



05-19-06 10:19 IN

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

May 25, 2006

9:00 a.m.

James R. Mills Building
Board Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ADLs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - May 11, 2006
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please furnish a copy to the Clerk of the Board.
4. Presentation of Distinguished Service Awards for San Diego Trolley, Inc.

Approve



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

CONSENT ITEMS

6. MTS: Disadvantaged Business Enterprise (DBE) Semiannual Report Approve
Action would receive the semiannual Fiscal Year 06 DBE reports for Federal Highway Administration (FHWA)- and Federal Transit Administration (FTA)-assisted contracts.

CLOSED SESSION

24. a. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS Possible Action
Pursuant to California Government Code Section 54956.8
Property: Right-of-Way Adjacent to Grossmont Center Station Parking Lot at the Intersection of Grossmont Center Drive and Fletcher Parkway
Agency Negotiators: R. Martin Bohl, Paul Jablonski, Tim Allison, Tiffany Lorenzen, and Jerry Trimble
Negotiating Parties: Fairfield Residential, LLC, JP Morgan Chase Bank, and Mass Mutual
Under Negotiation: Instructions to Negotiators will Include Price and Terms of Payment
- b. MTS: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Possible Action
Significant Exposure to Litigation Pursuant To Subdivision (b) of California Government Code Section 54956.9 (One Potential Case)

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. MTS: Rural Service Update Approve
Action would: (1) receive an update regarding performance of rural services; and (2) authorize staff to submit Intercity Bus Program grant applications to support: (a) FY 07 operating subsidy costs for rural services; and (b) the East County Bus Maintenance Facility (ECBMF) expansion.
31. MTS: Office of Homeland Security Grant Approve
Action would approve the use of Office of Homeland Security (OHS) special grant funds in support of the San Ysidro Closed-Circuit Television (CCTV) Project and approve the CEO as "Authorized Agent" on behalf of this grant.

- | | | |
|-----|--|-----------------|
| 32. | <u>MTS: Update on the Status of the Grossmont Trolley Station Joint Development Project</u> Action would: (1) receive an update from General Counsel regarding the status of the Grossmont Trolley Station Joint Development Project; and (2) approve or authorize the following documents if negotiations have been concluded with Fairfield Residential, LLC's (Fairfield's) lenders. These documents will be couriered to each Board member's office next week if a final agreement is reached: (a) authorize the Chief Executive Officer (CEO) to execute the Disposition and Development Agreement (DDA) and Ground Lease, in substantially the same format as provided to the Board; (b) approve the appraisal report; and (c) authorize the CEO to execute and sign any other documents necessary to complete the transaction, including the lenders' Estoppel Certificate and the Parcel Map. | Possible Action |
| 33. | <u>MTS: Employee Suggestion Award Program</u> Action would authorize the CEO to implement an Employee Suggestion Award Program agency wide. | Approve |
| 34. | <u>MTS: ADA Paratransit Vehicle Inspection Award</u> Action would authorize the CEO to execute an agreement with Vehicle Technical Consultants, Inc. (VTC) for plant inspections, post-production inspections, and a post-delivery compliance audit. | Approve |

REPORT ITEMS

- | | | |
|-----|---|-----------------|
| 45. | <u>MTS: Comprehensive Operational Analysis (COA) Implementation Status</u> Action would receive a report on the Comprehensive Operational Analysis implementation phasing and its associated marketing and outreach. | Receive |
| 46. | <u>MTS: February and March 2006 Monthly Performance Indicators</u> Action would receive this report for information. | Receive |
| 47. | <u>SDTC: Customer Information Project</u> Action would receive this report for information. | Receive |
| 48. | <u>SDTC: Preventative Fleet Maintenance Restructuring</u> Action would receive this report for information. | Receive |
| 60. | <u>Chairman's Report</u> | Possible Action |
| 61. | <u>Chief Executive Officer's Report</u> | Information |
| 62. | <u>Board Member Communications</u> | |

63. Additional Public Comments Not on the Agenda

Possible Action

If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.

64. Next Meeting Date: June 8, 2006

65. Adjournment

JGard
AGENDAS EC 5-18-06 BD 5-25-06
5/18/2006

| |
|-------------------------------|
| Submitted by: _____ |
| Reviewed by: _____ |
| Retain in Posting File: _____ |
| OH File (Yes) _____ |
| Return to Submitter: _____ |

Submitted by: Debbie B.

Remove On: 5/25

Return to Submitter: Gail W.

OR (Pick One)

Retain in Posting File: _____

**METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL**

MEETING OF (DATE): 5/25/06

CALL TO ORDER (TIME): 9:13 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:27 a.m.

RECONVENE: 10:04 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 11:45 a.m.

| BOARD MEMBER (Alternate) | | | | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------------------|-------------------------------------|------------|--------------------------|---------------------------|-------------------------------------|
| ATKINS | <input type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| CLABBY | <input checked="" type="checkbox"/> | (Selby) | <input type="checkbox"/> | | |
| EMERY | <input checked="" type="checkbox"/> | (Cafagna) | <input type="checkbox"/> | | |
| EWIN | <input checked="" type="checkbox"/> | (Jantz) | <input type="checkbox"/> | | |
| FAULCONER | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | 11:29 a.m. during AI 47 |
| HANSON-COX | <input checked="" type="checkbox"/> | (Lewis) | <input type="checkbox"/> | | |
| MAIENSCHIN | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | |
| MATHIS | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | |
| MCLEAN | <input checked="" type="checkbox"/> | (Janney) | <input type="checkbox"/> | | |
| | | (Rose) | <input type="checkbox"/> | | |
| MONROE | <input checked="" type="checkbox"/> | (Tierney) | <input type="checkbox"/> | | |
| RINDONE | <input checked="" type="checkbox"/> | (McCann) | <input type="checkbox"/> | | |
| ROBERTS | <input type="checkbox"/> | (Cox) | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| RYAN | <input type="checkbox"/> | (B. Jones) | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| YOUNG | <input type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| ZARATE | <input type="checkbox"/> | (Parra) | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Jeffrey W. Z...

DRAFT

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)

May 11, 2006

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

Finance Workshop – 8:00 a.m.

1. Roll Call

Chairman Mathis called the meeting to order at 8:17 a.m. A roll call sheet listing Board member attendance is attached.

2. MTS: FY 2007 Budget Development (FIN 310.1, PC 50601)

Mr. Larry Marinesi, MTS Budget Manager, provided a recap of budget activities and presentations to the Board to date. He reported on the fuel assumption approved by the Board and its impact on the FY 2007 budget. He also reviewed how the implementation of the service changes approved under the Comprehensive Operational Analysis (COA) will impact the budget. He reported that staff projects \$719,000 in savings for FY 2007 as a result of the COA with full savings being realized in FY 2008. He added that the \$719,000 will be moved into MTS's FY 2008 capital project. Mr. Marinesi also reviewed the Combined Budget Revenue/Expense Schedule and reported that revenues (operating and nonoperating) are projected to exceed expenses by \$2,019,000 for FY 2007.

Mr. Marinesi also reviewed the recommended structure for the FY 2007 Performance Incentive Program (PIP). He stated that the Plan provides the CEO with the flexibility to award the bonus pool in a way that recognizes the contributions made by divisions or departments toward the three basic goals of the program – increases in revenues, savings in expenses (excluding energy), and the meeting of COA performance goals.

Mr. Ewin objected to the structure of the budget portion of the program. He felt that increasing revenues and decreasing expenses should be approached from a net-effect standpoint to encourage staff's pursuit of both goals and to prevent using an increase in expenditures to facilitate an increase in revenues. In response to a question from Mr. Ewin, Mr. Cliff Telfer, MTS Acting Chief Financial Officer, reported that staff is currently looking into hedging arrangements for fuel and pointed out that only 20 percent of MTS's current fleet uses diesel fuel. He added that, if fuel costs exceed budget, staff could cover that cost by recapturing the COA savings transferred into capital. In response to another question from Mr. Ewin, Mr. Marinesi explained that traction power for the trolley is projected at 14.5 cents per kilowatt hour. He added that this rate has been relatively stable and was agreed upon after discussions with utility companies. Mr. Tereschuck stated that utility companies do anticipate a rate increase, and that rate increase was taken into consideration in the development of this projection.

In response to a question from Mr. Monroe, Mr. Conan Cheung, MTS Director of Planning and Performance Monitoring, reviewed how COA service changes would be phased in and confirmed that all route changes being implemented were approved by the Board during the COA.

Mr. Monroe stated that PIP awards should be given for specific performance measures such as miles between road calls, accidents per 1,000 miles, etc. He felt that if budgeting is correctly done, there would be little opportunity for reducing expenses or increasing revenues compared to budgeted amounts. He stated that the revenue and expense goals were not quality-oriented theory. He also stated that MTS should be more project-management oriented, not financial-management oriented. He cited, as an example, a company that trains their operators to drive in a more fuel efficient manner and, as a result, experiences savings in fuel expense.

Mr. Roberts stated his support for using revenue and expense goals and giving the CEO the flexibility to make awards based on the level of contribution towards reaching those goals. He added that the restructured program does not preclude the CEO from making specific bonuses for specific achievements. He added that he would support a net-effect approach. Mr. Mathis expressed his support of this concept. He stated that the objective is to free up funds that can be used to reward employees. Mr. Roberts asked that staff consider a net-effect approach. Mr. Roberts also stated that MTS could consider Mr. Monroe's suggestions for next year's PIP program. Mr. Monroe volunteered to sit on a committee to develop the PIP. Mr. Roberts offered to elect him to such a committee.

Mr. Ewin expressed concern regarding MTS's ability to recapture COA savings that are transferred into the capital program, specifically getting SANDAG support of such an action. Mr. Mathis felt that SANDAG would not want to micromanagement the budget and that MTS can function independently within the confines of its budget.

Mr. Tereschuck, SDTI President-General Manager, assured the Board that the PIP as presented to the Board does not exclude supplemental goals within the organization. He stated that Mr. Jablonski, MTS CEO, constantly challenges the staff to come up with a range of goals to improve the company's performance in all areas. He pointed out that the achievement of these goals directly translates into budget savings. Mr. Emery stated that he would be interested in hearing about these more specific measurements and also stressed that the ultimate goal is to leave the COA savings in the 2007 capital program, which is currently so short of funds. Mr. Ewin requested that staff share with the Board specific strategies and goals for achieving budget and meeting performance objectives.

Action Taken

Mr. Roberts moved to receive a report on the MTS fiscal year 2007 operating budget and approve the following budgetary assumption for the fiscal year 2007: (1) a funding shift of any Comprehensive operational Analysis savings to the FY 2008 Capital Improvement Program with the understanding that, in an emergency, these funds can be recaptured to cover operating costs; and (2) bring Approval of the Performance Incentive Plan back to the Board after consideration is given to Board member comments regarding a net-effect approach to the revenue and expense goals and providing additional information on the performance standards that will be used to achieve the budget objectives. Mr. Ewin seconded that motion, and the vote was 12 to 0 in favor.

3. Public Comment

There was no Public Comment.

Board Meeting – 9:00 a.m.

4. a. Roll Call

Chairman Mathis called the meeting to order at 9:10 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Clabby moved to approve the minutes of the April 27, 2006, Board of Directors meeting. Ms. Atkins seconded the motion, and the vote was 12 to 0 in favor.

c. Public Comment

Don Stillwell: Mr. Stillwell presented data that he had gathered demonstrating that 15-minute frequency is not needed on Route No. 13. He suggested using Grossmont Trolley Station instead.

Clive Richard: Mr. Richard objected to banning smoking at bus and trolley stops, but suggested that, if it is deemed necessary to do, initiate a ban within 20 feet of the stop. He stated that SDSU has such a ban within 20 feet of entrances of buildings. Mr. Richard also stated that he experienced a prolonged trip on the trolley because of a door malfunction that caused a delay in the schedule. He wondered if this was a sign of the times and stated that minor problems can have major consequences. He stated that the Board needs to find funding to maintain infrastructure.

CONSENT ITEMS

6. MTS: Increased Authorization for Legal Fees for the San Ysidro Intermodal Transportation Center (CIP 10453.6)

Recommend that the Board of Directors ratify previous actions of the CEO and authorize the CEO to enter into Contract Amendment No. 6 to MTS Document No. L0602.0-02, in substantially the same form as Attachment A of the agenda item, with Best Best & Krieger LLP for legal services for the San Ysidro Intermodal Transportation Center Project.

Recommended Consent Items

Mr. Ewin moved to approve Consent Agenda Item No. 6. Mr. Rindone seconded the motion, and the vote was 13 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:17 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Subdivision (a) of California Government Code Section 54956.9: OPM, Inc. v. MTDB, et. al., (Superior Court Case No. GIS 80671)
- b. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Government Code Section 54956.8
Property: Right-of-Way Adjacent to Grossmont Center Station Parking Lot at the intersection of Grossmont Center Drive and Fletcher Parkway
Agency Negotiators: R. Martin Bohl, Paul Jablonski, Tim Allison, Tiffany Lorenzen, and Jerry Trimble
Negotiating Parties: Fairfield Residential, LLC, JP Morgan Chase Bank, and Mass Mutual
Under Negotiation: Instructions to Negotiators will Include Price and Terms of Payment
- c. MTS: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: (One Potential Case)

The Board reconvened to Open Session at 10:29 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, General Counsel, reported the following:

- a. The Board received a report from outside counsel.
- b. This item was continued.
- c. The Board received a report and gave direction to General Counsel.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Update on the Status of the Grossmont Trolley Station Joint Development Project
(LEG 460, PC 50787)

Ms. Tiffany Lorenzen, MTS General Counsel, provided the Board with an update on this project. She reported that the final versions of the Disposition and Development Agreement (DDA) and Ground Lease were provided to Fairfield and its lenders on Friday, April 28, 2006. She reported that the lenders reviewed the documents and submitted a list of issues to be resolved. She stated that staff and outside counsel spent four hours discussing the 40 items listed in their 19-page memorandum. She added that there are five to ten issues that remain, which will be discussed during a conference call tomorrow. She felt that two or three of the issues are still outstanding because the lender's attorney is based in Texas and is unfamiliar with California practices in this regard. She reported that the attorney will be consulting with their law office in California. Mr. Wesley Espinoza, Fairfield Residential, LLC, agreed with Ms. Lorenzen's assessment and added that it is very important to be careful in resolving these issues as all parties will be operating under the provisions of the Ground Lease for 99 years. He stated that he appreciated everyone's patience.

Mr. Ewin requested that the Tasks Remaining Checklist show each task for each party and that each task be checked off as the paperwork is finalized to complete that task. Ms. Lorenzen advised the Board that she has received verbal approval from the property owner to do the necessary soil borings. She stated that the soil borings are necessary before decisions can be made regarding the pedestrian landing bridge. She stated that neither of these two items affect the closing of escrow or the start of construction. She further reported that there are a few issues left to resolve related to the parking license.

In response to a question from Mr. Monroe, Ms. Lorenzen reported that work on the purchase and sales agreement with the City of La Mesa has been put aside until work on the DDA and Ground Lease has been completed. She added that legal counsel for the redevelopment agency has provided MTS with comments. She added that MTS has already discussed issues raised by the City of La Mesa regarding the DDA and Ground Lease, and the appropriate changes have been made to these documents as a result of those discussions.

Public Comment

Clive Richard: Mr. Richard suggested that MTS enter into a restrictive covenant rather than just promising to refrain from discrimination in connection with this project. Ms. Lorenzen responded that all discrimination matters are governed by state and federal law.

Action Taken

Mr. Emery moved to (1) receive an update from General Counsel regarding the status of the Grossmont Trolley Station Joint Development Project. Ms. Atkins seconded the motion, and the vote was 13 to 0 in favor.

REPORT ITEMS

45. MTS: Operations Budget Status Report for March 2006 (FIN 310.1, PC 50601)

Mr. Tom Lynch, MTS Controller, provided a financial review through March 2006. He reviewed the Total Combined Net Operating Subsidy Variance and revenues and costs compared to budget.

Action Taken

Mr. Rindone moved to receive the MTS Operations Budget Status Report for March 2006. Ms. Atkins seconded the motion, and the vote was 13 to 0 in favor.

60. Chairman's Report

There was no Chairman's Report.

61. Chief Executive Officer's Report

Green Line Survey: Mr. Tereschuck advised Board members that final SANDAG Service Bureau Green Line Trolley Survey Reports were on the table behind his seat and available for any Board member desiring to have a copy. He indicated that copies made available on previous occasions were draft copies.

62. Board Member Communications

Brown Act: Ms. Lorenzen reported that she could provide, at request by each Board member, a booklet detailing the 2006 Brown Act. She stated that these books are being provided to MTS by outside counsel.

63. Additional Public Comments on Items Not on the Agenda

Judith MacLeod: Ms. MacLeod stated that she has been riding buses for 30 years. She objected to riders being instructed to take taxis when bus services do not meet their needs. She pointed out that riders are typically on fixed incomes. She also stated that televisions on buses distract passengers. She added that, if the televisions are mounted on the right-hand side of the bus, they block a rider's view and ability to identify where to disembark the bus. She added that they also add to noise pollution on the bus. She briefly described how passengers are impacted if they miss their "last" bus.

64. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, May 25, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:49 a.m.

Chairperson
San Diego Metropolitan Transit System
Filed by:

Approved as to form:

Office of the Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

gail.williams/minutes

METROPOLITAN TRANSIT DEVELOPMENT BOARD
FINANCE WORKSHOP

ROLL CALL

MEETING OF (DATE): 5/11/06

CALL TO ORDER (TIME): 8:17 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 9:08 a.m.

| BOARD MEMBER | | | | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|-------------------------------------|-----------|-------------------------------------|-------------|---------------------------|-------------------------------------|
| ATKINS | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | | |
| CLABBY | <input checked="" type="checkbox"/> | (Selby) | <input type="checkbox"/> | | | |
| EMERY | <input checked="" type="checkbox"/> | (Cafagna) | <input type="checkbox"/> | | | |
| EWIN | <input checked="" type="checkbox"/> | (Jantz) | <input type="checkbox"/> | | | |
| FAULCONER | <input type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | | <input checked="" type="checkbox"/> |
| HANSON-COX | <input type="checkbox"/> | (Lewis) | <input checked="" type="checkbox"/> | | | |
| MAIENSCHIN | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | 8:47 a.m. | |
| MATHIS | <input checked="" type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | | |
| MCLEAN | <input checked="" type="checkbox"/> | (Janney) | <input type="checkbox"/> | | | |
| | <input type="checkbox"/> | (Rose) | | | | |
| MONROE | <input checked="" type="checkbox"/> | (Tierney) | <input type="checkbox"/> | | | |
| RINDONE | <input type="checkbox"/> | (McCann) | <input type="checkbox"/> | | | <input checked="" type="checkbox"/> |
| ROBERTS | <input checked="" type="checkbox"/> | (Cox) | <input type="checkbox"/> | | 8:25 a.m. | |
| RYAN | <input type="checkbox"/> | (B Jones) | <input checked="" type="checkbox"/> | | | |
| YOUNG | <input type="checkbox"/> | (Vacant) | <input type="checkbox"/> | | | <input checked="" type="checkbox"/> |
| ZARATE | <input checked="" type="checkbox"/> | (Parra) | <input type="checkbox"/> | | | |

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Jeffrey W. ...

NOT TURNED IN TO ACCOUNTING FOR THE PAYMENT OF FEES. ONLY THE ROLL CALL FOR THE FULL BOARD MEETING ON THIS DATE WAS TURNED IN FOR PAYMENT OF FEES.

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 5/11/06

CALL TO ORDER (TIME): 9:09 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:17 a.m.

RECONVENE: 10:29 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 10:49 a.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|--|---------------------------|-------------------------------------|
| ATKINS | <input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/> | | |
| CLABBY | <input checked="" type="checkbox"/> (Selby) <input type="checkbox"/> | | |
| EMERY | <input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/> | | |
| EWIN | <input checked="" type="checkbox"/> (Jantz) <input type="checkbox"/> | | |
| FAULCONER | <input type="checkbox"/> (Vacant) <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| HANSON-COX | <input type="checkbox"/> (Lewis) <input checked="" type="checkbox"/> | | |
| MAIENSCHIN | <input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/> | | |
| MATHIS | <input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/> | | |
| MCLEAN | <input checked="" type="checkbox"/> (Janney) <input type="checkbox"/> (Rose) <input type="checkbox"/> | | |
| MONROE | <input checked="" type="checkbox"/> (Tierney) <input type="checkbox"/> | | |
| RINDONE | <input checked="" type="checkbox"/> (McCann) <input type="checkbox"/> | 9:12 a.m. during AI 3 | |
| ROBERTS | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | | |
| RYAN | <input type="checkbox"/> (B. Jones) <input checked="" type="checkbox"/> | | |
| YOUNG | <input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/> | 9:17 a.m. for AI 24 | 10:29 a.m. after AI 24 |
| ZARATE | <input checked="" type="checkbox"/> (Parra) <input type="checkbox"/> | | |

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Jeffery W. Winters

SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

8:30
3

ORDER REQUEST RECEIVED

1

****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 5/25/06
Name (PLEASE PRINT) Chuck Lungerhausen
Address 5308 Monroe Ave. Apt. #124
San Diego, CA 92115
Telephone (619) 546-5610
Organization Represented (if any) Self

Subject of your remarks: 2006 MS Walk

Agenda Item Number on which you request to speak 3

Your comments are presenting a position of: SUPPORT



OPPOSITION



2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****

1.
May 25, 2006
MTSB mtg.
AGENDA ITEM #3 (Public Comment)

Good morning Chair Mathis, Board members, Staff, and other fellow citizens. Chuck Lungerhausen of 5308 Monroe Ave. #124 which is in the SDSU neighborhood of San Diego. 92115
Phone 619-546-5610

Things are coming to an end with the 2006 MS Walk in a few days, but I can still take any final donations today. Am hoping for a total in the \$5,700 range, which will be the best ever. Am very thankful for all your checks made to the National MS Society. Wheather I will be able to continue doing this fund raising year after year is always a question that I have to answer with each new year. In the past year or so have had to start using a strap accrossed my chest to help me sit more vertical because my muscles on the left are failing to get the message to perform. Hopefully the progression of the disease will remain very slow. Thank you again for all of your support.

Now on the public transportation front when things go well like the timing of your connections to to a destination all fall into place like things did last Tuesday for my dental appointment, but as usual left a half hour early. Using transit can be faster than going by car because one does not have to find a place to park the car. However when things do not go well with transit like a lift on the Green line did not work yesterday Wednesday so I missed a connection and was delayed getting to my destination by a half hour. For me this was not a big deal because I had left a half hour earlier because I know how things can go haywire with transit. With tbe recent increase in gasoline prices am glad I know how to use transit. There is one thing I do not like about a transit life style is the lack of frequent service at night. It is my hope that this will change in the future as more people see the value to using transit.

Thank you for listening and the opportunity to speak.



AGENDA ITEM NO.

8-45
PC 3**REQUEST TO SPEAK FORM**

ORDER REQUEST RECEIVED

2

****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 5-25-06Name (PLEASE PRINT) RICK MILNEAddress 4620 ZION AVE FI SD CA 92120Telephone 619-584-7183

Organization Represented (if any) _____

Subject of your remarks: BUS SERVICE

Agenda Item Number on which you request to speak _____

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐**2. TESTIMONY AT NOTICED PUBLIC HEARINGS**

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****





AGENDA ITEM NO.

PC

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

3

****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 5-25-06
Name (PLEASE PRINT) OLIVIA MILNE
Address 4620 ZION AVE Apt F1
SAN DIEGO CA 92120
Telephone 619-584-7183
Organization Represented (if any) _____

Subject of your remarks: BUS SERVICE

Agenda Item Number on which you request to speak _____

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐**2. TESTIMONY AT NOTICED PUBLIC HEARINGS**

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

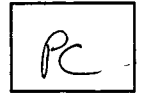
Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****

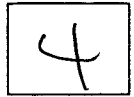




AGENDA ITEM NO.

**REQUEST TO SPEAK FORM**

ORDER REQUEST RECEIVED



****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 5-25-2006Name (PLEASE PRINT) DON STILLWELLAddress 16308 RANCHO MISSION RD #173SAN DIEGO, CA 92128Telephone (619) 282-7760

Organization Represented (if any) _____

Subject of your remarks: DANGEROUS SITUATIONS, UNMARKED AREAS

Agenda Item Number on which you request to speak _____

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐**2. TESTIMONY AT NOTICED PUBLIC HEARINGS**

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****





1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 6

Board of Directors Meeting for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

LEG 430 (PC 50121)

May 25, 2006

Subject:

MTS: DISADVANTAGED BUSINESS ENTERPRISE (DBE) SEMIANNUAL REPORT

RECOMMENDATION:

That the Board of Directors receive the semiannual fiscal year (FY) 06 DBE reports for Federal Highway Administration (FHWA)- and Federal Transit Administration (FTA)-assisted contracts (Attachment A).

Budget Impact

None.

DISCUSSION:

On September 8, 2005, the Board of Directors approved the following DBE goals for FY 06:

FHWA-Assisted Projects

- DBE Goal for FY 06 – No MTS projects received funding for FY 06

FTA-Assisted Projects

- DBE Goal for FY 06 – 2.3 percent

DBE Reporting Requirements

The DBE reporting requirements have changed. Previously, it was necessary to report on DBE progress payments, which consisted of all payments made to DBE subcontractors, on a quarterly basis. Federal guidelines now require that only contracts that begin and end during a semiannual reporting period need to be monitored and submitted to the FTA and FHWA. For consistency, the same information will be reported



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

to the Board for approval before submission to the FTA and FHWA. Due to this change and the fact that the San Diego Association of Governments (SANDAG) has acquired a sizeable portion of the construction contracts, the numbers reported to MTS are significantly smaller in scope.

DBE Semiannual FY 06 Report for FHWA-Assisted Projects

No MTS projects received FHWA funding in FY 06.

DBE Semiannual FY 06 Report for FTA-Assisted Projects

Attached is a summary illustrating semiannual FY 06 DBE participation for FTA-assisted projects for the period of October 1, 2005, through March 31, 2006 (Attachment A).

The total dollar value of the prime contracts awarded during this reporting period was \$16,025,156. This consisted of 63 contracts, work orders, and/or purchase orders. Thirteen prime contracts were awarded to DBE firms or subcontractors with a dollar value of \$1,231,189. The percentage of monies awarded to DBE firms was 7.6% of FTA-allocated funds.

Nineteen prime contracts that were awarded to DBE firms were completed at a total FTA dollar value of \$7,145,724. DBE primes and subcontractors were awarded \$792,203 of the contracts that were closed out during the FY 05 semiannual reporting period resulting in 1.5% total DBE participation.

Technical Assistance/Outreach

Various outreach efforts targeting DBEs are instituted by the agency to assist in achievement of agency DBE goals. Project bid advertisement notices are published in general circulation media, minority-focused media, and trade-focused media. DBE firms with trades specific to a project's work scope are also identified in the agency's DBE directory and the California Department of Transportation's (Caltrans') DBE database and sent advertisement notices. To assist contractors in meeting a project goal, a DBE directory is specifically tailored to a project's scope of work and is provided to contractors at agency prebid meetings. Additionally, staff participates in community outreach workshops and trade fairs/expos to increase DBE awareness and to inform DBEs of agency contracting opportunities.



Paul G. Jablonski
Chief Executive Officer

Key Staff Contact: Traci Bergthold, 619.557.4540, tbergthold@sdmts.com

MAY25-06.6.DBESEMIANNUAL.TBERGTHOLD

Attachment: A. DBE Participation Report for FTA-Assisted Projects

| UNIFORM REPORT OF DBE AWARDS OR COMMITMENTS AND PAYMENTS | | | | | | | | | |
|--|--|---|---|--------------------------------------|---|--|--|--|--|
| **Please refer to the Instructions sheet for directions on filling out this form** | | | | | | | | | |
| 1. Submitted to (check only one): <input type="checkbox"/> FHWA <input type="checkbox"/> FAA <input checked="" type="checkbox"/> FTA--Vendor Number | | | | | | | | | |
| 2. AIP Numbers (FAA Recipients Only): | | | | | | | | | |
| 3. Federal fiscal year in which reporting period falls: FY 06 4. Date This Report Submitted: 6/1/06 | | | | | | | | | |
| 5. Reporting Period <input checked="" type="checkbox"/> Report due June 1 (for period Oct. 1-Mar. 31) <input type="checkbox"/> Report due Dec. 1 (for period April 1-Sept. 30) | | | | | | | | | |
| 6. Name of Recipient: Metropolitan Transit System | | | | | | | | | |
| 7. Annual DBE Goal(s): Race Conscious Goal 2.3 % Race Neutral Goal 2.3 % OVERALL Goal 2.3 % | | | | | | | | | |
| AWARDS/COMMITMENTS MADE DURING THIS REPORTING PERIOD <small>(total contracts and subcontracts awarded or committed during this reporting period)</small> | A | B | C | D | E | F | G | H | I |
| | Total Dollars | Total Number | Total to DBEs (dollars) | Total to DBEs (number) | Total to DBEs /Race Conscious | Total to DBEs/Race Conscious (number) | Total to DBEs/Race Neutral (dollars) | Total to DBEs/Race Neutral (number) | Percentage of total dollars to DBEs |
| 8. Prime contracts awarded this period | 16,025,156 | 63 | 1,231,189 | 13 | 670194 | 6 | 560,995 | 7 | 7.60% |
| 9. Subcontracts awarded/committed this period | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| TOTAL | | | 1,231,189 | 13 | 670194 | 6 | 560,995 | 7 | 7.60% |
| DBE AWARDS/COMMITMENTS THIS REPORTING PERIOD-BREAKDOWN BY ETHNICITY & GENDER | A | B | C | D | E | F | G | H | I |
| | Black American | Hispanic American | Native American | Subcont. Asian American | Asian- Pacific American | Non- Minority Women | Other (i.e. not of any other group listed here) | TOTALS (for this reporting period only) | Year-End TOTALS |
| 10. Total Number of Contracts (Prime and Sub) | 0 | 10 | 0 | 0 | 2 | 1 | 0 | 13 | 13 |
| 11. Total Dollar Value | 0 | 1,210,189 | 0 | 0 | 21,000 | 0 | 0 | 1,231,189 | 1,231,189 |
| ACTUAL PAYMENTS ON CONTRACTS COMPLETED THIS REPORTING PERIOD | A | B | C | D | E | | | | |
| | Number of Prime Contracts Completed | Total Dollar Value of Prime Contracts Completed | DBE Participation Needed to Meet Goal (Dollars) | Total DBE Participation (Dollars) | Percentage of Total DBE Participation | | | | |
| 12. Race Conscious | 67 | 6,937,354 | 159559 | 792338 | 11% | | | | |
| 13. Race Neutral | 4 | 104185 | | 104185 | | | | | |
| 14. Totals | 71 | 7,041,539 | | 896523 | 12% | | | | |
| 15. Submitted by (Print Name of Authorized Representative) | | | | | 16. Signature of Authorized Representative | | | | |
| 17. Phone Number: | | | | | 18. Fax Number: | | | | |

Att. A, AI 6,
5/25/06, LEG 430



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619/231-1466
FAX 619/234-3407

Agenda

Item No. 30

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 950.7 (PC 50451)

May 25, 2006

SUBJECT:

MTS: RURAL SERVICE UPDATE

RECOMMENDATION:

That the Board of Directors:

1. receive an update regarding the performance of rural services; and
2. authorize staff to submit Intercity Bus Program grant applications:
 - a. to support FY 07 operating-subsidy costs for rural services; and
 - b. for the East County Bus Maintenance Facility (ECBMF) expansion.

Budget Impact

None at this time.

DISCUSSION:

The MTS Board of Directors approved service and fare adjustments to rural services at its October 13, 2005, meeting. The Board also approved a performance measure whereas individual rural routes shall attain a 10 percent fare box return ratio within six months. While the system-wide fixed-route bus farebox recovery ratio is approximately 36 percent, a 10 percent minimum farebox return ratio was established after consideration of the rural environment in which these services operate. In addition, the 10 percent minimum farebox return ratio has parody with the State of California Transportation Development Act (TDA) requirement for rural services.



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

Additionally, the Board suggested that staff return with an update on post implementation performance indicators and feedback from customers and suggested that MTS identify additional financial resources to ensure that rural services continue.

This report provides an update on the performance of rural services and seeks approval to submit a grant application to the California Department of Transportation- (Caltrans)-administered Intercity Bus Program.

Rural Service Performance

Implementation of the service and fare adjustments occurred January 30, 2006, and performance-related data has been collected through April 2006. The table below exhibits rural service performance before and after implementation of service adjustments.

| PRE-ADJUSTMENT RURAL SERVICE PERFORMANCE INDICATORS | | | | |
|---|---------------------|---------------------|---------------|---------------------|
| June 2004 through April 2005 | | | | |
| Route | Pass. Per Veh. Trip | Pass. Per Rev. Hour | Farebox Ratio | Sub. Per Pass. Trip |
| 867 (Ramona - El Cajon, 6 days/wk) | 2.7 | 2.3 | 6.9% | \$27.71 |
| 888 (Jacumba - El Cajon, 6 days/wk) | 5.9 | 1.9 | 5.7% | \$34.22 |
| 889 (Alpine - El Cajon, 7 days/wk) | 1.2 | 1.0 | 3.1% | \$63.67 |
| 891 (Borrego - Ramona, 1 day/wk) | 3.6 | 1.5 | 4.6% | \$43.00 |
| 892 (Borrego - Ramona, 1 day/wk) | 3.7 | 1.3 | 4.0% | \$50.05 |
| 894 (Campo - El Cajon, 7 days/wk) | 13.5 | 5.5 | 16.9% | \$10.18 |
| Rural Service Total | 5.0 | 2.8 | 8.4% | \$22.43 |

| POST-ADJUSTMENT RURAL SERVICE PERFORMANCE INDICATORS | | | | |
|--|---------------------|---------------------|---------------|---------------------|
| January 30, 2005, through April 2006 | | | | |
| Route | Pass. Per Veh. Trip | Pass. Per Rev. Hour | Farebox Ratio | Sub. Per Pass. Trip |
| 888 (Jacumba - El Cajon, 2 days/wk) | 6.1 | 2.7 | 10.4% | \$39.04 |
| 891 (Borrego - El Cajon, 1 day/wk) | 8.0 | 2.5 | 9.0% | \$43.65 |
| 892 (Borrego - El Cajon, 1 day/wk) | 8.9 | 3.0 | 11.1% | \$36.06 |
| 894 (Campo - El Cajon, 5 days/wk) | 12.8 | 6.4 | 23.7% | \$14.20 |
| Rural Service Total | 7.9 | 5.4 | 19.9% | \$17.78 |

As indicated above, performance of these routes has improved after service and fare changes were implemented. Notable is that with the exception of Route 891, each route surpasses the minimum 10 percent farebox return ratio performance standard. Additionally, the overall farebox return ratio more than doubled.

Other performance measures are also markedly improved compared with the previous review of rural services. Passengers per revenue hour almost doubled and passengers per vehicle trip is up substantially. These indicators exhibit that rural services are much better utilized after the improvements. Additionally, because the services are better utilized, the public subsidy needed for each passenger trip is down approximately 21 percent.

Staff will continue to monitor rural services and will return to the Board with a comprehensive evaluation after six months.

Feedback

Thus far, post-implementation feedback from users and interested persons has been nominal. Staff has received approximately two comments regarding rural services since the January 30, 2006, implementation. They included a user comment received via e-mail requesting additional service from Ramona to eastern San Diego County and one phone call from a nonuser requesting additional service to Warner Springs.

Grant Opportunities

Caltrans administers a statewide competitive grant program whereas transit agencies and nonprofit organizations are eligible to apply for up to \$200,000 in financial assistance to support intercity bus service. Eligible projects can include existing operations, new services, or capital projects; however, projects must be consistent with the state-adopted objectives and meet federal certification and assurance guidelines. MTS already meets federal guidelines as an eligible recipient of other federal funds.

State Intercity Bus Program objectives include supporting travel needs of residents in nonurbanized areas and supporting connections with larger regional or national intercity bus service. Existing MTS rural services match very well with the Intercity Bus Program objectives. A successful grant application would reduce the local subsidy cost needed to operate rural service from approximately \$505,348 to \$305,348.

Additionally, a capital project listed in the FY 07 Capital Improvement Program (CIP) consisting of an expansion to the ECBMF, including an emergency generator, has merit in applying for the Caltrans Intercity Bus Program. Eight of the 69 vehicles (12% total) maintained at the ECBMF are used for rural services. An application for \$200,000 would amount to approximately 10% of the project cost. This project is already identified in the FY 07 CIP. A successful grant application would reduce the amount needed from MTS discretionary fund sources.

Given the strength of the two projects in meeting the program objectives, staff recommends that grant applications be submitted for the FY 07 cycle of the Caltrans-administered Intercity Bus Program. Organizations submitting grants will be notified of award in July 2006.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Brandon Farley, 619.595.4920, Brandon.Farley@sdmts.com

MAY25-06.30.RURALSERVICEUPDATE.BFARLEY

Rural Bus Service Update

May 25, 2006



Rural Bus Service Update

Background:

- Rural service and fare adjustments were implemented on January 30, 2006
- Service was adjusted downward approximately 82%-85% while fares went from \$2 and \$3 per trip to \$5 and \$10 per trip
- Service and fare adjustments projected to result in \$1.0m annually in subsidy savings
- Board requested update on performance and encouraged staff to seek out additional funding

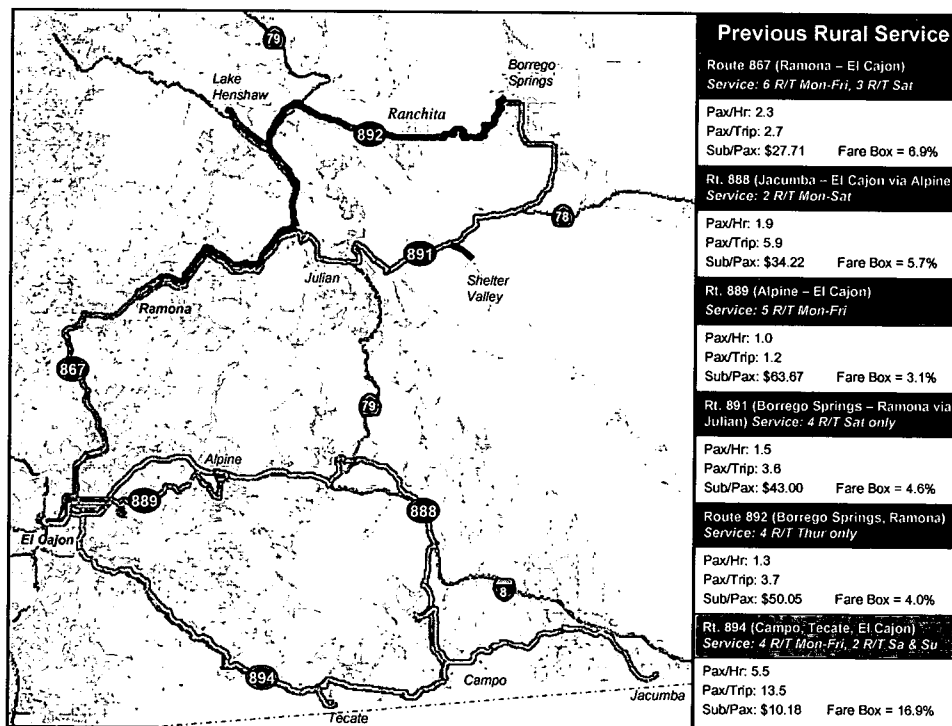
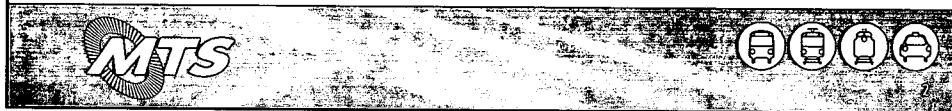
Today's Task:

- Provide update on rural service performance
- Authorize staff to submit 'intercity bus program' grants for financial operating assistance, and for the East County Bus Maintenance Facility expansion



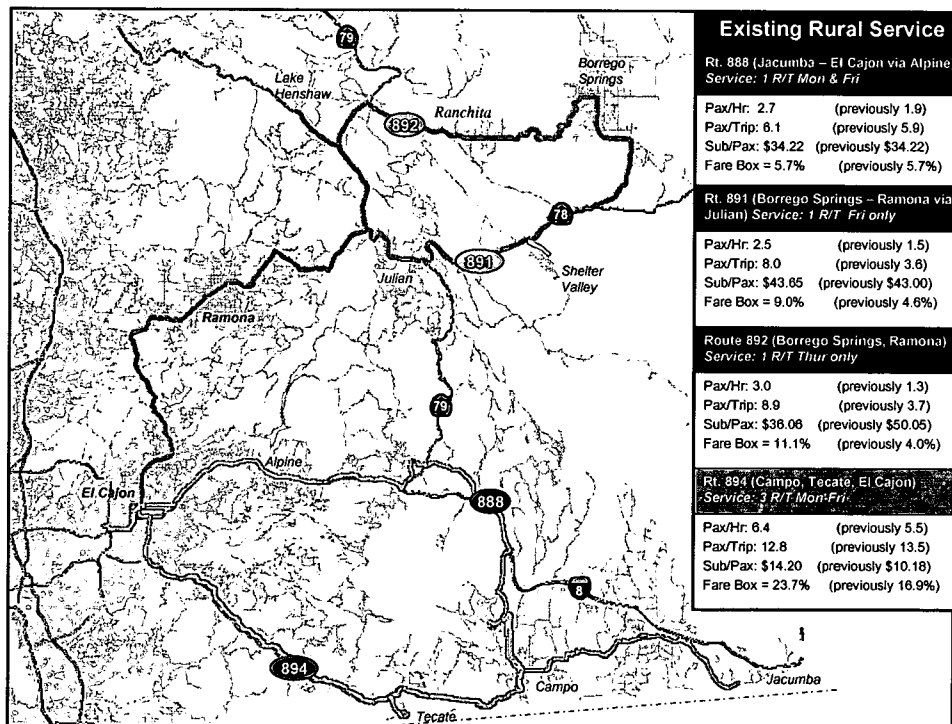
Rural Service Performance Indicators

| | Pre- Service Change | Post Service Change |
|----------------------------|------------------------|------------------------|
| Weekly Bus Trips | 216 | 38 |
| Weekly Passengers | 1,080 | 450 |
| Average Weekday Passengers | 180 | 90 |
| Average Fare | \$2.17 | \$4.35 |



Rural Service Performance (Fiscal Year 2005)

| Route | Pass. Veh. Trip | Pass Rev. Hour | Fare Box Ratio | Subsidy Pass. Trip |
|---|--------------------|-------------------|-------------------|-----------------------|
| 867 (Ramona to El Cajon, 6 R/T M-F, 3 R/T Sat) * | 2.7 | 2.3 | 6.9% | \$27.71 |
| 888 (Jacumba - El Cajon, 2 R/T Mon-Sat) | 5.9 | 1.9 | 5.7% | \$34.22 |
| 889 (Alpine to El Cajon, 5 R/T M-F) * | 1.2 | 1.0 | 3.1% | \$63.67 |
| 891 (Borrego - El Cajon, 4 R/T Sat Only) * | 3.6 | 1.5 | 4.6% | \$43.00 |
| 892 (Borrego - El Cajon, 4 R/T Thurs Only) * | 3.7 | 1.3 | 4.0% | \$50.05 |
| 894 (Campo - El Cajon, 4 R/T M thru F, 2 R/T Sat & Sun) | 13.5 | 5.5 | 16.9% | \$10.18 |
| Rural Service Total | 5.0 | 2.8 | 8.4% | \$22.43 |



Rural Service Performance (January through April 2006)

| Route | Pass. Veh. Trip | Pass Rev. Hour | Fare Box Ratio | Subsidy Pass. Trip |
|--|--------------------|-------------------|-------------------|-----------------------|
| 888 (Jacumba – El Cajon, 1 R/T M&F Only) | 6.1 | 2.7 | 10.4% | \$39.04 |
| 891 (Borrego - El Cajon, 1 R/T Fri Only) | 8.0 | 2.5 | 9.0% | \$43.65 |
| 892 (Borrego - El Cajon, 1 R/T Thurs Only) | 8.9 | 3.0 | 11.1% | \$36.06 |
| 894 (Campo - El Cajon, 3 R/T M thru F) | 12.8 | 6.4 | 23.7% | \$14.20 |
| Rural Service Total | 7.9 | 5.4 | 19.9% | \$17.78 |



6

Intercity Bus Program Granting Opportunity

Two Grant Submittals Proposed:

1. FY07 Rural Operating Assistance (\$200,000; 40% of subsidy share)
2. FY07 Capital Cost of the East County Bus Maintenance Facility Expansion (\$200,000; 11% of total FY07 cost)

Award of Grants will reduce the use local TDA

SANDAG TC to ammend Transportation Improvement Program recognizing Federal funds

Caltrans grant procedures require MTS Board resolution identifying FTA Section 5311(f) program, intent to submit applications, and identify appropriate MTS positions administering program



7

Recommendation

1. Receive an update regarding performance of rural services;
2. Adopt resolution identifying FTA Section 5311(f) program, intent to submit applications, and identify appropriate MTS positions administering program; and
3. Authorize staff to submit intercity bus program grant applications.



8

Rural Bus Service Update

May 25, 2006



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 06-5

Resolution Authorizing Federal Funding Under FTA Section 5311(f)
(49 U.S.C. Section 5311(f)) with California Department of Transportation

WHEREAS, the U.S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration (FTA) to support capital and operating assistance projects for nonurbanized public transit services under Section 5311(f) of the Federal Transit Act; and

WHEREAS, the California Department of Transportation has been designated by the Governor of the State of California to administer Section 5311(f) grants for public transportation projects; and

WHEREAS, MTS desires to apply for said financial assistance to operate rural transit service in San Diego County; and

WHEREAS, MTS has, to the maximum extent feasible, coordinated and consulted with other transportation providers and users in the region, including consultation with San Diego Health and Human Services.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute applications on behalf of MTS with the California Department of Transportation to aid in the financing of operating or capital assistance projects pursuant to Section 5311(f) of the Federal Transit Act of 1964, as amended.

1. General Counsel, or designated representative, is authorized to execute and file all assurances or any other documents required by the California Department of Transportation.
2. The Chief Financial Officer, or designated representative, is authorized to provide additional information as the California Department of Transportation may require in connection with the application for Section 5311(f) projects.
3. The Chief Financial Officer, or designated representative, is authorized to submit and approve requests for reimbursement of funds from the California Department of Transportation for the Section 5311(f) project.

PASSED AND ADOPTED, by the Board of Directors this _____ day of ____ 2006, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairman
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

MAR25-06.30.RESNO06-5.FARLEY
5/24/06



Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 31

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 970.8 (PC 30102)

May 25, 2006

Subject:

MTS: OFFICE OF HOMELAND SECURITY GRANT

RECOMMENDATION:

That the Board of Directors approve the use of Office of Homeland Security (OHS) special grant funds in support of the San Ysidro Closed-Circuit Television (CCTV) Project and approve the Chief Executive Officer (CEO) as "Authorized Agent" on behalf of this grant.

Budget Impact

None, funding to support the project would be covered by the OHS grant.

DISCUSSION:

In working with the OHS, staff determined that residual grant monies were available from grantees at other locations within in the state. These FY 2004 funds, having been unspent or committed, are being made available through a reallocation of funds previously awarded to another subgrantee. The award of these funds has been granted to MTS based on need and ability to complete projects within a tight time frame. Based on discussions with the OHS, staff submitted the San Ysidro Station Security Project in order to solicit funding support. On April 28, 2006, MTS was advised that the OHS awarded MTS a grant in the amount of \$400,000.00 to fund the San Ysidro Station Security Project subject to Board approval (Attachment A). Receiving this grant will not adversely impact receipt of other grant funds previously applied for by MTS under the OHS comprehensive grant program.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Bill Burke, 619.595.4947, bill.burke@sdti.sdmts.com

MAY26-06.31.HOMELANDSECURITYGRANT.BBURKE

Attachment: A. FY 04 Homeland Security Grant Program Application (**Confidential Security Sensitive Document - Board Only**)





1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

Agenda

Item No. 32

Joint Meeting of the Board of Directors of the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

LEG 460 (PC 50787)

May 25, 2006

Subject:

MTS: UPDATE ON THE STATUS OF THE GROSSMONT TROLLEY STATION JOINT
DEVELOPMENT PROJECT

RECOMMENDATION:

That the Board of Directors:

1. receive an update from General Counsel regarding the status of the Grossmont Trolley Station Joint Development Project; and
2. approve or authorize the following documents:
 - a. authorize the Chief Executive Officer (CEO) to execute the Disposition and Development Agreement (DDA) and Ground Lease, in substantially the same format as provided to the Board;
 - b. approve the appraisal report; and
 - c. authorize the CEO to execute and sign any other documents necessary to complete the transaction, including the lenders' Estoppel Certificate and the Parcel Map.

Budget Impact

Revenue generation is estimated at \$381,285 beginning in year 1 of the Ground Lease with total revenue projection over the 99-year lease term at \$635,278,000.



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

Capital Project Funds. Capital project funds in the amount of \$4.7 million are allocated for related station improvements, including \$2 million in San Diego Association of Governments (SANDAG) Smart Growth grant funds awarded to the City of La Mesa and MTS, and \$540,000 in local Transportation Development Act (TDA) funds contributed by the City of La Mesa.

DISCUSSION:

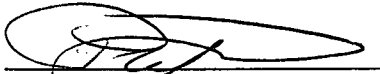
The purpose of this item is to update the Board of Directors on the status of the negotiations regarding the Grossmont Trolley Station Joint Development Project. In July 2003, the MTS Board entered into an Exclusive Negotiating Agreement (ENA) with the City of La Mesa and Fairfield to create a mixed-use, transit-oriented development project. Fairfield is proposing to develop 527 apartments over the existing parking lot at the Grossmont Transit Center Station. Eighty of these units would be made affordable to low- and moderate-income families. The project will also provide 2,800 square feet of ground-floor commercial space. The bus stop and trolley station would be retained on site along with planned pedestrian enhancements. The apartments would be built over two levels of structured parking. Approximately 600 exclusive parking spaces would be provided on the ground level of the parking structure oriented to the existing trolley station to replace the existing 600 surface parking spaces.

After several months of negotiations, MTS and Fairfield reached an agreement regarding the financial terms and conditions for the development of the Grossmont Transit Center Station and a long-term lease of the land thereafter. Those terms and conditions are memorialized into two documents—a DDA and a Ground Lease. The DDA and Ground Lease govern how the project will be designed and constructed and gives Fairfield a long-term lease for the project.

The economic terms include:

- Term of Ground Lease: 55-year lease term with one option to renew for 20 years and a second option to renew for 24 years. Total term of 99 years.
- Base Rent: \$85,333 year 1; \$170,667 year 2; \$256,000 per year thereafter until year 30.
- Base Rent Commencement Date: Upon close of escrow.
- Overage Rent: 1.25 % of gross income commencing year 1 and completing in year 30.
- Appraisal Adjustment of Base Rent: Base rent is adjusted to 8% of the fair market value of the land based upon "mark-to-market" appraisal at the start of years 31, 56, and 76, capped at 6.5%, 8.0%, and 10% of gross income based upon appraisals at years 31, 56, and 81.
- Base Rent Escalation: Consumer Price Index adjustment every 5 years limited to 15% commencing in year 31.

General Counsel will provide an oral update on the status of any outstanding lender or developer issues during the Board meeting.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, Tiffany.Lorenzen@sdmts.com

MAY25-06.32.GROSSMONT.TLOREN

| | | | |
|--------------|---|---|--------------------------------------|
| Attachments: | A. Project Checklist | } | Due to volume - Board Only |
| | B. Final Draft of the Disposition and Development Agreement | | |
| | C. Final Draft of the Ground Lease | | |
| | D. Appraisal Report | | |

Grossmont Joint Development Project Document Status List

| | | | | | | |
|-----|-----------|----------------------------------|-----------------|--------|-----------------|---------|
| MTS | Fairfield | JPMorgan Chase/Mass Mutual | City of La Mesa | SANDAG | CCRT Properties | Cushman |
|-----|-----------|----------------------------------|-----------------|--------|-----------------|---------|

| | Signatory | Executed | Signatory | Executed | Signatory | Executed | Signatory | Executed | Signatory | Executed | Signatory | Executed | Signatory | Executed |
|---------------------------------------|-------------------------------------|----------|-------------------------------------|----------|-------------------------------------|----------|-------------------------------------|----------|-------------------------------------|----------|-------------------------------------|----------|-------------------------------------|----------|
| Disposition and Development Agreement | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | | | | | | | | | | |
| Ground Lease | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | | | | | | | | | | |
| Estoppel Certificate | <input checked="" type="checkbox"/> | | | | <input checked="" type="checkbox"/> | | | | | | | | | |
| Purchase & Sale Agreement | <input checked="" type="checkbox"/> | | | | | | <input checked="" type="checkbox"/> | | | | | | | |
| Maintenance Agreement | <input checked="" type="checkbox"/> | | | | | | <input checked="" type="checkbox"/> | | | | | | | |
| ROE Permit for utilities | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | | | | | | | | | | |
| ROE Permit for Box Culvert | | | | | | | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | | | | |
| ROE Permit for Soil Bearings | | | | | | | | | <input checked="" type="checkbox"/> | | | | <input checked="" type="checkbox"/> | |
| Public Project Design Agreement | | | <input checked="" type="checkbox"/> | | | | | | <input checked="" type="checkbox"/> | | | | | |
| Amended Parking License | <input checked="" type="checkbox"/> | | | | | | | | | | <input checked="" type="checkbox"/> | | | |

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

METROPOLITAN TRANSIT DEVELOPMENT BOARD

"Board"

and

FAIRFIELD GROSSMONT TROLLEY LLC

"Developer"

TABLE OF CONTENTS

| | Page |
|---|------|
| I. [§ 100] SUBJECT OF AGREEMENT | 2 |
| A. [§ 101] Purpose of the Agreement | 2 |
| B. [§ 102] The Site | 2 |
| C. [§ 103] The Project | 2 |
| D. [§ 104] Parties to the Agreement | 3 |
| 1. [§ 105] The Board | 3 |
| 2. [§ 106] The Developer | 3 |
| E. [§ 107] Prohibition Against Change in Ownership and Control of Developer | 4 |
| F. [§ 108] Schedule of Performance | 5 |
| II. [§ 200] SITE DISPOSITION | 5 |
| A. [§ 201] Lease of Site | 5 |
| B. [§ 202] Condition of the Site | 6 |
| C. [§ 203] Delivery of Completed Documents | 8 |
| D. [§ 204] Closing | 9 |
| E. [§ 205] Conditions to Closing | 9 |
| F. [§ 206] Escrow and Escrow Instructions | 12 |
| G. [§ 207] Deposit of Monies and Recordation of Documents | 14 |
| H. [§ 208] Title Insurance | 14 |
| I. [§ 209] Taxes and Assessments | 15 |
| J. [§ 210] Occupants of the Site | 15 |
| K. [§ 211] Required Land Use Approvals | 15 |
| L. [§ 212] Submission of Evidence of Financing and Project Commitments | 15 |
| M. [§ 213] Reimbursements by Developer | 18 |
| III. [§ 300] DEVELOPMENT OF SITE | 18 |
| A. [§ 301] Development of Site | 18 |
| 1. [§ 302] Scope of Development | 18 |
| 2. [§ 303] No Approved Drawings | 18 |
| 3. [§ 304] Construction Plans, Drawings and Related Documents | 18 |
| 4. [§ 305] Board Approval of Plans, Drawings and Related Documents | 19 |
| 5. [§ 306] Cost of Construction | 20 |
| 6. [§ 307] Indemnification | 20 |
| 7. [§ 308] Local, State, and Federal Laws | 20 |
| 8. [§ 309] City and Other Governmental Board Permits | 20 |
| 9. [§ 310] Taxes, Assessments, Encumbrances and Liens | 21 |
| B. [§ 311] Sale of Developer's Interest in the Project | 21 |
| IV. [§ 400] USE OF THE BOARD LAND | 21 |
| A. [§ 401] Inspection of the Board Land | 21 |

| | | | |
|------|---------|---|----|
| B. | [§ 402] | Hazardous Substances | 22 |
| C. | [§ 403] | Obligation to Refrain from Discrimination | 24 |
| D. | [§ 404] | Effect and Duration of Covenants | 24 |
| E. | [§ 405] | Effect of Violation of the Terms and Provisions of this Agreement | 24 |
| V. | [§ 500] | DEFAULTS, REMEDIES AND TERMINATION | 25 |
| A. | [§ 501] | Defaults – General; Notice | 25 |
| B. | [§ 502] | Legal Actions | 25 |
| 1. | [§ 503] | Institution of Legal Actions | 25 |
| 2. | [§ 504] | Applicable Law | 25 |
| 3. | [§ 505] | Acceptance of Service of Process | 25 |
| C. | [§ 506] | Rights and Remedies are Cumulative | 25 |
| D. | [§ 507] | Damages; Specific Performance | 26 |
| E. | [§ 508] | Remedies and Rights of Termination | 26 |
| 1. | [§ 509] | Termination by Developer | 26 |
| 2. | [§ 510] | Termination by Board | 26 |
| 3. | [§ 511] | Effect of Termination | 27 |
| VI. | [§ 600] | GENERAL PROVISIONS | 28 |
| A. | [§ 601] | Notices, Demands, and Communications Between the Parties | 28 |
| B. | [§ 602] | Conflicts of Interest | 29 |
| C. | [§ 603] | Warranty Against Payment of Consideration for Agreement | 29 |
| D. | [§ 604] | Nonliability of Board Officials and Employees | 29 |
| E. | [§ 605] | Enforced Delay; Extension of Time of Performance | 29 |
| F. | [§ 606] | Inspection of Books and Records | 30 |
| G. | [§ 607] | Approvals | 30 |
| H. | [§ 608] | Severability | 30 |
| I. | [§ 609] | Gender, Number | 30 |
| J. | [§ 610] | Business Days | 30 |
| K. | [§ 611] | Captions | 30 |
| L. | [§ 612] | Entire Agreement | 30 |
| M. | [§ 613] | Recitals; Exhibits | 31 |
| N. | [§ 614] | Authority of Signatories | 31 |
| O. | [§ 615] | Modifications | 31 |
| P. | [§ 616] | Attorneys' Fees and Legal Expenses | 31 |
| Q. | [§ 617] | Preparation of Agreement | 31 |
| R. | [§ 618] | Counterparts | 31 |
| S. | [§ 619] | Certificates | 31 |
| T. | [§ 620] | Successors and Assigns | 32 |
| U. | [§ 621] | Joint and Several Liability | 32 |
| V. | [§ 622] | No Third Party Beneficiaries | 32 |
| VII. | [§ 700] | TIME FOR ACCEPTANCE OF AGREEMENT BY BOARD | 33 |

EXHIBITS

- A Legal Description of Board Land
- B Legal Description of City Land
- C Site Map
- D Ground Lease
- E Scope of Development
- F Site Plan
- G List of Designated Plans
- H Schedule of Performance
- I Fundamental Business Terms
- J Amaya Station Improvement Plans
- K Draft Final Map
- L Required Land Use Approvals

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**"), dated for reference purposes only as of _____, 2006, is entered into by and between the **METROPOLITAN TRANSIT DEVELOPMENT BOARD**, a California public agency also known as the Metropolitan Transit System (the "**Board**"), and **FAIRFIELD GROSSMONT TROLLEY LLC**, a Delaware limited liability company ("**Developer**"), with reference to the following facts:

A. Board is the owner of approximately 7.5 acres of real property in the City of La Mesa, County of San Diego, State of California, legally described on **Exhibit "A"** attached hereto (the "**Board Land**").

B. The City of La Mesa (the "**City**"), is the owner of a approximately one (1) acre of real property in the City of La Mesa, County of San Diego, State of California, immediately adjacent to the Board Land legally described on **Exhibit "B"** attached hereto ("**City Land**"). The Board is in negotiations with the City to acquire the City Land.

C. The Board Land and the City Land are located in the Fletcher Parkway Redevelopment Project Area under the jurisdiction of the La Mesa Community Redevelopment Agency ("**Agency**").

D. Board operates the Grossmont Trolley Station on land adjacent to the Board Land, as illustrated and designated on the "**Site Map**" which is attached to this Agreement as **Exhibit "C"** (the "**Trolley Station**").

E. Board, Developer and Agency previously entered into an Exclusive Negotiating Agreement for the Grossmont Station Transit-Oriented Development Project dated July 24, 2003, as extended by letter agreement dated January 15, 2004 as amended (the "**ENA**"). This Agreement is the "Board/Developer DDA" that is contemplated in Section 4.5 of the ENA. The term of the ENA was extended but has expired.

F. Developer and Agency are parties to an Affordable Housing Agreement dated September 27, 2005 (the "**Affordable Housing Agreement**"), entered into to provide the terms and conditions on which Agency will provide certain set aside housing funds to Developer and Developer will provide certain affordable units within the Project (as defined in **Section 103** below). Developer plans to seek an amendment of the Affordable Housing Agreement to address certain concerns of the Board and the Developer's lenders. The Board shall have the right to review and approve the amendment.

G. Developer has obtained City and Agency approval of certain entitlements for the development of the Project as described in **Section 211** below. One of the approvals obtained by Developer is Tentative Parcel Map TPM-04-03 which was approved by the City Council for the City in its Resolution No. 2005-108 adopted at its meeting on September 27, 2005 (the "**Tentative Parcel Map**") that would divide the Board Land and the City Land into four parcels, as shown on the Site

Map. Parcels 1 and 2 would be the site for the development of the Project, and Parcels 3 and 4 would include, among other things, an access easement for access to the Project and other properties.

NOW, THEREFORE, the Board and the Developer covenant and agree as follows:

I. **[§ 100] SUBJECT OF AGREEMENT.**

A. **[§ 101] Purpose of the Agreement.**

The purpose of this Agreement is to provide for the development of the Project on the Site (as defined in **Section 102** below) by the Developer and to provide the terms and conditions for the lease of the Site by the Board to the Developer.

The lease and development of the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements. The Board has taken all actions required by applicable laws to enter into this Agreement.

B. **[§ 102] The Site.**

The "**Site**" shall mean Parcels 1 and 2 as shown on the Tentative Parcel Map.

A public road known as "Grossmont Centre Drive" crosses the Site. That portion of the Site located east of Grossmont Centre Drive is sometimes referred to herein as the "East Parcel" and that portion of the Site located west of Grossmont Centre Drive is sometimes referred to herein as the "West Parcel." The East Parcel and West Parcel are sometimes individually referred to as a "Parcel" and collectively as the "Parcels."

C. **[§ 103] The Project.**

The "**Project**" shall consist of the design, development and construction by Developer of a transit-oriented, moderate density, mixed-use project on the Site consisting of:

1. Residential components consisting of approximately five hundred twenty-seven (527) "for-rent" apartment units in three or four-level residential buildings over two (2) levels of structured parking (the "**Residential Area**"). Pursuant to the Affordable Housing Agreement, eighty (80) of those apartment units shall be restricted for use as low and moderate income rental units.

2. Approximately 2,800 square feet of ground floor retail space facing the Grossmont Trolley Station on the East Parcel (the "**Retail Area**").

3. Parking facilities consisting of approximately one thousand three hundred eighty-nine (1,389) parking spaces on-site in two (2) levels of structured parking on each Parcel, of which:

(a) the upper parking levels on both Parcels, comprising approximately seven hundred seven (707) parking spaces (of which 19 will be "tandem" spaces), will be exclusively used for the parking of the residents of the residential units constructed over that parking structure;

(b) approximately seventy-seven (77) parking spaces on the lower parking level of the East Parcel and five (5) parking spaces on the lower parking level of the West Parcel shall be provided as parking for residents of the Project and the employees of and visitors to the leasing offices of the Project; and

(c) six hundred (600) parking spaces on the lower parking level of the Parcels in an appropriate mix of disabled and standard size spaces as shown on the Designated Plans (defined below) approved by the Board (the "**Trolley Parking Facilities**") shall be provided on site for the exclusive use of Board, for its bus and trolley park-and-ride patrons of the Grossmont Station and such other users and purposes as are described in the form of "**Ground Lease**" attached hereto as **Exhibit "D"**;

(collectively, the "**Parking Facilities**").

4. All demolition, site preparation, and all other on-site and off-site improvements which are required for the construction and operation of the Project.

The Project is more particularly described in the "**Scope of Development**" which is attached to this Agreement as **Exhibit "E"**. A "**Site Plan**" for the Project is attached as **Exhibit "F"**. The term "Designated Plans" shall mean all final plans and specifications for the Project that are listed in **Exhibit "G"** attached hereto. The Trolley Parking Facilities are shown on those Designated Plans that are marked with an asterisk on the list of Designated Plans. Developer shall design, develop and construct the Project at its sole cost and expense in accordance with the Scope of Development and the Designated Plans.

D. [§ 104] **Parties to the Agreement.**

1. [§ 105] **The Board.**

The "**Board**" is a California public agency organized and existing under the laws of the State of California. The principal office of the Board is located at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101-7490.

"Board" as used in this Agreement includes the Board and any assignee of or successor to its rights, powers and responsibilities.

2. [§ 106] **The Developer.**

The "**Developer**" is Fairfield Grossmont Trolley LLC, a Delaware limited liability company. The sole member of Developer is Fairfield California Housing Fund LLC, a Delaware

limited liability company ("**Fund**"). The manager of Developer and the member/manager of Fund is FF California Housing Fund LLC, a Delaware limited liability company ("**Manager**"). FF Properties, Inc., a Delaware corporation ("**FF Properties**") is the manager of Manager. The principal office of the Developer is 5510 Morehouse Drive, Suite 200, San Diego, California 92121.

Wherever the term "Developer" is used herein, such term shall include any permitted assignee or successor in interest as herein provided.

E. **[§ 107] Prohibition Against Change in Ownership and Control of Developer.**

1. The Developer represents and agrees that its lease of the Site, and its other undertakings pursuant to this Agreement, are and shall be used for the purpose of timely redevelopment of the Site and not for speculation in landholding. The Developer further recognizes that, in view of:

(a) The importance of the redevelopment of the Site to the general welfare of the community; and

(b) The fact that a change in ownership or control of the Developer, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Developer or the degree thereof, is for practical purposes a transfer or disposition of the Site; and

(c) The fact that the Site is not to be leased (except in connection with the rental of the Residential Area and the Retail Area) or used for speculation, but only used for development and operation by the Developer in accordance with this Agreement; and

(d) The importance to the Board and the community of the standards for the development and the use, operation and maintenance of the Site and the subsequent rental of the Residential Area and the Retail Area;

that the qualifications and identity of the Developer are of particular concern to the community and the Board. The Developer further recognizes that it is because of such qualifications and identity that the Board is entering into this Agreement with the Developer. No voluntary or involuntary successor-in-interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

2. In light of the foregoing, and except as otherwise provided in this **Section 107**, the Developer, without the prior written approval of the Board, which approval may be given or withheld in the Board's sole discretion, shall not (i) assign or delegate all or any part of its rights and obligations under this Agreement; or (ii) effect any transaction which would result in any person or entity other than (a) Fairfield California Housing Fund LLC being the sole

member of Developer, (b) FF California Housing Fund LLC being the manager of Developer and the member/manager of Fund, or (c) FF Properties, Inc. being the manager of Manager.

3. This Agreement may be terminated by the Board pursuant to **Section 510** if there is any voluntary or involuntary assignment or transfer described in Subsection 1(b) above (of this **Section 107**) prior to the Close of Escrow where the Board's approval is required but has not been obtained.

4. The Developer shall promptly notify the Board of any and all changes whatsoever in the identity or degree of direct and indirect ownership of Developer and its members, partners or shareholders, of which it or any of its members, partners or shareholders have been notified or otherwise have knowledge or information.

5. Absent an express signed written agreement between the parties to the contrary, no assignment of any of the rights or obligations of Developer under this Agreement shall result in a novation or in any other way release Developer from its obligations under this Agreement. No consent by the Board to any assignment by Developer shall constitute a consent to any other assignment or commit the Board to provide its consent to any future assignment.

F. **[§ 108] Schedule of Performance.**

Developer and Board shall each use commercially reasonable efforts to satisfy the conditions to Closing and shall each perform its obligations under this Agreement strictly in accordance with the "**Schedule of Performance**" attached hereto as **Exhibit "H"** and incorporated herein.

II. **[§ 200] SITE DISPOSITION.**

A. **[§ 201] Lease of Site.**

1. The Board shall use reasonable efforts to enter into an agreement with the City to acquire the City Land, on such terms and conditions as the Board in its sole discretion deems fair and reasonable (a "**City Land Purchase Agreement**"). The Board shall use reasonable efforts to acquire the City Land pursuant to a City Land Purchase Agreement at or before Close of Escrow (defined below).

2. The Board agrees to lease to Developer the Site (excepting therefrom the Trolley Parking Facilities) and grant Developer a non-exclusive appurtenant easement for a term of years (the "**Access Easement**") for vehicular and pedestrian ingress and egress and for utilities over the area designated as the "Fire Lane and Access Easement" within Parcel 3 and Parcel 4 on the Parcel Map (the "**Access Easement Area**") in accordance with and subject to all the terms, covenants and conditions of this Agreement and subject to the terms, covenants and conditions of the Ground Lease. The leasehold interest in the Site (excepting the Trolley Parking Facilities) and Access Easement are collectively referred to herein as the "**Premises**". Developer agrees to lease the Premises from the Board, for development of the Project in accordance with and subject to all the terms, covenants and conditions of this Agreement and

subject to the terms, covenants and conditions of the Ground Lease. The "**Fundamental Business Terms**" of the Ground Lease are attached hereto as **Exhibit "I"** and incorporated herein.

3. The Commencement Date of the Ground Lease shall be the date that escrow closes and the Memorandum of Lease for the Ground Lease in the form attached as Exhibit J to the Ground Lease ("**Memorandum of Lease**") is recorded ("**Close of Escrow**"), and the parties shall insert that date, or authorize the Escrow Holder to insert that date, into the Ground Lease. The date scheduled for Close of Escrow (the "**Closing Date**") shall be a date mutually agreed by the parties, but shall not in any event be later than _____, 2006 *[insert date 90 days after full execution by the parties]*.

4. The Board shall convey to the Developer and the Developer shall accept the leasehold interest in the Site in the condition provided in **Section 202** hereof.

5. The Developer shall pay the first installment of Base Rent under the Ground Lease through Escrow, at Close of Escrow.

B. [§ 202] Condition of the Site.

1. Condition of Title.

(a) Existing Condition. Prior to entering into this Agreement, Developer has reviewed the preliminary title report ("**PTR**") issued by North American Title Company ("**Title Company**") under Order No. 7002106-23 and dated as of December 28, 2005, together with copies of all available written instruments creating exceptions to the title shown thereon. All exceptions to title shown in the PTR shall be "**Permitted Title Exceptions**" except for the following title exceptions shown on Schedule B of the PTR:

(1) Exception 7 (pipeline and access easement); the Title Company has agreed to delete this exception upon conveyance of the City Land to the Board;

(2) Exception 17 (the "**AAA Easement**");

(3) Exceptions 19 and 20 (the "**CCRT License Agreement**");

(4) Exception 21 (easement in favor of the Board); the Title Company has agreed to delete this exception upon conveyance of the City Land to the Board; and

(5) Exception 22 (matters disclosed by inspection); the Title Company has agreed to delete this exception upon receipt and review of the ALTA Survey.

(b) Elimination or Modification of Title Exceptions. Board agrees to reasonably cooperate and assist Developer in its investigations of the title exceptions and in the elimination of or modification to those title exceptions that interfere or may interfere with the development or use of the Project. The Board shall use reasonable efforts prior to the Closing Date to enter into amendments to the AAA Easement (the "**AAA Easement Amendment**") and the CCRT License Agreement (the "**CCRT License Agreement Amendment**") in forms reasonably acceptable to Developer. The AAA Easement Amendment and the CCRT License Agreement Amendment, if obtained by the Board in form reasonably acceptable to Developer, shall be Permitted Title Exceptions. Board's agreement to use reasonable efforts to enter into the AAA Easement Amendment and the CCRT License Agreement Amendment and to cooperate and assist Developer in resolving objectionable title exceptions shall not require Board to pay any money or incur any increased obligations or liabilities to resolve such title matters. Developer shall pay CCRT Properties, a California limited partnership ("**CCRT**"), the sum of One Hundred Thousand Dollars (\$100,000) through Escrow at and conditioned upon Close of Escrow, to compensate CCRT for the amendment of the CCRT License Agreement (the "**CCRT License Agreement Amendment Fee**").

