



## 5.1 Supplemental

June 7, 2005

Michelle Nelson  
Leslie Fritzsche  
Redevelopment Agency of the City of Sacramento  
Economic Development Department  
1030 15th Street, Suite 250  
Sacramento, CA 95814

RE: 700 and 800 Blocks of K Street and L Street

Dear Michelle and Leslie:

Thank you for your continued attention to our April 29, 2005, response to the City of Sacramento Economic Development Department's Request for Proposals for the Downtown Cultural Entertainment and Retail Complex. Since the time of our submittal, the owner of the Greyhound Bus station has committed to move the Bus station, and has submitted an application for development at the existing L Street site. This is significant new information. Moreover, initial feedback and comments from the City, as well as other unforeseen circumstances, have forced us to reconsider and, in some instances, revise several aspects of our original proposal. This letter outlines the basic terms and conditions of our revised proposal. As always, we welcome your comments and questions and encourage an ongoing dialogue between our offices.

### K Street

The development team for the K Street redevelopment would include a reputable condominium developer (to be named soon) as managing general partner, Moe Mohanna and John Lambeth, landowners, as limited partners, and Evergreen/Fisher ("K Street Team"). Evergreen/Fisher will continue to take the lead in organizing and facilitating the development process. The K Street Team proposes to develop retail and residential uses along K Street between 7<sup>th</sup> and 8<sup>th</sup> Streets, with the residential component consisting of for-sale condominiums.

Unlike our previous proposal, this proposal does not include the Kress Building or any property presently owned by Lewis. Rather, the development shall include only those properties identified in Attachment G to our April 29, 2005, proposal as the Mohanna properties, which include the following parcels:

- 712-726 K Street (APN 006-0096-005, -006, -007, -008, -009)
- 806, 810, 816 K Street (APN 006-0098-006, -008, -024)
- 1109 8<sup>th</sup> Street (APN 006-0098-022)

Notably, the City is not required to exercise its power of eminent domain to secure any of the properties necessary to effectuate this proposal. As noted above, each of the properties is owned and controlled by Moe Mohanna.

In order to effectively implement our revised proposal, the K Street Team requests a greatly reduced subsidy from the City. Our initial calculations indicate that a subsidy for public infrastructure and for public improvements will be less than \$10 million. All units are condominium for sale rather than rental units.

#### L Street

For development along L Street, Evergreen/Fisher proposes to proceed with the Cordano Company ("L Street Team") to develop office, retail, and residential uses on the south side of the 800 block. Evergreen/Fisher/Cordano is presently in negotiations with other property owners to secure additional properties, and is actively pursuing office and retail tenants, including Nugget Markets. The L Street Team may request a limited subsidy from the City for this block, however this subsidy shall be determined at a later date so as not to hold up the K Street development process.

Neither the L Street Team nor the K Street Team proposes the acquisition or development of the Greyhound Bus station. We do, however, request that the City actively pursue such relocation prior to completion of our proposed development. As noted above, we understand the owner of the Greyhound has initiated relocation and redevelopment of the existing site. We request that the City work diligently with existing and/or future owners to ensure that the refurbished Greyhound building is architecturally compatible with the high quality design proposed for the K Street and L Street

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redevelopment projects. Neither the K Street Team nor the L Street Team plan to commence construction of residential units until the Greyhound station is relocated.

For the project as a whole, we believe it is essential to focus on all parcels located within the 700 and 800 blocks in order to create a strong neighborhood. We further believe it is critical to actively manage existing SROs and to ultimately re-build and relocate these units. To that end, Evergreen/Fisher will remain dedicated to pursuing the effective relocation of the SROs currently located in The Hotel Berry, the Capitol Park Hotel, and the Hotel Marshall. Additional information regarding plans for SRO relocation is included in our April 29, 2005, proposal.

Please also refer to the April 29, 2005, proposal for project plans relating to streetscape, historic preservation, and design. Each of these elements is incorporated into this revised proposal, and each remains a vital project component.

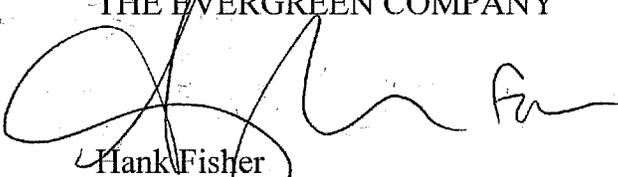
In closing, we thank you for the opportunity to submit a revised proposal for the City's consideration. Because of the changes to our originally submitted proposal, and because our attorney Tina Thomas will be out of the country, we respectfully request a continuance for the selection committee meeting currently scheduled for June 17, 2005.

We look forward to a continued dialogue with you and other members of your team. As you know, we believe it is imperative that the City and developers work together to create a new vibrant neighborhood for the benefit of the City and its residents.

Best regards,



Daniel M. Cole, Partner  
THE EVERGREEN COMPANY



Hank Fisher  
HANK FISHER PROPERTIES

cc: Mayor Heather Fargo and Members of the Sacramento City Council  
Bob Thomas, City Manager