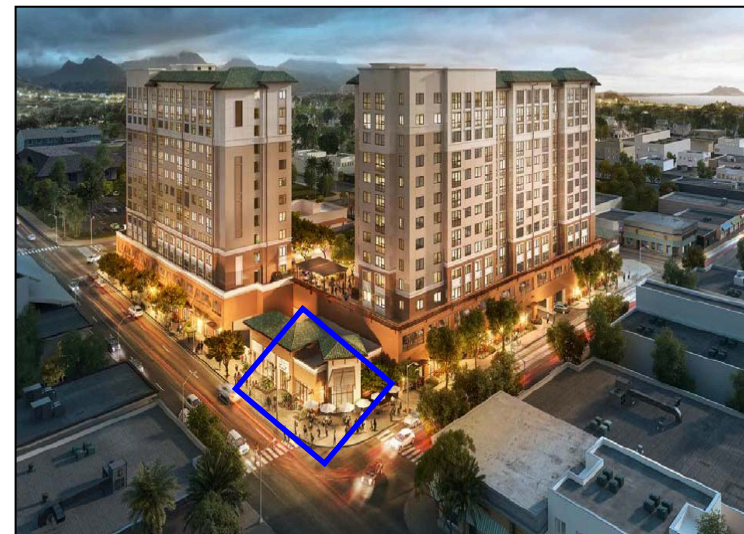
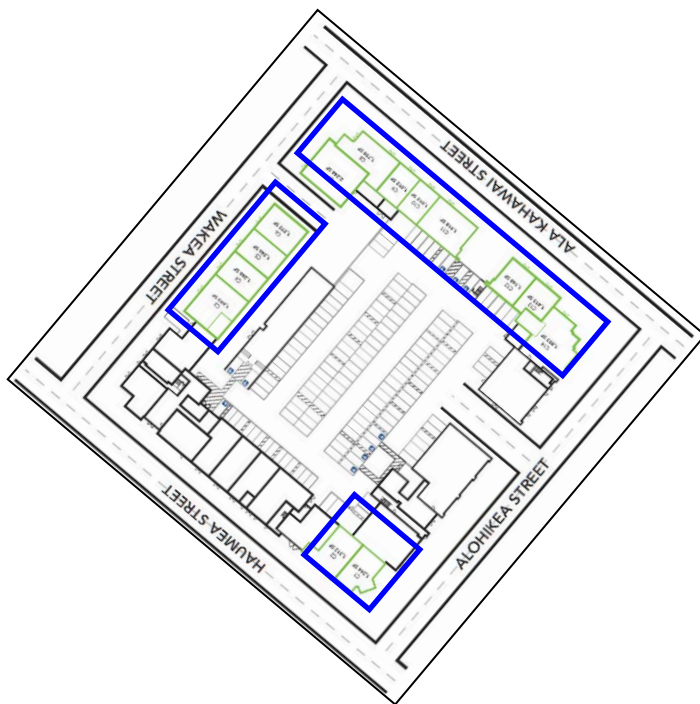
... all work performed on the Project that is work recognized by the AFL-CIO Building and Construction Trades Department as within the jurisdiction of the **Laborers, International Union of Operating Engineers, Cement Masons, and Carpenters**, and the **Ironworkers, Electricians, Painters** and **Sheet Metal Workers**, shall be performed through a signatory general contractor or subcontractors pursuant to a current, executed agreement between the contractor performing the portion of work in question and either the Laborers or one of the foregoing labor unions having jurisdiction over such work ...

At any point in time, TDA has 40-50 investments in its portfolio – comprised of both Loans and Equity

DEC 2019

Kapolei, HI (Future Commercial/Retail Condo Development / Component of Larger 3-Phase Project)

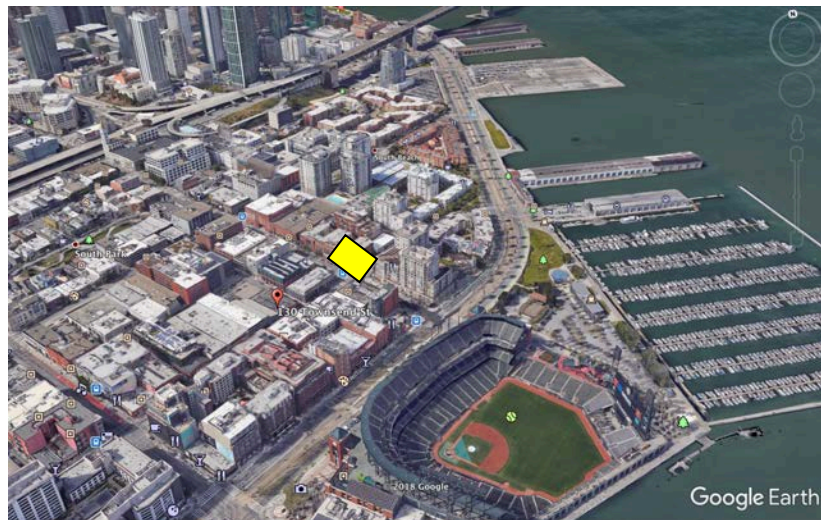
[\$2mm] Senior Bridge Loan



OCT 2019

San Francisco (Future Office Development)