(c) Future Easements. The parties shall cooperate reasonably regarding the grant of non-exclusive easements for utility and access purposes within portions of the Access Road as may be required by the City or public utility to extend utility service to the Project or the Trolley Station and such other future easements which might be necessary or desirable for the operation of the Project or the Trolley Station. Developer has requested that Board grant utility easements: (i) to the City on the Final Map (defined in Section 202(3) below) and (ii) to San Diego Gas & Electric Company ("**SDG&E**"), the City of San Diego and Helix Water District by separate instrument prior to recording of the Final Map (collectively the "**Proposed New Utility Easements**"). Board and Developer shall cooperate reasonably in the creation of the Proposed New Utility Easements; provided, however, that this obligation shall not require (iii) the Board to incur any substantial costs, obligations, or potential liability or substantially limit present or future transit operations for Proposed New Utility Easements serving the Project; nor (iv) the Developer to incur any substantial costs, obligations or potential liability for Proposed New Utility Easements serving the Trolley Station.

2. Physical Condition. The Site and all improvements thereon shall be conveyed in an "as is" condition, with no warranty, express or implied by the Board as to the condition of the soil (or water), its geology, or the presence of known or unknown faults or as to the condition of the improvements. It shall be the sole responsibility of the Developer, at the Developer's expense, to investigate and determine the soil (and water) condition of the Site (including improvements) and the suitability of the Site (including improvements) for the development to be constructed by the Developer. If the soil (or water) condition of the Site (including improvements), or any part thereof, is not in all respects entirely suitable for the use or uses to which the Site and improvements will be put, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Site and

the soil (and water) condition thereof (including improvements) in all respects in a condition entirely suitable for the development of the Site.

3. Subdivision. Developer, at its sole expense, shall use its commercially reasonable efforts to process for approval by the City a final parcel map in substantially the form of **Exhibit "J"** attached (the "**Final Map**"), including without limitation payment of all City fees and the posting of all required bonds. The parties shall cooperate reasonably to cause the Final Map to be executed by all necessary parties (including the Board), submitted to the City Council for approval, and filed in the Office of the County Recorder of San Diego County at least three (3) Business Days before the Closing Date.

4. Relocation of Bus Operations.

(a) The Board has agreed, at Developer's request, to relocate all bus transit activities from the Trolley Station to the Amaya Station, a nearby transit station owned and operated by the Board (the "**Amaya Station**"), in order to accommodate the Developer's construction of the Project on the Parcels. The temporary closure of the bus transit activities at the Trolley Station is scheduled to commence on June 11, 2006.

(b) Developer acknowledges that the relocation of the bus transit activities to the Amaya Station would likely cause damage to the asphalt at the Amaya Station. Developer shall, at its sole cost and expense, reinforce the new path to be used by buses for ingress, stopping and egress at the Amaya Station (the "**New Bus Route**") pursuant to the plans and specifications described on **Exhibit "K"** attached.

(c) During the period when the buses have been relocated to the Amaya Station at the request of the Developer, Developer shall, at its sole cost and expense, repair any damage to the New Bus Route which results from the use of the New Bus Route by the buses relocated from the Trolley Station, within five (5) Business Days following written request from the Board.

(d) Within thirty (30) days following the end of the relocation of buses to the Amaya Station, Developer shall, at its sole cost and expense, repair any damage to the New Bus Route which resulted from the bus relocation and apply a seal coat to restore the pavement of the New Bus Route to a condition not less than that existing at the Amaya Station prior to the relocation.

(e) All work at the Amaya Station performed by or on behalf of the Developer shall be done pursuant to plans previously approved by the Board and shall be performed to the Board's standards and specifications.

C. [§ 203] Delivery of Completed Documents.

Prior to the Closing Date, the Board and the Developer shall complete, execute, acknowledge (if required for recordation) and deliver into escrow the following documents:

1. The Ground Lease (in the form attached hereto as **Exhibit D**);

2. The Memorandum of Lease (in the form attached to the Ground Lease as Exhibit J);

3. All documents required for construction financing of the Project by Developer and approved by Board pursuant to **Section 212** below ("**Developer Construction Loan**");

4. The Assignment of Construction Contract (as such term is defined in **Section 212(4)** below); and

5. Any other documents necessary for the disposition of the Site as contemplated in this Agreement.

D. **[§ 204] Closing.**

Close of Escrow (also referred to herein as "**Closing**") shall be deemed to have occurred upon recording of the Memorandum of Lease. At Closing, the leasehold interest in the Premises shall be conveyed and possession of the Site shall be delivered to the Developer, and the Ground Lease shall commence.

E. **[§ 205] Conditions to Closing.**

Close of Escrow is subject to the following conditions:

1. **Developer Certification.** Prior to the Closing Date, the Developer shall certify in writing to the Board that:

(a) the Developer is ready, willing and able, in accordance with the terms and conditions of this Agreement, to perform in accordance with the Scope of Development;

(b) all conditions precedent to Closing of which the Developer is aware (including the delivery into escrow of documents to be deposited by Developer pursuant to **Section 203** hereof, the delivery to the Board of the documents and certifications to be deposited by Developer pursuant to **Section 212** hereof, and the performance of any other obligations of Developer as set forth in the Schedule of Performance which are scheduled to be performed before the Closing Date) have been fulfilled or waived by Developer;

(c) Developer has obtained all Required Land Use Approvals, the only condition to issuance by the City of all grading and building permits required for the development of the Project is the payment of applicable fees, and Developer will pay such fees and obtain all grading, building and other permits required for the development of the Project after Close of Escrow as specified in the Ground Lease;

(d) Developer's construction financing for the Project is in a position to fund and will fund at Close of Escrow; and

(e) that to the best of the Developer's knowledge, (i) the Developer is not in violation of any order or decree of any court of competent jurisdiction or, any governmental agency having jurisdiction, which if determined adversely to the interest of Developer or its respective owners, members or partners, could materially adversely affect the Developer's ability to construct, develop, operate and maintain the Project as set forth in this Agreement and the Ground Lease, and (ii) there are no pending or threatened judicial or administrative proceedings, which, if determined adversely to the interests of the Developer or its respective owners, members or partners, could materially adversely affect the Developer's ability to construct, develop, operate and maintain the Project as set forth in this Agreement and the Ground Lease.

The Developer's certification shall include, if requested by the Board not later than ten (10) days after the delivery thereof, evidence reasonably satisfactory to the Board that all contracts and commitments required by this Agreement to be procured or entered into by Developer are in full force and effect as of the time of such certification, or will be in full force and effect concurrent with the Closing.

2. **City Land.** The Board shall have acquired the City Land from the City and obtained the agreement of the City in form and substance acceptable to the Board regarding the maintenance of the Alvarado Channel improvements.

3. **Final Map.** The Final Map, with any changes to the form of Final Map attached as **Exhibit "J"** as may have been proposed by Developer and approved by the Board, shall have been signed by the Board, approved by the City, and filed in the Office of the County Recorder of San Diego County.

4. **Condition of the Site.** There shall have been no material adverse change in the physical condition of the Site following the date of execution of this Agreement.

5. **Proceedings.** No legal or administrative proceeding, or moratorium, referendum, or other challenge that would adversely impact the Required Land Use Approvals or Developer's ability to construct and occupy the Project within the times set forth in the Performance Schedule shall have been filed.

6. **Deliveries.** All funds and documents described in **Sections 201, 203, 206, 207 and 213** have been delivered to Escrow Holder.

7. **CCRT License Agreement Amendment.**

(a) Board and CCRT Properties have executed, acknowledged, and caused to be recorded against the Parcels a CCRT License Agreement Amendment in form and content acceptable to the Board and Developer; and

(b) Escrow Holder has received the CCRT License Agreement Amendment Fee from Developer and is prepared to deliver the CCRT License Agreement Amendment Fee to CCRT upon Close of Escrow.

8. **AAA Easement Amendment.** Board and the Automobile Club of Southern California ("AAA") have entered into and recorded the AAA Easement Amendment in form and content acceptable to the Board and Developer.

9. **Proposed New Utility Easements.** Board shall have executed and recorded all Proposed New Utility Easements not dedicated on the Final Parcel Map in form and content acceptable to the Board and Developer, together with such joint use agreements or similar agreements between the Board and the utility companies as the Board may require for its protection.

10. **The Leasehold Title Policy.** Escrow Holder can procure the Leasehold Title Policy insuring title in conformity with **Section 208** of this Agreement.

11. **Designated Plans.** Board shall have approved the "Designated Plans" including, without limitation, the plans for the Trolley Parking Facilities and the mix of disabled and standard size spaces within the Trolley Parking Facilities.

12. **Financing and Project Commitments.** Developer shall have delivered to the Board all of the documents and certifications referred to in **Section 212** hereof, and the Board shall have issued all approvals required of the Board under **Section 212**.

13. **Reimbursement of Costs of Board's Consultants.** Developer shall have deposited into Escrow sums sufficient (in the reasonable determination of the Board) to reimburse the Board for the fees, costs and expenses of its outside consultants, outside counsel, and reimbursable staff time as described in **Section 213**.

14. **Developer Performance.** Prior to the Closing Date, the Board shall determine that (a) all conditions precedent to the Closing have been satisfied and performed, including without limitation, Developer's performance of any other obligations of Developer as set forth in this Agreement, including without limitation the Schedule of Performance or the Scope of Development, which are scheduled to be performed before the Closing Date; and (b) Developer has performed all of its material obligations under this Agreement and is not in material default under this Agreement.

15. **Board Performance.** Prior to the Closing Date, the Developer shall determine that (a) all conditions precedent to the Closing have been satisfied and performed, including without limitation, the Board's performance of any other obligations of the Board as set forth in this Agreement, including without limitation the Schedule of Performance or the Scope of Development, which are scheduled to be performed before the Closing Date; and (b) Board has performed all of its material obligations under this Agreement and is not in material default under this Agreement.

16. **Affordable Housing Agreement Amendment.** Developer and the Agency have entered into an amendment to the Affordable Housing Agreement in form and content acceptable to the Board and Developer, and the Agency has, pursuant to the Affordable Housing Agreement, approved the form of the Ground Lease.

17. **Waiver of Conditions Precedent.** The conditions precedent described in Subsections 4, 10 and 15 of this **Section 205** are for the sole benefit of Developer, and Developer unilaterally may waive any or all of such conditions. The conditions precedent described in Subsections 1, 13 and 14 of this **Section 205** are for the sole benefit of the Board, and the Board unilaterally may waive any or all of such conditions. Except as otherwise expressly provided in this Agreement, any other closing conditions described in this Agreement may be waived only by written notice from both Developer and the Board to Escrow Holder and each other. Subject to the terms of this Agreement, Developer and Board shall use their reasonable efforts to satisfy all conditions to closing in accordance with the Schedule of Performance.

F. **[§ 206] Escrow and Escrow Instructions.**

1. The Board agrees to open an escrow for the purposes of this Agreement with North American Title Insurance Company or such other escrow company or escrow department of a title insurance company as may be acceptable to both the Board and the Developer (the "**Escrow Holder**"). This Agreement, together with escrow instructions and any supplemental escrow instructions mutually acceptable to the parties entered into by the parties consistent herewith (the "**Escrow Instructions**"), shall constitute the joint escrow instructions of the Board and the Developer with respect to the conveyance of the leasehold interest in the Site, and a duplicate original of all such documents shall be delivered to the Escrow Holder upon the opening of escrow.

2. The Board and the Developer shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Holder hereby is empowered to act under this Agreement and, upon indicating its acceptance of the provisions of this Section in writing, delivered to the Board and to the Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Holder hereunder.

3. The Board shall not pay any fees, charges or costs in connection with the Closing; Developer shall pay all such expenses.

4. The Developer shall pay into escrow to the Escrow Holder the following fees, charges and costs promptly after the Escrow Holder has notified the Board of the amount of such fees, charges and costs prior to the Closing Date:

(a) All: (i) escrow fees, (ii) city or county transfer, conveyance or documentary taxes or fees, and (iii) recording and notary fees; and

(b) The premium for the Leasehold Policy referred to in **Section 208** below and any lender's policy required in connection with the Developer's Construction Loan.

5. The Escrow Holder is authorized to:

(a) Pay, and charge the Developer, for any fees, charges and costs payable under this Section to third parties. Before such payments are made, the Escrow Holder shall notify the Board and the Developer of such fees, charges and costs;

(b) Deliver the Ground Lease and other documents (including those referred to in **Section 203** hereof) to the parties entitled thereto when the conditions of the escrow have been fulfilled by the Board and the Developer;

(c) If not previously recorded, record the Deed to the City Land, the Proposed New Utility Easements (and any associated joint use or similar agreements required by Board), the Final Map, the CCRT License Agreement Amendment, and the AAA Easement Amendment;

(d) Record the Memorandum of Lease and any instruments delivered through this escrow if necessary or proper to vest an enforceable leasehold interest in the Developer in accordance with the terms and provisions of this Agreement; and

(e) Do all things necessary and authorized to be done to fulfill this Agreement and the escrow instructions.

6. If the escrow is not in condition to permit the delivery of the Ground Lease, recordation of the documents listed in **Section 206(5)(c)** above (if not previously recorded), recordation of the Memorandum of Lease, and recordation of any documents in connection with any Developer Construction Loan by the Closing Date, either party who is not then in default hereunder may, in writing, terminate this Agreement as provided in **Sections 509 and 510** (including any cure period) and demand the return of its money, papers, documents, or real property. Thereupon all rights, liabilities, duties and obligations of the parties under this Agreement shall be determined as provided in **Sections 509-511** hereof. No termination or demand for return shall be recognized until ten (10) days after the Escrow Holder shall have mailed copies of such demand to the other party at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Holder and to the other party within the 10-day period. If any objections are raised within the 10-day period, the Escrow Holder is authorized to hold all money, papers and documents until instructed by mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as the conditions contained in this Agreement concerning the conveyance of the leasehold interest in the Site have been satisfied.

7. The Escrow Holder shall not be obligated to return any such money, papers or documents except as provided in Subsection 6 above, or upon the written instructions of both

the Board and the Developer or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

8. Any amendment to the Escrow Instructions shall be in writing and signed by both the Board and the Developer. At the time of any amendment, the Escrow Holder shall agree to carry out its duties as Escrow Holder under such amendment.

9. All communications from the Escrow Holder to the Board or the Developer shall be directed to the addresses and in the manner established in **Section 601** of this Agreement for notices, demands and communications between the Board and the Developer.

10. The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Agreement and the Escrow Instructions, and any supplemental escrow instructions delivered to and accepted by the Escrow Holder.

11. Each party hereto represents to the other that it has not authorized any broker or finder to act on its behalf in connection with this Agreement and that it has not dealt with any broker or finder purporting to act on behalf of any party. Each party hereto agrees to indemnify, defend and hold harmless the other party from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including reasonable attorneys' fees and court costs) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Notwithstanding anything to the contrary contained herein, this section shall survive the Closing or any termination of this Agreement.

G. **[§ 207] Deposit of Monies and Recordation of Documents.**

The parties hereto shall each deposit any monies required to close the escrow with the Escrow Holder prior to the Closing Date; provided that the Escrow Holder shall have notified the parties hereto in writing that the Ground Lease, the Memorandum of Lease and other documents referred to in **Section 203** hereof have been delivered to the Escrow Holder and that title is in the condition to be conveyed in conformity with the provisions of **Section 202** of this Agreement. The Escrow Holder shall cause the Title Company to deliver to the Developer a leasehold title insurance policy insuring title in conformity with **Section 208** of this Agreement, deliver to the parties fully executed duplicate originals of the Ground Lease, and record the Memorandum of Lease in the Official Records of the County Recorder for the County of San Diego. The Ground Lease shall not be recorded.

The parties agree to perform all acts necessary for recordation in sufficient time to close escrow in accordance with the provisions of this Agreement.

H. **[§ 208] Title Insurance.**

Concurrently with the recordation of the Memorandum of Lease and the delivery of the executed duplicate originals of the Ground Lease to the parties, Title Company or such other title insurance

company approved by the Board and satisfactory to the Developer shall provide and deliver to the Developer a title insurance policy insuring that the leasehold title in the Site is vested in the Developer subject only to the Permitted Title Exceptions and all standard exceptions and exclusions from coverage set forth in the form of title policy ("**Leasehold Title Policy**"). The Leasehold Title Policy shall be in such amount as the Developer and the Title Company may agree. At Developer's option and sole cost, and provided that the Closing is not thereby delayed, Developer may obtain an ALTA extended coverage leasehold owners policy of title insurance, subject only to the Approved Title Exceptions and such exceptions and other matters as are revealed by or result from the ALTA survey. The Title Company shall provide the Board with a copy of the Leasehold Policy.

I. **[§ 209] Taxes and Assessments.**

Ad valorem taxes and assessments, if any, levied, assessed or imposed on the Site during any period prior to the Commencement Date of the Ground Lease shall be borne by the Board. Ad valorem taxes and assessments (including possessory interest taxes), if any, levied, assessed or imposed on the Site during any period commencing after the Commencement Date of the Ground Lease shall be borne by the Developer, pursuant to the Ground Lease.

J. **[§ 210] Occupants of the Site.**

The Site shall be conveyed free of any possession or right of possession except that of the Developer.

K. **[§ 211] Required Land Use Approvals.**

Developer, at its sole cost and expense, shall use its commercially reasonable efforts to obtain all approvals, permits and authorizations from governmental and quasi-governmental agencies and other parties required for the development of the Project, including without limitation the approvals listed on **Exhibit "L"** attached hereto and incorporated herein (the "**Required Land Use Approvals**"). Developer represents and warrants to the Board that: (1) Developer has obtained all of the Required Land Use Approvals other than the Final Map, and (2) the only condition to issuance by the City of all grading, building and other permits required for the development of the Project is the payment of applicable fees, which shall be paid after Close of Escrow as specified in the Ground Lease. The Developer's rights and obligations to lease the Site pursuant to this Agreement shall be subject to, and conditioned upon, the Developer's obtaining all the Required Land Use Approvals.

L. **[§ 212] Submission of Evidence of Financing and Project Commitments.**

The Developer shall report regularly as requested by the Board (but at least every three (3) months) on its progress in obtaining financing for the development on the Site. The reports may be oral, or shall be in writing if requested by the Board. The reports shall explain in reasonable detail the sources and methods of financing sought, the status of obtaining the financing and the issues, if any, which must be resolved, and the pre-leasing activity which is required or has been achieved. The information in the reports shall remain confidential to the extent permitted by law, recognizing

without limitation that they are subject to review by responsible officials, employees and contractors of the Board.

Not later than the times specified therefor in the Schedule of Performance, the Developer shall submit to the Board for approval, which approval shall not be unreasonably withheld, the following:

1. A current certified financial statement or statements covering the last two (2) years, or other financial statements or forms of financial confirmation, in such form reasonably satisfactory to the Board, evidencing the sources of capital sufficient to demonstrate that the Developer has adequate funds and is committing such funds to cover the construction costs and other costs the Developer is expected to incur in fulfilling the obligations of this Agreement.

2. Evidence satisfactory to the Board that the Developer has obtained the financing necessary for the acquisition and development of the Project in accordance with this Agreement. Such evidence of financing shall include the following, certified by the Developer to be true and correct copies thereof:

- (a) A copy of the term sheet describing the details of the terms and conditions of the mortgage loan or loans obtained by the Developer (both for interim construction financing and take out financing if a condition of funding the construction loan) to assist in financing the construction of the Project;

- (b) Construction loan commitments from Permitted Mortgagees (as defined in the Ground Lease) subject only to such conditions as may be approved by the Board;

- (c) Copies of all proposed construction loan documents (e.g., notes, trust deeds, indentures, loan agreements, etc.) pertaining to the Project; and

- (d) Evidence satisfactory to the Board of sources of equity capital sufficient to demonstrate that the Developer has adequate funds legally committed to cover the difference, if any, between construction cost minus financing authorized by mortgage loans, and evidence of Developer's financial ability to meet normally anticipated cost over-runs.

3. A copy of the contract between the Developer and the general contractor, FF Development L.P., a Delaware limited partnership, for the construction of improvements upon the Site. Such contract shall be submitted to Board for approval prior to execution and shall be deemed approved unless Board provides written notice to the Developer of disapproval within ten (10) working days of receipt. Such contract shall provide for the commencement of construction on the Site by dates certain, which dates shall be in conformance with this Agreement. Such contract shall contain retention provisions requiring withholding of a minimum of five percent (5%) of payments due to the general contractor and subcontractors until the contractual obligations of such entities are fully completed. Such contract shall also contain, to the Board's reasonable satisfaction, adequate indemnification, insurance and other contractual provisions as may reasonably be required to protect the Board and any other

provisions required by this Agreement to be contained in such contract, and shall be certified by the Developer to be a true and correct copy thereof. Without limiting the foregoing, the contract between the Developer and the general contractor shall be approved by the Board and executed by the Developer and the general contractor on or prior to the Closing Date. Developer shall also deliver to the Board, for the Board's information, copies of all contracts between the general contractor and all finish work subcontractors and all subcontractors whose work exceeds five percent (5%) of the total construction contract costs; provided, however, that the Board shall not have the right to approve such contracts.

4. An assignment by the Developer, in form and substance satisfactory to the Board, assigning to the Board as security for the Developer's performance under this Agreement, the interests of the Developer under the construction contract with the general contractor referred to in Subsection 3 of this Section (the "**Assignment of Construction Contract**") and all contracts with any architect other design professional who has prepared the construction plans, drawings and related documents for the Project (the "**Assignment of Design Contracts**"). It is understood and agreed that such assignments will be expressly subordinate to any assignment of such contracts required by a Permitted Mortgagee and shall authorize Developer to revise, supplement and/or terminate the construction contract and/or any design contract if and to the extent such revision, supplement or termination has been approved by a Permitted Mortgagee.

5. Evidence satisfactory to the Board that Developer has obtained, in form and substance acceptable to the Board, all Required Land Use Approvals and any other permits, approvals and authorizations of any type required for the design, development, construction, use and operation of the Project, other than grading and building permits and those inspections, certificates of occupancy and other approvals that are only available after construction has commenced or been completed.

6. Evidence satisfactory to the Board that Developer has obtained, in form and substance acceptable to the Board, all easements, encroachment agreements, licenses and other off-site rights required for the development, construction, use and operation of the Project, other than: (a) the CCRT License Agreement Amendment, (b) the AAA Easement Amendment, and (c) the Proposed New Utility Easements.

It is the purpose of this procedure to ensure to the satisfaction of the Board that the leasehold interest in the Site will not be conveyed unless and until Developer demonstrates that it has sufficient financing and development commitments to commence and complete the construction of all of the improvements to be constructed pursuant to this Agreement. Prior to the close of escrow, the Developer shall provide or cause to be provided to the Board any additional evidence reasonably required by the Board to establish that all items required under this Section are current and in full force and effect.

The Board shall approve all evidence, contracts and commitments required under this Section within the time established therefor in the Schedule of Performance except as otherwise set forth in this Section. Such approval shall not be unreasonably withheld. Any disapproval shall be given in writing with the specific reasons therefor. In the event the Board shall disapprove any evidence,

contracts or commitments required under this Section, the Developer may revise and resubmit the same within thirty (30) days of receipt of the Board's written disapproval.

M. **[§ 213] Reimbursements by Developer.**

Developer shall reimburse the Board for the fees, costs and expenses of: (1) its outside consultants Keyser Marston Associates Inc. (in an amount not to exceed \$5,000); (2) its outside counsel the Law Offices of R. Martin Bohl (in the actual amount of fees and costs incurred); and (3) reimbursable staff time for entry permits requested by Developer (in an amount not to exceed \$20,000) for the Project. This obligation shall survive the Close of Escrow or the termination of this Agreement. Developer shall deposit with Escrow Holder not later than two Business Days before the Closing Date sums sufficient (in an amount reasonably documented and, to the extent not already incurred, reasonably estimated by the Board) to reimburse the Board for such fees, costs and expenses. After Close of Escrow, if Board determines that the amount deposited was not sufficient to cover the costs described above, Developer shall reimburse the Board for such additional costs within thirty (30) days of the Board's written request together with reasonable evidence of such charges and payment. If after payment of such fees, costs and expenses, any balance of such deposits remains, such balance shall be refunded promptly to the Developer together with reasonable evidence of such charges and payment.

III. **[§ 300] DEVELOPMENT OF SITE.**

A. **[§ 301] Development of Site.**

1. **[§ 302] Scope of Development.**

The Developer shall develop the Site with the Project as provided in the Scope of Development.

2. **[§ 303] No Approved Drawings and Plans.** No final plans or drawings have been submitted to or approved by the Board.

3. **[§ 304] Construction Plans, Drawings and Related Documents.**

(a) The Developer shall prepare and submit to the Board for architectural and site planning review and written approval the construction plans, drawings and related documents described in **Exhibit "G"** as the "**Designated Plans**" at the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the parties hereto. Developer shall also promptly provide Board upon request, for the Board's information (not approval), copies of all other plans, drawings and related documents for the development of the Site, including any proposed changes therein.

(b) Board staff and the Developer shall hold regular progress meetings to coordinate the review of the Designated Plans and related documents by the Board. The Board and the Developer shall communicate and consult informally as frequently

as is necessary to insure that the Designated Plans receive prompt and speedy consideration by the Board.

(c) If any revisions or corrections of plans approved by the Board shall be required by any government official, agency, department or bureau having jurisdiction, or any lending institution involved in financing, the Developer and the Board shall cooperate in efforts to obtain a waiver of such requirements or to develop a mutually acceptable and commercially reasonable alternative.

4. **[§ 305] Board Approval of Plans, Drawings and Related Documents.**

(a) The Board shall have the right of review (including, but not limited to, architectural review) and approval of the Designated Plans, including any proposed changes therein. Board shall not unreasonably withhold approval of the Designated Plans.

The Developer has retained Ark Architects, Inc. as the architect for the Project through construction completion, provided, however, that Developer may retain a substitute or additional architect if Board approves in writing, in advance of any substitution occurring prior to Close of Escrow.

The Board shall approve, conditionally approve, or disapprove the Designated Plans (and any proposed changes therein) within the times established in the Schedule of Performance. Any disapproval shall state in writing the reasons for disapproval and the steps which must be taken to achieve such approval. Subject to the succeeding paragraph, the Developer, upon receipt of a disapproval, shall revise such portions of the plans, drawings or related documents in a manner that satisfies the reasons for disapproval, and shall resubmit such revised portions to the Board as soon as possible after receipt of the notice of disapproval, but in no event more than thirty (30) calendar days after receipt of the notice of disapproval. The Board shall approve or disapprove such revised portions in the same manner and within the same time frame as provided in the Schedule of Performance for approval or disapproval of plans, drawings and related documents initially submitted to the Board.

If the Developer desires to make any substantial change in the Designated Plans after their approval by the Board, the Developer shall submit the proposed change to the Board for its approval. The Board shall approve, conditionally approve, or disapprove such proposed change as provided in this Section and in the same manner and within the same time period as provided in the Schedule of Performance for approval or disapproval of plans, drawings and related documents initially submitted to the Board.

(b) The Board neither undertakes nor assumes nor shall it have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the

development or construction of the Project, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties shall rely upon its or their own judgment with respect to such matters, neither Developer nor any third party is entitled to rely on any review, inspection, supervision, exercise of judgment or information supplied to the Developer or to any third party by the Board in connection with this Agreement.

The parties shall prepare and attach to the Ground Lease at Closing a schedule describing the plans, drawings, and related documents which have been approved by the Board.

5. **[§ 306] Cost of Construction.**

The entire cost of developing the Project and constructing all improvements on the Site shall be borne by the Developer. The Board and the Developer shall each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

6. **[§ 307] Indemnification.**

To the fullest extent permitted by law, the Developer shall indemnify, protect, defend and hold harmless the Board and its officers, employees and agents, from and against all liability, loss, damage, costs, or expenses of any kind (including court costs and attorneys' fees) arising from or as a result of: (a) any and all challenges to this Agreement, the Project, or the related entitlements; and (b) any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Board Land or the Amaya Station and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Developer, its agents, employees and contractors, or any of them, including but not limited to, claims of negligent or defective design or construction before Close of Escrow or termination of this Agreement, regardless of whether any such liability, loss, damage, costs, or expense occurs before or after Close of Escrow or termination of this Agreement. These indemnity obligations shall survive the expiration or termination of this Agreement. Developer's obligations under this Section exclude only claims, losses or liability which is due to the sole negligence or sole willful misconduct of Board or its officers, employees and agents.

7. **[§ 308] Local, State, and Federal Laws.**

The Developer shall comply with all applicable laws, including all applicable federal and state labor standards.

8. **[§ 309] City and Other Governmental Board Permits.**

Before commencement of any work or improvement upon the Board Land, the Developer shall secure or shall cause to be secured, any and all permits, approvals or certificates which

may be required by the Board, the City or any other governmental agency with jurisdiction over the Board Land or over the construction, development or work contemplated under this Agreement. The Board shall cooperate with Developer and provide all proper assistance to the Developer in securing these permits and certificates and any other approvals required for the Project in order to meet the time periods set forth in the Schedule of Performance; provided that the Board shall not be required to incur any expense in connection with providing any such assistance.

9. **[§ 310] Taxes, Assessments, Encumbrances and Liens.**

The Developer shall not place or allow to be placed on the Board Land, or any portion thereof, any mortgage, trust deed, encumbrance or lien and the Developer shall remove, or shall have removed, any levy or attachment made on the Board Land, or any portion thereof, or shall assure the satisfaction thereof within a reasonable time. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any encumbrance or lien, nor to limit the remedies available to the Developer with respect thereto, provided such contest does not subject the Board Land, or any portion thereof, to forfeiture or sale.

B. **[§ 311] Sale of Developer's Interest in the Project.**

Except as otherwise expressly provided in this Agreement, the Developer shall not under any circumstances be entitled to assign this Agreement or any of the rights herein, without the prior written consent of the Board, which may be granted or withheld in the sole and absolute discretion of Board.

If, contrary to the provisions of this Agreement, the Developer does assign this Agreement or any of the rights herein, or any change in the ownership or control of Developer in violation of **Section 107** occurs, in addition to all other legal and equitable remedies the Board may be entitled to, the Board shall be entitled to recover from Developer the total consideration received by Developer for such sale, transfer, conveyance or assignment. Said consideration shall belong and be paid immediately to the Board.

IV. **[§ 400] USE OF THE BOARD LAND.**

A. **[§ 401] Inspection of the Board Land.**

1. Developer has fully and independently inspected and assessed the condition of the Board Land and any other information deemed pertinent by Developer to its acquisition, use or development of the Board Land (including any title, survey, permits, approvals, laws, statutes, rules, ordinances and other governmental regulations or requirements applicable to the Board Land), and has approved the same in its sole discretion. Before the Close of Escrow, Developer shall have the continuing right to physically inspect, and to cause one or more engineers or other representatives of Developer to physically inspect, the Board Land without interfering with the Board's operation of the Board Land. Developer shall make such inspections in good faith and with due diligence. All

inspection fees, appraisal fees, engineering fees and other expenses of any kind incurred by Developer relating to the inspection of the Board Land will be solely at Developer's expense. The Board shall cooperate reasonably with Developer in providing access to the Board Land for such inspections. The Board hereby reserves the right to have a representative present when Developer conducts any inspection of the Board Land. Prior to and as a condition to Developer making each physical inspection of the Board Land, Developer shall provide the Board with all of the following items reasonably in advance of such inspection (but in any case at least one (1) Business Day (defined in **Section 610** below) before such inspection): (a) reasonably detailed written notice of the proposed date, time and nature of such inspection, (b) evidence in a form reasonably acceptable to the Board that Developer has obtained and will maintain in force and effect insurance that is, in the Board's judgment, appropriate to cover any risks related to such inspection, and (c) evidence in a form reasonably acceptable to the Board that Developer has obtained all permits or other governmental approvals required for such inspection.

2. Developer shall indemnify, protect, defend (with counsel approved by the Board) and hold harmless the Board, its contractors and employees from and against any and all injuries, losses, liens, claims, judgments, liabilities, costs, expenses and damages (including reasonable attorneys' fees and court costs) sustained by or threatened which result from or arise out of any inspections of the Board Land or any other entry onto the Board Land by Developer, its contractors, employees, agents or representatives, however caused. Notwithstanding any provision herein to the contrary, the indemnity contained in the preceding sentence shall survive the Closing or the earlier termination of this Agreement.

3. Developer shall deliver to the Board, within five (5) Business Days after a request, copies of all studies, reports and similar information, including all supplements, addenda and updates of such information, regarding the physical condition of the Board Land (e.g., soils, geotechnical, hydrological, and environmental reports, studies, assessments and tests) obtained by Developer.

B. [§ 402] Hazardous Substances.

1. Developer shall not, without the Board's prior written consent, use, store, generate, dispose or otherwise allow any "**Hazardous Substances**" (as defined below) onto the Board Land.

2. Developer shall comply with all rules, laws and regulations relating to Hazardous Substances which Developer uses, stores or allows on the Board Land.

3. Developer shall not cause the unlawful release, deposit, discharge or disposal of any Hazardous Substances on or around the Board Land or permit the unlawful release, deposit, discharge or disposal of any Hazardous Substances on the Board Land.

4. No above or underground storage tanks shall be installed or maintained on the Board Land without Board's prior express written approval.

5. Developer shall be responsible for posting on the Board Land any signs required by any state, federal or local law, including, without limitation, Section 25249.6 of the California HEALTH AND SAFETY CODE and regulations promulgated pursuant thereto. Developer shall also complete and file any business response plans or inventories required by any state, federal or local law, including, without limitation, Chapter 695 of the California HEALTH AND SAFETY CODE and regulations promulgated pursuant thereto. Developer shall concurrently file a copy of any such business response plan or inventory with Board.

6. Developer shall defend, indemnify and hold harmless the Board and its officers, employees, and agents from any claims, liability, injury, damage, costs or expenses (including without limitation, attorneys' fees and the cost of any cleanup, testing, remediation, removal or disposal of Hazardous Substances) relating to or arising out of any Hazardous Substances released, deposited, discharged or disposed onto, under or around the Board Land by Developer, its contractors, employees or agents, or arising as a result of Developer's violation of the provisions of this Section. The obligations of this paragraph shall survive the expiration or termination of this Agreement.

7. Developer hereby releases the Board and its officers and employees from any claims, liability, injury, damage, costs or expenses (including without limitation, attorneys' fees and the cost of any cleanup, testing, remediation, removal or disposal of Hazardous Substances) relating to or arising out of any Hazardous Substances released, deposited, discharged or disposed onto, under or around the Board Land; provided, however, that this release shall not apply to any Hazardous Substances released, deposited, discharged or disposed onto, under or around the Board Land solely by Board or its officers or employees after the Close of Escrow. Developer agrees as to the matters released to waive the benefits of Section 1542 of the CIVIL CODE of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Developer's Initials

Board's Initials

The obligations of this paragraph shall survive the expiration or termination of this Agreement.

8. The term "**Hazardous Substances**", when used in this Agreement, shall mean any hazardous waste or hazardous substance as defined in any federal, state, or local statute, ordinance, rule, or regulation applicable to the property, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Title 42 United States Code 9601-9662), the Resource Conservation and Recovery Act (Title 42 United States Code 6901-6992k), the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code 25300-25395), and the Hazardous Waste Control Law (California Health and Safety Code 25100-25250.25). "Hazardous Substances" shall also include

asbestos or asbestos-containing materials, radon gas, and petroleum or petroleum fractions, whether or not defined as a hazardous waste or hazardous substance in any such statute, ordinance, rule, or regulation.

C. **[§ 403] Obligation to Refrain from Discrimination.**

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin, ethnicity, disability, marital status, sex or sexual orientation, in connection with the construction of the Project or in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall the Developer itself or any person claiming under or through the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, or sublessees of the Site.

D. **[§ 404] Effect and Duration of Covenants.**

1. The covenants established herein shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Board, its successors and assigns, and any successor in interest to the Site or any part thereof.

2. The covenants contained in this Agreement shall remain in effect as follows:

(a) All indemnity and release obligations shall survive the termination of this Agreement.

(b) The obligations of Developer under Subsection (3) of **Section 401** shall survive the termination of this Agreement.

(c) All other covenants in this Agreement shall terminate upon the Close of Escrow.

3. The duties and obligations of the Lessee under the Ground Lease are separate and independent from the duties and obligations of the Developer under this Agreement, and a breach by the Developer under this Agreement shall not be deemed a breach under the Ground Lease. No Transferee (as defined in the Ground Lease) of the Lessee's interest under the Ground Lease, including, without limitation, a Permitted Mortgagee (as defined in the Ground Lease), shall be responsible for any of the obligations of the Developer under this Agreement and no Transferee shall be considered a "successor or assign" under this Agreement.

E. **[§ 405] Effect of Violation of the Terms and Provisions of this Agreement.**

The Board shall have the right in the event of any breach of the terms and provisions of this Agreement, to exercise all rights and remedies available at law, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches.

V. **[§ 500] DEFAULTS, REMEDIES AND TERMINATION.**

A. **[§ 501] Defaults – General; Notice.**

A failure or delay by any party to perform any term or provision of this Agreement shall constitute a default under this Agreement. The non-defaulting party shall give written notice of default to the defaulting party, specifying the default complained of and the actions required to cure the default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default. A party shall be deemed in material default of this Agreement, and the party not in default shall have the remedies described below, if either: (1) a monetary default is not cured within ten (10) days after service of the notice of default; or (2) a non-monetary default is not cured within thirty (30) days after service of the notice of default; or (3) a non-monetary default which cannot reasonably be cured within thirty (30) days is not (a) commenced to be cured within thirty (30) days after service of the notice of default, (b) pursued diligently, and (c) cured promptly within a reasonable period of time after commencement of the cure.

Any failures or delays by a party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any rights or remedies, or deprive a party of its right to institute and maintain any actions or proceedings which are allowed by this Agreement.

B. **[§ 502] Legal Actions.**

1. **[§ 503] Institution of Legal Actions.**

Any legal actions must be instituted in the Superior Court of the County of San Diego, State of California, in any other appropriate court in that County, or in the Federal District Court for the Southern District of California.

2. **[§ 504] Applicable Law.**

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. **[§ 505] Acceptance of Service of Process.**

In the event that any legal action is commenced by the Board against the Developer, service of process on the Developer shall be made by personal service, or in such manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. **[§ 506] Rights and Remedies are Cumulative.**

Except with respect to rights and remedies which are expressly declared to be exclusive in this Agreement, the rights and remedies of any non-defaulting party are cumulative and the exercise

of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the defaulting party.

D. **[§ 507] Damages; Specific Performance.**

If a party defaults with regard to any of the provisions of this Agreement, after notice and opportunity to cure as provided in **Section 501** above; the defaulting party shall, except as otherwise expressly provided in this Agreement, be liable to the other party for damages caused by such default, and the non-defaulting party, at its option, may institute an action for specific performance of the terms of this Agreement, or exercise any other remedy or remedies which it may be entitled to.

E. **[§ 508] Remedies and Rights of Termination.**

1. **[§ 509] Termination by Developer.**

In addition to any other termination rights of Developer set forth in this Agreement, the Developer may terminate this Agreement, if :

(a) any of the conditions to Closing in **Section 205** for Developer's benefit are not satisfied or waived by Developer by the Closing Date; or

(b) the Board fails to execute and deliver the Ground Lease and deliver possession of the Site at Closing or fails to perform any of its other obligations under this Agreement (including any Attachment to this Agreement) within the time established therefor herein or in the Schedule of Performance.

2. **[§ 510] Termination by Board.**

In addition to any other termination rights of the Board set forth in this Agreement, but subject to the notice and cure provisions of **Section 501**, the Board at its option may terminate this Agreement if:

(a) the Developer assigns or attempts to assign this Agreement, or any rights herein, or makes or attempts to make any total or partial sale, transfer or conveyance of the whole or any part of Developer's leasehold interest in the Site or the improvements thereon, except as permitted by this Agreement; or

(b) there is change in the ownership of the Developer, or with respect to the identity of the parties in control of the Developer, or the degree thereof contrary to the provisions of **Section 107** hereof; or

(c) the Developer fails to diligently pursue or to obtain and submit to the Board the Evidence of Financing and Project Commitments described in **Section 212** of this Agreement within the time established therefor in the Schedule of Performance; or

(d) the Developer fails to diligently pursue or to obtain and submit to the Board any Required Land Use Approval necessary for the construction of the improvements contemplated by this Agreement within the time established therefor in the Schedule of Performance; or

(e) the Developer fails to prepare, complete and submit to the Board, for its approval, the Designated Plans with the requirements set forth in the Scope of Development within the time established therefor in the Schedule of Performance; or

(f) the Developer fails to execute and deliver the Ground Lease within the time established therefor in the Schedule of Performance; or

(g) the Developer fails to perform any of its other obligations under this Agreement (including any Attachment to this Agreement) within the time established therefor herein or in the Schedule of Performance; or

(h) any of the conditions to Closing in **Section 205** for the Board's benefit are not satisfied or waived by the Board by the Closing Date; or

(i) the Developer fails to timely pay or reimburse the Board for any costs or expenses incurred by the Board with respect to the Site which are to be borne by the Developer under this Agreement; or

(j) the Developer fails to perform all of Developer's indemnity obligations to Board under this Agreement, including, but not limited to, those set forth in **Sections 307, 401, and 402**.

3. **[§ 511] Effect of Termination.**

(a) No expiration or termination of this Agreement shall affect Developer's indemnity obligations to the Board under this Agreement, including, but not limited to, those set forth in **Sections 307, 401, and 402**. The obligations of Developer under Subsection (3) of **Section 401** and Developer's release under Subsection 7 of **Section 402** shall survive the termination of this Agreement.

(b) The deposits and payments made by the Developer under the ENA, this Agreement or separate agreement to reimburse the Board for the fees, costs and expenses of the Board's outside consultants, attorneys and reimbursable staff time shall be retained by the Board until the total amount of such fees, costs and expenses is determined and paid. Any balance of such deposits remaining (after payment of such fees, costs and expenses) shall be refunded promptly to the Developer.

VI. **[§ 600] GENERAL PROVISIONS.**

A. **[§ 601] Notices, Demands, and Communications Between the Parties.**

Unless otherwise specifically provided herein, all formal notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered upon personal delivery, or by Federal Express (or similar reputable express delivery service), or by telecopier transmission with verification of receipt and back-up copy mailed the same day, or as of the second Business Day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

For the Board: Chief Executive Officer
Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Telephone: (619) 231-1466
Telecopier: (619) 234-3172

with copies to:

General Counsel
Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Telephone: (619) 557-4512
Telecopier: (619) 234-3172

and

R. Martin Bohl, Esq.
Law Offices of R. Martin Bohl
501 West Broadway, Suite 520
San Diego, California 92101
Telephone: (619) 446-0080
Telecopier: (619) 446-0090

For the Developer: Fairfield Grossmont Trolley LLC
Attn: Patrick J. Gavin, Vice President
5510 Morehouse Drive, Suite 200
San Diego, California 92121
Telephone: (858) 457-2123
Telecopier: (858) 457-8082

with a copy to:

Rutan & Tucker, LLP
Attn: Marcia A. Forsyth, Esq.
611 Anton Blvd., Suite 1400
Costa Mesa, California 92626
Telephone: (714) 641-3453
Telecopier: (714) 546-9035

Addresses for notice may be changed by written notice sent in the manner provided above.

B. [§ 602] Conflicts of Interest.

No member, official or employee of the Board shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he, or she is, directly or indirectly, interested.

C. [§ 603] Warranty Against Payment of Consideration for Agreement.

The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

D. [§ 604] Nonliability of Board Officials and Employees.

No member, official, or employee of the Board shall be personally liable to the Developer or any successor in interest, in the event of any default or breach by the Board or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

E. [§ 605] Enforced Delay; Extension of Time of Performance.

In addition to specific provisions of this Agreement, delays in performance (other than the payment of money) by either party hereunder shall not be deemed to be a default where and to the extent that such delays in performance are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, Acts of God, acts of the public enemy, acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts of the other party, or any other causes beyond the control (and without the fault) of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if the party claiming such extension sends notice to the other party within thirty (30) days of knowledge of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the Board and the Developer.

F. [§ 606] Inspection of Books and Records.

The Board has the right at all reasonable times to inspect the books and records of the Developer pertaining to the Site and the Project as pertinent to the purposes of this Agreement.

G. [§ 607] Approvals.

Unless otherwise expressly provided herein, approvals required of the Board or the Developer shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time. Unless otherwise expressly provided herein, the Chief Executive Officer of the Board or his/her designee shall have the authority to issue all approvals and disapprovals on behalf of the Board required or allowed hereunder.

H. [§ 608] Severability.

If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

I. [§ 609] Gender, Number.

Whenever the context requires, the use herein of (i) the neuter gender includes the masculine and the feminine, and (ii) the singular number includes the plural.

J. [§ 610] Business Days.

"**Business Day**" means a day that is not a Saturday, Sunday or federal bank holiday. If the last day for performance of an act falls upon a day that is not a Business Day, such last day shall be the next following regular Business Day.

K. [§ 611] Captions.

Captions in this Agreement are inserted for convenience of reference and do not define, describe or limit the scope or intent of this Agreement or any of its terms.

L. [§ 612] Entire Agreement.

This Agreement, together with any other written document referred to herein, embodies the entire agreement and understanding between the parties regarding the subject matter hereof, and any and all prior or contemporaneous oral or written representations, agreements, understandings or statements shall be of no force and effect.

M. **[§ 613] Recitals; Exhibits.**

Any recitals set forth above and any attached exhibits are incorporated by reference into this Agreement.

N. **[§ 614] Authority of Signatories.**

Each signatory and party hereto hereby warrants and represents to the other party that it has legal authority and capacity and direction from its principal to enter into this Agreement, and that all resolutions and/or other actions have been taken so as to enable said signatory to enter into this Agreement.

O. **[§ 615] Modifications.**

No modification, waiver or discharge of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver or discharge is or may be sought. Any material amendments to this Agreement must be approved by the Board's Board of Directors.

P. **[§ 616] Attorneys' Fees and Legal Expenses.**

Should any party hereto institute any action or proceeding in court or any arbitration or similar proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Agreement or for any other judicial remedy, the prevailing party(ies) shall be entitled to receive from the losing party(ies) all reasonable attorneys' fees and all court costs in connection with said proceedings.

Q. **[§ 617] Preparation of Agreement.**

No inference, assumption or presumption shall be drawn from the fact that a party or its attorney prepared or drafted this Agreement. It shall be conclusively presumed that both parties participated equally in the preparation and/or drafting of this Agreement.

R. **[§ 618] Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be original and all of which shall constitute one and the same document.

S. **[§ 619] Certificates.**

At any time and from time to time, each party ("Responding Party") agrees to sign and deliver to the other party ("Requesting Party") within ten (10) days after receipt of written request therefor a statement certifying that (a) this Agreement is unmodified and in full force and effect (or, if such is not the case, so stating and setting forth any modifications), (b) that, to the Responding Party's knowledge, the Requesting Party is not in breach hereunder (or, if such is not the case, so stating and

setting forth any alleged breaches), and (c) any other information reasonably related to the status of this Agreement. Such certification may be conclusively relied on by the Requesting Party, any equity investor of Developer, and any title insurance company insuring title to the Site.

T. [§ 620] Successors and Assigns.

Subject to the provisions of this Agreement restricting or prohibiting assignment, this Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective parties.

U. [§ 621] Joint and Several Liability.

If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

V. [§ 622] No Third Party Beneficiaries.

This Agreement has been made and is made solely for the benefit of the Board and the Developer and their respective successors and permitted assigns. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement.

VII. [§ 700] TIME FOR ACCEPTANCE OF AGREEMENT BY BOARD.

Execution and delivery of this Agreement by the Developer to the Board shall be considered an offer by Developer to enter into this Agreement. If this Agreement is not authorized, executed and delivered by the Board within seven (7) days after the date of signature by the Developer, the offer to enter into this Agreement may be terminated by the Developer on written notice to the Board. The effective date of this Agreement (the "**Effective Date**") shall be the date this Agreement is fully executed by both Developer and the Board.

"Board"

Metropolitan Transit Development Board,
a California public agency also known as the
Metropolitan Transit System

By: _____
Paul Jablonski, Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Tiffany L. Lorenzen
General Counsel

"Developer"

Fairfield Grossmont Trolley LLC,
a Delaware limited liability company

By: FF California Housing Fund LLC,
a Delaware limited liability company,
its Manager

By: FF Properties, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

[Developer to provide evidence of authority.]

Exhibit A

Legal Description of Board Land

[to be attached]

Exhibit B

Legal Description of City Land

[to be attached]

Exhibit C

Site Map

[to include depiction of Parcels 1, 2, 3 and 4 and the Trolley Station]

[to be attached]

Exhibit D

Ground Lease

[to be attached]

Exhibit E

Scope of Development

[to be attached]

Exhibit F

Site Plan

[to be attached]

Exhibit G

List of Designated Plans

[to be attached]

(Those plans showing mix of regular and handicapped parking spaces within the Trolley Parking Facilities are marked with an asterisk.)

Exhibit H

Schedule of Performance

[to be attached]

Exhibit I

Fundamental Business Terms

[to be attached]

Exhibit J

Draft Final Map

[to be attached]

Exhibit K

Amaya Station Improvement Plans

[to be attached - proposed plans currently under review by Board]

Exhibit L

Required Land Use Approvals

- Tentative Parcel Map TPM-04-03 with excess right-of-way vacation and utility easements
- Site Development Plan DAB-04-05
- Special Permit SP-04-10 (for proposed height increase)
- Sewer Reimbursement Agreement between Developer and City for the cost of the Alvarado Trunk Sewer Main Replacement between Bus Court and Jackson Drive
- Design Review DRB-04-05
- Affordable Housing Agreement (as defined in recital F)
- Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program
- Final Parcel Map _____ (to be approved)

Attachment C will be couriered

the week of 5/15/06

COMPLETE APPRAISAL OF REAL PROPERTY

Grossmont Trolley Apartment Site

Southeast & Southwest corner of Fletcher Parkway and Grossmont Center Drive
La Mesa, San Diego County, California

In a Self-Contained Report

As of March 15, 2006

Prepared For:

Fairfield Residential

5510 Morehouse Drive, Suite 200
San Diego, CA 92121

Prepared By:

Cushman & Wakefield of California, Inc.

Valuation Advisory Services
1920 Main Street, Suite 600
Irvine, California 92614

C&W File ID#: 06-32001-9092

VALUATION SERVICES

ADVISORY GROUP





**CUSHMAN &
WAKEFIELD®**

Cushman & Wakefield of
California, Inc.
1920 Main Street, Suite 600
Irvine, California 92614
(949) 474-4004 Tel
(949) 474-9792 Fax
www.cushwake.com

March 23, 2006

Mr. Jack Feehan
Grossmont Trolley Apartment Site
5510 Morehouse Drive, Suite 200
San Diego, CA 92121

Re: Complete Appraisal
In a Self Contained Report
Grossmont Trolley Apartment Site
SEC & SWC of Fletcher Parkway and Grossmont Center Drive
La Mesa, San Diego County, California

Dear Mr. Feehan:

In fulfillment of our agreement as outlined in the Letter of Engagement, Cushman & Wakefield of California, Inc. is pleased to transmit our complete, self-contained appraisal report on the property referenced above.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. We particularly call your attention to the following extraordinary and hypothetical conditions:

Extraordinary Assumptions: This appraisal employs no extraordinary assumptions.

Hypothetical Conditions: This appraisal employs no hypothetical conditions.

This report was prepared for Fairfield Residential LLC, herein referred to as "Client". In addition, the San Diego Metropolitan Transit Development Board (MTDB) is an intended user and may also rely upon this appraisal report. The appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice. The property was inspected by and the report was prepared by Neil A. Clark, MAI.

This appraisal employs the appropriate approaches to value in order to provide a reasonable estimate of land value for the fee simple and leased fee estate (subject to long-term ground lease). Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful in developing a credible value conclusion.

VALUATION SERVICES

ADVISORY GROUP



Mr. Feehan
March 23, 2006
Page Two

Based on our complete appraisal as defined by the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, we have formed an opinion that the as is market value of the fee simple estate in the referenced property, subject to the attached assumptions, limiting conditions, certifications, and definitions, as of March 15, 2006, is:

THIRTEEN MILLION TWO HUNDRED THOUSAND DOLLARS
\$13,200,000

Based on our complete appraisal as defined by the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, we have formed an opinion that the market value of the leased fee estate in the referenced property, subject to the attached assumptions, limiting conditions, certifications, and definitions, as of March 15, 2006, is:

THIRTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS
\$13,400,000

It should be noted, the leased fee and fee simple value conclusions are similar; thus, the subject's ground lease terms are considered to be market supported and reasonable. The leased fee value reflects the discounted present value of the projected payments made during the ground lease term; the leased fee value represents a reasonable estimate of the total consideration paid which is considered not less than the fair market rent.

In our opinion, at our concluded estimate of value, it would have taken approximately six months to market the subject property and achieve a closed sale on the date of value. This is the subject's "exposure time", or retrospective marketing time. If placed on the market on the date of value, we estimate a marketing time of three to six months after the date of value to achieve a closed sale. This is the subject's "marketing time". However, the reader is cautioned that changes in market conditions could affect the subject's value during the prospective marketing period. The reasoning and data supporting our value opinions and marketing period estimate are included in the attached report.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and an *Addenda*.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF CALIFORNIA, INC.
Valuation Advisory Services

Neil A. Clark

Neil A. Clark, MAI
Director
California Certified Appraiser No. AG002213

VALUATION SERVICES

ADVISORY GROUP



Summary of Salient Facts and Conclusions

| | |
|---|---|
| Property Name: | Grossmont Trolley Apartment Site |
| Location: | Southeast & Southwest corner of Fletcher Parkway and Grossmont Center Drive La Mesa, San Diego County, California |
| General Overview: | The property appraised consists of a planned 527 unit apartment development site on 7.7 \pm acres of land. Project amenities include garage parking clubhouse, business & fitness center, pool, spa and controlled gate access. |
| Year Built: | Proposed (estimated completion 2008/09) |
| Assessor's Parcel Number: | 490-270-23, 25, 39, 40 |
| Interest Appraised: | Fee Simple and Leased Fee |
| Date of Value: | March 15, 2006 |
| Date of Inspection: | March 15, 2006 |
| Ownership: | San Diego Mass Transit District (leased fee); Fairfield Residential (leasehold interest subject to completion of planned improvements) |
| Land Area: | 7.7 \pm gross acres or 335,412 sf |
| 2004/05 Property Taxes: | \$420,102 (includes fixed assessments) |
| Zoning: | Multi-family Residential, City of San Diego |
| Highest and Best Use | |
| If Vacant: | Immediate multi-family residential development |
| As Proposed: | Immediate development for multi-family residential |
| Value Indicators: | |
| Fee Simple: | \$13,200,000 |
| Leased Fee: | \$13,400,000 |
| Fee Simple Value Conclusion: | \$13,200,000 |
| Leased Fee Value Conclusion: | \$13,400,000 |
| Estimated Exposure Period: | Three to six months |
| Assumptions and Limiting Conditions: | |

VALUATION SERVICES

ADVISORY GROUP



Summary of Salient Facts and Conclusions

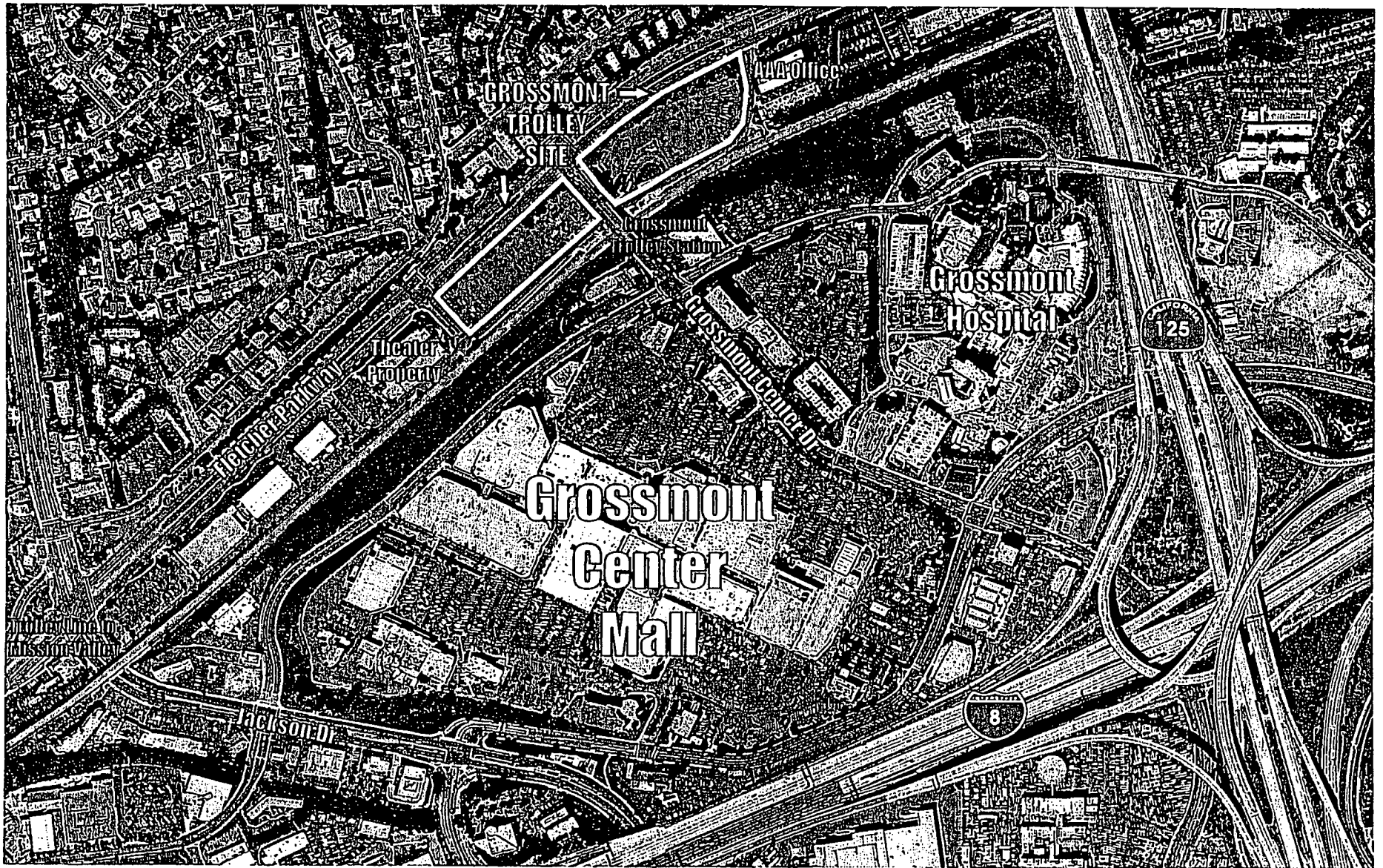
1. All building areas are based upon review of site and floor plans provided by property manager. This appraisal assumes that these figures are accurate.
2. Please refer to the complete list of assumptions and limiting conditions included in this report.

TABLE OF CONTENTS

| | Page |
|---|------|
| LETTER OF TRANSMITTAL | |
| SUMMARY OF SALIENT FACTS AND CONCLUSIONS | |
| TABLE OF CONTENTS | |
| PHOTOGRAPHS OF SUBJECT PROPERTY | |
| INTRODUCTION | |
| Identification of Property | 1 |
| Property Ownership and Recent History | 1 |
| Purpose and Intended Use of the Appraisal | 1 |
| Scope of the Appraisal | 1 |
| Date of Value and Property Inspection | 2 |
| Property Rights Appraised | 2 |
| Definitions of Value, Interest Appraised, and Other Pertinent Terms | 2 |
| Legal Description | 3 |
| REGIONAL ANALYSIS | |
| California's Economy | 4 |
| San Diego County | 4 |
| LOCATION ANALYSIS | |
| City of La Mesa | 7 |
| Neighborhood | 11 |
| Conclusion | 11 |
| APARTMENT MARKET ANALYSIS | |
| Multi-Family Investor Demand | 13 |
| San Diego Apartment Market | 13 |
| La Mesa Submarket | 14 |
| Conclusion | 14 |
| PROPERTY DESCRIPTION | |
| Site Description | 15 |
| Improvement Description | 17 |
| REAL PROPERTY TAXES AND ASSESSMENTS | 18 |
| ZONING | 19 |

Table of Contents

| | Page |
|--|------|
| HIGHEST AND BEST USE | |
| Definition..... | 20 |
| As if Vacant..... | 20 |
| As Proposed..... | 20 |
| Conclusion..... | 21 |
| VALUATION PROCESS..... | 22 |
| COST APPROACH | |
| Methodology..... | 24 |
| Land Value Conclusion..... | 33 |
| Cost Approach Conclusion..... | 35 |
| INCOME APPROACH | |
| Methodology..... | 36 |
| Discounted Cash Flow Analysis..... | 37 |
| Conclusion..... | 39 |
| RECONCILIATION AND FINAL VALUE ESTIMATE | |
| Review of Approaches..... | 40 |
| Conclusion..... | 40 |
| Exposure Period..... | 40 |
| ASSUMPTIONS AND LIMITING CONDITIONS..... | 41 |
| CERTIFICATION OF APPRAISAL | |
| ADDENDA | |



INTRODUCTION

Identification of Property

The subject property represents a planned 527-unit luxury apartment complex. The property is situated at the corner of Fletcher Parkway and Grossmont Center Drive in the city of La Mesa, San Diego, California.

Property Ownership and Recent History

According to the public records, the subject property is currently vested in San Diego Mass Transit District. The property is planned to be leased to Fairfield Residential, LLC on a long-term ground lease for 55 years with additional options thereafter. To the best of our knowledge, the property is not currently listed for sale and there have been no other transfers of ownership during the past three years.

Purpose and Intended Use of the Appraisal

The purpose of this appraisal is to provide an estimate of the market value of the fee simple estate, which represents the *As-Is Value Estimate* in the referenced real property. In addition, we have estimated the leased fee estate (subject to a long-term ground lease). The intended use of the appraisal is to assist the client for internal asset review purposes.

This report was prepared for Fairfield Residential, LLC, herein referred to as "Client". As such, we agree that it may be relied upon by the client or MTDB (Metropolitan Transit Development Board).

Otherwise, it may not be distributed to or relied upon by other persons or entities without written permission of Cushman & Wakefield of California, Inc.

Scope of the Appraisal

This is a complete appraisal which is being presented in a self-contained reporting format. A complete appraisal is one which meets all the requirements of the Uniform Standards of Professional Appraisal Practice for the development of an appraisal of real property. A self-contained reporting format fully describes the extent of the appraisal process including: the extent of describing the various regional and local influences upon the property's value; the extent of our physical inspection of the property; and the process of collecting, verifying, and analyzing the market data relied upon in this report. Summarized, the extent of the appraisal process included:

- Analysis of various state, regional, and local influences upon the subject property's market value.
- A review of the San Diego County and San Diego apartment markets.
- A complete inspection of the subject property and a review of proposed site and floor plans.
- Rely upon comparable apartment complex sales within the subject property's competitive submarket or among other similar areas for purposes of deriving an appropriate cap rate. developing a value estimate via the Sales Comparison Approach.
- Review of development costs, subject property proforma operating information including income and expense information and planned construction and occupancy schedule.
- Selection and analysis of comparable land sales in connection with estimating land value.
- Correlation of market derived income and expense information with the subject's proforma income and expenses for purposes of estimating net operating income.
- Development of value estimates via the Income Capitalization Approach, including the direct capitalization.
- Estimate a stabilized value via the Income Capitalization and Cost Approach in order to derive a residual land value

- Perform a discounted cash flow of the ground rent payments in order to estimate a leased fee value.
- Reconciliation of a final value estimate based upon consideration of the quantity and quality of data within the approaches applied and upon the approach most likely to be applied by a typical investor.

Various sections of this report require additional discussion of the scope and extent of the processes applied here. Where necessary and appropriate further explanation is provided throughout the report.

Date of Value and Property Inspection

The date of value of this report is March 15, 2006. The date the property was inspected by Neil A. Clark, MAI was on March 15, 2006. The term "date of value" is synonymous with the term "effective date of appraisal."

Property Rights Appraised

The property rights appraised are those of the fee simple and leased fee estate. Upon execution of the ground lease document, the subject property will be subject to a long-term ground lease.

Definitions of Value, Interest Appraised, and Other Pertinent Terms

The definition of market value taken from the Uniform Standards of Professional Appraisal Practice is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Definitions of pertinent terms taken from the *Dictionary of Real Estate Appraisal*, Third Edition (1993), published by the American Institute of Real Estate Appraisers, are as follows:

Market Rent

The rental income that a property would most probably command in the open market; indicated by current rents paid and asked for comparable space as of the date of the appraisal.

Cash Equivalent

A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts.

Exposure Time

Under Paragraph 3 of the Definition of Market Value, the value estimate presumes that "A reasonable time is allowed for exposure in the open market". Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

Marketing Time

Marketing time is, "an estimate of the time that might be required to sell a real property interest at the appraised value. It includes the time to market the property and achieve a closed sale. Marketing time is presumed to start on the effective date of the appraisal. (Marketing time is subsequent to the effective date of the appraisal and exposure time is presumed to precede the effective date of the appraisal.)

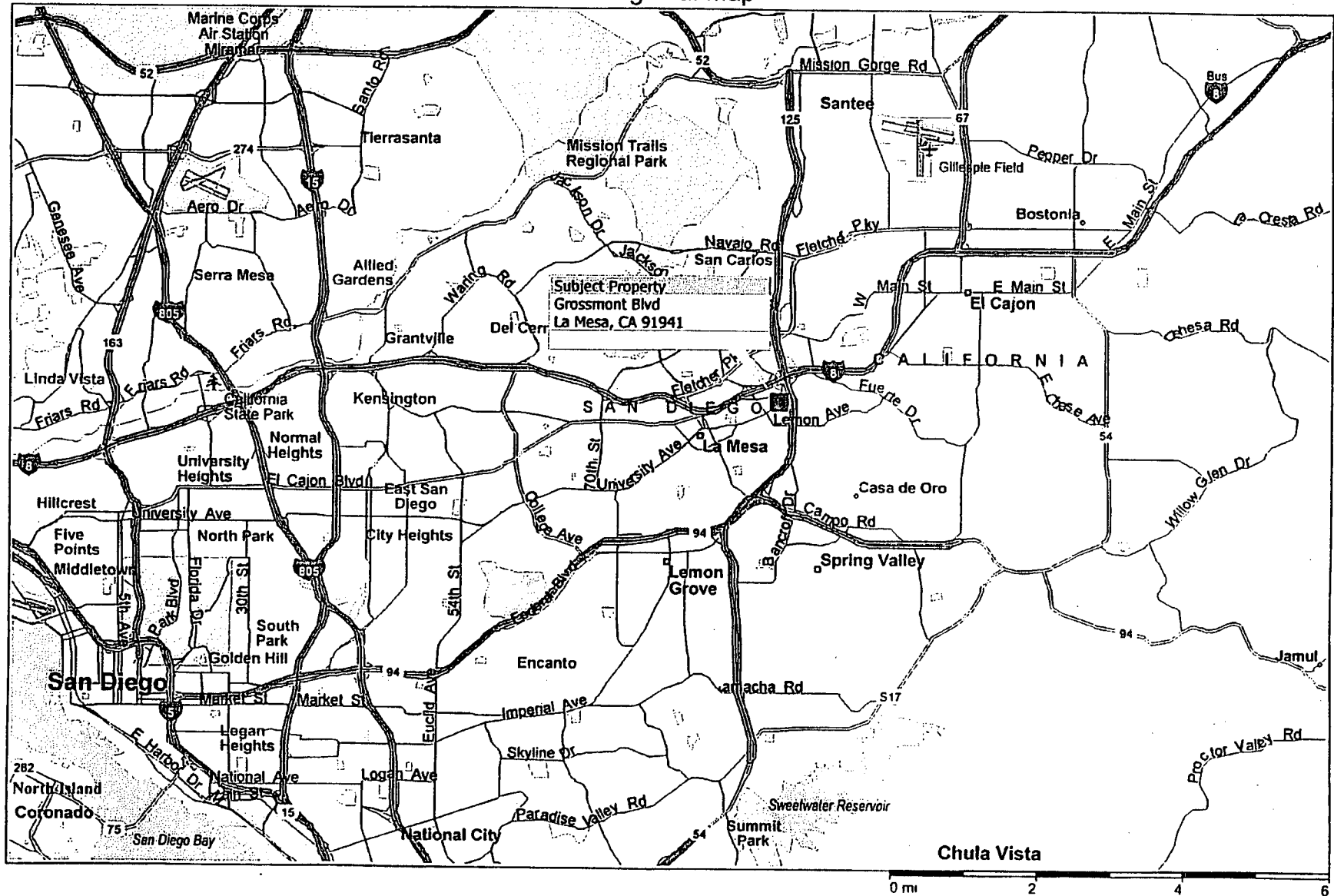
The estimate of marketing time uses some of the same data analyzed in the process of estimating reasonable exposure time. It is our opinion based on market conditions as of the date of value, and is not intended to be a prediction of a date of sale."

Legal Description

According to public records, the property is identified as:

The subject is referred to as assessor parcel numbers 490-270-23, 25, 39 & 40.

Regional Map



REGIONAL ANALYSIS

The subject property is located in the City of La Mesa within San Diego County, California. The following discussion of the locational influences on the subject's value is divided into state, county, and local analyses. An apartment market analysis then follows this discussion.

California's Economy

California endured a deep recession between 1991 and 1993. Between 1994 and 1996, California's economy experienced a mild and uneven recovery. From 1997 to 2000 the state experienced a period of strong economic growth in almost every sector of its economy. During the last few years, the national economy has slowed and major investment markets have incurred losses. These losses have been significant in the high technology and dot com industries; and less significant throughout the other segments of the economy.

During this time, California also faced an "energy crunch," with increasing energy prices and occasional blackouts. As a result, economic growth slowed during 2001. Prior to the September 11th terrorist attacks, most economists expected that California would show a small rate of growth for the year. Most economic forecasts project modest economic growth, although some economists fear a national and global recession may be coming.

Recent employment trends have followed a pattern similar to California's general economic trends. Total employment has grown significantly since the 1991-1993 recession. As a result, the state's unemployment rate had dropped steadily from 1993 to 2000. The state's employment growth is threatened by a slower national economy, dot com mergers and bankruptcies, and a lack of energy supplies; although prior to September 11 most economists were forecasting only a mild, short term impact.

California's population grew by about six million during the 1980s and by nearly four million during the 1990s. Additionally, the state's gross product is larger than all but five nations. The state's gross product is larger than any other state and represents 13 percent of the U.S. gross national product. Based on these trends, California's economy is expected to have a mildly positive influence on the subject's real estate demand during the rest of 2006, and beyond. However, it remains to be seen if negative national trends will override the state's positive influences.

California endured a deep recession between 1991 and 1993. Between 1994 and 1996, California's economy experienced a mild and uneven recovery. From 1997 to 2000 the state experienced a period of strong economic growth in almost every sector of its economy. During the last few years, the national economy has slowed and major investment markets have incurred losses. These losses have been significant in the high technology and dot com industries; and less significant throughout the other segments of the economy.

San Diego County

San Diego County is located in the southwesterly portion of the State of California, and is bounded on the north by the Counties of Orange and Riverside, on the east by Imperial County, on the south by Mexico, and on the west by the Pacific Ocean. San Diego County is comprised of 18 incorporated cities and 33 unincorporated communities, and covers an area of 4,255 square miles. Its topography is a broad coastal plain (where urbanization has occurred), with hills in the central portion and desert area to the east. The urbanized areas of the county enjoy a Mediterranean climate which is one of the finest in the country.

San Diego County's economy has experienced some slowing during the past 12 to 18 months, but is slowly rebounding and performing slightly better than the state. San Diego County

Regional Analysis

advantages versus the state include disproportionately high population growth, numerous tourist destinations, and innovative transportation systems. However, San Diego was unusually hard hit by financial institution failures, construction layoffs, and defense spending cuts during the 1990-93 recession. San Diego also has a reputation for comparatively high housing costs.

Population Characteristics: Already Large with Strong Projected Growth

San Diego County ranks second in population among California's 58 counties. The January 2000 population estimate for the county was 2,911,500 (per the California Department of Finance). The recent and projected population trends in the five largest counties in Southern California are listed below. The county's large and growing population base is a positive factor for future real estate demand.

SOUTHERN CALIFORNIA'S LARGEST COUNTIES' POPULATIONS

| Rank | County | Population 1990-2007 | | | Increase | Percent Increase |
|------|----------------|----------------------|-----------|------------|----------|------------------|
| | | 1990 | 2002 | 2007 | | |
| 1 | Los Angeles | 8,863,164 | 9,529,721 | 10,050,616 | 520,895 | 5.5% |
| 2 | San Diego | 2,498,016 | 2,851,434 | 3,088,562 | 237,128 | 8.3% |
| 3 | Orange | 2,410,556 | 2,783,874 | 2,956,625 | 172,751 | 6.2% |
| 4 | San Bernardino | 1,418,380 | 1,671,618 | 1,795,564 | 123,946 | 7.4% |
| 5 | Riverside | 1,170,413 | 1,600,822 | 1,748,602 | 147,780 | 9.2% |
| 6 | Ventura | 669,016 | 746,434 | 793,674 | 47,240 | 6.3% |

Source: Claritas Inc.

