Resetting the Economic Development Table:
Revenue Resolution, Land Use Revolution, & Economic Solutions

League of California Cities
Mayors / Councilmembers Executive Forum | July 2020

Larry J. Kosmont, CRE
Chairman & CEO
Kosmont Companies

Damien Arrula
City Manager
City of Placentia

Jim Dillavou
Co-founder & Principal
Paragon Commercial Group

Dr. Fernando Guerra
Managing Director
Ramirez & Co.
Larry J. Kosmont, CRE is Chairman & CEO of Kosmont Companies, which he founded in 1986. Kosmont Companies is an industry leader in public/private real estate transactions and economic development. In 1990, he founded Kosmont Realty, a real estate brokerage firm to transact property and ground leases for public private deals. In 2015, in compliance with licensing regulations, he launched Kosmont Transactions Services, Inc. (KTS) as an SEC/MSRB registered Municipal Financial Advisory firm. KTS sources financing for public agencies, public/private projects, P3 initiatives, and infrastructure funding. He is a co-principal of California Golden Fund, a USCIS approved EB-5 Regional Center.

Damien R. Arrula is the City Administrator for the City of Placentia since March of 2016. Placentia is a full-service city in northern Orange County and is comprised of approximately 52,000 people with 116 full-time and 105 part-time employees. The City’s 2019-2020 total general fund budget and capital improvement program is approximately $58 million. Mr. Arrula’s current responsibilities include management and oversight of all city operations and departments. Prior to working for the City of Placentia, Mr. Arrula held the positions of Economic Development Director, Administrative/Economic Development Officer, Senior Management Analyst, and Management Analyst with the cities of Claremont, El Monte and Sierra Madre.

Jim Dillavou is co-founder and principal of Paragon Commercial Group where he focuses on corporate strategy, acquisitions and capital structuring. Jim’s background in development, law and capital markets has contributed to Paragon’s steady growth and reputation as one of the preeminent retail development firms in California. Jim is formerly a real estate and finance attorney with Latham & Watkins LLP where he represented developers, equity providers and lenders in capital structuring, acquisitions, dispositions, leasing and entitlements. In addition, Jim’s practice included the representation of institutional clients including Credit Suisse, Goldman Sachs and Deutsche Bank in the acquisition, financing and development of large-scale real estate projects.

Dr. Fernando Guerra is the director of the Thomas and Dorothy Leavey Center for the Study of Los Angeles. He earned his Ph.D. and M.A. in Political Science from the University of Michigan and his B.A. in International Relations from the University of Southern California. His area of scholarly work is in local governance, urban politics, and racial and ethnic politics. Dr. Guerra has been a principal investigator in over 20 major studies on Los Angeles, leadership studies and electoral politics. He is the principal investigator of the largest general social survey in the Los Angeles region. He has served on standing commissions, blue ribbon committees, and ad hoc task forces for the City of Los Angeles, the State of California, and regional bodies in Southern California.
| Outline |
|-----------------|--------------------------------------------------|
| **Larry Kosmont**  |
| Chairman & CEO  |
| Kosmont Companies | Introduction & Overview  |
| **Damien Arrula**  |
| City Manager  |
| City of Placentia | City government perspective of economic recovery & economic development tools Placentia is pursuing  |
| **Jim Dillavou**  |
| Co-founder & Principal  |
| Paragon Commercial Group | Developer perspective of how land uses are changing, how expectations are resetting & how cities can work with developers  |
| **Fernando Guerra**  |
| Managing Director  |
| Ramirez & Co. | StudyLA Public Opinion Survey; Financing strategies for cities to generate liquidity and build capacity for economic development projects  |

**Questions and Discussion**

| Larry Kosmont  |
| Chairman & CEO  |
| Kosmont Companies | Conclusion & wrap-up  |
**HEADLINES!**

**CORONA VIRUS CRIPPLES CITIES!**
Cities across the nation are grappling with the fallout from COVID-19... revenues need resolution.

