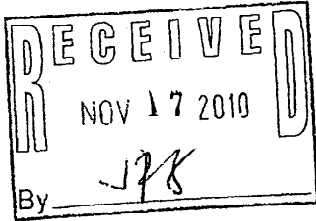


Attachment G
CBRE Illustrative Fiscal Revenue Analysis of December 16, 2009



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MEMORANDUM

To: Sam Chung, Singpoli Pacifica

From: Ross S. Selvidge, Ph.D., CB Richard Ellis

Date: December 16, 2009

Subject: Illustrative Fiscal Revenue Analysis of Proposed Park Place Development in Pasadena California

At your request, CB Richard Ellis has conducted a preliminary analysis of the prospective fiscal revenues that would be generated by your proposed Park Place development (Project) at the southeast corner of Colorado Boulevard and Lake Avenue in Pasadena, California.

The project will be developed in three phases. Particular tenants for the Project have not yet been identified. The market conditions at the time of the completion of each phase will determine specific operating characteristics of the occupants that will operate in the Project. Nevertheless, through the use of generic characteristics of the types of tenants that will occupy the Project it is possible to illustrate the scale of the annual fiscal revenues that will be generated.

The figures presented are net of the current estimated fiscal revenues that are being produced by the existing improvements on the site. The actual tenants that ultimately occupy the project may produce more or less fiscal revenues in the categories indicated. All of the impact figures in the analysis are in terms of 2009 dollars.

SUMMARY FINDINGS

Upon completion of all three phases and occupancy by the categories of tenants intended, it is estimated that the Project will generate net new fiscal revenues in the range of the following:

**Park Place
Fiscal Revenues**

One-Time Revenues	
City of Pasadena	\$4,001,000
Pasadena Unified School District	\$44,000
Annual Revenues	
City of Pasadena	
General Fund	\$712,000
Other	1,303,000
	\$2,015,000
Other Jurisdictions	\$537,000

The construction of the Project is expected to create approximately 630 construction jobs. It is estimated that there will be in the range of 750 new jobs created when the project is completed and in full operation with a payroll of nearly \$32 million. The indirect and induced employment impacts of the Project in Los Angeles County outside of the Project are estimated at over 520 additional jobs and a payroll of nearly \$24 million.

A more detailed tabulation of these findings is presented in Exhibit 1.

ANALYTIC APPROACH

The specifications of the Project, the development cost projections, the types of tenants that would occupy the space, and the operating characteristics of the hotel were provided by Singpoli Pacifica. Industry standard factors were used for the operating characteristics of the other as yet to be identified occupants of the Project. Tax and fee structures of the City of Pasadena and Los Angeles County were utilized. The indirect and induced impacts were computed based on factors provided by IMPLAN. To the extent the specifications of the Project change materially, the actual fiscal revenues may differ materially from these estimates.

To produce net new (instead of gross) revenue projections, the existing square footage of development on site was deducted from the square footage of the proposed Project before the appropriate fiscal factors were applied. Details of the project specifications and fiscal factors are presented in Appendix A1 and A2.

ONE-TIME CONSTRUCTION IMPACT

The one-time construction impact is based on the \$76 million estimated development cost of the Project as well as the net new square footage added to the site. Details of these impacts are presented in Appendix A3.

Exhibit 1
Park Place Pasadena
Summary

Employees	
Number On-Site	749
Payroll	\$31,551,000
Annual Local Spending	1,703,000
Pasadena Revenues	
One-Time	
Construction Tax	\$1,468,000
Public Art Tax	153,000
Transportation Fee	711,000
Sewer Connection Fee	64,000
Building Permits and Fees	1,605,000
Total	\$4,001,000
Annual	
General Fund	
Property Tax	\$177,000
Sales Tax	148,000
Business License Tax	32,000
Utility Tax & SLATS	73,000
Transient Occupancy Tax	282,000
Subtotal	\$712,000
Other Transient Occupancy Tax	
Pasadena Center Operating Co	423,000
Tourism BID	168,000
Total	\$1,303,000
Other Jurisdictions	
One-Time Impact Fee	
Pasadena Unified School District	\$44,000
Annual (Property Tax)	
Pasadena Unified School District	\$260,000
Pasadena City College	43,000
Los Angeles County	234,000
Total	\$537,000
Indirect and Induced Impact (L.A. County)	
Additional Jobs	519
Additional Payroll	\$23,897,000

Sources: L.A. County, City of Pasadena, CBRE Consulting, ICSC



On the estimated \$76 million construction cost, Pasadena will levy a construction tax of 1.92%, a public art fee of 0.20% and building permits and fees of approximately 2.10%. This will total approximately \$4.0 million.