The County Transportation Network is Improving and Expanding

Transportation facilities in the county include a growing freeway network, an international airport, public bus services, Amtrak passenger rail service, several freight rail lines, and deep water ports. The county is contemplating relocating its main commercial airport and expanding it to provide international service. The county has immediate access to all major modes of transportation, which is a very positive factor for the county's real estate.

Like most of Southern California, San Diego County suffers from rush hour freeway congestion. However, compared to the state's other urbanized areas, rush hour commute times are low. This is due to the county's well planned and expanding freeway network, and other unique transportation solutions.

The county's unique transportation facilities include "reversible flow" lanes within Interstate 15, an expansive and growing trolley system that is centered downtown, and proposed light rail commuter service to Los Angeles. The county's transportation network is considered to be a very positive factor for real estate demand.

County Employment

As of December 2005, the county's total civilian employment was 1,447,800. San Diego County has a lower unemployment rate than the state or nation. As of December 2005, the county unemployment rate was 3.6 percent versus 4.8 percent for California. The county's recent unemployment rates have remained low since the end of the recession. Overall, the county's employment picture is a positive factor for the county's real estate demand.

County Commerce

In descending order of size, the county's economic base is anchored by manufacturing, defense spending, and tourism. Manufacturing industries are strong and benefiting from international trade. The county is steadily diversifying away from defense-related industries, which were hard hit in the 1990-93 recession. San Diego County's tourism figures continue to provide a positive impact on the economy. Military spending is also a significant part of San Diego's economy. No significant bases are to be closed or realigned in San Diego County, which will help support

the present level of military spending. Overall, the county's diversifying economic base is considered a positive factor for future real estate demand.

County Education, Recreation and Culture

San Diego County is home to the San Diego campus of the University of California, San Diego State University, several junior colleges, and several private and specialized colleges. The county has over 175 public beaches, recreation centers and parks, as well as several public golf courses. Outdoor activities are an integral part of the San Diego lifestyle.

Amusement centers such as the San Diego Zoo, San Diego Wild Animal Park and Sea World are also located in San Diego County. Performing arts are available in downtown San Diego, civic centers, and private theaters throughout the county. The county is also home to museums, San Diego Jack Murphy Stadium, a sports arena, etc. The county's abundance of educational, recreational and cultural opportunities is a positive factor for real estate demand.

A Managed Growth County Political Environment

San Diego County residents have historically been viewed as pro-business, pro-growth and anti-tax. However, the county's rapid growth during the 1980s affected the county's political outlook. In the late 1980s, several slow growth initiatives were placed on county ballots. All were defeated, but a significant public sentiment remains for growth management. In general, residents have consistently resisted passing initiatives that could restrict growth to the point that it would be harmful to the county's economy. However, citizens often elect "slow growth" and "managed growth" county supervisors and city council members.

San Diego County imports the vast majority of its water from the Metropolitan Water District (MWD), which supplies much of Southern California. During the 1990-91 drought, the MWD considered delivery cutbacks. San Diego's County Water Authority urged conservation, but was not forced to restrict supplies. Future droughts could affect the county's economy. San Diego County has few natural sources of fresh water. However, the county is actively seeking alternative sources of water supplies. Overall, San Diego is less resistant to droughts than most urbanized areas of California.

Conclusion

Similar to California as a whole, San Diego County saw unprecedented drops in real estate values and market activity from 1990 to 1994. The degree of value decline varied by location and property type, but all real estate was affected. 1997 through early 2001 were positive years for the county's economy with continued positive overall economic conditions predicted for 2006. However, real estate demand will vary greatly by product type. Please refer to our market analysis section for a supply and demand analysis for the subject.

City of San Diego

The purpose of this section of the report is to *analyze those relevant influences which either favorably or adversely affect the subject property's market value.* Those aspects of the community's population, government, employment, and other social or economic influences which are relevant to the subject are referenced here.

San Diego County includes fewer than 20 incorporated cities. By virtue of its size and diversity, the city of San Diego dominates the county's commerce and culture. The city has about half of the county's population. The city is also geographically large, consisting of over 400 square miles.

San Diego has an estimated population of 1.2 million. The city is ranked as the state's second most populated city. It is also the nation's sixth most populated city. The city's growth corridors are located to the north and east. The Pacific Ocean is to the west, and other incorporated cities are to the south. The city has ample land for future expansion.

The city is accessed by the county's three regional freeways: Interstate 5, Interstate 8, and Interstate 15. As a result, the city has good regional access characteristics. Local access is provided by numerous primary/secondary roads, the trolleys, bus services, local roads and freeways, etc. which provide convenient access within the city. The future light rail system will serve the city's regional public transportation need along with Amtrak, both of which service downtown. Other transportation modes include air transportation via the San Diego International Airport, and freight transportation via the Southern Pacific Railroad. Overall, the city's transportation network is a positive factor for the subject real estate.

San Diego is a city of mixed land uses. Most of the city consists of public vacant uses. The privately developed areas are mostly residential uses (20.7 percent of the city's area), with 10.1 percent devoted to agricultural uses. Industrial and commercial developments occupy 3.6 and 3.0 percent of the city, respectively. The city's concentrated industrial areas are north of downtown, in the submarkets Miramar and Kearny Mesa.

San Diego has a very diverse economic base. The largest segments are retail and wholesale trades, followed by professional services and manufacturing. The San Diego Chamber of Commerce predicts that telecommunications, biotechnology, software development and electronics will be San Diego's leading industries over the next five years. Technology based firms are attracted to San Diego for its highly educated work force (25% of population hold undergraduate degrees), its advanced telecommunication infrastructure (75,000 miles of underground fiber optic cable), and research capabilities (five universities including the highly esteemed University of California San Diego (UCSD)).

In recent years, telecommunications has been San Diego's fastest growing industry. San Diego is the nation's second leading center of communications research and development. Over seventy telecommunication firms currently exist. A few of the firms include: Qualcomm, General Instruments and Datron Systems. Most of these firms are situated in Sorrento Valley, which is better known locally as the "Telecom Valley". The Sorrento Valley/Sorrento Mesa subareas are San Diego's premiere R&D locations which have the highest R&D property values.

San Diego is strategically located for international commerce. San Diego's proximity to Mexico and the Pacific Rim provides a distinct advantage to the region's economic activity. World Trade magazine indicated that the greater San Diego area is one of the top ten regions for international business. To promote international business a World Trade Center was recently opened in downtown San Diego to assist importers and exporters.

Additionally, the recent passages of NAFTA and GATT have propelled international trade in San Diego. Most notably, trade volume with Mexico has increased two-fold and is expected to continue increasing; this, in turn, increases economic and employment growth. International companies are realizing the benefits of nearby low cost labor available in Tijuana (Mexico's fourth largest city), and many have split operations in Mexico and the U.S. (San Diego) through the maquiladora program. The result has been a strong demand for twin industrial facilities in

the Olay Mesa (San Diego, CA) area and Tijuana (Mexico). This has positively influenced the industrial real estate market in these areas.

Local and international businesses in San Diego benefit from a large pool of well educated workers. Over 25 percent of the population holds an undergraduate degree. This highly educated workforce earns a median income of about \$50,000, which is significantly more than the national average. San Diego business is well positioned for growth into the next millennium.

San Diego is also considered a tourist and business destination point. The city has a new convention center, an international airport, the world famous San Diego Zoo, Sea World, a downtown commercial district, an old town area known as the gaslight district which offers boutique shopping and fine dining restaurants, numerous spas and resorts (e.g. La Costa, Coronado, etc.), world class golf courses, miles of public beaches, etc.

Similar to the County as a whole, the City of San Diego has a managed growth political position. In November 1992, the city elected a "managed growth" mayor over a "slow growth" candidate in a close race. Several slow growth citizens' initiatives have been defeated in the last few years. The city council has enacted temporary growth caps in the past, although there are no caps in effect at present. In general, the city's council and planners review projects on an individual basis. Acceptably planned projects do receive permits, and the city will grant large projects "development agreements", to protect development rights over time.

City services include a typical public school system, police and fire services, etc. The city has several hospitals, five regional shopping malls and numerous shopping centers, and several first rate universities including the University of California San Diego. Overall, San Diego has a reputation as a large-sized, diverse, middle class city in San Diego County.

City of La Mesa

The purpose of this section of the report is to *analyze those relevant influences which either favorably or adversely affect the subject property's market value*. Those aspects of the community's population, government, employment, and other social or economic influences which are relevant to the subject are referenced here

La Mesa has an estimated population of approximately 56,000 as of 2004. La Mesa is the ninth largest city in terms of population within San Diego County. The average rate of growth since 1991 has been approximately 1% per year; the population growth is somewhat limited due to the lack of land available for residential development. The City of San Diego is located to the north and west, El Cajon is situated to the east and Lemon Grove and other unincorporated communities are located to the south.

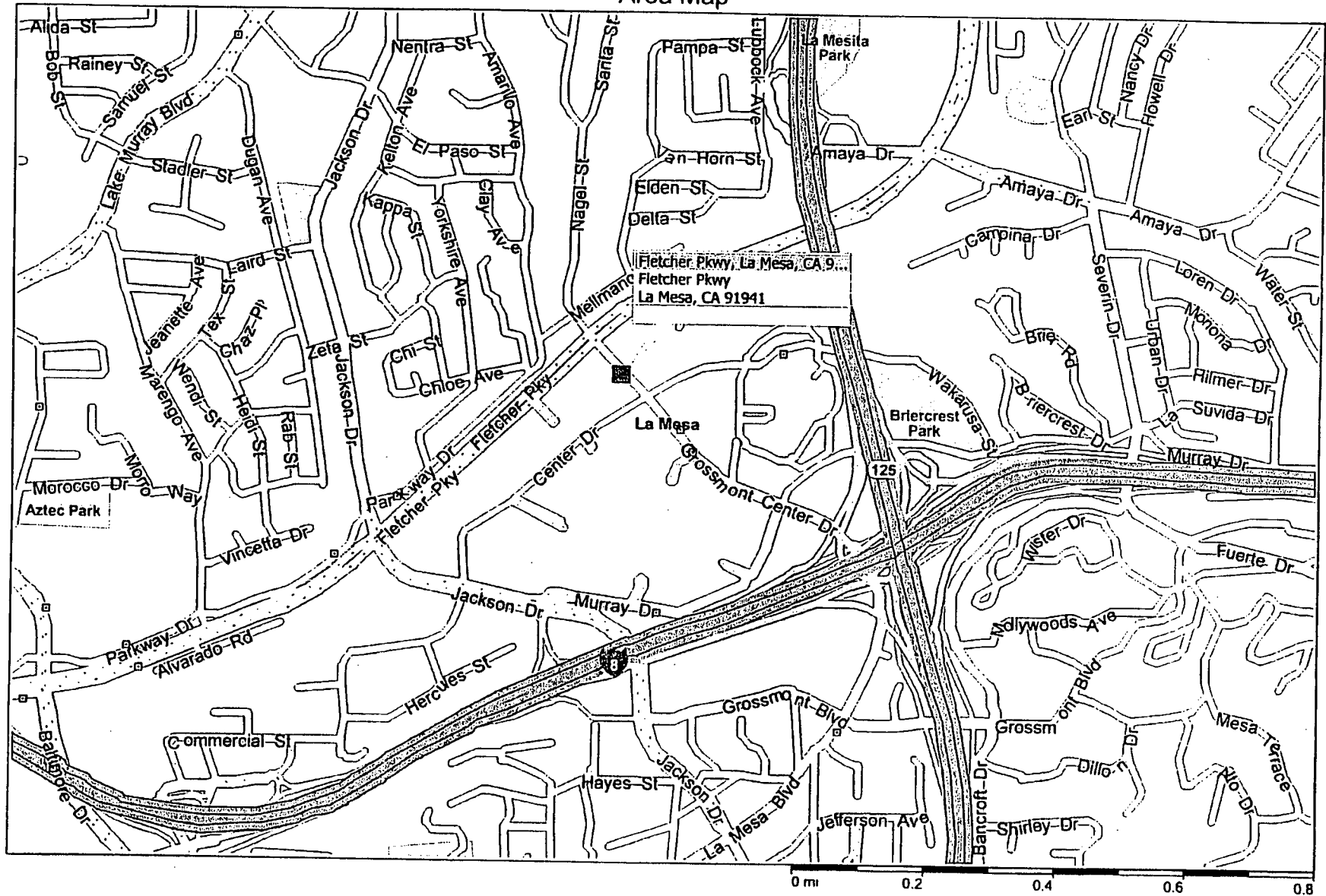
The city is accessed by Interstate 8 which represents one the county's three regional freeways: Interstate 5, Interstate 8, and Interstate 15. In addition, La Mesa is accessed by Highway 125. As a result, the city has good regional access characteristics. Local access is provided by numerous primary/secondary roads, the trolleys, bus services, local roads and freeways, etc. which provide convenient access within the city. The Trolley light rail system also serves the city's regional public transportation and provides convenient access to San Diego State University, Mission Valley and Downtown San Diego. Other transportation modes within reasonable proximity include air transportation via the San Diego International Airport, and freight transportation via the Southern Pacific Railroad. Overall, the city's transportation network is a positive factor for the subject real estate.

City services include a typical public school system, police and fire services, etc. The city has nearby hospitals, regional shopping malls and numerous shopping centers. In addition, several first rate universities are located within convenient proximity including the San Diego State University and Grossmont College. Overall, La Mesa has a reputation as a medium-sized, diverse, middle class city in San Diego County.

Conclusion

The City of La Mesa is located in the eastern/central portion of San Diego County with access to major highways in the area; this is an important positive attribute which should continue to make this a desirable area over the foreseeable future. In addition, the county has a significant residential population, with household and per capita income levels that are comparable or superior to the corresponding figures for the State of California. Over the past several years, the employment base in San Diego County has changed as the aerospace/defense industry has downsized while the sectors of telecommunications, biotechnology, health care, and international trade have experienced significant new growth.

Area Map



LOCATIONAL ANALYSIS

Neighborhood Influences

The subject property is located in the inland area of San Diego, in the City of La Mesa. The property is situated at the intersection of Fletcher Parkway and Grossmont Center Drive, and can be found on both sides of the intersection (the southeast and southwest corners). The immediate neighborhood boundaries are generally defined by Dallas Street to the north, Interstate 8 to the south, the 125 Freeway to the east and Jackson Drive to the west.

This immediate area is comprised of mixed uses, primarily residential (single family, condominiums and apartments) with commercial and retail uses located along major arterial streets. Immediately south of the subject site is Village Trolley Station and to the east is an office building. To the west is a retail property (theater) and to the north is generally older (well-maintained) multi and single family homes.

The subject area has convenient proximity to employment, shopping, services and recreational activities. Due to the close proximity to transportation linkages, the City of La Mesa is considered a desirable residential area. Access to the subject area is considered good; the subject site is afforded good arterial street access and convenient proximity to freeways.

Relevant Factors

The key influencing factors relative to the subject property due to its locational attributes are as follows:

- The population within La Mesa and the subject's immediate area (five mile radius) is 55,079 people. Over the next five year period (through year 2009), population is projected to grow by 0.24 percent. This projected increase in population will favorably impact the subject property.
- The subject's location is considered to be good and improving within the area. It is situated in a central portion of San Diego County known as La Mesa. The subject site benefits from convenient access to employment centers and freeway access.
- The 2004 average household income within a five mile radius was \$60,343. The average median household income level in the subject area (5 mile radius) was \$46,968. The 2004 average household income within a five mile radius is projected to increase by 14.42% by 2009.
- In summary, the subject's immediate area represents a community with a mixture of residential and commercial uses with convenient proximity to employment, shopping, services and recreational amenities. Given the expected population, employment and income growth in the community, city and county, the subject's location is expected to be a good apartment location over the short and long term. Further, the continuing development of the area and demand for quality residential housing is anticipated to have a positive impact on the subject's immediate area over the next several years. Consequently, demand for a quality multi-family project in the subject's area is expected to remain strong.

Conclusion

The subject is situated in the City of La Mesa in San Diego County. The area's centralized location, together with a diversified employment base, has a significant role in the continued

Locational Analysis

commercial and residential development of the area. Convenient access to major highways in the area is an important positive attribute which should continue to make this a desirable area over the foreseeable future. The community is conveniently located to employment, shopping, services, and recreational facilities. Given the expected population, employment and income growth in the La Mesa and San Diego area, the subject's location is expected to be a good site for multi-family residential. Overall, demand for multi-family residential (apartments) in the area is expected to remain strong. The long-term trend of this neighborhood is considered to be positive.

APARTMENT MARKET ANALYSIS

Multi-Family Investor Demand

The subject property represents a planned 527 unit luxury apartment complex that is good in quality, design and appeal. Demand for such projects in San Diego County varies, depending upon location. For those projects located near the coastal or centralized suburban areas there is significant investor demand. This demand is being generated by REITs, pension funds, insurance companies, and other institutional buyers. Depending upon demographics and construction date, large scale complexes (100+ units) in this category are selling at overall capitalization rates of from 5.0 to 6.0 percent and at discount rates of from to percent. In addition to concern with the immediate cash flow potential of a property, typical investors for the subject property type are making long term investment forecasts in terms of making cash flow projections over a 5 or 10 year holding period. Institutional investors are primarily concerned with asset quality and long term income growth potential. Considering the subject is an existing good quality project, the subject property would more than likely sell to an institutional investor. The subject's desirable apartment location is anticipated to generate strong resident and investor demand.

San Diego County Apartment Market

San Diego County's apartment market is remaining strong in several key areas including occupancy levels, rental rates, and demand for vacant land. This is particularly the case for larger complexes with coastal or downtown proximity and for projects in newly developed suburban areas. The subject property is located in the City of La Mesa which is considered a desirable area due to its location, pleasant climate, urban residential character, and close proximity to major employment centers and recreational areas. In order to analyze the long term trend within San Diego County's apartment market we reviewed information provided by San Diego County Apartment Association (SDCAA) and Real Facts (a market research company which provides quarterly apartment market surveys). The following information is based upon the SDCAA - Vacancy Survey.

San Diego County Apartment Market Vacancy Levels: 1991 to 2005

| <u>Year</u> | <u>Vacancy</u> |
|-------------|----------------|
| 1991 | 7.36% |
| 1992 | 4.88% |
| 1993 | 5.50% |
| 1994 | 5.87% |
| 1995 | 4.96% |
| 1996 | 4.0% |
| 1997 | 3.8% |
| 1998 | 3.4% |
| 1999 | 2.0% |
| 2000 | 1.6% |
| 2001 | 2.0% |
| 2002 | 2.8% |
| 2003 | 3.1% |
| 2004 | 5.4% |
| 2005 | 5.2% |

The data from the survey provides a clear indication of the strong market conditions and occupancy trends countywide. Our primary research indicates that, as noted previously, occupancy levels among key submarkets are improving substantially. In fact, some properties

Apartment Market Analysis

in desirable areas like the La Jolla/University City, Mission Valley and the downtown submarkets have experienced strong tenant demand for available units. Most submarkets have also experienced strong demand and rising rents (albeit more moderate rent growth in the past 12 months). According to information obtained from Real Facts, a market research firm, the overall occupancy rate for 100+ unit apartment projects in the City of San Diego as of the 4th Quarter of 2005 was 94.8 percent based upon nearly 95,635 units surveyed. The decrease in occupancy rates is primarily due to new apartment construction in the University City area, Mission Valley and Downtown San Diego.

La Mesa Submarket

In order to assess current demand in the San Diego submarket we consulted the Real Facts December 2005 survey (which was referenced previously) and the San Diego County Apartment Association (SDCAA). The overall vacancy rates for the City of La Mesa are currently reported at approximately 3.3% as of the 4th Quarter of 2005. The rental rates have been steadily increased in the San Diego area during the past 12 to 24 months. Based upon our survey of properties, the average rental rates have increased 2 to 4 percent per year during the past two years. The overall occupancy rate and rental rate trend is a good indication of the overall demand within the subject market area.

Several important topics which relate directly to the subject. First, many of the rental projects in the area were constructed during the late 1970's and 1980's and represent well maintained projects, but are inferior in appeal and overall quality/construction. Second, with limited new apartment development in the general market area, the occupancy rates for most of the apartment projects remain high with rental rates increasing modestly in the past year. Based on the current occupancy rates, it is evident that the subject's immediate submarket is in strong demand. As will be discussed later in the income capitalization approach, the subject project is anticipated to compete effectively with the above projects due to the subject's age, location, quality and project/unit amenities.

There is one new recently completed apartment project that is located a few miles away (City of San Diego) and is known as Canyon View Apartments (183 units built in 2002). Other rental properties in the market area include Mission Trails (208 unit built in 1987), Fletcher Hills (138 units built in 1973), Heatherwood Apartments (155 units built in 1970's) and Villages of La Mesa (384 units built in 1988/89). According to the City of La Mesa, the subject property is the only large apartment project that is currently planned (527 units) to be developed along the Trolley line. We are not aware of any other planned or proposed apartment projects (100+ units) that will directly or indirectly compete with the subject property. Given the limited remaining supply of multi-family land within the La Mesa area, demand exceeds the current supply. Overall, occupancy rates remain relatively high and demand for apartments within La Mesa is strong with increasing rent levels. Overall demand is considered to be strong in the near term.

Conclusion

As a whole San Diego County's apartment market has remained reasonably strong, particularly in desirable coastal or well located infill locations. Within these markets there is strong investment demand. As the county's economy slowly improves, most buyers are anticipating continued high occupancy rates and modestly increasing rents. The subject property should perform consistent with the market and generate strong tenant and investor demand.

PROPERTY DESCRIPTION

Site Description

| | |
|-------------------------|--|
| Location: | The subject site is located at the southeast and southwest corner Fletcher Parkway, and Grossmont Center Drive (on both sides of Grossmont Center Drive). The site is located in the City of La Mesa, in San Diego, California. |
| Shape: | Based upon a review of the site plan (included in the Addenda), the site is irregular in shape and considered to have good functional utility for multi-family uses. |
| Area: | Based upon a review of public records, the entire subject site has a gross area of 7.7 acres. |
| Frontage: | Street frontage is good for a multi-family uses; the subject fronts Fletcher Parkway and is intersected by Grossmont Center Drive. |
| Topography/Terrain: | The site represents a mostly level site at (or near) street grade. The site is engineered with adequate sheet flow drainage. |
| Street Improvements: | The subject's street frontage and access benefit the property from a leasing standpoint by providing convenient access to Fletcher Parkway (east/west arterial road) that provides access to Grossmont Center Drive, and parallels the San Diego Interstate 8 Freeway. Street improvements include curb, gutter, and streetlights. Utilities are below ground. Fletcher Parkway provides three traffic lanes in each direction. Grossmont Center Drive provides two traffic lanes in each direction. The subject property is considered to have good ingress/egress. |
| Soil Conditions: | We did not receive or review a geotechnical or soil report. We assume that the soil's load-bearing capacity is sufficient to support the recently completed structures. We did not observe any evidence to the contrary during our physical inspection of the property. The site's drainage appears to be adequate. |
| Utilities and Services: | The site is adequately served with all public utilities available to the site. |
| Land Use Restrictions: | We have not reviewed a title report for the subject property. Based upon our physical inspection, there does not appear to be any easements that would adversely affect the subject property; however, the determination of adverse easements or encroachments is a legal matter which is beyond the scope of this appraisal. We recommend that the appropriate |

Property Description

experts be consulted, as part of a business decision regarding the subject.

Flood Hazard:

According to the FEMA map, the subject is within flood zone X, Community Map No. 060292 Panel 1642F, dated July 2, 2002. Zone X is an area outside of the 100 and 500 year floodplains; flood insurance is available, but not required within this flood hazard zone.

Seismic Hazard:

The subject site is not located in a Special Study Zone as established by the Alquist-Priolo Geological Hazards Act. However, the entire Southern California region is prone to earthquakes; all properties are potentially subject to damage from an earthquake.

Hazardous Substances:

We observed no evidence of toxic or hazardous substances during our inspection of the site. We are not trained to perform technical environmental inspections and recommend the services of a qualified professional for this purpose.

Property Description

Improvement Description

The subject improvements consist of a planned 527-unit luxury apartment complex. In summary, the subject consists of two and three-story buildings with garage parking. The 527-unit apartment complex includes one bedroom and two bedroom floor plans. Onsite amenities include pool, spa, clubhouse, fitness center, business center, pool, spa and nicely landscaped grounds. Parking consists of 787 garage parking spaces. In addition, the developer will build and provide an additional 595 garage parking spaces for public use with regard to the adjacent trolley station. The cost of the parking structure is the responsibility of the developer, but the maintenance of the parking structure is the responsibility of MTDB (mass transit district).

General Description

| | |
|-----------------|---|
| Year Built: | Proposed (estimated completion 2008/2009) |
| Unit Density: | Proposed for 68.44 units per acre |
| Unit Inventory: | The following unit inventory is based upon information provided by the property manager. A detail unit mix is included in the direct capitalization schedule (presented later in the report for analysis purposes and included in the Addenda). |

Design Features and Functional Utility:

The subject's overall design and functional appeal is considered very good for this type of apartment complex. The project and unit features are comparable or superior to most competing projects within the area. The unit sizes are similar to most competing projects in the area. The overall project/unit design combined with a variety of unit types is well received within the market place.

Physical Condition:

The subject site represents an existing (surface) parking lot for the San Diego Trolley. The subject site is planned to be built with a 527 unit apartment project that will be in excellent condition upon completion of construction. Parking structures will be built for resident use and public use. Relative to most competing projects in the area, the subject project will be comparable or superior in condition, quality and appeal.

REAL PROPERTY TAXES AND ASSESSMENTS

In the State of California, assessed property values may increase only 2 percent per year, with few exceptions. Events such as a transfer of ownership, or significant new construction will trigger a reassessment of the property. The county assessor usually accepts the sale price, or the cost of improvements, in calculating assessed value. Assessed values are usually poor indicators of actual market value, and are useful only to estimate effective tax rates.

The 2005/06 fiscal year is the most recent year for which the county has published assessed valuation and property tax information. According to a public records, the assessed value and taxes for the subject property are shown below.

| | |
|-----------------------------|-------------------------|
| Assessor Parcel Numbers | 490-270-23, 25, 39 & 40 |
| Assessed Land Value | \$000 |
| Assessed Improvements Value | <u>\$000</u> |
| Total Assessed Value | <u>\$000</u> |
| Tax Rate Area | 02002 |
| Published Tax Rate | 1.03793% |
| Actual Taxes/Assessments | \$000 |

It should be noted, the subject property is currently owned by a public (government) entity and consequently, does not pay real estate taxes. However, upon completion of the planned apartment project, real estate taxes will be assessed to the leasehold property owner.

Due to California's method of property taxation, tax rates generally vary between one percent and two percent of assessed value; but annual tax bills vary widely from property to property. The difference between the published tax rate and the effective tax rate is due to special assessments applied to the subject site. We have utilized the above tax rate in estimating the real estate taxes and our current stabilized value conclusion based upon a direct capitalization approach (presumes the improvements are complete with stabilized occupancy and income). The direct capitalization schedule is presented later in the report.

The definition of market value used in this report assumes a sale of the subject property. If the subject property was sold, it would be reassessed according to the county assessor's opinion of its market value, which is typically the sale price.

ZONING

According to the City of La Mesa, the subject property is located within the Grossmont Specific Plan of CGD zone (General Commercial/Grossmont Specific Plan/Urban Design Overlay). The current zoning allow commercial and multi-residential developments with an orientation toward transit uses. The subject is considered to be a legally conforming use within the specific plan. The subject represents a planned multi-family residential development.

The planned improvements are considered to be conforming to all the development standards designated by the City of La Mesa. The subject is considered to be in conformance with the current zoning ordinances and specific development requirements and variances; however, actual conformance is a legal matter. We have not received a legal opinion regarding the subject's conformance with the City's zoning ordinance.

HIGHEST AND BEST USE

Definition

According to the *Dictionary of Real Estate Appraisal*, Third Edition (1993), a publication of the Appraisal Institute, highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Physically Possible

The first test is what is physically possible. The site's size, shape, and soils condition are conducive to a wide variety of both residential and commercial land uses.

Legally Permissible

The second test concerns permitted uses. Based upon the current zoning, development of the site is zoned for multi-family residential construction.

Financial Feasibility and Maximal Productivity

The third and fourth tests are, respectively, what is feasible and what will produce the highest net return. The determination of financial feasibility is based on whether a land use would create a positive return to the land. The maximum productive use is that use which provides the highest return to the site, with lowest possible risk.

As if Vacant

The subject is within a planned residential district and allows multi-family residential use. Thus, the long term development of the site is for multi-family use. Presently, the market conditions have improved over the past year and are considered strong. Apartment occupancy rates are high and rent levels are increasing. Rent levels are considered to have increased sufficiently to support new construction. This is evidenced by the new apartment construction in the general market area. As a result of these factors new apartment construction is considered financially feasible at this time. Based upon other competing apartment projects within the immediate market area, the subject would likely represent a good quality construction with excellent project/unit amenities. The project would likely be built to a maximum density (typically ranging from 30 to 50 units per acre).

As Proposed

The subject property represents a proposed 527-unit apartment project (one and two bedroom units). The project is anticipated to be in excellent condition upon completion of construction. in good condition. The subject's unit mix and overall design is considered a positive factor and will benefit in marketing the units to prospective residents. The subject's specific location, age, condition, project/unit features and convenient location to the trolley station is a positive factor which is superior to many competing multi-family residential projects in the area. Given the current market conditions, the proposed improvements clearly contribute to site value and therefore represent the site's highest and best use. No changes or modifications are required; any additional value due to changes is not anticipated to exceed the corresponding costs.

Highest and Best Use

Conclusion

The highest and best use of the site, as if vacant, is for immediate multi-family residential development. The highest and best use of the property, as proposed, is for immediate development as a multi-family residential development.

Introduction

There are three approaches to value commonly applied in the appraisal of real estate. These are the Cost, Sales Comparison and Income Capitalization Approaches. In appraisal practice an approach is eliminated from consideration if it does not apply to the property being appraised. For example, the income approach is typically not applied in the appraisal of single family homes. Each approach to value is described briefly below.

Cost Approach

The Cost Approach is based upon the principle of substitution whereby an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land; or when relatively unique or specialized improvements are located on the site, for which there exist few sales or leases of comparable properties.

The first step in the Cost Approach is to estimate the subject's land value (at its highest and best use as if vacant). This is usually done through an analysis of comparable land sales. The second step is to estimate the cost of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional, and external causes. Land value and depreciated improvement costs are then added to indicate a total value.

Sales Comparison Approach

The Sales Comparison Approach relies upon review of comparable sales to derive an estimate of value for the property being appraised. Valuation is typically accomplished using a unit of comparison such as price per square foot, per unit, or gross rent multiplier. When possible, adjustments are applied to the units of comparison from an analysis of the comparable sales, and the adjusted unit of comparison is then used to yield a total value.

Income Capitalization Approach

This approach first determines the income producing capacity of a property by estimating market rent and then making deductions for vacancy and collection loss, operating expenses, and if appropriate capital reserves. Net operating income may be capitalized at an overall rate of return or by application of a discount rate or internal rate of return. Direct capitalization relies upon an overall capitalization rate which is divided into the first year's anticipated net operating income to derive a value estimate. Discounted cash flow analysis applies a discount rate to periodic net operating income and the residual value to determine property value.

Reconciliation and Final Value Estimate

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value estimate is chosen that either corresponds to one of the approaches to value, or is a correlation of the approaches used in the appraisal.

Applicable Approaches in this Appraisal

The subject represents a planned apartment project. We have utilized the appropriate approaches to value in order to estimate a reasonable fee simple land value and leased fee land value (subject to the pending ground lease document). Therefore, all three approaches to value have been utilized in this appraisal.

Qualitative Comparison Methodology

Comparable land and improved sale comparisons in this report are primarily made on a ranking scale. Comparables are judged to be very superior, superior, slightly superior, very slightly superior, equivalent, very slightly inferior, slightly inferior, inferior or very inferior in various factors of comparison, versus the subject. The comparables are then judged for overall comparability on the same scale, based on the indications from the various factors of comparison. This ranking system well reflects the actions of market participants, who also analyze sales on this type of basis. The exceptions to this ranking system occur when numerical adjustments are indicated directly from the sales; such as discounts for costs to achieve stabilized occupancy, premiums paid for below market financing, etc.

Methodology

This approach is based on an analysis of the property's land value and physical replacement cost. The principle of substitution (the underlying rationale of this approach) holds that no prudent person will pay more for a property than the price of a site and the cost of constructing, without undue delay, an equally desirable and useful property.

In the Cost Approach, we employed the following steps to reach an estimate of value:

1. Estimate land value as if vacant;
2. Estimate the improvements' replacement cost new, including indirect costs;
3. Estimate the necessary developer's overhead and profit for the type of property being appraised, including any profit on the land;
4. Add land value, replacement cost new, and profit to calculate the total cost new of the property;
5. Estimate accrued depreciation of the improvements, if any, from physical, functional, and/or external causes; and
6. Deduct accrued depreciation from the total cost new of the improvements to estimate the subject's value by the Cost Approach.

Land Valuation

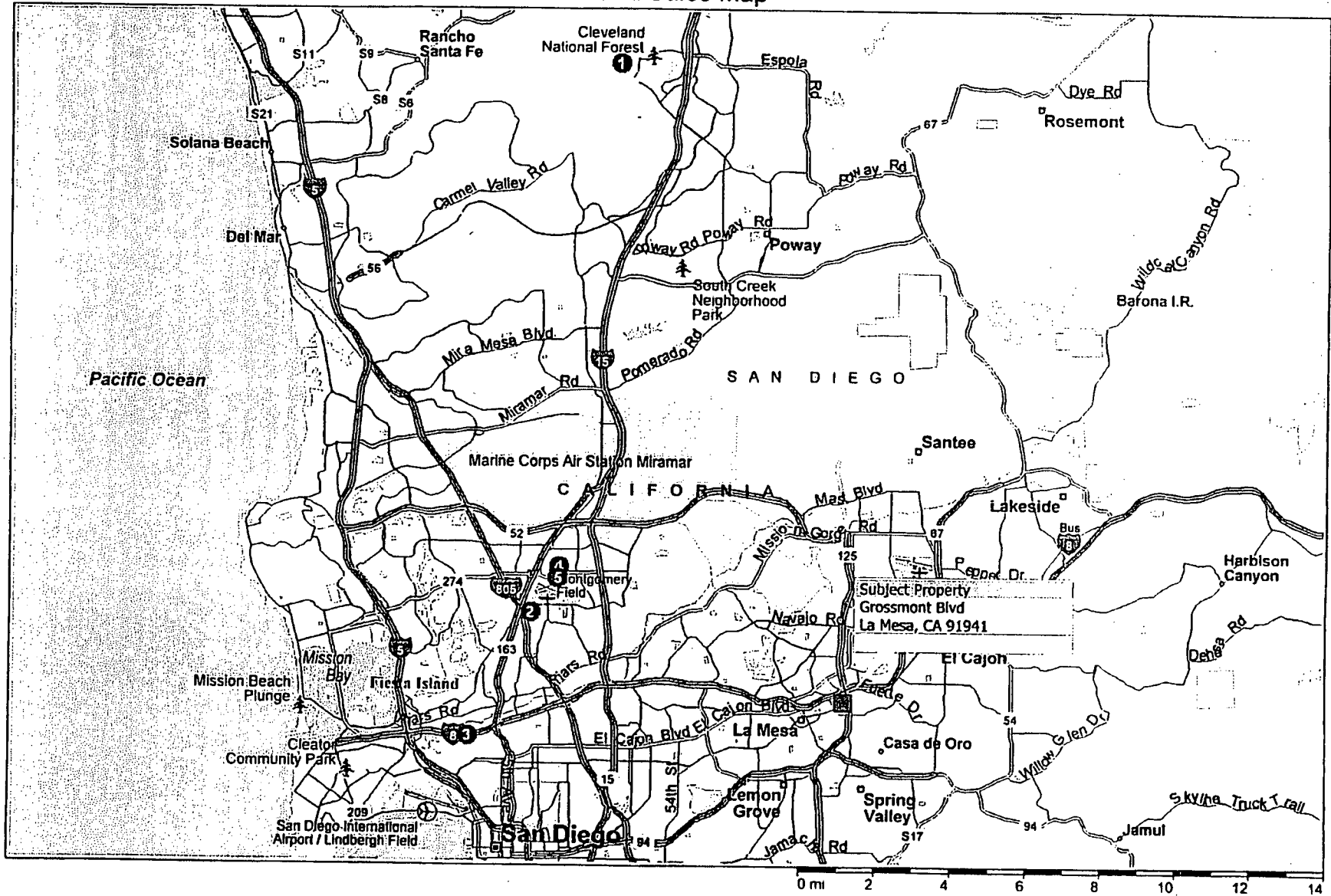
We used the Sales Comparison Approach to estimate land value. This is the most direct and reliable method of estimating land value. In this method, we analyzed comparable land sales in the subject's area. Our value estimate was derived from prices of available and/or recently sold, similar sites. Primary emphasis in our selection of land sales was placed on comparability to the subject in size, location, zoning and date of sale.

In making comparisons we have considered any significant differences between the subject and the comparable properties. Our investigation of the comparable land sales indicates that the market uses the price per square foot and price per buildable unit as the basis of comparison. We have therefore analyzed the comparable sales on these bases. On the following page is a summary of pertinent details of the sales we compared with the subject site, and a map showing their locations. The following pages include detailed data sheets which describe each sale. It should be noted, there have been very limited new apartment land sales within the past several years; thus, the following land sales are considered relevant to this analysis.

MULTI-FAMILY RESIDENTIAL LAND SALES SUMMARY

| No. | Location | Sale Date | Land Area (AC) Density (U/AC) | Sale Price | |
|-----|---|-----------|----------------------------------|--------------|---------------------|
| | | | | Total | \$/SF \$/Unit |
| 1 | SWC of Rancho Bernardo Rd. & Dove Canyon Rd Poway | 12/2005 | 23 (gross) 23.48 | \$21,370,500 | \$21.33 \$39,575 |
| 2 | 3540 Aero Court San Diego | 12/2004 | 6.01 (gross) 47.92 | \$6,916,544 | \$26.42 \$24,015 |
| 3 | 1440 Hotel Circle North San Diego | 7/2003 | 7.15 (gross) 48.95 | \$9,000,000 | \$28.90 \$25,714 |
| 4 | Paramount Drive w/o Kearny Spectrum Road, San Diego | 1/2002 | 5.5 (gross) 21.8 | \$6,500,000 | \$27.13 \$54,166 |
| 5 | Paramount Drive w/o Kearny Spectrum Road, San Diego | 11/2000 | 18.1 (gross) 24.75 | \$15,396,000 | \$19.53 \$34,366 |

Land Sales Map



Multi-Family Residential Land Sale No. 1

SITE IDENTIFICATION

Location: Southwest corner of Rancho Bernardo Road &
Dove Canyon Road
Poway (unincorporated S.D. County), California

Assessor's Parcel No.: 678-241-07
Legal Description: Tract 5323, map 15201
Thomas Guide: 1169-E3

SITE DESCRIPTION

Gross Area: 23 acres / 1,001,880± sf
Net Area: 23 acres
Shape: Irregular
Topography at Sale: Mostly level
Zoning at Sale: C34, County
Off-sites at Sale: All are to the site
Approvals at Sale: 540 approved units
Use at Sale: Vacant site
Proposed Use/Density: 540 apartment units, as part of a master planned community.
Cost to Finish: None, mass graded

SALE INFORMATION

Price: \$21,370,500
Sale Terms: All cash to the seller
Contract Date: December of 2004
Closing Date: December 22, 2005
Recording Number: 1096518
Buyer: The Reserve at 4S Ranch, LLC
Seller: 4S Kelwood General Partnership

VALUE INDICATORS

"As-Is" Price/Unit: \$39,575
"As-Is" Price/SF: \$21.33
Finished Mass Graded Price/Unit: \$39,575
Finished Mass Graded Price/SF: \$21.33

VERIFICATION

Public Records & CoStar Comps Inc.

COMMENTS

This sale represents a recent transaction and is located within the master planned development known as 4S Ranch, near the city of Poway area. The site is approved for a multi-family apartment project. The site is planned to be developed with a luxury apartments.

Multi-Family Residential Land Sale No. 2

SITE IDENTIFICATION

| | |
|------------------------|--|
| Location: | 3540 Aero Court San Diego, California |
| Assessor's Parcel No.: | N/Av. |
| Legal Description: | N/Av. |
| Thomas Guide: | N/Av. |

SITE DESCRIPTION

| | |
|-----------------------|--|
| Gross Area: | 6.01 acres / 261,795 sf |
| Net Area: | 6.01± acres |
| Shape: | Irregular |
| Topography at Sale: | Mostly level |
| Zoning at Sale: | Commercial |
| Off-sites at Sale: | All are to the site |
| Approvals at Sale: | Mixed-use (multi family & commercial) |
| Use at Sale: | Vacant site |
| Proposed Use/Density: | 288 unit multi family development project with a 20,000 sf of commercial (47.92 units/acre) |
| Cost to Finish: | N/Av. |

SALE INFORMATION

| | |
|-------------------|-----------------------------|
| Price: | \$6,916,544 |
| Sale Terms: | All cash to the seller |
| Contract Date: | October of 2003 |
| Closing Date: | December 15, 2004 |
| Recording Number: | N/Av. |
| Buyer: | Fairfield Kearny Mesa, L.P. |
| Seller: | N/Av. |

VALUE INDICATORS

| | |
|----------------------------------|----------|
| "As-Is" Price/Unit | \$24,015 |
| "As-Is" Price/SF: | \$26.42 |
| Finished Mass Graded Price/Unit: | \$24,015 |
| Finished Mass Graded Price/SF: | \$26.42 |

VERIFICATION

Wesley Espinoza - Buyer's Representative

COMMENTS

This sale represents a fairly recent sale transaction and is located adjacent the subject property in the Kearny Mesa area of San Diego. The property was in mass graded condition at the time of sale. The site has been approved for a 288-unit multi family development project that is currently proposed.

Multi-Family Residential Land Sale No. 3

SITE IDENTIFICATION

| | |
|------------------------|--|
| Location: | 1440 Hotel Circle North San Diego, CA |
| Assessor's Parcel No : | 437-360-08, 09, 10 |
| Legal Description: | Tract MM0036 |
| Thomas Guide: | 1268-J4 |

SITE DESCRIPTION

| | |
|-----------------------|--|
| Gross Area: | 7.15 acres / 311,454 sf |
| Net Area: | 7.15 acres |
| Shape: | Irregular |
| Topography at Sale: | Mostly level |
| Zoning at Sale: | Commercial, San Diego |
| Off-sites at Sale: | All to the site |
| Approvals at Sale: | Fully entitled |
| Use at Sale: | 20,117 sf existing structure (tear down) |
| Proposed Use/Density: | 350 unit apartment project |
| Cost to Finish: | N/Av. |

SALE INFORMATION

| | |
|-------------------|---------------------------------|
| Price: | \$9,000,000 |
| Sale Terms: | Cash to Seller |
| Contract Date: | April of 2003 |
| Closing Date: | July 31, 2003 |
| Recording Number: | 0919887 |
| Buyer: | ASN Presidio View (LLC) (et al) |
| Seller: | Handlery Hotels |

VALUE INDICATORS

| | |
|---------------------|-------------|
| "As-Is" Price/Acre: | \$1,258,741 |
| Price/Unit | \$25,714 |
| "As-Is" Price/SF: | \$28.90 |

VERIFICATION

Public Records / CoStar Comps

COMMENTS

The buyers plan to construct a 350-unit apartment complex. The site was purchased with an existing building structure that will be demolished upon commencement of construction and is in the Hotel Circle area of San Diego.

Multi-Family Residential Land Sale No. 4

SITE IDENTIFICATION

| | |
|------------------------|--|
| Location: | Kearny Spectrum Road west of Paramount Drive, San Diego |
| Assessor's Parcel No.: | 369-220-01 & 18 |
| Legal Description: | N/Av. |
| Thomas Guide: | 1249-D2 |

SITE DESCRIPTION

| | |
|-----------------------|--|
| Gross Area: | 5.5 acres / 239,580 sf |
| Net Area: | 5.5+ acres |
| Shape: | Irregular |
| Topography at Sale: | Mostly level |
| Zoning at Sale: | Specific Plan (formerly M-1B) |
| Off-sites at Sale: | All are to the site |
| Approvals at Sale: | 120 approved condominium units |
| Use at Sale: | Vacant site |
| Proposed Use/Density: | 120 unit condominium project (22 units/acre) |
| Cost to Finish: | Minimal, mass graded |

SALE INFORMATION

| | |
|-------------------|---|
| Price: | \$6,500,000 |
| Sale Terms: | All cash to the seller |
| Contract Date: | N/Av. |
| Closing Date: | January 2, 2002 |
| Recording Number: | 002020 |
| Buyer: | Len-Spectrum LLC |
| Seller: | LNR Kearny Mesa, Inc. (Lennar Partners) |

VALUE INDICATORS

| | |
|----------------------------------|----------|
| "As-Is" Price/Unit | \$54,166 |
| "As-Is" Price/SF: | \$27.13 |
| Finished Mass Graded Price/Unit: | \$54,166 |
| Finished Mass Graded Price/SF: | \$27.13 |

VERIFICATION

Greg Gallagher - Buyer's Representative

COMMENTS

This sale represents a fairly recent sale transaction and is located adjacent the subject property in the Kearny Mesa area of San Diego. The property was in mass graded condition at the time of sale. The site has been approved for a 120-unit condominium project that is currently under construction.

Multi-Family Residential Land Sale No. 5

SITE IDENTIFICATION

| | |
|------------------------|--|
| Location: | Paramount Drive west of Kearny Spectrum Road, San Diego |
| Assessor's Parcel No.: | 369-130-68 (portion of) |
| Legal Description: | Tract Map 18574 Parcel 5 |
| Thomas Guide: | 1249-D2 |

SITE DESCRIPTION

| | |
|-----------------------|--|
| Gross Area: | 18.1± acres / 788,436 sf |
| Net Area: | 18.1± acres |
| Shape: | Mostly Rectangular |
| Topography at Sale: | Mostly level |
| Zoning at Sale: | Specific Plan (formerly M-1B) |
| Off-sites at Sale: | All are to the site |
| Approvals at Sale: | 448 approved multi-family units |
| Use at Sale: | Vacant site |
| Proposed Use/Density: | 448 unit apartment project (21.5 units/acre) |
| Cost to Finish: | Minimal, mass graded |

SALE INFORMATION

| | |
|-------------------|---|
| Price: | \$15,396,000 |
| Sale Terms: | All cash to the seller |
| Contract Date: | October 1999 |
| Closing Date: | November 21, 2000 |
| Recording Number: | 632742 |
| Buyer: | Fairfield Spectrum L. P. |
| Seller: | LNR Kearny Mesa, Inc. (Lennar Partners) |

VALUE INDICATORS

| | |
|----------------------------------|-----------|
| "As-Is" Price/Acre: | \$850,608 |
| "As-Is" Price/Unit | \$34,366 |
| "As-Is" Price/SF: | \$19.53 |
| Finished Mass Graded Price/Acre: | \$850,608 |
| Finished Mass Graded Price/Unit: | \$34,366 |
| Finished Mass Graded Price/SF: | \$19.53 |

| | |
|--------------|---|
| VERIFICATION | Curt Stephenson - Seller's Representative |
|--------------|---|

| | |
|----------|--|
| COMMENTS | This represents a fairly recent sale transaction and is located in the Kearny Mesa area of San Diego. The site was in mass grades condition and has been approved for a multi-family apartment project. The property has been improved with a luxury apartment project (Avion @ Spectrum). |
|----------|--|

Comparison Analysis

The first four factors of comparison discussed below are required to consider any variations of the sales from the conditions assumed in the definition of market value used in this appraisal. The factors of comparison which follow the first four account for locational and physical differences between the sales and the subject.

Property Rights Conveyed

This adjustment accounts for differences in the interest sold, between the sales and the subject. Partial interests are typically less valuable than fee interest, because fee interests are whole (not fractional), are easier to finance, etc.

All of the comparable multi-family residential land sales are equivalent to the subject in property right conveyed (fee simple).

Financing

This adjustment is made for properties which sold with financing terms that are not considered to be cash equivalent. A sale property which received advantageous financing would show a higher price per unit, and would therefore be superior in the respect.

All of the comparable multi-family residential land sales are equivalent to the subject in financing terms (cash equivalent).

Conditions of Sale

The conditions of sale adjustment is used to account for differences in buyer and seller motivations. For example, if a seller must quickly dispose of a property, its price would be lower than if the seller was typically motivated.

All of the comparable multi-family residential land sales are equivalent to the subject in conditions of sale (typically motivated) and no adjustment for conditions of sale is warranted.

Market Conditions (Time)

This adjustment category considers the differences in market conditions between the time of the comparable sale and the date of value. A comparable property, which sold during the times of better market conditions would show a high price per unit for a more current date of value.

Most of the comparables represent recent sale transactions and have occurred under generally similar market conditions. The market conditions have improved since 2000. Sale No. 1 represents a 2005 sale with minimal upward adjustment. Sale No. 2 represents a 2004 sale with some upward adjustment warranted. Sale No. 3 represents a 2003 sale with an upward adjustment required. An upward adjustment is required for Sale No. 4. Sale No. 5 represents an older (2000) sale that requires an upward adjustment.

Improvements

This adjustment is made for properties which sold with differing level of site improvements. These improvements may add to value (if they can provide interim income, etc.) or may detract from value (if they are costly to demolish and remove).

All of the comparable multi-family residential land sales represent finished (mass graded sites) and no adjustment is warranted.

Density

As a general rule, the higher the number of units per acre, the lower the price per unit. This is due to the economies of scale available to a dense property. The subject's density (units per net acre) equates to 68± units per acre and is much higher than all of the comparables. The densities vary from approximately 22 to 48 with a measurable difference noted for most of the comparables. Sale Nos. 1, 4 and 5 are much lower in density ranging from approximately 22 to 25 units per acre (superior to the subject) and require a measurable downward adjustment. Sale Nos. 2 and 3 are lower in density ranging from 48 to 49 units per acre (superior to the subject) and a downward adjustment is warranted.

Size

This adjustment considers the size (measured by the number of proposed units or site area) of each sale. Larger developments have greater risk and typically sell for lower prices per unit than similar smaller developments. Most of the sales are considered generally comparable in proposed unit size; thus, no adjustment is warranted.

Location

This category considers locational factors such as an area's reputation, the quality and desirability of surrounding improvements, proximity to employment centers or housing, and distance from local and regional transportation arteries.

Sale No. 1 is located in near the Poway and Rancho Bernardo area is generally comparable in location and view amenity. Sale Nos. 2, 4 and 5 are located in the Kearny Mesa and conveniently located to employment centers and generally considered similar in location overall. Sale No. 3 is located in Mission Valley and considered slightly superior in location and requires a slight downward adjustment.

Views

This category considers the difference in views between the comparables and the subject property. In general, properties with significant views are considered more desirable and show higher prices per unit. No measurable adjustment is warranted to the sales.

Zoning/Use

This adjustment is made for differences in allowable types of use between the comparable sales and the subject. Properties with many possible high intensity land uses are generally more valuable than sites restricted to a few low intensity uses.

Except for Sale No. 4, the comparable land sales are zoned for multi-family residential uses. In general, this category does not consider one use to be superior or inferior to the other use because other factors (density, location, etc.) determine the use and value of each specific multi-family residential site. Most of the comparable multi-family residential land sales are generally equivalent to the subject in zoning/use. Even though Sale No. 4 allow for multi-family residential (apartments), the sites are planned to be developed with for-sale condominiums. Considering the current market conditions, it appears a premium was paid (at the time of sale) in order to develop the site for condominium development; consequently, a downward adjustment is warranted to Sale No. 4.

Approvals

This adjustment is made for differences in the level of approvals and entitlements between the comparable sales and the subject. Generally, properties with approvals and entitlements are more valuable than properties without them. All of the comparable multi-family residential land

**GROSSMONT TROLLEY APARTMENT SITE
QUALITATIVE COMPARISON GRID - COMPARABLE LAND SALES**

| Sale No. | L-1 | L-2 | L-3 | L-4 | L-5 |
|------------------------------|--|---------------------------|----------------------------------|---|---|
| Name/Location | SWC of Rancho Bernardo Rd. & Dove Canyon Rd. Poway | 3540 Aero Court San Diego | 140 Hotel Circle North San Diego | Paramount Drive w/o Kearny Spectrum Rd. San Diego | Paramount Drive w/o Kearny Spectrum Rd. San Diego |
| Date of Sale (COE) | 12/05 | 12/04 | 7/03 | 1/02 | 11/00 |
| Acreage (gross) | 23+ | 6.01+ | 7.15+ | 5.5 | 18.1+ |
| Density (un/ac) | 23.48 | 47.92 | 48.95 | 21.8 | 24.75 |
| Price Per Unit | \$39,575 | \$24,015 | \$25,714 | \$54,166 | \$34,366 |
| Property Rights | Similar | Similar | Similar | Similar | Similar |
| Financing | Similar | Similar | Similar | Similar | Similar |
| Conditions of Sale | Similar | Similar | Similar | Similar | Similar |
| Market Conditions | Slightly Inferior | Slightly Inferior | Inferior | Inferior | Inferior |
| Improvements/Offsites | Similar | Similar | Similar | Similar | Similar |
| Location/View | Similar | Similar | Slightly Superior | Similar | Similar |
| Density | Superior | Slightly Superior | Slightly Superior | Superior | Superior |
| Zoning/Use | Similar | Similar | Similar | Superior | Similar |
| Overall Rating (Qualitative) | Superior | Similar | Similar | Superior | Superior |

Cost Approach

sales are generally equivalent to the subject in approvals. Considering the current market conditions, Sale No. 4 requires a downward adjustment as it is approved for condominium development.

Off-Sites

The off-site adjustments are used to account for differences in public or private services (utilities, roads, etc.) available to a comparable sale versus the subject. Properties with all needed off-sites available at the property are generally more valuable than properties which lack off-site services.

All of the comparable sales had street improvements completed and considered generally equivalent in off-sites.

Individual Adjustments and Overall Ratings

The individual comparisons and overall rating of each sale are summarized on the facing grid. The overall rating of each sale is a composite of all the individual factors of comparison. We have used the overall ratings and the prices indicated by the comparable sales in estimating a value for the subject as an improved.

Multi-Family Residential Land Value Conclusion

The market for entitled apartment land has improved considerably over the past several years. The more recent sales provide a good indication of current land values in the subject's location. Considering the subject's density (68 units/acre) and based upon discussions with major apartment developers, multi-family land in the subject's location would likely sale for \$22,500 to \$27,500 per unit in a finished (mass graded) condition. The sales provide a reasonable range in a per unit indication for the subject property. Most of the sales require an upward adjustment for market conditions, but a downward adjustment for overall density. An appropriate range of indicated values would be from approximately \$22,500/unit to \$27,500/unit. Overall, Sale Nos. 1, 2 and 3 are given the most weight. Considering the location of the subject site and overall density, a value indication toward the middle of this range is considered appropriate.

Based on our analysis, the subject's current density and the indications from the comparable sales, we have concluded at a subject land value of \$25,000 per unit (in a mass graded condition). Applied to the subject's land area, the total indicated multi-family residential land value is:

$$\begin{aligned} 527 \text{ units} \times \$25,000/\text{Unit} &= \$13,175,000 \\ \text{Rounded: } &\$13,200,000 \end{aligned}$$

Reviewing the developer's construction budget (included in the Addenda), the total project costs equate to \$33,127,888 which includes a general contractor fee of \$1,435,278. Some of the subject's construction costs were updated and adjusted to market pricing during construction; however, we have adjusted the total development costs upward by 5% percent to account for increasing construction costs which equates to \$34,784,282 (\$33,125,888 x 1.05). In addition, we have estimated a developer profit of 15% of total project costs of \$5,217,642 or \$5,200,000 rounded. Consequently, the total adjusted development costs (to reflect current market conditions) equates to \$39,984,282 or \$40,000,000 rounded. Based upon the subject's recent sale price of \$68,000,000, the residual land value for the subject property equates to \$28,000,000 or \$271,845 per unit.

Introduction - Improvement Valuation (Residual Land Value Analysis)

This analysis is based on the replacement cost method of improvement valuation. In the replacement cost analysis, the cost of creating a modern structure of equal utility to the subject is estimated; not the cost of reproducing a physical duplicate of the subject improvements. The estimation of the replacement cost of the subject's existing improvements includes both direct and indirect costs. Our cost estimates are briefly described below, and detailed on the following Cost Approach Summary.

It should be noted, the gross building area has been estimated to be 490,934 sf (includes rentable area for apartments: 479,902 sf, combined clubhouse and retail space of 11,032 sf). The gross building area (GBA) includes the clubhouse and retail space. Consequently, the 490,934 sf (as discussed) has been utilized in this analysis and an appropriate psf cost basis was considered appropriate given the very good to excellent quality construction.

Base Costs

Our estimates of base costs are derived from the *Marshall Valuation Service Cost Estimation Manual* as well as our experience with the costs of similar developments. The Marshall Valuation Service base costs include all direct costs for the base structure, the following direct costs:

1. Plans, specifications, and building permits, including engineer's and architect's fees;
2. Normal fees and interest on construction funds during the construction period;
3. Sales taxes on materials; and
4. Contractor's overhead and profit, including worker's compensation, fire and liability insurance, unemployment insurance, etc.

We used base costs for a good class D apartment building, as published in the cost manual in Section 12, page 14, published as of August, 2002. Appropriate adjustments for time and local multipliers were also made in accordance with the cost manual guidelines.

Other Costs

The published base costs do not include some indirect and all site improvement costs (sitework, landscaping, paved parking area, common area etc.). The site improvements costs have been estimated at \$6.00 per square foot of site area (net acreage). This estimate is similar to the developer's estimate and is considered reasonable. Other costs of construction not contained in the base costs are explained and quantified below.

Property Taxes, Consulting, and Legal Costs

These costs are estimated based on our familiarity with similar developments. The cost for this category is estimated at 2.5 percent of total base costs. This category includes the cost of property taxes during construction and absorption, professional consulting fees, legal fees, etc. This cost is estimated on the chart.

Permanent Financing Fee

The permanent financing origination fee is estimated at 1.5 points of an estimated take-out loan. The loan amount is based on a 75 percent loan to value ratio applied to the subject's value shown in the Sales Comparison Approach in this report. This is a typical loan to value ratio offered by permanent lenders for the subject property type. This cost is estimated on the accompanying chart.

Construction Loan Interest During Absorption

COST APPROACH SUMMARY

Grossmont Trolley Apartments
La Mesa, San Diego, California

| PROPERTY CHARACTERISTICS AND ASSUMPTIONS | | | |
|---|-----------------------------------|---------------|----------|
| TYPE OF BUILDINGS IN MARSHALL VALUATION SERVICE | Class D Apartment Homes | | |
| QUALITY IN MARSHALL VALUATION SERVICE | Very Good | | |
| CONSTRUCTION TYPE | Wood frame & stucco | | |
| BUILDING AREA: | 490,934 | SF | |
| SITE IMPROVEMENT AREA | 335,412 | SF | |
| DEVELOPER'S PROFIT | 10% of Replacement Cost Plus Land | | |
| PERCENT DEPRECIATED | 0.0% | | |
| REPLACEMENT COST ANALYSIS | | | |
| REPLACEMENT COSTS IN MARSHALL VALUATION SERVICE | Unit Cost | Total | Per GBA |
| Base Replacement Cost New (2) | \$110.00 | \$54,002,740 | |
| Add for Sprinklers: | \$1.50 | \$736,401 | |
| Add for Retail Tenant Improvements: 2,744 sf | \$25.00 | \$68,600 | |
| Add for Garages: 787 spaces @ 350± sf | \$42.00 | \$11,568,900 | |
| Adjusted Replacement Cost New of Building | | \$66,376,641 | |
| Current Cost Multiplier | | 1.09 | |
| Local Multiplier | | 1.13 | |
| Story Height Multiplier | | 1.00 | |
| Area / Perimeter Multiplier | | 1.00 | |
| Replacement Cost New | | \$81,756,109 | \$166.53 |
| Indirect/Site Improvement Costs | | | |
| Property Taxes, Consulting, Legal Costs | | \$2,436,792 | |
| Permanent Financing Fee | | \$1,327,500 | |
| Construction Loan Interest During Absorption | | \$5,117,264 | |
| Site Improvement Area 335,412 SF @ | \$7.50 | \$2,515,590 | |
| Replacement Cost New of Site Improvements | | \$11,397,147 | \$23.22 |
| TOTAL REPLACEMENT COST NEW | | \$93,153,255 | \$189.75 |
| ADD: DEVELOPER'S PROFIT (INCLUDING LAND) | | \$10,635,326 | |
| TOTAL DEVELOPMENT COSTS | | \$103,788,581 | \$211.41 |
| LESS: ACCRUED DEPRECIATION | | \$0 | |
| ADD: LAND VALUE: | | \$13,200,000 | |
| VALUE BY THE COST APPROACH | | \$116,988,581 | |
| ROUNDED | | \$117,000,000 | \$238.32 |
| (1) Based on effective age of new and economic life of 50 years. | | | |
| (2) Replacement costs obtained from Marshall Valuation Service Manual, Section 11, Page 14. | | | |

The subject's base costs include construction loan interest only during the construction period. We have separately estimated the interest during the lease-up period following completion of construction. Our assumptions are based on typical construction loan structures and practices for properties similar to the subject.

We estimate a total construction loan equal to the previously estimated permanent loan amount. We estimate that a construction loan interest rate (which usually varies with the prime rate) would average 7.0 percent over the absorption period.

Total Direct and Indirect Costs

The total of our estimated direct and indirect costs is shown on the facing Cost Approach summary.

Developer's Fees, Overhead, and Profit

Developer's fees, overhead, and profit are estimated at 10.0 percent of total direct costs plus land value. This estimate is based on our familiarity with developer returns from similar developments. The inclusion of an adequate profit in this approach completes our estimate of replacement cost (new), because developers require payment for their efforts and risk in the form of fees, overhead recovery, and profit. This cost is estimated as shown on the chart.

Depreciation

In appraisal theory, depreciation is a value loss from any cause. It is not to be confused with the accounting use of depreciation.

We have measured the subject's depreciation on an effective age/life basis. The physical age of the subject improvements is new. The effective age is estimated at 0 years. Our effective age estimate also considers that we have used a replacement cost analysis versus a reproduction cost analysis, and that our land value estimate reflects current market conditions. A typical effective life of improvements such as the subject is 50 years per our analysis of the *Marshall Valuation Service Cost Estimate Manual*.

The *Marshall Valuation Service's* depreciation tables show that a residential development with an effective age of 0 years and a typical life expectancy of 50 years is 0 percent depreciated. This percentage is a weighted average for both short- and long-lived components such as the building shell, mechanical systems, interior finishes, and site improvements.

Replacement Cost Conclusion (Residual Land Value)

As summarized on the accompanying page, the indicated value is \$116,988,581 before rounding. The rounded value from the Replacement Cost estimate is \$117,000,000. Thus, based upon the total development costs (including developer profit) of \$103,788,581, the residual land value equates to \$13,211,419 or \$13,200,000 rounded.

In addition, the residual land value is supported by the direct capitalization schedule (current stabilized value) of \$118,000,000 less the developer's total development costs which equates to approximately \$13,000,000 rounded.

Methodology (Ground Lease Analysis)

The Income Approach is a method of converting the anticipated economic benefits of owning property into a value estimate through capitalization. The principle of anticipation underlies this approach in that investors recognize the relationship between an asset's income and its value. In order to value the anticipated economic benefits of a particular property, potential income and expenses must be estimated, and the most appropriate capitalization method must be selected.

The two most common methods of converting net income into value are direct capitalization and discounted cash-flow analysis. In direct capitalization, net operating income is divided by an overall rate, extracted from market sales, to indicate a value. In the discounted cash-flow method, anticipated future net income streams and a reversionary value are discounted to an estimate of net present value at a chosen yield rate (internal rate of return). We have analyzed the pending ground lease in order to provide an estimate of the 1e Plus Override (Percentage Rent): Plus Override (Percentage Rent): ased fee estate.

Ground Lease/Disposition and Development Agreement

The term and conditions of the proposed development of the subject site are contained in a Disposition and Development Agreement (the DDA), between the Metropolitan Transit Development Board (the Board) and Fairfield Grossmont Trolley LLC (subject Developer). The DDA encumbers the gross site area for the subject, which is approximately 7.7 gross acres (3.3 acres + 4.4 acres). It should be noted, there is an affordability agreement which requires a certain number of units to be rented at below market rental rates. It is our understanding that any rental restriction is planned to be reimbursed by the City of La Mesa and/or Redevelopment Agency during the 55 year affordability term. Included in the Addenda is an excerpt of the ground lease document; however, the basic lease terms are as follows:

Year 1 base ground rent: \$85,333/year; Year 2 base ground rent: \$170,666/year and Years 3 to 30 base ground rent: \$256,000/year

Plus Override (Percentage Rent): equates to 1.25% of effective gross income (from subject mixed-use development: apartments and commercial space)

Plus Miscellaneous Supplemental Rent: The lessee will pay (reimburse) the cost of mitigating an existing parking easement (estimated at \$100,000). In addition, the lessee is responsible to pay to the MTDB, a one time payment of \$250,000 (for a 50% share of the "City Land Payment") no later than the 5th anniversary of the effective date referenced in section (312) of the ground lease document.

Rent adjustment in Year 31 is based upon the lesser of the following: 8% of market value of fee simple land value or 6.5% or effective gross income from operations. The new annual ground rent will be escalated by cumulative CPI every 5 years until year 55. In year 56, the affordability agreement terminates.

Lastly, there is a profit participation agreement between Fairfield Residential (original developer) and the Metropolitan Transit Development Board (MTDB). This agreement provides for additional consideration to be paid to the MTDB by Fairfield Residential upon the completion and sale of the proposed apartments. The profit sharing agreement equates

Income Capitalization Approach

to approximately 20% of the net gain (upon close of escrow of the completed apartments), after a specified return is recovered by Fairfield Residential.

Discounted Cash Flow Analysis (Lease Fee)

Discounted cash flow analysis quantifies both the return on and return of an investment. The return on the investment consists of the annual net income anticipated. Return of the investment is represented by the residual property value, or anticipated sale price at the end of the holding period. The major assumptions relied upon in this analysis are discussed below.

All market derived assumptions are based upon our surveys of competing projects, interviews with local brokers and appraisers, published survey data, and our experience in appraising other similar property types throughout the area.

Software Program Used

The software program utilized is Excel.

Holding Period

A 55-year holding period is applied in this ground lease analysis. This is the holding period applied here.

Income Assumptions

All income (ground rent) assumptions are the same as those previously discussed (override or percentage rent is applied to EGI in the direct capitalization value estimate).

Vacancy/Collection Loss

No vacancy/collection loss allowance is applied to the ground rent.

Operating Expenses

The ground is considered a NNN lease with all property expenses to be passed through and paid by the tenant (lessee).

Discounted cash flows typically incorporate a reserve replacement allowance for non-structural building components such as roofs and site improvements. The most recent Korpacz Survey reports a typical range of \$150 to \$400. We estimate an allowance here for the subject toward the lower end of the range at \$200 per unit which is because of the subject's new construction and because some reserve items, such as painting and carpeting, are included in the repairs and maintenance budget or tenant turnover costs.

Growth Rates

Market Rent

As noted throughout this report, market conditions are improving both in terms of rental rate increases and occupancy levels. In our opinion there is the potential for continued market rent growth over the next several years. According to the Korpacz Survey, the average rent growth rate assumption is 2.18 percent while the Cushman & Wakefield survey estimates rent growth rate within a range of 2.0 percent to 4.0 percent. We estimate a market rent growth rate for the subject based upon review of the investor surveys and recent activity within the subject's competitive market. The rate applied is 3.0 percent

Expenses

The Korpacz Survey reports an average expense growth rate of 2.81 percent with the Cushman Survey reporting a range of 2.0 percent to 4.0 percent. We have applied a 3.0 percent expense growth rate to all operating expenses except property taxes

Property Taxes

In accordance with California law (Proposition 13), the property tax growth rate is set at 2 percent per year.

Reversionary Capitalization Rate

This is the rate applied to the eleventh year's net operating income to determine a residual property value. Favorable and adverse investment attributes are discussed in the going-in capitalization rate estimate and are incorporated here. It is typical for investors to adjust a residual capitalization rate upward to reflect the uncertainty of future real estate market conditions. For example, the Korpacz Survey reports a terminal (or residual) OAR ranging from 5.0 to 9.0 percent with an average of 7.31 percent. Typically, the terminal cap rate is 50 to 100 basis points higher than the going-in rate assuming a typical holding period of 10 years.

Discount Rate

This is the rate used to convert projected net income to present value. It is also applied to arrive at the present value of the reversion at the end of the cash flow projection. Discount rates reflect investor expectations and incorporate adjustments for location, product quality, and tenancy as they affect cash flow. The Korpacz survey indicates an average discount rate of 8.97 percent with a range of 6.0 percent to 13.0 percent. The Cushman survey quotes a range of averages (representing highs and lows from the survey) of 8.0 percent to 12.0 percent. Considering the subject's age, condition, strong rental market conditions, a discount rate toward the lower end of the range is considered appropriate for the subject.

As noted previously, the subject is a proposed luxury apartment project located in La Mesa with relatively low vacancy rates and increasing rents. Since we are assuming a holding period of 55 years and that property value will comprise mostly land value at reversion, we have utilized a discount rate of 8.25 percent for the reversion. However, the annual ground rent is considered much safer; thus, we have utilized a much lower discount rate of 5.25% for the annual ground rent. The lower discount applied to the annual ground rent is considered appropriate and reasonable. The discount rate for the reversionary land value is higher due to the higher uncertainty and future date (55 years later).

