

Ad Hoc Technical committee meeting, Monday 200810, 5:30pm-6:33pm

Committee Members Present: Sandy Mori, Grace Horikiri, Roy Ikeda, Kenta Takamori, Daryl Higashi, Joyce Oishi, Lori Yamauchi, Beau Simon, Glynis Nakahara

Board Members Present: David Takashima, Jeremy Chan, Elena Nielsen

Staff Present: Steve Nakajo, Lauren Nosaka, Brandon Quan, Nina Bazan-Sakamoto

Public Present: Emily Glick, Mariko Sawada, Karen K., Anne Li, Jay Cowan, Daniel Byron, Michael DeGregorio

- Introduce Daniel Byron
- Previous meeting
 - Question of developer's plans
 - Point out there are several different property owners
 - Kinokuniya
 - AMC
 - Mar
 - Flanagan
 - MTA
 - Union Bank
 - Rec and Park
 - Health clinics on Geary, various owners
 - Starting informal dialogues
 - Want to invite property owners to this meeting to meet committee members
 - Daniel Byron - 3D Investments Director of Asset Management
 - JTF has worked with Daniel on Visitor Center and previous festivals
- Start rotating note-taking for the meeting; not minutes but just notes. Grace has taken notes for first 2 meetings
- Daniel Byron
 - Will start with questions from the agenda
 - What is the status on rentals and restaurants
 - COVID 19 was a shock to the system
 - Thought it would last a month, then back to normal - but wrong
 - Trying to develop something to keep the mall running as best as possible
 - Most of mall has been forced to shut down
 - Greg Vilorio has worked with each merchant and restaurant to help them stay open as possible
 - To go menus, 3rd party deliveries etc
 - Now, have pick up locations for curbside pick up
 - Operating within the city restrictions
 - Supporting merchants and tenants as much as possible, particularly mom and pop stores
 - Offering tenants (East and West) 3 months deferral of rent and fees; which has now extended
 - Working with each tenant on a case by case basis
 - Trying to avoid any business from closing
 - When a tenant closes, it hurts everyone - the mall, the tenant and the community

- Hopeful this will be over sooner than later but we have no idea until a vaccine can be widely distributed
- Status of the upcoming covenant
 - Working with JTF
 - Open lines of communication
 - Owners have no plans of selling the malls
 - Open to keeping the covenant in place or making modifications, with community input
- What is 3D's future plans?
 - The owners have no plans of selling
 - Plan is to own them indefinitely
 - The mall is one of their crown jewels
 - 3D is the owner/operator of the East and West malls
 - Do not have the developer hat on now
 - Have spoken with architects (pre-COVID) for potential options available
 - No plans or permits have been started
 - Solely an exploratory phase for what is possible for the Trade Center
 - There are several owners, 3D is only one
 - Any redevelopment definitely includes community involvement and support
 - Also need great coordination with the various property owners
 - Everything 3D was looking at is on pause
 - #1 concern is to make sure all merchants and tenants survive
 - 3D still has expenses they need to pay, so keeping tenants is important, as well as important to the community
 - Importance is focused on getting through this
 - Pre-COVID, retail was already in a flux status
 - Amazon has changed the face of retail, for national chains as well as mom and pop shops
 - Seeing the same effects on properties outside of SF
 - Face of retail is changing, COVID has sped it up and made it more of a reality
 - Don't know what the new normal will be 3-5 years down the road
 - Restaurants also hit hard, throughout CA
 - Many restaurants in LA have closed
 - May have had problems pre-COVID, but this was their death blow
 - Want all restaurants in Jtown to survive
 - What does the future of redevelopment look like?
 - Mall mostly populated by retail and restaurants
 - How does all this change the future of the makeup of the mall?
 - Many everywhere are in the same boat
 - Hoping for status quo, but far from it now
- Covenant
 - As long as 3D owns the property, the covenant still applies
 - 3D has publicly stated they will not be selling
 - Ownership of the malls are all different owners
 - Have to look at the area as a whole
- Questions
 - What concepts did architects bring to ownership, at conceptual level, for the malls, to the extent you can share?
 - Really an exploration of what is possible on the site
 - No designs
 - Determine what could potentially be built on the site
 - COVID put everything on hold before anything developed further, so not much to share
 - Whatever will be built whenever it takes place, it has to have community involvement, nothing could get built without it
 - Any details now would be premature