Pasadena will levy sewer connection fees and traffic impact fees based on the physical characteristics of the different uses added. The total sewer fees for the Project are estimated at \$64,000. The total traffic impact fees for the Project are estimated at \$711,000. The Constance Hotel property was most recently in a residential use. Consequently, the five proposed condominium units will not constitute net new residential units.

The Pasadena Unified School District (PUSD) will levy an impact fee of \$0.36 per square foot of new commercial development. This will total approximately \$44,000.

PROPERTY TAX

The Los Angeles County assessor will increase the assessed value of the site by the amount of the construction cost of the new improvements plus an additional factor. That factor is likely to be in the range of 10%. Consequently it is assumed that the project will increase the assessed value by approximately \$84 million.

The City of Pasadena General Fund will annually receive 21.09% of the one percent General Levy. This will initially amount to approximately \$177,000.

PUSD will initially receive approximately \$166,000 from the General Levy and \$93,000 for debt service on school facilities bonds. Pasadena City College will initially receive approximately \$28,000 from the General Levy and \$15,000 for debt service on college facilities bonds. The Los Angeles County General Fund will initially receive approximately \$234,000 from the General Levy. These computations are presented in Appendix A4.

SALES TAX

The net new sales tax generated by the Project would be equal to the tax generated by the taxable sales in the Project less the tax from the existing taxable sales on site. Information on the amount of existing taxable sales on site is not available. Utilizing reasonable levels of sales for the existing retailers on site, CBRE estimated the amount of sales tax that may reasonably be expected to be generated at the present time. CBRE also estimated the amount of taxable sales that may reasonably be expected from retailers at the Project upon completion.

As indicated in Appendix A5, it is estimated that the Project may produce in the range of \$14.8 million net new taxable retail sales upon completion. This would produce approximately \$148,000 in annual sales tax revenue for Pasadena.

UTILITY RELATED AND BUSINESS LICENSE TAX

Based on reasonable levels of per unit electric power and other utility consumption by the net new improvements on site, the total utility expenditures subject to tax were estimated.

Pasadena levies a combined 15% tax on electric power consumption in excess of 1,000 kW per month and approximately 8% on other utilities. Combining the projected utilization and tax rates, the Project is expected to generate approximately \$73,000 in annual tax from the utility consumption.

Pasadena changes a business license tax on each employee and commercial property square footage. The new employees that will be located on site are expected to generate approximately \$30,000 annually in employee based tax and an additional \$1,800 based on the new commercial square footage added. These computations are presented in Appendix A6.

TRANSIENT OCCUPANCY TAX

Pasadena levies a transient occupancy tax (TOT) on hotel room charges. The total tax is 15.00% on all room charges. The tax receipts are allocated as follows: 4.84% to the General Fund, 7.27% to the Pasadena Center Operating Company (PCOC) for various purposes relating to the Convention Center, and 2.89% to the tourism based business improvement district (BID) for the promotion of tourism in Pasadena.

Based on the projections of hotel operations, it is estimated that the General Fund would annually receive approximately \$282,000 from the TOT. It is estimated that the PCOC and the Tourism BID would annually receive approximately \$433,000 and \$168,000 respectively from the TOT. These computations are presented in Appendix A6.

ECONOMIC IMPACT

The economic impact of the Project will extend beyond the site itself as the new businesses and employees in the Project engage in commerce with other businesses off-site. These are known as indirect and induced impacts.