PRESENT VALUE ANALYSIS

Grossmont Trolley Apartments Corner of Fletcher Parkway & Grossmont Center Road La Mesa, California

| Years | FISCAL YEAR BEGIN Sept. 1 | TOTAL RENT/Yr. | Plus Override: (1.25% of EGI) | Plus: Misc. | NET OPERATING INCOME | Reversion Value |
|-------|------------------------------|-------------------|----------------------------------|----------------|-------------------------|--------------------|
| 1 | 2006 | \$85,333 | \$128,408 | \$100,000 | \$313,741 | \$0 |
| 2 | 2007 | \$170,666 | \$132,260 | \$0 | \$302,926 | \$0 |
| 3 | 2008 | \$256,000 | \$136,228 | \$0 | \$392,228 | \$0 |
| 4 | 2009 | \$256,000 | \$140,315 | \$0 | \$396,315 | \$0 |
| 5 | 2010 | \$256,000 | \$144,524 | \$250,000 | \$650,524 | \$0 |
| 6 | 2011 | \$256,000 | \$148,860 | \$0 | \$404,860 | \$0 |
| 7 | 2012 | \$256,000 | \$153,326 | \$0 | \$409,326 | \$0 |
| 8 | 2013 | \$256,000 | \$157,926 | \$0 | \$413,926 | \$0 |
| 9 | 2014 | \$256,000 | \$162,663 | \$0 | \$418,663 | \$0 |
| 10 | 2015 | \$256,000 | \$167,543 | \$0 | \$423,543 | \$0 |
| 11 | 2016 | \$256,000 | \$172,569 | \$0 | \$428,569 | \$0 |
| 12 | 2017 | \$256,000 | \$177,747 | \$0 | \$433,747 | \$0 |
| 13 | 2018 | \$256,000 | \$183,079 | \$0 | \$439,079 | \$0 |
| 14 | 2019 | \$256,000 | \$188,571 | \$0 | \$444,571 | \$0 |
| 15 | 2020 | \$256,000 | \$194,228 | \$0 | \$450,228 | \$0 |
| 16 | 2021 | \$256,000 | \$200,055 | \$0 | \$456,055 | \$0 |
| 17 | 2022 | \$256,000 | \$206,057 | \$0 | \$462,057 | \$0 |
| 18 | 2023 | \$256,000 | \$212,239 | \$0 | \$468,239 | \$0 |
| 19 | 2024 | \$256,000 | \$218,606 | \$0 | \$474,606 | \$0 |
| 20 | 2025 | \$256,000 | \$225,164 | \$0 | \$481,164 | \$0 |
| 21 | 2026 | \$256,000 | \$231,919 | \$0 | \$487,919 | \$0 |
| 22 | 2027 | \$256,000 | \$238,877 | \$0 | \$494,877 | \$0 |
| 23 | 2028 | \$256,000 | \$246,043 | \$0 | \$502,043 | \$0 |
| 24 | 2029 | \$256,000 | \$253,424 | \$0 | \$509,424 | \$0 |
| 25 | 2030 | \$256,000 | \$261,027 | \$0 | \$517,027 | \$0 |
| 26 | 2031 | \$256,000 | \$268,858 | \$0 | \$524,858 | \$0 |
| 27 | 2032 | \$256,000 | \$276,923 | \$0 | \$532,923 | \$0 |
| 28 | 2033 | \$256,000 | \$285,231 | \$0 | \$541,231 | \$0 |
| 29 | 2034 | \$256,000 | \$293,788 | \$0 | \$549,788 | \$0 |
| 30 | 2035 | \$256,000 | \$302,602 | \$0 | \$558,602 | \$0 |
| 31 | 2036 | \$1,620,734 | \$0 | \$0 | \$1,620,734 | \$0 |
| 32 | 2037 | \$1,620,734 | \$0 | \$0 | \$1,620,734 | \$0 |
| 33 | 2038 | \$1,620,734 | \$0 | \$0 | \$1,620,734 | \$0 |
| 34 | 2039 | \$1,620,734 | \$0 | \$0 | \$1,620,734 | \$0 |
| 35 | 2040 | \$1,620,734 | \$0 | \$0 | \$1,620,734 | \$0 |
| 36 | 2041 | \$1,863,844 | \$0 | \$0 | \$1,863,844 | \$0 |
| 37 | 2042 | \$1,863,844 | \$0 | \$0 | \$1,863,844 | \$0 |
| 38 | 2043 | \$1,863,844 | \$0 | \$0 | \$1,863,844 | \$0 |
| 39 | 2044 | \$1,863,844 | \$0 | \$0 | \$1,863,844 | \$0 |
| 40 | 2045 | \$1,863,844 | \$0 | \$0 | \$1,863,844 | \$0 |
| 41 | 2046 | \$2,143,421 | \$0 | \$0 | \$2,143,421 | \$0 |
| 42 | 2047 | \$2,143,421 | \$0 | \$0 | \$2,143,421 | \$0 |
| 43 | 2048 | \$2,143,421 | \$0 | \$0 | \$2,143,421 | \$0 |
| 44 | 2049 | \$2,143,421 | \$0 | \$0 | \$2,143,421 | \$0 |
| 45 | 2050 | \$2,143,421 | \$0 | \$0 | \$2,143,421 | \$0 |
| 46 | 2051 | \$2,464,934 | \$0 | \$0 | \$2,464,934 | \$0 |
| 47 | 2052 | \$2,464,934 | \$0 | \$0 | \$2,464,934 | \$0 |
| 48 | 2053 | \$2,464,934 | \$0 | \$0 | \$2,464,934 | \$0 |
| 49 | 2054 | \$2,464,934 | \$0 | \$0 | \$2,464,934 | \$0 |
| 50 | 2055 | \$2,464,934 | \$0 | \$0 | \$2,464,934 | \$0 |
| 51 | 2056 | \$2,834,674 | \$0 | \$0 | \$2,834,674 | \$0 |
| 52 | 2057 | \$2,834,674 | \$0 | \$0 | \$2,834,674 | \$0 |
| 53 | 2058 | \$2,834,674 | \$0 | \$0 | \$2,834,674 | \$0 |
| 54 | 2059 | \$2,834,674 | \$0 | \$0 | \$2,834,674 | \$0 |
| 55 | 2060 | \$2,834,674 | \$0 | \$0 | \$2,834,674 | \$0 |
| 56 | 2066 | | | Net Reversion: | | \$66,957,308 |

PRESENT VALUE ANALYSIS

| Cash Flow | Reversion | Present |
|---------------|---------------|--------------|
| Discount Rate | Discount Rate | Value |
| 5.00% | 8.00% | \$14,363,386 |
| 5.25% | 8.25% | \$13,420,083 |
| 5.50% | 8.50% | \$12,561,833 |

Income Capitalization Approach

Conclusion

The computer-generated cash flow incorporating the above assumptions is presented in the Addenda. Utilizing a 55-year holding period, the indicated leased fee value for the subject property, is \$13,420,083 or rounded to **\$13,400,000**. It should be noted, we have not included the profit sharing revenue estimate within our ground lease analysis due to the uncertainty of timing and subjectivity in estimating an appropriate amount; however, this unspecified revenue amount would have some impact and increase the leased fee value (depending upon the amount and future time period). In conclusion, the indicated leased fee value for the subject property, as of March 15, 2006, is **\$13,400,000**.

RECONCILIATION AND FINAL VALUE ESTIMATE

Review of Approaches

The appropriate approaches to value are applied in this appraisal. The results of the approaches to value applied here are:

| | |
|--------------------------------|--------------|
| Sales Comparison Approach | \$13,200,000 |
| Income Capitalization Approach | |
| Ground Lease Analysis | \$13,400,000 |

The Income Capitalization Approach is similar to the Cost Approach. Since the subject property represents a proposed multi-family residential project, the Cost Approach is considered very useful and a replacement cost estimate has been provided. Based upon our estimate of current land value and development costs (including developers profit), the replacement cost estimate is considered reasonable.

The subject is an investment property that would most likely be analyzed on the basis of its income producing capacity. As such, the income approach is particularly relevant here. Within the income approach several items are particularly well supported by market evidence, including the concluded rental rates, vacancy, and capitalization rate. The individual line item expense estimates contained here are generally consistent with the estimates from the expense guideline reviewed. Further, the total expense estimate is also within the range of the per unit expense levels reported among the comparable building sales. Accordingly, the income approach is well supported and is given the strong emphasis in our analysis.

Conclusion – Fee Simple Estate

Therefore, relying upon approaches to value, and incorporating the assumptions and limiting conditions enunciated throughout this report, our estimate of the as is fee simple value of the subject, as of the effective date of value, is:

THIRTEEN MILLION TWO HUNDRED THOUSAND DOLLARS

\$13,200,000

Conclusion – Leased Fee Estate

Therefore, relying upon approaches to value, and incorporating the assumptions and limiting conditions enunciated throughout this report, our estimate of the as is fee simple value of the subject, as of the effective date of value, is:

THIRTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS

\$13,400,000

Exposure Period

As noted in the Apartment Market Analysis section of this appraisal, there is an active market for this property type. Such properties are typically selling within a period of from three to six months. For example, marketing periods among the previously reviewed comparable apartment complex sales range from three to six months for the properties actually reporting this information. Given the active market for this property type, we estimate that a reasonable exposure period for the subject could potentially be consummated in three months but would not exceed six months.

ASSUMPTIONS AND LIMITING CONDITIONS

"Appraisal" means the appraisal report and opinion of value stated therein; or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Appraisal

"C&W" means Cushman & Wakefield, Inc. or its subsidiary which issued the Appraisal.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Appraisal.

This appraisal is made subject to the following assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
2. The information contained in the Appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraisers nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and other factual matters provided to Appraiser by Manager, unless herein shall be as of the date stated in the Appraisal. The Appraisal and the opinion of value herein shall be as of the date stated in the Appraisal. Changes since that date in external and market factors or in the property itself can significantly affect property value.
3. The appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other appraisal. Possession of the Appraisal, or a copy thereof, does not carry with it the right of publication. Except as may be otherwise expressly stated in the letter of engagement to prepare the Appraisal, C&W does not permit use of the Appraisal by any person other than the party to whom it is addressed or for purposes other than those for which it was prepared. No part of the Appraisal or the identity of the Appraiser shall be conveyed to the public through advertising, public relations, news, sales or other media or used in any material without C&W's prior written consent. Reference to the Appraisal Institute or to the MAI designation is prohibited.
4. Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceedings relating to the Property or the Appraisal.
5. The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; and (d) all required licenses, certificates of occupancy and other governmental

Assumptions and Limiting Conditions

consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.

- 6 The physical condition of the improvements considered by the Appraisal is based on visual inspection by the Appraiser or other person identified in the Appraisal. Cushman & Wakefield shall assume no responsibility for the soundness of structural members nor for the condition of mechanical equipment, plumbing or electrical components.
- 7 The projected potential gross income referred to in the Appraisal may be based on lease summaries provided by the owner or third parties. Where copies of leases are not provided, the Appraiser assumes no responsibility for the authenticity or completeness of lease information provided by others or the Manager. C&W suggests that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- 8 The projections of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraisers' task to predict or in any way warrant the conditions of a future real estate market; the Appraisers can only reflect what the investment community, as of the date of the Appraisal, envisions for the future in terms of rental rates, expenses, supply, and demand.
9. Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials which may have been used in the construction or maintenance or operation of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value stated in the Appraisal. These materials (such as formaldehyde foam insulation, asbestos insulation, various soil contaminants, and other potentially hazardous materials) may affect the value of the Property. The Appraisers are not qualified to detect such substances and C&W urges that an expert in this field be employed to determine the economic impact of these matters on the opinion of value stated in the Appraisal.
- 10 Unless otherwise stated in the appraisal, compliance with the requirements of the Americans With Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value stated in the appraisal. Failure to comply with the requirements of the ADA may negatively affect the value of the property. C&W recommends that an expert in this field be employed.
11. If the Appraisal is submitted to a lender or investor, such party should consider the Appraisal as one factor, along with its independent investment considerations and underwriting criteria, in its overall investment decision.
12. The prospective market value estimate herein assumes no significant changes in the subject property nor in the market between the time of the inspection and analysis and the effective date of the appraisal.

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

1. Neil A. Clark, MAI inspected the property and prepared the report.
2. The statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
4. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
5. Our compensation or employment are not contingent on an action or event (such as the approval of a loan) resulting from the analyses, opinions, or conclusions in, or the use of, this report. The appraisal is not based on a requested minimum or specific estimated value.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice of the Appraisal Foundation.
7. No one provided significant professional assistance to the persons signing this report.
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Neil A. Clark, MAI has completed the requirements of the continuing education program of the Appraisal Institute.

Neil A. Clark

Neil A. Clark, MAI
Associate Director
State Licensed Real Estate Appraiser
State of California No. AG002213

ADDENDA

***DIRECT CAPITALIZATION SCHEDULE
DEVELOPMENT BUDGET & PROFORMA
GROUND LEASE DOCUMENT (EXCERPT)
LEGAL DESCRIPTION
QUALIFICATIONS OF APPRAISER***

Direct Capitalization Schedule

Stabilized Income and Expenses - Grossmont Trolley Apartments (Ph. 1 & 2)

| Property Data: | No. of Units | | (PSF/Unit) | Annual Amount |
|--|-----------------|-----------------|------------|------------------|
| Building Size (Units) | 527 | | | |
| Apartment Building Area (Gross SF) | 479,902 | | | |
| Income: | | | | |
| Gross Potential Income - Market Units: | | Monthly Rent | | |
| Plan A1 (1 BD/1 BA): 616 sf (VL) | 17 | \$ 1,385 | Unit*12 | \$ 282,540 |
| Plan A1 (1 BD/1 BA): 616 sf (M) | 25 | \$ 1,385 | Unit*12 | \$ 415,500 |
| Plan A1 (1 BD/1 BA): 616 sf | 17 | \$ 1,385 | Unit*12 | \$ 282,540 |
| Plan A1A (1 BD/1 BA): 754 sf | 10 | \$ 1,510 | Unit*12 | \$ 181,200 |
| Plan A1B (1 BD/1 BA): 610 sf | 4 | \$ 1,380 | Unit*12 | \$ 66,240 |
| Plan A2 (1 BD/1 BA): 646 sf | 70 | \$ 1,415 | Unit*12 | \$ 1,188,600 |
| Plan A2A (1 BD/1 BA): 638 sf | 4 | \$ 1,410 | Unit*12 | \$ 67,680 |
| Plan A3 (1 BD/1 BA): 726 sf | 118 | \$ 1,490 | Unit*12 | \$ 2,109,840 |
| Plan A3A (1 BD/1 BA): 719 sf | 14 | \$ 1,485 | Unit*12 | \$ 249,480 |
| Plan B1 (2 BD/2 BA): 996 sf (VL) | 15 | \$ 1,755 | Unit*12 | \$ 315,900 |
| Plan B1 (2 BD/2 BA): 996 sf (M) | 17 | \$ 1,755 | Unit*12 | \$ 358,020 |
| Plan B1 (2 BD/2 BA): 996 sf | 6 | \$ 1,755 | Unit*12 | \$ 126,360 |
| Plan B2 (2 BD/2 BA): 1,048 sf (M) | 6 | \$ 1,810 | Unit*12 | \$ 130,320 |
| Plan B2 (2 BD/2 BA): 1,048 sf | 44 | \$ 1,810 | Unit*12 | \$ 955,680 |
| Plan B2A (2 BD/2 BA): 1,050 sf | 12 | \$ 1,810 | Unit*12 | \$ 260,640 |
| Plan B3 (2 BD/2 BA): 1,275 sf | 24 | \$ 2,025 | Unit*12 | \$ 583,200 |
| Plan B3A (2 BD/2 BA): 1,177 sf | 13 | \$ 1,925 | Unit*12 | \$ 300,300 |
| Plan B3B (2 BD/2 BA): 1,205 sf | 3 | \$ 1,960 | Unit*12 | \$ 70,560 |
| Plan B3C (2 BD/2 BA): 1,401 sf | 8 | \$ 2,100 | Unit*12 | \$ 201,600 |
| Plan B4 (2 BD/2 BA): 1,265 sf | 100 | \$ 2,015 | Unit*12 | \$ 2,418,000 |
| Total Gross Potential Income | 527 | | | \$ 10,564,200 |
| Vacancy/Collection Loss @ 5.0% | | | | \$ (528,210) |
| Employee/Model Units | 0 | \$ - | Unit*12 | - |
| Retail Income (2,744 sf) | 2,744 | \$ 1.5 | | 46,922 |
| Other Income | | \$ 30 | | \$ 189,720 |
| Effective Gross Income | | | | \$ 10,272,632 |
| Expenses: | | | | |
| Real Estate Taxes - \$104,810,734 @ 1.03793% | | Rate | | \$ 1,087,862 |
| Insurance | | \$ 0.65 | PSF | \$ 310,261 |
| Utilities | | \$ 475 | Unit | \$ 250,325 |
| Administrative | | \$ 200 | Unit | \$ 105,400 |
| Repairs & Maintenance | | \$ 400 | Unit | \$ 210,800 |
| Interior Cleaning (50% Turnover Per Year) | | \$ 200 | Unit | \$ 52,700 |
| Property Management - Offsite - 3.0% of EGI | | | | \$ 308,179 |
| Payroll & Leasing - Onsite | | \$ 1,100 | Unit | \$ 579,700 |
| Advertising/Marketing | | \$ 175 | Unit | \$ 92,225 |
| Ground Rent | | \$ 256,000 | Year | \$ 256,000 |
| Ground Rent (1.25% of EGI) | | \$ 128,408 | Year | \$ 128,408 |
| MTDB Reimbursement | | \$ - | Year | \$ - |
| Reserve Allowance | | \$ 200 | Unit | \$ 105,400 |
| Total Expense | | | | \$ 3,487,260 |
| Operating Expense Ratio | | 33.95% | | |
| Expenses Per Unit | | \$ 6,617 | | |
| Net Operating Income | | | | \$ 6,785,372 |
| Overall Capitalization Rate | | | | 5.75% |
| Capitalized Value Indication | | | | \$ 118,006,470 |
| Rounded | | | | \$ 118,000,000 |

| |
|--|
| Development Budget & Proforma |
|--|

FINAL CALSTRS ANALYSIS **GROSSMONT TROLLEY SITE - EAST PHASE - ALTERNATIVE - LA MESA, CA**

04/07/2008 02:32 PM CST134811407 VERSION 07.12 6-YEAR CALENDAR

FINAL PROJECTION

SUMMARY OF CAPITALIZATION

| | |
|--|---------------------------|
| EQUITY FUNDED DURING CONSTRUCTION LOAN PERIOD (7.87% OF COST) | \$4,548,837 |
| EQUITY FUNDED BEFORE CONSTRUCTION LOAN PERIOD (17.33% OF COST) | \$10,273,217 |
| TOTAL EQUITY (15.00% OF COST) | \$14,822,054 |
| CALSTRS SUBSCRIPTION LOAN (FUND MAY 2009, TAKEOUT FEB 2010) | \$18,140,319 |
| CALSTRS SUBSCRIPTION LOAN INTEREST @ 5.50% | \$403,948 |
| CALSTRS SUBSCRIPTION LOAN POINTS & FEES | \$74,062 |
| CONSTRUCTION LOAN (FUND MAY 2007, CONVERSION FEB 2010) | \$44,472,109 |
| LOAN-TO-COST RATIO (INCL INTEREST RESERVE) | 75.00% |
| LOAN INTEREST @ 7.00% (TOTAL / FUNDED RESERVE) | \$5,872,281 / \$7,722,786 |
| LOAN POINTS (0.80%), FEES, AND CLOSING COSTS | \$410,250 |
| WALK-UP LOAN (INTEREST ONLY) (FUND FEB 2010, PAYOFF MAY 2010) | \$44,472,109 |
| LOAN-TO-COST RATIO | 75.00% |
| LOAN INTEREST @ 7.00% | \$726,947 |
| ANNUAL DEBT SERVICE (L38 DCR @ \$4.2M STABILIZED NOI) | \$5,813,052 |
| LOAN PER UNIT | \$149,738 |

PROPERTY AND BUILDING DESCRIPTION

| | |
|---|---------------------------------|
| DESCRIPTION: WOOD FRAMING, BUILT-UP ROOF ROOF, STUCCO SIDING EXTERIOR & FIRE SPRINKLERS IN A 3 STORY OVER PARKING GARAGE BUILDING | |
| CONFIGURATION | |
| NUMBER OF UNITS | 287 |
| AVERAGE NET RENTABLE SQUARE FOOTAGE OF UNITS | 914 |
| TOTAL NET RENTABLE SQUARE FOOTAGE OF UNITS | 271,458 |
| GF LEASING / CLUBHOUSE AND RETAIL | 6,742 |
| GROSS SQUARE FOOTAGE | 278,200 |
| NUMBER OF RENTABLE BUILDINGS/FLOORS | 3 / 3 |
| NUMBER OF ACRES | 4.4 & GROSS |
| UNIT DENSITY PER ACRE | 65.0 & GROSS |
| UNIT MIX (15% AFFORDABLE) | 15% - 154 UNITS, 28% - 80 - 45% |
| POOLS / SPAS | 1 / 1 |
| PARKING STRUCTURE SPACES - PUBLIC | 265 |
| PARKING STRUCTURE SPACES - RESIDENTS | 643 |
| RETAIL | 2,744 SF @ \$1.50 |
| CLUBHOUSE | 3,538 SF |
| AVG. MARKET RENT PER UNIT / SQ. FT. UNRENDERED | \$1,873 / \$1.53 |
| AVG. AFFORDABLE RENT PER UNIT / SQ. FT. UNRENDERED | \$1,074 / \$1.30 |
| AVG. TOTAL RENT PER UNIT / SQ. FT. UNRENDERED | \$1,000 / \$1.75 |

CAPITAL SOURCES

| | |
|-------------------------------------|--------------|
| EQUITY TO FUND CONSTRUCTION | \$14,822,054 |
| CONSTRUCTION LOAN | 44,472,109 |
| CALSTRS SUBSCRIPTION LOAN | 18,140,319 |
| NET CONSTRUCTION LOAN PERIOD INCOME | 285,182 |
| TOTAL SOURCES | \$77,619,731 |

CAPITAL USES

| | |
|-------------------------------------|--------------|
| CONSTRUCTION COSTS | \$12,290,227 |
| WORKING CAPITAL FUNDING | 194,103 |
| LOAN RESERVE | 9 |
| TOTAL WORKING CAPITAL AND RESERVE | \$94,183 |
| REFUND OF CALSTRS SUBSCRIPTION LOAN | 10,140,319 |
| TOTAL USES | \$77,619,731 |

LOAN RESERVE

| | |
|--|--------------|
| CONSTRUCTION LOAN | \$44,472,109 |
| LESS ENDING CONSTRUCTION LOAN DRAW BALANCE | 44,472,109 |
| TOTAL LOAN RESERVE | \$0 |

SCHEDULING AND TIMING

| | MONTHLY | MONTHLY YEAR |
|--|--------------|----------------|
| LAND LEASE COMMENCEMENT | 1 | MAY 2006 |
| CONSTRUCTION LOAN FUNDING | 13 | MAY 2007 |
| 1ST EQUITY INSTALLMENT (5 TOTAL) | 10 | FEB 2007 |
| CONSTRUCTION STARTS | 13 | MAY 2007 |
| PHASE DELIVERY (30 AVG MONTHLY) | 25 | MAR 2008 |
| PHASE LEASE (30 AVG MONTHLY) | 26 | MAR 2009 |
| FIRST RENT INCREASE (3.00%) | 8 | JAN 2007 |
| LAST DELIVERY | 40 | AUG 2008 |
| DURATION OF CONSTRUCTION | 2 YRS, 4 MOS | 05/07 to 05/09 |
| CONSTRUCTION LOAN CONVERSION | 40 | FEB 2010 |
| FULLY LEASED (283 LEASERS) | 48 | JAN 2010 |
| STABILIZED (95% OCCUPANCY, 283 UNITS) | 48 | FEB 2010 |
| SALE DATE (287.5M AT 8.25% CAP) | 48 | MAY 2010 |
| HOLDING PERIOD (EQUITY THRU SALE) | 3 YRS, 4 MOS | 02/07 to 05/10 |
| HOLDING PERIOD (LEASE START THRU SALE) | 4 YRS, 1 MO | 05/08 to 05/10 |

COMPUTATION OF WORKING CAPITAL

| | |
|---|--------------|
| TOTAL LOAN DRAWS | \$44,472,109 |
| NET OF INCOME DURING CONSTRUCTION LOAN PERIOD | \$1,867,302 |
| PLUS FUNDED STARTUP COSTS | 297,304 |
| PLUS INTEREST DEDUCTIONS | 1,878 |
| TOTAL CONSTRUCTION LOAN PERIOD ACOLVE | \$1,858,424 |
| LESS INCREASE TOWARD LOAN INTEREST (70%) | (1,292,224) |
| NET CONSTRUCTION LOAN PERIOD INCOME | \$566,200 |
| PLUS EQUITY INVESTED DURING CONSTRUCTION | 14,822,054 |
| MINUS TOTAL CONSTRUCTION COSTS | \$12,290,227 |
| TOTAL WORKING CAPITAL | \$15,098,027 |

CONSTRUCTION COST SUMMARY

| | TOTAL | PER UNIT | PER SQ. FT. |
|--|---------------|-----------|-------------|
| STARTUP COSTS | \$267,394 | \$938 | \$1.03 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$721,472 | \$2,512 | \$2.38 |
| ARCHITECTURAL AND ENGINEERING | \$2,963,700 | \$10,322 | \$9.22 |
| BIDD PERMITS AND FEES | \$2,750,000 | \$9,582 | \$8.20 |
| OFFICE | \$1,435,284 | \$5,002 | \$4.57 |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$427,179 | \$1,491 | \$1.34 |
| TOTAL BORROWING, INSURANCE & LEGAL | \$2,700,814 | \$9,413 | \$8.63 |
| CONSTRUCTION FINANCING COSTS | \$403,948 | \$1,407 | \$1.24 |
| OFFICE & MODEL FURNITURE AND MARKETING | \$638,870 | \$2,224 | \$2.03 |
| SOFT COST CONTINGENCY | \$276,000 | \$968 | \$0.89 |
| DEVELOPER FEE PD DURING CONSTRUCTION (10%) | \$1,630,840 | \$5,682 | \$5.26 |
| HARD COSTS | \$18,110,308 | \$63,065 | \$58.00 |
| GENERAL CONTRACTOR FEE | \$2,340,878 | \$8,153 | \$7.46 |
| LAND LEASE PAYMENTS | \$402,619 | \$1,407 | \$1.24 |
| CALSTRS SUBSCRIPTION LOAN POINTS & FEES | \$74,062 | \$258 | \$0.24 |
| CALSTRS SUBSCRIPTION LOAN INTEREST | \$403,948 | \$1,389 | \$1.23 |
| LOCAL AFFORDABLE UNITS SUBSIDY | (\$1,383,854) | (\$4,822) | (\$4.42) |
| DEVELOPER FEE PAID AT CLOSING | \$140,241 | \$489 | \$0.45 |
| LENDER ADMINISTRATIVE FEE | \$54,300 | \$189 | \$0.17 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$5,252,786 | \$18,285 | \$16.82 |
| TOTAL CONSTRUCTION COST | \$28,225,222 | \$98,331 | \$91.16 |
| TOTAL CONSTRUCTION COST LESS INTEREST | \$22,972,437 | \$80,026 | \$73.85 |
| RPV OF LAND LEASE PAYMENTS @ 8.00% | \$2,449,812 | \$8,525 | \$7.83 |

SUMMARY OF CALSTRS RETURNS

| | |
|---|-------------------------------|
| SALE DATE | MAY 2010 |
| SALE PRICE (8.25% CAP RATE) | \$67,537,463 OR \$227,388,487 |
| NET OPERATING INCOME AT SALE (TO BUYER) | \$4,321,075 |
| IRR | 14.30% |
| CALSTRS PROFIT | \$7,143,143 |
| TOTAL PROCEEDS AT SALE TO CALSTRS | \$18,737,467 |
| CASH-ON-CASH RETURN | 33.20% |
| RETURN-ON-COSTS UNRENDERED | 6.31% |
| RETURN-ON-COSTS STABILIZED | 7.95% |

SUMMARY OF EQUITY CAPITALIZATION

| | EQUITY |
|---|-----------------------|
| (1) CALSTRS (62.65%) | \$13,618,128 |
| (2) FAIRFIELD (28.00%) | 1,143,924 |
| (3) 28% HOLDBACK (9.35%) | 0 |
| TOTAL EQUITY | \$14,762,054 |
| (1) CALSTRS PROFIT INTEREST | 60.80% |
| (2) FAIRFIELD PROFIT INTEREST | 30.80% |
| (3) 28% HOLDBACK PROFIT INTEREST | 9.00% |
| 1ST LOOKBACK (1) 8% / (2) 4% | 11.07% |
| 2ND LOOKBACK (1) 7% / (2) 1.75% / (3) 0.25% | 14.80% |
| 3RD LOOKBACK (1) 6% / (2) 0.25% / (3) 0.75% | 18.00% |
| EQUITY-TO-COST RATIO | 28.00% |
| EQUITY INSTALLMENTS | (1) (2) |
| 1ST EQUITY INSTALLMENT FEB 2007 | \$2,453,300 \$622,017 |
| 2ND EQUITY INSTALLMENT MAY 2007 | 2,848,816 177,884 |
| 3RD EQUITY INSTALLMENT JUN 2007 | 610,711 53,165 |
| 4TH EQUITY INSTALLMENT JUL 2007 | 192,227 88,560 |
| 5TH EQUITY INSTALLMENT AUG 2007 | 175,176 83,828 |

CST134811407 VERSION 07.12 6-YEAR CALENDAR PRINT: 04/07/2008 02:31 AM

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

| | | | | OPERATING INCOME AND EXPENSE | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----|---------|-------|-----------------------------------|-----------|----------|-------------|--------------------------------------|-----------|----------|-------------|-----------------------------|-----------|----------|-------------|--------|-----------|----------|-------------|--------|-----------|----------|-------------|--------|-----------|----------|-------------|
| | | | | BASE INCOME (UNTRENDING) MAY 2006 | | | | AT STABILIZATION (FEB 2010-JAN 2011) | | | | AT SALE (MAY 2010-APR 2011) | | | | | | | | | | | | | | | |
| | | | | ANNUAL | MONTHLY | MONTHLY | MONTHLY | ANNUAL | MONTHLY | MONTHLY | MONTHLY | ANNUAL | MONTHLY | MONTHLY | MONTHLY | ANNUAL | MONTHLY | MONTHLY | MONTHLY | ANNUAL | MONTHLY | MONTHLY | MONTHLY | ANNUAL | MONTHLY | MONTHLY | MONTHLY |
| | | | | TOTAL | TOTAL | PER UNIT | PER SQ. FT. | TOTAL | TOTAL | PER UNIT | PER SQ. FT. | TOTAL | TOTAL | PER UNIT | PER SQ. FT. | TOTAL | TOTAL | PER UNIT | PER SQ. FT. | TOTAL | TOTAL | PER UNIT | PER SQ. FT. | TOTAL | TOTAL | PER UNIT | PER SQ. FT. |
| 18N18A-A1-A1 (MAX-534-549 UTIL. ALLOC) | 10 | 2.38% | 610 | 6,100 | 508,800 | 35,630 | 3263 | 38.82 | 377,000 | 31,417 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 |
| 18N18A-A1-A1 (MAX-534-549 UTIL. ALLOC) | 10 | 2.38% | 610 | 6,100 | 508,800 | 35,630 | 3263 | 38.82 | 377,000 | 31,417 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 | 3,087 | 36.42 | 37,044 |
| 18N18A-A1 | 4 | 1.23% | 310 | 3,100 | 254,400 | 18,320 | 1,663 | 2.15 | 271,120 | 22,593 | 1,883 | 2.44 | 271,120 | 22,593 | 1,883 | 2.44 | 271,120 | 22,593 | 1,883 | 2.44 | 271,120 | 22,593 | 1,883 | 2.44 | 271,120 | 22,593 | 1,883 |
| 18N18A-A1A | 3 | 1.88% | 754 | 7,540 | 60,400 | 4,360 | 3,918 | 2.23 | 78,870 | 6,572 | 1,573 | 2.70 | 78,870 | 6,572 | 1,573 | 2.70 | 78,870 | 6,572 | 1,573 | 2.70 | 78,870 | 6,572 | 1,573 | 2.70 | 78,870 | 6,572 | 1,573 |
| 18N18A-A1B | 4 | 1.35% | 340 | 3,400 | 27,200 | 1,970 | 1,780 | 2.00 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 |
| 18N18A-A2 | 32 | 10.77% | 800 | 8,000 | 640,000 | 46,400 | 4,188 | 2.30 | 85,300 | 7,108 | 1,568 | 2.57 | 85,300 | 7,108 | 1,568 | 2.57 | 85,300 | 7,108 | 1,568 | 2.57 | 85,300 | 7,108 | 1,568 | 2.57 | 85,300 | 7,108 | 1,568 |
| 18N18A-A2A | 4 | 1.35% | 340 | 3,400 | 27,200 | 1,970 | 1,780 | 2.21 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 | 2.28 | 35,760 | 2,980 | 1,717 |
| 18N18A-A2B | 82 | 27.81% | 720 | 7,200 | 576,000 | 41,430 | 3,710 | 2.83 | 617,520 | 51,435 | 1,809 | 2.49 | 617,520 | 51,435 | 1,809 | 2.49 | 617,520 | 51,435 | 1,809 | 2.49 | 617,520 | 51,435 | 1,809 | 2.49 | 617,520 | 51,435 | 1,809 |
| 18N18A-A3A | 8 | 2.61% | 710 | 7,100 | 568,000 | 40,580 | 3,682 | 2.07 | 588,000 | 49,000 | 1,600 | 2.35 | 588,000 | 49,000 | 1,600 | 2.35 | 588,000 | 49,000 | 1,600 | 2.35 | 588,000 | 49,000 | 1,600 | 2.35 | 588,000 | 49,000 | 1,600 |
| 28N28A-B1-V1 (MAX-5713-587 UTIL. ALLOC) | 8 | 2.61% | 890 | 8,900 | 712,000 | 50,920 | 4,603 | 0.63 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 |
| 28N28A-B1-V1 (MAX-5713-587 UTIL. ALLOC) | 8 | 2.61% | 890 | 8,900 | 712,000 | 50,920 | 4,603 | 0.63 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 | 0.71 | 81,310 | 6,776 | 1,512 |
| 28N28A-B2-B2 (MAX-5713-587 UTIL. ALLOC) | 6 | 2.02% | 530 | 5,300 | 424,000 | 30,280 | 2,722 | 1.41 | 451,200 | 37,600 | 1,885 | 1.63 | 451,200 | 37,600 | 1,885 | 1.63 | 451,200 | 37,600 | 1,885 | 1.63 | 451,200 | 37,600 | 1,885 | 1.63 | 451,200 | 37,600 | 1,885 |
| 28N28A-B2 | 19 | 6.40% | 1,010 | 10,100 | 808,000 | 57,556 | 5,173 | 1.73 | 1,059,120 | 88,260 | 2,938 | 1.95 | 1,059,120 | 88,260 | 2,938 | 1.95 | 1,059,120 | 88,260 | 2,938 | 1.95 | 1,059,120 | 88,260 | 2,938 | 1.95 | 1,059,120 | 88,260 | 2,938 |
| 28N28A-B2A | 8 | 2.82% | 1,050 | 10,500 | 840,000 | 60,000 | 5,333 | 1.72 | 1,081,152 | 90,096 | 2,950 | 1.96 | 1,081,152 | 90,096 | 2,950 | 1.96 | 1,081,152 | 90,096 | 2,950 | 1.96 | 1,081,152 | 90,096 | 2,950 | 1.96 | 1,081,152 | 90,096 | 2,950 |
| 28N28A-B2B | 20 | 6.73% | 1,270 | 12,700 | 1,016,000 | 73,556 | 6,506 | 1.49 | 1,338,480 | 111,540 | 3,302 | 1.91 | 1,338,480 | 111,540 | 3,302 | 1.91 | 1,338,480 | 111,540 | 3,302 | 1.91 | 1,338,480 | 111,540 | 3,302 | 1.91 | 1,338,480 | 111,540 | 3,302 |
| 28N28A-B2A | 2 | 0.67% | 1,177 | 11,770 | 941,600 | 68,000 | 5,955 | 1.64 | 1,251,144 | 104,262 | 3,277 | 1.88 | 1,251,144 | 104,262 | 3,277 | 1.88 | 1,251,144 | 104,262 | 3,277 | 1.88 | 1,251,144 | 104,262 | 3,277 | 1.88 | 1,251,144 | 104,262 | 3,277 |
| 28N28A-B2C | 8 | 2.89% | 1,401 | 14,010 | 1,120,800 | 80,064 | 7,139 | 1.50 | 1,468,176 | 122,348 | 3,207 | 1.70 | 1,468,176 | 122,348 | 3,207 | 1.70 | 1,468,176 | 122,348 | 3,207 | 1.70 | 1,468,176 | 122,348 | 3,207 | 1.70 | 1,468,176 | 122,348 | 3,207 |
| 28N28A-B4 | 58 | 18.53% | 1,288 | 12,880 | 1,030,400 | 74,360 | 6,555 | 1.59 | 1,504,284 | 125,357 | 3,281 | 1.81 | 1,504,284 | 125,357 | 3,281 | 1.81 | 1,504,284 | 125,357 | 3,281 | 1.81 | 1,504,284 | 125,357 | 3,281 | 1.81 | 1,504,284 | 125,357 | 3,281 |
| GROSS APARTMENT MARKET RENT | 797 | 108.00% | 914 | 9,140 | 731,200 | 52,720 | 4,682 | 1.75 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 |
| GROSS APARTMENT POTENTIAL RENT | | | | | 797,720 | 57,977 | 5,107 | 1.75 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 | 1.59 | 848,140 | 70,678 | 2,160 |
| APARTMENT VACANCY @ 4.70% (1) | | | | | (37,820) | (2,710) | (238) | (0.00) | (30,464) | (2,539) | (705) | (0.00) | (30,464) | (2,539) | (705) | (0.00) | (30,464) | (2,539) | (705) | (0.00) | (30,464) | (2,539) | (705) | (0.00) | (30,464) | (2,539) | (705) |
| NET APARTMENT RENTAL REVENUE | | | | | 759,900 | 55,267 | 4,869 | 1.75 | 817,676 | 68,139 | 2,455 | 1.59 | 817,676 | 68,139 | 2,455 | 1.59 | 817,676 | 68,139 | 2,455 | 1.59 | 817,676 | 68,139 | 2,455 | 1.59 | 817,676 | 68,139 | 2,455 |
| OTHER APARTMENT INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.70% (1) | | | | | 33,184 | 2,765 | 243 | 0.00 | 13,828 | 1,152 | 33 | 0.04 | 13,828 | 1,152 | 33 | 0.04 | 13,828 | 1,152 | 33 | 0.04 | 13,828 | 1,152 | 33 | 0.04 | 13,828 | 1,152 | 33 |
| NET TOTAL APARTMENT RENTAL REVENUE | | | | | 793,084 | 58,032 | 5,112 | 1.75 | 831,504 | 69,291 | 2,488 | 1.59 | 831,504 | 69,291 | 2,488 | 1.59 | 831,504 | 69,291 | 2,488 | 1.59 | 831,504 | 69,291 | 2,488 | 1.59 | 831,504 | 69,291 | 2,488 |
| RETAIL @ 2.7/44 @ \$1.50 LESS VACANCY FACTOR @ 28.00% (1) | | | | | 39,510 | 3,293 | 291 | 0.81 | 40,000 | 3,333 | 11 | 0.01 | 40,000 | 3,333 | 11 | 0.01 | 40,000 | 3,333 | 11 | 0.01 | 40,000 | 3,333 | 11 | 0.01 | 40,000 | 3,333 | 11 |
| NET PROPERTY REVENUE | | | | | 832,594 | 61,325 | 5,403 | 1.73 | 871,504 | 72,624 | 2,500 | 1.60 | 871,504 | 72,624 | 2,500 | 1.60 | 871,504 | 72,624 | 2,500 | 1.60 | 871,504 | 72,624 | 2,500 | 1.60 | 871,504 | 72,624 | 2,500 |

CST136010/07 VERSION 07.12 6-YEAR CALENDAR

PAGE 2 A

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

| OPERATING INCOME AND EXPENSE | | | | | | | | | | | | |
|---|-------------------------------------|-----------|----------|-------------|--------------------------------------|-----------|----------|-------------|----------------------------------|-----------|----------|-------------|
| EXPENSE CATEGORY | BASE EXPENSES (UNTRENDING) MAY 2008 | | | | AT STABILIZATION (FEB 2010-JAN 2011) | | | | AT SALE (MAY 2010-APR 2011) | | | |
| | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. |
| SALARIES | \$328,700 | \$27,392 | \$1,100 | \$1.20 | \$348,829 | \$29,069 | \$1,241 | \$1.39 | \$371,378 | \$30,948 | \$1,250 | \$1.37 |
| ADVERTISING | 84,978 | 7,081 | 175 | 0.18 | 58,844 | 4,867 | 197 | 0.22 | 59,448 | 4,924 | 188 | 0.22 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | 148,500 | 12,375 | 500 | 0.65 | 187,550 | 15,629 | 554 | 0.62 | 168,804 | 14,067 | 466 | 0.52 |
| GENERAL AND ADMINISTRATIVE | 88,400 | 7,367 | 288 | 0.22 | 87,820 | 7,318 | 288 | 0.25 | 87,524 | 7,294 | 227 | 0.25 |
| MANAGEMENT FEE | 167,288 | 13,941 | 543 | 0.62 | 160,088 | 13,341 | 540 | 0.70 | 161,344 | 13,445 | 643 | 0.71 |
| UTILITIES | 141,075 | 11,756 | 478 | 0.52 | 192,788 | 16,066 | 538 | 0.58 | 180,356 | 15,030 | 540 | 0.59 |
| SUBTOTAL VARIABLE OPERATING EXPENSES | \$944,919 | \$78,411 | \$3,013 | \$3.30 | \$1,011,224 | \$84,232 | \$3,404 | \$3.74 | \$1,014,882 | \$84,401 | \$3,429 | \$3.78 |
| INSURANCE | 178,217 | 14,851 | 605 | 0.68 | 202,212 | 16,851 | 681 | 0.74 | 203,724 | 16,977 | 686 | 0.75 |
| TOTAL PROPERTY TAXES | 648,804 | 54,067 | 1,838 | 2.04 | 598,893 | 49,824 | 1,950 | 2.18 | 588,883 | 49,074 | 1,900 | 2.18 |
| BASE LAND LEASE PAYMENTS (PAID IN ADVANCE) | 144,773 | 12,064 | 468 | 0.43 | 144,273 | 12,023 | 468 | 0.83 | 144,273 | 12,023 | 468 | 0.53 |
| LAND LEASE PREMIUM (1.25% OF NET PROPERTY REVENUE PAID IN ARREARS) | 88,898 | 7,408 | 235 | 0.26 | 78,188 | 6,516 | 267 | 0.28 | 78,810 | 6,568 | 268 | 0.29 |
| SUBTOTAL FIXED OPERATING EXPENSES | \$862,670 | \$71,546 | \$2,741 | \$3.00 | \$1,018,837 | \$84,711 | \$3,424 | \$3.74 | \$1,014,880 | \$84,491 | \$3,431 | \$3.75 |
| RESERVES FOR REPLACEMENT | \$2,550 | \$213 | \$8 | \$0.23 | \$2,550 | \$213 | \$8 | \$0.26 | \$2,550 | \$213 | \$8 | \$0.26 |
| TOTAL OPERATING EXPENSES | \$1,775,549 | \$147,224 | \$5,542 | \$6.07 | \$2,032,511 | \$169,756 | \$7,056 | \$7.72 | \$2,032,511 | \$169,756 | \$7,056 | \$7.72 |
| NET OPERATING INCOME (I) | \$2,882,327 | \$240,141 | \$923 | \$1.01 | \$2,882,327 | \$240,141 | \$923 | \$1.01 | \$2,882,327 | \$240,141 | \$923 | \$1.01 |
| RETURN ON COSTS: | | | | | | | | | | | | |
| TOTAL OPERATING EXPENSES AS A % OF NET PROPERTY REVENUE: | | | | | | | | | | | | |
| ESTIMATED ASSESSED VALUE FOR PROPERTY TAXES: | | | | | | | | | | | | |
| | 32.89% | | | | 32.89% | | | | 32.89% | | | |
| | \$42,593,573 OR \$177,893 / UNIT | | | | \$42,593,573 OR \$177,893 / UNIT | | | | \$42,593,573 OR \$177,893 / UNIT | | | |
| UNIT MIX: | | | | | | | | | | | | |
| MARKET-RATE UNIT MIX (52.84.85%)(% OF TOTAL UNITS / % OF UNIT TYPE): | | | | | | | | | | | | |
| AFFORDABLE UNIT MIX (43.81.15%)(% OF TOTAL UNITS / % OF UNIT TYPE): | | | | | | | | | | | | |
| INFLATION OF APARTMENT RENTS: | | | | | | | | | | | | |
| AND BASE OVERALL RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | |
| AND BASE MARKET RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | |
| AND BASE AFFORDABLE RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | |
| AND BASE OVERALL RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | |
| AND BASE MARKET RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | |
| AND BASE AFFORDABLE RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | |
| APARTMENT VACANCY RATE: | | | | | | | | | | | | |
| APARTMENT MOVES-IN CONCESSIONS (IN WEEKS): | | | | | | | | | | | | |
| RETAIL VACANCY RATE: | | | | | | | | | | | | |
| BASE LAND LEASE PAYMENTS (PAID IN ADVANCE): | | | | | | | | | | | | |
| LAND LEASE PREMIUM (AS A % OF NOI PAID IN ARREARS): | | | | | | | | | | | | |
| NPV OF TOTAL LAND LEASE PAYMENTS (20 YEARS AT 8.00% / 10.00% DISCOUNT RATE \$2,830,820 / \$2,440,812 / \$2,112,480 AND PER UNIT \$9,065 / \$8,268 / \$7,112 | | | | | | | | | | | | |
| MANAGEMENT FEE: | | | | | | | | | | | | |
| EXPENSE INFLATION: | | | | | | | | | | | | |
| ANNUAL INFLATION OF ASSESSED PROPERTY VALUE IN JANUARY: | | | | | | | | | | | | |
| AD VALOREM PROPERTY TAX RATES: | | | | | | | | | | | | |
| | 1.03793% @ 100.00% ASSESSMENT RATIO | | | | | | | | | | | |
| (1) THE UNTRENDING NOI IS BASED ON RENTS AND EXPENSES AT THE DATE SPECIFIED AT THE TOP OF THE ABOVE 3 COLUMNS EXCEPT FOR PROPERTY TAXES. PROPERTY TAXES ARE BASED ON A STABILIZED ASSESSED VALUE IN FEB 2010 THAT ARE TRENDING APPROPRIATELY TO THE DATES SPECIFIED AT THE TOP OF THE COLUMNS. PROPERTY TAXES AT STABILIZATION AND SALE ON THIS PAGE DO NOT REFLECT PROJECTED ACTUAL TAXES THAT APPEAR ON THE CONSTRUCTION AND OPERATIONS SUMMARY BECAUSE TAXES DO NOT STABILIZE UNTIL FEB 2010 AND THE INTENT OF THIS PAGE IS TO ILLUSTRATE A "STABILIZED" NOI. TO SEE A MONTHLY OR ANNUAL NOI FOR ANY POINT IN TIME WITHIN THE SCOPE OF THIS PROJECTION, GO TO THE CONSTRUCTION AND OPERATIONS SUMMARY SHEET. VACANCY RATE, CONCESSIONS, LOSS TO LEASE RATE AND COLLECTION LOSS RATE ARE VALUES CONSIDERED TO BE "STABILIZED" AND DO NOT NECESSARILY REFLECT WHAT MIGHT BE IN PLACE AT PHYSICAL STABILIZATION AND SALE. | | | | | | | | | | | | |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

| SALE SUMMARY | | | |
|--|----------------|----------------|----------------|
| COMPUTATION OF SALE PROCEEDS FOR SALE IN MAY 2010 | | | |
| | 8.00% CAP RATE | 8.25% CAP RATE | 8.50% CAP RATE |
| SALE PRICE PER UNIT | \$235,498 | \$227,379 | \$218,157 |
| ANNUAL NET OPERATING INCOME AT SALE TO SELLER (1) | \$4,348,878 | \$4,144,878 | \$3,940,878 |
| PLUS SELLER'S AD VALOREM PROPERTY TAXES | \$18,005 | \$18,005 | \$18,005 |
| LESS BUYER'S AD VALOREM PROPERTY TAXES (2) | (724,822) | (702,880) | (687,715) |
| ANNUAL NET OPERATING INCOME AT SALE TO BUYER | \$4,196,061 | \$4,059,999 | \$3,941,168 |
| DIVIDED BY THE CAPITALIZATION RATE | 0.00% | 0.00% | 0.00% |
| EQUALS SALE PRICE | \$16,978,671 | \$16,717,463 | \$16,517,873 |
| PLUS PROPERTY TAX PROPORTION TO SELLER | 49,201 | 49,201 | 49,201 |
| LESS SALES COMMISSION, TITLE, AND CLOSING COSTS @ \$125,000 PLUS 1.00% | (214,388) | (199,379) | (177,878) |
| LESS SHORT-TERM LOAN (INTEREST ONLY) PRINCIPAL PAYOFF | (44,472,169) | (44,472,169) | (44,472,169) |
| LESS SHORT-TERM LOAN (INTEREST ONLY) ACCRUED INTEREST | (318,737) | (318,737) | (318,737) |
| SALE PROCEEDS AVAILABLE FOR DISTRIBUTION | \$16,518,445 | \$16,518,445 | \$16,518,445 |
| LESS UNPAID LENDER ACQUISITION FEE TO CONSTRUCTION LENDER | (765) | (765) | (765) |
| LESS CALSTRS 1ST TIER LOOKBACK @ 92.00% TO A 11.00% IRR TO CALSTRS | (17,982,833) | (17,982,833) | (17,982,833) |
| LESS FAIRFIELD 1ST TIER LOOKBACK @ 8.00% TO A 11.00% IRR TO CALSTRS | (1,581,820) | (1,581,820) | (1,581,820) |
| LESS CALSTRS 2ND TIER LOOKBACK @ 75.00% TO A 14.00% IRR TO CALSTRS | (1,855,870) | (1,855,870) | (1,855,870) |
| LESS FAIRFIELD 2ND TIER LOOKBACK @ 18.75% TO A 14.00% IRR TO CALSTRS | (413,597) | (413,597) | (413,597) |
| LESS FFR 25% HOLDBACK 2ND TIER LOOKBACK @ 8.25% TO A 14.00% IRR TO CALSTRS | (137,800) | (137,800) | (137,800) |
| LESS CALSTRS 3RD TIER LOOKBACK @ 65.00% TO A 18.00% IRR TO CALSTRS | (1,792,548) | (1,792,548) | (1,792,548) |
| LESS FAIRFIELD 3RD TIER LOOKBACK @ 28.25% TO A 18.00% IRR TO CALSTRS | (362,825) | (362,825) | (362,825) |
| LESS FFR 25% HOLDBACK 3RD TIER LOOKBACK @ 8.75% TO A 18.00% IRR TO CALSTRS | (230,870) | (230,870) | (230,870) |
| NET PROCEEDS FROM SALE AVAILABLE FOR DISTRIBUTION | \$2 | \$2 | \$2 |
| SUMMARY OF SALE PROCEEDS TO FFR 25% HOLDBACK | | | |
| 3RD TIER LOOKBACK SPLIT 8.25% TO A 14.00% IRR TO CALSTRS | 137,800 | 137,800 | 137,800 |
| 3RD TIER LOOKBACK SPLIT 8.75% TO A 18.00% IRR TO CALSTRS | 230,870 | 230,870 | 230,870 |
| TOTAL SALE PROCEEDS TO FFR 25% HOLDBACK | \$368,670 | \$368,670 | \$368,670 |
| SUMMARY OF SALE PROCEEDS TO FAIRFIELD | | | |
| 1ST TIER LOOKBACK SPLIT 8.00% TO A 11.00% IRR TO CALSTRS | 1,581,820 | 1,581,820 | 1,581,820 |
| 2ND TIER LOOKBACK SPLIT 18.75% TO A 14.00% IRR TO CALSTRS | 413,597 | 413,597 | 413,597 |
| 3RD TIER LOOKBACK SPLIT 28.25% TO A 18.00% IRR TO CALSTRS | 362,825 | 362,825 | 362,825 |
| TOTAL SALE PROCEEDS TO FAIRFIELD | \$2,358,242 | \$2,358,242 | \$2,358,242 |
| SUMMARY OF SALE PROCEEDS TO CALSTRS | | | |
| 1ST TIER LOOKBACK SPLIT 92.00% TO A 11.00% IRR TO CALSTRS | 17,982,833 | 17,982,833 | 17,982,833 |
| 2ND TIER LOOKBACK SPLIT 75.00% TO A 14.00% IRR TO CALSTRS | 1,855,870 | 1,855,870 | 1,855,870 |
| 3RD TIER LOOKBACK SPLIT 65.00% TO A 18.00% IRR TO CALSTRS | 1,792,548 | 1,792,548 | 1,792,548 |
| TOTAL SALE PROCEEDS TO CALSTRS | \$21,631,251 | \$21,631,251 | \$21,631,251 |

(1) THE TOTAL OF TWELVE MONTHS INCLUSIVE FROM THE MONTH OF SALE.
(2) ANNUAL AD VALOREM PROPERTY TAXES THAT THE BUYER WILL OWE BASED ON THE SALE PRICE OVER THE ASSESSMENT RATIO AND TAX RATE.

| CASH RETURN TO CALSTRS | | | | | |
|------------------------|-------------------|-----------|------------------------------|------------------------------|------------------------------|
| YEAR | EQUITY INVESTMENT | CASH FLOW | SALE PROCEEDS 8.00% CAP RATE | SALE PROCEEDS 8.25% CAP RATE | SALE PROCEEDS 8.50% CAP RATE |
| 2077 | (13,836,138) | 0 | 0 | 0 | 0 |
| 2010 | 0 | 983,308 | 31,331,257 | 32,787,487 | 34,120,448 |
| PROFIT KPIR | | | 38,834,873 | 37,812,143 | 35,478,125 |
| | | | 18.65% | 14.30% | 11.39% |

| GROSS JOINT VENTURE PROFIT | | | |
|--|----------------|----------------|----------------|
| | 8.00% CAP RATE | 8.25% CAP RATE | 8.50% CAP RATE |
| SALE PROCEEDS AVAILABLE FOR DISTRIBUTION | \$2,358,242 | \$2,358,242 | \$2,358,242 |
| LESS TOTAL EQUITY INVESTED | (14,824,544) | (14,824,544) | (14,824,544) |
| LESS FEES & OTHER DEDUCTIONS AT SALE | (944,572) | (944,572) | (944,572) |
| PLUS CASH FLOW FROM OPERATIONS | 1,947,815 | 1,947,815 | 1,947,815 |
| JOINT VENTURE PROFIT | \$9,946,721 | \$9,777,441 | \$9,551,827 |
| JOINT VENTURE IRR | 15.72% | 15.07% | 11.43% |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA**

FINAL PROJECTION

| CASH FLOW DISTRIBUTION SUMMARY | | | | | | |
|---|------|--------------|--------------|---------------|------------------------|------------------------------|
| | 2018 | 2019 | 2020 | 2021 | JAN 2018 THRU MAY 2019 | TOTALS THRU SALE IN MAY 2020 |
| GROSS APARTMENT MARKET RENT | \$0 | \$0 | \$0 | \$4,183,333 | \$2,663,800 | \$4,857,166 |
| GROSS APARTMENT POTENTIAL RENT | \$0 | \$0 | \$0 | \$4,183,333 | \$2,663,800 | \$4,857,166 |
| APARTMENT VACANCY @ 4.70% | 0 | 0 | 0 | (\$1,945,281) | (120,305) | (1,869,847) |
| APARTMENT MOVE-IN CONCESSIONS @ 6 WEEKS AT 0.50% TURNOVER RATE | 0 | 0 | 0 | (412,054) | (10,054) | (422,889) |
| NET APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$7,236,270 | \$2,533,441 | \$4,564,430 |
| OTHER INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.70% | 0 | 0 | 0 | 44,400 | 47,847 | 92,443 |
| NET TOTAL APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$7,280,670 | \$2,581,288 | \$4,656,873 |
| RETAIL @ 2,744 @ \$1.50 LESS VACANCY FACTOR @ 20.00% (1) | 0 | 0 | 0 | (5,172) | 18,463 | 25,637 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$0 | \$7,275,498 | \$2,599,751 | \$4,682,510 |
| TOTAL OPERATING EXPENSES | \$0 | \$0 | \$18,004 | \$1,430,442 | \$890,888 | \$2,344,188 |
| RESERVES FOR REPLACEMENT | 0 | 0 | 0 | 0 | 22,384 | 22,384 |
| NET OPERATING INCOME | \$0 | \$0 | (\$18,004) | \$5,845,056 | \$1,702,363 | \$2,315,915 |
| PLUS STARTUP EXPENSES FUNDED BY CONSTR FUNDS | 0 | 0 | 10,004 | 268,460 | 0 | 287,384 |
| PLUS INTEREST EARNINGS | 0 | 0 | 100 | 809 | 1,074 | 2,383 |
| PLUS MINI-PERM LOAN (INTEREST ONLY) FUNDING | 0 | 0 | 0 | 0 | 44,472,168 | 44,472,168 |
| CURRENT MONTH CASH FLOW BEFORE DEBT SERVICE | \$0 | \$100 | \$0 | \$1,104,665 | \$46,178,142 | \$47,266,867 |
| LESS CONSTRUCTION DEBT INT (EXCL INTEREST RESERVE) | 0 | 100 | 0 | 778,213 | 625,184 | 1,290,437 |
| LESS MINI-PERM LOAN (INTEREST ONLY) DEBT SERVICE | 0 | 0 | 0 | 0 | 481,820 | 481,820 |
| LESS CONSTRUCTION LOAN PAYOFF | 0 | 0 | 0 | 0 | 44,472,168 | 44,472,168 |
| LESS FAIRFIELD DEV DEVELOPER FEE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 |
| CURRENT MONTH CASH FLOW AVAILABLE FOR DISTRIBUTION | \$0 | \$0 | \$0 | \$326,452 | \$710,263 | \$1,617,110 |
| REMAINING CASH FLOW TO CALSTRS | 0 | 0 | 0 | 0 | \$63,206 | \$63,206 |
| REMAINING CASH FLOW TO FAIRFIELD | 0 | 0 | 0 | 0 | \$6,869 | \$6,869 |
| WORKING CAPITAL ACCOUNT BALANCE | \$0 | \$0 | \$0 | \$328,333 | \$0 | \$0 |
| TOTAL CASH FLOW TO CALSTRS | 0 | 0 | 0 | 0 | \$63,206 | \$63,206 |
| TOTAL CASH FLOW TO FAIRFIELD | 0 | 0 | 0 | 0 | \$6,869 | \$6,869 |
| TOTAL CASH FLOW DISTRIBUTIONS | \$0 | \$0 | \$0 | \$0 | \$1,847,815 | \$1,847,815 |
| TOTAL UNPAID FEES AND PREFERRED RETURN OWED FROM SALE PROCEEDS | \$0 | (\$2,020) | (\$2,020) | (\$2,020) | \$703 | \$703 |
| CASH EQUITY INVESTMENT | 0 | 13,838,130 | 13,838,130 | 13,838,130 | 13,838,130 | 13,838,130 |
| CALSTRS CASH EQUITY INVESTMENT | 0 | 1,785,024 | 1,785,024 | 1,785,024 | 1,785,024 | 1,785,024 |
| FAIRFIELD CASH EQUITY INVESTMENT | 0 | \$14,824,054 | \$14,824,054 | \$14,824,054 | \$14,824,054 | \$14,824,054 |
| TOTAL CASH EQUITY INVESTMENT | \$0 | \$16,609,154 | \$16,609,154 | \$16,609,154 | \$16,609,154 | \$16,609,154 |

CST138401107 VERSION 07.12 8-YEAR CALENDAR

PAGE 4

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA
FINAL PROJECTION

HARD COST DETAIL

| UNITS | 297 | GENERAL CONTRACTOR FEE: 6.00% | | |
|--|---------------------|-------------------------------|----------------------|-----------------------|
| GROSS SQUARE FOOTAGE | 278,209 | | | |
| COST DESCRIPTION | COST | UNIT | COST PER SQUARE FOOT | PERCENT OF HARD COSTS |
| APARTMENT HARD COSTS | \$38,410,189 | \$95,857 | \$102.12 | 78.32% |
| PODIUM DECK PARKING-MTS (208 PARKING SPACES @ \$12,400 EACH) | 3,299,400 | 11,108 | 11.85 | 8.85% |
| PODIUM DECK PARKING-PFRES (446 PARKING SPACES @ \$12,400 EACH) | 5,518,000 | 68,578 | 19.83 | 14.82% |
| TOTAL HARD COSTS | \$37,228,489 | \$125,342 | \$133.81 | 88.78% |
| PLUS SPECIAL PROJECT REQUIREMENTS | | | | |
| DEMO EXISTING PARKING-CURBS, GUTTERS AND PAVING | \$91,226 | \$307 | \$0.33 | 0.22% |
| RELOCATE 16" GASLINE & REMOVE ABANDONED 16" STEEL WATER | \$48,813 | \$154 | \$0.16 | 0.11% |
| RELOCATE 12" SEWER AND REMOVE AND RELOCATE 6" CIPU ST | \$104,642 | \$352 | \$0.38 | 0.25% |
| REMOVE AND RELOCATE 16" RCP STORM DRAINS & 16" TELEPHO | \$72,198 | \$186 | \$0.12 | 0.08% |
| CONSTRUCT RETAINING WALLS AT FLETCHER PRYMY AND GROSS | \$128,790 | \$434 | \$0.48 | 0.31% |
| CONSTRUCT SPECIAL BEAMS AND FOOTINGS AT GARAGES TO SP | \$533,943 | \$1,799 | \$1.92 | 1.29% |
| OTHER | \$264,719 | \$891 | \$0.95 | 0.64% |
| CONTINGENCY | \$288,588 | \$2,318 | \$2.28 | 1.65% |
| TOTAL SPECIAL PROJECT REQUIREMENTS | \$1,689,719 | \$8,363 | \$6.80 | 4.59% |
| PLUS GENERAL CONTRACTOR FEE | \$2,245,973 | \$7,202 | \$7.44 | 5.68% |
| TOTAL HARD COST BUDGET | \$41,463,181 | \$137,807 | \$142.88 | 100.00% |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA**

FINAL PROJECTION

PERMITS, FEES AND OTHER SOFT COSTS DETAIL

| | | | |
|--|-------------------|---|-------------------|
| LAND AND CLOSING COSTS | | ARCHITECTURAL AND ENGINEERING | |
| LAND | 50 | CONCEPTUAL ARCHITECTURALS | 50 |
| LAND LEGAL | 110,000 | ARCHITECTURAL DESIGN | 695,000 |
| LAND TITLE/CLOSING | 25,000 | ARCHITECTURAL EXTRA SERVICES | 25,000 |
| FAIRFIELD BROKER COMMISSION | 0 | ARCHITECTURAL REIMB | 40,000 |
| OUTSIDE REAL ESTATE COMMISSION | 84,530 | CIVIL ENGINEER | 637,000 |
| TRANSFER & DOCUMENTATION FEES | 0 | CIVIL ENGINEER EXTRA SERVICES | 25,000 |
| LAND LETTER OF CREDIT | 0 | CIVIL ENGINEER REIMB | 42,000 |
| WATER & BOND | 0 | PLANNING CONSULTANT | 12,000 |
| LAND OPTION PMT-REFUNDABLE | 0 | PLANNING CONSULTANT EXTRA SERVICES | 0 |
| LAND OPTION PMT-NON-REFUNDABLE | 100,000 | PLANNING CONSULTANT REIMB | 0 |
| LAND CONTRIBUTIONS | 140,892 | LANDSCAPE DESIGN | 100,000 |
| LAND LEASE PAYMENTS | 572,819 | LANDSCAPE DESIGN EXTRA SERVICES | 10,000 |
| TOTAL LAND AND CLOSING COSTS | 1,280,240 | LANDSCAPE DESIGN REIMB | 10,000 |
| OFFSITE IMPROVEMENTS | | SOILS ENGINEER | 18,000 |
| GRADING | 81,557,849 | SOILS/CONCRETE TESTING | 0 |
| ROCK REMOVAL | 0 | SEDEROSION CONTROL MONITORING | 0 |
| UTILITIES | 0 | UTILITY CONSULTANT | 0 |
| CURB & GUTTER | 8,889 | UTILITY CONSULTANT EXTRA SERVICES | 17,200 |
| SOUND WALL | 0 | UTILITY CONSULTANT REIMB | 0 |
| PAVING | 180,055 | STRUCTURAL ENGINEER | 230,000 |
| SIDEWALKS | 28,634 | STRUCTURAL ENGINEER EXTRA SERVICES | 10,000 |
| JOINT TRENCH | 371,694 | STRUCTURAL ENGINEER REIMB | 10,000 |
| STREET LIGHTS | 11,147 | M.E.P. ENGINEER | 100,000 |
| TRAFFIC SIGNALS | 55,737 | M.E.P. ENGINEER REIMB | 10,000 |
| FENCING | 0 | SURVEYING | 97,000 |
| LANDSCAPING | 121,390 | FOUNDATION CONSULTANT | 0 |
| LIFT STATION | 0 | FOUNDATION CONSULTANT EXTRA SVCS | 0 |
| DEMOLITION | 22,295 | FOUNDATION CONSULTANT REIMB | 0 |
| ENVIRONMENTAL MITIGATION | 0 | MISC CONSULTANTS | 71,500 |
| CONTRIBUTIONS-OFFSITES | 0 | SPEO & TECH | 50,000 |
| REIMBURSABLES-OFFSITES | 0 | INSPECTING ARCHITECT | 30,000 |
| MISC. | 0 | FINAL PLAT | 0 |
| CONTINGENCY | 150,000 | GARAGE DESIGN | 180,000 |
| TOTAL OFFSITE IMPROVEMENTS | 12,459,204 | MISC. REIMBURSABLES | 0 |
| DEVELOPMENTAL COSTS | | BLUEPRINTS | 81,600 |
| APPRAISAL | 50 | CONSTRUCTION STAKING | 0 |
| REZONING, PLATTING, & PREL ENGINEERING | 0 | FINAL ALTAAS BUILT | 0 |
| FEASIBILITY STUDIES | 2,254 | LEADS STUDY | 2,500 |
| MARKET SURVEYS | 0 | CONTINGENCY | 0 |
| ENGINEERING REVIEW/MISC | 0 | TOTAL ARCHITECTURAL AND ENGINEERING | 82,953,700 |
| SOIL STUDIES | 30,730 | BONDS, INSURANCE, LEGAL AND ADMINISTRATION | |
| ENVIRONMENTAL STUDIES | 6,072 | GRADING BOND | 50 |
| ACOUSTICAL STUDIES | 5,410 | SUBDIVISION IMPROVEMENT BOND | 0 |
| GEOPHYSICAL STUDIES | 0 | LANDSCAPE BOND | 0 |
| TOXICHAZARD STUDIES | 2,818 | COMPLETION/PERFORMANCE BOND | 25,000 |
| ENVIRONMENTAL MITIGATION | 70,000 | BONDS-MISC | 0 |
| TRAFFIC STUDY | 22,281 | INSURANCE-GENERAL LIABILITY | 179,938 |
| BIOLOGICAL STUDIES | 9,143 | INSURANCE-BUILDERS' RISK | 510,679 |
| ALTA BOUNDARY SURVEY | 0 | INSURANCE-FLOOD | 0 |
| CONCEPTUAL SITE PLAN | 0 | INSURANCE-M.O. WARRANTY | 0 |
| TOPO/TREE SURVEY | 0 | INSURANCE-OTHER | 0 |
| MISC. | 58,357 | LEGAL-GENERAL | 0 |
| MISC. | 0 | SALARIES-PROJECT MANAGER | 50,000 |
| CONTINGENCY | 50,000 | SALARIES-CLERICAL | 0 |
| TOTAL DEVELOPMENTAL COSTS | 120,845 | GENERAL & ADMINISTRATIVE COSTS | 60,000 |
| OFFICE/CLUBHOUSE/MODEL FURNISHINGS AND MARKETING | | ORGANIZATIONAL LEGAL COSTS | 25,000 |
| SIGNAGE (8902-8904) | 820,387 | START UP COSTS | 0 |
| PROMOTION (GRAPHICS, BROCHURES, ADVERTISING, ETC.) (8950-8964) | 75,000 | TAX CREDIT INITIAL COMPLIANCE COSTS | 0 |
| LEASING OFFICE/CLUBHOUSE FURNISHINGS AND ACCESSORIES (8912-8932) | 240,000 | CALSTRS PREP DURING CONSTRUCTION | 0 |
| POOL FURNITURE, BBQ GRILLS, ETC. (8900-8910) | 28,178 | TRANS MGMT FEE | 0 |
| FITNESS CENTER EQUIPMENT AND FURNISHINGS, ETC. (8934-8938) | 28,450 | RENT UP FEE | 0 |
| MODEL FURNISHINGS & BUILDING EXTRAS (8944-8946) | 64,535 | LENDER ADMINISTRATIVE FEE | 25,100 |
| MAINTENANCE EQUIPMENT (8940-8942) | 30,898 | ACCOUNTING SERVICES FEE | 25,000 |
| COMPUTERS | 38,357 | DEVELOPER FEE PAID AT CLOSING | 148,241 |
| MISC. | 0 | PLACEMENT FEE | 0 |
| STARTUP COSTS | 287,264 | OWNERS CONTINGENCY | 1,825,000 |
| TOTAL OFFICE/CLUBHOUSE/MODEL FURNISHINGS AND MARKETING | 807,277 | MISC. | 0 |
| | | TOTAL BONDS, INSURANCE, LEGAL AND ADMINISTRATION | 22,954,438 |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA**

FINAL PROJECTION

PERMITS, FEES AND OTHER SOFT COSTS DETAIL - CONTINUED

| | | | |
|--|--------------------|---|--------------------|
| PERMITS AND FEES | | REFUNDABLE HOOKUP FEES | |
| SITE REVIEW PLAN | 50 | ELECTRICAL HOOKUP FEES | \$137,510 |
| FDEP STORMWATER & NPDES PERMITS | 0 | REFUNDABLE FEES-ELECTRICAL | 0 |
| BUILDING PLAN REVIEW FEES | 0 | GAS HOOKUP FEES | 0 |
| TOUR REVIEW FEE | 0 | REFUNDABLE FEES-GAS | 0 |
| C.O. FEES | 0 | TELEPHONE HOOKUP FEES | 0 |
| WATER METER FEES | 12,224 | REFUNDABLE FEES-TELEPHONE | 0 |
| WATER SYSTEM CHARGES | 0 | CATV HOOKUP FEES | 0 |
| SEWER SYSTEM CHARGES | 1,247,400 | REFUNDABLE FEES-CATV | 0 |
| PLAT REVIEW FEES | 0 | REFUNDABLE FEES-PLAN/MAINT | 0 |
| DEVELOPMENT PLAN FEE | 15,385 | WATER HOOKUP FEES | 0 |
| PROPERTY DEVELOPMENT FEE | 0 | REFUNDABLE FEES-WATER | 0 |
| TENTATIVE MAP FEE | 0 | MISC. | 0 |
| SPECIFIC PLAN AMENDMENT | 0 | TOTAL REFUNDABLE HOOKUP FEES | \$137,510 |
| CONDITIONAL USE PERMIT | 0 | | |
| PRECISE PLAN FEE | 0 | EQUITY FINANCING COSTS | |
| FINAL MAP PLAN CHECK | 0 | MISC. | 0 |
| CONVERSION REV FEE | 0 | MISC. | 0 |
| GRADING PLAN CHECK | 10,484 | MISC. | 0 |
| IMPROVEMENT PLAN CHECK | 62,922 | TOTAL EQUITY FINANCING COSTS | 0 |
| IMPROVEMENT PLAN INSPECTION | 50,721 | | |
| LANDSCAPE PLAN CHECK | 4,350 | LAND ACQUISITION FINANCING COSTS | |
| GRADING INSPECTION | 12,900 | LAND LOAN POINTS @ 0.00% OF LAND LOAN | 0 |
| STORM DRAINAGE FEE | 11,088 | LAND LOAN CLOSING AND LEGAL | 0 |
| LANDSCAPE INSPECTION | 0 | LAND LOAN TITLE INSURANCE | 0 |
| TORTOISE FEE/PUBLIC SAFETY FEE | 0 | LAND LOAN DOCUMENTARY TAX | 0 |
| PARK FEE | 335,610 | LAND LOAN LENDER APPRAISAL | 0 |
| SCHOOL FEE | 625,240 | LAND LOAN INTEREST | 0 |
| TRAFFIC FEE | 16,007 | TOTAL LAND ACQUISITION FINANCING COSTS | 0 |
| BMIT FEE | 3,042 | | |
| SANITARY SEWER IMPACT FEE | 0 | CONSTRUCTION FINANCING COSTS EXCLUDING INTEREST | |
| WATER IMPACT FEE | 0 | CONSTRUCTION LOAN POINTS @ 0.00% OF CONSTRUCTION LOAN | \$400,250 |
| WATER CONNECTION FEE | 230 | SUPPLEMENTAL DEVELOPMENT FEE | 0 |
| PLAN CHECK FEE | 163,513 | CONSTRUCTION LOAN CLOSING AND LEGAL | 0 |
| BUILDING PERMIT FEE | 189,057 | CONSTRUCTION LOAN TITLE INSURANCE | 0 |
| STREET LIGHT FEE | 0 | CONSTRUCTION LOAN DOCUMENTARY TAX | 0 |
| WATER MONITORING FEE | 0 | CONSTRUCTION LENDER APPRAISAL | 0 |
| FLOOD HAZARD RV (TM) | 0 | MISC. | 0 |
| FLOOD HAZARD RV (PM) | 0 | TOTAL CONSTRUCTION FINANCING COSTS EXCLUDING INTEREST | \$400,250 |
| CAPITAL IMPROVEMENT FEE | 0 | | |
| PERMIT-MECHANICAL | 0 | CALSTRS SUBSCRIPTION LOAN COSTS | |
| PERMIT-SALES OFFICE | 0 | CALSTRS SUBSCRIPTION LOAN POINTS @ 7805200.00% OF CALSTRS SUBS | 678,062 |
| SEWER FEE-ASSESSMENT | 0 | CALSTRS SUBSCRIPTION LOAN CLOSING COSTS | 0 |
| SEWER FEE-FRONTAGE | 0 | CALSTRS SUBSCRIPTION LOAN INTEREST | 403,945 |
| SEWER FEE-FACILITIES | 0 | MEZZANINE LOAN POINTS @ 0.00% OF MEZZANINE LOAN | 0 |
| WATER FEE-CONSTRUCTION | 0 | MEZZANINE LOAN CLOSING COSTS | 0 |
| WATER FEE-FRONTAGE | 0 | MEZZANINE LOAN INTEREST | 0 |
| WATER FEE-CAP FACILITIES | 0 | MEZZANINE LOAN PRINCIPAL REDUCTIONS | 0 |
| WATER TREATMENT PLANT FEE | 67,690 | TOTAL CALSTRS SUBSCRIPTION LOAN COSTS | \$1,082,007 |
| FACILITIES BENEFIT FEE | 0 | | |
| COMMUNITY FACILITIES DISTRICT | 0 | MSB-PERM LOAN (INTEREST ONLY) COSTS EXCLUDING INTEREST | |
| SWIMMING POOL/SPA FEE | 0 | MISC. | 0 |
| PERMIT-ELECTRICAL | 38,753 | MISC. | 0 |
| PERMIT-ENCROACHMENT | 0 | TOTAL MSB-PERM LOAN (INTEREST ONLY) COSTS EXCLUDING INTEREST | 0 |
| PERMIT-FIRE SPRINKLERS | 74,110 | | |
| PERMIT-HVAC | 33,762 | OTHER CONSTRUCTION PERIOD FEES AND COSTS | |
| PERMIT-IMPROVEMENTS | 24,120 | CONSTRUCTION LOAN INTEREST RESERVE | \$2,732,706 |
| PERMIT-PLUMBING | 22,330 | DEVELOPER FEE PD DURING CONSTRUCTION | 1,530,848 |
| PERMIT-ROOFING | 0 | SOFT COST CONTINGENCY | 280,000 |
| PERMIT-SITE WALL | 0 | CONSTRUCTION PERIOD PROPERTY TAXES | 427,175 |
| PERMIT-WALL | 0 | LMCA AFFORDABLE UNITS SUBSIDY | (7,620,845) |
| OCCUPANCY FEE | 0 | TOTAL OTHER CONSTRUCTION PERIOD FEES AND COSTS | \$4,311,884 |
| REIMBURSEMENT FROM CITY OF LA MESA FOR SEWER OFFSITE | (1,247,400) | | |
| RELOCATION OF BUS STOP | 175,833 | | |
| THEATER LICENSE AGREEMENT AMENDMENT | 60,867 | | |
| CONTINGENCY | 125,000 | | |
| TOTAL PERMITS AND FEES | \$2,143,573 | | |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA**

