

From: "Rich Kahn" <[REDACTED]>
To: "Jeffrey Epstein" <jeevacation@gmail.com>
Subject: FW: LSJ Fee Discount and Design Intent
Date: Fri, 30 Apr 2010 19:35:44 +0000
Attachments: Agreement_LSJ_signed_110909.pdf

Rich Kahn

HBRK Associates Inc.

301 East 66th Street, Suite 10F

New York, NY 10065



From: Warwick Wicksman [mailto:[REDACTED]]
Sent: Friday, April 30, 2010 11:17 AM
To: Rich Kahn
Subject: LSJ Fee Discount and Design Intent

Rich,

I have not heard back from you or Mr. Epstein regarding the design for the Screening Room and Pool Area at LSJ.

If Mr. Epstein intends to proceed with the **original design** (not the revised alternate version), here is what I can offer as a "discount" on the fees:

Consultant Mark-ups:

The 15% mark-up indicated in our contract (see paragraph D.4) does not apply to the Consultants in our current contract. It is specifically for any future Consultants, or for additional Consultant work, if required for the project. The Consultant fees listed on Attachment B do not include an across-the-board 15% mark-up. In most cases, while we did start with some mark-up, it was decreased or eliminated in an attempt to maintain our total fee, as the scope for the Consultants became more defined.

I can offer a total credit of \$7,775 off the Consultants CD Phase fees. That is based on a reducing the mark-ups where they still exist, to 10% max. I cannot discount the mark-up on our current Consultant Invoice.

Gensler Fees:

As I wrote earlier this week, I cannot reduce our fee for work already completed, invoiced and paid. If I did that, I run the risk of not being able to complete the services we are contracted for.

I can offer to reduce our current outstanding invoice, and the balance of our CD Phase work, by 10%. That would be total discount of \$13,500 from our CD fees (\$4,100 off current Invoice #244010, dated 2/15/10, \$8,100 of the balance of our CD fee for the Pool Area, \$800 off our CD fee for the ATV Garage, and \$500 off our Allowance for Dock House CD review).

I can offer to reduce or CA Phase services by 10%, for an additional savings of \$9,500, if we convert those services to a Time + Materials Allowance.

In addition to these discounts, I can reduced our mark-up on future reimbursable expenses from 12% to 10% (we already agreed to reduce our standard 15% mark-up on reimbursable expenses to 12%, during contract negotiations with Darren (see paragraph D.3.)). I cannot reduce the mark-up on reimbursables in the current or previous invoices.

Rich, I must remind you that we did go through extensive negotiations, over a long period, with Mr. Epstein and his team. We have also already added scope to our work (like the laundry room, re-design of several areas after design approval, and even the alternate design concept after the project was put on hold), without requesting additional fees.

We offer these discounts in anticipation that Mr. Epstein will authorize Gensler and our Consultants to move forward with this project.

If Mr. Epstein authorizes us to move forward with the alternate design for the pool area and screening room, we can still discount current Invoice #244010 by the \$4,100 noted above. However, the rest of the fees for Gensler and our Consultants will need to be renegotiated, once the revised scope is defined, and we can analyze the effort it will take to get the project back on track.

If Mr. Epstein decides to terminate our agreement for this project, we expect to the current invoices to be paid in full immediately, per the terms of our agreement.

Rich,

I hope this meets your needs. Please let me know if you have any questions, or if you need additional information.

Thanks,

Warwick

Warwick Wicksman, AIA
Principal

Gensler

2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Warwick Wicksman
Sent: Wednesday, April 28, 2010 9:05 AM
To: 'Rich Kahn'
Subject: RE: Re:

Hi Rich,

I am reviewing your proposal to "discount" our fees, and will get back to you in the next day or so, after some further review and some internal meetings. However, I do have some preliminary thoughts and questions.

First and foremost, I need to understand if Mr. Epstein is planning to have us proceed with the current design, or if we will be proceeding with the new design concept he requested after the project was put on hold. If we are proceeding with the original design, we can discuss discounting some of the fees. If we are going to pursue the new design, we need to settle up the current invoices, and discuss the fees associated with the re-design effort.

We spent a lot of time negotiating the contract, including the scope and our fees, with Mr. Epstein and Darren Indyke. A copy of the signed contract is attached for your reference. As you can see, the scope and fee breakdown is quite complete. We were almost complete with the Architectural scope work when the project was put on hold. We had completed all of the preliminary phases, and were 60% complete on the CD phase. We also added additional scope – the added laundry area – without requesting additional fees.

If Mr. Epstein wants to move forward with the original design, I will look into discounting a portion of our remaining work. I am concerned about discounting work already completed, however, as I do not want to risk our ability to finish the project.

I cannot discount our previous consultant or reimbursable mark-ups. These items are part of our tax basis for the City of Santa Monica, and the mark-up covers our tax liability for this, and our administration of these items. However, I can review reducing our mark-up percentage on these items for the remainder of the work.

I will have a more complete response to this request by the end of the week.

