

# ET CONSTRUCTORS

GENERAL CONTRACTORS

A California Corporation

ASSOCIATION #140686

40 ATLANTIC AVENUE • LONG BEACH, CA 90802



(562) • 495-8278  
FAX: (562) • 495-8298

September 18, 2006

City of Long Beach Redevelopment Agency  
Mr. Thomas Fields, Chairman  
Mr. Neil McCrabb, Vice Chairman  
William Baker  
Diane Arnold  
Terry Jensen  
Rick Meghidido  
Vivian Tobias

Mr. Chairman and Members,

We are Bob and Diane Lawrence. We live, work and own property that is part of the Anderson Pacific Development. We purchased the majority of our property from Kenneth Wing's wife following his death ten years ago. We own a condo in the historic Artaban, next door and I serve on their Board of Directors. Our properties at 40 Atlantic, 39 Lime Avenue and 19 & 23 Lime Avenue consist of 28.5% of this development (as noted on the attached Assessors Map, #A). We own the largest portion of this development.

Our construction company is located at the above address. We have enjoyed more than fifty years of success that spans Paramount Studios, Mammoth Mountain, Hughes Aircraft, TRW, City of Hope and a long history with Verizon that includes totally refurbishing the building just across the street.

We understand there are many obstacles associated with construction and realize that many people resist change. We also realize that progress and development were coming our way. Many individuals have approached us over the years to purchase our properties. Mr. Anderson has made several attempts to buy our properties since 2004 using first Corporate Realty then again on March 16, 2005. These offers were in the amount of \$2,500,000.00 (see attached #B). We also received an offer to purchase our two smaller lots on June 6, 2006 as we were told Anderson Pacific was downsizing and would not require our building or larger lot for their project.



Established 1947



Page Two  
City of Long Beach RDA

We realize that a great deal of time and energy has gone into the development. We have enjoyed reading about this development and found information in the Environmental Impact Report very interesting. We hope you will read about our building on page 5.7-12 and the impact Kenneth Wing had on the city. We also have pictures and information on our Lime Avenue Lots that might be of interest to the city.

We would like to draw your attention to page 7-4 of Shoreline Gateway Project Environmental Impact Report – Public Review Draft – June 2006 (attached #C) and Exhibit 7-1 (attached #D) showing 7.2 “Reduced Project” Alternative. This plan would leave us with our office building and no parking. 7.3 “Hotel/Office” Alternative on page 7-12 (attached #E) and exhibit 7-2 (attached #F) would only encompass our two smaller lots on Lime Avenue.

We would like you to consider the original plan or the “Hotel/Office” Alternative if this proposal goes forward.

Mr. Rick Laubert of Overland Pacific and Cutler delivered your letters dated August 28, 2006 to our office. We found your offer of \$675,000.00 and \$520,000.00 for our property located at 39 Lime and 19 & 23 Lime respectively to be unacceptable.

We require a realistic settlement for our properties. This offer of \$90.19 per square foot could not buy us comparable property. Even Mr. Anderson offered us more for our land.

We found it strange that Mr. Anderson’s property in this development was not shown in your Market Data Summary, Table 1. Mr. Anderson paid \$3,600,036.00 on 8/27/04 for his 10,159.81 square feet. If we round that to 10,160 square feet that would make his property valued at \$354.34 per square foot. In 2005 we were informed that their building at 635 Ocean Blvd. was now valued at \$4,200,000.00 or \$452.76 per square foot. How can our property that literally touches their property be worth so much less?

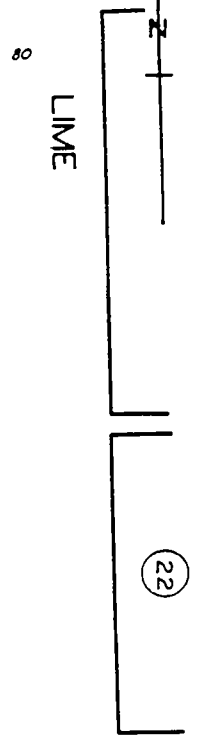
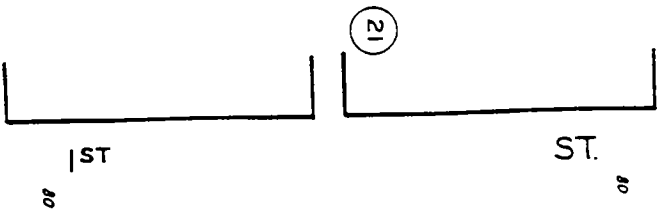
We realize that some of the landowners in this development are not interested in selling at any price making it difficult to develop this site. While we do have concerns over Eminent Domain we know the Long Beach Redevelopment Agency plans to fairly compensate all of the owners within the proposed development. We ask the Agency for a continuance on the matter of our properties so that further options can be explored.