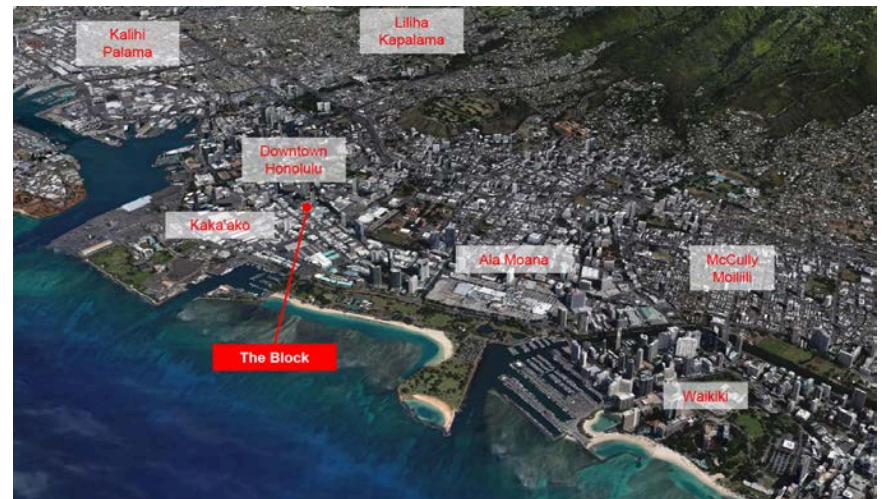
[\$16mm] Senior Bridge Loan



SEP 2019

Honolulu, HI – The Block

[\$34mm] Senior A/B Construction Loan – 153-unit Afford/Mkt Condos



2019+
Township 9 (Sacramento, CA)
 65-acre Development Project



2019+
Carlsbad Jet Center (@ McClellan-Palomar Airport)
 180,000sf Airport Hangars & Office



JUL 2018

San Rafael Commercial (Single-Tenant Retail)

[\$12mm] Purchase Stabilized Real Estate



JUL 2018

Koloa Commercial & Residential (Kauai)

[\$8mm] Senior Horizontal Infrastructure Loan



NOV 2017

Riverside – Canyon Springs Medical

2yr process to Master Plan and Re-Entitle ~50 acres of Trust-Owned Land for Medical Campus (Hospital; MOB's; SNF; ALF; Pkg Garages)



SEP 2017 & OCT 2019

San Francisco Residential (Construction)

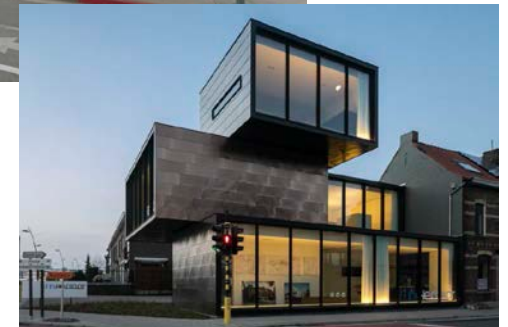
[\$30mm / \$43mm] Senior Constr / MiniPerm Loan – 59 Apartments



JUL 2017

Los Angeles Development (Future Creative Office)

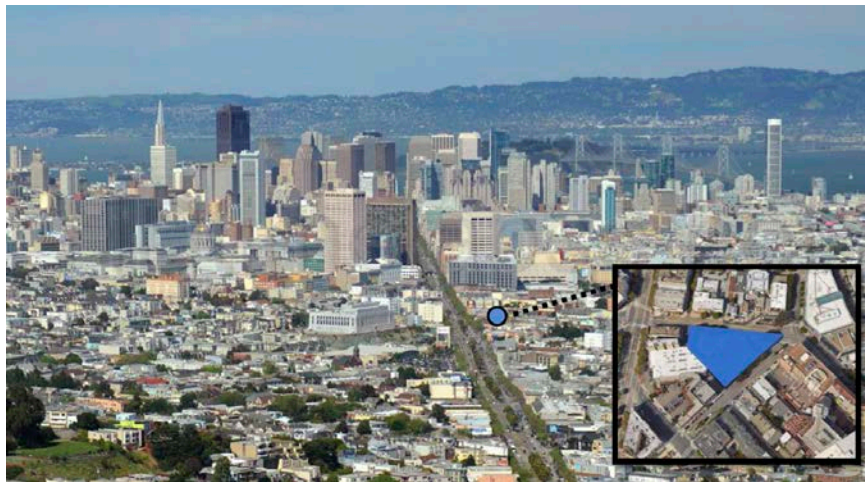
[\$6mm] Senior Bridge Loan



FEB 2017

San Francisco Development (Future Residential)