Thanks,

Warwick

Warwick Wicksman, AIA
Principal

Gensler
2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Rich Kahn [mailto:]
Sent: Tuesday, April 27, 2010 9:10 AM
To: Warwick Wicksman
Subject: RE: Re:

Thanks for calling this morning. Hopefully we can resolve this issue and get the project moving forward ASAP as I know Mr. Epstein would like to work with you. Based on our conversation I would like a discount of \$62,390.88 on Mr. Epstein's balance due based on the following calculations:

Per Contract

Total Gensler Fees to be paid		547,000.00
Total Consultants Fees to be paid	456,250.00	
Profit percentage = 15%	<u>15%</u>	68,437.50
Total Expenses paid to date	40,594.08	
Projected Future expenses	30,000.00	
Profit percentage = 12%	<u>12%</u>	<u>8,471.29</u>
Total Gensler Fees		623,908.79
Requested Discount - 10%		62,390.88

I look forward to hearing from you.

EFTA00733517

Thank you.

Rich Kahn

HBRK Associates Inc.

301 East 66th Street, Suite 10F

New York, NY 10065

From: Warwick Wicksman [mailto:]
Sent: Monday, April 26, 2010 5:50 PM
To: Rich Kahn
Subject: RE: Re:

Rich, sorry I missed you today. I will be on a construction site all day tomorrow, but will call you early tomorrow so we can touch base.

Warwick

Warwick Wicksman, AIA
Principal

Gensler
2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Rich Kahn [mailto:]
Sent: Monday, April 26, 2010 7:07 AM
To: Warwick Wicksman
Subject: RE: Re:

Can you please call me when you have time today

EFTA00733518

Thank you

Rich Kahn

HBRK Associates Inc.

301 East 66th Street, Suite 10F

New York, NY 10065



From: Warwick Wicksman [mailto:
Sent: Monday, April 19, 2010 7:43 PM
To: Jeffrey Epstein
Cc: Gary Kerney; Doug Schoettle; Rich Kahn
Subject: RE: Re:

Hi Jeffrey,

I am sorry I missed your message over the weekend. I asked our project accountant to audit the account, to verify the total amount owed. In that audit, we discovered that one invoice for reimbursable expenses, #231653 for \$11,582, was paid twice last October! Attached is a *revised* invoice for reimbursable expenses, reflecting the credit for the double payment.

The total amount due at this time is the following:

Gensler fees: \$41,000

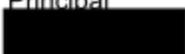
Consultant fees: \$26,125

Reimbursable expenses: \$3,238.78

Total: \$70,363.78

I hope that clarifies things. Let me know if you need more info. I will be out of the office Tuesday (I am on a construction site all day Tuesdays).

Warwick Wicksman, AIA
Principal



Gensler

2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]

Sent: Saturday, April 17, 2010 8:10 AM

To: Warwick Wicksman

Subject: Re: Re:

what is the total owed ,, ? are you around today.

On Wed, Apr 14, 2010 at 11:18 AM, Warwick Wicksman <[REDACTED]> wrote:

Mr. Epstein,

Attached is a PDF of our signed contract. Please refer to Attachment B, pages 11 and 12 of the attachment, for the detailed fee breakdown requested for each consultant. I added some notes on page 11. The current Architecture and Consultant invoices are also attached for reference.

Each of the consultants has been paid for the Schematic Design services, previously completed (drawings issued 8/14/09). Each of the consultants has also received their Design Development retainer (50% of their DD fee).

This Consultant invoice is for the consultants that have completed their Design Development services, as of our Plan Check Issue (drawings issued 1/8/10), and are due the balance of their fees for that phase. That includes:

- Structural
- Mechanical, Electrical, Plumbing
- Lighting
- Audio/Visual

The remainder of the consultants had not proceeded beyond their 50% retainer at the time the project was put on hold.

Gary and Doug were sent progress drawings for all of the work. Please let me know if you want me to re-send any of it to you for reference.

Please let me know when you would like to discuss this, or if you need additional information. I will be out of the office most of the day again today, but will be back around 4:00 PST. I am also available to speak any time tomorrow; I am scheduled to be in the office all day.

Thanks!

Warwick

Warwick Wicksman, AIA
Principal

Gensler
2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Monday, April 12, 2010 8:22 AM
To: Warwick Wicksman
Subject: Re: Re:

I would like a summary of work to date, dollars for each ,, paid to date , amount owing. consultants with more detail.

On Mon, Apr 12, 2010 at 11:15 AM, Warwick Wicksman <warwick.wicksman@gensler.com> wrote:

Sure. What time works for you? And is there new info you need me to send out in advance?

Warwick Wicksman, AIA
Principal

Gensler
2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Monday, April 12, 2010 8:12 AM
To: Warwick Wicksman
Subject: Re:

wed night?

On Mon, Apr 12, 2010 at 11:10 AM, Warwick Wicksman <[REDACTED]> wrote:

Mr. Epstein,

Do you need any additional information from me for this call? Please note, I am on a construction site all day tomorrow, and will not be able to call in.

Thanks,

Warwick

Warwick Wicksman, AIA
Principal
[REDACTED]

Gensler
2500 Broadway
Suite 300
Santa Monica, California 90404
USA

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Monday, April 12, 2010 6:47 AM
To: Warwick Wicksman
Cc: Rich Kahn; Gary Kerney
Subject:

our call will have to wait until rich kahn comes in tomorrow

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