**REOPENING ...**
How will reopening work? New protocols: clean and contactless...serve customers...shop safe!

**MALLS ??**
Some may survive, some won’t... Simon reopening 49+ malls and outlet centers subject to government guidelines...providing masks, hand sanitizer, and temperature screening.

**DOORSTEP ECONOMY**
Walmart introduces Express Delivery...Amazon hiring 175,000 workers & Prime Now quick delivery...Instacart and Doordash expand food delivery...Ralph’s introducing one-hour delivery.

The new normal: curbside pickup & doorstep delivery. #KosmontRetailNOW!

Larry Kosmont
How Do We Climb Out of This Crisis?

Forging a Path Forward

- Flexibility
- Reliable Information
- Safety & Empathy
- Cleanliness
- Health / Wellness
- Comfort / Confidence
- Reconfiguration
- Support
- Planning
- Adaptability

NOW SPEAKING
Larry Kosmont
In response to crisis, communities are rightly focused on immediate health / public safety and community / commercial relief. Ultimately, communities must turn attention to economic recovery & resilience.
# Emerging with Strength

## Today

<table>
<thead>
<tr>
<th>Cash flow management, revenue watch</th>
<th>Leverage grant funds and public assets to induce private sector investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>maximize return, minimize outflow</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flexible zoning / permitting</th>
<th>Reprioritize capital projects, embrace tech &amp; install procedural improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>fast &amp; adaptable / results driven</td>
<td></td>
</tr>
</tbody>
</table>

| Convene local stakeholders & identify their needs | Use low interest rates for value-add refunding / refinancing for econ development and pension fund liabilities |
| expand public / private interaction |                                                                 |

| Make best case for state / federal / nonprofit funds | Land Use Revolution - changing consumer activity impacting residential & commercial priorities |
| Keep projects moving & improve staff resources |                                                                            |

### Preserve Cash and Build Revenues

### Invest in Sustained Recovery / Resiliency
# Land Use Revolution

**Everything’s Changing**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>Reshuffling; Business vs. Leisure; Local (auto) travel first; Expect conversions to other uses</td>
</tr>
<tr>
<td>Retail</td>
<td>Online accelerates; Malls = blended uses, less retail; Essentials &amp; Experience drive trips; Outdoor amenities as anchors</td>
</tr>
<tr>
<td>Office</td>
<td>Work-from-Home factor; Six Foot Office; Co-working challenged</td>
</tr>
<tr>
<td>Residential</td>
<td>Demand strong; Redesigning for workspace &amp; amenities; “Surban”/ medium-density more appealing...for now</td>
</tr>
<tr>
<td>Industrial</td>
<td>Warehouse &amp; logistics; Last-mile delivery; Onshore manufacturing</td>
</tr>
</tbody>
</table>
Winners & Losers: Market Performance Shows COVID-19 Resiliency

US Public REIT Performance by Sector, Total Return (%), 2019 & 2020 YTD (as of May 31)

- Hotel: -45.7% (2019), -44.2% (2020)
- Retail: -10.6% (2019), -28.2% (2020)
- Office: 30.9% (2019), 28.7% (2020)
- Residential: 15.6% (2019), 48.7% (2020: YTD)
- All Equity REIT: 2.0% (2019), 0.8% (2020)
- Industrial: 42.0% (2019), 17.9% (2020: YTD)
- Infrastructure: 19.3% (2019), 18.1% (2020: YTD)
- Data Centers: 44.2% (2019), 15.3% (2020: YTD)


Larry Kosmont
The Pace of Resiliency & Recovery
Matching Private Sector Behavior with Public Sector Targets

Current Resiliency
- Data Center
- Industrial
- Grocery
- Single Family
- Apartment
- Office
- Restaurant
- Retail
- Local Leisure Travel
- Business Travel
- Int’l Tourism Travel
- Mall Reimagined

Recovery Time

Introduction & Overview

NOW SPEAKING
Larry Kosmont

PROPRIETARY
DO NOT DUPLICATE
Rebounding with Innovation
Resuscitate | Elevate | Reimagine