[\$7mm] Senior Bridge Loan – Interim Office Use / Ground Leased Asset



DEC 2016

San Francisco Development (Future Residential)

[\$5mm] Senior Land Acquisition & Pre-Development Loan



SEP 2016

Terra Bella (Mountain View; Land / Office Development)
 [\$3mm] Sr Bridge Loan // [\$8mm] Sr Construction Loan



JUL 2016

Akamai Residential (Oahu, HI; 8-unit Residential)
 [\$3mm] Senior Acquisition & Infrastructure Loan



JUN 2016

Los Angeles Parking Garage

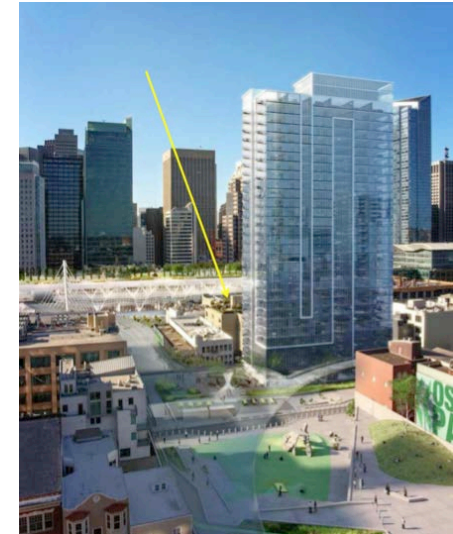
[\$14mm] Senior Loan



SEP 2015

San Francisco Development Land

[\$3mm] Senior PreDevelopment Loan



AUG 2015

Executive Ridge Industrial (Vista, CA; 67,000 Industrial
[\$8mm] All Equity Purchase



AUG 2015

Ka'ala Residential (Oahu, HI; 24-lot subdivision)
[\$4mm] Senior Acquisition & Infrastructure Loan



JUN 2015

Colony Palms Hotel (Palm Springs; Fee Land Interest)

[\$14mm] Senior & Mezz Loans. Ground Leased Project



2014/2015

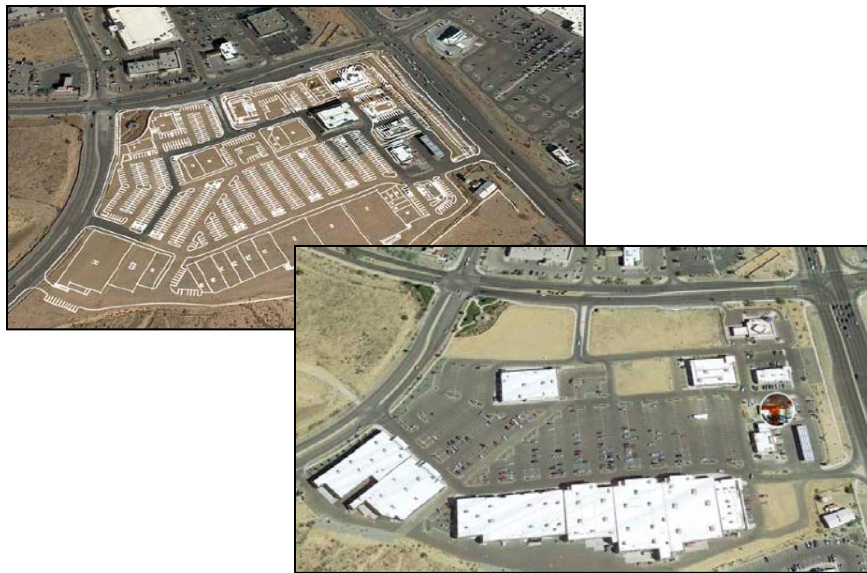
Norco DPSS (Norco, CA; 50,000sf Office)

[\$17mm] All-Equity Build-to-Suit Development & Ownership



DEC 2014

Enchanted Hills Retail (New Mexico; 200,000sf Retail Dev.)
[\$29mm] Retail Construction Investment



AUG 2014

85 Bluxome (San Francisco; 55,000sf Office Dev.)
[\$7mm] Mezz Construction Loan



AUG 2014 // May 2015

600 National (Mountain View; Land/Office Dev.)

[\$16mm] Sr Bridge Loan // [\$17mm] Mezz Construction Loan



FEB 2014

Panoramic (San Francisco; Apts/Student Housing)

[\$18mm] Mezz Construction Loan



SEP 2013

Ocean Ranch Plaza (Oceanside, CA; Medical/Office/Retail)
[\$17mm] Equity Purchase



SEP 2013

Larkspur Landing (Bay Area; Office)
[\$7mm] Equity Purchase



Past Construction & Development Investments

2012 - 2014

Blanc (San Francisco; Residential Condos)
[\$10mm] Mezzanine Loan



2010 - 2012

299 Valencia (San Francisco; Residential Condos)
[\$5mm] Mezzanine Loan



Stabilized Real Estate

Value-Add

Industrial



Retail



Medical / Assisted Living



Medical Office



Office



Medical Office



Industrial