A regional econometric model known as IMPLAN is utilized to estimate those indirect and induced impacts for a particular geographic area based on the characteristics of a project. IMPLAN factors were applied to the characteristics of the Project to produce estimates for the indirect and induced impacts of the Project on Los Angeles County. Based on that analysis, it is estimated that the project will produce approximately 520 new jobs with a payroll of \$23.9 million from indirect and induced economic activity in Los Angeles County. These computations are presented in Appendix A7, A8 and A9.

Employees tend to make a certain amount of retail purchases in the vicinity of their workplace. Based on surveys of employee expenditures published by the International Council of Shopping Centers (ICSC), it is estimated that employees will spend in the range of \$1.7 million on incidental purchases (lunches, etc). This computation is presented in Appendix A7. Some of these purchases will be made at the Project.

Exhibit A1
Park Place Pasadena
Project Specifications

Site	1.95 Acres		85,136 Square Feet		8 Parcels		NET CHANGE			
	EXISTING		AFTER REDEVELOPMENT		NET CHANGE					
	Rooms or Units	Sq Ft	Rooms or Units	Sq Ft	Rooms or Units	Sq Ft	Rooms or Units	Sq Ft		
Improvements										
Constance										
Residential	142	63,418	0	0	0	0	0	0	0	0
Hotel	0	0	136	63,418	0	63,418	0	63,418	0	0
Retail	0	357	0	200	0	200	0	200	0	0
Restaurant	0	2,397	0	2,681	0	2,681	0	2,681	0	0
Subtotal	142	66,172	136	66,299						
Existing Retail/Office										
Office	0	0	0	0	0	0	0	0	0	0
Bank	0	25,709	0	0	0	0	0	0	0	0
Retail	0	5,450	0	0	0	0	0	0	0	0
Restaurant	0	2,000	0	0	0	0	0	0	0	0
Subtotal	0	33,159	0	0	0	0	0	0	0	0
New Hotel										
Hotel	0	0	20	15,588	0	15,588	0	15,588	0	0
Residential	0	0	5	7,794	0	7,794	0	7,794	0	0
Retail	0	0	0	0	0	0	0	0	0	0
Restaurant	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	25	23,382	0	23,382	0	23,382	0	0
New Office Retail										
Office	0	0	0	103,410	0	103,410	0	103,410	0	0
Bank	0	0	0	7,560	0	7,560	0	7,560	0	0
Retail	0	0	0	14,200	0	14,200	0	14,200	0	0
Restaurant	0	0	0	30,490	0	30,490	0	30,490	0	0
Subtotal	0	0	0	155,660	0	155,660	0	155,660	0	0
Combined										
Residential	142	63,418	5	7,794	(137)	7,794	5	7,794	(137)	(55,624)
Hotel	0	0	156	79,006	156	79,006	156	79,006	156	79,006
Retail	0	5,807	0	14,400	0	14,400	0	14,400	0	8,593
Restaurant	0	4,397	0	33,171	0	33,171	0	33,171	0	28,774
Office	0	0	0	103,410	0	103,410	0	103,410	0	103,410
Bank	0	25,709	0	7,560	0	7,560	0	7,560	0	(18,149)
Total	142	99,331	161	245,341	19	245,341	19	245,341	19	146,010

Source: Singpoli Pacifica

Exhibit A2
 Park Place Pasadena
 Fiscal Inputs

Construction	
Phase I	\$14,440,000
Phase II	17,000,000
Phase III	45,000,000
Total	\$76,440,000
Assessed Value	
Current	
BWC	\$5,953,000
PPC	14,000,000
Total	\$19,953,000
From New Construction	110%
AV Factor	110%
Net New	\$84,084,000
Hotel	
ADR	\$142
Occupancy	72.0%
Non-Room Revenue Ratio	15%
Permit Fees	
First \$100,000	\$3,813
Each Additional \$1,000	\$21
Amount	\$21
Percent	2.10%
Construction Tax	
	1.92%
Traffic Fee Impact Fee	
Office	\$3.84 PSF
Retail	8.89 PSF
Restaurant	8.89 PSF
Hotel	2,556.88 Per unit
Residential	2,556.88 Per unit
Sewer Connection Fee	
Discharge Fee Rate	\$6.38
Discharge	
Office	200 Gal Per 1,000 SF
Retail	100 Gal Per 1,000 SF
Restaurant	50 Gal Per Seat
Hotel	150 Gal Per Room
Restaurant	
Seats Per 1,000 SF	30