Introduction & Overview
STRATEGIC APPROACH TO ECONOMIC DEVELOPMENT

Presenter:
Damien R. Arrula, City Administrator
City of Placentia
## Economic Development Opportunities

### Advance Master Planning
- **New Metrolink Station as Catalyst**
  - New Metrolink Station as Catalyst
- **Packing House Transit-Oriented Development**
  - Provides 65-95 du/ac
  - High Density Development (3-5 stories)
  - Mixed Use
- **Old Town Placentia Revitalization Plan**
  - Pedestrian Friendly
  - Affordable Housing
  - Defined Architectural Styles (Main Street Commercial, Mission Revival and Spanish Colonial)

### Enhanced Infrastructure Financing District (EIFD)
- High potential for development/redevelopment
- Support mixed-use/transit-oriented development
- Critical reginal transportation infrastructure that provides communitywide and regional benefit
- Value growth would be captured via EIFD and directed to fund infrastructure to support private development

### Opportunity Zones
- Tax benefits for investments in targeted low-income areas
- Eligible Capital Gains for investment into an Opportunity Zone Fund include gains recognizable from taxable exchanges such as: the sale of stocks or bonds, the sale of a property, or the sale of an interest in a partnership
- Both long term and short term Capital Gains can be invested into an Opportunity Zone Fund

---

**Now Speaking**
Damien Arrula

**Proprietary Do Not Duplicate**
ADVANCE MASTER PLANNING

Now Speaking
Damien Arrula
METROLINK STATION AS CATALYST

- Construction of a new north and south platform and 246 space parking structure
- Scheduled to begin construction next year
ADVANCE MASTER PLANNING

Chapman Avenue

Old Town Station

USA Properties

Disneyland

Lyon Living

NOW SPEAKING
Damien Arrula

1.7 miles

6.6 miles

18
TRANSIT-ORIENTED DEVELOPMENT

NOW SPEAKING
Damien Arrula
PACKING HOUSE TRANSIT ORIENTED DEVELOPMENT

- Approved unanimously by the City Council on April 19, 2017
INTEGRAL/LYON LIVING

• Groundbreaking Ceremony Held on July 10th
• 215 residential apartment units. 5-story. No commercial
• Under Construction. To be completed by late 2020

JPI DEVELOPMENT

• 5-Story, 418 residential apartment units and 10,000 sq ft of commercial
• Construction to begin Summer 2020

NOW SPEAKING
Damien Arrula
• City-owned property
• Long-term lease agreement
• Under property negotiations with City
• 183 residential apartment units and 1,000 sq ft of commercial
• Direct walkable link to south platform
Future
OLD TOWN REVITALIZATION PLAN

Current
OLD TOWN REVITALIZATION PLAN

Future

NOW SPEAKING
Damien Arrula
OLD TOWN PLACENTIA ZONING
<table>
<thead>
<tr>
<th>Architectural Styles</th>
<th>Definition</th>
<th>Photo</th>
<th>Sub Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Street Commercial</td>
<td>Multi-story facades are typically divided into base, body and top with the ground floor taller than the shorter upper floor which is finished by a significant parapet. The ground floor has recessed entries and any expansive glass is interrupted by structural columns with transoms to allow light to penetrate deep into the interior. Upper floor windows are smaller with vertical windows directly relating to the ground floor openings.</td>
<td><img src="image1.png" alt="Photo" /></td>
<td>• Main Street (preserve and enhance existing buildings)</td>
</tr>
<tr>
<td>Mission Revival</td>
<td>Prominent features of the style include red clay tile roofs, use of balconies, smooth-stuccoed exterior walls usually painted white, arched openings, colorful tile work and elaborate landscaping. The buildings frequently have courtyards.</td>
<td><img src="image2.png" alt="Photo" /></td>
<td>• Village • Mixed Use • High Density</td>
</tr>
<tr>
<td>Spanish Colonial</td>
<td>Typical features include a low-pitched roof with little or no eave overhang, a red-tiled roof, perhaps a prominent rounded arch over a door, window or porch, a stucco wall surface, and usually an asymmetrical façade. The features elaborate molded ornament around doors and windows, polychrome tile at ingresses and wrought iron grilles and balconies.</td>
<td><img src="image3.png" alt="Photo" /></td>
<td>• High Density</td>
</tr>
</tbody>
</table>
ENHANCED INFRASTRUCTURE FINANCING DISTRICT