FINAL PROJECTION

PROPERTY TAX DETAIL

| | |
|---|-------------------------------------|
| (A) ASSESSMENT RATIO | 100.00% |
| (B) TOTAL FULL CASH VALUE AD VALOREM TAX RATE | 1.037831% |
| ANNUAL INFLATION OF ASSESSED TAX VALUE IN TAX LIEN MONTH | 0.000000% |
| TAX LIEN MONTH | 2.00% |
| TAX YEAR | JANUARY |
| ANNUAL TAX INSTALLMENTS | JULY-JUNE |
| (C) ESTIMATED BASE ASSESSED VALUE IN 2006 (SEE NOTE 3 BELOW): | 16TH-DECEMBER 0.00% 2ND-APRIL 0.00% |
| TOTAL BASE ANNUAL AD VALOREM TAXES (A * B * C): | \$52,503,573 |
| TOTAL COSTS ON WHICH ASSESSED VALUE IS BASED: | \$548,884 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$49,893,057 |
| ARCHITECTURAL AND ENGINEERING | \$258,048 |
| PERMITS AND FEES (EXCL OFFSITES AND HOOKUP FEES) | \$2,683,700 |
| TOTAL BONDS, INSURANCE & LEGAL | \$2,142,898 |
| HARD COSTS | \$2,790,814 |
| GENERAL CONTRACTOR FEE | \$29,116,308 |
| FURNISHINGS, EQUIPMENT, ETC | \$2,348,878 |
| TOTAL | \$479,518 |
| FULL CASH VALUE AD VALOREM TAX/MILL RATE #1 | 1.03783% |

NOTES:

1. SUPPLEMENTAL TAX BILLS ARE ISSUED FOR CONSTRUCTION AS CONSTRUCTION IS COMPLETED BASED ON DELIVERIES
2. PROPERTY VALUE IS REASSESSED AT THE TIME OF SALE
3. STABILIZED ASSESSED VALUE FROM MONTH 48 TRENDED BACK TO BASE YEAR

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

BUILDERS RISK INSURANCE CALCULATION DETAIL

| | PROJECTED | % OF PROJECTED | ADJUSTED BASIS |
|--|----------------|----------------|----------------|
| BUILDING VALUE: | | | |
| HARD COSTS: | \$37,228,588 | 100.00% | \$37,228,589 |
| SPECIAL PROJECT REQUIREMENTS: | 1,889,718 | 100.00% | 1,889,719 |
| OFFSITE IMPROVEMENTS: | 2,493,284 | 0.00% | 0 |
| GENERAL CONTRACTOR FEE: | 2,389,178 | 9.82% | 8 |
| TOTAL BUILDING VALUE: | \$43,998,530 | 88.85% | \$39,118,308 |
| CONTENTS: | | | |
| LEASING OFFICE/CLUBHOUSE FURNISHINGS AND ACCESSORIES (8812-8832): | 248,000 | 108.00% | 240,800 |
| POOL FURNITURE, BBQ GRILLS, ETC. (8908-8910): | 28,178 | 108.00% | 28,178 |
| HIGH END CLOTHES AND FURNISHINGS, ETC. (8914-8930): | 39,468 | 100.00% | 39,468 |
| MODEL FURNISHINGS & BUILDING EXTRAS (8944-8948): | 84,535 | 100.00% | 84,535 |
| MAIN TENANT EQUIPMENT (8948-8952): | 30,998 | 100.00% | 30,998 |
| COMPUTERS: | 58,357 | 100.00% | 58,357 |
| TOTAL CONTENTS: | \$479,516 | 100.00% | \$478,618 |
| SOFT COSTS: | | | |
| LAND CLOSING AND DEVELOPMENTAL COSTS: | | | |
| ARCHITECTURAL AND ENGINEERING: | \$721,472 | 18.00% | \$72,147 |
| PERMITS AND FEES: | 2,563,700 | 18.00% | 258,370 |
| CONSTRUCTION HOCKUP FEES: | 2,142,598 | 20.00% | 428,519 |
| TOTAL BONDS, INSURANCE & LEGAL: | 137,510 | 20.00% | 27,502 |
| STARTUP EXPENSES: | 2,739,814 | 50.00% | 1,369,907 |
| LENDER ADMINISTRATIVE FEE: | 287,384 | 0.00% | 0 |
| DEVELOPER FEE PAID AT CLOSING: | 25,380 | 15.00% | 3,807 |
| CALSTRS SUBSCRIPTION LOAN: | 148,241 | 15.00% | 22,236 |
| CONSTRUCTION FINANCING COSTS: | 479,808 | 0.00% | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE: | 483,250 | 15.00% | 72,488 |
| CONSTRUCTION PERIOD PROPERTY TAXES: | 3,732,786 | 100.00% | 3,732,786 |
| DEVELOPER FEE DURING CONSTRUCTION: | 427,179 | 85.00% | 64,077 |
| SOFT COST CONTINGENCY: | 1,630,648 | 0.00% | 0 |
| TOTAL SOFT COSTS: | 285,000 | 50.00% | 142,500 |
| LAND AND CLOSING COST: | \$14,293,981 | 41.86% | \$5,983,548 |
| TOTAL PROJECT COST: | \$432,819 | 0.00% | 50 |
| TOTAL PROJECT COST: | \$50,164,888 | 77.04% | \$45,579,370 |
| PLUS 1-YEAR STABILIZED NET PROPERTY REVENUE: | \$5,575,718 | 75.00% | \$4,181,787 |
| TOTAL PROJECT VALUE INCLUDING 1-YEAR STABILIZED NET PROPERTY REVENUE: | \$55,740,602 | 78.88% | \$49,761,157 |
| ANNUAL PREMIUM PER \$100 TOTAL PROJECT VALUE: | <u>PRIMARY</u> | <u>EXCESS</u> | <u>TOTALS</u> |
| ANNUAL TAXES PER \$100 TOTAL PROJECT VALUE: | \$0.38 | \$0.84 | \$0.34 |
| TOTAL GENERAL AND UMBRELLA LIABILITY INSURANCE PREMIUM PER \$1,000 BUILDING VALUE: | \$0.87 | \$0.00 | \$0.10 |
| | N/A | N/A | \$4.00 |
| ANNUAL BRI PREMIUM: | <u>PRIMARY</u> | <u>EXCESS</u> | <u>TOTALS</u> |
| ANNUAL BRI TAXES: | \$149,283 | \$19,904 | 169,187 |
| TOTAL ANNUAL BUILDERS RISK INSURANCE PREMIUM AND TAXES: | \$14,633 | \$4,928 | \$19,561 |
| * YEARS OF CONSTRUCTION (28 MONTHS): | \$184,116 | \$34,832 | \$218,948 |
| TOTAL BUILDERS RISK INSURANCE PREMIUM AND TAXES: | | | 2.33 |
| PLUS TOTAL GENERAL AND UMBRELLA LIABILITY INSURANCE: | | | \$510,878 |
| TOTAL CONSTRUCTION INSURANCE AND TAXES: | | | \$78,035 |
| TOTAL CONSTRUCTION INSURANCE AND TAXES PER UNIT: | | | \$688,814 |
| DEDUCTIBLE PER OCCURRENCE: | | | \$2,378 |
| | | | \$189,800 |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA**

FINAL PROJECTION

OPERATING INSURANCE CALCULATION DETAIL

| | |
|---|--------------|
| (1) TOTAL ANNUAL GENERAL LIABILITY PREMIUM: | \$12,771 |
| ANNUAL GENERAL LIABILITY RATE PER UNIT: | \$43.00 |
| (2) ANNUAL UMBRELLA PREMIUM: | \$2,207 |
| ANNUAL UMBRELLA RATE PER UNIT: | \$31.00 |
| BUILDING VALUE: | \$39,118,208 |
| CONTENTS VALUE: | 478,516 |
| RENTS VALUE: | 6,181,787 |
| TOTAL INSURED VALUE: | \$43,777,611 |
| TOTAL INSURED VALUE: PER UNIT: | \$147,899 |
| ANNUAL PRIMARY/EXCESS PROPERTY RATE PER \$100 OF TOTAL INSURED VALUE: | \$0.35 |
| (3) ANNUAL PRIMARY/EXCESS PROPERTY PREMIUM: | \$151,033 |
| ANNUAL BOILER & MACHINERY RATE PER \$100 OF TOTAL INSURED VALUE: | \$0.00 |
| (4) ANNUAL BOILER & MACHINERY PREMIUM: | \$1,781 |
| ANNUAL ENVIRONMENTAL/POLLUTION RATE: PER UNIT: | \$15.00 |
| (5) ANNUAL ENVIRONMENTAL/POLLUTION PREMIUM: | \$4,456 |
| TOTAL ANNUAL OPERATING INSURANCE (1 + 2 + 3 + 4 + 5): | \$178,217 |
| TOTAL ANNUAL OPERATING INSURANCE PER UNIT: | \$603 |
| TOTAL ANNUAL OPERATING INSURANCE PER BED: | \$417 |
| DEDUCTIBLE PER OCCURRENCE: | \$100,000 |

CST138A01M07 VERSION 07 12 6-YEARS CALENDAR

PAGE 9

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | | TOTAL |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|-------|
| MONTH | JAN 2006 | FEB 2006 | MAR 2006 | APR 2006 | MAY 2006 | JUN 2006 | JUL 2006 | AUG 2006 | SEP 2006 | OCT 2006 | NOV 2006 | DEC 2006 | TOTAL | |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING INCOME | | | | | | | | | | | | | | |
| GROSS APARTMENT MARKET RENT | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| GROSS APARTMENT POTENTIAL RENT | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| APARTMENT VACANCY @ 4.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| APARTMENT MOVE-IN CONCESSIONS @ 1 WEEKS AT 3.0% TURNOVER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET APARTMENT RENTAL REVENUE | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| OTHER INCOME @ GROSS PER UNIT LESS VACANCY FACTOR @ 4.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET TOTAL APARTMENT RENTAL REVENUE | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| RETAIL @ 2.74 @ 1.50 LESS VACANCY FACTOR @ 30.0% (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET PROPERTY REVENUE | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| SALARIES | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| ADVERTISING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REPAIRS, MAINTENANCE, BUILDING SUPS & COMMON AREA MAINT. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL AND ADMINISTRATIVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MANAGEMENT FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UTILITIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL VARIABLE OPERATING EXPENSES | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| DEPRECIATION | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| RESERVES FOR REPLACEMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET OPERATING INCOME | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFSITE IMPROVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARCHITECTURAL AND ENGINEERING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PERMITS AND FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION WORKMAN FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BONDS, DISBURANCE & EQUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LENDER ADMINISTRATIVE FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LEAN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION FINANCIAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN INTEREST ROLLERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION PERIOD PRORATA TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PD DURING CONSTRUCTION | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOFT COST CONTINGENCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LICHA AFFORDABLE UNITS BURSTY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HAZOP COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL CONTRACTOR FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL CONSTRUCTION COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOAN DRP (BAPTOP) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY FUND DRABS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN DRABS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CURBEDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FINAL PROJECTION

FINAL CALSTRS ANALYSIS GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| | JAN 2017 | FEB 2017 | MAR 2017 | APR 2017 | MAY 2017 | JUN 2017 | JUL 2017 | AUG 2017 | SEP 2017 | OCT 2017 | NOV 2017 | DEC 2017 | TOTAL |
| UNITS OBSERVED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHARLAINING UNITS OBSERVED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES OUT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING INCOME | | | | | | | | | | | | | |
| GROSS APARTMENT MARKET RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GROSS APARTMENT POTENTIAL RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| APARTMENT VACANCY @ 4.75% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| APARTMENT MOVE-IN CONCESSIONS @ \$1000 AT 6.00% TURNOVER | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OTHER INCOME @ \$100 PER UNIT LESS VACANCY FACTOR @ 4.75% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET TOTAL APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RENTAL @ 2.74 @ \$1.00 LESS VACANCY FACTOR @ 20.00% (1) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADVERTISING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REPAIRS, MAINTENANCE, BUILDING SUITS & COMMON AREA MAINT. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GENERAL AND ADMINISTRATIVE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EMPLOYMENT FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| UTILITIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL VARIABLE OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INSURANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| BASE UNIT LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND LEASE PARCELATION IN REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL FIXED OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RESERVES FOR REPLACEMENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET OPERATING INCOME | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFSITE IMPROVEMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARCHITECTURAL AND ENGINEERING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PERMITS AND FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION HOOKUP FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL BONDS, INSURANCE & LEGAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LANDOWNER ADMINISTRATIVE FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PAID AT CLOSING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION FINANCING COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PD DURING CONSTRUCTION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SOFT COST CONTINGENCY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ULTRA AFFORDABLE UNIT & SUBSIDY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FFWD COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GENERAL CONTRACTOR FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL CONSTRUCTION COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN CARRY-PAYOFF | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EQUITY FUND CARRIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN CARRIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INTEREST BEARING ACCOUNT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CONSTRUCTION FINANCING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE-ALTERRA - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| | JAN 2024 | FEB 2024 | MAR 2024 | APR 2024 | MAY 2024 | JUN 2024 | JUL 2024 | AUG 2024 | SEP 2024 | OCT 2024 | NOV 2024 | DEC 2024 | TOTAL |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENT UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENT UNIT LEASES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENTAL REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING INCOME | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GROSS APARTMENT MARKET RENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GROSS APARTMENT POTENTIAL RENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| APARTMENT VACANCY @ 4.78% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| APARTMENT MOVE-IN CONCESSIONS @ 8 WEEKS AT 0.88% TURNOVER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET APARTMENT RENTAL REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.78% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET TOTAL APARTMENT RENTAL REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENTAL @ 2.744 @ \$1.10 LESS VACANCY FACTOR @ 28.00% (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET PROPERTY REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ADVERTISING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COLLISION AREA MAINT. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL AND ADMINISTRATIVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MANAGEMENT FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UTILITIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL VARIABLE OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INSURANCE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BASE LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RESERVES FOR REPLACEMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET OPERATING INCOME | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFSITE IMPROVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARCHITECTURAL AND ENGINEERING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PERMITS AND FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION HOOKUP FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BONDS, INSURANCE & LEGAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LEASER ADMINISTRATIVE FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOAN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION FINANCING COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PD CLOSING CONSTRUCTION | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOFT COST CONTINGENCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOAN AFFORDABLE UNITS SUBSIDY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL CONTRACTOR FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL CONSTRUCTION COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOAN DRAWS (PAYOFF) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY FUND DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBSIDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCIALS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE-ALTERRA - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| UNITS DELIVERED | JAN 2009 | FEB 2009 | MAR 2009 | APR 2009 | MAY 2009 | JUN 2009 | JUL 2009 | AUG 2009 | SEP 2009 | OCT 2009 | NOV 2009 | DEC 2009 | TOTAL |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 108 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 |
| SEVENTH LEASES SIGNED | 0 | 0 | 0 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0 | 0 | 14 | 28 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 11 | 28 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| PHYSICAL UNIT OCCUPANCY | 0.00% | 0.00% | 11 | 28 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 11 | 28 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| OPERATING INCOME | | | | | | | | | | | | | |
| GROSS APARTMENT MARKET RENT | 0 | 0 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$1,291,668 |
| GROSS APARTMENT POTENTIAL RENT | 0 | 0 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$107,639 | \$1,291,668 |
| APARTMENT VACANCY @ 4.75% | 0 | 0 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$7,209 | \$86,504 |
| APARTMENT INCOME IN CORRESPONDING @ 0.10% TURNOVER | 0 | 0 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$12,140 | \$145,680 |
| NET APARTMENT RENTAL REVENUE | 0 | 0 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$100,430 | \$1,205,064 |
| OTHER INCOME @ \$100 PER UNIT LESS VACANCY FACTOR @ 4.75% | 0 | 0 | \$776 | \$776 | \$776 | \$776 | \$776 | \$776 | \$776 | \$776 | \$776 | \$776 | \$9,312 |
| NET TOTAL APARTMENT RENTAL REVENUE | 0 | 0 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$101,206 | \$1,214,376 |
| NETS @ 1.744 @ \$1.18 LESS VACANCY FACTOR @ 20.00% (1) | 0 | 0 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$1,328 | \$15,936 |
| NET PROPERTY REVENUE | 0 | 0 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$102,534 | \$1,230,312 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| SALARIES | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$11,000 | \$132,000 |
| ADVERTISING | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$24,000 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| GENERAL AND ADMINISTRATIVE | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| MANAGEMENT FEE | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| UTILITIES | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| TOTAL VARIABLE OPERATING EXPENSES | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$16,000 | \$192,000 |
| PROPERTY TAXES | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| BASE LAND LEASE PAYMENTS | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| LAND LEASE PAID IN ADVANCE | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| TOTAL FIXED OPERATING EXPENSES | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$36,000 |
| TOTAL OPERATING EXPENSES | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$228,000 |
| RESERVES FOR REPLACEMENT | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| NET OPERATING INCOME | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$83,534 | \$1,002,064 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 | \$36 |
| OFFSITE IMPROVEMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND CLOSED AND DEVELOPMENTAL COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARCHITECTURAL AND ENGINEERING | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| PERMITS AND FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION WORKUP FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RENT, INSURANCE & LEASE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LEASER ADMINISTRATIVE FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PAID AT CLOSING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$120,000 |
| CALSTRS SUBSCRIPTION LOAN | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION FINANCING COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$120,000 |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE FOR DURING CONSTRUCTION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SOFT COST CONTINGENCY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND AFFORDABLE UNITS SUBSIDY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GENERAL CONTRACTOR FEE | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$12,000,000 |
| TOTAL CONSTRUCTION COSTS | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$12,120,000 |
| CALSTRS SUBSCRIPTION LOAN DRAWDOWN (PMT OFF) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EQUALITY FUND DRAWS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN DRAWS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBSIDY HOLDING ACCOUNT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CONSTRUCTION FINANCING | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$1,010,000 | \$12,120,000 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| MONTH | JAN 2019 | FEB 2019 | MAR 2019 | APR 2019 | MAY 2019 | JUN 2019 | JUL 2019 | AUG 2019 | SEP 2019 | OCT 2019 | NOV 2019 | DEC 2019 |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 27% | 28% | 29% | 30% | 31% | 32% | 33% | 34% | 35% | 36% | 37% | 38% |
| ECONOMIC UNIT OCCUPANCY RATE | 70.41% | 75.38% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% | 75.39% |
| FINANCIAL UNIT OCCUPANCY | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| FINANCIAL UNIT OCCUPANCY RATE | 95.29% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% | 95.30% |
| OPERATING INCOME | | | | | | | | | | | | |
| GROSS APARTMENT MARKET RENT | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 |
| GROSS APARTMENT POTENTIAL RENT | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 | \$134,770 |
| APARTMENT VACANCY @ 4.70% | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) | (25,200) |
| APARTMENT MOVES-IN CONCESSIONS @ 0 PERCENT AT 0.00% TURNOVER | (18,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET APARTMENT RENTAL REVENUE | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 | \$101,570 |
| OTHER INCOME @ 50.0% PER UNIT LESS VACANCY FACTOR @ 4.70% | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 |
| NET TOTAL APARTMENT RENTAL REVENUE | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 | \$105,570 |
| RETAIL @ 2.74 @ 11.9% LESS VACANCY FACTOR @ 0.00% (0) | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| NET PROPERTY REVENUE | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 | \$108,570 |
| OPERATING EXPENSES | | | | | | | | | | | | |
| SALES | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| ADVERTISING | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| GENERAL AND ADMINISTRATIVE | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| MANAGEMENT FEE | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| UTILITIES | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| TOTAL VARIABLE OPERATING EXPENSES | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| INSURANCE | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| PROPERTY TAXES | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| BASE LNDG LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| NET OPERATING INCOME | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 | \$88,570 |
| CONSTRUCTION COSTS | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFSITE IMPROVEMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARCHITECTURAL AND ENGINEERING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PERMITS AND FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION MCKUP FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL BONDS, INSURANCE & LEGAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LENDER ADMINISTRATIVE FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PAID AT CLOSING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFICE & HOUSING FURNITURE, MARKETING & STARTUP EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION PRODUCTION COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PD DURING CONSTRUCTION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SOFT COST CONTINGENCY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LIQUID AFFORDABLE HOUSING RESERVE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FIXED COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GENERAL CONTRACTOR FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL CONSTRUCTION COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN DRAWN/PAYOFF | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RECURRING DRUGS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN DRUGS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBSIDY HOLDING ACCOUNT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CONSTRUCTION FINANCING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY

| MONTH & CALENDAR MONTH YEAR | 2004 TOTALS | 2005 TOTALS | 2006 TOTALS | 2007 TOTALS | 2008 TOTALS | 5-YEAR TOTALS |
|---|--------------|--------------|--------------|--------------|-------------|---------------|
| UNITS DELIVERED | 0 | 0 | 0 | 297 | 0 | 297 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 297 | 297 | 297 |
| RENT UNIT LEASES SIGNED | 0 | 0 | 0 | 297 | 0 | 297 |
| UNIT MOVE-INS | 0 | 0 | 0 | 297 | 0 | 297 |
| ECONOMIC UNIT OCCUPANCY | 0 | 0 | 0 | 277 | 7 | 283 |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 25% | 26% | 25% |
| PHYSICAL UNIT OCCUPANCY | 0 | 0 | 0 | 277 | 223 | 233 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 50.11% | 65.30% | 65.32% |
| OPERATING INCOME | | | | | | |
| GROSS APARTMENT MARKET RENT | \$0 | \$0 | \$0 | \$4,163,556 | \$6,464,640 | \$10,628,195 |
| GROSS APARTMENT POTENTIAL RENT | \$0 | \$0 | \$0 | \$4,163,556 | \$6,464,640 | \$10,628,195 |
| APARTMENT VACANCY @ 4.70% | 0 | 0 | 0 | (1,543,281) | (303,800) | (1,847,087) |
| APARTMENT MOVE-IN CONCESSIONS @ 9 WEEKS AT 0.00% TURNOVER | 0 | 0 | 0 | (412,000) | (10,056) | (422,056) |
| NET APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$2,208,275 | \$6,150,784 | \$8,359,052 |
| OTHER INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.70% | 0 | 0 | 0 | 44,406 | 115,338 | 159,744 |
| NET TOTAL APARTMENT RENTAL REVENUE | \$0 | \$0 | \$0 | \$2,252,681 | \$6,266,122 | \$8,518,796 |
| RENTAL @ 2.744 @ \$1.50 LESS VACANCY FACTOR @ 20.00% (1) | 0 | 0 | 0 | 13,172 | 39,912 | 53,084 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$0 | \$2,265,853 | \$6,306,034 | \$8,571,880 |
| OPERATING EXPENSES | | | | | | |
| SALARIES | \$0 | \$0 | \$17,329 | \$464,895 | \$367,704 | \$849,128 |
| ADVERTISING | 0 | 0 | 0 | 78,509 | 58,500 | 135,408 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | 0 | 0 | 0 | 117,371 | 172,707 | 289,078 |
| GENERAL AND ADMINISTRATIVE | 0 | 0 | 1,575 | 87,088 | 88,632 | 165,513 |
| MANAGEMENT FEE | 0 | 0 | 0 | 70,710 | 189,185 | 259,895 |
| UTILITIES | 0 | 0 | 0 | 145,893 | 338,772 | 304,575 |
| TOTAL VARIABLE OPERATING EXPENSES | \$0 | \$0 | \$18,904 | \$381,971 | \$1,013,770 | \$1,894,595 |
| INSURANCE | 0 | 0 | 0 | 163,200 | 301,708 | 384,608 |
| PROPERTY TAXES | 0 | 0 | 0 | 305,271 | 531,125 | 836,396 |
| BASE LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 154,273 | 144,273 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 28,324 | 28,324 |
| TOTAL FIXED OPERATING EXPENSES | \$0 | \$0 | \$0 | \$1,658,471 | \$2,025,430 | \$2,173,901 |
| TOTAL OPERATING EXPENSES | \$0 | \$0 | \$18,904 | \$1,658,471 | \$2,025,430 | \$2,173,901 |
| RESERVES FOR REPLACEMENT | 0 | 0 | 0 | \$1,439,442 | \$1,919,150 | \$3,358,592 |
| NET OPERATING INCOME | \$0 | \$0 | \$0 | \$825,482 | \$641,225 | \$641,225 |
| CONSTRUCTION COSTS | | | | | | |
| LAND LEASE PAYMENTS | \$48,891 | \$50,182 | \$144,273 | \$144,273 | \$0 | \$432,818 |
| OFFSITE IMPROVEMENTS | 2,485,264 | 0 | 0 | 0 | 0 | 2,485,264 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 480,560 | 240,892 | 0 | 0 | 0 | 721,452 |
| ARCHITECTURAL AND ENGINEERING | 2,631,700 | 12,000 | 12,000 | 8,000 | 0 | 2,663,700 |
| PERMITS AND FEES | 2,142,568 | 0 | 0 | 0 | 0 | 2,142,568 |
| CONSTRUCTION HOOKUP FEES | 0 | 0 | 0 | 137,510 | 0 | 137,510 |
| TOTAL BONDS, INSURANCE & LEGAL | 0 | 737,287 | 77,112 | 1,879,415 | 0 | 2,793,814 |
| LENDER ADMINISTRATIVE FEE | 0 | 8,480 | 8,480 | 8,480 | 0 | 25,380 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 148,241 | 0 | 0 | 0 | 148,241 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | 0 | 0 | 283,254 | 834,983 | 0 | 888,237 |
| CALSTRS SUBSCRIPTION LOAN | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION FINANCING COSTS | 340,140 | 179,840 | 0 | 0 | 0 | 479,980 |
| CONSTRUCTION LOAN INTEREST RESERVE | 0 | 465,220 | 0 | 0 | 0 | 465,220 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 62,205 | 1,408,634 | 2,020,634 | 2,020,634 | 250,093 | 2,732,700 |
| DEVELOPER FEE DURING CONSTRUCTION | 51,364 | 181,842 | 81,432 | 81,432 | 0 | 422,178 |
| SOFT COST CONTINGENCY | 0 | 485,698 | 668,844 | 485,698 | 0 | 1,630,040 |
| INTRA AFFORDABLE UNITS SUBSIDY | 0 | 0 | 0 | 285,000 | 0 | 285,000 |
| HARD COSTS | 1,839,779 | 8,952,997 | 21,293,819 | 8,980,534 | 0 | (1,683,955) |
| GENERAL CONTRACTOR FEE | 112,583 | 537,181 | 1,277,563 | 418,832 | 0 | 39,118,308 |
| TOTAL CONSTRUCTION COSTS | \$10,082,845 | \$11,977,781 | \$26,374,660 | \$11,800,244 | \$250,093 | \$59,298,223 |
| CALSTRS SUBSCRIPTION LOAN DRAWS(PAYOFF) | 10,082,845 | (10,092,845) | 0 | 0 | 0 | 0 |
| EQUITY FUND DRAWS | 0 | 14,824,054 | 0 | 0 | 0 | 14,824,054 |
| CONSTRUCTION LOAN DRAWS | 0 | 7,246,572 | 25,374,680 | 11,600,244 | 250,093 | 44,472,169 |
| SUBSIDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | \$10,082,845 | \$11,977,781 | \$26,374,660 | \$11,800,244 | \$250,093 | \$59,298,223 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-EAST PHASE -ALTERRA - LA MESA, CA

FINAL PROJECTION

CALSTRS SUMMARY OF RETURNS FOR SALE IN MAY 2010

| MONTH | CASH FLOW (INVESTMENT) | PROCEEDS (L50%) CAP RATE | TOTAL RETURN ON CASH (L50%) CAP RATE | LOOKBACK @ 12.00% TO A- 15.00% (L50%) CAP RATE | TOTAL AFTER 12.00% (L50%) CAP RATE | LOOKBACK @ 13.00% TO A- 16.00% (L50%) CAP RATE | TOTAL AFTER 13.00% (L50%) CAP RATE | LOOKBACK @ 14.00% TO A- 17.00% (L50%) CAP RATE | TOTAL AFTER 14.00% (L50%) CAP RATE | LOOKBACK @ 15.00% TO A- 18.00% (L50%) CAP RATE | TOTAL AFTER 15.00% (L50%) CAP RATE | LOOKBACK @ 16.00% TO A- 19.00% (L50%) CAP RATE | TOTAL AFTER 16.00% (L50%) CAP RATE |
|------------|---------------------------|-----------------------------|--|---|--|---|--|---|--|---|--|---|--|
| Feb 2007 | (\$9,453,200) | \$0 | (\$9,453,200) | \$0 | (\$9,453,200) | \$0 | (\$9,453,200) | \$0 | (\$9,453,200) | \$0 | (\$9,453,200) | \$0 | (\$9,453,200) |
| Mar 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Apr 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| May 2007 | (2,048,816) | 0 | (2,048,816) | 0 | (2,048,816) | 0 | (2,048,816) | 0 | (2,048,816) | 0 | (2,048,816) | 0 | (2,048,816) |
| Jun 2007 | (810,711) | 0 | (810,711) | 0 | (810,711) | 0 | (810,711) | 0 | (810,711) | 0 | (810,711) | 0 | (810,711) |
| Jul 2007 | (792,227) | 0 | (792,227) | 0 | (792,227) | 0 | (792,227) | 0 | (792,227) | 0 | (792,227) | 0 | (792,227) |
| Aug 2007 | (735,176) | 0 | (735,176) | 0 | (735,176) | 0 | (735,176) | 0 | (735,176) | 0 | (735,176) | 0 | (735,176) |
| Sep 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nov 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jan 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feb 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mar 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Apr 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| May 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jun 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jul 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aug 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sep 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nov 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jan 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feb 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mar 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Apr 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| May 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jun 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jul 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aug 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sep 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nov 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jan 2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feb 2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mar 2010 | 0 | 857,747 | 857,747 | 0 | 857,747 | 0 | 857,747 | 0 | 857,747 | 0 | 857,747 | 0 | 857,747 |
| Apr 2010 | 0 | 108,059 | 108,059 | 0 | 108,059 | 0 | 108,059 | 0 | 108,059 | 0 | 108,059 | 0 | 108,059 |
| May 2010 | 0 | 0 | 0 | 17,882,083 | 17,882,083 | 1,835,689 | 19,817,872 | 169,785 | 19,987,657 | 21,331,257 | 19,787,487 | 18,150,440 | 18,150,440 |
| TOTAL: | (\$13,608,130) | \$893,808 | (\$12,674,324) | \$17,882,083 | \$3,267,758 | \$1,835,689 | \$5,943,348 | \$169,785 | \$7,113,143 | \$4,659,933 | \$7,113,143 | \$5,478,125 | \$5,478,125 |
| MONTHLY: | | | N/A | | | | | | | | | | |
| ANNUAL: | | | N/A | | | | | | | | | | |
| EFFECTIVE: | | | N/A | | | | | | | | | | |

FINAL CALSTRS ANALYSIS **GROSSMONT TROLLEY SITE, PRAYADA WEST PHASE - LA MESA, CA**

04/27/2008 02:37 PM CST38411007 VERSION 07.12 6-YEAR CALENDAR

FINAL PROJECTION

SUMMARY OF CAPITALIZATION

| | |
|--|-------------------------|
| EQUITY (75.0% OF COST) | 111,377,207 |
| CALSTRS SUBSCRIPTION LOAN (FUND MAY 2004, TAKEOUT FEB 2007) | 111,377,208 |
| CALSTRS SUBSCRIPTION LOAN INTEREST @ 5.25% | 940,822 |
| CALSTRS SUBSCRIPTION LOAN POINTS & FEES | 113,328 |
| CONSTRUCTION LOAN (FUND MAY 2004, CONVERSION OCT 2008) | 134,131,682 |
| LOAN-TO-COST RATIO (INCL. INTEREST RESERVE) | 73.68% |
| LOAN INTEREST @ 6.75% (TOTAL) FUNDED RESERVE | 15,183,179 / 11,377,208 |
| LOAN POINTS (0.75%), FEES, AND CLOSING COSTS | 1,012,107 |
| NON-TERM LOAN INTEREST ONLY (FUND OCT 2003, PAYOFF MAY 2010) | 134,131,682 |
| LOAN-TO-COST RATIO | 73.68% |
| ANNUAL DEBT SERVICE (11.00 OCR @ 9.11% STABILIZED MONTH) | 12,342,148 |
| LOAN PER UNIT | 1148,398 |

PROPERTY AND BUILDING DESCRIPTION

| | |
|--|----------------------|
| DESCRIPTION: WOOD FRAMING, BUILT-UP ROOF ROOF, STUCCO SIDING EXTERIOR & FIRE SPRINKLERS IN A 3 STORY OVER PODIUM GARAGE BUILDING | |
| CONFIGURATION | |
| NUMBER OF UNITS | 238 |
| AVERAGE NET RENTABLE SQUARE FOOTAGE OF UNITS | 108 |
| TOTAL NET RENTABLE SQUARE FOOTAGE OF UNITS | 25,664 |
| AP LEASING / CLUBHOUSE | 4,700 |
| GROSS SQUARE FOOTAGE | 212,734 |
| NUMBER OF RENTABLE BUILDING FLOORS | 3 / 3 |
| NUMBER OF ACRES | 3.3 ± GROSS |
| UNIT DENSITY PER ACRE | 72.4 ± GROSS |
| UNIT MIX (15% AFFORDABLE) | 18A-15.5% 238-115.5% |
| POOLS / SPAS | 1 / 1 |
| PARKING STRUCTURE SPACES - PUBLIC | 323 |
| PARKING STRUCTURE SPACES - RESIDENTS | 142 |
| AVG. MARKET RENT PER UNIT / SQ. FT. UNTHREHOLDED | \$1,687 / \$1.84 |
| AVG. AFFORDABLE RENT PER UNIT / SQ. FT. UNTHREHOLDED | \$1,893 / \$0.36 |
| AVG. TOTAL RENT PER UNIT / SQ. FT. UNTHREHOLDED | \$1,892 / \$1.19 |

CAPITAL SOURCES

| | |
|-------------------------------------|-------------|
| EQUITY | 111,377,207 |
| CONSTRUCTION LOAN | 134,131,682 |
| CALSTRS SUBSCRIPTION LOAN | 11,377,208 |
| NET CONSTRUCTION LOAN PERIOD INCOME | 287,322 |
| TOTAL SOURCES | 257,172,017 |

CAPITAL USES

| | |
|-------------------------------------|-------------|
| CONSTRUCTION COSTS | 134,131,682 |
| WORKING CAPITAL FUNDING | 12,342,148 |
| LOAN RESERVE | 1 |
| TOTAL WORKING CAPITAL AND RESERVE | 12,342,149 |
| REFUND OF CALSTRS SUBSCRIPTION LOAN | 11,377,208 |
| TOTAL USES | 157,173,011 |

LOAN RESERVE

| | |
|--|-------------|
| CONSTRUCTION LOAN | 134,131,682 |
| LESS ENDING CONSTRUCTION LOAN DRAW BALANCE | 24,111,892 |
| TOTAL LOAN RESERVE | 109,999,790 |

SCHEDULING AND TIMING

| | MONTH | MONTH/YEAR |
|--|--------------|----------------|
| LAND LEASE COMMENCEMENT | 1 | MAY 2003 |
| CONSTRUCTION LOAN FUNDING | 1 | MAY 2003 |
| EQUITY INSTALLMENT | 10 | FEB 2007 |
| CONSTRUCTION STARTS | 1 | MAY 2003 |
| FIRST DELIVERY (15% AND MONTHLY) | 22 | FEB 2008 |
| FIRST LEASE (15% AND MONTHLY) | 22 | FEB 2008 |
| FIRST RENT INCREASE (3.00%) | 8 | JAN 2007 |
| LAST DELIVERY | 28 | AUG 2008 |
| DURATION OF CONSTRUCTION | 2 YRS, 4 MOS | 05/03 to 08/08 |
| CONSTRUCTION LOAN CONVERSION | 25 | OCT 2008 |
| FULLY LEASED (210 LEASES) | 28 | OCT 2008 |
| STABILIZED (95% OCCUPANCY, 210 UNITS) | 31 | NOV 2008 |
| SALE DATE (210 UNIT @ 6.25% CAP) | 48 | MAY 2010 |
| HOLDING PERIOD (EQUITY THRU SALE) | 3 YRS, 4 MOS | 02/07 to 05/10 |
| HOLDING PERIOD (LEASE START THRU SALE) | 4 YRS, 1 MO | 05/08 to 05/10 |

COMPUTATION OF WORKING CAPITAL

| | |
|---|--------------|
| TOTAL LOAN DRAWS | 134,131,682 |
| NET OF INCOME DURING CONSTRUCTION LOAN PERIOD | 287,322 |
| PLUS FUNDED STARTUP COSTS | 202,378 |
| PLUS INTEREST EARNINGS | 32 |
| TOTAL CONSTRUCTION LOAN PERIOD INCOME | 287,354 |
| LESS INCOME TOWARD LOAN INTEREST (6.75%) | (903,351) |
| NET CONSTRUCTION LOAN PERIOD INCOME | 11,377,208 |
| PLUS EQUITY INVESTED DURING CONSTRUCTION | (11,377,208) |
| SURPLUS TOTAL CONSTRUCTION COSTS | (0) |
| TOTAL WORKING CAPITAL | 12,342,149 |

CONSTRUCTION COST SUMMARY

| | CONSTRUCTION COST | TOTAL | PER UNIT | PER SQ. FT. |
|--|-------------------|-----------|----------|-------------|
| STARTUP COSTS | \$202,318 | \$480 | \$0.85 | |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$571,205 | \$2,484 | \$2.88 | |
| ARCHITECTURAL AND ENGINEERING | \$1,916,300 | \$8,345 | \$9.82 | |
| BLOG PERMITS AND FEES | \$1,774,174 | \$7,714 | \$8.34 | |
| OFFICES | \$1,841,199 | \$8,448 | \$9.82 | |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$217,785 | \$947 | \$1.02 | |
| TOTAL BOND, INSURANCE & LEGAL | \$734,877 | \$3,289 | \$3.57 | |
| CONSTRUCTION FINANCING COSTS | \$348,100 | \$1,504 | \$1.65 | |
| OFFICE & MODEL FURNITURE AND MARKETING | \$844,127 | \$3,548 | \$4.06 | |
| SOFT COST CONTINGENCY | \$123,000 | \$578 | \$0.65 | |
| DEVELOPER FEE PD DURING CONSTRUCTION (30%) | \$1,751,463 | \$7,441 | \$8.58 | |
| HARD COSTS | \$11,880,287 | \$137,340 | \$148.50 | |
| GENERAL CONTRACTOR FEE | \$1,825,422 | \$8,361 | \$9.61 | |
| LAND LEASE PAYMENTS | \$223,453 | \$972 | \$1.09 | |
| CALSTRS SUBSCRIPTION LOAN POINTS & FEES | 183,328 | \$771 | \$0.86 | |
| CALSTRS SUBSCRIPTION LOAN INTEREST | \$480,822 | \$2,080 | \$2.18 | |
| INCENTIVE AFFORDABLE UNITS SUBSIDY | (\$1,365,307) | (\$5,887) | (\$6.87) | |
| DEVELOPER FEE PAID AT CLOSING | \$112,722 | \$483 | \$0.53 | |
| LAND ADMINISTRATION FEE | \$19,850 | \$85 | \$0.09 | |
| CONSTRUCTION LOAN INTEREST RESERVE | \$2,504,683 | \$11,180 | \$12.65 | |
| TOTAL CONSTRUCTION COST | \$18,893,822 | \$187,444 | \$213.72 | |
| TOTAL CONSTRUCTION COST LESS INTEREST | \$16,389,139 | \$166,264 | \$192.50 | |
| NPV OF LAND LEASE PAYMENTS @ 9.01% | \$1,130,723 | \$4,394 | \$5.05 | |

SUMMARY OF CALSTRS RETURNS

| | |
|---|-------------------------------|
| DATE | MAY 2010 |
| SALE PRICE (LESS CAP RATE) | \$51,834,440 OR \$221,889,000 |
| NET OPERATING INCOME AT SALE (TO BUYER) | \$3,187,088 |
| IRR | 14.18% |
| CALSTRS PROFIT | \$5,479,207 |
| TOTAL PROCEEDS AT SALE TO CALSTRS | \$14,432,114 |
| CASH-ON-CASH RETURN | 7.38% |
| RETURN-ON-COSTS UNTHREHOLDED | 8.13% |
| RETURN-ON-COSTS STABILIZED | 8.76% |

SUMMARY OF EQUITY CAPITALIZATION

| | |
|--|--------------------------------|
| (1) CALSTRS (75.0%) | 81,010,824 |
| (2) FAIRFIELD (2.0%) | 9,101,178 |
| (3) FFR 2.5% HOLDBACK (2.5%) | 1 |
| TOTAL EQUITY | 111,377,207 |
| (1) CALSTRS PROFIT INTEREST | 20.00% |
| (2) FAIRFIELD PROFIT INTEREST | 20.00% |
| (3) FFR 2.5% HOLDBACK PROFIT INTEREST | 10.00% |
| 1ST LOOKBACK (1) 8.0% / (2) 8.0% | 11.00% |
| 2ND LOOKBACK (1) 7.5% / (2) 18.19% / (3) 8.25% | 14.80% |
| 3RD LOOKBACK (1) 8.5% / (2) 20.25% / (3) 8.75% | 18.00% |
| EQUITY-TO-COST RATIO | 25.00% |
| EQUITY INSTALLMENTS | |
| 1ST EQUITY INSTALLMENT FEB 2007 | (1) \$10,477,324 (2) \$918,178 |

CST38411007 VERSION 07.12 6-YEAR CALENDAR FRNT: 04/27/2008 09:57 AM

PAGE 1

FINAL PROJECTION

PAGE 2A

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAYADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| COMPUTATION OF SALE PROCEEDS FOR SALE IN MAY 2010 | | | |
|--|--|--|--|
| | 8.00% NET OPERATING INCOME CAPITALIZATION RATE | 8.15% NET OPERATING INCOME CAPITALIZATION RATE | 8.30% NET OPERATING INCOME CAPITALIZATION RATE |
| SALE PRICE PER UNIT | \$225,776 | \$221,878 | \$214,513 |
| ANNUAL NET OPERATING INCOME AT SALE TO SELLER (1) | \$2,897,824 | \$2,852,884 | \$2,802,814 |
| PLUS BUYER'S AD VALOREM PROPERTY TAXES | 864,150 | 864,150 | 864,150 |
| LESS BUYER'S AD VALOREM PROPERTY TAXES (2) | (124,380) | (124,380) | (124,380) |
| ANNUAL NET OPERATING INCOME AT SALE TO BUYER | \$3,637,594 | \$3,592,654 | \$3,542,584 |
| DIVIDED BY THE CAPITALIZATION RATE | 0.25% | 0.25% | 0.25% |
| EQUALS SALE PRICE | \$14,550,372 | \$14,370,616 | \$14,170,336 |
| PLUS PROPERTY TAX PROPORTION TO SELLER | 38,488 | 38,488 | 38,488 |
| LESS SALES COMMISSION, TITLE, AND CLOSING COSTS @ \$100,000 PLUS 1.50% | (228,420) | (228,420) | (228,420) |
| LESS NON-TERM LOAN (INTEREST ONLY) PRINCIPAL PAYOFF | (4,131,800) | (4,131,800) | (4,131,800) |
| LESS NON-TERM LOAN (INTEREST ONLY) ACCUMULATED INTEREST | (283,730) | (283,730) | (283,730) |
| SALE PROCEEDS AVAILABLE FOR DISTRIBUTION | \$11,944,320 | \$11,698,154 | \$11,526,374 |
| LESS LENDER ADMINISTRATION FEE TO CONSTRUCTION LENDER | (7,500) | (7,500) | (7,500) |
| LESS CALSTRS 1ST TIER LOOKBACK @ 82.00% TO A 11.00% IRR TO CALSTRS | (13,874,878) | (13,874,878) | (13,874,878) |
| LESS FAIRFIELD 1ST TIER LOOKBACK @ 8.00% TO A 11.00% IRR TO CALSTRS | (1,138,814) | (1,138,814) | (1,138,814) |
| LESS CALSTRS 2ND TIER LOOKBACK @ 23.00% TO A 14.50% IRR TO CALSTRS | (1,288,304) | (1,288,304) | (1,288,304) |
| LESS FAIRFIELD 2ND TIER LOOKBACK @ 18.75% TO A 14.50% IRR TO CALSTRS | (222,378) | (222,378) | (222,378) |
| LESS FFR 75% HOLDBACK 2ND TIER LOOKBACK @ 8.25% TO A 14.50% IRR TO CALSTRS | (187,452) | (187,452) | (187,452) |
| LESS CALSTRS 3RD TIER LOOKBACK @ 83.00% TO A 15.00% IRR TO CALSTRS | (1,734,482) | (1,734,482) | (1,734,482) |
| LESS FAIRFIELD 3RD TIER LOOKBACK @ 28.25% TO A 15.00% IRR TO CALSTRS | (500,180) | (500,180) | (500,180) |
| LESS FFR 25% HOLDBACK 3RD TIER LOOKBACK @ 8.75% TO A 15.00% IRR TO CALSTRS | (288,728) | (288,728) | (288,728) |
| NET PROCEEDS FROM SALE AVAILABLE FOR DISTRIBUTION | \$8 | \$8 | \$8 |
| SUMMARY OF SALE PROCEEDS TO FFR 25% HOLDBACK | | | |
| 2ND TIER LOOKBACK SPLIT 4.35% TO A 14.50% IRR TO CALSTRS | 187,452 | 187,452 | 187,452 |
| 3RD TIER LOOKBACK SPLIT 4.35% TO A 14.50% IRR TO CALSTRS | 188,728 | 188,728 | 188,728 |
| TOTAL SALE PROCEEDS TO FFR 25% HOLDBACK | \$376,180 | \$376,180 | \$376,180 |
| SUMMARY OF SALE PROCEEDS TO FAIRFIELD | | | |
| 1ST TIER LOOKBACK SPLIT 9.00% TO A 11.00% IRR TO CALSTRS | 1,138,814 | 1,138,814 | 1,138,814 |
| 2ND TIER LOOKBACK SPLIT 18.75% TO A 14.50% IRR TO CALSTRS | 322,378 | 322,378 | 322,378 |
| 3RD TIER LOOKBACK SPLIT 28.25% TO A 15.00% IRR TO CALSTRS | 500,180 | 500,180 | 500,180 |
| TOTAL SALE PROCEEDS TO FAIRFIELD | \$1,961,372 | \$1,961,372 | \$1,961,372 |
| SUMMARY OF SALE PROCEEDS TO CALSTRS | | | |
| 1ST TIER LOOKBACK SPLIT 82.00% TO A 11.00% IRR TO CALSTRS | 13,874,878 | 13,874,878 | 13,874,878 |
| 2ND TIER LOOKBACK SPLIT 23.00% TO A 14.50% IRR TO CALSTRS | 1,288,304 | 1,288,304 | 1,288,304 |
| 3RD TIER LOOKBACK SPLIT 83.00% TO A 15.00% IRR TO CALSTRS | 1,734,482 | 1,734,482 | 1,734,482 |
| TOTAL SALE PROCEEDS TO CALSTRS | \$16,897,664 | \$16,897,664 | \$16,897,664 |

(1) THE TOTAL OF NINE TWELVE MONTHS INCLUSIVE FROM THE MONTH OF SALE
(2) ANNUAL AD VALOREM PROPERTY TAXES THAT THE BUYER WILL OWN BASED ON THE SALE PRICE GIVEN THE ASSESSMENT RATIO AND TAX RATE.

| CASH RETURN TO CALSTRS | | | | | |
|------------------------|-------------------|-----------|--------------------------------|--------------------------------|--------------------------------|
| YEAR | EQUITY INVESTMENT | CASH FLOW | SALE PROCEEDS @ 8.00% CAP RATE | SALE PROCEEDS @ 8.15% CAP RATE | SALE PROCEEDS @ 8.30% CAP RATE |
| 2007 | (10,487,814) | 0 | 0 | 0 | 0 |
| 2008 | 0 | 347,547 | 0 | 0 | 0 |
| 2009 | 0 | 170,872 | 0 | 0 | 0 |
| 2010 | 0 | 312,884 | 15,802,803 | 16,426,116 | 17,088,472 |
| | | PROFIT | \$9,608,972 | \$10,193,202 | \$10,792,681 |
| | | XIRR | 16.73% | 17.10% | 17.37% |

| GROSS JOINT VENTURES PROFIT | | | |
|--|----------------|----------------|----------------|
| | 8.00% CAP RATE | 8.15% CAP RATE | 8.30% CAP RATE |
| SALE PROCEEDS AVAILABLE FOR DISTRIBUTION | \$17,836,133 | \$17,836,133 | \$17,836,133 |
| LESS TOTAL EQUITY INVESTED | (11,377,200) | (11,377,200) | (11,377,200) |
| LESS FEES & OTHER DEDUCTIONS AT SALE | (489,090) | (489,090) | (489,090) |
| PLUS CASH FLOW FROM OPERATIONS | 1,388,142 | 1,388,142 | 1,388,142 |
| JOINT VENTURE PROFIT | \$7,057,985 | \$7,057,985 | \$7,057,985 |
| JOINT VENTURE IRR | 18.41% | 18.41% | 18.41% |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| OPERATING INCOME AND EXPENSE | | | | | | | | | | | | | | |
|--|-------------|-----------|----------|-------------|---------------------------------|--------------------------------------|----------|----------|-------------|---------------------------------|----------|----------|-------------|--|
| BASE EXPENSES (UNTRENDED JAN 2008) | | | | | | | | | | | | | | |
| EXPENSE CATEGORY | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. | TOTAL | AT STABILIZATION (NOV 2008-OCT 2009) | | | | AT SALE (MAY 2010-APR 2011) | | | | |
| | TOTAL | TOTAL | TOTAL | TOTAL | | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. | ANNUAL | MONTHLY | PER UNIT | PER SQ. FT. | |
| GALARIES | \$233,000 | \$19,417 | \$1,100 | \$1.31 | \$278,112 | \$23,176 | \$1,156 | \$1.32 | \$287,592 | \$23,966 | \$1,250 | \$1.38 | | |
| ADVERTISING | 40,250 | 3,354 | 175 | 0.19 | 43,784 | 3,647 | 190 | 0.21 | 45,758 | 3,813 | 199 | 0.22 | | |
| REPAIRS, MAINTENANCE, BULDOING SVCS & COMMON AREA MAINT. | 115,000 | 9,583 | 508 | 0.55 | 125,252 | 10,421 | 544 | 0.60 | 130,728 | 10,894 | 569 | 0.63 | | |
| GENERAL AND ADMINISTRATIVE | 45,000 | 3,750 | 200 | 0.22 | 50,018 | 4,168 | 217 | 0.24 | 52,354 | 4,357 | 227 | 0.25 | | |
| MANAGEMENT FEE | 128,004 | 10,667 | 557 | 0.61 | 138,812 | 11,568 | 600 | 0.67 | 146,700 | 12,225 | 638 | 0.70 | | |
| UTILITIES | 149,250 | 12,438 | 646 | 0.72 | 158,800 | 13,233 | 680 | 0.75 | 166,700 | 13,892 | 720 | 0.80 | | |
| SUBTOTAL VARIABLE OPERATING EXPENSES | \$665,504 | \$55,424 | \$2,807 | \$3.20 | \$732,536 | \$60,723 | \$3,272 | \$3.61 | \$787,348 | \$65,804 | \$3,422 | \$3.78 | | |
| INSURANCE | 143,374 | 11,948 | 623 | 0.69 | 156,618 | 13,052 | 678 | 0.75 | 162,584 | 13,549 | 709 | 0.78 | | |
| TOTAL PROPERTY TAXES | 430,883 | 35,907 | 1,872 | 2.07 | 467,258 | 38,938 | 1,988 | 2.18 | 488,401 | 40,700 | 2,028 | 2.24 | | |
| BASE LAND LEASE PAYMENTS (PAID IN ADVANCE) | 111,727 | 9,311 | 488 | 0.54 | 111,727 | 9,311 | 488 | 0.54 | 111,727 | 9,311 | 488 | 0.54 | | |
| LAND LEASE PREMIUM (1.25% OF NET PROPERTY REVENUE PAID IN ARREARS) | 53,333 | 4,444 | 232 | 0.26 | 58,257 | 4,855 | 253 | 0.28 | 61,123 | 5,094 | 266 | 0.29 | | |
| SUBTOTAL FIXED OPERATING EXPENSES | \$695,938 | \$58,111 | \$3,114 | \$3.50 | \$782,126 | \$65,284 | \$3,465 | \$3.79 | \$861,235 | \$70,854 | \$3,489 | \$3.85 | | |
| RESERVES FOR REPLACEMENT | 48,000 | 4,000 | 200 | 0.22 | 50,018 | 4,168 | 217 | 0.24 | 52,354 | 4,357 | 227 | 0.25 | | |
| TOTAL OPERATING EXPENSES | \$1,411,442 | \$117,535 | \$5,921 | \$7.02 | \$1,564,680 | \$129,144 | \$6,705 | \$7.41 | \$1,661,747 | \$136,014 | \$7,191 | \$7.88 | | |
| NET OPERATING INCOME (I) | \$2,276,078 | \$189,481 | \$12,111 | \$12.48 | \$3,074,644 | \$256,237 | \$13,318 | \$14.72 | \$3,893,029 | \$324,421 | \$16,522 | \$18.51 | | |
| RETURN ON COST: | | | | | 0.39% | | | | | 1.64% | | | | |
| TOTAL OPERATING EXPENSES AS A % OF NET PROPERTY REVENUE: | | | | | 34.81% | | | | | 33.26% | | | | |
| ESTIMATED ASSESSED VALUE FOR PROPERTY TAXES: | | | | | \$4,513,851 OR \$189,484 / UNIT | | | | | \$4,933,211 OR \$195,373 / UNIT | | | | |
| UNIT MIX: | | | | | | | | | | | | | | |
| MARKET-RATE UNIT MIX (185 64.78%)(% OF TOTAL UNITS / % OF UNIT TYPE): | | | | | | | | | | | | | | |
| AFFORDABLE UNIT MIX (45 16.21%)(% OF TOTAL UNITS / % OF UNIT TYPE): | | | | | | | | | | | | | | |
| INFLATION OF RENTS: | | | | | | | | | | | | | | |
| AVG BASE OVERALL RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| AVG BASE MARKET RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| AVG BASE AFFORDABLE RENTS PER UNIT BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| AVG BASE OVERALL RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| AVG BASE MARKET RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| AVG BASE AFFORDABLE RENTS PER SQ. FT. BY # OF BEDROOMS: | | | | | | | | | | | | | | |
| VACANCY RATE: | | | | | | | | | | | | | | |
| MOVES-IN CONCESSIONS (IN WEEKS): | | | | | | | | | | | | | | |
| BASE LAND LEASE PAYMENTS (PAID IN ADVANCE): | | | | | | | | | | | | | | |
| LAND LEASE PREMIUM (AS A % OF NOI PAID IN ARREARS): | | | | | | | | | | | | | | |
| NPV OF TOTAL LAND LEASE PAYMENTS (80 YEARS AT 8.00% / 9.00% / 10.00% DISCOUNT RATE) | | | | | | | | | | | | | | |
| MANAGEMENT FEE: | | | | | | | | | | | | | | |
| EXPENSE INFLATORS: | | | | | | | | | | | | | | |
| ANNUAL INFLATION OF ASSESSED PROPERTY VALUE IN JANUARY: | | | | | | | | | | | | | | |
| AD VALOREM PROPERTY TAX RATES: | | | | | | | | | | | | | | |
| 1.03793% @ 100.00% ASSESSMENT RATIO | | | | | | | | | | | | | | |
| (I) THE UNTRENDED NOI IS BASED ON RENTS AND EXPENSES AT THE DATE SPECIFIED AT THE TOP OF THE ABOVE 3 COLUMNS EXCEPT FOR PROPERTY TAXES. PROPERTY TAXES ARE BASED ON A STABILIZED ASSESSED VALUE IN JAN 2008 THAT ARE TRENDED APPROPRIATELY TO THE DATES SPECIFIED AT THE TOP OF THE COLUMNS. VACANCY RATE, CONCESSIONS, LOSS TO LEASE RATE AND COLLECTION LOSS RATE ARE VALUES CONSIDERED TO BE "STABILIZED" AND DO NOT NECESSARILY REFLECT WHAT MIGHT BE IN PLACE AT PHYSICAL STABILIZATION AND SALE. | | | | | | | | | | | | | | |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA**

FINAL PROJECTION

CASH FLOW DISTRIBUTION SUMMARY

| | 2006 | 2007 | 2008 | 2009 | 2010 | TOTALS THRU YEAR 2010 |
|---|----------|------------|-------------|------------|------------|--------------------------|
| GROSS MARKET RENT | 80 | 80 | 83,288,328 | 64,828,088 | 62,075,785 | 805,198,181 |
| GROSS POTENTIAL RENT | 80 | 80 | 83,288,328 | 64,828,088 | 62,075,785 | 805,198,181 |
| VACANCY @ 4.70% | 0 | 0 | (577,070) | (628,778) | (97,580) | (904,428) |
| MOVING CONCESSIONS @ 5 WEEKS AT 8.00% TURNOVER RATE | 0 | 0 | (314,430) | 0 | 0 | (314,430) |
| NET RENTAL REVENUE | 80 | 80 | 82,406,828 | 64,199,310 | 61,878,205 | 785,569,323 |
| OTHER INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.70% | 0 | 0 | 64,074 | 69,640 | 37,275 | 174,989 |
| NET TOTAL RENTAL REVENUE | 80 | 80 | 82,470,902 | 64,268,950 | 61,915,480 | 785,744,312 |
| NET PROPERTY REVENUE | 80 | 80 | 82,470,902 | 64,268,950 | 61,915,480 | 785,744,312 |
| TOTAL OPERATING EXPENSES | 80 | 80 | 81,828,928 | 61,428,324 | 59,811,711 | 753,077,972 |
| RESERVES FOR REPLACEMENT | 0 | 0 | 12,198 | 20,258 | 21,370 | 84,824 |
| NET OPERATING INCOME | 80 | 80 | 69,641,974 | 3,840,626 | 2,103,769 | 68,666,340 |
| PLUS STARTUP EXPENSES FUNDED BY CONSTR FUNDS | 0 | 0 | 172,823 | 0 | 0 | 172,823 |
| PLUS INTEREST EARNINGS | 0 | 0 | 0 | 32 | 0 | 32 |
| PLUS MINI-PERM LOAN (INTEREST ONLY) FUNDING | 0 | 0 | 34,131,802 | 0 | 0 | 34,131,802 |
| CURRENT MONTH CASH FLOW BEFORE DEBT SERVICE | 80 | 80 | 103,945,599 | 3,872,658 | 2,103,769 | 109,952,928 |
| LESS CONSTRUCTION DEBT SVC (EXCL INTEREST RESERVE) | 0 | 0 | 618,787 | 0 | 0 | 618,787 |
| LESS MINI-PERM LOAN (INTEREST ONLY) DEBT SERVICE | 0 | 0 | 385,360 | 2,302,741 | 902,333 | 3,690,444 |
| LESS CONSTRUCTION LOAN PAYOFF | 0 | 0 | 34,131,802 | 0 | 0 | 34,131,802 |
| LESS FAIRFIELD DEV DEVELOPER FEE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 |
| CURRENT MONTH CASH FLOW AVAILABLE FOR DISTRIBUTION | 80 | 80 | 69,819,710 | 1,569,917 | 1,201,436 | 72,591,063 |
| REMAINING CASH FLOW TO CALSTRS | 0 | 0 | 887,547 | 778,972 | 312,884 | 1,979,403 |
| REMAINING CASH FLOW TO FAIRFIELD | 0 | 0 | 33,700 | 67,089 | 27,188 | 127,977 |
| WORKING CAPITAL ACCOUNT BALANCE | 80 | 80 | 80 | 80 | 80 | 80 |
| TOTAL CASH FLOW TO CALSTRS | 0 | 0 | 387,647 | 779,972 | 312,884 | 1,479,503 |
| TOTAL CASH FLOW TO FAIRFIELD | 0 | 0 | 33,700 | 67,089 | 27,188 | 127,977 |
| TOTAL CASH FLOW DISTRIBUTION | 0 | 0 | 421,347 | 847,061 | 340,072 | 1,607,480 |
| TOTAL UNPAID FEES AND PREFERRED RETURNS DWD FROM SALE PROCEEDS | (83,184) | (83,184) | (83,184) | 84,388 | 87,280 | 17,300 |
| CASH EQUITY INVESTMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS CASH EQUITY INVESTMENT | 0 | 10,487,824 | 10,487,824 | 10,487,824 | 10,487,824 | 41,951,300 |
| FAIRFIELD CASH EQUITY INVESTMENT | 0 | 910,170 | 910,170 | 910,170 | 910,170 | 3,640,680 |
| TOTAL CASH EQUITY INVESTMENT | 0 | 11,397,994 | 11,397,994 | 11,397,994 | 11,397,994 | 45,591,980 |

05T188AD1M77 VERSION 07 12 6-YEAR CALENDAR

PAGE 4

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA
FINAL PROJECTION

HARD COST DETAIL

| UNITS | 230 | GENERAL CONTRACTOR FEE: 8.00% | | |
|--|---------------------|-------------------------------|----------------------|-----------------------|
| GROSS SQUARE FOOTAGE | 212,734 | | | |
| COST DESCRIPTION | COST | COST PER UNIT | COST PER SQUARE FOOT | PERCENT OF HARD COSTS |
| APARTMENT HARD COSTS | \$21,874,529 | \$85,187 | \$102.83 | 72.44% |
| PODIUM DECK PARKING-MTS (329 PARKING SPACES @ \$12,400 EACH) | 4,079,680 | 17,737 | 19.18 | 13.51% |
| PODIUM DECK PARKING-FFRES (142 PARKING SPACES @ \$12,400 EACH) | 4,240,800 | 18,438 | 19.83 | 14.04% |
| TOTAL HARD COSTS | \$30,194,929 | \$131,362 | \$141.84 | 90.17% |
| PLUS SPECIAL PROJECT REQUIREMENTS | | | | |
| DEMO EXISTING PARKING -CURBS, GUTTERS AND PAVING | \$70,847 | \$307 | \$0.33 | 0.21% |
| RELOCATE 10" GASLINE & REMOVE ABANDONED 18" STEEL WATER | \$35,324 | \$154 | \$0.17 | 0.11% |
| RELOCATE 12" SEWER AND REMOVE AND RELOCATE 14" CIPCI ST | \$81,838 | \$352 | \$0.38 | 0.24% |
| REMOVE AND RELOCATE 18" RCP STORM DRAINS & 360 TELEPHO | \$24,834 | \$108 | \$0.12 | 0.07% |
| CONSTRUCT RETAINING WALLS AT FLETCHER PKWY AND GROSS | \$99,737 | \$434 | \$0.47 | 0.30% |
| CONSTRUCT SPECIAL BEAMS AND FOOTINGS AT GARAGES TO SP | \$413,462 | \$1,798 | \$1.84 | 1.23% |
| OTHER | \$305,802 | \$1,301 | \$0.56 | 0.81% |
| CONTINGENCY | \$463,700 | \$2,072 | \$2.19 | 1.39% |
| TOTAL SPECIAL PROJECT REQUIREMENTS | \$1,395,459 | \$6,037 | \$6.90 | 4.17% |
| PLUS GENERAL CONTRACTOR FEE | \$1,795,422 | \$8,241 | \$8.91 | 6.69% |
| TOTAL HARD COST BUDGET | \$33,415,711 | \$146,630 | \$157.41 | 100.00% |

CST13601M07 VERSION 07.12 5-YEAR8 CALENDAR

PAGE 5

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA**

FINAL PROJECTION

PERMITS, FEES AND OTHER SOFT COSTS DETAIL

| | | | |
|--|--------------------|---|--------------------|
| LAND AND CLOSING COSTS | | ARCHITECTURAL AND ENGINEERING | |
| LAND | | CONCEPTUAL ARCHITECTURALS | \$0 |
| LAND LEGAL | \$0 | ARCHITECTURAL DESIGN | 400,000 |
| LAND TITLE/CLOSING | 100,000 | ARCHITECTURAL EXTRA SERVICES | 25,000 |
| FAIRFIELD BROKER COMMISSION | 28,000 | ARCHITECTURAL REIMB | 40,000 |
| OUTSIDE REAL ESTATE COMMISSION | 0 | CIVIL ENGINEER | 624,000 |
| TRANSFER & DOCUMENTATION FEES | 68,465 | CIVIL ENGINEER EXTRA SERVICES | 15,000 |
| LAND LETTER OF CREDIT | 0 | CIVIL ENGINEER REIMB | 15,000 |
| WATER & BOND | 0 | PLANNING CONSULTANT | 0,000 |
| LAND OPTION PMT-REFUNDABLE | 0 | PLANNING CONSULTANT EXTRA SERVICES | 0 |
| LAND OPTION PMT-NON-REFUNDABLE | 100,000 | PLANNING CONSULTANT REIMB | 0 |
| LAND CONTRIBUTIONS | 109,108 | LANDSCAPE DESIGN | 0 |
| LAND LEASE PAYMENTS | 223,453 | LANDSCAPE DESIGN EXTRA SERVICES | 120,000 |
| TOTAL LAND AND CLOSING COSTS | 883,026 | LANDSCAPE DESIGN REIMB | 15,000 |
| OFFSITE IMPROVEMENTS | | SOILS ENGINEER | 10,000 |
| GRADING | 81,214,189 | SOILS/CONCRETE TESTING | 68,000 |
| ROCK REMOVAL | 0 | SEDIMENT CONTROL MONITORING | 0 |
| UTILITIES | 0 | UTILITY CONSULTANT | 12,520 |
| CURB & GUTTER | 5,184 | UTILITY CONSULTANT EXTRA SERVICES | 0 |
| SOUND WALL | 0 | UTILITY CONSULTANT REIMB | 0 |
| PAVING | 129,848 | STRUCTURAL ENGINEER | 183,000 |
| SIDEWALKS | 22,400 | STRUCTURAL ENGINEER EXTRA SERVICES | 8,000 |
| JOINT TRENCH | 267,759 | STRUCTURAL ENGINEER REIMB | 10,000 |
| STREET LIGHTS | 8,673 | M.E.P. ENGINEER | 78,000 |
| TRAFFIC SIGNALS | 49,104 | M.E.P. ENGINEER REIMB | 10,000 |
| FENCING | 0 | SURVEYING | 70,000 |
| LANDSCAPING | 94,008 | FOUNDATION CONSULTANT | 0 |
| LIFT STATION | 0 | FOUNDATION CONSULTANT EXTRA SVCS | 0 |
| DEMOLITION | 17,388 | FOUNDATION CONSULTANT REIMB | 0 |
| ENVIRONMENTAL MITIGATION | 0 | MISC CONSULTANTS | 63,000 |
| CONTRIBUTIONS-OFFSITES | 0 | SPEO & TECH | 35,000 |
| REIMBURSABLES-OFFSITES | 0 | INSPECTING ARCHITECT | 30,000 |
| MISC. | 0 | FINAL PLAT | 0 |
| CONTINGENCY | 125,000 | GARAGE DESIGN | 120,000 |
| TOTAL OFFSITE IMPROVEMENTS | \$1,941,389 | MISC. REIMBURSABLES | 0 |
| DEVELOPMENTAL COSTS | | BLUEPRINTS | 60,000 |
| APPRAISAL | 80 | CONSTRUCTION STAKING | 0 |
| REZONING, PLATTING, & PREL ENGINEERING | 0 | FINAL ALTAAS BURT | 0 |
| FEASIBILITY STUDIES | 1,748 | LEADS STUDY | 3,000 |
| MARKET SURVEYS | 0 | CONTINGENCY | 0 |
| ENGINEERING REVIEW/MISC | 0 | TOTAL ARCHITECTURAL AND ENGINEERING | \$1,918,200 |
| SOIL STUDIES | 27,870 | BONDS, INSURANCE, LEGAL AND ADMINISTRATION | |
| ENVIRONMENTAL STUDIES | 8,928 | GRADING BOND | 60 |
| ACOUSTICAL STUDIES | 4,190 | SUBDIVISION IMPROVEMENT BOND | 0 |
| GEOPHYSICAL STUDIES | 0 | LANDSCAPE BOND | 0 |
| TOUCHHAZARD STUDIES | 2,182 | COMPLETION/PERFORMANCE BOND | 25,000 |
| ENVIRONMENTAL MITIGATION | 60,000 | BONDS-MISC | 0 |
| TRAFFIC STUDY | 17,239 | INSURANCE-GENERAL LIABILITY | 145,318 |
| BIOLOGICAL STUDIES | 4,757 | INSURANCE-BUILDERS' RISK | 396,361 |
| ALTA BOUNDARY SURVEY | 0 | INSURANCE-FLOOD | 0 |
| CONCEPTUAL SITE PLAN | 0 | INSURANCE-H.O. WARRANTY | 0 |
| TOPO/TREE SURVEY | 0 | INSURANCE-OTHER | 0 |
| MISC. | 0 | LEGAL-GENERAL | 50,000 |
| MISC. | 0 | SALARIES-PROJECT MANAGER | 0 |
| CONTINGENCY | 80,000 | SALARIES-CLERICAL | 0 |
| TOTAL DEVELOPMENTAL COSTS | \$1,017,177 | GENERAL & ADMINISTRATIVE COSTS | 50,000 |
| OFFICE/CLUBHOUSE/MODEL, FURNISHINGS AND MARKETING | | ORGANIZATIONAL LEGAL COSTS | 25,000 |
| SIGNAGE (8902-8904) | 842,043 | START UP COSTS | 0 |
| PROMOTION (GRAPHICS, BROCHURES, ADVERTISING, ETC.) (8950-8954) | 75,000 | TAX CREDIT INITIAL COMPLIANCE COSTS | 0 |
| LEASING OFFICE/CLUBHOUSE FURNISHINGS AND ACCESSORIES (8912-8913) | 240,000 | CALSTRS PREF DURING CONSTRUCTION | 0 |
| POOL FURNITURE, BBQ GRILLS, ETC. (8908-8910) | 21,822 | TRANS MGMT FEE | 0 |
| FITNESS CENTER EQUIPMENT AND FURNISHINGS, ETC. (8904-8906) | 30,550 | RENT UP FEE | 0 |
| MODEL FURNISHINGS & BUILDING EXTRAS (8944-8946) | 85,488 | LENDER ADMINISTRATIVE FEE | 19,000 |
| MAINTENANCE EQUIPMENT (8940-8942) | 24,004 | ACCOUNTING SERVICES FEE | 25,000 |
| COMPUTERS | 43,043 | DEVELOPER FEE PAID AT CLOSING | 113,772 |
| MISC. | 0 | PLACEMENT FEE | 0 |
| STARTUP COSTS | 202,538 | OWNER'S CONTINGENCY | 40,000 |
| TOTAL OFFICE/CLUBHOUSE/MODEL, FURNISHINGS AND MARKETING | \$748,588 | MISC. | 0 |
| | | TOTAL BONDS, INSURANCE, LEGAL AND ADMINISTRATION | \$692,108 |

CST138AD1M07 VERSION 07.12 8-YEAR\$ CALENDAR

PAGE 8A

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA**

FINAL PROJECTION

PERMITS, FEES AND OTHER SOFT COSTS DETAIL - CONTINUED

| | | | |
|--|--------------------|---|--------------------|
| PERMITS AND FEES | | REFUNDABLE HOOKUP FEES | |
| SITE REVIEW PLAN | 30 | ELECTRICAL HOOKUP FEES | \$125,025 |
| FOEP STORMWATER & NPDES PERMITS | 0 | REFUNDABLE FEES-ELECTRICAL | 0 |
| BUILDING PLAN REVIEW FEES | 0 | GAS HOOKUP FEES | 0 |
| TOLR REVIEW FEE | 0 | REFUNDABLE FEES-GAS | 0 |
| C.O. FEES | 0 | TELEPHONE HOOKUP FEES | 0 |
| WATER METER FEES | 0 | REFUNDABLE FEES-TELEPHONE | 0 |
| WATER SYSTEM CHARGES | 185 | CATV HOOKUP FEES | 0 |
| SEWER SYSTEM CHARGES | 900,000 | REFUNDABLE FEES-CATV | 0 |
| PLAT REVIEW FEES | 0 | REFUNDABLE FEES-PLAN/MANIT | 0 |
| DEVELOPMENT PLAN FEE | 11,815 | WATER HOOKUP FEES | 0 |
| PROPERTY DEVELOPMENT FEE | 0 | REFUNDABLE FEES-WATER | 0 |
| TENTATIVE MAP FEE | 0 | MISC. | 0 |
| SPECIFIC PLAN AMENDMENT | 0 | TOTAL REFUNDABLE HOOKUP FEES | \$125,025 |
| CONDITIONAL USE PERMIT | 0 | | |
| PRECISE PLAN FEE | 0 | EQUITY FINANCING COSTS | |
| FINAL MAP PLAN CHECK | 0 | MISC. | 30 |
| CONVERSION REV FEE | 0 | MISC. | 0 |
| GRADING PLAN CHECK | 8,103 | TOTAL EQUITY FINANCING COSTS | 30 |
| IMPROVEMENT PLAN CHECK | 81,098 | | |
| IMPROVEMENT PLAN INSPECTION | 30,270 | LAND ACQUISITION FINANCING COSTS | |
| LANDSCAPE PLAN CHECK | 3,370 | LAND LOAN POINTS @ 0.00% OF LAND LOAN | 30 |
| GRADING INSPECTION | 10,838 | LAND LOAN CLOSING AND LEGAL | 0 |
| STORM DRAINAGE FEE | 9,181 | LAND LOAN TITLE INSURANCE | 0 |
| LANDSCAPE INSPECTION | 0 | LAND LOAN DOCUMENTARY TAX | 0 |
| TORTOISE FEE/PUBLIC SAFETY FEE | 0 | LAND LOAN LENDER APPRAISAL | 0 |
| PARK FEE | 239,900 | LAND LOAN INTEREST | 0 |
| SCHOOL FEE | 491,937 | TOTAL LAND ACQUISITION FINANCING COSTS | 30 |
| TRAFFIC FEE | 13,883 | | |
| SMIT FEE | 2,355 | CONSTRUCTION FINANCING COSTS EXCLUDING INTEREST | |
| SANITARY SEWER IMPACT FEE | 0 | CONSTRUCTION LOAN POINTS @ 0.75% OF CONSTRUCTION LOAN | \$225,867 |
| WATER IMPACT FEE | 0 | SUPPLEMENTAL DEVELOPMENT FEE | 0 |
| WATER CONNECTION FEE | 0 | CONSTRUCTION LOAN CLOSING AND LEGAL | 30,000 |
| PLAN CHECK FEE | 128,020 | CONSTRUCTION LOAN TITLE INSURANCE | 30,000 |
| BUILDING PERMIT FEE | 148,487 | CONSTRUCTION LOAN DOCUMENTARY TAX | 21,822 |
| STREET LIGHT FEE | 0 | CONSTRUCTION LENDER APPRAISAL | 3,451 |
| WATER MONITORING FEE | 9,484 | MISC. | 0 |
| FLOOD HAZARD RV (TM) | 0 | TOTAL CONSTRUCTION FINANCING COSTS EXCLUDING INTEREST | \$248,320 |
| FLOOD HAZARD RV (PM) | 0 | | |
| CAPITAL IMPROVEMENT FEE | 0 | CALSTRS SUBSCRIPTION LOAN COSTS | |
| PERMIT-MECHANICAL | 0 | CALSTRS SUBSCRIPTION LOAN POINTS @ \$53000.00% OF CALSTRS SUBS | \$85,320 |
| PERMIT-SALES OFFICE | 0 | CALSTRS SUBSCRIPTION LOAN CLOSING COSTS | 0 |
| SEWER FEE-ASSESSMENT | 0 | CALSTRS SUBSCRIPTION LOAN INTEREST | 400,022 |
| SEWER FEE-FRONTAGE | 0 | MEZZANINE LOAN POINTS @ 0.00% OF MEZZANINE LOAN | 0 |
| SEWER FEE-FACILITIES | 0 | MEZZANINE LOAN CLOSING COSTS | 0 |
| WATER FEE-CONSTRUCTION | 0 | MEZZANINE LOAN INTEREST | 0 |
| WATER FEE-FRONTAGE | 0 | MEZZANINE LOAN PRINCIPAL REDUCTIONS | 0 |
| WATER FEE-CAP FACILITIES | 44,690 | TOTAL CALSTRS SUBSCRIPTION LOAN COSTS | \$345,342 |
| WATER TREATMENT PLANT FEE | 0 | | |
| FACILITIES BENEFIT FEE | 0 | MID-TERM LOAN (INTEREST ONLY) COSTS EXCLUDING INTEREST | |
| COMMUNITY FACILITIES DISTRICT | 0 | MISC. | 30 |
| SWIMMING POOL/SPA FEE | 0 | MISC. | 0 |
| PERMIT-ELECTRICAL | 30,767 | TOTAL MID-TERM LOAN (INTEREST ONLY) COSTS EXCLUDING INTEREST | 30 |
| PERMIT-ENROACHMENT | 0 | | |
| PERMIT-FIRE SPRINKLERS | 57,392 | OTHER CONSTRUCTION PERIOD FEES AND COSTS | |
| PERMIT-HVAC | 50,787 | CONSTRUCTION LOAN INTEREST RESERVE | \$2,804,433 |
| PERMIT-IMPROVEMENTS | 8,257 | DEVELOPER FEE PD DURING CONSTRUCTION | 1,251,482 |
| PERMIT-PLUMBING | 18,688 | SOFT COST CONTINGENCY | 225,000 |
| PERMIT-ROOFING | 0 | CONSTRUCTION PERIOD PROPERTY TAXES | 217,795 |
| PERMIT-SITE WALL | 0 | LAFCRA AFFORDABLE UNITS SUBSIDY | 11,183,331 |
| PERMIT-WALL | 0 | TOTAL OTHER CONSTRUCTION PERIOD FEES AND COSTS | \$2,615,310 |
| OCCUPANCY FEE | 0 | | |
| REIMBURSEMENT FROM CITY OF LA MESA FOR SEWER OFFGITS | (860,000) | | |
| RELOCATION OF BUS STOP | 138,197 | | |
| THEATER LICENSE AGREEMENT AMENDMENT | 43,643 | | |
| CONTINGENCY | 100,000 | | |
| TOTAL PERMITS AND FEES | \$1,889,348 | | |

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA**

FINAL PROJECTION

PROPERTY TAX DETAIL

| | |
|---|-------------------------------------|
| (A) ASSESSMENT RATIO | 100.00% |
| (B) TOTAL FULL CASH VALUE AD VALOREM TAX RATE | 1.03782% |
| ANNUAL INFLATION OF ASSESSED TAX VALUE IN TAX LIEN MONTH | 0.00000% |
| TAX LIEN MONTH | 2.00% |
| TAX YEAR | JANUARY |
| ANNUAL TAX INSTALLMENTS | JULY-JUNE |
| (C) ESTIMATED BASE ASSESSED VALUE IN 2006 (SEE NOTE 3 BELOW): | 1ST-DECEMBER 0.00%, 2ND-APRIL 0.00% |
| TOTAL BASE ANNUAL AD VALOREM TAXES (A x B x C): | \$41,313.691 |
| TOTAL COSTS ON WHICH ASSESSED VALUE IS BASED: | \$430.883 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$38,411.307 |
| ARCHITECTURAL AND ENGINEERING | \$171.712 |
| PERMITS AND FEES (EXCL OFFSITES AND HOOKUP FEES) | \$1,919.300 |
| TOTAL BONDS, INSURANCE & LEGAL | \$1,630.345 |
| HARD COSTS | \$758.877 |
| GENERAL CONTRACTOR FEE | \$31,580.367 |
| FURNISHINGS, EQUIPMENT, ETC | \$1,893.422 |
| | \$425.484 |
| FULL CASH VALUE AD VALOREM TAX/MILL RATE #1 | 1.03782% |

NOTES:

1. SUPPLEMENTAL TAX BILLS ARE ISSUED FOR CONSTRUCTION AS CONSTRUCTION IS COMPLETED BASED ON DELIVERIES.
2. PROPERTY VALUE IS REASSESSED AT THE TIME OF SALE.
3. STABILIZED ASSESSED VALUE FROM MONTH 33 TRENDING BACK TO BASE YEAR.

