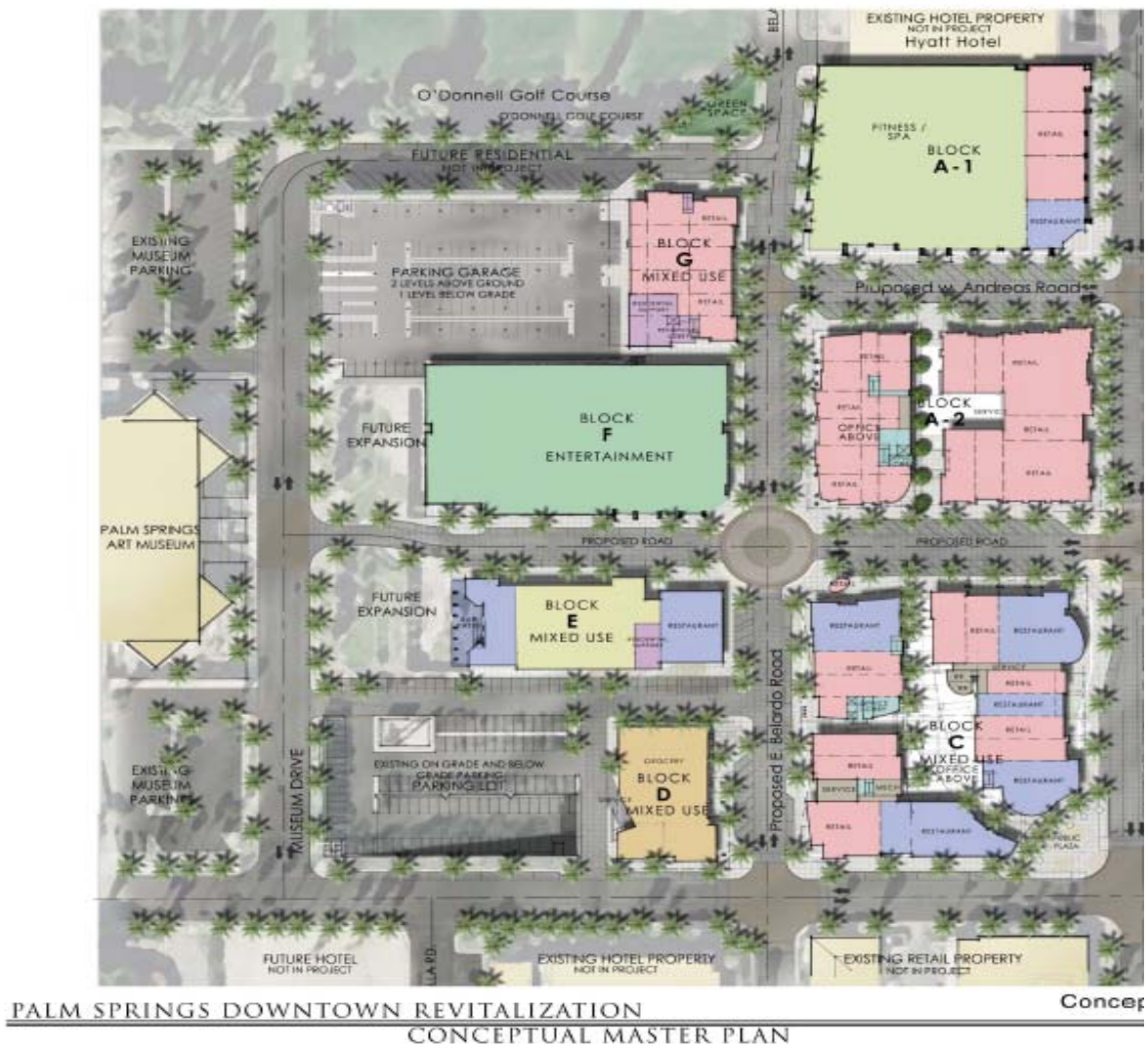


Downtown Revitalization Plan  
(Redevelopment of Desert Fashion Plaza)  
and Project Financing Agreement  
**Fact Sheet**

Revitalization Plan Description



The Downtown Revitalization Plan replaces an obsolete enclosed mall with new city streets throughout the site and effectively incorporates both residential and retail uses into an urban village which presents a pedestrian-friendly environment with a number of plazas and walkways. Upon completion, the Project will reintegrate a property that had been massed into a monolithic

“superblock” back into the downtown street grid, resulting in a strong public gathering place comprised of well-designed public spaces linked by a total entertainment and retail environment.