NOW SPEAKING
Damien Arrula
Based on existing Infrastructure Financing District (IFD) law

- Enables tax increment financing for local/regional projects (purchase, construction, expansion, improvement, seismic retrofit, rehabilitation)

- Placentia EIFD is the first in the entire State of California to involve a partnership between a City and County for property tax increment sharing

- District lifespan is up to 45 years to collect and spend property tax increment. Placentia’s district is 20 years

- Managed by newly created Public Financing Authority (led by city or county) – board of 5+ members, includes at least 2 public members

- Activities directed by PFA adopted Infrastructure Financing Plan (IFP)

- No public vote required to create District

- 55% landowner or registered voter election needed for tax increment bonds (legislation in progress to modify)

- No school district increment allowed

- Does not increase property taxes

- Only uses only a portion of future tax increment to fund Old Town infrastructure improvements.
PLACENTIA’S DISTRICT BOUNDARY

Legend
- Placentia City Boundary
- EIFD Sub-Area 1
- EIFD Sub-Area 2
- EIFD Sub-Area 3
- EIFD Sub-Area 4
- EIFD Sub-Area 5
- EIFD Sub-Area 6
- EIFD Sub-Area 7
- Parcel Lines Within Placentia

Proposed Metrolink Station
**REPAYMENT STRUCTURE**

- **$11.7 million** (principal & interest) repaid over 20 years* (Annual payment: $560k-$600k)
  - City contributes ~46% of its share of property tax increment (~6.3 out of 13.6 cents on the dollar) within district or **$8.2M total over 20 years**
  - County contributes ~46% of its share (~2.7 out of 5.9 cents) within district or **$3.5M total over 20 years**
    - District represents ~5.9% of total citywide assessed value
    - City needs partnership with County for financial / fiscal feasibility
CITY’S RETURN ON INVESTMENT

- Implementation of essential regional transportation infrastructure improvements
- Improved regional competitiveness for federal/state grant funds
- Economic Benefit Analysis:
  - 1,600+ housing units
  - 3,900+ construction jobs, 1,150+ permanent jobs
  - $800+ million in economic output from construction, $164+ million in annual ongoing economic output
  - Sustainable infrastructure improvements, GHG/VMT reduction, convenient transit to local universities
- Acceleration of development and related fiscal revenues
  - $60M+ net fiscal impact for the City over 50 years
  - $32M+ net fiscal impact to the County over 50 years
- Demonstrate return on investment to partner agency
OPPORTUNITY ZONES

NOW SPEAKING
Damien Arrula
OPPORTUNITY ZONES

- Opportunity Zone (OZ) is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment/benefit.
- Localities qualify as an OZ if they have been nominated for that designation by a state. These sites were determined by each state and were announced on June 14, 2018, by the Treasury Department and IRS.
- A total of 8,762 different zones identified in all 50 states, the District of Columbia, and five U.S. territories. The current designations will remain in effect until December 31, 2028.
- Both long-term and short-term Capital Gains can be invested into an Opportunity Zone Fund.
- If an investor holds an OZ investment for at least 5 years, 10% of the deferred gain is permanently forgiven.
- If that investor holds their OZ investment for at least 7 years, an additional 5% (for a total of 15%) of the deferred gain is permanently forgiven.
- By keeping capital gains in a OZ investment for a minimum of 10 years, you pay no tax on any and all appreciation derived from your OZ investment.
- For more information, visit the Internal Revenue Service at https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions
QUESTIONS?

NOW SPEAKING
Damien Arrula
• Once-in-a-generation opportunity to re-think land use

• Retail was slowly changing pre-COVID; this has been exacerbated!