Respectfully submitted,

   
Bob Lawrence                      Diane Lawrence

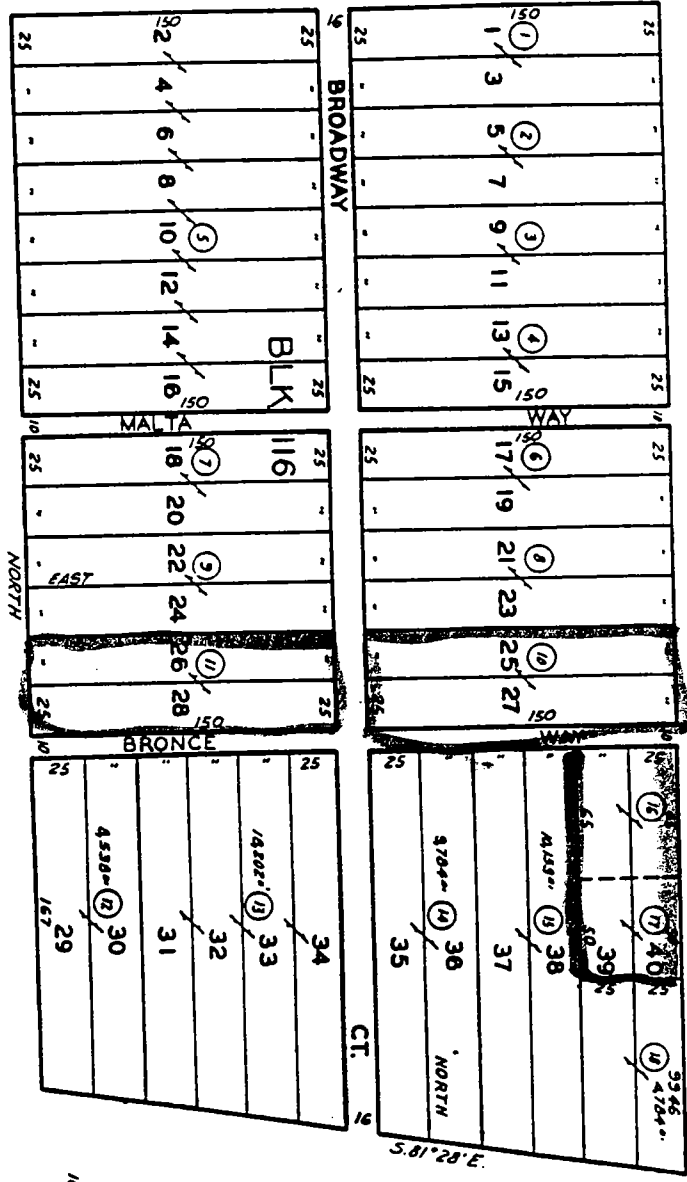
281 | 23  
LE 1" = 60'

1994



MEDIC ST.

AVE.



BK. 7278

CODE 11933

ATLANTIC

TOWNSITE OF LONG BEACH

M. R. 19-91-96

FOR PREV. ASSMT. SEE: 7278 - 23

ASSESSOR'S MAP COUNTY OF LOS ANGELES, CALIF.

MAR 10 1994

**Term Sheet****Proposal to Purchase Property**

**Date:** September 8, 2004

**Property:** 40 Atlantic Blvd. (Parcel # 7281-023-011), 39 Lime Ave. (Parcel # 7281-023-010), Vacant lots (Parcel# 7281-023-016)(Parcel# 7281-023-017) Long Beach, California 90802

**Seller:** Bob & Diane Lawrence

**Purchaser:** Anderson Pacific, LLC, a Delaware limited liability company

**Purchase Price:** \$2,500,000.00 all cash at closing

**Time Frame:** Contract of Preparation and Execution Period: By September 20, 2004, Purchaser will submit a draft of the purchase contract (the "Contract") to Seller for the Premises indicated above. (the "Property").