Sources: L.A. County, City of Pasadena, CBRE Consulting, ICSC

Exhibit A2
 Park Place Pasadena
 Fiscal Inputs (Continued)

Residential Impact Fee Rate Per Unit	\$20,981
Public Art Fee Total Spending Required Shares	1.00%
City Share	20%
Developer Spent	80%
School Facilities Fee Commercial	\$0.36
Property Tax Shares Total General Levy Pasadena	1.000000 0.210917
PUSD General Levy Bonds	0.197747 0.111647
PCC General Levy Bonds	0.033267 0.017417
LA CO General Fund General Fund Trama	0.278819 0.078696
ERAF ERAF 2 Other	0.165921 0.034632
Utilities Consumption Electric Other	\$2.50 PSF 1.50 PSF
Tax Rates Electric Other	15.10% 8.00%
Employees Office Retail Restaurant Hotel	SF Per Emp or Room Per Emp 250 400 125 1.00

Sources: L.A. County, City of Pasadena, CBRE Consulting, ICSC

Exhibit A2
 Park Place Pasadena
 Fiscal Inputs (Continued)

Payroll	Annual
Office	
Professional	\$120,000
Non-Professional	50,000
Retail	25,000
Restaurant	25,000
Hotel	22,000
Revenue Payroll Ratio	250%

Business Tax	1st Emp	Each Additional
Professional	356.30	178.15
Non-Professional	133.62	26.72
Office Breakdown		
Professional	20%	
Non-Professional	80%	
Leased Commercial Space		
Per 1,000 Sf	\$15.00	

Hotel	Rate	Shares
Transient Occupancy Tax		
City Share	4.84%	40%
PCOC Share	7.27%	60%
Total	12.11%	
Tourism BID	2.89%	
Total	15.00%	

Annual Local Spending	Office	Service
Per Employee	\$3,200	\$1,500

Sources: L.A. County, City of Pasadena, CBRE Consulting, ICSC

Exhibit A3
 Park Place Pasadena
 One-Time Impacts

Construction Cost Based				
Construction Cost Amount	Construction Rate	Public Art	Building Permits/Fees	
\$76,440,000	1.92%	0.20%	2.10%	
	\$1,467,648	\$152,880	\$1,605,240	
1,000 SF,				
Sewer Connection Fee	Seats or Rooms	Rate	Fee	
Office	85	\$200	\$17,052	
Retail	9	100	859	
Restaurant	863	50	43,161	
Hotel	20	150	3,000	
Total			\$64,073	
Traffic Fee				
	SF or Units	Rate	Fee	
Office	85,261	\$3.84	\$327,402	
Retail	8,593	8.89	76,392	
Restaurant	28,774	8.89	255,801	
Hotel	20	2,556.88	51,138	
Total			\$710,732	
School District Facilities				
Rate	Commercial SF	Amount	Combined	
\$0.36	122,628	\$44,146		
Pasadena				
Construction Tax		\$1,467,648		
Public Art Fee		152,880		
Building Permits/Fees		1,605,240		
Sewer Connection Fee		64,073		
Traffic Fee		710,732		
Total		\$4,000,573		

Sources: L.A. County, City of Pasadena, CBRE Consulting, ICSC

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 OneTimeFees

Exhibit A4
 Park Place Pasadena
 Property Tax Revenue

Net New Assessed Value		Rate	Tax
			\$84,084,000
Tax	City of Pasadena	0.002109	\$177,348
	PUSD		
	General Levy	0.001977	\$166,274
	Bonds	0.001116	93,877
	Total		\$260,151
	PCC		
	General Levy	0.000333	\$27,972
	Bonds	0.000174	14,645
	Total		\$42,617
	LA County		
	General Fund	0.002788	\$234,442