• Retail footprints shrinking = retail land is shrinking

• Significant high-quality retail land will become “available” over the next decade

• Historical land use designations and location increasingly obsolete

• Creativity & flexibility are key / codes largely outdated

• Cities that “lean in” will attract private investment
PRE-COVID: BRICKS & MORTAR + E-COMMERCE

BIRCHBOX

Aēsop

Walmart

ModCloth

Billion Dollar Shave Club: Unilever buys razor subscription service
STORE CLOSINGS: PAINFUL BUT NECESSARY!

The U.S. has over six times more square feet of retail space per person than the UK

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SHOPPING CENTER SQUARE FOOTAGE PER 100 INHABITANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>2,357</td>
</tr>
<tr>
<td>CANADA</td>
<td>1,536</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>1,110</td>
</tr>
<tr>
<td>UK</td>
<td>384</td>
</tr>
<tr>
<td>FRANCE</td>
<td>382</td>
</tr>
<tr>
<td>DENMARK</td>
<td>380</td>
</tr>
<tr>
<td>FINLAND</td>
<td>355</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>352</td>
</tr>
<tr>
<td>SPAIN</td>
<td>312</td>
</tr>
<tr>
<td>POLAND</td>
<td>293</td>
</tr>
<tr>
<td>ITALY</td>
<td>273</td>
</tr>
<tr>
<td>GERMANY</td>
<td>235</td>
</tr>
<tr>
<td>GREECE</td>
<td>89</td>
</tr>
</tbody>
</table>

NOW SPEAKING
Jim Dillavou
THE RETAIL TO RESIDENTIAL OPPORTUNITY

• Consumer behavior is forever changed by post-COVID “PTSD” and the shopping pattern / habit changes

• Pre-COVID: retail as a general product type was victim to the negative headline narrative fueled by rising e-commerce sales

• Post-COVID: the negativity is more pronounced as tenant bankruptcies accelerate, rents reset downward (supply & demand), NOIs decease (occupancy and rents) and cap rates increase, severely reducing values

• “C” retail assets will be the first to die; followed by “B”

• Private owners will be first to sell; institutions will lag
STORE CLOSING = OPPORTUNITY: CASE STUDY

2.73 Acres

6.26 Acres

2.73 Acres

NOW SPEAKING
Jim Dillavou

PARAGON COMMERCIAL GROUP LLC

44
STORE CLOSING = OPPORTUNITY: CASE STUDY

NEW NEIGHBORHOOD GROCER

300 RESIDENTIAL UNITS

NOW SPEAKING
Jim Dillavou

PROPRIETARY
DO NOT DUPLICATE
FUTURE OF RETAIL = EMBRACE CREATIVITY

- Ghost kitchens
- Hybrid distribution & point-of-sale
- Vehicle-centric retail (i.e. curbside pick up)
- Last mile distribution
- Drive-thru / Drive-in
- Reduced retail parking requirements
- Enhanced outdoor retail
- Permanent relaxation of alcohol restrictions
- Pop ups / mobile displays
- Shipping containers
Los Angeles County Public Opinion Survey

Fernando J. Guerra, Ph.D.
Professor, Political Science & Chicana/o and Latina/o Studies
Director, Thomas and Dorothy Leavey Center for the Study of Los Angeles
StudyLA advocates for a better, more equitable Los Angeles through research, student mentorship, and engagement with the region’s residents and leaders.

In this presentation...

- COVID-19 Public Opinion Survey
  - June 2020
- Los Angeles Public Opinion Survey
  - January 2020
  - January 2019
  - January 2017

Loyola Marymount University

LMU.edu/studyLA
Do you think a majority of residents can afford to buy a home in your city?

LA County Residents Overall

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2017</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>2019</td>
<td>18%</td>
<td>82%</td>
</tr>
</tbody>
</table>

Loyola Marymount University

LMU.edu/studyLA
With which statement do you most agree?
LA County Residents Overall, 2019

- **46%** The State of California should force cities to build more housing
- **54%** Housing approvals should remain with a city
Declaring homelessness a state of emergency and giving the mayor full power to site homeless housing is necessary to solve the LA homelessness crisis

LA County Residents Overall, 2020

78% Agree
22% Disagree

Loyola Marymount University

LMU.edu/studyLA
Do you agree or disagree with what you know about Black Lives Matter?

