



August 21, 2020

Lisa Kim  
Assistant City Manager  
City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840

**RE: Supplemental Information to Letter of Interest to Purchase or Lease the Willowick Golf Course located at 3017 W. 5th Street in the City of Santa Ana (the “Property”)**

Dear Lisa:

Thank you for your letter dated July 24, 2020. Willowick Community Partners, LLC is a newly formed entity for the specific purpose of acquiring and developing the Property for low- and moderate-income housing, open space, and other compatible uses. Willowick Community Partners consists of three of the region’s most prominent development firms: City Ventures, Primestor and Jamboree Housing. Our firms have come together to redevelop, reimagine and transform an inclusive community that will be cherished by existing neighboring residents of Garden Grove and Santa Ana. These unprecedented times have underlined the importance of ensuring that communities have access to affordable housing, open space and essential retail and health amenities. Our proposed plan is anchored by a regional riverfront park with adjacent community facilities, streetcar stop, and affordable housing. Just as importantly, the project will deliver significant revenue to the City of Garden Grove and positive economic development for the City of Santa Ana. Our team’s unparalleled experience in complex public projects, entitlements, financing, design and execution uniquely position us to deliver on this monumental opportunity.

As requested, we have provided responses to the questions outlined in your 7/21/20 response to our formal Letter of Interest dated 7/10/20:

**1. Proposing Entity:**

- The proposing entity is Willowick Community Partners, LLC (“WCP”)
- WCP is fully owned and managed by City Ventures, Primestor, and Jamboree Housing.
- The individuals who will be negotiating with the City of Garden Grove will be Ryan Aeh, David Abasta and Michael Massie.

## 2. Proposed Transaction Terms:

- **Contingent Offer:**

- **Total proceeds to City of Garden Grove (assuming full Note amount) would be \$178,000,000 (\$100,000,000 Purchase Price plus \$78,000,000 in interest).**
- WCP shall have 60 days from the mutual execution of a Purchase Agreement to complete physical due diligence (the “Feasibility Period”).
- The Close of Escrow shall occur within 15 days after Final Approval of Entitlements and WCP’s receipt of a Grading Permit.
- The Purchase Price shall be \$100,000,000.
- At the Closing WCP shall pay the City of Garden Grove \$5,000,000 in cash and a \$95,000,000 Note.
- The Note shall have a 3% interest rate for 45 years with full amortization and term/payment schedule commencing after completion of the Master Infrastructure Improvements or 3 years after the Close of Escrow, whichever is sooner. The Note will be secured by a corporate guarantee from City Ventures. If the cost of Master Infrastructure Improvements exceeds \$20,000,000, then the Note will be reduced on a dollar for dollar basis. Note payments would be \$3,800,000 per year (unless adjusted per the prior sentence).

- **Non-Contingent Offer:**

- **Total proceeds to City of Garden Grove would be \$87,000,000 (\$50,000,000 Purchase Price plus \$37,000,000 in interest).**
- WCP shall have 60 days from the mutual execution of a Purchase Agreement to complete physical due diligence (the “Feasibility Period”).
- The Close of Escrow shall occur within 15 days after WCP’s approval of the Feasibility Approval.
- The Purchase Price shall be \$50,000,000.
- At the Closing WCP shall pay the City of Garden Grove \$5,000,000 in cash and a \$45,000,000 Note.
- The Note shall have a 3% interest rate for 45 years with full amortization and term/payment schedule commencing 5 years after the Closing of Escrow. Note payments would be approximately \$1,800,000 per year. The Note will be secured by a corporate guarantee from City Ventures.

## 3. Transaction Contingencies:

- WCP’s obligation to purchase the Property is subject to the satisfaction of the following contingencies:

- The Title Company’s irrevocable commitment to issue the Title Policy to WCP.
- The non-occurrence of any material adverse change to the physical status of the Property between the end of the Feasibility Period and the Closing.
- There shall be no moratorium, prohibition or any other regulation or restriction, including, without limitation, any moratorium on the provision of or hook-up to public water or sewer facilities or the issuance of water will serve letters that was not in force as of the last day of the Feasibility Period and whose effect would be to preclude any inspections or the issuance of any building or other permits, or construction, sale and occupancy of residential dwelling units on the Property.

#### 4. Description of Proposed Project:

- WCP, in close coordination with the community, will bring all of the necessary development experience and private capital required to bring the revitalization goals to fruition. We proposed a People-Public-Private-Partnership or “P4” approach will help to fasten together grassroots community groups, the City of Santa Ana, and the WCP to obtain land use approvals and monetize the Property for the City of Garden Grove as quickly as possible. The City of Garden Grove will greatly benefit from the development team’s successful track record of delivering communities that are cherished by residents and neighbors alike.
- Our Conceptual Development Plan is enclosed and provides information on our proposed residential and non-residential land uses. Here’s a summary:
- **RESIDENTIAL** - WCP proposes to construct 1,690 residential units on the Property ranging from detached single-family homes to medium density townhomes to higher density apartments. 25% of the overall residences (or 423 homes) will be restricted to Affordable Households as follows:

**Affordable Component #1 & #2: Family** - 2 Phases of 95 units each (190 total)

- 38 units @30% AMI
- 20 units @40% AMI
- 82 units @50% AMI
- 50 units @60% AMI

Working families are one of the most housing challenged people in our community and therefore we will be focus on providing homes for large families (two- and three-bedroom apartments) across the affordable spectrum.

**Affordable Component #3: Supportive Housing** - 86 units for special needs population

- 20 units @ 20% AMI
- 50 units @30% AMI
- 16 units @40% AMI

With the ongoing homelessness crisis, providing homes for those who are most in need. Jamboree has been a pioneer in this field developing ten Supportive Housing developments within the past decade, along with providing the relevant service and partnerships to assure the needs of this population are met.