Sources: Los Angeles County

Exhibit A5
 Park Place Pasadena
 Sales Tax Revenue

	Sq Ft	FSF	Sales
EXISTING			
Taxable Sales			
Retail	5,807	\$250	\$1,451,750
Restaurant	4,397	300	1,319,100
Total	10,204		\$2,770,850
AFTER REDEVELOPMENT			
Taxable Sales			
Retail	14,400	\$300	\$4,320,000
Restaurant	33,171	400	13,268,400
Total	47,571		\$17,588,400
NET CHANGE			
Taxable Sales			
Retail	8,593	\$334	\$2,868,250
Restaurant	28,774	415	11,949,300
Total	37,367	\$397	\$14,817,550
SALES TAX			
Net New Taxable Sales			\$14,817,550
Tax			
Rate (City Share)			1.00%
Amount			\$148,176

Sources: CBRE Consulting

Exhibit A6
 Park Place Pasadena
 Other Recurring Tax Revenue

Utility User and SLATS Tax		Tax	
	Usage	Rate	Amount
Electric	\$365,025	15.10%	\$55,119
Other	219,015	8.00%	17,521
Total	\$584,040		\$72,640

Business License Tax		Employees		Tax	
	New SF	SF Per Emp	Number	Rate	Total
Office					
Professional	17,052	250	68	\$178.15	\$12,151
Non-Professional	68,209	250	273	26.72	7,290
Retail	8,593	400	21	26.72	574
Restaurant	28,774	125	230	26.72	6,151
Hotel	156	1.00	156	26.72	4,168
			749		\$30,335

Leased Commercial Space	
Per 1,000 Sf	\$15.00
Sq Ft	122,628
Total	\$1,839

Transient Occupancy Tax	
Hotel Operations	
Average Daily Rate	\$142
Occupancy	72%
Rooms	156
Total Revenue	\$5,821,546
Tax	
City General Fund	4.84%
PCOC	7.27%
Tourism BID	2.89%
Total	15.00%
	\$873,232

Sources: L.A. County, City of Pasadena, CBRE Consulting

Exhibit A7
 Park Place Pasadena
 Economic Impact - Inputs

Local Spending by Employees		Office	Service	Combined
Number of Employees		341	408	
Amount				
Annual Per Employee		\$3,200	\$1,500	
Total		1,091,341	611,512	\$1,703,000

Payroll	Employees	Annual Earnings	
		Individual	Total
Office			
Professional	68	\$120,000	\$8,185,056
Non-Professional	273	50,000	13,641,760
Retail	21	25,000	537,063
Restaurant	230	25,000	5,754,800
Hotel	156	22,000	3,432,000
Total	749		\$31,550,679

Sources: CBRE Consulting, IGSC

Exhibit A8
 Park Place Pasadena
 Economic Impact - IMPLAN Factors

Los Angeles 2006

IMPLAN Code	Industry	Output		Jobs Per \$1 Mil Output		Labor Income				
		Direct	Indirect	Direct	Indirect	Direct	Indirect			
437	Prof Services	1.000000	0.397052	0.567005	7.413728	3.314391	4.234755	0.534369	0.155852	0.186893
455	Non Prof Office	1.000000	0.275553	0.249243	5.249282	2.086051	1.861509	0.202473	0.096322	0.082153
411	Retail	1.000000	0.318138	0.407652	14.645047	2.080779	3.044601	0.389333	0.114894	0.134369
481	Restaurant	1.000000	0.409811	0.389621	17.498428	2.294512	2.909932	0.365764	0.121585	0.128426
479	Hotel	1.000000	0.351331	0.392696	10.182425	2.275723	2.932896	0.368212	0.122082	0.129440
38	Commercial Const	1.000000	0.327560	0.519436	8.229745	2.207081	3.879476	0.512323	0.119254	0.171213