**Document Delivery Period:** Seller will deliver any Due Diligence Documents in Seller's possession (including documents listed on Schedule 1 to this proposal) to Purchaser within three (3) business days of the full execution of the Purchase Contract. Purchaser will obtain, at its expense and option, the Survey, Title Commitment, Phase I Report and Inspection Reports described on Schedule 1 to this proposal (collectively, the "Purchaser Documents") before the end of the Due Diligence Period.

**Due Diligence Period:** Purchaser will have a Due Diligence Period of forty five (45) days commencing from the full execution of the Purchase Contract.

**Closing Date:** Closing will occur within forty five (45) days after the expiration of the Due Diligence Period.

**Earnest Money:** The Earnest Money, \$25,000.00, will be deposited into a joint order interest bearing escrow account, concurrently with the fully executed purchase contract, with a mutually approved escrow & title company (the "Escrow Company"). All interest for such funds to inure to Buyer. At such time that Purchaser has waived all of its contingencies under the Purchase Contract, said Earnest Money shall then become non-refundable.

8383 Wilshire Blvd.  
Suite 210  
Beverly Hills, CA 90211

Voice 323 653 0500  
Fax 323 653 0520

"B"



Commission:

Seller shall be responsible for the fees to be paid to Corporate Realty Associates, Inc., and each party knows of no other Broker or agent who might have claim to fees or commissions relative to the purchase herein. Said fee to be paid to Corporate Realty Associates, Inc. will be 2.5% of the total purchase price to be paid at the close of escrow.

CORPORATE REALTY ASSOCIATES, INC.

Handwritten signatures of Gary Goodgame and John Tripletz

PURCHASER:

ANDERSON PACIFIC, LLC, a Delaware limited liability company

By: James R. Anderson, Managing Member

Date: 9/8/04

SELLER:

By: \_\_\_\_\_

It's: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

It's: \_\_\_\_\_

Date: \_\_\_\_\_

# ANDERSON PACIFIC, LLC

March 16, 2005

Bob & Diane Lawrence  
40 Atlantic Ave.  
Long Beach, CA 90802

RE: Proposal to Purchase Property  
Term Sheet

Dear Diane:

Thank you again for taking the time to meet with us prior to leaving for your trip. We hope you had a pleasant time on the cruise and are now well rested as you get back to your "regular" life.

The last time we met, we spoke in much more detail about Anderson Pacific, our background and capabilities, as well as our business philosophy. You may recall that we focus only on special urban infill areas where we may have the opportunity to enhance the community through creativity and sensitivity to the surrounding neighborhoods. This has worked especially well for us on other projects we mentioned in Old Town Alexandria, Virginia, Fullerton and Downtown Los Angeles.

The project area that encompasses properties we both own offers that very special opportunity. The sites in this area have lain dormant for many years, and we believe that something special can now happen, creating a true gateway into Downtown Long Beach and to the East Village Arts District. However, as we discussed and as we understood from you, our collective vision for this area does not "maximize" the buildable area, but instead is much more accommodating to the surrounding neighborhood character and focuses heavily on the arts. As such, we are both very sensitive to the possibility of high land prices prohibiting the implementation of our shared vision.

Since we now understand clearly that money is not your only motivation in your evaluation of next steps and that you truly believe the creation of a very special place through a well-designed and implemented project is more in-line with your interests, we have composed various options for the purchase of your properties reflecting that notion. We appreciate and respect your perspective and interests and we are eager to move forward. Therefore, we have presented three alternative and attractive options to purchase your parcels that, depending on your specific goals, can maximize the potential of the properties.

Before we describe our structure, we feel it is important to briefly address the offer letter we sent to you last August. That letter was composed prior to our discussions with the City and any thought of a true vision for the area. Further, we were interested in acquiring additional parking for our apartment building without a thorough study of surrounding land values.

Since the letter, we have reflected much more carefully on the vision for the area and commissioned appraisals of the surrounding parking lots. The appraisals were performed by R.P. Laurain &

Associates (see attached), an appraisal firm widely utilized by the City of Long Beach to evaluate properties in Redevelopment Project Areas. Based on Laurain's analysis we learned that the value of the parking lots was lower than we had initially projected and as a result has slightly lowered our base property valuation. Despite the real risk that an unsubstantiated higher purchase price could "spike" local land values and hurt the possibility of redevelopment, and despite third-party valuation data supporting a substantial reduction in the proposed purchase price, we are presenting three strong alternative offers.