City of Los Angeles Residents, 2017

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>African American</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Asian American</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>White</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Latina/o</td>
<td>76%</td>
<td>24%</td>
</tr>
</tbody>
</table>
How much of the time do you trust your police department to do what is right?

LA County Residents Overall, 2020

<table>
<thead>
<tr>
<th></th>
<th>Trust</th>
<th>Didn’t Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>LAPD</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Sheriff Dept.</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Other Local Dept.</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>
## No Wedge Issues in Los Angeles County

**LA County Residents Overall, 2019**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic disparity</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Universal healthcare</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Immigration</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Gun control</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Climate change</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Minimum wage increase</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>New food technologies</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Gay marriage</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Right to an abortion</td>
<td>62%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Loyola Marymount University

LMU.edu/studyLA
Do you support the decision to implement the “Safer at Home” order to stay at home unless you are essential personnel?

LA County Residents Overall, 2020, “Yes” Responses

Loyola Marymount University

LMU.edu/studyLA
How much **confidence** do you have in the following individuals to deal with the coronavirus pandemic?

**LA County Residents Overall, 2020**

<table>
<thead>
<tr>
<th>Individual</th>
<th>Confidence</th>
<th>Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eric Garcetti</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Gavin Newsom</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>Donald Trump</td>
<td>38%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Loyola Marymount University

LMU.edu/studyLA
Would you **support** the government adopting the following measures to help decrease the spread of the coronavirus?

LA County Residents Overall, 2020

- **87%**: Take over hotels/motels to quarantine people and isolate COVID-19 patients
- **86%**: Close schools for the rest of the year, beyond the current mandate
- **80%**: Restrict travel within California
- **79%**: Close all airports
- **69%**: Close public transportation

Loyola Marymount University

LMU.edu/studyLA
## California Pension Obligation Bonds

### Recent California POB Transactions

<table>
<thead>
<tr>
<th>Issuer</th>
<th>N Cnty Fire Dist</th>
<th>Carson</th>
<th>El Monte</th>
<th>Riverside</th>
<th>Inglewood</th>
<th>Montebello</th>
<th>Ontario</th>
<th>Larkspur</th>
<th>Riverside Cnty</th>
<th>Pasadena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maturity</td>
<td>20 Years</td>
<td>25 Years</td>
<td>30 Years</td>
<td>25 Years</td>
<td>30 Years</td>
<td>30 Years</td>
<td>20 Years</td>
<td>18 Years</td>
<td>18 Years</td>
<td></td>
</tr>
</tbody>
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### Pending POB Transactions

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Coachella</th>
<th>Azusa</th>
<th>Pomona</th>
<th>H.B</th>
<th>Chula Vista</th>
<th>San Fernando</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par</td>
<td>$18.0</td>
<td>$81.0</td>
<td>$220.0</td>
<td>$400.0</td>
<td>$300.0</td>
<td>$45.0</td>
</tr>
<tr>
<td>Date</td>
<td>Pending</td>
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<td>Maturity</td>
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</tbody>
</table>

- Cities and public agencies across California are utilizing pension obligation bonds to refinance their unfunded actuarial liability and better manage rising pension costs
POB Process Requires Additional Steps
Could be Impacted by COVID-19 Safety Measures (Court Closures)

**Month 1 Engagement**
- Council approves team
- BC begins drafting validation documents

**Month 2 - 4**
- **Validation** (POB requirement - 90 days)
  - Council approves validation documents
  - BC files validation with court and 90 day period begins

**Month 2 - 4**
- **Structuring Evaluation and Drafting of POS and Legal Documents**
  - MA works with actuary and underwriters to analyze various options (1) Sizes (full vs partial UAL pay off), (2) Maturities, etc.
  - Actuary sensitivity analysis
  - BC drafts POS and legal documents
  - POS approved by Council