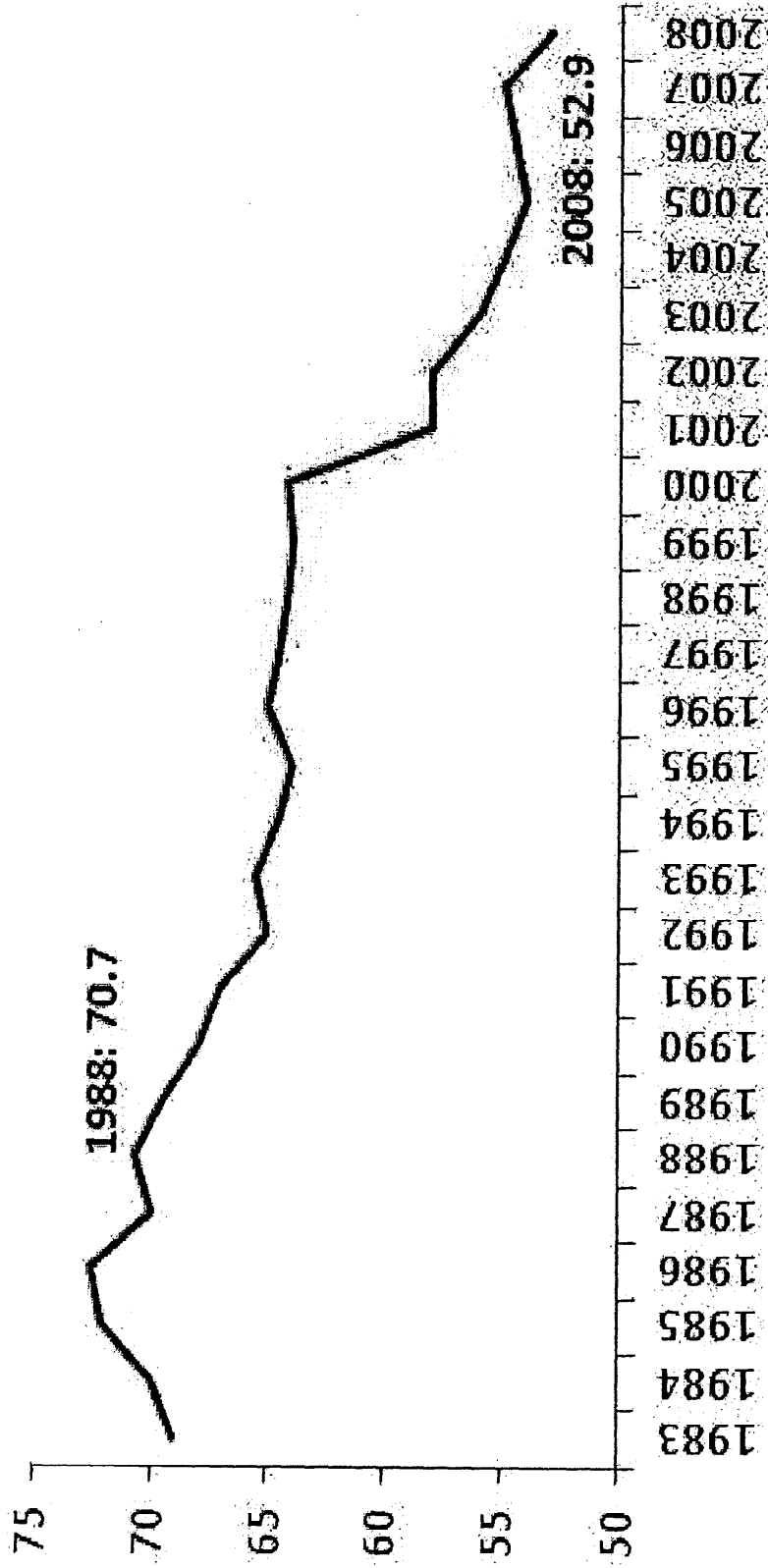
Source: Applied Economics; IMPLAN.