In the interest of enabling us to reach a general understanding regarding the proposed terms and conditions of the below-described transaction before proceeding to draft formal definitive documentation, we propose to enter into this non-binding Term Sheet.

**Proposal to Purchase Interests in three Separate Parcels:**

**Seller / Owner:** Bob W. Lawrence & Diane Y. Lawrence

**Assets:** "40 Atlantic Ave"  
Parcel Number: 7280-023-011  
Lot Size: 7,500 square feet  
Lot Area: 0.17 acres

"39 Lime Ave"  
Parcel Number: 7281-023-010  
Lot Size: 7,500 square feet  
Lot Area: 0.17 acres

"19 and 25± Lime Ave"  
Parcel Number: 7281-023-017  
Lot Size: 5,750 square feet  
Lot Area: 0.13 acres

**Purchaser:** Shoreline Gateway, LLC (an Anderson Pacific affiliate) or Assignee

As noted above, this purchase can be structured in several different ways to meet your goals and our share vision for the overall project. Below are three distinct scenarios covering a range of priorities and concerns. Please note that all of the scenarios below are based on the appraisals of "19 and 25± Lime Ave." and "39 Lime Ave.", and comparable market assumptions underlying the current land value of "40 Atlantic".

**Property Valuation:**

<b>"40 Atlantic"</b>			
Building Area (SF)	7,500		
Rent per SF (NNN)	\$0.75		
<u>Rent per Month</u>	<u>\$5,625</u>		
<b>Net Operating Income</b>	<b>\$67,500</b>		
Market Cap Rate	8.0%	7.5%	7.0%
<b>"40 Atlantic" Value</b>	<b>\$843,750</b>	<b>\$900,000</b>	<b>\$964,286</b>

**Market Values:**

<u>Property</u>	<u>Value</u>	<u>Method</u>
40 Atlantic	\$965,000	Market Comparables, Long Beach
39 Lime Ave.	\$320,000	Appraisal (see attached)
19 Lime Ave.	\$215,000	Appraisal (see attached)
<b>Total</b>	<b>\$1,500,000</b>	

- Option A:** Total Purchase Price of \$2,000,000 paid with \$2,000,000 cash at close of escrow within 90 days. Immediate vacancy.
- Option B:** Total Purchase Price of \$2,250,000 paid with \$1,000,000 cash at close of escrow within 90 days and \$1,250,000 18 months later with free occupancy for those 18 months.
- Option C:** Total Purchase Price of \$2,500,000 structured with a one time, non-refundable option payment of \$500,000 due with 90 days with the remaining \$2,000,000 paid in 18 months. Free occupancy for 18 months.

**Time Frame:** Contract of Preparation and Execution Period: By April 1, 2005, Purchaser will submit a draft of the purchase contract ("**Purchase Contract**") to Sellers for the Premises which will cover all properties (collectively, the "**Properties**") indicated above (the "**Asset**").

**Document Delivery Period:** Seller will deliver any Due Diligence Documents in Seller's possession (including, but not limited to, documents listed on Schedule I to this proposal) to Purchaser within three (3) business days of the full execution of the Purchase Contract. Purchaser will obtain, at its expense and option, the Survey, Title Commitment and Inspection Reports described on Schedule I to this proposal (collectively, the "**Purchaser Documents**") before the end of the Due Diligence Period.





## **Cultural Resources**

Under the No Project/No Development Alternative, demolition of a potentially historic structure would not occur and construction activities would not occur adjacent to designated historic structures. Impacts associated with the potential disturbance or destruction of undocumented archaeological and/or paleontological resources would not occur. Thus, the No Project/No Development Alternative would be considered environmentally superior to the proposed project in this regard.

## **Public Services and Utilities**

An increased demand for public services and utilities would not occur with the No Project/No Development Alternative, as no additional land uses would be developed within the project site. However, with implementation of mitigation measures, increased demand on public services and utilities would be reduced to a less than significant level. Due to the increased demand for public services and utilities generated by the proposed project, the No Project/No Development Alternative would be considered environmentally superior to the proposed project.