- Once COVID is back to some kind of normal, then 3D will restart the idea and bring the community in for next steps
- Hypothetically speaking, there has been an assumption of a rebuild or building up. Is it in the realm of possibility, there will not be a retrofit, but a rebuilding of the shell?
 - Building is 50 years old
 - When it was first built, it was as a trade center, then converted into a mall, which worked from the 60's into the 2000's
 - But the future of retail is very different, especially in the next 3-5 years
 - Also different for the future of restaurants
 - Building has served the purpose it was built for
 - But it is currently very closed off to the rest of Jtown, with very few windows and limited square footage
 - Not sure the structure would accommodate just a retrofit
 - Believe it is past its useful life cycle
 - It is possible someone might come in with a great idea
 - But the current layout is extremely limiting
 - Retail is in danger of becoming, not obsolete, but in deep danger
- Thank you for bringing Greg Vilorio on
 - CBD focused on small business
 - Strong outreach coordination with Greg
 - Daniel is very happy with his performance, as well as Grace's work
- Will the existing support structure (columns) handle the weight of additional floors above, for a new design that builds up?
 - Early looks included reinforcing the columns and building on top of that
 - Trying to look at the center as a whole, and if redevelopment were to happen it would probably have to include the garage as part of the redevelopment
 - Too early to say what that would look like now
 - But it's possible the garages would be part of the development
- On the one hand there is talk of the importance of maintaining the retail and restaurants, but on the other hand there is talk of development of the center; would all the tenants have to leave with a redevelopment?
 - Not necessarily
 - Perhaps it can be accomplished in phases? Not all businesses would have to close
 - Perhaps only some would close, then move back into a new facility; as others then close
 - Very long term project
 - Multi Year project, even in the planning stages
 - If there is any redevelopment, cannot envision anything earlier than 5 years, and likely even longer
- Very complicated process, with the multitude of different people/owners involved
 - Separate committee is dealing with the covenant, headed by Paul Osaki, looking only at the document
 - What will the covenant include or change or modify, is being looked at by that committee
 - Expiration is 2021
- What is the current financing structure for the property?
 - Unable to go into detail, but there is a loan with equity involved in the property, that is pretty basic
- Acknowledge Grace and Greg, as boots on the ground and outreach
 - Thought the malls still closed, but it seems like they are open
 - Comment from Grace - Malls still not open to public
 - Bond vote in November
 - Need $\frac{2}{3}$ vote to pass the Health and Recovery bond, which includes the Peace Plaza
 - Geary BRT is also doing a lot of work

- JTF is working on the CHHESS report as well
- Working in conjunction with all these goals
 - And also working in close coordination with JMA/JCM/JCBD
- Do we need property owners to come in and meet the committee individually?
 - That would be a good idea, and encourage that
 - Need to look at who would be interested and who is available for our next meeting
- What kind of relationship exists between the various property owners? Any friction?
 - No friction, but previously there was no opportunity for rapport
 - Relationships are congenial and they are open
 - There were plans pre COVID to start a dialogue between the owners
 - This committee is a vehicle to advance those relationships
- Interested in his thoughts at a high level regarding what aspects of the Covenants should be revised to promote the health of the Malls and district in general?
 - Open to community involvement, since the covenant is community based
 - Community is the voice of what should go into the covenant
 - Once input has been received, then the discussion can move forward
- Rent deferment; Any plans for rent reduction/forgiveness?
 - Still listening to tenants, but at this time there have not been talks on abatement
 - Mall still has their own expenses
 - At this time 3 months of deferments, but working with tenants on a case-by-case basis
 - Hope is to help everyone get out of this with their head above water
- 3 months deferment
 - CAM (sp?) and other fees add up considerably
 - Any consideration to reducing these fees?
 - When do merchants restart payment, and is there flexibility?
 - Will 3D allow for release from long term agreements without penalty?
 - Cannot answer that right now
- Percentage of sales
 - 3D still entitled to percentage of sales even online
 - Not accurate; there is a break point, which affect sales percentage that go above that break point
 - 3D is in dialogue with each business
 - Up to now, only decision has been made on the 3 month deferral
 - Still in dialogue
- End of meeting