Exhibit A9
 Park Place Pasadena
 Economic Impacts

Project Component	Direct			Indirect			Induced			Total		
	Construction Cost	Jobs	Income	Output	Jobs	Income	Output	Jobs	Income	Output	Jobs	Income
Development Period												
Construction	\$76,440,000	629	\$39,161,970	\$25,038,686	169	\$9,115,776	\$39,705,688	297	\$13,087,522	\$141,184,374	1,094	\$61,365,268
Annual												
Office	\$15,317,236	68	\$8,185,056	\$6,081,739	51	\$2,387,222	\$8,684,949	65	\$2,862,684	\$30,083,924	184	\$13,434,962
Professional	67,375,699	273	13,641,760	18,565,576	141	6,489,762	16,792,921	125	5,535,116	102,734,197	539	25,666,638
Non-Professional	1,379,443	21	537,063	438,853	3	158,490	562,333	4	185,354	2,380,628	29	880,906
Retail	15,733,642	230	5,754,800	6,447,821	36	1,912,975	6,130,158	46	2,020,609	28,311,621	312	9,688,384
Restaurant	9,320,717	156	3,432,000	3,274,657	21	1,137,892	3,660,208	27	1,206,474	16,255,583	205	5,776,365
Hotel												
Total	\$109,126,738	749	\$31,550,679	\$34,808,647	251	\$12,086,340	\$35,830,569	268	\$11,810,237	\$179,765,954	1,268	\$55,447,256

ATTACHMENT 2

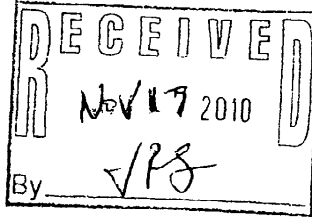
Number of workers employed per 100 occupied rooms



Source: Wachovia Capital Markets

Attachment H
CBRE Response to Comments on Analysis Dated October 19, 2010

CBRE CONSULTING



CBRE

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October 19, 2010

Mr. William Chu
Singpoli Pacifica, LLC
25 E. Foothill Blvd.
Arcadia, CA 91006

Re: Response to Comments on CBRE Illustrative Fiscal Revenue Analysis for Park Place Development in Pasadena, California

Dear Mr. Chu:

Unite Here!, Sustainable World, and Prof. Peter Dreier have commented publically on the City of Pasadena's recent action to provide \$11.1 million in American Recovery Reinvestment Act (ARRA) funds to the Park Place development in Pasadena. Their comments included references to an illustrative fiscal revenue analysis performed by CBRE in 2009. CBRE has reviewed those comments and offers the following observations and responses.

It should be noted that those commenting on the CBRE analysis do not take issue with the following projections:

1. One-time revenues associated with the development/construction of the Project
 - a. More than \$3,856,000 to the City of Pasadena
 - b. \$44,000 fees to the Pasadena Unified School DistrictTotal: \$3,900,000
2. Annual revenues associated with the ongoing operation of the Project
 - a. \$169,000 in annual property tax revenue for the General Fund of the City of Pasadena
 - b. \$73,000 in annual utility related tax revenue for the General Fund of the City of Pasadena
 - c. \$248,000 in annual property tax revenue for Pasadena Unified School District
 - d. \$41,000 in annual property tax revenue for Pasadena City College

e. \$224,000 in annual property tax revenue for Los Angeles County

Total: \$755,000 per year

The analysis was prepared in September 2009 when completion, occupancy and stabilization of operations were at least three years in the future. No specific tenants had yet been identified. Consequently, the analysis was, by necessity, *illustrative* of the operations at stabilization and was intended to indicate the *general scale* of the impact the project would produce, not a specific amount. That is stated in the analysis.

Payroll Estimates

The estimates of total payroll that would be produced by the Project are based on the average pay of workers in a range of occupations that would be present in the Project as reported for the Los Angeles County area by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) as well as the Economics Research Institute (ERI). Because the specific tenants and businesses that will occupy the Project are not known at this time, any more detailed analysis would be specious and not valid. The payroll factors used were deliberately conservative to minimize the possibility of overstating the total dollar amount of the impact in the City.

Net New Sales Tax Revenue Potential

Unite Here! asserts that an analysis is required of what it characterizes as "the substitution effect and business transference" associated with business activity at the Project. Without more specific information on the tenants that will occupy the property (which because of the early stage of the development process does not exist), more specific projections of a transfer, if any, of existing trade from Pasadena businesses to the Project would be specious and is not warranted.