CST138A01M07 VERSION 07.12 8-YEARS CALENDAR

PAGE 7

**FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA**

FINAL PROJECTION

BUILDERS RISK INSURANCE CALCULATION DETAIL

| | <u>PROJECTED</u> | <u>% OF PROJECTED</u> | <u>ADJUSTED BASIS</u> |
|---|--------------------------|------------------------|-------------------------|
| BUILDING VALUE: | | | |
| HARD COSTS: | \$38,194,929 | 100.00% | \$38,194,929 |
| SPECIAL PROJECT REQUIREMENTS: | 1,385,438 | 100.00% | 1,385,438 |
| OFFSITE IMPROVEMENTS: | 1,941,198 | 0.00% | 0 |
| GENERAL CONTRACTOR FEE: | 1,895,922 | 0.00% | 0 |
| TOTAL BUILDING VALUE: | \$35,420,938 | 89.17% | \$31,590,387 |
| CONTENTS: | | | |
| LEASING OFFICE/CLUBHOUSE FURNISHINGS AND ACCESSORIES (0912-8932): | 240,000 | 100.00% | 240,000 |
| POOL FURNITURE, BBQ GRILLS, ETC. (0908-8810): | 21,822 | 100.00% | 21,822 |
| PIZZERIA COUNTER EQUIPMENT AND FURNISHINGS, ETC. (0934-8938): | 30,660 | 100.00% | 30,660 |
| MODEL FURNISHINGS & BUILDING EXTRAS (0944-8948): | 85,485 | 100.00% | 85,485 |
| MAIN TENANCE EQUIPMENT (0940-8942): | 24,004 | 100.00% | 24,004 |
| COMPUTERS: | 43,843 | 100.00% | 43,843 |
| TOTAL CONTENTS: | \$425,484 | 100.00% | \$425,484 |
| SOFT COSTS: | | | |
| LAND CLOSING AND DEVELOPMENTAL COSTS: | | | |
| ARCHITECTURAL AND ENGINEERING: | \$571,285 | 10.00% | \$57,129 |
| PERMITS AND FEES: | 1,379,300 | 10.00% | 181,310 |
| CONSTRUCTION HOOKUP FEES: | 1,650,345 | 20.00% | 330,069 |
| TOTAL BONDS, INSURANCE & LEGAL: | 623,829 | 20.00% | 24,788 |
| STARTUP EXPENSES: | 758,677 | 50.00% | 379,339 |
| LENDER ADMINISTRATIVE FEE: | 302,339 | 0.00% | 0 |
| DEVELOPER FEE PAID AT CLOSING: | 19,658 | 15.00% | 2,948 |
| CALSTRS SUBSCRIPTION LOAN: | 113,772 | 15.00% | 17,066 |
| CONSTRUCTION FINANCING COSTS: | 648,551 | 0.00% | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE: | 348,300 | 15.00% | 51,945 |
| CONSTRUCTION PERIOD PROPERTY TAXES: | 2,984,463 | 100.00% | 2,984,463 |
| DEVELOPER FEE PD DURING CONSTRUCTION: | 217,758 | 15.00% | 31,663 |
| SOFT COST CONTINGENCY: | 1,251,492 | 0.00% | 0 |
| TOTAL SOFT COSTS: | 225,000 | 50.00% | 112,600 |
| LAND AND CLOSING COST: | \$9,314,234 | 38.00% | \$3,585,518 |
| TOTAL PROJECT COST: | \$45,380,189 | 78.43% | \$35,801,389 |
| PLUS 1-YEAR STABILIZED NET PROPERTY REVENUE: | \$4,288,840 | 75.00% | \$3,200,130 |
| TOTAL PROJECT VALUE INCLUDING 1-YEAR STABILIZED NET PROPERTY REVENUE: | \$49,669,029 | 78.14% | \$39,001,499 |
| ANNUAL PREMIUM PER \$100 TOTAL PROJECT VALUE: | <u>PRIMARY</u> \$0.30 | <u>EXCESS</u> \$0.04 | <u>TOTALS</u> \$0.34 |
| ANNUAL TAXES PER \$100 TOTAL PROJECT VALUE: | \$0.07 | \$0.03 | \$0.10 |
| TOTAL GENERAL AND UMBRELLA LIABILITY INSURANCE PREMIUM PER \$1,000 BUILDING VALUE: | N/A | N/A | \$4.09 |
| ANNUAL BRI PREMIUM: | <u>PRIMARY</u> \$118,404 | <u>EXCESS</u> \$19,521 | <u>TOTALS</u> \$137,925 |
| ANNUAL BRI TAXES: | \$7,181 | \$1,640 | \$8,821 |
| TOTAL ANNUAL BUILDERS RISK INSURANCE PREMIUM AND TAXES: | \$145,585 | \$27,181 | \$172,726 |
| ± YEARS OF CONSTRUCTION (24 MONTHS): | | | 2.33 |
| TOTAL BUILDERS RISK INSURANCE PREMIUM AND TAXES: | | | \$399,361 |
| PLUS TOTAL GENERAL AND UMBRELLA LIABILITY INSURANCE: | | | 145,218 |
| TOTAL CONSTRUCTION INSURANCE AND TAXES: | | | \$544,577 |
| TOTAL CONSTRUCTION INSURANCE AND TAXES PER UNIT: | | | \$7,344 |
| DEDUCTIBLE PER OCCURRENCE: | | | \$189,600 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

OPERATING INSURANCE CALCULATION DETAIL

| | |
|---|--------------|
| (1) TOTAL ANNUAL GENERAL LIABILITY PREMIUM: | \$1,890 |
| ANNUAL GENERAL LIABILITY RATE PER UNIT: | \$43.00 |
| (2) ANNUAL UMBRELLA PREMIUM: | \$7,430 |
| ANNUAL UMBRELLA RATE PER UNIT: | \$21.00 |
| BUILDING VALUE: | \$31,590,367 |
| CONTENTS VALUE: | 425,484 |
| RENTS VALUE: | 3,200,130 |
| TOTAL INSURED VALUE: | \$35,216,081 |
| TOTAL INSURED VALUE: PER UNIT: | \$153,113 |
| ANNUAL PRIMARY/EXCESS PROPERTY RATE PER \$100 OF TOTAL INSURED VALUE: | \$0.35 |
| (3) ANNUAL PRIMARY/EXCESS PROPERTY PREMIUM: | \$121,496 |
| ANNUAL BOILER & MACHINERY RATE PER \$100 OF TOTAL INSURED VALUE: | \$0.00 |
| (4) ANNUAL BOILER & MACHINERY PREMIUM: | \$1,400 |
| ANNUAL ENVIRONMENTAL/POLLUTION RATE: PER UNIT: | \$15.00 |
| (5) ANNUAL ENVIRONMENTAL/POLLUTION PREMIUM: | \$3,460 |
| TOTAL ANNUAL OPERATING INSURANCE (1 + 2 + 3 + 4 + 5): | \$143,774 |
| TOTAL ANNUAL OPERATING INSURANCE PER UNIT: | \$023 |
| TOTAL ANNUAL OPERATING INSURANCE PER BED: | \$418 |
| DEDUCTIBLE PER OCCURRENCE: | \$100,000 |

CST138A01M07 VERSION 07 12 8-YEARS CALENDAR

PAGE 8

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| MONTH | JAN 2008 | FEB 2008 | MAR 2008 | APR 2008 | MAY 2008 | JUN 2008 | JUL 2008 | AUG 2008 | SEP 2008 | OCT 2008 | NOV 2008 | DEC 2008 | TOTAL |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING INCOME | | | | | | | | | | | | | |
| GROSS MARKET RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GROSS POTENTIAL RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VACANCY @ 4.10% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MOVING CONCESSIONS @ 9 WEEKS AT 0.20% TURNOVER RATE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OTHER INCOME @ \$10.00 PER UNIT LESS VACANCY FACTOR @ 4.10% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET TOTAL RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADVERTISING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OTHER LAND ADMINISTRATION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MANAGEMENT FEE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| UTILITIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL VARIABLE OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INSURANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| BASE LAND LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND LEASE PARTICIPATION IN REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL FIXED OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REVENUE FOR REPLACEMENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET OPERATING INCOME | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFF SITE IMPROVEMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARCHITECTURAL AND ENGINEERING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PERMITS AND FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION INCURUP FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL BONDS, INSURANCE & LEGAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LONGER ADMINISTRATIVE FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PAID AT CLOSING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFICE & MODEL FURNITURE, ISSUING AND STARTUP EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION FINANCING COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION PERIOD PROPERTY TAXES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PD DURING CONSTRUCTION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SOFT COST CONTINGENCY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LMCA AFFORDABLE UNITS SUBSIDY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| HARD COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OTHER CONSTRUCTION FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL CONSTRUCTION COSTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CALSTRS SUBSCRIPTION LOAN (N/A/S/P/VC/PT) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EQUITY FUND DRIVING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN DRIVING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBSIDY HOLDING ACCOUNT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CONSTRUCTION FINANCING | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|--------------|
| MONTH | JAN 2017 | FEB 2017 | MAR 2017 | APR 2017 | MAY 2017 | JUN 2017 | JUL 2017 | AUG 2017 | SEP 2017 | OCT 2017 | NOV 2017 | DEC 2017 | TOTAL |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING REVENUE | | | | | | | | | | | | | |
| GROSS MARKET RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| GROSS POTENTIAL RENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VACANCY @ 4.75% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MOVEMENT CONCESSIONS @ 0.15% AT 4.0% TURNOVER RATE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OTHER INCOME @ \$33.00 PER UNIT LESS VACANCY FACTOR @ 4.75% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET TOTAL RENTAL REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,172 | \$2,257 | \$2,342 | \$2,427 | \$8,198 |
| ADVERTISING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL AND ADMINISTRATIVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MANAGEMENT FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UTILITIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL VARIABLE OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,172 | \$2,257 | \$2,342 | \$2,427 | \$8,198 |
| INSURANCE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BASE LAND LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,172 | \$2,257 | \$2,342 | \$2,427 | \$8,198 |
| RESERVE FOR REPLACEMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET OPERATING INCOME | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PREMIUMS | \$0 | \$0 | \$0 | \$0 | \$24,484 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$24,484 |
| OFF-SITE IMPROVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARCHITECTURAL AND ENGINEERING | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| PERMITS AND FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION MODURP FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BOND, PERFORMANCE & LEGAL | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 5,190 | 62,370 |
| LENDER ADMINISTRATIVE FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE & MODEL FURNITURE, MOVEMENT & STARTUP EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOAN | 62,186 | 104,772 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 166,958 |
| CONSTRUCTION FINANCING COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE | 32,281 | 64,562 | 96,843 | 129,124 | 161,405 | 193,686 | 225,967 | 258,248 | 290,529 | 322,810 | 355,091 | 387,372 | 2,587,372 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID DURING CONSTRUCTION | 44,899 | 89,798 | 134,697 | 179,596 | 224,495 | 269,394 | 314,293 | 359,192 | 404,091 | 448,990 | 493,889 | 538,788 | 3,587,372 |
| SOFT COST CONTINGENCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LMCRA AFFORDABLE UNITS SUBSIDY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | 2,303,913 | 2,162,336 | 1,778,641 | 1,583,069 | 1,401,025 | 1,217,328 | 1,034,413 | 851,413 | 667,797 | 484,180 | 299,767 | 115,823 | 17,371,825 |
| GENERAL CONTRACTOR FEES | 138,232 | 123,014 | 106,768 | 90,327 | 74,118 | 57,838 | 41,593 | 25,348 | 10,000 | 0 | 0 | 0 | 600,000 |
| TOTAL CONSTRUCTION COSTS | \$2,442,145 | \$2,285,350 | \$1,885,409 | \$1,673,396 | \$1,475,143 | \$1,275,166 | \$1,075,993 | \$876,993 | \$694,797 | \$514,180 | \$319,767 | \$115,823 | \$18,571,825 |
| CALSTRS SUBSCRIPTION LOAN CRYSTAL/PAYOFF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY FUND OPENS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN DRAWS | 2,873,948 | 2,577,428 | 1,983,383 | 1,672,963 | 1,475,118 | 1,275,166 | 1,075,993 | 876,993 | 694,797 | 514,180 | 319,767 | 115,823 | 18,571,825 |
| SUBSIDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | \$2,873,948 | \$2,577,428 | \$1,983,383 | \$1,672,963 | \$1,475,118 | \$1,275,166 | \$1,075,993 | \$876,993 | \$694,797 | \$514,180 | \$319,767 | \$115,823 | \$18,571,825 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | JAN 2025 | FEB 2025 | MAR 2025 | APR 2025 | MAY 2025 | JUN 2025 | JUL 2025 | AUG 2025 | SEP 2025 | OCT 2025 | NOV 2025 | DEC 2025 |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| PHYSICAL UNIT OCCUPANCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PHYSICAL UNIT OCCUPANCY RATE | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| OPERATING INCOME | | | | | | | | | | | | |
| GROSS MARKET RENT | 0 | \$61,341 | \$120,682 | \$181,023 | \$241,364 | \$301,705 | \$362,047 | \$422,388 | \$482,729 | \$543,070 | \$603,411 | \$663,752 |
| GROSS POTENTIAL RENT | 0 | \$61,341 | \$120,682 | \$181,023 | \$241,364 | \$301,705 | \$362,047 | \$422,388 | \$482,729 | \$543,070 | \$603,411 | \$663,752 |
| VACANCY @ 4.76% | 0 | (\$2,843) | (\$5,686) | (\$8,529) | (\$11,372) | (\$14,215) | (\$17,058) | (\$19,901) | (\$22,744) | (\$25,587) | (\$28,430) | (\$31,273) |
| MOVING CONVERSIONS @ 0.00% AT 0.00% TURNOVER RATE | 0 | (\$2,843) | (\$5,686) | (\$8,529) | (\$11,372) | (\$14,215) | (\$17,058) | (\$19,901) | (\$22,744) | (\$25,587) | (\$28,430) | (\$31,273) |
| NET RENTAL REVENUE | 0 | \$58,498 | \$114,996 | \$172,494 | \$230,000 | \$287,490 | \$344,982 | \$402,487 | \$460,000 | \$517,513 | \$575,025 | \$632,537 |
| OTHER INCOME @ \$3.00 / UNIT LESS VACANCY FACTOR @ 4.76% | 0 | \$443 | \$886 | \$1,329 | \$1,772 | \$2,215 | \$2,658 | \$3,101 | \$3,544 | \$3,987 | \$4,430 | \$4,873 |
| NET TO IN RENTAL REVENUE | 0 | \$58,941 | \$115,882 | \$173,823 | \$231,772 | \$289,705 | \$347,647 | \$405,589 | \$463,533 | \$521,475 | \$579,417 | \$637,359 |
| NET PROPERTY REVENUE | 0 | \$58,941 | \$115,882 | \$173,823 | \$231,772 | \$289,705 | \$347,647 | \$405,589 | \$463,533 | \$521,475 | \$579,417 | \$637,359 |
| OPERATING EXPENSES | | | | | | | | | | | | |
| SALES | \$18,257 | \$32,432 | \$46,607 | \$60,782 | \$74,957 | \$89,132 | \$103,307 | \$117,482 | \$131,657 | \$145,832 | \$160,007 | \$174,182 |
| ADVERTISING | \$2,147 | \$3,317 | \$4,487 | \$5,657 | \$6,827 | \$7,997 | \$9,167 | \$10,337 | \$11,507 | \$12,677 | \$13,847 | \$15,017 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | 0 | \$1,818 | \$3,636 | \$5,454 | \$7,272 | \$9,090 | \$10,909 | \$12,727 | \$14,545 | \$16,364 | \$18,182 | \$19,999 |
| GENERAL AND ADMINISTRATIVE | \$2,647 | \$7,118 | \$11,590 | \$16,062 | \$20,534 | \$25,006 | \$29,478 | \$33,950 | \$38,422 | \$42,894 | \$47,366 | \$51,838 |
| MANAGEMENT FEE | 0 | \$173 | \$346 | \$519 | \$692 | \$865 | \$1,038 | \$1,211 | \$1,384 | \$1,557 | \$1,730 | \$1,903 |
| UTILITIES | \$1,468 | \$2,836 | \$4,204 | \$5,572 | \$6,940 | \$8,308 | \$9,676 | \$11,044 | \$12,412 | \$13,780 | \$15,148 | \$16,516 |
| TOTAL VARIABLE OPERATING EXPENSES | \$22,960 | \$47,603 | \$72,246 | \$96,889 | \$121,532 | \$146,175 | \$170,818 | \$195,461 | \$220,104 | \$244,747 | \$269,390 | \$294,033 |
| INSURANCE | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PROPERTY TAXES | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| BASE LEASE PAYMENTS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND LEASE PARTICIPATION IN REVENUE | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL FIXED OPERATING EXPENSES | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL OPERATING EXPENSES | \$22,960 | \$47,603 | \$72,246 | \$96,889 | \$121,532 | \$146,175 | \$170,818 | \$195,461 | \$220,104 | \$244,747 | \$269,390 | \$294,033 |
| RESERVES FOR REPLACEMENT | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET OPERATING INCOME | (\$22,960) | \$68,279 | \$141,576 | \$234,883 | \$310,240 | \$385,597 | \$460,954 | \$536,311 | \$611,668 | \$687,025 | \$762,382 | \$837,739 |
| CONSTRUCTION COSTS | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFSITE IMPROVEMENTS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARCHITECTURAL AND ENGINEERING | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 |
| PERMITS AND FEES | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION HOOKUP FEES | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL BOND, INSURANCE & LEGAL | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 | \$1,818 |
| LENDER ADMINISTRATIVE FEE | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFICE & MODEL FURNITURE, MANUFACTURING & STARTUP EXPENSES | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 | \$14,175 |
| CALSTRS SUBSCRIPTION LOAN | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION FINANCING COSTS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN INTEREST RESERVE | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 | \$12,727 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DEVELOPER FEE FOR DURING CONSTRUCTION | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 |
| SOFT COST CONTINGENCY | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| UNRAFFORDABLE UNIT SUBSIDY | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| HARD COSTS | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 | \$61,341 |
| GENERAL CONTRACTOR FEE | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 | \$4,090 |
| TOTAL CONSTRUCTION COSTS | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 | \$65,431 |
| CALSTRS SUBSCRIPTION LOAN DRAWDOWN (PAYOFF) | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EQUITY FUND DRAWS | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CONSTRUCTION LOAN DRAWS | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 |
| SUBSIDY HOLDING ACCOUNT | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NET CONSTRUCTION FINANCING | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 | \$1,175,653 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| CALENDAR MONTH YEAR | JAN 2008 | FEB 2008 | MAR 2008 | APR 2008 | MAY 2008 | JUN 2008 | JUL 2008 | AUG 2008 | SEP 2008 | OCT 2008 | NOV 2008 | DEC 2008 | TOTAL |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE UNITS DELIVERED | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 |
| NEW UNIT LEASES SIGNED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 |
| ECONOMIC UNIT OCCUPANCY RATE | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% |
| PHYSICAL UNIT OCCUPANCY | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 |
| PHYSICAL UNIT OCCUPANCY RATE | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% | 15.20% |
| OPERATING INCOME | | | | | | | | | | | | | |
| GROSS MARKET RENT | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$4,824,000 |
| GROSS POTENTIAL RENT | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$402,000 | \$4,824,000 |
| VACANCY @ 4.7% | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (19,000) | (228,000) |
| MOV/IN CONCESSIONS @ 9 WEEKS AT 6.0% TURNOVER RATE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET RENTAL REVENUE | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$383,000 | \$4,596,000 |
| UTILITY INCOME @ \$30 PER UNIT LESS VACANCY FACTOR @ 4.7% | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 86,640 |
| NET TOTAL RENTAL REVENUE | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$4,682,640 |
| NET PROPERTY REVENUE | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$4,682,640 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| SALARIES | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$23,830 | \$285,960 |
| ADVERTISING | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 3,865 | 46,380 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 10,472 | 125,664 |
| GENERAL AND ADMINISTRATIVE | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 50,256 |
| MANAGEMENT FEE | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 15,616 | 187,392 |
| UTILITIES | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 9,940 | 119,280 |
| TOTAL VARIABLE OPERATING EXPENSES | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$68,861 | \$826,392 |
| RENTAL INCOME | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$390,220 | \$4,682,640 |
| PROPERTY TAXES | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 13,056 | 156,672 |
| BASELAND LEASE PAYMENTS | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 24,354 | 292,248 |
| LANDLEASE PARTICIPATION IN REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$37,410 | \$449,120 |
| TOTAL OPERATING EXPENSES | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$106,271 | \$1,275,512 |
| RESERVE FOR REPLACEMENT | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 | 50,256 |
| NET OPERATING INCOME | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$283,949 | \$3,408,000 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| OFFSITE IMPROVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARCHITECTURAL AND ENGINEERING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PERMITS AND FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION HOOKUP FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BONDS, INSURANCE & LEGAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LENDER ADMINISTRATIVE FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE & MODEL FURNITURE, WORKING TOOLS & STARTUP EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOCAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION FINANCING COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION PERIOD PREPAYMENT TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID DURING CONSTRUCTION | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOFT COST CONTINGENCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOCAL AFFORDABLE UNITS SUBSIDY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL CONTRACTOR FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL CONSTRUCTION COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOCAL TRANSFERRED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY FUND DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBSIDY BUILDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FINAL PROJECTION

FINAL CALSTRS ANALYSIS GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | JAN 2019 | FEB 2019 | MAR 2019 | APR 2019 | MAY 2019 | JUN 2019 | JUL 2019 | AUG 2019 | SEP 2019 | OCT 2019 | NOV 2019 | DEC 2019 | TOTAL |
| UNITS DELIVERED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CURRENTLY IN PROGRESS | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 |
| REAR UNIT LEASES SCHEDULED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| UNIT MOVES IN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECONOMIC UNIT OCCUPANCY | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 |
| ECONOMIC UNIT OCCUPANCY RATE | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% |
| PHYSICAL UNIT OCCUPANCY | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 |
| PHYSICAL UNIT OCCUPANCY RATE | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% | 95.21% |
| OPERATING INCOME | | | | | | | | | | | | | |
| GROSS MARKET RENT | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$1,381,884 |
| GROSS POTENTIAL RENT | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$115,157 | \$1,381,884 |
| VACANCY @ 4.79% | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (18,512) | (222,144) |
| MOVES IN CONCESSIONS @ 0 WEEKS AT 8.0% TURNOVER RATE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET RENTAL REVENUE | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$385,545 | \$4,626,740 |
| OTHER INCOME @ \$0.00 PER UNIT LESS VACANCY FACTOR @ 4.79% | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 7,435 | 89,220 |
| NET TOTAL RENTAL REVENUE | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$4,715,960 |
| NET PROPERTY REVENUE | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$402,980 | \$4,715,960 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| BALANCE | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 | \$23,729 |
| ADVERTISING | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 3,775 | 45,299 |
| REPAIR, MAINTENANCE, BUILDING SVCS & COMMERCIAL AREA MAINT. | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 10,789 | 129,432 |
| GENERAL AND ADMINISTRATIVE | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 51,768 |
| MANAGEMENT FEE | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 12,093 | 145,116 |
| UTILITIES | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 122,964 |
| TOTAL VARIABLE OPERATING EXPENSES | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$64,944 | \$778,320 |
| RECURRING | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 13,448 | 161,376 |
| PROPERTY TAXES | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 25,310 | 303,840 |
| BASE LAYD LEASE PAYMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAYD LEASE PARTICIPATION ON REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED OPERATING EXPENSES | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$38,758 | \$465,056 |
| TOTAL OPERATING EXPENSES | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$103,692 | \$1,243,376 |
| RESERVE FOR REPLACEMENT | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 4,314 | 51,768 |
| NET OPERATING INCOME | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$299,288 | \$3,592,584 |
| CONSTRUCTION COSTS | | | | | | | | | | | | | |
| LAND LEASE PAYMENTS | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| OFFITE IMPROVEMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAYD CLOSING AND DEVELOPMENTAL COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARCHITECTURAL AND ENGINEERING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PERMITS AND FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION HOOKUP FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL, BOND, INSURANCE & LEGAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LENDER ADMINISTRATIVE FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE PAID AT CLOSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OFFICE & MODEL FURNITURE, MARKET NO & STARTUP EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CALSTRS SUBSCRIPTION LOAN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION FINANCING COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN INTEREST RESERVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEVELOPER FEE FOR GROUND CONSTRUCTION | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOFT COST CONTINGENCY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOCAL AFFORDABLE HOUSING SUBSIDY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GENERAL CONTRACTOR FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL CONSTRUCTION COSTS | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| CALSTRS SUBSCRIPTION LOAN DEDUCTIBILITY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY FUND DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONSTRUCTION LOAN DRAWS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRUDDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAYADA-WEST PHASE - LA MESA, CA
FINAL PROJECTION

| MONTHLY CONSTRUCTION AND OPERATIONS SUMMARY | | | | | | |
|---|----------------|--------------|-------------|-------------|-------------|--------------|
| | MONTHLY | 1997 | 1998 | 1999 | 2000 | 4-YEAR |
| | CALENDAR MONTH | TOTALS | TOTALS | TOTALS | TOTALS | TOTALS |
| UNITS DELIVERED | | | | | | |
| CUMULATIVE UNITS DELIVERED | | 0 | 230 | 0 | 0 | 230 |
| NEW UNIT LEASES SIGNED | | 0 | 230 | 230 | 230 | 230 |
| UNIT MOVES-INS | | 0 | 219 | 0 | 0 | 219 |
| ECONOMIC UNIT OCCUPANCY | | 0 | 219 | 0 | 0 | 219 |
| ECONOMIC UNIT OCCUPANCY RATE | | 0.00% | 219 | 219 | 219 | 219 |
| PHYSICAL UNIT OCCUPANCY | | 0.00% | 0 | 0 | 0 | 0 |
| PHYSICAL UNIT OCCUPANCY RATE | | 0.00% | 0 | 0 | 0 | 0 |
| OPERATING INCOME | | | | | | |
| GROSS MARKET RENT | \$0 | \$0 | \$3,298,328 | \$4,825,068 | \$4,591,864 | \$13,105,280 |
| GROSS POTENTIAL RENT | \$0 | \$0 | \$3,298,328 | \$4,825,068 | \$4,591,864 | \$13,105,280 |
| VACANCY @ 4.70% | \$0 | \$0 | (577,076) | (228,778) | (234,144) | (1,037,996) |
| MOVE-IN CONCESSIONS @ 6 WEEKS AT 0.08% TURNOVER RATE | \$0 | \$0 | (314,450) | 0 | 0 | (314,450) |
| NET RENTAL REVENUE | \$0 | \$0 | \$2,406,802 | \$4,596,290 | \$4,357,720 | \$11,752,834 |
| OTHER INCOME @ \$30.00 PER UNIT LESS VACANCY FACTOR @ 4.70% | \$0 | \$0 | \$8,674 | \$8,640 | \$8,480 | \$28,774 |
| NET TOTAL RENTAL REVENUE | \$0 | \$0 | \$2,415,476 | \$4,604,930 | \$4,366,200 | \$11,781,608 |
| NET PROPERTY REVENUE | \$0 | \$0 | \$2,415,476 | \$4,604,930 | \$4,366,200 | \$11,781,608 |
| OPERATING EXPENSES | | | | | | |
| SALARIES | \$0 | \$21,715 | \$342,214 | \$276,458 | \$384,748 | \$925,133 |
| ADVERTISING | \$0 | 1,535 | 50,217 | 43,980 | 45,300 | 147,052 |
| REPAIRS, MAINTENANCE, BUILDING SVCS & COMMON AREA MAINT. | \$0 | 0 | 123,173 | 125,084 | 129,432 | 378,289 |
| GENERAL AND ADMINISTRATIVE | \$0 | 4,737 | 88,923 | 90,258 | 51,788 | 175,684 |
| MANAGEMENT FEE | \$0 | 0 | 88,500 | 163,988 | 143,118 | 407,384 |
| UTILITIES | \$0 | 1,497 | 111,070 | 119,378 | 122,864 | 354,817 |
| TOTAL VARIABLE OPERATING EXPENSES | \$0 | \$19,414 | \$798,897 | \$779,769 | \$777,320 | \$2,365,379 |
| INSURANCE | \$0 | 0 | 130,436 | 158,672 | 161,370 | 450,478 |
| PROPERTY TAXES | \$0 | 0 | 243,590 | 415,107 | 450,884 | 1,111,581 |
| BASE LAND LEASE PAYMENTS | \$0 | 0 | 0 | 111,727 | 111,727 | 223,454 |
| LAND LEASE PARTICIPATION IN REVENUE | \$0 | 0 | 0 | 30,718 | 58,562 | 89,280 |
| TOTAL FIXED OPERATING EXPENSES | \$0 | \$0 | \$383,626 | \$715,222 | \$792,542 | \$1,891,770 |
| TOTAL OPERATING EXPENSES | \$0 | \$19,414 | \$1,182,523 | \$1,494,991 | \$1,569,862 | \$4,257,149 |
| RESERVES FOR REPLACEMENT | \$0 | \$0 | 12,166 | 50,258 | 51,769 | 114,222 |
| NET OPERATING INCOME | \$0 | (\$19,414) | \$1,262,355 | \$3,149,732 | \$3,215,575 | \$7,680,268 |
| CONSTRUCTION COSTS | | | | | | |
| LAND LEASE PAYMENTS | \$37,242 | \$74,484 | \$111,727 | \$0 | \$0 | \$223,453 |
| OFFSITE IMPROVEMENTS | 1,941,189 | 0 | 0 | 0 | 0 | 1,941,189 |
| LAND CLOSING AND DEVELOPMENTAL COSTS | 571,285 | 0 | 0 | 0 | 0 | 571,285 |
| ARCHITECTURAL AND ENGINEERING | 1,888,500 | 12,000 | 8,000 | 0 | 0 | 1,910,500 |
| PERMITS AND FEES | 1,830,343 | 0 | 0 | 0 | 0 | 1,830,343 |
| CONSTRUCTION HOURS FEES | 0 | 0 | 123,829 | 0 | 0 | 123,829 |
| TOTAL BONDS, INSURANCE & LEGAL | 614,631 | 62,280 | 81,510 | 0 | 0 | 758,421 |
| LENDER ADMINISTRATIVE FEE | 6,532 | 6,532 | 6,532 | 0 | 0 | 19,636 |
| DEVELOPER FEE PAID AT CLOSING | 113,772 | 0 | 0 | 0 | 0 | 113,772 |
| OFFICE & MODEL FURNITURE, MARKETING & STARTUP EXPENSES | 0 | 365,889 | 390,577 | 0 | 0 | 756,466 |
| CALSTRS SUBSCRIPTION LOAN | 388,163 | 157,158 | 0 | 0 | 0 | 545,321 |
| CONSTRUCTION FINANCING COSTS | 348,300 | 0 | 0 | 0 | 0 | 348,300 |
| CONSTRUCTION LOAN INTEREST RESERVE | 38,114 | 1,138,586 | 1,383,883 | 0 | 0 | 2,560,583 |
| CONSTRUCTION PERIOD PROPERTY TAXES | 23,911 | 130,688 | 33,147 | 0 | 0 | 217,746 |
| DEVELOPER FEE DURING CONSTRUCTION | 357,568 | 536,352 | 357,572 | 0 | 0 | 1,251,492 |
| SOFT COST CONTINGENCY | 0 | 0 | 225,000 | 0 | 0 | 225,000 |
| LMCRA AFFORDABLE UNITS SUBSIDY | 0 | 0 | (1,193,331) | 0 | 0 | (1,193,331) |
| HARD COSTS | 8,637,318 | 17,271,035 | 1,662,813 | 0 | 0 | 31,569,166 |
| GENERAL CONTRACTOR FEE | 818,438 | 1,036,562 | 334,721 | 0 | 0 | 1,889,721 |
| TOTAL CONSTRUCTION COSTS | \$17,178,420 | \$28,778,936 | \$7,554,268 | \$0 | \$0 | \$43,508,602 |
| CALSTRS SUBSCRIPTION LOAN DRAWS(PAYOFF) | 11,377,200 | (11,377,200) | 0 | 0 | 0 | 0 |
| EQUITY FUND DRAWS | 0 | 11,377,200 | 0 | 0 | 0 | 11,377,200 |
| CONSTRUCTION LOAN DRAWS | 5,798,220 | 28,778,098 | 7,554,268 | 0 | 0 | 42,100,586 |
| SUBSIDY HOLDING ACCOUNT | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CONSTRUCTION FINANCING | \$17,178,420 | \$28,778,098 | \$7,554,268 | \$0 | \$0 | \$43,508,602 |

FINAL CALSTRS ANALYSIS
GROSSMONT TROLLEY SITE-PRAVADA-WEST PHASE - LA MESA, CA

FINAL PROJECTION

CALSTRS SUMMARY OF RETURNS FOR SALE IN MAY 2010

| MONTH | CASH FLOW INVESTMENT | REMAINING CASH FLOW | TOTAL RETURN ON CASH (IND. CAP) BEFORE LOOKBACK | LOOKBACK @ 12.00% TO A (CAP) (IND. CAP) | TOTAL AFTER LOOKBACK @ 12.00% TO A (CAP) (IND. CAP) | LOOKBACK @ 7.00% TO A (CAP) (IND. CAP) | TOTAL AFTER LOOKBACK @ 7.00% TO A (CAP) (IND. CAP) | LOOKBACK @ 1.00% TO A (CAP) (IND. CAP) | TOTAL AFTER LOOKBACK @ 1.00% TO A (CAP) (IND. CAP) | TOTAL SALE PROCEEDS (N. CAP) (CAP RATE) | TOTAL SALE PROCEEDS (N. CAP) (CAP RATE) | TOTAL SALE PROCEEDS (N. CAP) (CAP RATE) |
|------------|----------------------|---------------------|---|---|---|--|--|--|--|---|---|---|
| Feb 2007 | (\$10,467,024) | \$0 | (\$10,467,024) | \$0 | (\$10,467,024) | \$0 | (\$10,467,024) | \$0 | (\$10,467,024) | (\$10,467,024) | (\$10,467,024) | (\$10,467,024) |
| Mar 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Apr 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| May 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jun 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jul 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aug 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sep 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nov 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jan 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feb 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mar 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Apr 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| May 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jun 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jul 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aug 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sep 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct 2008 | 0 | 284,591 | 284,591 | 0 | 284,591 | 0 | 284,591 | 0 | 284,591 | 284,591 | 284,591 | 284,591 |
| Nov 2008 | 0 | 54,506 | 54,506 | 0 | 54,506 | 0 | 54,506 | 0 | 54,506 | 54,506 | 54,506 | 54,506 |
| Dec 2008 | 0 | 68,450 | 68,450 | 0 | 68,450 | 0 | 68,450 | 0 | 68,450 | 68,450 | 68,450 | 68,450 |
| Jan 2009 | 0 | 77,470 | 77,470 | 0 | 77,470 | 0 | 77,470 | 0 | 77,470 | 77,470 | 77,470 | 77,470 |
| Feb 2009 | 0 | 67,185 | 67,185 | 0 | 67,185 | 0 | 67,185 | 0 | 67,185 | 67,185 | 67,185 | 67,185 |
| Mar 2009 | 0 | 67,185 | 67,185 | 0 | 67,185 | 0 | 67,185 | 0 | 67,185 | 67,185 | 67,185 | 67,185 |
| Apr 2009 | 0 | 67,185 | 67,185 | 0 | 67,185 | 0 | 67,185 | 0 | 67,185 | 67,185 | 67,185 | 67,185 |
| May 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jun 2009 | 0 | 67,185 | 67,185 | 0 | 67,185 | 0 | 67,185 | 0 | 67,185 | 67,185 | 67,185 | 67,185 |
| Jul 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Aug 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Sep 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Oct 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Nov 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Dec 2009 | 0 | 70,787 | 70,787 | 0 | 70,787 | 0 | 70,787 | 0 | 70,787 | 70,787 | 70,787 | 70,787 |
| Jan 2010 | 0 | 60,221 | 60,221 | 0 | 60,221 | 0 | 60,221 | 0 | 60,221 | 60,221 | 60,221 | 60,221 |
| Feb 2010 | 0 | 77,491 | 77,491 | 0 | 77,491 | 0 | 77,491 | 0 | 77,491 | 77,491 | 77,491 | 77,491 |
| Mar 2010 | 0 | 77,491 | 77,491 | 0 | 77,491 | 0 | 77,491 | 0 | 77,491 | 77,491 | 77,491 | 77,491 |
| Apr 2010 | 0 | 77,491 | 77,491 | 0 | 77,491 | 0 | 77,491 | 0 | 77,491 | 77,491 | 77,491 | 77,491 |
| May 2010 | 0 | 0 | 0 | 13,074,507 | 13,074,507 | 1,289,504 | 14,284,011 | 71,163 | 14,435,114 | 14,435,114 | 14,435,114 | 14,435,114 |
| TOTALS: | (\$10,467,024) | \$1,471,213 | (\$8,995,811) | \$13,074,507 | \$13,074,507 | \$1,289,504 | \$14,284,011 | \$71,163 | \$14,435,114 | \$14,435,114 | \$14,435,114 | \$14,435,114 |
| MONTHLY: | | | -8.40% | | | 0.87% | | 1.10% | | 15.60% | 15.60% | 15.60% |
| ANNUAL: | | | -77.47% | | | 10.48% | | 13.77% | | 13.32% | 13.32% | 13.32% |
| EFFECTIVE: | | | -63.10% | | | 11.00% | | 14.00% | | 14.16% | 14.16% | 14.16% |

CBT736404097 VERSION 07.12 6-YEARS CALEND.

Ground Lease Document (Excerpt)

| |
|---------------------------------|
| <p>Legal Description</p> |
|---------------------------------|

PROPERTY INFORMATION

1) Property: , LA MESA CA
APN: 490-270-23-00 Card#: Use:
County: SAN DIEGO, CA Prop Tax: Total Value:
MapPg/Grid: 1250-J7 Old Map: 55-D5 Tax Year: Delinq: Land Value:
Census: 150.00 Tract #: 876 Tax Area: 05077 Imprv Value:
High School: GROSSMONT UN Elem School: LA MESA SPRING Taxable Val:
Comm Coll: GROSSMONT CUYAMACA Exemptions: Assd Year:
Subdivision: LA MESA COLONY AMD % Improved:
Owner: SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD Phone:
Owner Vest: / /

Mall:

Owner Transfer = Rec Dt: Price: Doc#: Type:
Sale Dt:

SALE & FINANCE INFORMATION

| | LAST SALE | PRIOR SALE |
|------------------------|------------|---------------|
| Recording/Sale Date: | | |
| Sale Price/Type: | | |
| Document #: | | |
| Deed Type: | | |
| 1st Mtg Amt/Type: | | |
| 1st Mtg Rl/Type/Trm: | / | / |
| 1st Mtg Lender: | | |
| 2nd Mtg Amt/Type: | | |
| 2nd Mtg Rl/Type/Trm: | / | / |
| Title Company: | | |
| Seller: | | |
| New Construction: | | |
| Other Last Sale Info = | # Parcels: | Type 2: Pend: |

SITE INFORMATION

| | | | |
|---|-----------------|-------------|-----------|
| # Res. Units: | County Use: | Acres: | 4.37 |
| # Comm Units: | Zoning: | Lot Area: | 190,357.2 |
| # Buildings: | Flood Panel: | Lot Width: | |
| Bldg Class: | Panel Date: | Lot Depth: | |
| Parking Sqft: | Flood Zone: | Usable Lot: | |
| Park Spaces: | Sewer Type: | | |
| Garage Cap#: | Water Type: | | |
| Park Type: | | | |
| Other Impvs: | | | |
| Legal Bldg: | Site Influence: | | |
| Legal Lot/Unit: 190 | Amenities: | | |
| Legal: D83-041437&PAR 145B D88-278301 IN ST CLSD&IN LOT 190& LOT 191 TR 876 | | | |

IMPROVEMENTS

Bldg/Liv Area:
Gross Area:
Ground Flr:
Bsmnt Area:
\$/SqFt:
Yrblt/Eff:
Stories:
Rooms:
Bedrooms:
Full/Half Bath:
Ttl Baths/Fixt:
Fireplace:
Pool:
Porch Type:
Patio Type:
Construct:
Foundation:
Ext Wall:
Roof Shape:
Roof Type:
Roof Matl:
Floor Type:
Floor Cover:
Heat Type:
Heat Fuel:
Air Cond:
Quality:
Condition:
Style:
Equipment:
Other Rms:

PROPERTY INFORMATION

1) Property: CUYAMACA AVE, LA MESA CA
APN: 490-270-25-00 Card#: Use:
County: SAN DIEGO, CA Prop Tax: Total Value:
MapPg/Grid: 1251-A7 Old Map: 66-D6 Tax Year: Delinq: Land Value:
Census: 150.00 Tract #: 876 Tax Area: 05079 Imprv Value:
High School: GROSSMONT UN Elem School: LA MESA SPRING Taxable Val:
Comm Coll: GROSSMONT CUYAMACA Exemptions: Assd Year:
Subdivision: LA MESA COLONY AMD % Improved:
Owner: SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD Phone:
Owner Vest: / / CO

Mail:

Owner Transfer = Rec Dt: Price: Doc#: Type:
Sale Dt:

SALE & FINANCE INFORMATION

| | LAST SALE | PRIOR SALE |
|------------------------|------------|---------------|
| Recording/Sale Date: | | |
| Sale Price/Type: | | |
| Document #: | | |
| Deed Type: | | |
| 1st Mtg Amt/Type: | | |
| 1st Mtg Rt/Type/Trm: | / | / |
| 1st Mtg Lender: | | |
| 2nd Mtg Amt/Type: | | |
| 2nd Mtg Rt/Type/Trm: | / | / |
| Title Company: | | |
| Seller: | | |
| New Construction: | | |
| Other Last Sale Info = | # Parcels: | Type 2: Pend: |

SITE INFORMATION

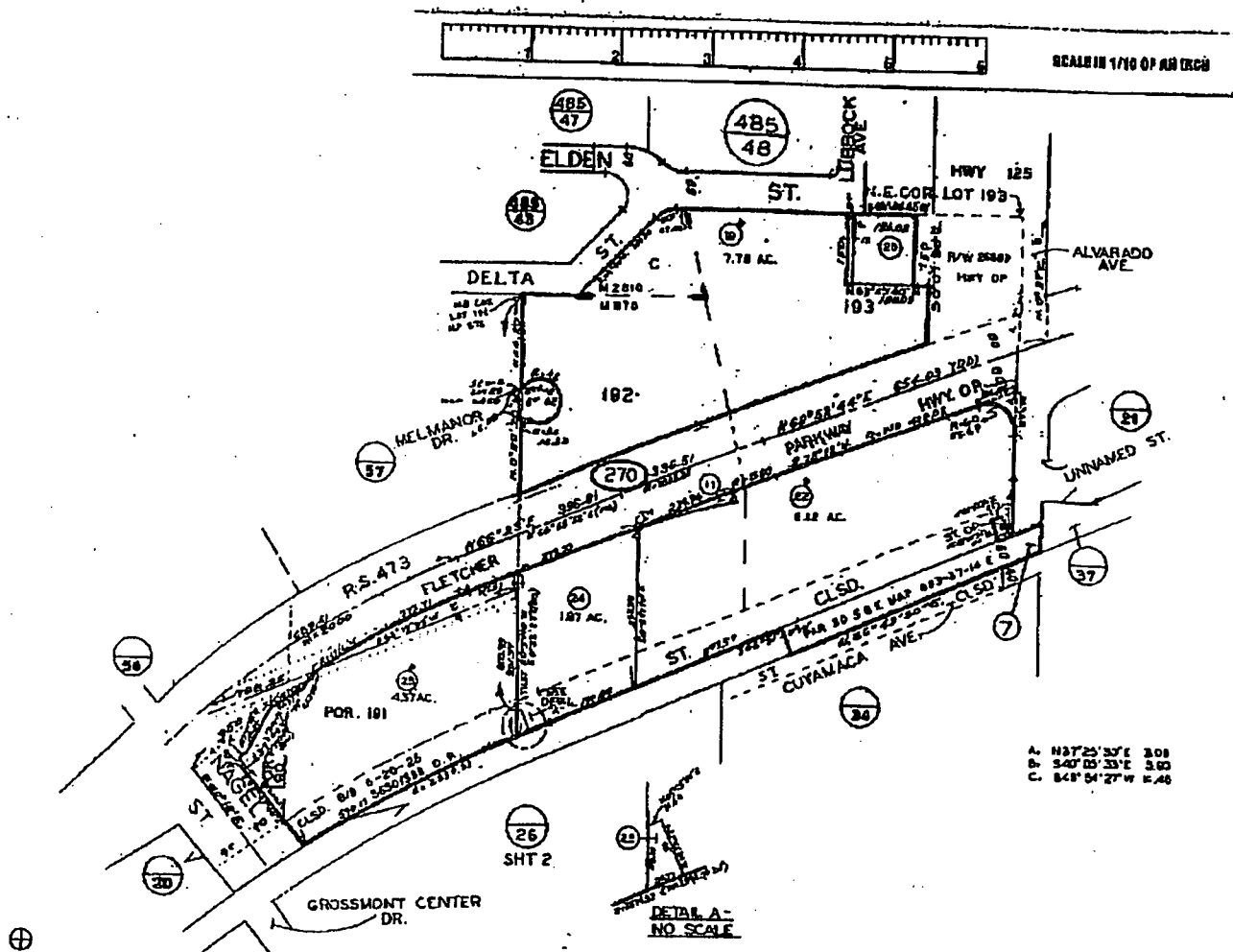
| | | |
|--|--------------------------|-------------|
| # Res. Units: | County Use: | Acres: |
| # Comm Units: | Zoning: | Lot Area: |
| # Buildings: | Flood Panel: 0602921642F | Lot Width: |
| Bldg Class: | Panel Date: 07/02/2002 | Lot Depth: |
| Parking Sqft: | Flood Zone: X | Usable Lot: |
| Park Spaces: | Sewer Type: | |
| Garage Cap#: | Water Type: | |
| Park Type: | | |
| Other Impvs: | | |
| Legal Blk/Bldg: | Site Influence: | |
| Legal Lot/Unit: 192 | Amenities: | |
| Legal: DOC91-607355 IN ST CLSD ADJ TO LOT 192 TR 876 | | |

IMPROVEMENTS

Bldg/Liv Area:
Gross Area:
Ground Fir:
Bsmnt Area:
\$/SqFt:
Yrbl/Eff:
Stories:
Rooms:
Bedrooms:
Full/Half Bath:
Ttl Baths/Fixt:
Fireplace:
Pool:
Porch Type:
Patio Type:
Construct:
Foundation:
Ext Wall:
Roof Shape:
Roof Type:
Roof Matl:
Floor Type:
Floor Cover:
Heat Type:
Heat Fuel:
Air Cond:
Quality:
Condition:
Style:
Equipment:

Other Rms:

470-2004-870



490 - 27

1" = 100'

CHANGES

| BLK | OLD | NEW | DATE | BY |
|-----|-----|-----|-------|----|
| 1 | 100 | 100 | 12/13 | |
| 2 | 100 | 100 | 12/13 | |
| 3 | 100 | 100 | 12/13 | |
| 4 | 100 | 100 | 12/13 | |
| 5 | 100 | 100 | 12/13 | |
| 6 | 100 | 100 | 12/13 | |
| 7 | 100 | 100 | 12/13 | |
| 8 | 100 | 100 | 12/13 | |
| 9 | 100 | 100 | 12/13 | |
| 10 | 100 | 100 | 12/13 | |
| 11 | 100 | 100 | 12/13 | |
| 12 | 100 | 100 | 12/13 | |
| 13 | 100 | 100 | 12/13 | |
| 14 | 100 | 100 | 12/13 | |
| 15 | 100 | 100 | 12/13 | |
| 16 | 100 | 100 | 12/13 | |
| 17 | 100 | 100 | 12/13 | |
| 18 | 100 | 100 | 12/13 | |
| 19 | 100 | 100 | 12/13 | |
| 20 | 100 | 100 | 12/13 | |
| 21 | 100 | 100 | 12/13 | |
| 22 | 100 | 100 | 12/13 | |
| 23 | 100 | 100 | 12/13 | |
| 24 | 100 | 100 | 12/13 | |
| 25 | 100 | 100 | 12/13 | |
| 26 | 100 | 100 | 12/13 | |
| 27 | 100 | 100 | 12/13 | |
| 28 | 100 | 100 | 12/13 | |
| 29 | 100 | 100 | 12/13 | |
| 30 | 100 | 100 | 12/13 | |
| 31 | 100 | 100 | 12/13 | |
| 32 | 100 | 100 | 12/13 | |
| 33 | 100 | 100 | 12/13 | |
| 34 | 100 | 100 | 12/13 | |
| 35 | 100 | 100 | 12/13 | |
| 36 | 100 | 100 | 12/13 | |
| 37 | 100 | 100 | 12/13 | |
| 38 | 100 | 100 | 12/13 | |
| 39 | 100 | 100 | 12/13 | |
| 40 | 100 | 100 | 12/13 | |
| 41 | 100 | 100 | 12/13 | |
| 42 | 100 | 100 | 12/13 | |
| 43 | 100 | 100 | 12/13 | |
| 44 | 100 | 100 | 12/13 | |
| 45 | 100 | 100 | 12/13 | |
| 46 | 100 | 100 | 12/13 | |
| 47 | 100 | 100 | 12/13 | |
| 48 | 100 | 100 | 12/13 | |
| 49 | 100 | 100 | 12/13 | |
| 50 | 100 | 100 | 12/13 | |
| 51 | 100 | 100 | 12/13 | |
| 52 | 100 | 100 | 12/13 | |
| 53 | 100 | 100 | 12/13 | |
| 54 | 100 | 100 | 12/13 | |
| 55 | 100 | 100 | 12/13 | |
| 56 | 100 | 100 | 12/13 | |
| 57 | 100 | 100 | 12/13 | |
| 58 | 100 | 100 | 12/13 | |
| 59 | 100 | 100 | 12/13 | |
| 60 | 100 | 100 | 12/13 | |
| 61 | 100 | 100 | 12/13 | |
| 62 | 100 | 100 | 12/13 | |
| 63 | 100 | 100 | 12/13 | |
| 64 | 100 | 100 | 12/13 | |
| 65 | 100 | 100 | 12/13 | |
| 66 | 100 | 100 | 12/13 | |
| 67 | 100 | 100 | 12/13 | |
| 68 | 100 | 100 | 12/13 | |
| 69 | 100 | 100 | 12/13 | |
| 70 | 100 | 100 | 12/13 | |
| 71 | 100 | 100 | 12/13 | |
| 72 | 100 | 100 | 12/13 | |
| 73 | 100 | 100 | 12/13 | |
| 74 | 100 | 100 | 12/13 | |
| 75 | 100 | 100 | 12/13 | |
| 76 | 100 | 100 | 12/13 | |
| 77 | 100 | 100 | 12/13 | |
| 78 | 100 | 100 | 12/13 | |
| 79 | 100 | 100 | 12/13 | |
| 80 | 100 | 100 | 12/13 | |
| 81 | 100 | 100 | 12/13 | |
| 82 | 100 | 100 | 12/13 | |
| 83 | 100 | 100 | 12/13 | |
| 84 | 100 | 100 | 12/13 | |
| 85 | 100 | 100 | 12/13 | |
| 86 | 100 | 100 | 12/13 | |
| 87 | 100 | 100 | 12/13 | |
| 88 | 100 | 100 | 12/13 | |
| 89 | 100 | 100 | 12/13 | |
| 90 | 100 | 100 | 12/13 | |
| 91 | 100 | 100 | 12/13 | |
| 92 | 100 | 100 | 12/13 | |
| 93 | 100 | 100 | 12/13 | |
| 94 | 100 | 100 | 12/13 | |
| 95 | 100 | 100 | 12/13 | |
| 96 | 100 | 100 | 12/13 | |
| 97 | 100 | 100 | 12/13 | |
| 98 | 100 | 100 | 12/13 | |
| 99 | 100 | 100 | 12/13 | |
| 100 | 100 | 100 | 12/13 | |

SAN DIEGO COUNTY
ASSISTANT MAP
BOOK 420 PAGE 27
MADE FOR ASSIGNMENT PURPOSES ONLY

THIS MAP WAS PREPARED FOR ASSIGNMENT PURPOSES ONLY. NO WARRANTY
IS MADE FOR THE ACCURACY OF THE DATA BY THE ASSISTANT MAPS
NAT MAP COMPLY WITH LOCAL ORDINANCES OR BUILDING DEPARTMENTS.

MAP 2810 LA MESA PARK HOMES UNIT NO. 1 RESUB
MAP 876 - LA MESA COLONY AMENDED
ROS 4750, 9896, 11432, 13582

AUG 29 1996

PROPERTY INFORMATION

1) Property: , LA MESA CA
APN: 490-200-38-00 Card#: Use:
County: SAN DIEGO, CA Prop Tax: Total Value:
MapPg/Grid: 1270-J1 Old Map: 55-D6 Tax Year: Delinq: Land Value:
Census: 150.00 Tract #: 876 Tax Area: 05077 Imprv Value:
High School: GROSSMONT UN Elem School: LA MESA SPRING Taxable Val:
Comm Coll: GROSSMONT CUYAMACA Exemptions: Assd Year:
Subdivision: LA MESA COLONY AMD % Improved:
Owner: SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD Phone:
Owner Vest: / /

Mail:
Owner Transfer = Rec Dt: Price: Doc#: Type:
Sale Dt:

SALE & FINANCE INFORMATION

| | LAST SALE | PRIOR SALE |
|------------------------|------------|---------------|
| Recording/Sale Date: | | |
| Sale Price/Type: | | |
| Document #: | | |
| Deed Type: | | |
| 1st Mtg Amt/Type: | | |
| 1st Mtg R/Type/Term: | / | / |
| 1st Mtg Lender: | | |
| 2nd Mtg Amt/Type: | | |
| 2nd Mtg R/Type/Term: | / | / |
| Title Company: | | |
| Seller: | | |
| New Construction: | | |
| Other Last Sale Info = | # Parcels: | Type 2: Pend: |

SITE INFORMATION

| | | | |
|--|-----------------|-------------|----------|
| # Res. Units: | County Use: | Acres: | 2.17 |
| # Comm Units: | Zoning: CGD | Lot Area: | 94,525.2 |
| # Buildings: | Flood Panel: | Lot Width: | |
| Bldg Class: | Panel Date: | Lot Depth: | |
| Parking Sqft: | Flood Zone: | Usable Lot: | |
| Park Spaces: | Sewer Type: | | |
| Garage Cap#: | Water Type: | | |
| Park Type: | | | |
| Other Impvs: | | | |
| Legal Blk/Bldg: | Site Influence: | | |
| Legal Lot/Unit: 190 | Amenities: | | |
| Legal: DOC83-041434&PAR 145A PER DOC88-278301 IN ST CLSD&IN LOT 190 TR 876 | | | |

IMPROVEMENTS

Bldg/Liv Area:
Gross Area:
Ground Flr:
Bsmnt Area:
\$/SqFt:
Yrblv/Eff:
Stories:
Rooms:
Bedrooms:
Full/Half Bath:
Ttl Baths/Fixt:
Fireplace:
Pool:
Porch Type:
Patio Type:
Construct:
Foundation:
Ext Wall:
Roof Shape:
Roof Type:
Roof Matl:
Floor Type:
Floor Cover:
Heat Type:
Heat Fuel:
Air Cond:
Quality:
Condition:
Style:
Equipment:

Other Rms:

PROPERTY INFORMATION

1) Property: FLETCHER PKWY, LA MESA CA 91942
APN: 490-200-40-00 Card#: Use:
County: SAN DIEGO, CA Prop Tax: Total Value:
MapPg/Grid: 1270-J1 Old Map: 55-D6 Tax Year: Delinq: Land Value:
Census: 150.00 Tract #: 876 Tax Area: 05077 Imprv Value:
High School: GROSSMONT UN Elem School: LA MESA SPRING Taxable Val:
Comm Coll: GROSSMONT CUYAMACA Exemptions: Assd Year:
Subdivision: LA MESA COLONY AMD % Improved:
Owner: SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD Phone:
Owner Vest: / /

Mail:
Owner Transfer = Rec Dt: Price: Doc#: Type:
Sale Dt:

SALE & FINANCE INFORMATION

| | LAST SALE | PRIOR SALE |
|------------------------|------------|---------------|
| Recording/Sale Date: | | |
| Sale Price/Type: | | |
| Document #: | | |
| Deed Type: | | |
| 1st Mtg Amt/Type: | | |
| 1st Mtg Rt/Type/Term: | / | / |
| 1st Mtg Lender: | | |
| 2nd Mtg Amt/Type: | | |
| 2nd Mtg Rt/Type/Term: | / | / |
| Title Company: | | |
| Seller: | | |
| New Construction: | | |
| Other Last Sale Info = | # Parcels: | Type 2: Pend: |

SITE INFORMATION

| | | | |
|---|--------------------------|-------------|----------|
| # Res. Units: | County Use: | Acres: | 1.12 |
| # Comm Units: | Zoning: | Lot Area: | 48,787.2 |
| # Buildings: | Flood Panel: 0602921642F | Lot Width: | |
| Bldg Class: | Panel Date: 07/02/2002 | Lot Depth: | |
| Parking Sqft: | Flood Zone: X | Usable Lot: | |
| Park Spaces: | Sewer Type: | | |
| Garage Cap#: | Water Type: | | |
| Park Type: | | | |
| Other Impvs: | | | |
| Legal Blk/Bldg: | Site Influence: | | |
| Legal Lot/Unit: 164 | Amenities: | | |
| Legal: (EX D90-613172&92-390400)DOCS83-041435&87-569207 IN LOT 164 TR 876 | | | |

IMPROVEMENTS

Bldg/Liv Area:
Gross Area:
Ground Flr:
Bsmnt Area:
\$/SqFt:
Yrblt/Eff:
Stories:
Rooms:
Bedrooms:
Full/Half Bath:
Ttl Baths/Fixt:
Fireplace:
Pool:
Porch Type:
Patio Type:
Construct:
Foundation:
Ext Wall:
Roof Shape:
Roof Type:
Roof Matl:
Floor Type:
Floor Cover:
Heat Type:
Heat Fuel:
Air Cond:
Quality:
Condition:
Style:
Equipment:
Other Rms:

| |
|------------------------------------|
| Qualifications of Appraiser |
|------------------------------------|

Professional Qualifications

Neil A. Clark, MAI

Director, Valuation Services, Capital Markets Group

Mr. Clark entered the real estate business in 1986. Employed from 1987 to 1992 as a residential and major loan (commercial) real estate appraiser by Home Federal Savings and Loan Association. Employed from March 1992 to March 1995 as a real estate appraiser by Grubb & Ellis Company; became Assistant Vice President in 1993.

Joined Cushman & Wakefield, Inc. in March 1995, as a real estate appraiser, Orange County - Appraisal Division. In 1996 he obtained his MAI professional from the Appraisal Institute. In 2005 he became Director of the Orange County Valuation Services. In February of 2000, Mr. Clark distinguished himself by receiving the 1999 Service Excellence Award - Valuation Advisory Services (Pacific Southwest Region) for outstanding customer service to Cushman & Wakefield's clients. Cushman & Wakefield honors one person each year in the appraisal, brokerage and property management divisions for outstanding achievement in the pursuit of business performance excellence and total client satisfaction. Since 1998, Mr. Clark has cultivated existing clients and developed new client relationships that include national, regional and local lenders, pension funds, real estate developers and real advisory companies. In January 2002, was appointed to Cushman & Wakefield's National Multi-family Housing Group and continues to be a leader and top performer in this specialty practice. Mr. Clark continues to serve in his capacity as Associate Director and a member of the National Multi-family Housing Group. Current responsibilities include analyzing investment properties, writing full narrative appraisal reports and client development for his own production and other appraiser's within the Orange County Valuation Services Department.

Experience

Appraisal and consulting assignments have included vacant land, multi-family properties, residential subdivisions, office buildings, shopping centers, industrial complexes, commercial properties, resort properties/golf courses and investment properties throughout the Western United States. Valuations have been made of proposed, partially completed, renovated and existing income-producing properties. Has testified as an expert witness in tax appeal matters in the State of California. Also, served as arbiter in real estate matters including ground rent redetermination and equity settlement (i.e. partnership) agreements. Performed consulting assignments and market studies for various multi-family developers throughout Southern California.

Education

San Diego State University, California, Graduated 1979
Degree: Bachelor of Science, Accounting



PROFESSIONAL QUALIFICATIONS

Neil A. Clark, MAI

Appraisal Education

Successfully completed all courses and experience requirements to qualify for the MAI designation. Also, he has completed the requirements of the continuing education program of the Appraisal Institute.

Memberships, Licenses and Professional Affiliations

- Member, Appraisal Institute – MAI #10826
- Certified General Real Estate Appraiser, State of California #AG002213

Mr. Clark is a Certified General Real Estate Appraiser, #AG002213, according to the Office of Real Estate Appraiser's for the State of California.

Special Awards

Mr. Clark was recipient of the 1999 Service Excellence Award - Valuation Advisory Services (Pacific Southwest Region) for outstanding customer service to Cushman & Wakefield's clients. The award is presented to the valuation advisory professional that exemplifies outstanding business performance and customer service in achieving total client satisfaction.



8-57



AGENDA ITEM NO.

32

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 2006-05-25
Name (PLEASE PRINT) Clive Richard
Address 5153 La Donna St
San Diego CA 92115
Telephone 619.582.4034
Organization Represented (if any) _____

Subject of your remarks: _____

Agenda Item Number on which you request to speak _____

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****



Mister Chairman:

While I recognize that all discrimination matters are governed by state and federal law, the fact is AB 394 which took effect on 2006-01-01 encourages the deletion of unlawful covenants and makes it easier to remove this illegal and offensive language from recorded documents affecting real property by simplifying the process of deletion. Attachment 1

These restrictive covenants still exist in deeds, even though unlawful restrictive covenants contain discriminatory language that is no longer legal. Attachment 4

On 2000 - 09 - 01, procedures by which illegal restrictive covenants may be removed went into effect. Attachment 5

Other agencies in the State of California, one of the United States of America, subject to state and federal laws, have included language similar to the DDA, by and between the Redevelopment Agency of the City of Concord and a developer; and the Sunnyvale Redevelopment Agency and developer. Attachment 2, Attachment 3

Department of Fair Employment and Housing

NEW LAWS WILL HELP PROTECT CALIFORNIA'S CIVIL RIGHTS

SACRAMENTO - Legislation signed by Governor Schwarzenegger will help protect civil rights, announced the Department of Fair Employment and Housing (DFEH) today. The newly signed bills will help purge discriminatory property records, extend the statute of limitations for minors to file discrimination complaints, and clarify that the Unruh Civil Rights Act and related statutes include the protected bases of marital status and sexual orientation.

"California has always been at the forefront of protecting our citizens' civil rights," said DFEH Director Suzanne M. Ambrose. "These bills continue that proud tradition."

Among the civil rights measures that the Governor signed which will take effect on January 1, 2006 are:

AB 394 by Assembly Member Niello makes it easier for property owners to strike unlawful restrictive covenants affecting real property. Unlawful restrictive covenants contain discriminatory language that is no longer legal. For example, an unlawful restrictive covenant in a housing development may contain language that prohibits a person of a certain race, gender, or religion from owning property in that development.

This statute will encourage the deletion of unlawful restrictive covenants and make it easier to remove this illegal and offensive language from recorded documents affecting real property by simplifying the process of deletion.

AB 1669 by Assembly Member Chu extends the statute of limitations for filing a complaint with the DFEH for persons under the age of eighteen. A complaint of discrimination could be filed with the DFEH one year from the date the victim turns 18 years old. For example, if a 16 year old is employed as a food server and subjected to sexual harassment, she would be able to file a complaint at anytime up until her nineteenth birthday. Under current law, that same person would only have 12 months from the incident to file a complaint.

Individuals under the age of 18 commonly lack the resources and/or capacity to protect their legal rights. AB 1669 provides underage victims of discrimination the opportunity to obtain redress for such unlawful acts for up to one year after they reach the age of majority.

AB 1400 by Assembly Member Laird clarifies that existing civil rights laws conform to include the same protected classifications throughout. For example, business establishments, currently prohibited from discriminating in the provision of services against persons on the bases of sex, race, color, religion, ancestry, national origin, disability, or medical condition, will also include marital status and sexual orientation to the list of protected bases. This bill also applies to the existing hate violence statute that ensures that individuals have the right to be free from violence or intimidation by threat of violence against their person or property because of race, color, religion, ancestry, national origin, political affiliation, sex, sexual orientation, age, disability or position in a labor dispute, and would now include marital status as a protected basis.

