

NORTH PENINSULA

Jewish Campus

December 5, 2008

FOSTER CITY
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Jewish Community Federation
of San Francisco, the Peninsula,
Marin and Sonoma Counties

Jewish Family and Children's Services
of San Francisco, the Peninsula,
Marin and Sonoma Counties

NORTH PENINSULA

JEWISH CAMPUS
Larry Schlenoff, *CEO*

Dear Rick,

The North Peninsula Jewish Campus remains committed to building a theater that both satisfies our obligations to Foster City and completes our original vision as a community gathering place and resource.

Working with the City and with Hillbarn, we attempted to expand the breadth of the project and create a multi-theater facility that we believed would address the needs and dreams of many of our constituencies. To the disappointment of us all, Hillbarn's fundraising capacity was not sufficient to cover the increased costs that their inclusion would create and, therefore, the project partnership was dissolved. You should be aware that the campus expended considerable cost and effort in its attempt to make this partnership a success.

Since the dissolution of the partnership, we have been working aggressively to meet the dates we committed to the City (that is, a building permit by May 1, 2010 and a certificate of occupancy by May 1, 2011). We have worked with our architects, Herman and Coliver, to redefine the space to address the needs of both the theater and of the Ronald C Wornick Jewish Day School. We have interviewed General Contractors, have determined which company we feel would provide the expertise needed to assure successful project completion, and are in the final stage of the hiring process. We have estimated the cost of the project to be \$28 million (significantly less than the \$39.8 million for the multi-theater partnership project), including endowments of \$6 million. Earlier this year we had assessed the donor capacity and determined that the project was at the edge, but still within an affordable range. We are pleased to report that we already have pledges of \$4 million and are in the process of closing a gift for another \$4.5 million.

Although we are making good progress, and remain confident in our ability to successfully complete the project, we are concerned that the current chaotic economic environment will impact our ability to raise the money on a schedule that allows us to meet our obligations. Two fundamental factors are likely to impact our success:

1. Reduced capacity for giving, resulting from the almost unprecedented negative impact on both individuals' net worth and foundations' endowments. This could result in a reduction of giving from current donors, greater difficulty securing the support of new donors, and payment schedules becoming significantly longer than anticipated.
2. Lack of ability to finance the project (once pledges are received) given financial institutions' reluctance and inability to lend. This could result in a significant delay, since our intent was to use the pledges as collateral and borrow funds to facilitate building. Without a loan facility, we would need not only to secure the pledges, but actually to receive the cash from donors to complete our efforts. Longer payment schedules only exacerbate this problem.

Given the above, we would request two changes to our Ground Lease with Foster City that would help assure success of the theater project:

Change #1) Modular Buildings:

Our current agreement requires us to remove the modular buildings (for our Early Childhood Education (ECE) and Youth and Teen Programs (YTP)) by year end 2015. The current modulares are attractive, resemble permanent buildings, work well, have been on-site for many years without complaint, have considerable remaining useful life and have recently been painted. Key donors, recognizing our obligation to remove these buildings and knowing the significant cost associated with a new building project to replace them, have already indicated that they would reduce the amount that they would pledge to fund the theater. They recognize that the NPJC would look to them to fund both the replacements for the modular buildings and the theater. Given the reduced funds available in the current environment and wanting to assure sufficient funds are available to build the theater project, we ask that this obligation be eliminated to allow donor funds to be used exclusively for the new theater rather than replacements of perfectly suitable buildings. The Campus would be willing to modify the modular buildings and improve the landscaping if the City felt it was necessary. We would also improve the landscaping on Shell Boulevard to make this area more attractive (since that is where the replacement ECE was intended to be built).

Change #2) Penalties:

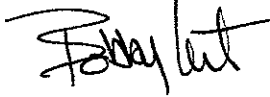
The Ground lease defines significant penalties for failure to meet either the building permit date or the certificate of occupancy date. The current economic environment is extraordinary and, as indicated above, puts timely execution at significant risk. To allow us to proceed successfully we request the following change: The committed dates be kept the same (and these are dates we will work to), but a clause be added that the if the NPJC in good faith strives to meet these dates, but fails, that both the building permit and certificate of occupancy dates would be extended for a maximum of three (3), one year periods. We would provide the City regular reports on our progress on agreed to milestones. Our intent is to proceed through completion of construction documents required to obtain a building permit, but not pursue the building permit and begin actual construction until sufficient funds are available. We hope that we don't need any

additional time, but I think we all recognize the difficulty in predicting when the economy will recover, and we would therefore, appreciate your flexibility should it become necessary.

Please be assured that we remain committed to the project and view the current economic situation as a challenge to the project's timing, not its feasibility. We would appreciate your support and recognition of the challenges resulting from the current extreme financial disruption, in approving the requested changes, and appreciate the spirit of cooperation and partnership that such support would demonstrate. We feel we have an excellent partnership so far and look forward to when we both can "cut the ribbon" on a wonderful addition to the Foster City community.

Thank you for your consideration.

Regards,



Robert Lent, President



Larry Schlenoff, CEO