The businesses at the Project will draw their customers from well beyond the boundaries of Pasadena. This reduces the likelihood that transferred sales could cause any material reduction to the projected total net new fiscal revenues to the City of Pasadena.

The analysis did subtract all the existing fiscal revenues currently being generated by the property in the various categories for which projections of new revenues were made. Even if there were to be a significant transfer of existing taxable sales from other Pasadena businesses to the Project, the reduction in the projected total annual fiscal revenues to Pasadena would be very small. Sales tax revenues make up only 11% of the total new annual fiscal revenues projected for Pasadena. Even if it were assumed that half of all the taxable sales at the Project turned out to be transfers of existing sales from other Pasadena businesses, the total projected annual fiscal revenues to the City of Pasadena would only be reduced by approximately 5%.

Hotel Employees

Unite Here!, Sustainable World, and Prof. Dreier assert that the analysis overstates the number of new hotel employees by as much as 100%. It is widely accepted in the hospitality industry that the one employee per room factor used in the analysis is appropriate for estimating staffing for a hotel of the particular type proposed in the Project. Boutique hotels of the type proposed are able to deliver their high level of service to their patrons precisely because they maintain higher levels of staffing compared to other categories of hotels. The factors by which the number of employees in the other components of the Project were estimated are also "industry standard."

Hotel Operating Parameters

PKF Consulting, the most experienced consultant in the in the hospitality industry in the U.S., conducted an analysis of the hotel component of the Project as proposed by the developer. That assignment was personally overseen by one of the most highly regarded hospitality consultants in southern California. The stabilized occupancy and average daily room rate (ADR) factors used in the CBRE analysis were obtained from the PKF analysis. The suggestion by Unite Now! that recent Pasadena occupancy and ADR figures reflecting the worst economic down turn since the Great Depression should be used to estimate the Project's future performance is naïve. Those figures are not representative of the prospects for long term stabilized operations of the proposed hotel. Furthermore, because Pasadena is underserved in the hospitality area, essentially all of the revenues from the hotel should be net new to the City of Pasadena.

Exaggerated Amount of Subsidy

Unite Here!, Sustainable World, and Prof. Dreier all refer repeatedly to an \$11.1 million subsidy. That vastly overstates the actual amount of assistance to the Project involved in making the ARRA bond funds available.

The amount of assistance is not the total amount of the funds that the Project receives from ARRA. Rather, the amount of the assistance is equal to the present value of the difference between the amount of debt service the developer will have to pay for the ARRA funds and the amount of debt service that would have to be paid with conventional financing.

Using reasonable assumptions for the interest cost with both ARRA and conventional financing, the present value of the differential cost and thus the actual economic value of the assistance is only a small fraction of the \$11.1 million principal amount of the financing package.

Based on the vastly exaggerated total subsidy figure and a staffing number for the hotel that would not permit it to offer a level of services consistent with its "boutique" designation, Prof. Dreier asserts that there is a \$160,000 subsidy cost for each job created.

Mr. William Chu
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Using a valid figure for the assistance amount and setting the hotel staffing at the level required to make it a legitimate "boutique" hotel, the assistance "cost" for each job created will actually be closer to around 10% of the figure asserted by Prof. Dreier and other opponents of the project.

New Jobs in Pasadena and Housing

Prof. Dreier recommends that the developer should pay "several million dollars" into a housing trust fund because the Project's new "low-wage jobs will cause" a worsening of the "housing crisis" in Pasadena. In a time of persistent 12% unemployment in the region, it is odd to say the least to assert that adding hundreds of new jobs and reducing unemployment will worsen the "housing crisis." Which unemployed people in Pasadena who might secure one of the new jobs at the Project believe that their housing situation will be worsened by their leaving the unemployment rolls and reentering the workforce?

Sincerely,

A handwritten signature in black ink, appearing to read "Ross S. Selvidge". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ross S. Selvidge, Ph.D.
Managing Director