For more information about the work of the DFEH or the laws it enforces, including the Fair Employment and Housing Act, Unruh Civil Rights Act, and Ralph Act, call (800) 884-1684 (employment, public accommodation, hate violence); (800) 233-3212 housing; (800) 700-2320 TTY, or visit the DFEH's website: www.dfeh.ca.gov.

[Back to Top of Page](#)

January 20, 1998
FINAL DRAFT

DISPOSITION AND DEVELOPMENT AND
OWNER PARTICIPATION AGREEMENT

By and Between

REDEVELOPMENT AGENCY OF
THE CITY OF CONCORD

and

BMW CONCORD IMPORT MOTORS, INC.
doing business as CONCORD BMW

Central Concord Redevelopment Project

request of Developer or its successors or assigns, approves sale of a different line of automobiles which approval shall not be unreasonably withheld if Developer or its successors or assigns demonstrates to the reasonable satisfaction of the Agency that the line of automobiles to be sold will produce an amount of sales tax revenue for the City of Concord which is substantially equal to the amount of sales tax revenue that would have been produced by sale of BMW automobiles. The provisions of this section shall not prevent the sale of used automobiles on the Site provided that the Developer is a licensed new car dealer and the sale of used automobiles is not the primary business conducted on the Site. After the expiration of ten (10) years from the issuance of a Certificate of Completion for the Improvements, Developer may request that the Agency consent to elimination of the use restrictions provided for in this Section 501.

Developer, for itself, its successors and assigns hereby agrees, as to the portion of the Site that is subject to public view (including all improvements from time to time erected thereon, including paving, walkways, landscaping, ornamentation and beautification), to maintain such portions of the Site in good repair and in a neat, clean and orderly condition.

In the event that there arises at any time prior to the expiration of the Redevelopment Plan a condition in contravention of the above maintenance standards, then upon the conclusion of a thirty (30) day period following written notice by the Agency to Developer, its successors or assigns, to cure the same, the Agency shall have the right to perform all acts necessary to cure such a condition, or to take other recourse at law or equity the Agency may then have and to receive from Developer, its successors or assigns the Agency's cost in taking such action. The parties hereto further mutually understand and agree that the rights conferred upon the Agency expressly include the right to enforce or establish a lien or other encumbrance against the Property. The foregoing provisions shall be a covenant running with the land until expiration of the Redevelopment Plan, enforceable by the Agency, its successors and assigns.

B. [502] Obligation to Refrain From Discrimination

The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

C. [503] Form of Nondiscrimination and Nonsegregation Clauses

The Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."
2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions "That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein leased."
3. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants sublessees or vendees of the land."

D. [504] Effect and Duration of Covenants

Except as otherwise provided, the covenants contained in this Agreement and the grant deed shall remain in effect until _____ (the termination date of the Redevelopment Plan). The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement and the grant deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agencies its successors and assigns, the City and any successor in interest to the Site or any part thereof.

DRAFT

DISPOSITION AND DEVELOPMENT AND OWNER PARTICIPATION AGREEMENT

by and between

THE SUNNYVALE REDEVELOPMENT AGENCY

and

FOURTH QUARTER PROPERTIES XLVIII, LLC

2-10-04

10.02 Purpose of Memorandum.

The Agency and Developer desire to record the Memorandum of Agreement in order to give notice of the continuing obligations under this Agreement including the restrictions or Transfer set forth in Section 6 above, the Agency's right to purchase set forth in Section 9.05, and the covenants set forth in Section 10.03 through 10.07 below.

10.03 Non-Discrimination.

(a) The following shall be included in the grant deed of the Private Improvement Parcels and in any subsequent conveyances of those parcels:

"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, gender, disability, sexual orientation or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises so conveyed. The foregoing covenant shall run with the land."

(b) The Developer shall use reasonable efforts to include in any leases for the Project the following:

"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, gender, disability, sexual orientation or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself, or any person claiming under or through him or her, establish or permit any such practices or discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

The new REA shall obligate Developer's successors to include such provision in leases for the Project.

10.04 Sale or Lease Resulting in Tax Exemption.

Developer shall not sell or lease the Private Improvements Parcel or portion thereof if the ownership or use of the property so sold or leased would cause it to be exempt from property tax, provided, however, such sale or lease shall be permitted if the Developer, by agreement

A Seattle Civil Rights and Labor History Project Special Section

Segregated Seattle

[Home](#)[About the Project](#)[Activist Oral Histories](#)[Segregated Seattle](#)[Civil Rights Organizations](#)[Seattle's Ethnic Press](#)[Research Reports](#)[Special Sections](#)[African Americans](#)[Asian Americans](#)[Latinos](#)[Urban Indians](#)[Site map](#)[\[Restrictive Covenant Database\]](#)[\[Segregation Maps\]](#)[\[Innis Arden Covenant\]](#)

For most of its history Seattle was a segregated city, as committed to white supremacy as any location in America. People of color were excluded from most jobs, most neighborhoods, and many stores, restaurants, and other commercial establishments. As in other western states, the system of severe racial discrimination in Seattle targeted not just African Americans but also Native Americans, Asian Americans, Pacific Islanders, people of Mexican ancestry, and also, at times, Jews.

This special section explores the history of housing discrimination in Seattle and the surrounding region. The maps below and linked above tell part of the story. But here we also present research that will surprise many Pacific Northwesterners. A team of student researchers has compiled the most extensive database of racially restrictive covenants and deed clauses available for any city in the country.

What's In Your Deed?**Was your neighborhood restricted?**

The language of segregation still haunts much of King County. We have collected 120 restrictive covenants from deeds on file in the King County Recorder's office. Although no longer enforceable, they are still part of the deeds that accompany properties as they are bought and sold. Click here to see if your neighborhood was restricted. Below are a few examples that show the variety of restrictions.

Laurelhurst neighborhood

"No person other than one of the White Race shall be permitted to occupy any portion of any lot in said plat or of any building at any time thereon, except a domestic servant actually employed by a White occupant of such building."

Broadmoor neighborhood

"No part of said property hereby conveyed shall ever be used or occupied by any Hebrew or by any person of the Ethiopian, Malay or any Asiatic Race...excepting only employees in the domestic service on the premises of persons qualified hereunder as occupants and users and residing on the premises."

Greenlake neighborhood

"No person or persons of Asiatic, African, or Negro blood, lineage or extraction shall be permitted to occupy a portion of said property or any building thereon except a domestic servant



From the 1910s through the 1960s, many Seattle neighborhoods and King County suburbs practiced overt and total racial exclusion. This sign from the Innis Arden subdivision in north Shoreline dates from the 1940s. White-only

clauses and other restrictions (which sometimes excluded Jews as well as people of color) can be found today in property deeds for many many neighborhoods. Below is the restrictive covenant that still greets potential homeowners in the Innis Arden subdivision. Click here to see more images of Innis Arden- A Restricted Residential Community.

14. **RACIAL RESTRICTIONS.** No property in said addition shall at any time be sold, conveyed, rented or leased in whole or in part to any person or persons not of the White or Caucasian race. No person other than one of the White or Caucasian race shall be permitted to occupy any property in said addition or portion thereof or building thereon except a domestic servant actually employed by a person of the White or Caucasian race where the latter is an occupant of such property.

15. **ANIMALS.** No hogs, cattle, horses, sheep, goats, or or similar livestock shall be permitted or maintained on said property at any time. Chicken hens, pigeons, rabbits and other similar small livestock, not exceeding a total of twenty-five in number, shall be permitted but must be kept on the premises of the owner. Not more than one dog and cat may be kept for each building site. No pen, yard, run, hutch, coop or other structure or area for the housing and keeping of the above described poultry or animals shall be built or maintained closer

(click to enlarge)



This 1948 series of articles in the *New World*, a Seattle weekly associated with the Communist Party, exposed the "blight" of restrictive covenants that required property owners to refuse to sell or rent to African Americans, Asian Americans, and sometimes Jews. Below, the newspaper mapped the Seattle Ghetto, the L-shaped district of some 30 square blocks where almost all of the city's African Americans, Chinese Americans, Japanese Americans, Filipino Americans, Native Americans,

Welcome to California

[Welcome](#)[News](#)[Newsletters](#)[Significant Litigation and
Noteworthy Settlements](#)[About DFEH](#)[Statutes, Laws & FEHC
Decisions](#)[Complaint Process](#)[Questions and Answers](#)[Publications](#)[Department Statistics](#)[Director's Biography](#)[Contact Us](#)[Employment Opportunities](#)
(Updated 5/11/06)[DFEH Contracting
Opportunities](#)

Department of Fair Employment and Housing

Restrictive Covenants

The Fair Employment and Housing Act expressly prohibits the existence of a restrictive covenant that makes housing opportunities unavailable based on race, color, religion, sex, familial status, marital status, disability, national origin or ancestry. In conjunction with this prohibition, county recorders, title insurance companies, escrow companies, real estate brokers, real estate agents or associations that provide declarations, governing documents, or deeds to any person are required to place a cover page over the document, or a stamp on the first page of the document, stating that any restrictive covenant contained in the document violates state and federal fair housing laws and is void.

On September 1, 2000, Governor Gray Davis signed into law a bill establishing, inter alia, procedures by which illegal restrictive covenants may be removed. Effective immediately, any person who holds an ownership interest of record in a property that he or she believes is the subject of an illegal restrictive covenant may submit an application to the Department of Fair Employment and Housing requesting a determination as to whether the restrictive covenant violates fair housing laws and is void. Within ninety (90) days of receipt of the application, the Department will issue a written determination. If the Department determines that the restrictive covenant is unlawful, the applicant may strike out the void restrictive covenant and cause the modified document to be recorded, providing that all other requirements of recordation are met, including the payment of any recordation fee.

Click [Restrictive Covenant Determination Application](#) to download a copy of the form to be submitted to the Department of Fair Employment and Housing to request a determination on whether or not a restrictive covenant violates fair housing law.

This procedure does not apply to persons holding an ownership interest in property that is part of a common interest development. Pursuant to Civil Code section 1352.5 the board of directors of a common interest development or association is required, without approval of the owners, to delete any unlawful restrictive covenant and restate the declaration or governing document without the restrictive covenant but with no other change to the document. A board of directors of a common interest development or association is not required to obtain approval from the Department prior to removal of restrictive covenant language.

The law now also clarifies the lawful status of senior citizen housing, stating that lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

County recorders, title insurance companies, escrow companies, real estate brokers, real estate agents, or associations are still required to place a cover page or stamp on the first page of a previously recorded declaration, governing document or deed provided to any person but the format and the language of the cover page have been modified.

The cover page or stamp must now be in at least 14-point boldface type.

Click [cover page](#) to download model language that conforms to the new requirements of Government Code section 12956.1, subdivision (b) (1).

Note: The restrictive covenant determination application must be printed, filled out, and mailed to the address on the application.

Viewing and printing the aforementioned application requires Adobe Acrobat Reader®. To download a free copy of Adobe Acrobat Reader, [click here](#) and follow the instructions.

[Back to Top of Page](#)

 My CA


*Having a Conflict?
Consider Mediation.*





Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 33

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

ADM 150.3 (PC 50711)

May 25, 2006

Subject:

MTS: EMPLOYEE SUGGESTION AWARD PROGRAM

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to implement an Employee Suggestion Award Program agency wide.

Budget Impact

The program is designed to fund itself through savings to the MTS.

Executive Committee Recommendation

At its meeting on May 18, 2006, the Executive Committee recommended forwarding this item to the Board for approval.

DISCUSSION:

The establishment of an Employee Suggestion Award Program throughout MTS has the potential to offer significant benefits to both the agency and customers. The purpose of the program is to achieve cost savings, increase efficiency, and improve service to customers. By stimulating the involvement of staff at all levels throughout MTS, we tap into the large reservoir of talent possessed by our employees, encourage their participation in the process of cost savings and service improvements, and bring these issues to the forefront of everyone's consciousness.

A committee of staff from departments throughout MTS developed the proposed award program. The committee included representatives from Human Resources, Finance,



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

Marketing, Bus Operations, Rail Operations, and Multimodal Operations. Several models at other agencies were reviewed by the committee in developing a program that is simple, easy to understand, and would be effective in generating interest and input from employees.

Attachment A is a draft of the proposed Employee Suggestion Award Program for review. It addresses the issues of suggestion criteria (the types of suggestions that are eligible and ineligible); the process (how to make a suggestion); review (how suggestions will be reviewed and approved); and awards (the award categories and benefit amounts).

MTS is fortunate to have thousands of extremely skilled and dedicated employees. This Employee Suggestion Award Program offers an additional way to fully use employees' potential by encouraging problem-solving skills and stimulating creativity.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Claire Spielberg, 619.238.0100, Ext 400, claire.spielberg@sdmts.com

MAY25-06.33.EMPLOYEESUGGESTIONAWARD.CSPIELBERG

Attachment: A. Draft Employee Suggestion Award Program

METROPOLITAN TRANSIT SYSTEM

Employee Suggestion Award Program

POLICY

To provide increased efficiency of MTS operations, an Employee Suggestion Award Program has been established. MTS has an objective of creating constant stimulation of imaginative and inventive thinking agencywide so as to discover all possible areas of improvement in all aspects of operations. Employees are encouraged to participate in this program through submission of ideas that improve productivity, reduce costs, or provide service that is more effective to the public.

AWARDS OVERVIEW

Adopted suggestions receive a financial award. The amount depends upon the type of award and the first year net savings from the idea. Awards are considered wages and are subject to all applicable taxes.

If two or more employees submit a joint suggestion, the award is divided equally. For the purpose of cost/benefit calculation, equipment purchases will generally be amortized over a five-year period. The amortization period is at the discretion of MTS.

EMPLOYEE ELIGIBILITY

All MTS employees are eligible to participate except for MTS Board of Directors and their staff, MTS Employee Suggestion Committee members, and MTS Executive staff.

ELIGIBLE SUGGESTIONS

To be eligible for a monetary award:

- a suggestion must be submitted by MTS employees on an Employee Suggestion form that clearly outlines the problem, the proposed solution, and estimated cost/benefit savings (incomplete suggestions will not be processed and will be returned to the employee). Forms will be available on-line and can be completed and submitted in electronic form.
- a suggestion must be adopted and implemented in whole or in part or generate a change that results in tangible or productivity savings or intangible benefits; e.g., safety, improvement of service, or procedures.
- the employee may be called upon to supply supporting information to the MTS Employee Suggestion Committee during review.

METROPOLITAN TRANSIT SYSTEM

Employee Suggestion Award Program

INELIGIBLE SUGGESTIONS

Suggestions that will be deemed ineligible include those that:

- are found by the MTS Employee Suggestion Committee to be within the scope of the normal duties and responsibilities of the suggesting employee's position.
- are a part of the employee's specific assignment that includes problem identification, analysis, and/or solution.
- propose staffing or classification changes.
- are determined to be under consideration prior to receipt of the suggestion.
- involve a change to wages, hours, and/or working conditions, such that they have to be negotiated with the union.
- concern compensation and benefits.

PROCEDURES

- Step 1: Employee submits an MTS Employee Suggestion form to the MTS program through their department's director.
- Step 2: The MTS Employee Suggestion Committee will acknowledge the receipt of all Employee Suggestion forms; review Employee Suggestion forms and return incomplete suggestions for additional information; or return ineligible suggestions with an explanation for the rejection.

The composition of MTS the Employee Suggestion Committee will consist of the executive leadership of the following departments or divisions:

- Human Resources
- Bus
- Planning
- Finance
- Trolley
- Any department impacted by the suggestion

(Note: the employee is responsible for keeping copies of all submitted suggestion documentation).

METROPOLITAN TRANSIT SYSTEM

Employee Suggestion Award Program

MTS Suggestion Award Committee Responsibilities

The MTS Employee Suggestion Committee shall:

1. review all suggestions/evaluations.
2. request further information and investigation as deemed necessary.
3. take actions to adopt or reject evaluations.
4. determine payment of awards based on suggestion evaluation and analyses.
5. provide input on the scope and direction of the program.

All MTS Employee Suggestion Committee decisions are subject to review and final approval by the CEO.

APPEALS

Each suggestion may be returned to the MTS Employee Suggestion Committee one time.

Funding of Awards

Awards will be funded from the respective savings of the department for which the suggestion was targeted.

Tangible Savings Awards (Subject to Evaluation)

This category is defined as a reduction in a budgeted expense; i.e., equipment, materials, or increased revenue. The award calculation is based on 10% of the first fifty thousand dollars (\$50,000) in savings with a maximum potential total award of five thousand dollars (\$5,000).

Productivity Savings Award (Subject to Evaluation)

This category is defined as a reduction in the amount of staff time needed to accomplish a particular task without impacting performance. The award calculation is 5% of the first year estimated net savings. The minimum cash award is fifty dollars (\$50) and the maximum cash award is two hundred fifty dollars (\$250).

Intangible or Noncalculable Benefit Award (\$50)

Improvement of service to the public, identification of safety hazards, improved procedures, or increased efficiency and/or benefits that cannot be calculated in dollars or time-savings.

The Intangible or Noncalculable Benefits Award is a one-time flat award of fifty dollars (\$50).

MTS Rights

The use by MTS of any suggestion will not form the basis of a future claim upon the MTS employee, his or her heirs, successors, designees, etc.

METROPOLITAN TRANSIT SYSTEM

Employee Suggestion Award Program

MTS reserves the right to terminate, amend, or modify the MTS Employee Suggestion Awards Program, including minimum or maximum award amounts, without prior notice. The decisions of MTS will be final. All awards are at the discretion of the CEO and conclusive as to the suggestions and employees' eligibility, adoption or nonadoption of suggestions, awards, and all other matters concerning submitted suggestions.

Priority Rights

The date that MTS receives and accepts a new suggestion establishes priority rights to the employee's idea. The employee retains priority rights for two (2) years from the date of the MTS Employee Suggestion Committee's denial letter. Priority rights protect the employee and suggestion in the event that an idea is initially denied and later implemented for whatever reason.

MAY18-06.C3.ATTA.EMPLOYEESUGGESTION
AWARDPROGRAM.CSPIELBERG



Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX 619.234.3407

Agenda

Item No. 34

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

CIP 11418

May 25, 2006

SUBJECT:

MTS: ADA PARATRANSIT VEHICLE INSPECTION AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute an agreement (in substantially the same form as Attachment A) with Vehicle Technical Consultants, Inc. (VTC) for plant inspections, post-production inspections, and a post-delivery compliance audit not to exceed \$28,000.

Budget Impact

Expenditure of \$28,000 in funds during FY 06 from the capital improvement program Contracted Bus Operations ADA Small Vehicles (Project Code 1141800-1300) to VTC for inspection services.

DISCUSSION:

Included within the capital program for FY 06 are funds for additional paratransit vehicles. MTS has a \$4,600,000 capital budget project for the procurement of Americans with Disabilities Act (ADA) paratransit vehicles. MTS is procuring these vehicles from the competitively bid public agency/state contract with Creative Bus Sales (Specification No. 50166 of State of California Contract No. 1-02-23-15). As a requirement of using federal funds, MTS must provide inspection services and conduct a post-delivery audit to ensure compliance with regulations.



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

As authorized by the MTS Board of Directors on February 23, 2006, MTS ordered the vehicles, and production is scheduled to begin on June 26, 2006. MTS secured these services with TMC who is already under contract for other MTS inspection services. However, due to unexpected notification by TMC to seek vehicle inspection services elsewhere, staff explored alternatives and has determined that a better option is available.

MTS sent out a Request for Quotations (RFQ) to two firms for: (1) plant inspections, (2) post-production inspections, and (3) a post-delivery audit. Both firms met the requirements, and VTC provided the lowest quote as identified in the attached Bid Summary (Attachment B).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Susan Hafner, 619.595.3084, susan.hafner@sdmts.com

MAY25-06.34.ADAVEHICLEINSPECTAWARD.SHAFNER

Attachments: A. Draft Agreement
B. Bid Summary



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

STANDARD SERVICES AGREEMENT

DRAFT

CONTRACT NUMBER

CIP 11418

FILE/PO NUMBER (S)

THIS AGREEMENT is entered into this _____ day of _____ 2006, in the state of California by and between San Diego Metropolitan Transit System (MTS), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Vehicle Technical Consultants, Inc.

Address: 6956 Indiana Avenue, Suite 7

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Riverside, CA 92506

Telephone: (915) 805-9217

Authorized person to sign contracts: Brent Sumrall
Name

Chief Executive Officer
Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Provide in-plant inspection services and a post-delivery audit per the attached Scope of Work in accordance with the Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, and Vehicle Technical Consultant's Bid Proposal. If there are inconsistencies between the Request for Quotations (RFQ), Standard Services Agreement and/or Standard Conditions Services, and Federal Requirements, the following order of precedence will govern the interpretation of this contract:

1. MTS RFQ, Vehicle Technical Consultant, Inc.'s Bid Proposal.
2. Standard Services Agreement, Standard Conditions Services, and Federal Requirements.

Total expenditures of this contract shall not exceed \$28,000.

| METROPOLITAN TRANSIT SYSTEM (MTS) | CONTRACTOR AUTHORIZATION |
|--|--------------------------|
| By: _____ Chief Executive Officer | Firm: _____ |
| Approved as to form: | By: _____ Signature |
| By: _____ Office of General Counsel | Print Name: _____ |
| | Title: _____ |

| AMOUNT ENCUMBERED | BUDGET ITEM | FISCAL YEAR |
|-------------------|--|-------------|
| \$28,000 | Contracted Bus Operations ADA Small Vehicles (CIP 11418) | FY 06 |

By: _____
Chief Financial Officer

_____ Date

(Continued on _____ sheets, each bearing contract number)

MAY25-06.34.ATTA.SSA.CAQUINO



1255 Imperial Avenue, Suite 1000
 San Diego, CA 92101
 Tel 619.231.1466 Fax 619.234.3407

BID SUMMARY

TYPE II MINIBUS IN-PLANT INSPECTIONS AND POST-DELIVERY AUDIT

| COMPANY NAME | BID AMOUNT |
|---|------------|
| Vehicle Technical Consultants, Inc. 6956 Indiana Ave., Suite 7 Riverside, CA 92506 | \$ 28,000 |
| McLean Consulting & Associates Inc. 12178 West Stanley Road Flushing, MI 48433-9206 | \$ 37,280 |



MAY25-06.34.ATTB.ADAPARATRANSIT.SHAFNER



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.



ADA Vehicle Inspection Contract

MTS Board Meeting
May 25, 2006



Background

- New ADA Vehicles Delivered Beginning June 26, 2006 - October 14th 2006
- Required Plant / Pre-Delivery Inspections and Post Delivery Audit.

Inspections / Audits

- Production Inspections take place at the El Dorado Plant in Salinas, Kansas for the 14 week duration of production
- Pre-Delivery Inspections take place in Riverside, CA for a duration of 14 weeks
- Post Delivery Audit ensures FTA Compliance

Request For Quotation

- Request For Quotation Solicited 5/12/2006
- Concurrently, MTS terminated this inspection work from the Transit Maintenance Consultants (TMC) contract per their request
- Vehicle Technical Consultants submitted the lowest quotation (\$28,000) to perform the Production / Pre-Delivery Inspections and Post Delivery Audit



Recommendation

Authorize Execution of
Agreement between MTS and
Vehicle Technical Consultants





1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619/231-1466
FAX 619/234-3407

Agenda

Item No. 45

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 1000 (PC 20484)

May 25, 2006

SUBJECT:

MTS: COMPREHENSIVE OPERATIONAL ANALYSIS (COA) IMPLEMENTATION
STATUS

RECOMMENDATION:

That the Board of Directors receive a report on the Comprehensive Operational Analysis (COA) implementation phasing and its associated marketing and outreach.

Budget Impact

Implementation of the Service Development Plan is expected to result in an FY 2007 operating subsidy savings of \$719,000 (\$5 million annualized). The marketing and outreach plan is budgeted at \$400,000 for FY 2007.

DISCUSSION:

On March 23, 2006, the MTS Board of Directors approved the COA Service Development Plan for implementation. This plan reflects a complete redesign of bus routes and schedules throughout the MTS area of jurisdiction (including MTS bus, MTS Contract Services, Chula Vista Transit, and National City Transit). Due to the complexity of the restructuring, a phased implementation is appropriate to ensure that implementation is manageable and rider confusion is minimized.

The following criteria were used to guide the development of the phasing plan:

- Ensure route packages are implemented together;
- Maximize the marketability and promotional opportunities of the changes;
- Stay within the budgeted levels of annual revenue miles and hours; and
- Ensure that phasing is reasonable given resource levels, contract terms, etc.



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

Attachment A outlines the route changes for each phase of implementation, as summarized below.

June 11, 2006

June implementation focuses on the improvements to beach routes from Coronado to Pacific Beach. The beginning of summer presents an ideal promotional opportunity for these enhanced services. In addition, COA-approved service reductions will be implemented to maximize cost savings for FY 2007, including routes in Santee, Routes 40 and 70, and Route 16 through Little Italy and south Mission Hills. Corresponding changes to related routes, such as Routes 5, 83, and 210, will also be made.

September 3, 2006

September implementation will be the largest, focusing on the urban network within San Diego as well as Mira Mesa, University City, Chula Vista, and along the Interstate 5 corridor to San Ysidro. These changes will establish the frequent network within the central and southern portions of the service area. In addition, service enhancements to major universities, such as the University of California, San Diego and San Diego State University, will be made to take advantage of the beginning of the academic year.

January 2007

January will round off the phasing by implementing changes in National City, El Cajon, and optimizing the remaining routes with minor modifications planned.

Attachment B provides a map representing the geographic areas of focus for each service change.

Marketing and Outreach

Communicating changes to the MTS bus network will be the primary focus of the Marketing and Communications effort for the remainder of FY 06 and FY 07. The campaign will focus on informing existing riders with an aggressive outreach campaign to coincide with each phase of implementation. It will also act to attract new riders by highlighting the most marketable new features of the COA. Additionally, the campaign will begin to deliver strong and consistent MTS branding messages.

The following are the primary goals, audiences, strategies, and tactics of the campaign.

GOALS

- Increase awareness among current riders of the upcoming changes.
- Attract new riders.
- Promote overall MTS services as reliable, efficient, and easy to use.
- Position overall MTS services as an answer to transportation challenges as they relate to gas prices, traffic, and parking.

AUDIENCES

- Existing riders
- New potential riders
- Focus efforts on seniors and Americans with Disabilities Act (ADA)-related centers
- Coach operators/employees
- General public

STRATEGIES

- Fully utilize all existing communications opportunities
- Increase our outreach "reach"
- Develop effective community partnerships
- Focus efforts on specific, highly marketable opportunities
- Deliver consistent MTS branding messages
- Take advantage of regional transportation realities (gas, parking, traffic)

TACTICS

➤ Existing Riders

"Drive" Customers to Trip-Planning Resources

- Web
- 1-800-Commute
- TeleInfo

Fully Utilize Onboard Notice Opportunities

- Maps/schedules
- Take Ones
- Bus cards
- Business cards for operators
- Newsletter
- Coach operator customer handouts

Take Our Message on the Road

- Senior centers
- ADA centers
- Transit centers

Expand Our Outreach "Reach"

- Transportation counselors at senior community centers
- Transportation counselors at community centers for the blind
- Coach operators

Partner with Community Organizations

- Earth Day
- City Heights
- Goodwill

| | |
|---|--|
| ➤ | New Riders |
| | <p><u>Beach Focus in June</u></p> <ul style="list-style-type: none"> • Five live radio beach promotions • Free "test drives" for the new Route 8/9 in Pacific Beach • Partnership with The Wave House at Belmont Park • Street banners • Station signage <p><u>Back-to-Work Focus in September</u></p> <ul style="list-style-type: none"> • Outdoor campaign • Street banners |
| ➤ | General Audiences |
| | <ul style="list-style-type: none"> • 30-second cable TV • 30-second radio • Support with select-print advertising |



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Conan Cheung, 619.515.0933, conan.cheung@sdmts.com

MAY25-06.45.COASTATUS.CCHEUNG

Attachments: A. COA Implementation Phasing Plan
B. Geographic Focus of Service Changes

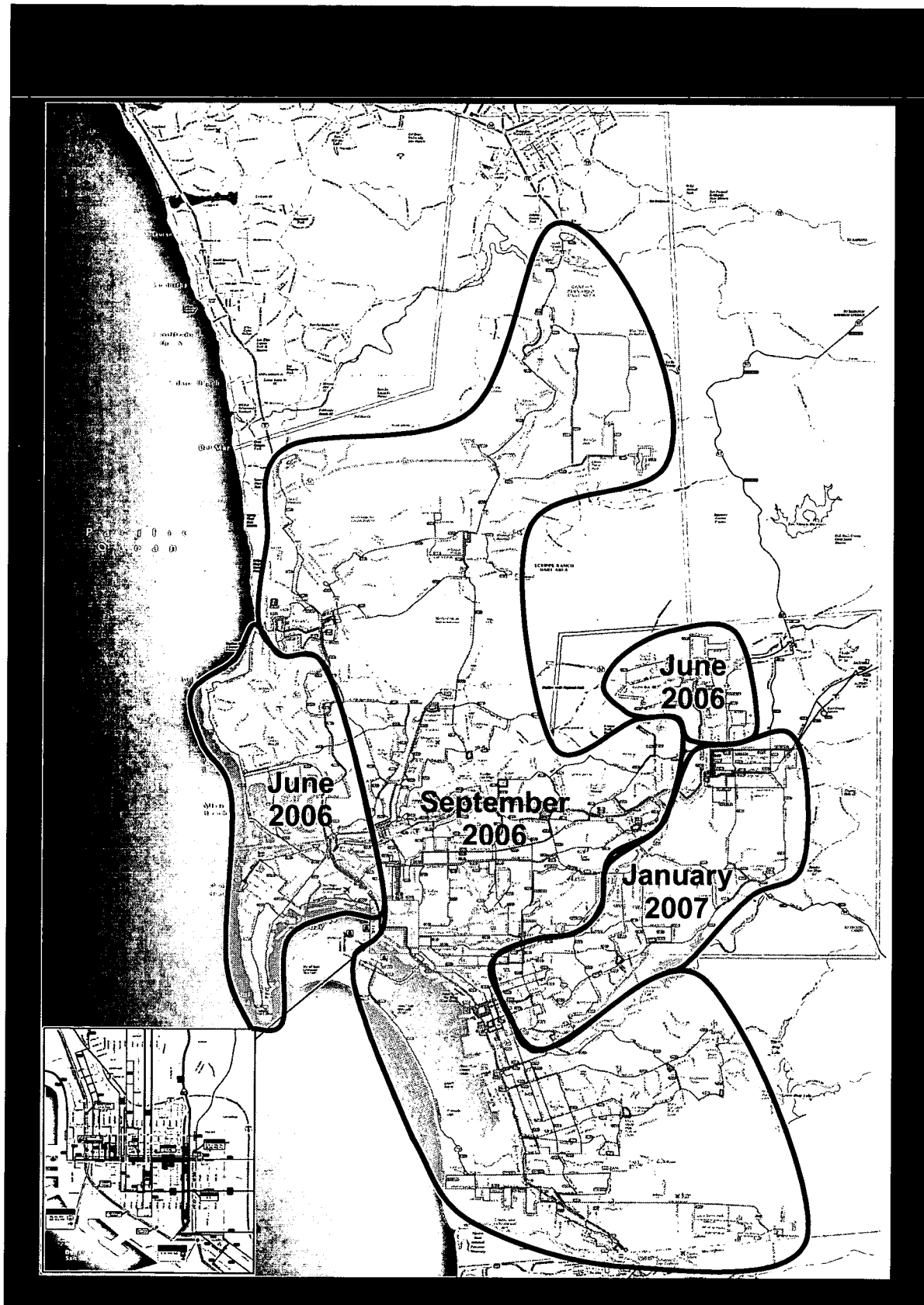
COA SERVICE IMPLEMENTATION PHASING

| Route | Jun-06 | Sep-06 | Jan-07 |
|----------|---|--|--|
| 1 | (Non-COA) - Detour to Amaya Station | - Routing change - Frequency change | |
| 2 | | | - Minor schedule changes |
| 3 | - Routing change | | |
| 4 | | | - Routing change - Frequency change |
| 5/105 | (North of Downtown Only) - Routing change | (East of Downtown Only) - Routing change - Frequency change | |
| 6 | | - Routing change - Frequency change | |
| 7 | | | - Minor schedule changes |
| 8/9 | - Routing change - Frequency change | | |
| 10L(908) | - Transfer route to SDTC | - Routing change - Frequency change | |
| 11 | | | - Routing change |
| 13 | | (North of Euclid Station Only) - Routing change - Frequency change | (South of Euclid Station Only) - Routing change - Frequency change |
| 14 | | - Routing change - Frequency change | |
| 15/15L | (Non-COA) - Detour to Amaya Station | - Routing change - Frequency change | |
| 16 | (North of Downtown Only) - Discontinue route | (East of Downtown Only) - Discontinue route | |
| 18(85) | - Routing change - Frequency change - Transfer route to MCS | | |
| 20 | | - Routing change | |
| 25 | | - New route | |
| 26 | - Discontinue route | | |
| 27 | | | - Minor schedule changes - Transfer route to MCS |
| 28 | - Routing change - Transfer route to MCS | | |
| 30 | (South of UCSD) - Routing change - Frequency change | (East of UCSD) - Routing change - Frequency change | |
| 31 | | - Routing change | |
| 34 | - Discontinue route | | |
| 35 | - Routing change - Transfer route to MCS | | |
| 40 | - Discontinue route | | |
| 41 | | - Routing change - Frequency change | |
| 44 | | - Routing change - Frequency change | |
| 48/49 | | - New route | |
| 50 | | - Routing change - Frequency change | |
| 70 | - Discontinue route | | |

| Route | Jun-06 | Sep-06 | Jan-07 |
|--------------|---------------------|---|---------------------------------|
| 83 | - New route | | |
| 89 | | - New route | |
| 115 | | - Routing change - Transfer route to MCS | |
| 120L(old 25) | | - Routing change - Frequency change | |
| 150 | | - Routing change - Frequency change | |
| 210 | - Routing change | | |
| 601 | | | - Discontinue route |
| 602 | | | - Discontinue route |
| 603 | | | - Discontinue route |
| 604 | | | - New route |
| 605 | | | - New route |
| 701 | | - Routing change - Frequency change | |
| 702 | | - Routing change | |
| 703 | | - Discontinue route | |
| 704 | | - Routing change - Frequency change | |
| 705 | | - Routing change - Frequency change | |
| 706 | | - Discontinue route | |
| 706A | | | - Discontinue route |
| 707 | | - New route | |
| 709 | | - Routing change - Frequency change | |
| 711 | | - Discontinue route | |
| 712 | | - New route | |
| 713 | | - New route | |
| 810 | | | - Routing change |
| 815 | | | - Frequency change |
| 816 | | | - New route |
| 820 | | | - Routing change |
| 830 | - Discontinue route | | |
| 832(87) | - Frequency change | | |
| 833(81) | - Frequency change | | |
| 834(86) | - Schedule change | | |
| 844 | | - Routing change - Frequency change | |
| 845 | | - Routing change - Frequency change | |
| 848 | | | - Routing change |
| 850 | | | - Routing change |
| 851 | | | - Discontinue route |
| 854 | | | - Routing change |
| 855 | | | - Routing change |
| 856 | | | - Routing change |
| 858 | | | - Discontinue route |
| 860 | | | - Routing change |
| 864 | | | - Routing change |
| 870 | | | - Minor schedule changes |
| 871/872 | | | - Routing change |
| 873 | | | - Discontinue route |
| 874/875 | | | - Routing change - New route |

| Route | Jun-06 | Sep-06 | Jan-07 |
|----------|--|--|--------------------------|
| 876 | - Discontinue route | | |
| 877 | - Discontinue route | | |
| 878(81) | | | - New route |
| 904 | - Routing change | | |
| 905 | | - Routing change - Frequency change | |
| 901(2/3) | - Routing change - Frequency change | | |
| 916/917 | | - New route | |
| 921 | | - Routing change - Schedule change | |
| 923+922 | - Routing change - Frequency change | | |
| 927(84) | | | - Routing change |
| 928 | | - Routing change | |
| 929 | | - Routing change - Frequency change | |
| 932 | | - Routing change - Frequency change | |
| 933/934 | | | - Minor schedule changes |
| 936 | | | - Routing change |
| 955 | | | - Routing change |
| 960 | | | - Minor schedule changes |
| 961 | | | - Routing change |
| 962 | | | - Routing change |
| 963 | | | - Routing change |
| 964 | | - Routing change | |
| 965 | | - Routing change | |
| 966 | | - New route | |
| 980/990 | | | - Discontinue route |
| 992 | - Routing change | | |

COA Implementation Phasing



Metropolitan Transit System

COA: IMPLEMENTATION UPDATE

May 25, 2006

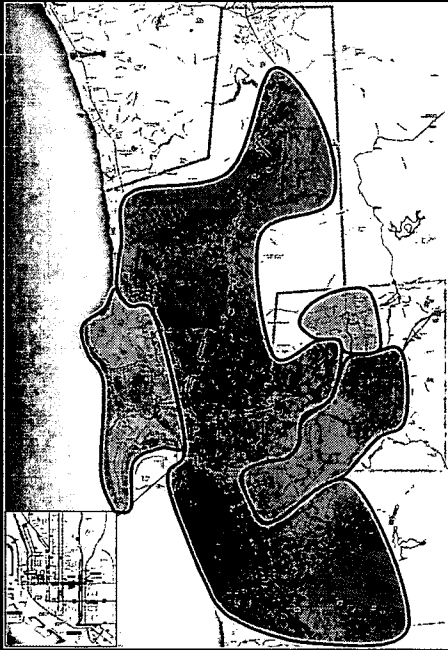


Phasing Guidelines

- Ensure route packages implemented together
- Maximizes the marketability and promotional opportunity of the changes
- Stay within the budgeted levels of annual revenue miles and hours
- Ensure that phasing is reasonable given resource levels, contract terms, etc.



Regional Transit Map



IMPLEMENTATION

- June 11, 2006
 - Improve beach routes
 - Service reductions (Santee and express services)
- September 3, 2006
 - Build network of frequent service in urban area
 - University City and College Area changes
 - I-15, Chula Vista and I-5 south corridor
- Late January 2007
 - El Cajon and National City
 - Optimize remaining routes

Marketing and Communications

- Objectives
 - Net 14,000 New Riders
 - Communicate effectively to current riders
 - Attract new riders
 - Promote overall benefits of new network:
faster, more direct, more often
 - Position overall MTS services as a solution to transportation challenges as they relate to gas prices, traffic and parking



Strategies and Tactics

- Fully utilize all existing communication tools
 - Web
 - 1-800-Commute
 - Take One
 - Bus Cards
 - Business Cards
 - E-mail



5

Outreach

- Increase our out-reach "reach"
 - Train the Trainers
 - Senior Centers
 - Community Action Networks
 - San Diego Center for the Blind
 - Coach Operators
 - Transit Center Information Stations



6

Outreach Schedule

| Date | City | Route 8/9 | Transit | Date | City | Route 8/9 | Transit |
|----------|-----------|-----------|---------|---------|-----------|-----------|---------|
| April 29 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 4 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 5 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 6 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 13 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 16 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 18 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 23 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 23 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 23 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 24 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 24 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 25 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 30 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |
| May 30 | San Diego | Route 8/9 | Transit | June 11 | San Diego | Route 8/9 | Transit |

New Bus Routes and System Changes Begin on June 11

The first of a series of changes that will dramatically modify and improve the Metropolitan Transit System (MTS) network of bus routes will begin on June 11, 2006. Additional changes will be made in September 2006 and January 2007.

Existing routes will be improved, new beach and downtown services will be launched and better connections between bus routes and with trolleys will be introduced.

There are several ways to learn more about the changes coming up in June:

- **Take One Notice**
A complete set of all June changes will be posted on buses and trolleys by the end of May.
- **www.sdcommute.com**
Download your route maps and schedules or plan a trip on-line.
- **1-800-COMMUTE**
A transit service representative will answer all your questions regarding routes, destinations and alternative services.
- **24-hour Automated InfoExpress Lines**
Route-by-route information is available at 1-800-795-6553 or 619-685-4500.
- **Transit Center Information Stations**
Please visit MTS at one of the special Transit Center Information Stations to get answers to all your questions.

June 1 - 3 p.m. to 6 p.m., SW Corner of 3rd and Broadway, San Diego
 June 4 - 3 p.m. to 6 p.m., Old Town Transit Center (West side bus bays)
 June 9 - 3 p.m. to 6 p.m., SanDiego Transit Center (bus bays)



7

Community Events

- Develop effective community partnerships
 - City Heights International Festival
 - Belmont Park/Wave House
 - Goodwill
 - Hospitality
 - ConVis
 - Traveler's Aid
 - Concierge Event




8

Media

- Roundtables
- News Releases
- TV Appearances
- Launch Event
- PSAs
- Advertising

**FASTER.
MORE DIRECT.
MORE OFTEN.**



MTS is proposing an entirely new bus system. Routes will be changed. There will be more direct service and more buses on highly traveled routes. And, trip times and convenience will be faster.

To learn more: www.sdcommute.com
619-525-4900 for 24-hour information

MTS PUBLIC MEETINGS

| | |
|--------------------------------|---------------------------------|
| Thursday, March 2, 2006 | Wednesday, March 8, 2006 |
| 6:00 p.m. | 8:00 p.m. |
| Odette Hall | German American Hall |
| San Diego Metropolitan Center | 1217 S. Millbrook Ave. |
| 1020 C St. San Diego, CA 92101 | San Diego, CA 92102 |
| Thursday, March 8, 2006 | |
| 9:00 a.m. | |
| Odette Hall | |
| San Diego Metropolitan Center | |
| 1020 C St. San Diego, CA 92101 | |



New Timetables

- More Distinctive Maps
- Time Points
- Consistent Information
- Easy To Read Timetables
- More Destinations

[illegible]

Summer Campaign

- Focus on highly marketable opportunities
 - June: Beach Routes
 - Free Test Rides on the 8/9
 - Radio Promotions
 - Beach Banners
 - Belmont Park Partnership
 - Promote the 30, 35 and 904



11

September Campaign

- Back to Business
 - Promote high frequency commuter routes
 - Emphasis on Mid-City, South Bay, UTC
 - Message Delivery
 - Outdoor Campaign
 - Street Banners
 - Television
 - Earned Media



12

Umbrella Campaign

- Deliver consistent branding messages
- Take advantage of regional transportation realities
 - Television: June/July, Sept./Aug.
 - Outdoor

smart move!



13



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

Agenda

Item No. 46

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 920.1, 960.5, 970.5
(PC 50451)

May 25, 2006

Subject:

MTS: FEBRUARY AND MARCH 2006 MONTHLY PERFORMANCE INDICATORS

RECOMMENDATION:

That the Board of Directors receive this report for information.

Budget Impact

None.

DISCUSSION

Operating Environment

The following report is a summary of the MTS operational statistics for February and March 2006, months eight and nine of FY 2006. For the month of February, there were 20 operational weekdays and 8 weekend days of service, while March had 23 weekdays and 8 weekend days of service. Cesar Chavez Day was celebrated on March 31, but regular service schedules were operated for all agencies. Other special events included Supercross and Mardi Gras in February and Shamrock 2006 and the World Baseball Tournament in March. Special service was provided on the trolley for these events.

Service Statistics

The following are the relevant service statistics for February and March 2006 categorized by performance indicator. Charts based on the statistics are provided in Attachments A through D. Both months will be presented in separate paragraphs where appropriate for ease of review.



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

- Service Effectiveness

- In February, the MTS system carried 5,972,588 passengers with 3,392,654 traveling on buses and 2,579,934 passengers traveling on rail.
- In March, the MTS system carried 6,537,579 passengers with 3,802,197 traveling on buses and 2,735,382 passengers traveling on rail.

- Service Reliability

- On-Time Performance: MTS system on-time performance was calculated at 91.0%. MTS bus data reported 82.3% of its February trips and 83.3% of its March trips as being on time. MTS rail reported 98.0% of its trips on time in February and 98.4% of its trips on time in March.
- Mean Distance Between Failures (MDBF): MTS bus was 14,374 miles overall for the month of February. There were no major failures on MTS rail; the MDBF was 615,642 car miles.
- MTS bus was 14,603 miles overall for the month of March. There were no major failures on MTS rail; the MDBF was 698,571 car miles.

- Quality of Service

- MTS bus had 2.92 total collisions per 100,000 miles in February. MTS rail had three collisions at a rate of 0.32 collisions per 100,000 miles.
- MTS bus had 2.63 total collisions per 100,000 miles in March. MTS rail had two collisions at a rate of 0.29 collisions per 100,000 miles.
- Non-ADA services reported 9.87 complaints per 100,000 passengers in February. There were 18 ADA complaints, which represented 0.07% of total ADA ridership.
- Non-ADA services reported 8.50 complaints per 100,000 passengers in March. There were 14 ADA complaints, which represented 0.05% of total ADA ridership.



Paul C. Jablonski
Chief Executive Officer

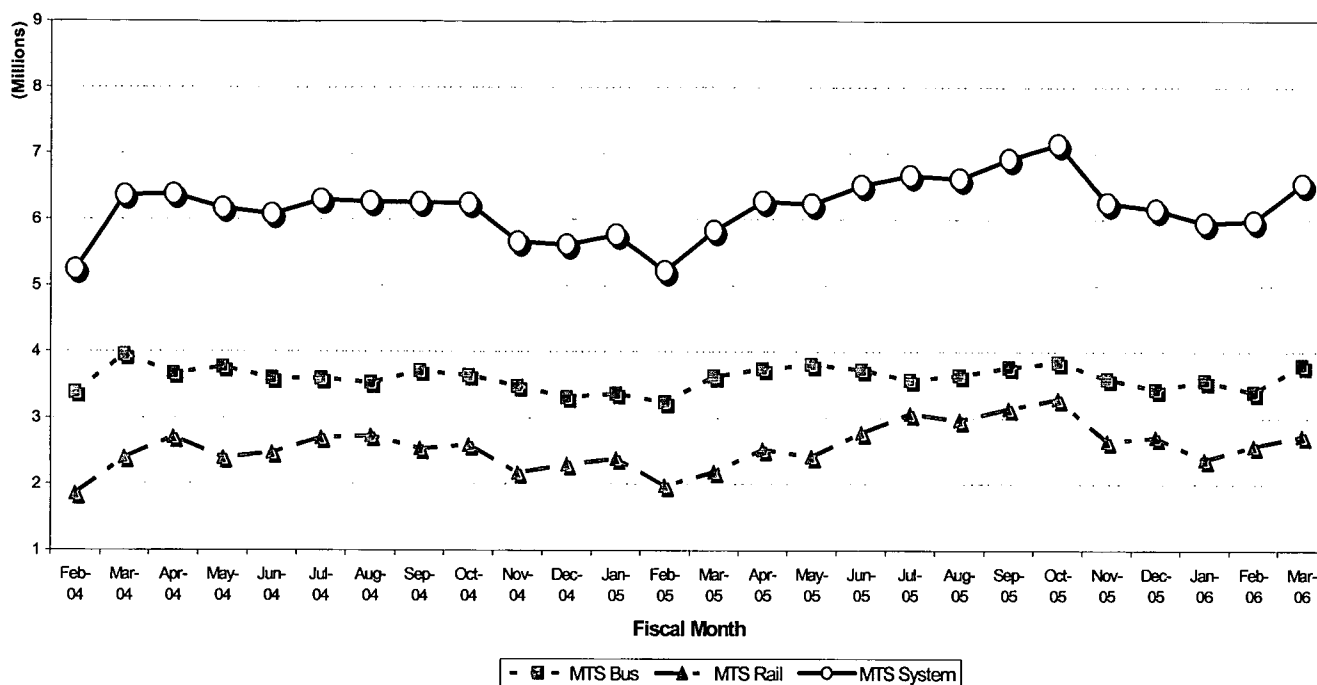
Key Staff Contact: Anika-Aduesa Smart, 619.595.4901, anika.smart@sdmts.com

MAY26-06.46.PERFINDICATORSFEBMARCH.ASMART

Attachments: A. MTS System Ridership, On-Time Performance (Bus, Rail, System)
B. MTS Mean Distance Between Mechanical Failures (Bus, Rail)
C. MTS Total Collision Accidents (Bus, Rail)
D. MTS Customer Complaints (Non-ADA Service)

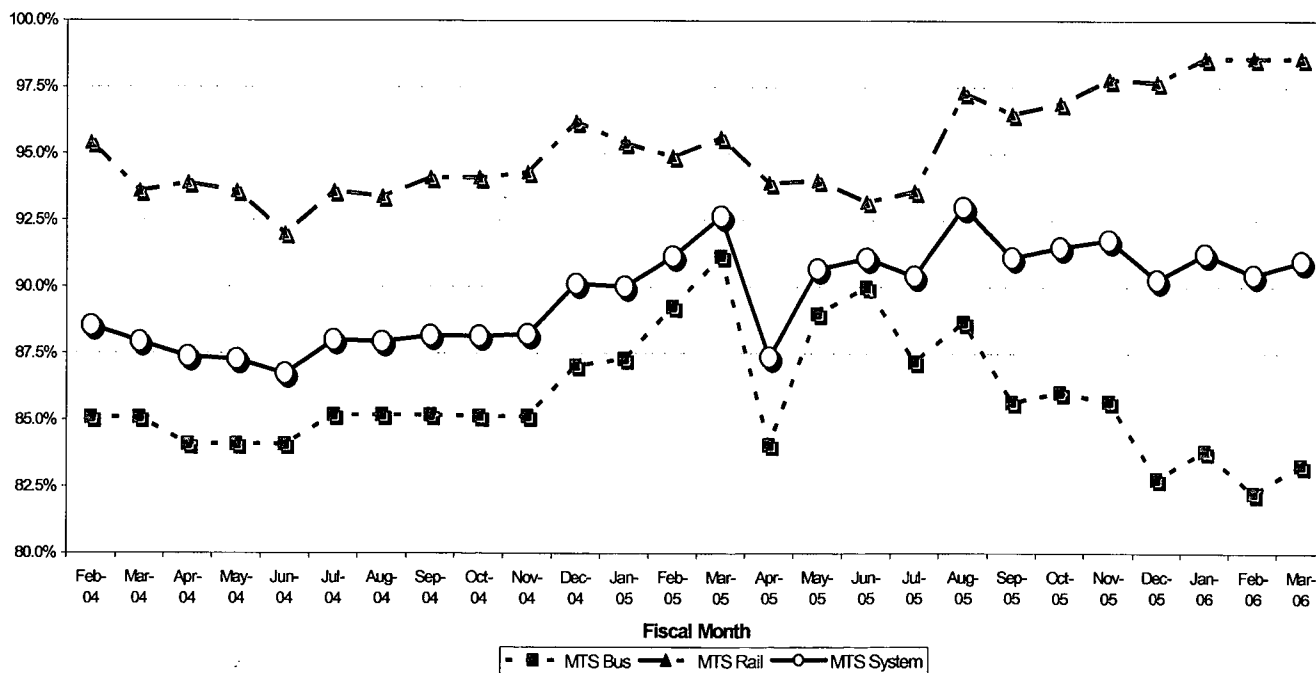
RIDERSHIP

System Ridership
FY 2004 to Present



ON TIME PERFORMANCE

System On Time Performance
FY 2004 to Present

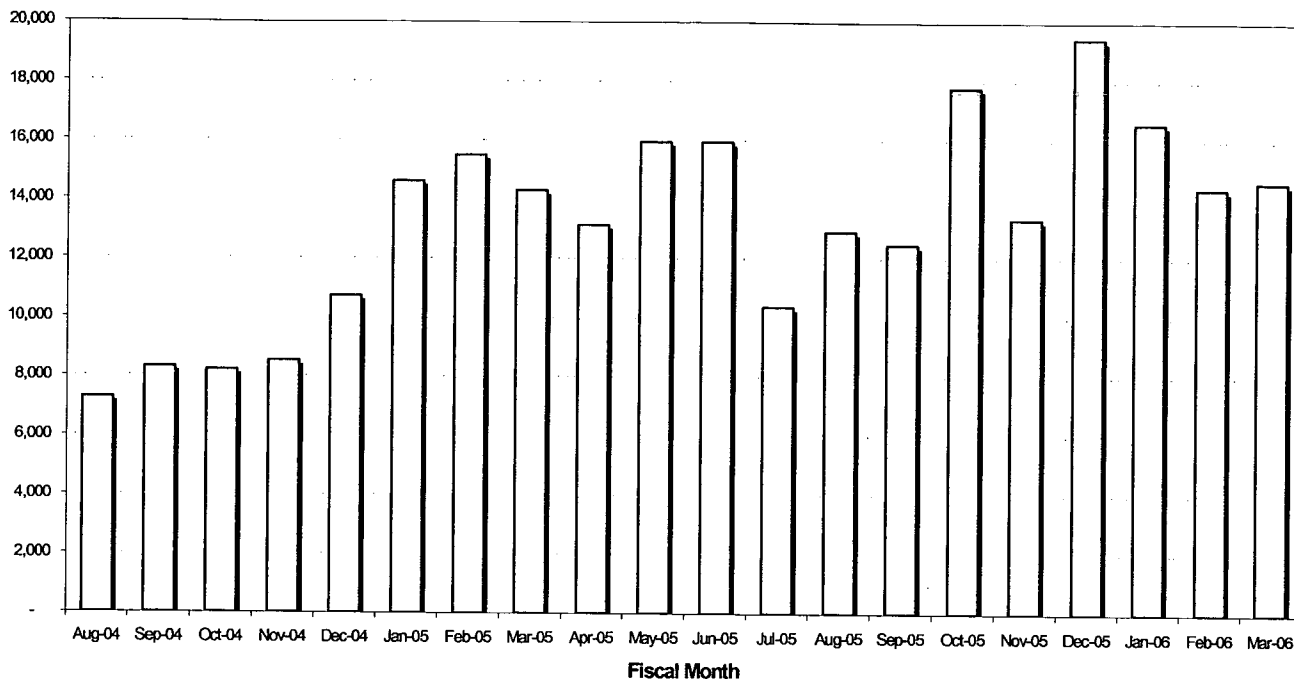


A-1

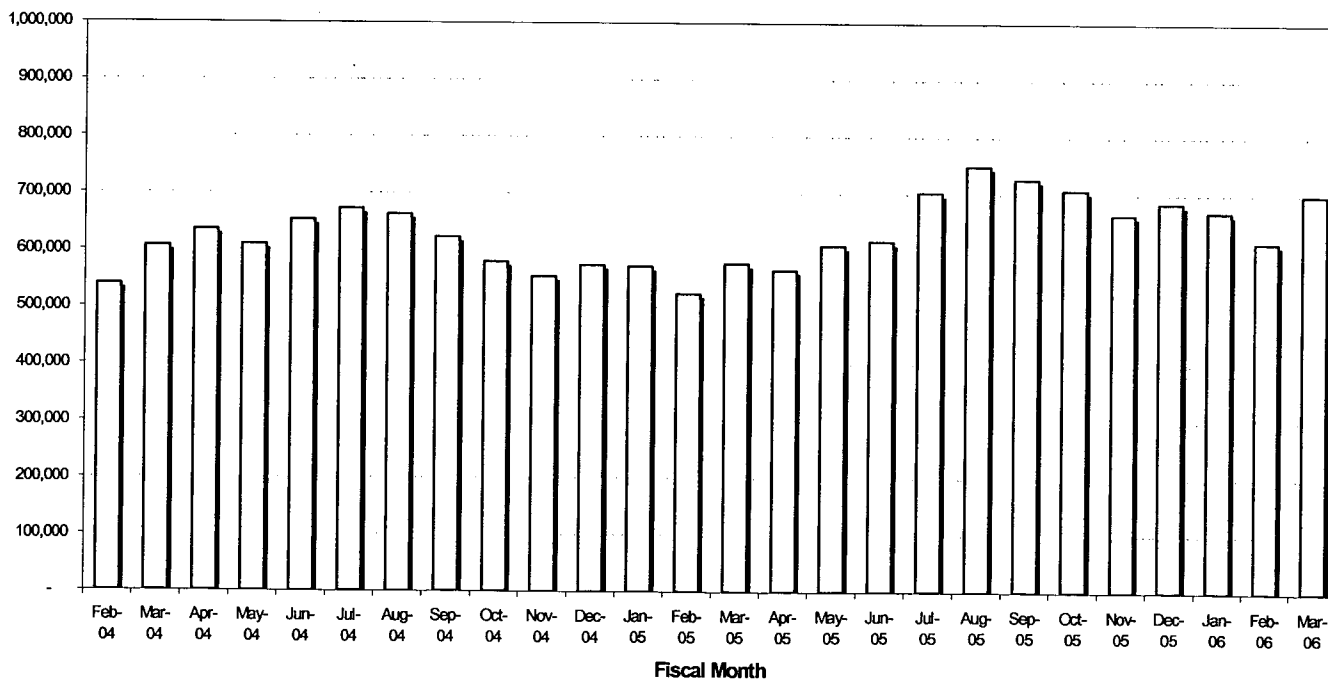


MEAN DISTANCE BETWEEN MECHANICAL FAILURES

Bus Mean Distance Between Failures
FY 2004 to Present



Rail Mean Distance Between Failures
FY 2004 to Present



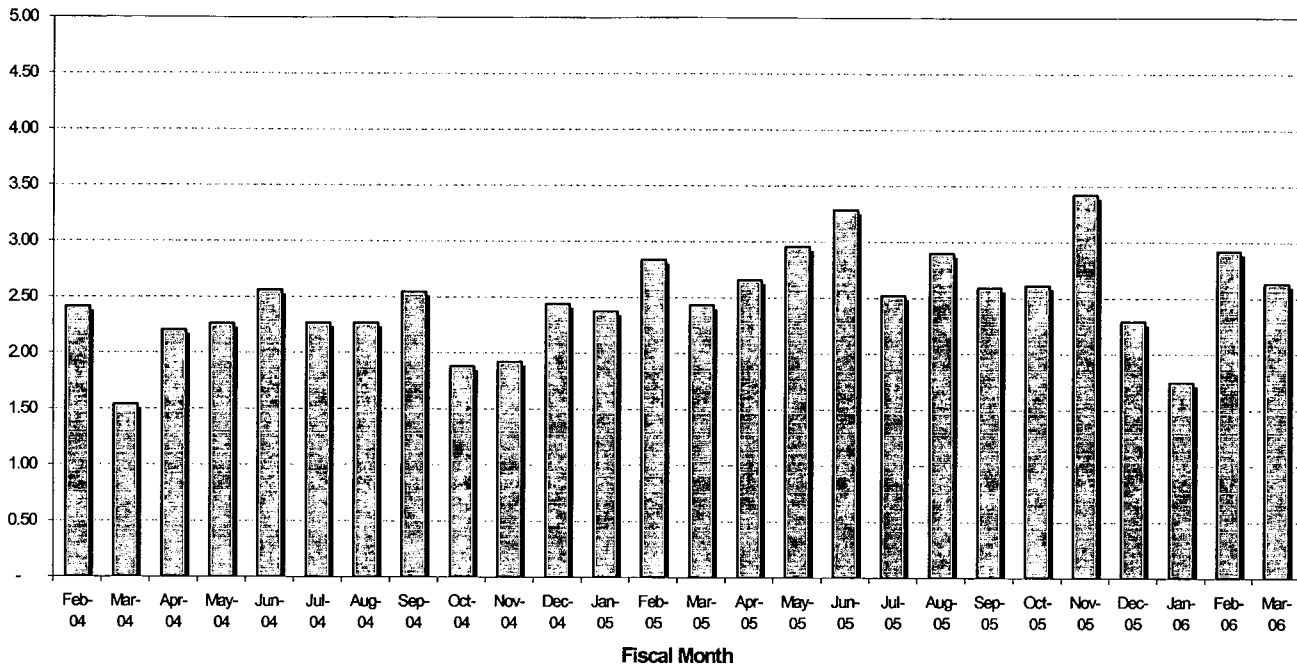
B-1



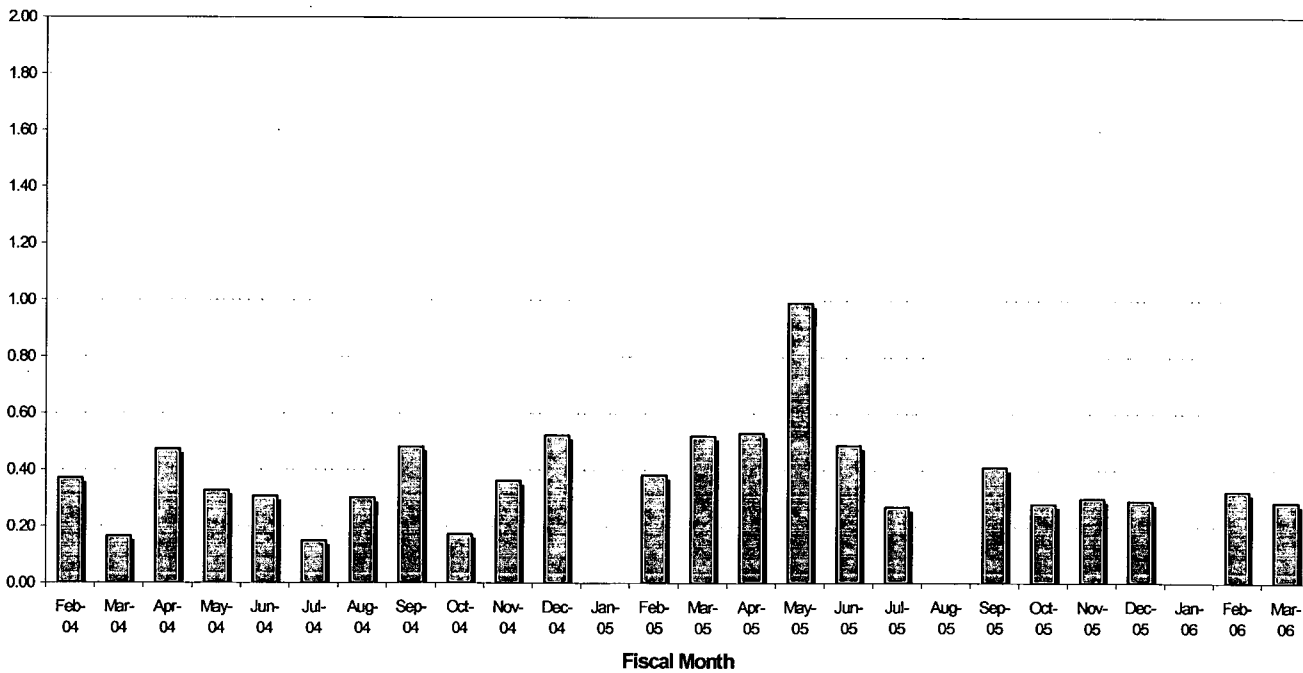
TOTAL COLLISION ACCIDENTS (PER 100,000 MILES)

OPS 920.1, 960.5, 970.5

Bus Total Collision Accidents (per 100,000 Miles)
FY 2004 to Present



Rail Total Collision Accidents (per 100,000 Miles)
FY 2004 to Present



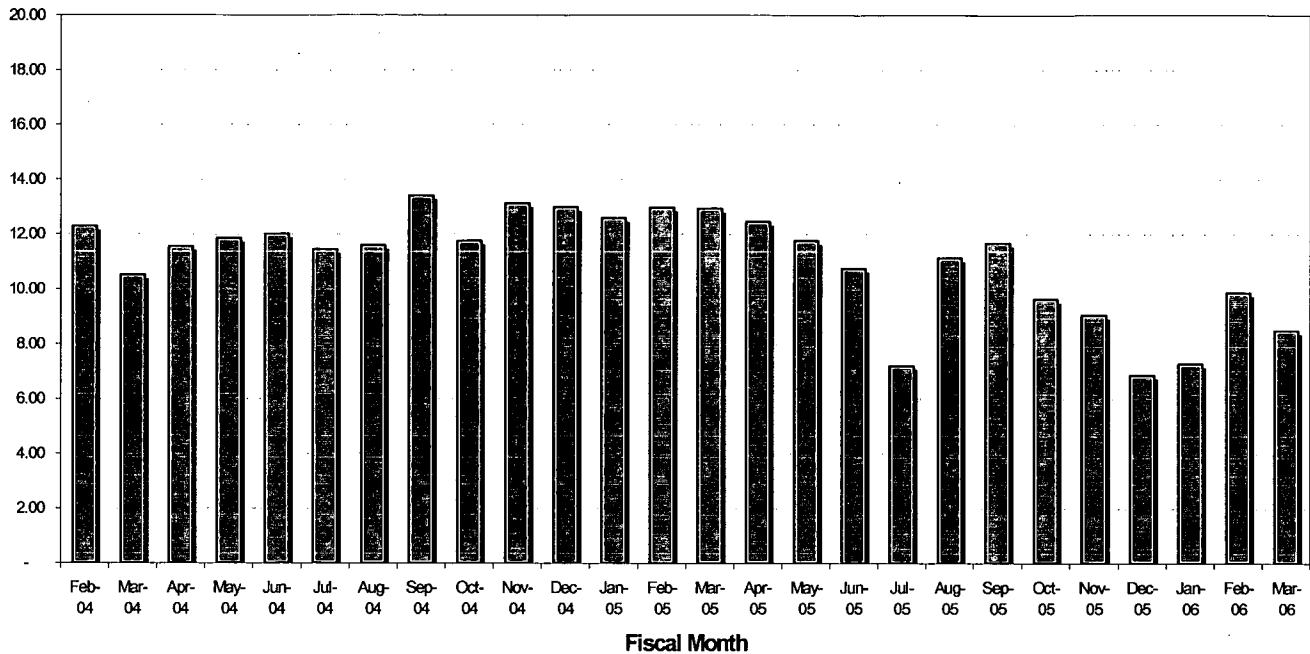
C-1



CUSTOMER COMPLAINTS

Att. D, AI 46, 5/25/06,
OPS 920.1, 960.5, 970.5

Bus Non-ADA Customer Complaints (per 100,000 Passengers)
FY 2004 to Present



D-1





Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 47

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 960 (PC 50553)

May 25, 2006

Subject:

SDTC: CUSTOMER INFORMATION PROJECT

RECOMMENDATION:

That the Board of Directors receive this report for information.

Budget Impact

None.

DISCUSSION:

San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and the Transit Television Network (TTN) have been demonstrating Transit TV, (a TTN customer information and entertainment tool) on MTS buses and trolleys at no cost to the region. The Transit TV system, comprised of onboard video monitors and speakers, is currently in successful operation at several transit properties across the nation (Orlando, Milwaukee, Chicago, Atlanta, and Los Angeles). This demonstration began in October 2005, and customer reaction to the system has been positive. Major benefits of the Transit TV system include:

- Automated (audio and visual) stop announcements inside of the vehicle. This feature meets all Americans with Disabilities Act (ADA) requirements for bus stop and rail station announcements. It gives riders superior access to stop location information and is especially useful to riders with vision and hearing impairments.
- Exterior route announcements. When a bus or rail car arrives, it will audibly announce itself to waiting passengers (route and destination). Again, while



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

helpful to all riders, this feature is especially valuable to those with vision impairments.

- Gives us an onboard vehicle outlet to provide riders with dedicated transit-related information including rider alerts, service-adjustment updates, and marketing materials.
- Provides riders with multimedia programming (current news headlines, weather, sports, games, stock quotes, and other items of information or entertainment).

The San Diego Association of Governments (SANDAG) conducted a survey of over 2,000 bus and trolley riders relative to their opinions of the Transit TV system. The results of the survey demonstrate a positive acceptance of the system by our riders: 82% of riders felt the TTN system was "Great/OK," 13% had "No opinion," and 5% "Didn't particularly like/dislike" the system. The survey also found that increased familiarity with the system improved rider acceptance.

Based on the numerous benefits to riders from the system and their positive response to it, we have begun contract discussions with TTN relative to a fleet-wide installation of the system on MTS buses and trolleys. The contract agreement will be structured along the lines of the agreement between TTN and Los Angeles MTA, TTN's most current customer. TTN has notified us that it anticipates completing the Los Angeles system by the end of this summer and could not begin to implement the system here until that time. TTN is proposing to deploy this system at no cost to the region. It anticipates revenues derived from advertising will pay the cost for the equipment, installation, and ongoing maintenance. MTS will derive immediate benefit from partnering with TTN in this program through the provision of ADA stop announcements and other transit-specific and marketing information. As the system matures and advertising revenue increases, MTS will receive a percentage of the advertising revenue providing an additional source of income to the region.

As currently designed, the TTN system provides two to four video monitors placed in each vehicle (depending on vehicle size) allowing visibility throughout the vehicle of full-time stop information along with text and videos. Speakers installed inside of each vehicle voice the audible stop announcements and other information (matching what appears on the video monitor) and on the exterior of the vehicle to announce the route number and destination of the vehicle. The interior speaker system adjusts the volume to accommodate the ambient noise inside the vehicle. As noise levels decrease, so does the volume of the system. Coach operators also have the ability to adjust to volume level within preset parameters. Forty minutes of each hour will be dedicated to the provision of general information and entertainment, two minutes (or more as needed) will be dedicated to transit-specific information, and up to eighteen minutes will be dedicated to local or national advertising.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Claire Spielberg, 619.238.0100, Ext. 400, claire.spielberg@sdmts.com

MAY25-06.47.CUSTOMERINFOPROJECT.CSPIELBERG

Metropolitan Transit System

February and March 2006 Monthly Performance Indicators

May 25, 2006

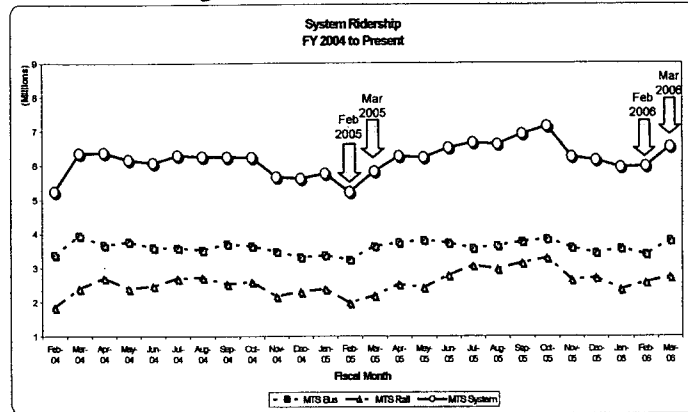


Operating Environment

- **Rainy and cloudy – some impact on ridership**
- **Special Events**
 - Supercross – February 11th
 - Mardi Gras – February 28th
 - Shamrock 2006 – March 2006
 - World Baseball Classic – March 18th and 21st



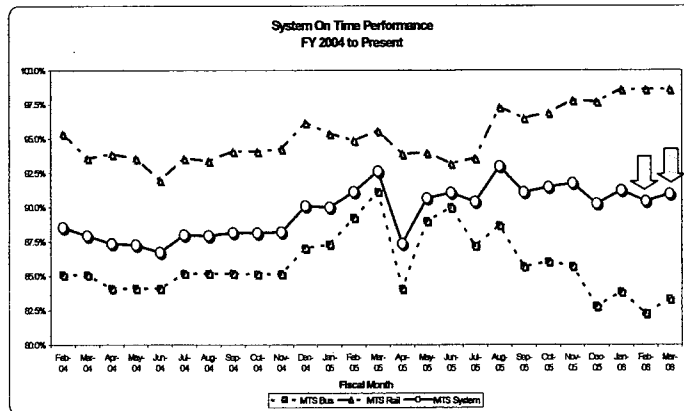
System Ridership



| Month | MTS Bus | MTS Rail | MTS System |
|----------|-----------|-----------|------------|
| February | 3,392,654 | 2,579,934 | 5,972,588 |
| March | 3,802,197 | 2,735,382 | 6,537,579 |



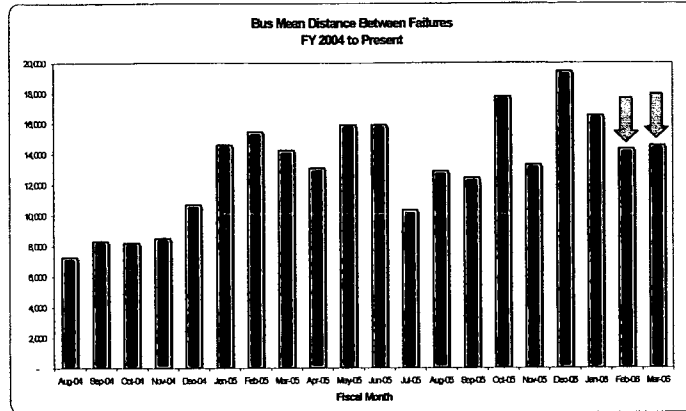
On Time Performance



| Month | MTS Bus | MTS Rail | MTS System |
|----------|---------|----------|------------|
| February | 82.6% | 98.6% | 90.6% |
| March | 85.1% | 98.6% | 91.9% |



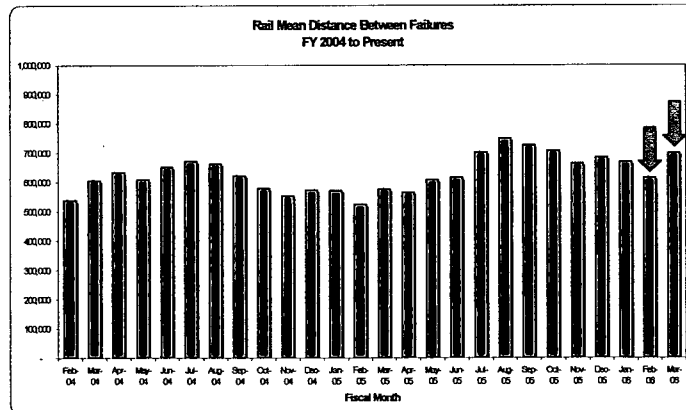
Mean Distance Between Failures - Bus



- Mean distance between failures for MTS Bus was 14,374 miles in February and 14,603 miles in March.