## **ABILITY TO MEET PROJECT OBJECTIVES**

The No Project/No Development Alternative would not be consistent with the objectives of the proposed project, which include providing an iconic gateway tower to the East Village Arts District and downtown, providing a forecourt plaza and formal civic space for outdoor dining and gathering opportunities and providing a diversity of residential unit types including live/work spaces, townhomes, apartment units and penthouse units. Under this Alternative, the proposed residential and retail/gallery uses would not be developed. Therefore, none of the project objectives identified in Section 3.4, *Project Goals and Objectives*, would be met under the No Project/No Development Alternative. Additionally, the No Project/No Development Alternative would be inconsistent with Redevelopment Plan policies identified for the project site and surrounding area.

## **7.2 "REDUCED PROJECT" ALTERNATIVE**

### **DESCRIPTION OF ALTERNATIVE**

The Reduced Project Alternative involves a mixed-use development on five parcels (approximately 1.53 acres) generally bounded by Bronze Way Alley and Medio Street on the north, Alamitos Avenue on the east, Ocean Boulevard on the south and Broadway Court on the west; refer to Exhibit 7-1, *Reduced Project Aerial Map*. Currently the site is developed with 63 multiple-family residential units and approximately 9,629 square feet of retail uses (Video Choice). Implementation of the Reduced Project Alternative would result in the removal of these uses. The Reduced Project Alternative would not involve the parcels currently developed with the Long Beach Café and the 40 Atlantic Avenue office building. Therefore, these uses would remain on-site.



Source: Studio One Eleven at Perkowitz + Ruth Architects, February 2006.



Not to Scale

**RBF**  
CONSULTING

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06/06 • JN 10-104514

SHORELINE GATEWAY PROJECT  
ENVIRONMENTAL IMPACT REPORT

# Reduced Project Alternative Aerial Map

Exhibit 7-1 "D"



environmentally superior to the proposed project relative to public services and utilities.

### **ABILITY TO MEET PROJECT OBJECTIVES**

The Reduced Project Alternative would only partially implement the goals and objectives of the proposed project. Under this Alternative, a diversity of residential unit types and retail/gallery uses would be developed within an iconic gateway into the East Village Arts District and downtown. However, development of this Alternative would provide fewer residential units when compared to the proposed project. As such, the Reduced Project Alternative would not accommodate projected growth within Long Beach to the extent of the proposed project. The Reduced Project Alternative would provide landscaped open space, retail frontage and an interior plaza. Similar to the proposed project, low-scaled residential units would provide a transitional edge between the towers and neighboring residential community. Because this Alternative would not involve development adjacent to the existing Artaban building, a landscaped courtyard would not be provided, as with the proposed project. Therefore, while all but one of the project objectives identified Section 3.4, *Project Goals and Objectives*, would be met under the Reduced Project Alternative, none of these goals would be met to the same degree as with the proposed project.

## **7.3 "HOTEL/OFFICE" ALTERNATIVE**

### **DESCRIPTION OF ALTERNATIVE**

The Hotel/Office Alternative proposes development of the 2.2-acre site with hotel and office uses within two towers; refer to Exhibit 7-2, *Hotel/Office Alternative Aerial Map*. An 18-story hotel tower would be situated at the northwest corner of Ocean Boulevard and Alamitos Avenue. An 11-story office tower would be situated north of Ocean Boulevard, west of Lime Avenue, east of the Artaban building and south of Bronze Way alley. The proposed hotel tower would be situated over a three-story podium and the proposed office tower would be situated over a four-story podium, resulting in a maximum height of 21- and 15-stories, respectively, from grade. The maximum heights of the buildings would be 245 and 200 feet, respectively.

Development of this Alternative would result in a 300-room hotel with 20,000 square feet of banquet facilities and a 200,000 square foot office tower. Approximately 10,000 square feet of retail uses would be situated adjacent to the office tower and within the hotel building.

Vehicle access to the site would occur from Atlantic Avenue, Ocean Boulevard and at the western terminus of Medio Street. This Alternative would involve relocating the existing Bronze Way alley, northward to the edge of the project site. Additionally, Lime Avenue, between Medio Street and Ocean Boulevard, would be vacated to allow for a landscaped courtyard between the proposed hotel and office towers.



Source: Studio One Eleven at Perkowitz + Ruth Architects, February 2006.



Not to Scale

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SHORELINE GATEWAY PROJECT  
ENVIRONMENTAL IMPACT REPORT

## Hotel/Office Alternative Aerial Map

Exhibit 7-2

"F"