**Month 5**
- **30-Day Protest Period**
  - Period required after validation

**Month 6 - 7**
- **Pricing and Closing**
  - POS printed upon completion of protest period and release of rating
  - POBs sold to investors
  - City uses bond proceeds to pay off CalPERS UAL

**Month 5**
- **Credit Rating**
  - Rating released upon completion of protest period

**Key:**
- POB: Pension Obligation Bonds
- UAL: Unfunded Actuarial Liability
- POS: Preliminary Official Statement
- BC: Bond Counsel
- MA: Municipal Advisor

---

NOW SPEAKING
Fernando Guerra
### Economic Development Toolkit

<table>
<thead>
<tr>
<th>Retail Makeover: Land Use Reimagination</th>
<th>Development Opportunity Reserve (D.O.R.™)</th>
<th>Sales Tax Assessment Revenue (STAR®)</th>
<th>Special Districts: EIFD, CRIA, CFD</th>
<th>Asset Sales &amp; Public Financing: POBs, Refunding, P3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue &amp; vitality from blending land uses</strong></td>
<td><strong>Community benefits from new density</strong></td>
<td><strong>Equivalent tax revenues from zoning strategy</strong></td>
<td><strong>Fund infrastructure with district financing</strong></td>
<td><strong>Sell surplus land OR leverage low rates to reduce debt costs</strong></td>
</tr>
</tbody>
</table>
Unstick Stuck Deals

Keep deals moving.

*Now is a time to act.* Keep the conversations going, keep projects moving.

*Be flexible*—understand that plans and projects may change in light of changing economics; expectations may need to be *reset*.

*Keep your eye on the prize* – good time to commit.
Focus the Plan on the Project

This is about economic development survival.

Focus your planning on the projects that are vital and key clusters in your community.

Keep city processes functioning.

Don’t lose hope; developers / investors are seeking good projects and making deals. Attract them.

Organize your resources, identify your priorities, & pursue vital projects / programs.
Pursue the Right Opportunities

Be opportunistic.

Some private sector investors are being opportunistic and looking for good deals in this market.

Attract those investors & facilitate projects that are accretive to your community.

Work with/assist local businesses to find new opportunities for success.
Kosmont's 4R Strategy: 
Recovery & Resiliency by Reimagining Retail

A Generational Opportunity to Reset Retail & Residential Land Uses

Retail was already evolving before the COVID-19 slowdown from the shifts to e-commerce, entertainment, and experience. The future of retail is centered on innovation, creativity, and integration.

Communities have a once-in-a-generation chance to reimagine the blending of retail, residential, and other land uses. Generally the U.S. has a relatively high amount of retail space per capita that provides this opportunity.

Cities should conduct a retail and residential land use assessment to identify economic development opportunities to shape projects during this land use revolution including leveraging outdoor space as a new anchor tenant.
## Kosmont’s Five Step Action Plan for Recovery

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Community Assessment &amp; Flexible Land Use</td>
</tr>
<tr>
<td>2</td>
<td>Capture Value via Planning / Zoning</td>
</tr>
<tr>
<td>3</td>
<td>Manage Cashflow with Finance Tools</td>
</tr>
<tr>
<td>4</td>
<td>Identify Revenue / Funding Opportunities</td>
</tr>
<tr>
<td>5</td>
<td>Select Econ. Dev. Opportunities &amp; Projects</td>
</tr>
</tbody>
</table>

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**Recovery Inventory Checklist**

**Conclusion**

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**NOW SPEAKING**
Larry Kosmont

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**Real Estate Finance/Economics Development Entitlements**

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**PROPRIETARY DO NOT DUPLICATE**
Your Community’s Recovery Toolkit

- OPM COVID Emergency Funding Sources
- Reimagine Retail Centers & Hotels For new uses
- Flexible Land Use Zoning Parking
- Development Opportunity Reserve Zoning as currency for new density & uses
- Sales Tax Assessment Revenue For revenue replacement
- Opportunity Zones & Private Investment
- Special Districts Tax Increment Financing CFDs
- Refinancing & Restructuring Debt
- Land Sales, Ground Leases

Conclusion