



January 9, 2017

Konstantin Voronin  
Republic Family of Companies  
84 West Santa Clara Street  
Suite 600  
San Jose, CA 95113

Re: Morgan Hill project

Dear Konstantin:

I have prepared this letter per your request in response to parking conditions and amenity uses for the Morgan Hill Development.

- The footage designated for the "Retail/Leasing" area (2000') would be ideally allocated at approximately 1000' for site office use with the balance allocated as a lobby amenity location.
  - The office area would house the Management personnel, incorporating one office, with a "back of house" storage area for supplies and equipment.
  - The lobby should incorporate a lounge space for resident enjoyment. In my experience these spaces are utilized by the resident base for greeting or meeting with visitors, and provide an alternative space for lounging outside of their own personal apartment homes.
  - With the growing number of residents that home office, we are experiencing an increasing number of residents who might utilize the space as an alternative to their home offices. Typically, the area would include furnishings including but not limited to a coffee bar and comfortable furniture arrangements incorporating both individual, more private areas and gathering placements.
- Required staffing and resulting parking spaces:
  - The building would be staffed once stabilized at one full time Manager, and a part time weekend leasing agent. This would result in one office staff personnel occupying the space, 7 days a week.
  - The site would further employ one full time Maintenance Technician. Maintenance personnel are not employed in an office environment, as their responsibilities warrant consistent and continuous maintenance and monitoring of the facility site.
  - As you are likely aware, there is a State requirement to have one employee reside at the community. This requirement would obviously incorporate one of the residential unit parking spaces, resulting in the necessity of one office parking space daily.
- Office parking:
  - Typically, on a community this size, the stabilized parking requirement would employ 3 "Future Resident" spaces.
  - As a rule, a community will turn approximately 50% of the community annually. Based on the unit mix (83), this results in an annual turnover of approximately 42 units or 3.5 units monthly. At a 20% closing ratio (leases to tours), this results in a monthly prospect traffic



count of 20 potential tours. Assuming an average of 30 days monthly this would result in less than one tour daily.

- By designating 3 spaces, you essentially guarantee ample prospect or "Future Resident" spaces with an overflow allowance.
- Amenity spaces:
  - As a general comment related to amenities, designating a use is a general starting point of the conversation, as our belief is the space should provide opportunities and not limit the use. Each resident will ideally see the space as it fits with their lifestyle. As an example, one resident may see a lounge space with a large screen TV as an area to "get away" and relax during their lunch hour if they home office, while another may see the space as a place to enjoy a sports event with their friends. Therefore, our recommendation is to add as many layers as possible to each area, and/or allow for multiple uses.
  - I reviewed the proposed amenities and forward the following comments:
    - Recreation Center – The Recreation Center would ideally incorporate an active gaming element, providing residents with an area to gather, meet friends and either collectively watch a movie or enjoy a billiards/ping pong table as an example. In my experience this type of space is utilized daily and is very attractive to residents, their guests and potential renters.
    - Café – The Café would provide an area for residents to reserve for collective functions, utilizing a supporting environment for food service. This isn't necessarily a full kitchen as in my experience most events are catered or have food brought in, so as an example could incorporate warming drawers, ice machines, and refrigeration aspects along with furnishings that support dining.
    - Meeting – Ideally the space would support a co-op work environment or a meeting room.
    - Gym – Typically fitness areas are an expectation in multi-family developments and could utilize cardio and strength training equipment.
    - Pet Spa – We are experiencing approximately 30% to 35% of our residents that are pet parents. That said, wash and or grooming stations are attractive as most pet parents prefer to wash their pets at home.

If you have any questions, please let me know.

Sincerely,

WOODMONT REAL ESTATE SERVICES



Rhonda Sorochin  
Vice President