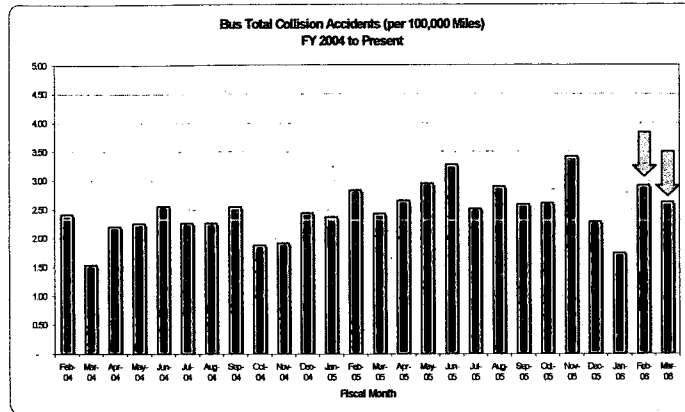
Mean Distance Between Failures - Rail



- Mean distance between failures for MTS Rail was 615,642 car miles in February and 698,571 car miles in March, with no major failures in either month.



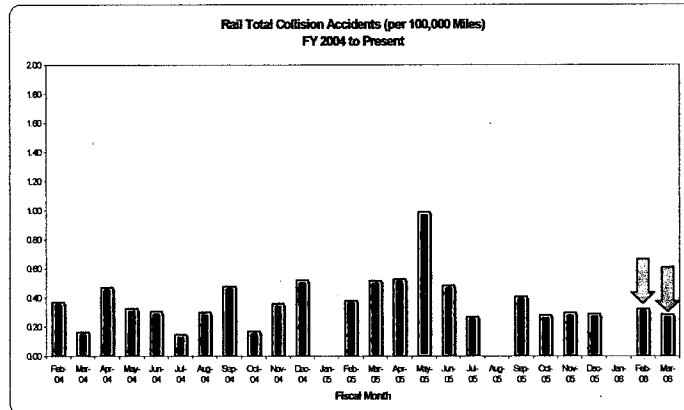
Collision Accidents



- MTS Bus collision rate was 2.92 collisions per 100,000 miles in February, and 2.63 collisions per 100,000 miles in March.



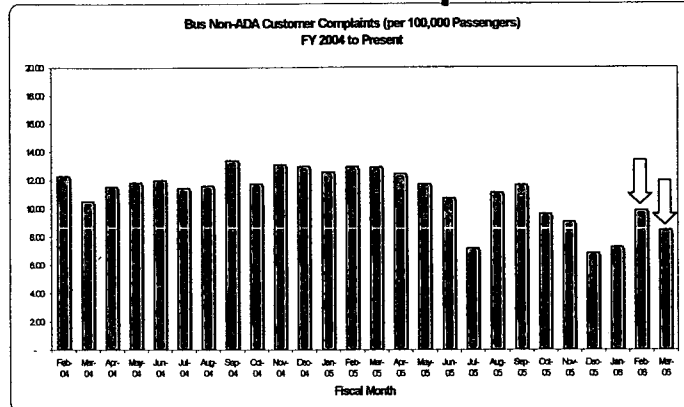
Collision Accidents



- MTS Rail had three collisions in February, and two collision accidents in March. The collision rates were 0.32 and 0.29 collisions per 100,000 miles, respectively.



Customer Complaints



- Non-ADA complaints were reported at 9.87 and 8.50 complaints per 100,000 passengers for February and March, respectively.
- ADA services reported 18 and 14 complaints respectively in February and March, which represented 0.07% and 0.05% of ADA ridership respectively.




Conclusion of Report February and March 2006




Transit Television Network

Customer Information Project

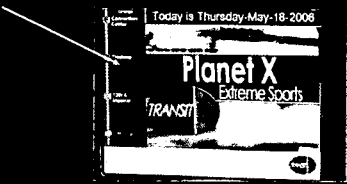
 Metropolitan Transit System May 25, 2006


What is TTN?

- › Transit Television Network (TTN) is a customer information and entertainment tool
- › TTN has been in Demonstration on MTS Bus and San Diego Trolley since October 2005

 Metropolitan Transit System

Station-by-Station Tracking



 Metropolitan Transit System

TTN

✓ TTN currently operating in:

- ▷ Orlando ▷ Atlanta
- ▷ Milwaukee ▷ Los Angeles
- ▷ Chicago

- ▷ The Los Angeles system has been in operation for 6 months and is extremely successful with employees and customers

Benefits of TTN

■ Automated on-board Stop announcements

- Announces Stop audibly as well as visually on monitors
- Meets all ADA requirements
- Helpful to all customers – especially those with hearing or visual impairments

Benefits of TTN

■ Automated exterior announcements

- Vehicle announces its arrival with route and destination information
- Helpful to all customers – especially those with vision impairments

Benefits of TTN

- Provides on-board MTS information
 - Rider Alerts
 - Service Adjustments
 - Marketing Information
- Eliminates costly retrofit of S70 Trolleys to provide visual Stop displays



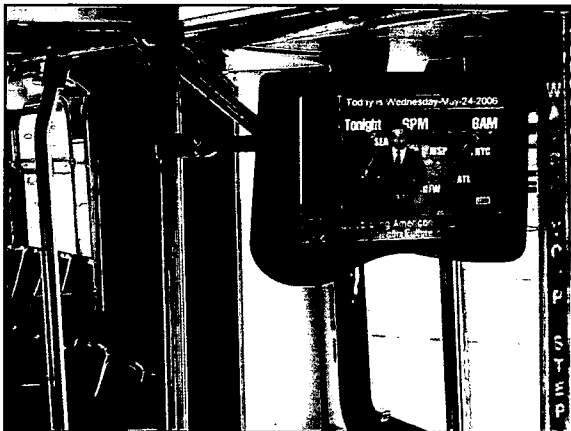
7

Benefits of TTN

- Provides multimedia programming
 - News
 - Weather
 - Sports
 - Stock quotes
- Provides a distraction to potential vandals



8



Benefits of TTN

Free!

Rider Response

- SANDAG surveyed over 2,000 customers
 - 82% responded TTN "Great/OK"
 - 13% "No Opinion"
 - 5% "Didn't Particularly Like/Dislike" system
 - Increased familiarity with system improved customer acceptance
- No customer complaints regarding accuracy/reliability of system

Contract with TTN

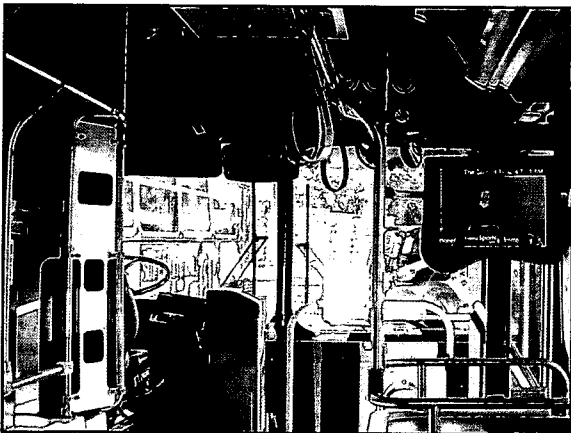
- Have begun contract discussions for fleet-wide installation on MTS Bus and Trolley
- Contract agreement structured similar to Los Angeles (TTN's most recent transit customer)
- Installation here after completion in Los Angeles – no sooner than Fall 2006

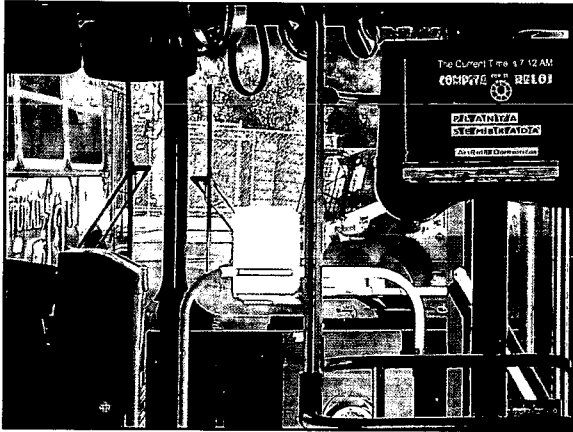
Contract with TTN

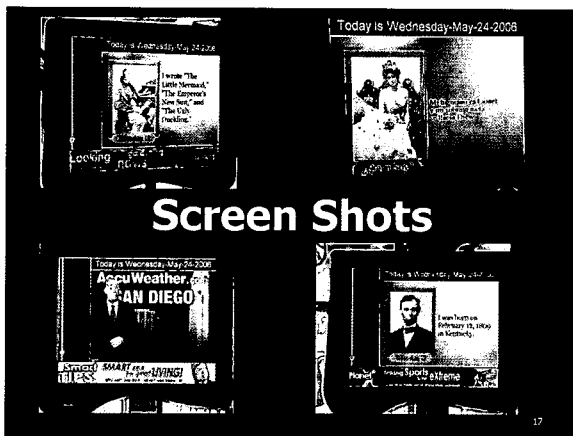
- TTN system to be deployed at no cost to MTS
- Advertising revenues enable TTN to install and maintain system
 - As advertising revenues increase, MTS will receive a percentage of the revenues

Images

MTS Bus with TTN

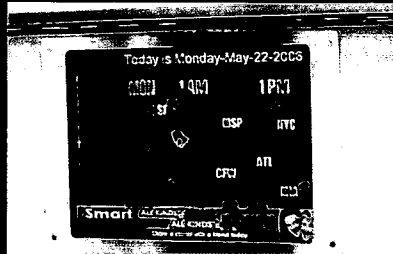








News



MTS
Metropolitan Transit System

19

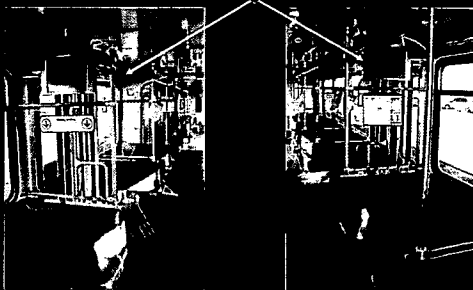
Integrated Televisions: SD-100



MTS
Metropolitan Transit System

20

Integrated Televisions: U2



MTS
Metropolitan Transit System

21

Questions?

MTS
Metropolitan Transit System

22

9:24



AGENDA ITEM NO.

47

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

****PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM****

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 2006-05-25
Name (PLEASE PRINT) Clive Richard
Address 5153 La Dorna St
San Diego, CA 92115
Telephone 619.582.4036
Organization Represented (if any) _____

Subject of your remarks: _____

Agenda Item Number on which you request to speak _____

Your comments are presenting a position of: SUPPORT



OPPOSITION

☐

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

****REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.****



Customer Communication
Re: Agenda Item 47

Rob Schupp

From: Robert Kovelman [rkovelma@pacbell.net]
Sent: Friday, May 19, 2006 9:40 PM
To: Rob Schupp
Subject: Television on transit

Rob,

I am writing to confirm the opinion I expressed to you on the phone last week, namely, that I am opposed to the installation of televisions in buses and trolleys. My opinion is based upon the following points:

- 1) Passengers should have the right to experience a ride without noisy, unnecessary interruptions. The intrusion of television is clearly contrary to this.
- 2) Policy should not be dictated by surveys of the kind you described to me, in which most riders supported the installation of televisions. I would wager that if you performed such a survey asking if riders wanted to consume food on transit, you'd get the same level of positive response, yet the policy does not permit this.
- 3) MTS should be striving to increase its ridership. So the critical question, if one does want to employ surveys, is the opinion of "marginal" riders, those who can easily choose between transit and driving. Did the survey you mentioned address this point?
- 4) I'm not sure how the content is selected, but for a mass audience the choices are usually between the banal (I recently saw weather forecasts for the southeastern US interspersed with celebrity gossip items) and more substantive programs which can have objectionable material (i.e., news programs that might well not be appropriate for my children).
- 5) I understand from a recent article in the Union-Tribune that one of the factors influencing this decision is revenue. But if I understood correctly, the upside is only in the neighborhood of \$100K per year. This small amount of revenue should not override other, more important considerations.
- 6) If, in the end, the Board does decide to go ahead with this program, it should be done in a way that is sensitive to the concerns of all riders, and I think that this could be accomplished by having a television-free zone. For instance, there could be only one TV, in the back of the bus.

I appreciate your taking the time to talk with me about this issue and your consideration of my point of view. I would like my opinion to be shared with the MTS Directors before a decision is made on this issue.

Sincerely,
Robert Kovelman
5527 Beaumont Ave.
La Jolla, CA
858-459-0352



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 48

Joint Meeting of the Board of Directors for
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 960 (PC 50553)

May 25, 2006

SUBJECT:

SDTC: PREVENTATIVE FLEET MAINTENANCE RESTRUCTURING

RECOMMENDATION:

That the Board of Directors receive this report for information.

Budget Impact

None.

DISCUSSION:

At the May 2006 American Public Transportation Association (APTA) Bus & Paratransit Conference, Board Member Phil Monroe and Chief Operating Officer-Bus Claire Spielberg presented the findings of San Diego Transit Corporation's (SDTC's) innovative maintenance program. That same presentation will be presented to the Board.

Background

As a direct result of its deficient maintenance operation, SDTC began a complete reorganization of its Maintenance Department. The operation needed organizational direction to halt the downward spiral caused, in part, by its reactive maintenance program. Buses were only repaired when they failed on the road and were never completely repaired. The challenge was to fix the problems permanently by restoring the fleet to a state of good repair by refocusing on the comprehensive condition of each bus.



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

A newly developed and stressed vision of "good repair" was implemented and reinforced until it became a state of mind, and the processes to support that vision were developed. This report is a model of problem identification, problem resolution, processes, and progress.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Claire Spielberg, 619.238.0100, Ext. 400, claire.spielberg@sdmts.com



MAY25-06.48.FLEETMAINTENANCE.CSPIELBERG

San Diego Metropolitan Transit System

Preventive Maintenance Program
May 1, 2006



Claire Spielberg
Chief Operating Officer - Bus

Phil Monroe
Board Member



Outline

- What We Faced
- What We Did
- Results
- Latest Issue
- Where We're Going

What We Faced

- "Long time in the company" Culture
- Poor Performance
- Breakdown of Discipline

MISBEHAVIOR AT BUS YARDS

Probe finds fights, hi-jinks, drugs

By Mark Arner, STAFF WRITER

A San Diego Transit investigation discovered employees at its maintenance yard playing tag with buses, urinating in the rear of them and having order and rock fights with the homeless. A newly released report shows.

Transit security guards looked the other way.

Private investigators hired by the city's largest public transportation agency exposed the transgressions last year while probing reports of employee theft.

San Diego Transit, which manages a fleet of 319 buses, previously released documents detailing how investigators caught employees stealing thousands of dollars from bus fare boxes and selling counterfeit transfer passes.

SEE BUSES, A19

The San Diego Tribune • Sunday, April 1, 1990

BUSES

Continued from page A1

Guards looked the other way, a report says

Newly released documents show employees at the agency's largest bus maintenance yard were doing more than playing tag with buses, urinating in the rear of them and having order and rock fights with the homeless. A newly released report shows.

Transit security guards looked the other way.

Private investigators hired by the city's largest public transportation agency exposed the transgressions last year while probing reports of employee theft.

San Diego Transit, which manages a fleet of 319 buses, previously released documents detailing how investigators caught employees stealing thousands of dollars from bus fare boxes and selling counterfeit transfer passes.

SEE BUSES, A19

Did speed spark bus blazes?

Operation of stretch vehicles on freeways seen as possible cause

By Jeff Blitman, STAFF WRITER

Four significant bus fires in less than five years have San Diego Transit authorities in a driving whether service up or down the road to the high-capacity vehicle.

The bus agency launched an investigation after one of its 67-foot stretch buses—the 124—with the second-highest seating capacity for any bus, 36 seats, was involved in a fire.

As was the case in the other previous fires, this 124 was involved.

Gregory C. Powell, president and general manager of San Diego Transit, said the bus fires were among a list of 67 accidents involving the 124 that New York City

Wichita, Kansas, at about \$140,000 each. Powell said the bus agency has asked the American Public Transportation Association, an international advocacy group for transit agencies, to conduct a study of the 124s.

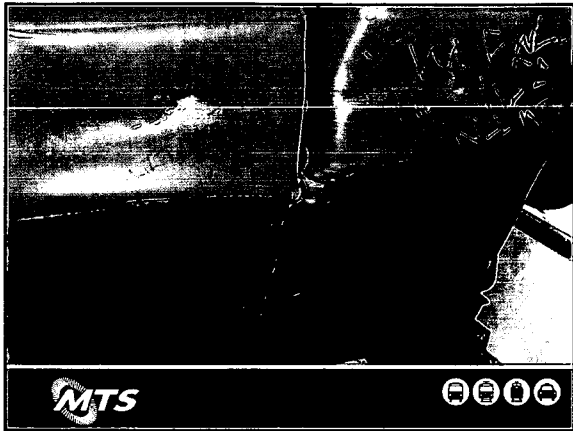
The 124s are 67-foot stretch buses. As the driver was exiting the upper bus to the lower bus, he said, the second bus came from behind and hit the first bus. The driver of the 124 was killed.

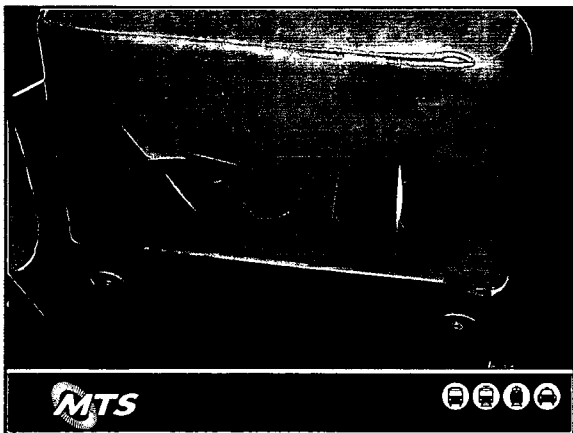
Frank Hertz, an investigator for the 124s, said the 124s were involved in the fire.

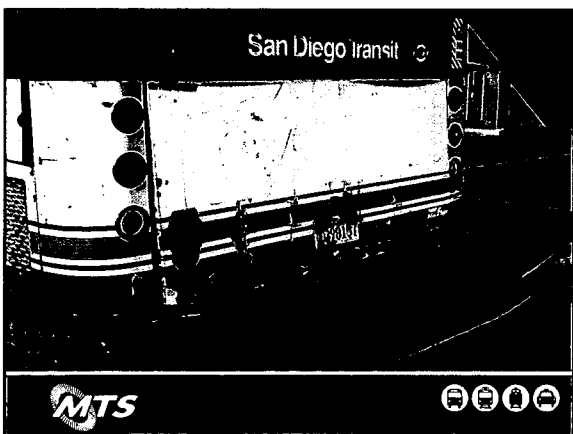
"It may have started in the wheel area, a crew later said it is the engine area," Hertz said. "Without having things apart and really getting under the hood, it was difficult for me to tell."

The stretch vehicle, sporting a replacement of the 124s, was in the agency's fleet.

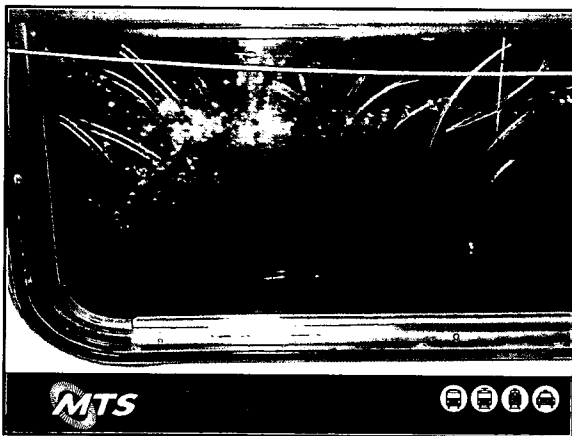
SEE BUSES, B4

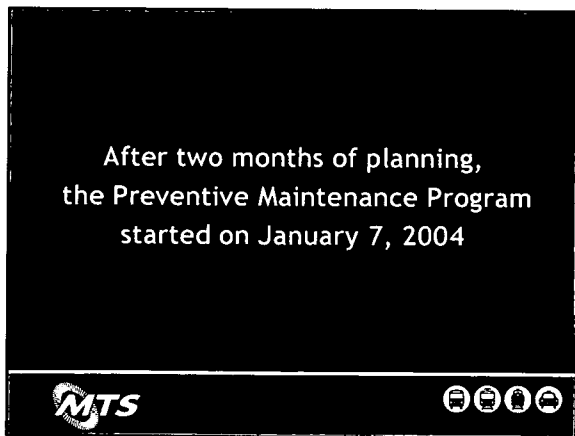












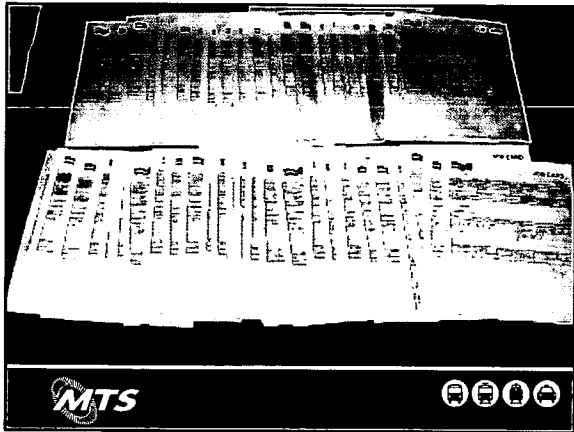
Designed as a comprehensive inspection
and repair plan to return
San Diego Transit's bus fleet to a
"state of good repair"

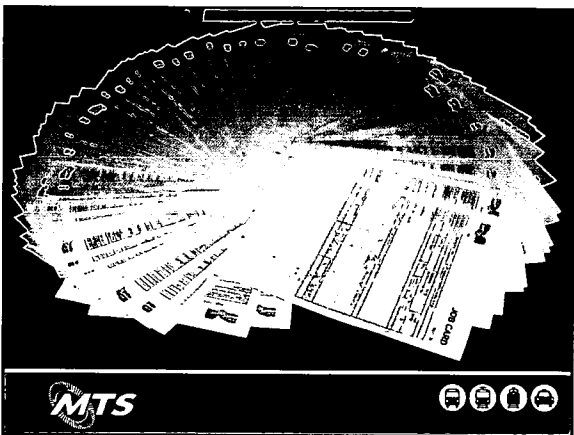




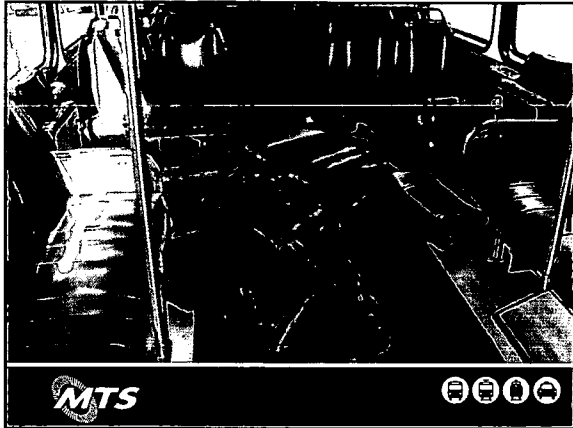
Initial inspections yielded
a daunting collection
of work orders









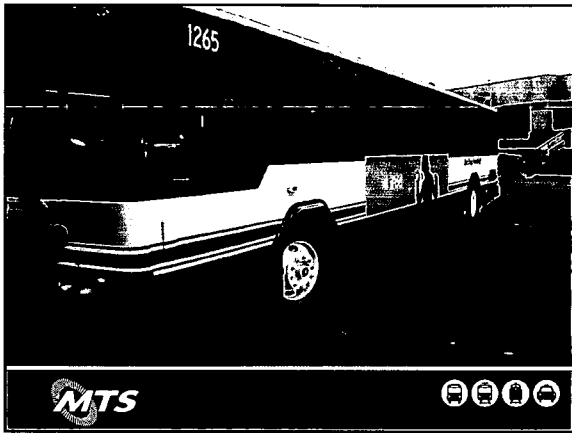




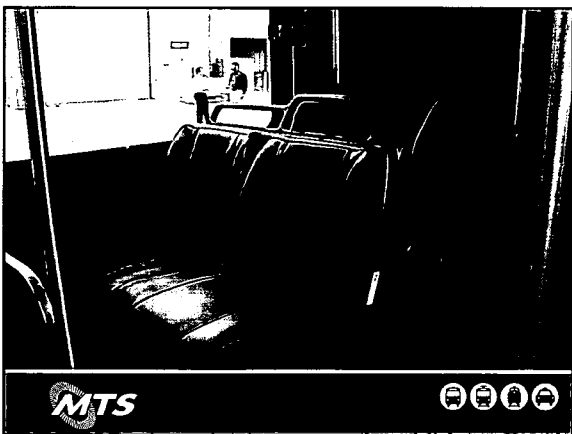
We also enlisted our
outside parts supply vendors
to maintain
the aggressive Program pace

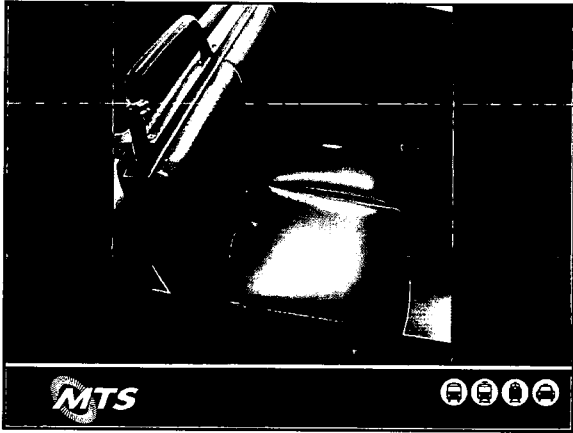


The Results



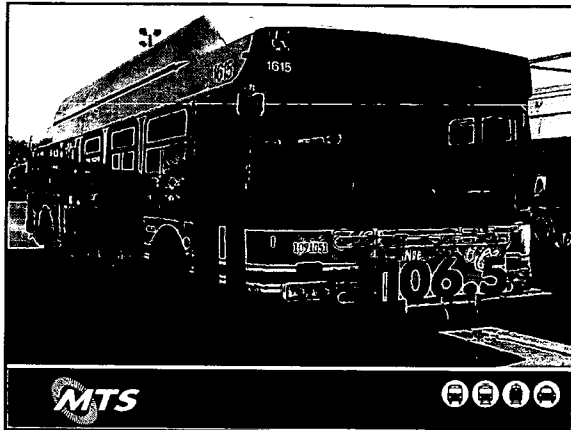


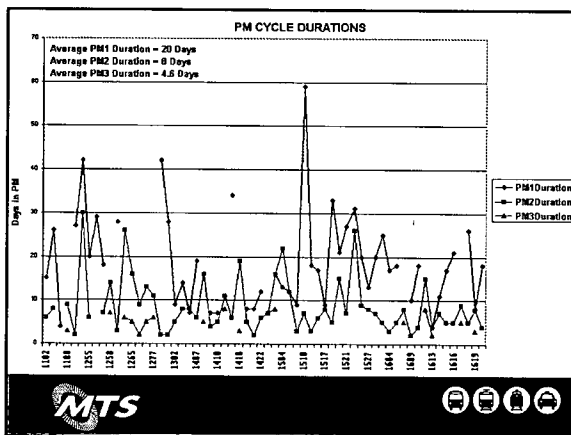


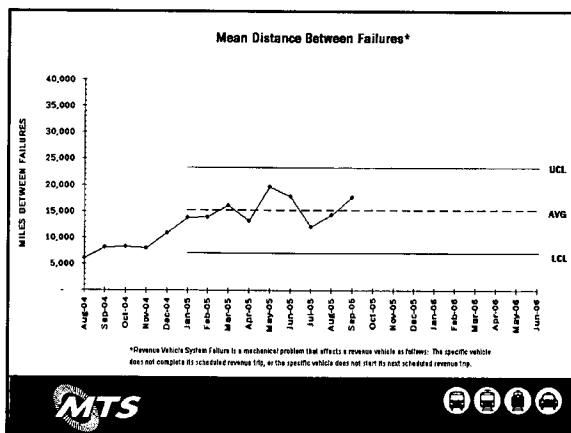


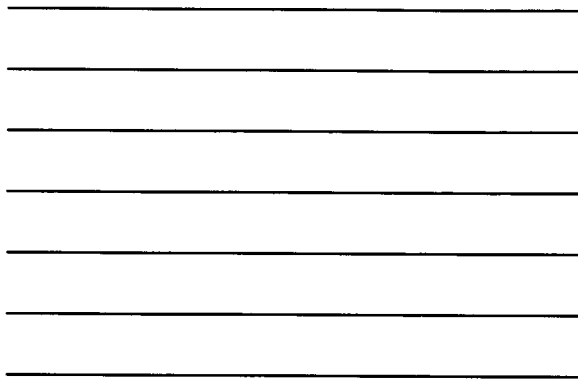












Individual inspections generated by
our maintenance management system
were realigned into the newly created
72k Maintenance Inspection Cycle



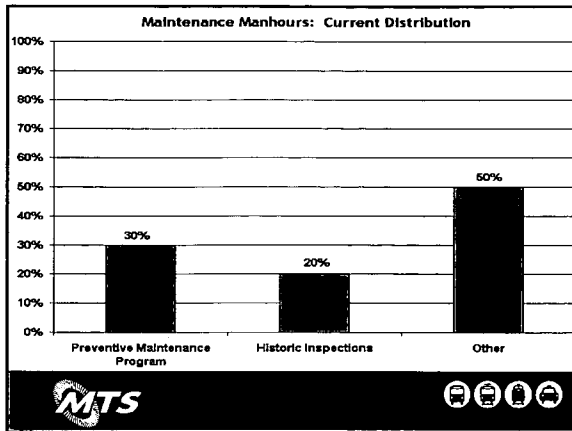
72k Mile PM Inspection Cycle

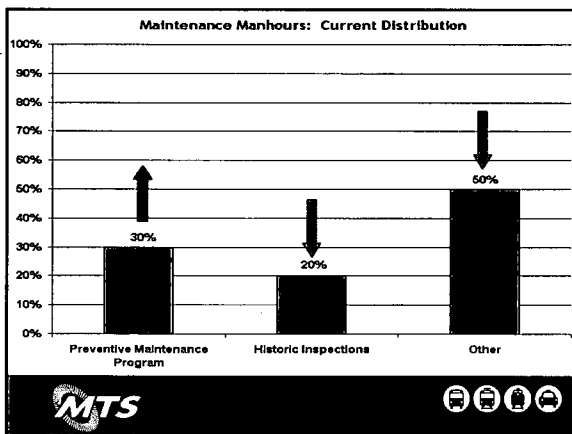
| 6k | 12k | 18k | 24k | 30k | 36k | 42k | 48k | 54k | 60k | 66k | 72k |
|----------|-------------|----------|-----------------|----------|-------------|----------|-----------------|----------|-------------|----------|-----------------|
| Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes | Brakes |
| Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil | Lube/Oil |
| | Deep Clean | | Deep Clean | | Deep Clean | | Deep Clean | | Deep Clean | | Deep Clean |
| | Wheel Chair | | Wheel Chair | | Wheel Chair | | Wheel Chair | | Wheel Chair | | Wheel Chair |
| | AC | | AC | | AC | | AC | | AC | | AC |
| | PM | | PM | | PM | | PM | | PM | | PM |
| | | | Electrical Sys | | Radio | | Electrical Sys | | | | Electrical Sys |
| | | | Coolant Sys | | | | Coolant Sys | | | | Coolant Sys |
| | | | Gas/Fire/DefSys | | | | Gas/Fire/DefSys | | | | Gas/Fire/DefSys |
| | | | PM24 | | | | PM24 | | | | PM24 |
| | | | | | | | | | | | Radio |
| | | | | | | | | | | | SOT-Desert |
| | | | | | | | | | | | CPW2 |

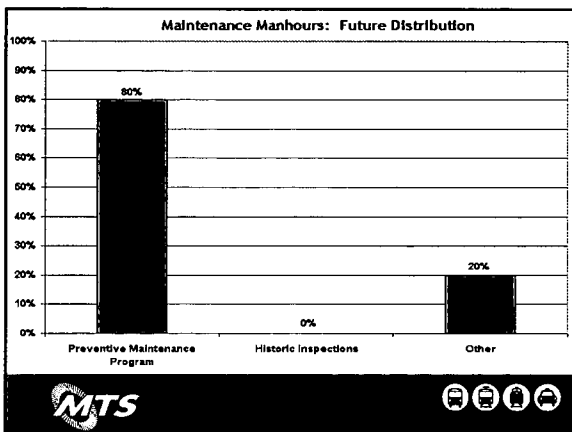


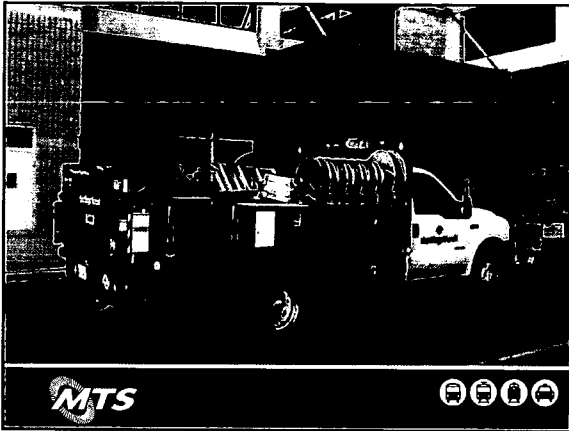
Where we're going!















1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

Item No. 61

Chief Executive Officer's Report

ADM 121.7 (PC 50101)

May 25, 2006

Minor Contract Actions

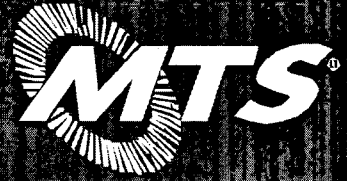
- Laidlaw Transit Services, Inc. for transportation services to mitigate lost service resulting from a Caltrans construction project.
- PIX/Media Service, Inc. for MTS, Bus, and Trolley key tags for marketing purposes.
- R. Martin Bohl for legal services related to the Grossmont Trolley Station Joint Development Project.
- Berryman & Henigar for a storage magazine for the Explosive Detection Unit K-9 Team Program.

Contract Matters

There were no contract matters to report.

gail.williams/agenda item 61





NEWS MEDIA ARTICLES FROM
MAY 1, 2006 TO MAY 24, 2006
REGARDING MTS

Trolley soliloquies strike a blow for freedom

Luis Humberto Crosthwaite

May 4, 2006

The San Diego Union - Tribune - San Diego, Calif.

Luckily, I can count on my car breaking down periodically. Other people who have new cars, or older cars in good running order, are not so lucky. With my car in the shop, I have the opportunity to go back to public transportation. A few days ago, I had the chance to confirm that the art of talking to oneself on the San Diego trolley is alive and well.

Some passengers are bewildered. I see it in their blanched expressions. I notice it in the way they shift uncomfortably in their seats. And it's not that they mind listening to another person talking to himself, but rather that, although it's an everyday occurrence, some people aren't used to it.

For me, it's the purest form of freedom of speech. And I listen to what others have to say when they're speaking to no one in particular; at times I even lean closer.

Sometimes it's just disconnected phrases that repeat over and over like a litany. An Asian man, around 40 years old, kept saying "San Diego ... San Diego ... San Diego trolley," and then smiled. It was a little jingle, like someone remembering a song from his childhood.

However, the words sometimes are social commentaries, like those of that man, around 45, who complained of his joblessness, his overwhelming expenses, and the politicians who can't fix anything. Then he added a few choice unmentionables, but he said them with a composure that made them seem less like vulgarities and more like a love poem.

Some young people laugh at these folks, but surely it's because they haven't learned to listen. When I travel on the trolley, I feel like I have the ability to read other people's minds, to know what they think and feel. Distanced from all falsehood and that which we usually call political correctness, people who speak to themselves express their opinions without fear of censure.

We should all be so lucky.

On a Tuesday in April, a beautiful woman in her 60s with big, green eyes regaled her fellow passengers with a fragment of her life story.

She spoke of an era when she used to visit Tijuana. She repeated "Tijuana-Mexico" with such intensity that there wasn't a soul on the trolley who wasn't paying close attention to her.

She spoke of a man called Manuel, whom she met south of the border.

"I gave him my life, I gave him my life, I met him in Tijuana- Mexico, he wanted me to marry him, but I couldn't, my parents were opposed, he didn't have any money, he didn't have any money, I had to leave him in Tijuana-Mexico."

During stops, the woman fell in embarrassed silence. Later, when the trolley began moving again, she continued her tale.

"I married that good-for-nothing Steve. Steve would say I was a failure. Seventeen years I put up with him. Tijuana-Mexico, Tijuana- Mexico. ... "

She said all this in English, but she would sometimes break into Spanish. It was obvious her monologue was not meant for us but rather was directed at that long-ago memory named Manuel.

Her voice then became a lullaby: "You used to take me to the park, you used to take me to the park, you took my hand, you bought me chocolate ice cream. Tijuana-Mexico, Tijuana-Mexico."

If I had a new car and traveled isolated to work, I wouldn't get the chance to listen to that woman and all the others who talk to themselves on the trolley.

Could it be that talking to oneself is an exercise we should all engage in? I would say yes! There are too many bottled-up emotions, anger, frustration that we keep locked up inside us and that only grow and tighten around our hearts. How else are we going to be set free?

One night I decided to experiment. On my way back home, alone in a trolley car, I decided to speak out in a clear voice what I was thinking. I said: "I would like to get home and write about these fabulous people." And I capped it off by practically yelling "San Diego ... San Diego ... San Diego trolley."

Truth is, I felt very good after I did it, I felt liberated. It was much better than improvising ditties in the shower.

Before I got off the trolley, I noticed that several seats back sat a young man. I had thought I'd been alone, but I'd had an audience. When I was on the platform and the red trolley was pulling away, I could see the young man was laughing at me.

Coronado
Eagle & Journal

MAY 1 0 2006

Early Morning Noise

I would like to comment on something that happened in the early morning hours of April 27. Around 2:30 a.m. I was awoken by the sounds of gushing water. My bed was vibrating as well. Several thoughts ran through my mind, i.e. It was 5 a.m. and the sprinklers had come on. Then I looked at the clock and saw that it was only 2:30 a.m. I then thought that maybe the house next door was on fire and the fire department didn't want to bother my sleep while they battled the blaze. I stumbled to the window and peering out through the blinds, I saw a pickup truck pulling away with a pressure washing unit. It appears that the bus stop outside my window was in dire need of cleaning.

Needless to say that I was not happy at this point, and dashed out a somewhat "politically incorrect" email to MTS. I found out later in the day that it was actually the Public Services of Coronado who is in charge of this. The Coronado Municipal Code actually does have a noise ordinance, which other than talking, prohibits unnecessary noise from 7 p.m. - 7 a.m. You are not even allowed to whistle in public after 11 p.m. Coronado has always struck me as being a very quiet, pleasant place to live. However, the lack of respect for residents and disregard of city policy shown by this incident is appalling and I hope that my letters of complaint to the director of public services and the director of community development (a.k.a. noise control officer) elicits a reasonable explanation for this occurrence.

Tom Elliott

MAY 1 1 2006

Art, music and dance headline 'Taste of the Arts' on May 21

Purchase affordable one-of-a-kind art for your home or for gifts. Listen to the variety of "Americana" music. Watch artists crafting pottery, paintings and jewelry. Join the kids in making a unique hat. Thrill to the daring dance moves of the tango. Relax to the sounds of smooth jazz.

Plan to enjoy all this and much more at "Chula Vista's Taste of the Arts" on Sunday, May 21. This year's phenomenal event features a lineup that includes three stages of exciting live entertainment; 30 featured artists demonstrating arts such as sculpture, Indian baskets and blown glass; dozens more artist vendors offering original artwork and jewelry for sale; and popular children's activities with puppets, jugglers and hands-on arts fun.

Chula Vista's Bayside Park—dramatically located along San Diego Bay—is the venue for this year's "Taste of the Arts" and the non-stop free activities are scheduled from 10 a.m. to 5:30 p.m. To get to the park take the J Street/Marina Parkway exit off I-5, proceed west past the marinas and follow the signs to the free parking area.

In addition, free shuttle buses will be available to festivalgoers from three locations in eastern Chula Vista—EastLake Village Center West, Chula Vista Community Park and Cottonwood Park—as well as from western Chula Vista's H Street Trolley

Station beginning at 10 a.m.

Headliners on the main stage are the San Diego Chamber Orchestra and Fattburger. The Chamber Orchestra will perform a lively "Pops-style" concert with crowd favorites that include

"Stars and Stripes Forever" and selections from "Porgy and Bess" with a special guest performance by 16-year-old violin virtuoso Michael Viscardi. Fattburger will bring its trendy smooth jazz sounds to the bayfront to the delight of their many fans. Also on the main stage will be PASACAT, the internationally recognized Philippine dance company in the South Bay.

"We invite everyone to 'Taste of the Arts'—a free, family festival with outstanding entertainment, exciting arts activities for adults and children, and one-of-a-kind art pieces for sale ranging from jewelry to pottery and paintings," said Arts and Culture Coordinator Ric Todd.

Other highlights of this year's festival include:

Featured artists: Watch the creation of works of art and exhibits of the final products at our featured artist booths. Included are Manuelita Brown, bronze sculpturès; Cherrie LaPorte, blown and fused glass; Joan Hansen, watercolors; Yvonne LaChusa Trotter, Kumeyyay Indian baskets; Pete Tillack, acrylics and oils; Barry Parr, pottery; Sylvia Lizarraga, oil and watercolors; Sinclair Stratton, acrylic/watercolor animals; and Del Herbert, carved wooden birds.

Fun for children and adults: Experiences include the Icarus Puppet Theater, Fern Street Circus, "hands-on" clay and painting activities provided by the San Diego Museum of Art and the San Diego Children's Museum, and hat-making with the Rad Hatter. Adults can learn the basics of quilting, scrapbooking or some new dance steps.

Live entertainment: Among the other entertainers scheduled on the stages are the spirited dance troupe Tango Alma, Grammy-Award winning jazz artist Bill Cunliffe, the Califor-

nia Ballet, the Martin Luther King Jr. Gospel Choir and a number of outstanding youth groups.

Art of the Written Word: Returning for a second year, this pavilion will feature storytelling, book talks and appearances by the very first winners of the Chula Vista Literary Award.

The Chula Vista Office of Arts and Culture presents the festival



and major sponsors include the City of Chula Vista, the Unified Port of San Diego, Wells Fargo, SDG&E, the County of San Diego, MTS, Coca-Cola, Toyota Chula Vista, the Corky McMillin Companies, XLNC1, NBC 7/39, Mi San Diego TV 43, the National Arts Program, Pacifica Companies, the Star News, Otay Ranch, Allied Waste, the Jeff Phair Company and Dick Blick Art Supplies.

For more information, click on www.chulavistaca.gov/culturalarts or call (619) 585-5682

SAN DIEGO CLIPPING Sentinel

MAY 1 2 2006

Art, music and dance headline 'Taste of the Arts' on May 21

Purchase affordable one-of-a-kind art for your home or for gifts. Listen to the variety of "Americana" music. Watch artists crafting pottery, paintings and jewelry. Join the kids in making a unique hat. Thrill to the daring dance moves of the tango. Relax to the sounds of smooth jazz.

Plan to enjoy all this and much more at "Chula Vista's Taste of the Arts" on Sunday, May 21. This year's phenomenal event features a lineup that includes three stages of exciting live entertainment; 30 featured artists demonstrating arts such as sculpture, Indian baskets and blown glass; dozens more artist vendors offering original artwork and jewelry for sale; and popular children's activities with puppets, jugglers and hands-on arts fun.

Chula Vista's Bayside Park—dramatically located along San Diego Bay—is the venue for this year's "Taste of the Arts" and the non-stop free activities are scheduled from 10 a.m. to 5:30 p.m. To get to the park take the J Street/Marina Parkway exit off I-5, proceed west past the marinas and follow the signs to the free parking area.

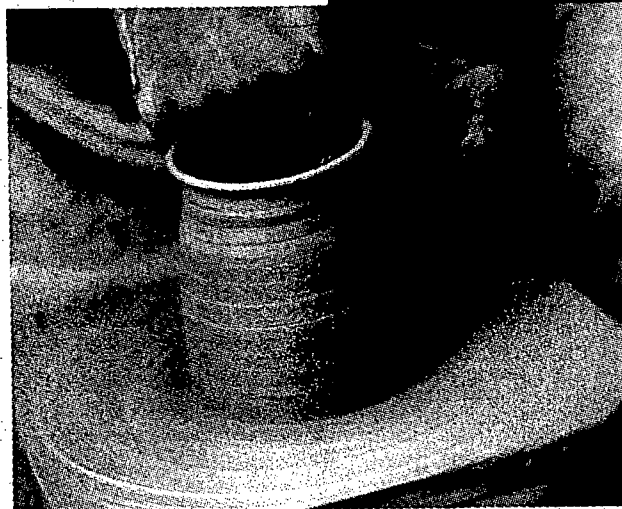
In addition, free shuttle buses will be available to festivalgoers from three locations in eastern Chula Vista—EastLake Village Center West, Chula Vista Community Park and Cottonwood Park—as well as from western Chula Vista's H Street Trolley Station beginning at 10 a.m.

Headliners on the main stage are the San Diego Chamber Orchestra and Fattburger. The Chamber Orchestra will perform a lively "Pops-style" concert with crowd favorites that include

"Stars and Stripes Forever"

and selections from "Porgy and Bess" with a special guest performance by 16-year-old violin virtuoso Michael Viscardi. Fattburger will bring its trendy smooth jazz sounds to the bayfront to the delight of their many fans. Also on the main stage will be PASACAT, the internationally recognized Philippine dance company in the South Bay.

"We invite everyone to 'Taste of the Arts'—a free, family festival with outstanding entertainment, exciting arts activities for adults and children, and one-of-a-kind art pieces for sale rang-



Live entertainment: Among the other entertainers scheduled on the stages are the spirited dance troupe Tango Alma, Grammy-Award winning jazz artist Bill Cunliffe, the California Ballet, the Martin Luther King Jr. Gospel Choir and a number of outstanding youth groups.

Art of the Written Word: Returning for a second year, this pavilion will feature storytelling, book talks and appearances by the very first winners of the Chula Vista Literary Award.

ing from jewelry to pottery and paintings," said Arts and Culture Coordinator Ric Todd.

Other highlights of this year's festival include:

Featured artists: Watch the creation of works of art and exhibits of the final products at our featured artist booths. Included are Manuelita Brown, bronze sculptures; Cherrie LaPorte, blown and fused glass; Joan Hansen, watercolors; Yvonne LaChusa Trotter, Kumeyay Indian baskets; Pete Tillack, acrylics and oils; Barry Parr,

pottery; Sylvia Lizarraga, oil and watercolors; Sinclair Stratton, acrylic/watercolor animals; and Del Herbert, carved wooden birds.

Fun for children and adults: Experiences include the Icarus Puppet Theater, Fern Street Circus, "hands-on" clay and painting activities provided by the San Diego Museum of Art and the San Diego Children's Museum, and hat-making with the Rad Hatter. Adults can learn the basics of quilting, scrapbooking or some new dance steps.

The Chula Vista Office of Arts and Culture presents the festival and major sponsors include the City of Chula Vista, the Unified Port of San Diego, Wells Fargo, SDG&E, the County of San Diego, MTS, Coca-Cola, Toyota Chula Vista, the Corky McMillin Companies, XLNC1, NBC 7/39, Mi San Diego TV 43, the National Arts Program, Pacifica Companies, the Star News, Otay Ranch, Allied Waste, the Jeff Phair Company and Dick Blick Art Supplies. For more information, click on www.chulavistaca.gov/culturalarts or call (619) 585-5682

MAY 15 2006

Campus, MTS Partner to Expand Free City Bus Zones

Starting fall quarter, students and staff will have access to bus routes to Fashion Valley.

By Erika Cervantes
STAFF WRITER

Beginning next fall, UCSD students, faculty and staff will have greater access to bus services in the San Diego area.

UCSD is working with the regional Metropolitan Transit System to increase the frequency and service areas of the buses MTS provides for the community, according to Greg Snee, director of planning and anal-

ysis at the campus' Transportation and Parking Services.

To work in conjunction with these transit-service improvements, UCSD will expand the range of the free campus bus pass zone to include a larger regional area than previously served, including the entire length of MTS route 41, which connects UCSD and Fashion Valley, Snee said.

Surveys completed last quarter by T&PS reported that approximately 1,300 students, staff and faculty utilize the MTS and County Transit District to enter UCSD each day.

No major changes are anticipated for the on-campus shuttle system in the fall, Snee said.

While the improvements to

[SHUTTLES, page 3]

Mini Shuttles Make Stops Less Frequently

► SHUTTLES, from page 1

MTS services will benefit students, many prefer the services of UCSD's Cityshuttle, and say that MTS buses are often inconvenient and run behind schedule.

"For the most part, I've had a positive experience with the Cityshuttles," Thurgood Marshall College sophomore Allison Rhodes said. "They're definitely more reliable than the buses ... [which] take too long to get anywhere and they're always late."

Though many students agree that

the UCSD shuttles are more dependable and convenient than the MTS buses, others point out that there is still room for improvement.

"Sometimes I'll be at the shuttle stop on Tuesday and Thursday nights around 9 p.m. and I'll have to wait 30 minutes for the shuttle," Revelle College sophomore Evan Greene said. "It's kind of ridiculous."

Snee said that the delay is due to the use of smaller, quieter shuttles that run less frequently at night, even though it often causes long waits.

"UCSD reduced the size of the vehicles on the Cityshuttle service this year in the evening hours to respond to decreased passenger demand in the late evening hours," Snee said. "These smaller vehicles also utilize alternative fuels and provide a more quiet vehicle alternative within the community."

More details about expanded MTS services will be available on the T&PS Web site this month, Snee said.

Readers can contact Erika Cervantes at emcervan@ucsd.edu.

**North County Times
Escondido**

MAY 15 2006

Give trolley a thought

Traffic on Interstate 15 in the mornings is just a joke. It's bumper-to-bumper traffic all the way from Escondido to San Diego. It's just insane, and it doesn't get any better on the way back home.

Have officials ever thought of providing another source of transportation for the people who have to deal with problems? How about a trolley that runs in between Escondido and San Diego? This would be a great help in two ways — one, it would decrease the amount of traffic on our freeways and, two, it would somewhat decrease the amount of pollutants entering the atmosphere.

The trolley wouldn't only help the commuting work force of San Diego, but also the thousands of people who enjoy going downtown. Fans would be able to see the Padres or Chargers play a home game without having to frown when it comes to the thought of traffic. The people who like to go out and have a drink but are responsible to not drink and drive would have a safe way of getting home.

I just hope officials give this idea a thought.

JORGE HERNANDEZ
Escondido

**North County Times
Encinitas/Del Mar**

MAY 16 2006

Less traffic on roads with trolley system

For the past five years I have been commuting from Vista to downtown San Diego by car using Interstate 15. Currently there is no alternate way to travel. Something must be done to reduce traffic congestion and accidents.

When the construction of a trolley takes place, it not only would reduce traffic, but also lessen the number of incompetent drivers on the road. There would be fewer drunken drivers, which, in turn, would reduce the number of fatalities, accidents and road rage.

Those who want to go see a concert, show, or a sports game would be able to do so without putting others in danger due to drunken driving. Other drivers, such as the elderly, who are too old or sick to drive, would be given the chance to make the roads safer. Overall there would be less traffic chaos on I-15.

If we want to reduce pollution, fatalities, accidents, traffic congestion and get incompetent drivers off the road, the implementation of a trolley system from Escondido to downtown San Diego should be implemented as soon as possible.

CHRISTY SMITH
Vista

Transit TVs will save agency money

The article on the Metropolitan Transit System's plans to install Transit Television Network, or TTN, monitors on our trolleys and buses (April 11) was excellent and accurate ("TVs, too, will ride bus/Transit systems plan to add video (it's the ad money)," Local, April 11). I would like to clarify, however, some facts related to the system's cost and overall purpose: The transit agency is not spending any money to install TTN. In fact, TTN will generate revenue for the transit system.

TTN will also communicate vital information to our riders. It will announce next-stop information in compliance with the Americans with Disabilities Act. When TTN is installed, our hearing- and vision-impaired customers will have consistent and timely next-stop information. This will allow the transit system to save hundreds of thousands of additional dollars by avoiding the installation of other equipment to handle these announcements.

Additionally, the other transit systems that have installed TTN report that vandalism and graffiti is lowered. The transit system expects that TTN will lower our costs to repair vandalism. During our pilot program, we conducted an extensive survey of those who had viewed TTN. Almost 82 percent of our riders enjoyed the amenity (13 percent were neutral and 5 percent did not like it) and approval of TTN increased among those riders who had the opportunity to view it more often.

The transit system is dedicated to providing excellent service. We believe that TTN's delivery of local news, weather and news features will enhance the transit experience for our riders. Most important, TTN will generate additional revenues and eliminate the need for certain capital expenditures, allowing the transit system to put those funds to work for our customers.

PAUL C. JABLONSKI
CEO, Metropolitan Transit System

Letters to the editor

San Diego Union Tribune

May 17, 2006

Transit TVs will save agency money

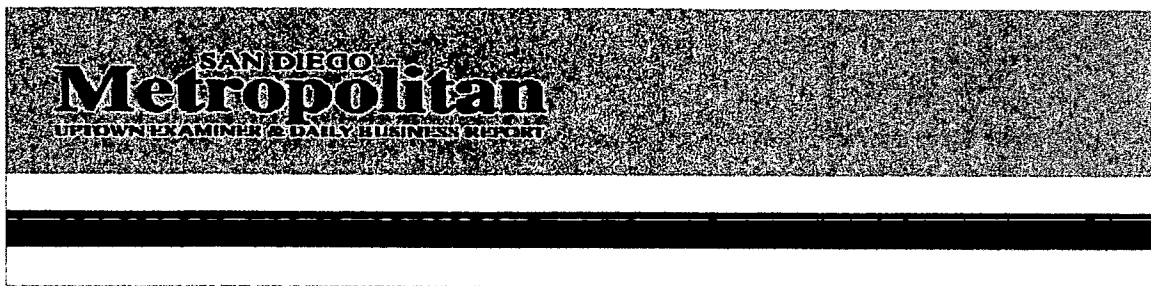
The article on the Metropolitan Transit System's plans to install Transit Television Network, or TTN, monitors on our trolleys and buses (April 11) was excellent and accurate ("TVs, too, will ride bus/Transit systems plan to add video (it's the ad money)," Local, April 11). I would like to clarify, however, some facts related to the system's cost and overall purpose: The transit agency is not spending any money to install TTN. In fact, TTN will generate revenue for the transit system.

TTN will also communicate vital information to our riders. It will announce next-stop information in compliance with the Americans with Disabilities Act. When TTN is installed, our hearing-and vision-impaired customers will have consistent and timely next-stop information. This will allow the transit system to save hundreds of thousands of additional dollars by avoiding the installation of other equipment to handle these announcements.

Additionally, the other transit systems that have installed TTN report that vandalism and graffiti is lowered. The transit system expects that TTN will lower our costs to repair vandalism. During our pilot program, we conducted an extensive survey of those who had viewed TTN. Almost 82 percent of our riders enjoyed the amenity (13 percent were neutral and 5 percent did not like it) and approval of TTN increased among those riders who had the opportunity to view it more often.

The transit system is dedicated to providing excellent service. We believe that TTN's delivery of local news, weather and news features will enhance the transit experience for our riders. Most important, TTN will generate additional revenues and eliminate the need for certain capital expenditures, allowing the transit system to put those funds to work for our customers.

PAUL C. JABLONSKI
CEO, Metropolitan Transit System



Downtown Real
Estate Agents Guide

Classical
Music To Read By



Daily Business Report

May 18, 2006



MEETINGS & EVENTS

The San Diego Taxpayers Association honored Sandag with its **Grand Golden Watchdog Award** last night for its TransNet environmental mitigation program while it dumped the **Grand Golden Fleece Award** on the city of San Diego for running up pension consultant fees to upwards of \$30 million. The association says Sandag saved taxpayers millions of dollars in land acquisition costs with its TransNet program while the city continues to spend millions on accounting firms, lawyers and "special experts" to help solve its financial problems. Last year, the city received a **Golden Fleece Award** for poor management of consultant contracts. This year, the dubious prize was upgraded to Grand Golden Fleece.

Once again, the awards were presented between irreverent, and funny, videos of local elected officials. In one, **Mayor Sanders** was shown preparing for the strong mayor's job by watching old **Arnold Schwarzenegger** videos and working out with small hand weights; running up the steps to City Hall with a towel around his neck and jumping around like Rocky; and engaging the City Council in a one-on-them tug-o-war in council chambers. In another, City Attorney **Mike Aguirre** was shown practicing with a hand mirror different ways to say, "you're fired."

The Golden Watchdog Award honors good government practices and efficient use of public money while the Golden Fleece Award recognizes wasteful, inefficient or absurd uses of taxpayer dollars.

Regional awards also were presented by the taxpayers group at its awards dinner at the **Town and Country Resort**.

- The county **Department of Public Works** was given a **Regional Golden Watchdog Award** for establishing a blanket permit for flood control maintenance activities, a streamlined process that the association says has saved taxpayers more than \$5 million. Winner of the **Regional Golden Fleece Award** was the **San Diego County Regional Airport Authority** for its airport site selection education campaign. The association says the campaign to educate the public about the need for a new airport is far from objective. "This effort, headed by a local PR firm, has slick campaign-like brochures and commercials showing an airport crisis even though **Lindbergh Field** is one of the most efficient, convenient airports in the United States," the association says.
- The city of **San Diego Metropolitan Wastewater Department** received the **Metro San Diego Watchdog Award** for the use of robotic camera technology to assess the condition of San Diego's sewer lines in real time. Because of the program, 32 miles of sewer lines which were scheduled to be replaced were found to only need rehabilitating, saving taxpayers \$52.4 million over four years, the association says.
- The city's **Real Estate Assets Department**, however, was given the **Metro San Diego Fleece Award** for not knowing how much property the city owns because of a "scandalous lack of record keeping and management." The city's **Metropolitan Transit System** was given the association's new **It's About Time Award** for an 18-month project to analyze the services of the Metropolitan Transit System. Changes resulting from the analysis will result in an increase of 14,000 riders per day and \$5 million in budget savings, the association says.
- Another new award, the **People's Choice Award for Dumb Ideas Under \$1 Million**, was given to **UCSD** for its chancellor sabbatical. "In addition to an annual salary of \$350,000, \$87,500 relocation allowance and numerous other perks, UCSD Chancellor **Marye Anne Fox** received \$248,000 for a sabbatical she earned at **North Carolina State University** but did not take," the association says. "UC President **Bob Dynes** quietly authorized the payment for the sabbatical without the knowledge of the Legislature, the Board of Regents and the public at a time when student fees were being raised. Not such a smart move by the head of the UC system."
- The **San Diego Union-Tribune** and **Copley News Service** were honored with the **Media Watchdog Award** for coverage of the **Randy "Duke"**

Cunningham scandal. The **Watchdog Award** in the television category was given to **Thom Jensen** of **10News KGTV** for the investigative story, "Behind Closed Doors," which linked financing of **Petco Park** to the city's pension debt.

Government Practices Awarded Honors, Fleeces

By JULIE GALLANT - 5/18/2006

San Diego Business Journal Staff

Those brave souls who are minding the store, and those other folks who are fleecing the public coffers, all got their due May 17, courtesy of the San Diego County Taxpayer's Association.

More than 600 community and business leaders turned out for the 11th annual Golden Watchdog and Golden Fleece Awards at the **Town and Country Resort** in Mission Valley.

The watchdog awards honor "good government practices and efficient use of public money," while the fleece awards expose "wasteful, inefficient or downright absurd uses of taxpayer dollars."

The association received more than 100 nominations for awards from individuals and organizations throughout the region. Without further ado, here are the winners and losers:

Grand Golden Watchdog Award: The San Diego Association of Governments for its TransNet Environmental Mitigation Program.

Grand Golden Fleece Award: The city of San Diego for its pension consultant fees, and "use and poor management of consultant contracts."

Regional Golden Watchdog Award: The county of San Diego Department of Public Works for its blanket regional permit for flood-control facility maintenance, which allows crews to "work efficiently to protect lives and private property without the bureaucratic delays of the past."

Regional Golden Fleece Award: The San Diego County Regional Airport Authority for its airport site selection education campaign.

Metro San Diego Watchdog Award: The city of San Diego Metropolitan Wastewater Department televising sewer lines — using robotic camera technology to assess the condition of San Diego's sewer lines in real time, saving taxpayers \$52.4 million in a four-year span.

Metro San Diego Fleece Award: The city of San Diego for its real estate assets department and failing to answer the question: "What property does the city of San Diego actually own?"

It's About Time Award: The city of San Diego Metropolitan Transit System for its

comprehensive operations analysis of the services it provides.

People's Choice Award for Dumb Ideas Under \$1 Million Award: UC San Diego for its chancellor's sabbatical.

Media Watchdog Award: *The San Diego Union-Tribune* and Copley News Service for the Randy "Duke" Cunningham scandal; and Thom Jensen of 10News for the "Behind Closed Doors" segment linking the financing of Petco Park to the city of San Diego's pension debt.

— Pat Broderick

San Diego Business Journal, Copyright © 2006, All Rights Reserved.

MAY 19 2006

Bus route overhaul starts with Pacific Beach runs

By Jeff Ristine
STAFF WRITER

Improved bus service to Pacific Beach and reductions along several other routes will be implemented next month in the beginning of an overhaul to Metropolitan Transit System operations.

The transit agency has set June 11 and 12 for the first wave of changes to shed routes with low ridership and enhance others with more direct and more frequent connections.

Planners want to increase service to Pacific Beach as the summer season begins. Many of the other changes, however, focus on cuts, partly to avoid an

immediate increase in operating costs.

The rest of the bus-schedule overhaul, unanimously approved by the Metropolitan Transit board of directors after three public hearings, will roll out in September and January.

The transit agency plans a huge public outreach to keep riders informed of the changes.

While some passengers are losing their favorite route, "hopefully it's better for the majority," said Conan Cheung, director of planning and performance monitoring for the agency.

Among changes to more than two dozen routes:

- Circulators looping

through Pacific Beach will depart from the Old Town Transit Center every 7½ minutes. Route 8 will go clockwise, Route 9 counterclockwise along Ingraham Street, Garnet Avenue, Mission Boulevard and West Mission Bay Drive. Route 34, which now travels part of the territory, is being dropped.

- Route 30, an express bus connecting downtown San Diego and University City through Pacific Beach and La Jolla, will depart every 15 minutes instead of the current half-hour schedule. It adds a stop in Old Town for a connection to the San Diego Trolley Green Line, and uses more direct routing in

and out of Pacific Beach.

- An express bus between Mira Mesa and downtown San Diego (Route 210) will be shifted to Interstate 15 instead of state Route 163. Travel time should remain about the same, planners say. The new route is seen as a precursor to future Bus Rapid Transit service along the I-15 corridor.

- The new schedule discontinues Routes 26 (Old Town to Cabrillo Monument, shifted into two other routes), 40 (Fletcher Hills to downtown), and 70 (69th Street to downtown), among others. In most cases the transit agency is steering passengers into alternate routes, sometimes requiring

transfers.

The changes are the result of a year-long project, called the Comprehensive Operation Analysis, designed to eliminate chronic budget shortfalls and realign bus services with job centers outside the downtown area.

More changes in September will increase bus frequency through heavily traveled urban corridors and improve connections, Cheung said. January will bring changes in East County and South County and other cleanup steps.

Jeff Ristine: (619) 542-4580;
jeff.ristine@uniontrib.com

Route-change info

The Metropolitan Transit System will change its bus service next month. To keep riders informed the agency will:

- Place "Take One" pamphlets in buses by the end of next week.
- Post information online at the MTS Web site, sdcommute.com.
- Put up signs at bus stops involved in the changes.
- Schedule three sessions at bus stops to answer questions from riders – June 1 at Third Avenue and Broadway (southwest corner); June 8 at the Old Town Transit Center (west side bus bays); and June 9 at the Santee Transit Center (bus bays). All run from 3 to 6 p.m.

THE FUTURE OF DOWNTOWN

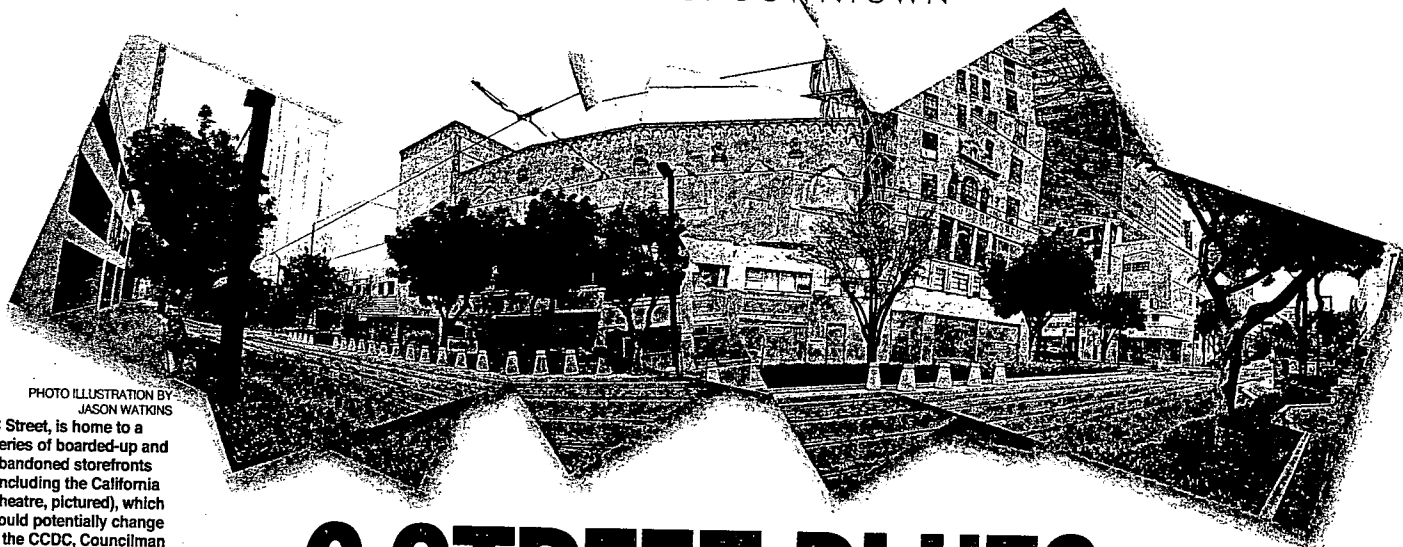


PHOTO ILLUSTRATION BY
JASON WATKINS

C Street, is home to a series of boarded-up and abandoned storefronts (including the California Theatre, pictured), which could potentially change if the CCDC, Councilman Kevin Faulconer and concerned citizens have their way.

C STREET BLUES

CCDC: Help may be on the way for neglected thoroughfare

By ADAM ELDER
DOWNTOWN NEWS

The long-neglected C Street corridor was finally given proper attention on April 20 during a Master Plan public workshop for the street, facilitated by the Centre City Development Corporation (CCDC) and held at the Westgate Hotel.

District 2 Councilman Kevin Faulconer kicked off the event.

"We have seen the tremendous activity that's happening south of Broadway, in the Marina area and the ballpark, and there's lots of great stuff happening, but we need help here on C Street," Faulconer said. "We need focus and attention to this area."

The current ills of C Street are numerous. Crime is particularly frequent, and because the narrow street serves as a major part of the MTS trolley route, automobile access is spotty and non-continuous. Blocks vary from trolley only to single-car lanes and double-car lanes. Also, C Street provides access to garages, dumpsters and service areas due to lack of service lanes, giving it a backstreet feel. Retail is largely absent, with boarded-up fronts and legitimate blights in their place.

"The primary focus of the C Street Master Plan is to create a general vision for the

physical and economic transformation of the C Street corridor, all the way from India Street at the One America Plaza transit stop to Smart Corner at the City College transit stop," said Garry Papers, CCDC spokesman. He readily indicated that C Street needs help with transit, garage access, utilities, and other issues, saying the project is "more than just street trees and pavement."

The workshop was just the first in a series of meetings. Future public discussions are tentatively scheduled to take place in mid-June and mid-August, during which the public will prioritize their concerns. With its central location, any new plan for C Street must work for the next 25 years. Papers and CCDC hope to get approval and recommendation from the city by the end of this year.

Skidmore, Owings & Merrill, LLP, an architecture and urban design firm secured by CCDC, presented their recommendations. They advocate private amenities to eliminate blight and upgrade quality of life. Ellen Lou of Skidmore repeatedly advo-

cated a vibrant environment, which would consist of encouraging upgrades and rehabilitation of historic downtown buildings for a more efficient, pleasant and safe corridor.

Skidmore's ideas included upgrading trolley service, building a continuous automobile lane and attractive, comfortable sidewalks, with spaces for retail activities. However, all of these improvements would require 100-plus feet from building to building, but there is currently only 80 feet available.

During prior stakeholder interviews, crime and safety came up over and over again. While support

was strong for public transit, many admitted the trolley has a negative impact as well. Restoration of places like the California Theatre at Fourth Avenue and C Street were also a priority.

The interviews also asked what people imagine C Street to look like. The response was a vision similar to Fifth Avenue, but with fewer bars and restaurants and

stronger retail. This would entail removing the many unsightly barriers and planters along the street. Businesses would consist of hospitality, cultural institutions, offices and community retail. Stakeholders are also looking for opportunities for art, playgrounds and areas to bring people together.

"C Street should be a vibrant corridor that strings together housing, offices, the city center area, as well as other new uses and cultural institutions," Lou said.

"Familiarity breeds contempt," a worker long employed around C Street remarked at the workshop.

"I've been frustrated by this area for a long time." He then reasoned that poor confidence in the area is responsible for the shape it's in as development has blossomed all around it. He attributed the lack of investment to the city sending mixed signals about the area's function.

The pendulum of suggestions also swung toward the unorthodox. One woman argued that C Street should be a fun, interesting and exciting place. Her main idea consisted of looking at Zurich, Switzerland's gastro tram, a dining train wildly decorated and dedicated on a loop around downtown.

Other comments were more blunt and practical. One man drew the most nod-

“We need help here on C Street. We need focus and attention to this area.”

Councilman Kevin Faulconer

C Street

◀ Continued from **PAGE 1**
ding heads of the evening when he stated, "C Street can have all the planters, all the streetscape, and it's not gonna fix what needs to be fixed on C Street." He argued that massive development fueled the revitalization of the Gaslamp Quarter and East Village with the Convention Center and the ballpark, respectively.

He continued that C Street needs a major, significant, intensely developed project that tells the lender community and the developer community that "this is now the place to spend money." He then asked the panel to avoid streetscape and short-term and inexpensive and instead adopt a comprehensive land use plan with a redevelopment effort focused on getting a big development along C Street.

"Safety will follow, developers will follow, investment will follow, private investment will follow, and it will fix most of what we're concerned about on C Street," he reasoned.

Many people, however, did support beautification, whether it includes removing

barriers, playing music, increasing artwork or simply making the streetscape more interesting to look at. A student wanted a place to ride a bike, along with landscaping and seating.

Mark Haines, real estate manager of the 7-Eleven on C Street and Sixth Avenue, said more activity and more retailers will make a difference. A member of the CCDC Technical Committee said C Street is unique because of its light rail on the street. He added that the redevelopment needs to take a strong direction either as an artistic urban environment, or as a linear park like the Martin Luther King Jr. Promenade as a green, bicycle- and pedestrian-friendly light rail park. In his professional opinion, C Street is "clunky" right now, being neither very urban nor very public.

The daunting task of revitalizing C Street was best illustrated at the workshop by an employee of the Westgate Hotel, who said the Westgate rents a street-level space that has remained completely unoccupied for the last 18 years.

For more information on C Street and future public workshops, contact CCDC at www.ccdc.com. ■