**Affordable Component #4: Integrated** - 118 units for families, 29 units for special needs population (147 total)

- 29 units @ 20% AMI
- 80 units @50% AMI
- 38 units @60% AMI

With certain special needs populations, the benefits of Supportive Housing are augmented by interaction with mainstream neighbors. We have found this model successful particularly for families with children coming out of homelessness. The integration of populations has been the key to success, along with our partnership with the local school district.

- **COMMERCIAL** – WCP proposes approximately 70,000 square feet of commercial space. The intent of the retail component is to create a village like feel. In addition, the adjacency of the retail and the regional riverfront park will leverage off of each other resulting in a unified whole that is greater than the sum of its parts. The project is envisioned to provide everyday necessities to residents, both existing and new, such as grocer, fitness, bank, coffeeshop, drug/health, a mix of restaurants from casual cafes to destination sit-down patio restaurants that take advantage of the riverfront park. Rather than pursuing a food hall facility, which commonly relies on a significant portion of alcohol sales to be successful, our project envisions a mix of commercial uses that will ensure Willowick is seen as a family-oriented destination.
- **OPEN SPACE** - The WCP proposes approximately 34.8 acres of public open space (as depicted on the “Public Open Space Analysis” exhibit). As the site is currently zoned open space, we see this component of the proposed plan as a critical element to the success of the proposed rezoning. We see the primary opportunities for open space in the proposed community, neighborhood, and pocket parks; the streetscapes and pedestrian networks within the project site; the Santa Ana River itself with its adjacent open space; and the private residential gardens of the residents themselves. Given its location adjacent to the existing neighborhood, the Campesino Park will remain and be dedicated to active recreation – baseball field, soccer field, basketball courts, and a children’s play area. The neighborhood park, centrally located to

residential apartments and townhomes, will be primarily passive in nature – with broad pedestrian pathways for strolling and exercising, and spaces for picnicking and gathering. Basketball courts and a children’s play area are also provided in the park. Additional pocket parks distributed throughout Willowick will be strictly passive – quiet spaces to walk and enjoy nature. All the parks will be situated and designed to capture and treat adjacent stormwater runoff from the street network. It should be noted that we will work to save as many existing trees as possible.

## **5. Source of Debt and Equity:**

- WCP would look to City Ventures as the primary source of debt and equity to finance the acquisition, design, and pre-development costs of the Willowick project. City Ventures utilizes its own equity. This is internal, corporate money and requires no additional approval for deployment of capital for new acquisitions other than through the City Ventures Board of Director’s. As June 30, 2020, City Ventures has a book value in excess of \$220,000,000. The company currently has access to over \$500,000,000 in capital and its lead investment partners include:
  - Ares Capital - With approximately \$137 billion in assets under management, Ares Management Corporation (NYSE:ARES) is one of the largest global alternative asset managers, with three complementary and market leading investment groups: credit, private equity and real estate. Ares affiliates manage several publicly traded funds, which allow retail and institutional investors to access expertise across Credit and Real Estate. Ares’ believes that expanding investor access to alternative investments provides diversified sources of return and attractive solutions for investors seeking higher levels of income. Ares has been an equity owner/investor in City Ventures since 2010 and has seats on the City Ventures Board of Director’s which includes Bennett Rosenthal, Ares Co-Founder, Director, Partner and Co-Head of Private Equity Group.
  - Abrams Capital - Abrams is an employee owned hedge fund sponsor that was founded in 1999, and is based in Boston, Massachusetts with additional office in New York, New York. Abrams holds a diversified portfolio of assets, including domestic and foreign equity securities, debt, distressed securities, and private and illiquid investments. It has been reported that Abrams has nearly \$8 billion in assets under management and returned 15% since its inception. Abrams has been an equity owner/investor in City Ventures since 2019 and has seats on the City Ventures Board of Director’s, which includes David Abrams, the Founder of Abrams Capital.
  - Wells Fargo and U.S Bank - In addition to our corporate equity, Wells Fargo Bank and U.S. Bank has provided City Ventures with a \$250 million-dollar construction loan facility for land development and construction activities. U.S Bank has been in business with City Ventures since 2010 and Well Fargo has been in business with City Ventures since 2013, however, the

banks have enjoyed relationships with numerous members of the City Ventures management team for a much longer period of time.

Thank you for the opportunity to submit this information to supplement our formal Letter of Interest. We look forward to entering into a negotiation with the City of Garden Grove in order to achieve the financial goals of the City and to partner with the local community in order to transform the Property into a transit village that will include low- and moderate-income housing, open-space, cultural facilities, and other complementary uses.

Sincerely,

**WILLOWICK COMMUNITY PARTNERS, LLC**



Ryan Aeh  
Senior Vice President, Land Acquisition  
City Ventures



David Abasta  
Director of Development  
Primestor



Michael Massie  
Chief Development Officer  
Jamboree Housing Corporation



Summary		Acres	Homes	SF
<b>Residential</b>		<b>62.2</b>	<b>1,390</b>	<b>102,000</b>
2-Story SFD		12.2	140	
2-Story Townhomes		10.6	160	
3-Story Townhomes		25.0	520	
4-Story M/U Apartments Over Retail*		9.5	570	25,000
4-Story M/U Apartments Over Cultural*		4.9	300	77,000
<b>Non-Residential</b>		<b>61.9</b>		<b>70,000</b>
Retail		6.6		70,000
Rec Center		2.7		
Community Park		32.1		
Roads and Misc Open Space		20.5		
<b>Total</b>		<b>124.1</b>	<b>1,690</b>	<b>172,000</b>

\* Includes provision of 423 Affordable Homes in total (25%)