Upon completion of the Phase I project’s new public streets, landscaping and walkways will be in place to provide user friendly pedestrian and vehicular circulation with architectural shading; all street intersections will be finished with decorative interlocking pavers and no curbs; at entry points into the DFP Area, streets will contain submersible stainless steel bollards that can be electronically raised so that interior streets and other areas can be used for special events and functions as needed; new public areas will be enhanced with public art and sculpture to serve as a place for pedestrian activities and public functions; the renovated building in Block A-1 (the only retail property not fully demolished) will have all new exterior facades; new buildings will be in place in Blocks A-2 and C; Blocks D, E and G will be temporarily used for parking and/or landscaped open space pending future vertical development in Phase II; and, Block F will contain a new state of the art multiplex movie theater.

The Project also proposes demolishing property at the most valuable corner – the “100% corner” in Downtown – and placing a public space at least 90-100’ deep there. The entire street grid created by the project and conveyed to the City will also be designed to maximize its use for events. The new Museum Way will be wider, building to building, than Palm Canyon Drive. All of it will be available to be closed off for special events and public activities. In addition, the two “museum pads” to be conveyed to the City will be open green space until the day the Art Museum builds on one of them. These two parcels, located at the far western end of the project, shall be usable by the public during the period the Museum does not develop.

One outcome shall be permanent free parking for the public at the site. Another outcome would be City’s ability to assist two of the City’s most significant cultural assets -- the Art Museum and the Film Festival – in expanding their facilities or their programming at the site.

There is also a provision for the creation of public restrooms within the project, which the City would operate and maintain. The Agreement contains a legal description of the restroom space which the City would purchase.

All parking structure improvements shall be undertaken by the City upon its acquisition of the property. Work to be done in the parking structure includes replacing the fire sprinklers and lights, concrete repairs, and possibly structural work. Some reconfiguration of the parking structure shall also be necessary in order to allow the construction of Belardo and the new Andreas Road on grade, as well as some new building pads on grade.

### Project Financing Agreement Description

The Project will be developed through a public-private partnership of the City and Wessman Development. The total development cost of Phase I, described above, is in excess of \$100 million, including property acquisition costs by the Developer. These costs include:

- Demolition of over 85% of the existing mall;
- Streets, sidewalks, and open spaces;
- Parking structure improvements and modifications;

- Construction of building improvements including Façade Improvements on building A-1, Shell Costs for Buildings A-2, C, and F, and Tenant Improvements;
- Costs related to the purchase and carrying of the property of at least \$20.0 million;
- Architecture, engineering, permits, and taxes; and
- Financing expenses, including interest costs and fees.

The City will be responsible for the off-site improvements estimated at \$11.0 million. The estimated total amount of City participation, including the construction of public infrastructure and the acquisition of certain public properties, would be approximately \$43.0 million. The City has structured the project contribution as follows:

1. The partnership would result in the City receiving title to certain real property at the site. This property includes: (1) the above-ground parking structure, as well as the surface and underground level of the parking at the southwest corner of the site; (2) the underground parking structure beneath the developed shopping center; (3) the two possible “museum expansion” sites; (4) the improved streets created by the project described as the Museum Street, Andreas Road and the Belardo extension; and (5) new public restrooms.
2. The City would undertake the construction of the streets and the improvement of the parking facilities, at an estimated cost of \$11.0 million;
3. The City’s funds of \$32.0 million would be deposited in a project-related escrow account to be used solely for project-related costs such as construction, architecture, engineering, and design. John Wessman’s funds would come from personal resources such as equity, and would be secured by a personal guarantee backed by unencumbered real property.

The City’s development cost would include the cost of constructing public streets and the refurbishing of the underground parking structure. There are detailed cost estimates on these elements, including demolition, streets, renovation of the parking structure, plus site work for the park/plaza and the private development. Other aspects of the Agreement include:

- Term. The Phase I of the Revitalization Plan sets a schedule for substantial completion of the core and shell improvements (retail and office along Palm Canyon, the street infrastructure, the museum expansion sites, and the movie theaters) by December 2014.
- Demolition. The Bank of America building would be demolished in early 2012. The remainder of the Property demolition would commence in May, 2013, at the time the Project’s plans are submitted to the Building Department for building permits. Vertical construction would proceed immediately after receipt of building plans.
- Default. If there is a default by the Developer, there is a provision that provides for a deed of trust to be recorded against the property and for the City to be able to acquire

the remaining private property and all entitlements under the normal real estate foreclosure process.