

DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

MARINA REDEVELOPMENT AGENCY

AND

MARINA COMMUNITY PARTNERS, LLC

MAY 31, 2005

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EXHIBIT A	Site Description
EXHIBIT B	Site Plan
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EXHIBIT E	Form of Deed
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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into as of the _____ day of _____, 2005, by and between the Marina Redevelopment Agency, a public entity ("Agency"), and Marina Community Partners, LLC, a Delaware limited liability company ("Developer"). The City of Marina ("City") has consented to this Agreement and approved certain undertakings in furtherance hereof pursuant to the Consent and Agreement of the City of Marina attached hereto following the signature page.

RECITALS

A. The Agency is responsible for the implementation of the former Fort Ord Redevelopment Project No. 3 Redevelopment Plan ("Redevelopment Plan"), which provides for redevelopment of property located in the City of Marina that was formerly part of the Fort Ord Army Base. The Redevelopment Plan has been determined by the Agency and City to be consistent with the Fort Ord Base Reuse Plan ("Fort Ord Reuse Plan") adopted by the Fort Ord Reuse Authority ("FORA") and the City's General Plan, as amended ("General Plan").

B. The Agency wishes to accomplish the redevelopment of that certain real property of approximately 290 acres, located on former Fort Ord lands within the city limits of the City, ("City"), commonly referred to as the University Village area ("Site"), and more particularly described in Exhibit A attached hereto and incorporated herein by this reference, together with other land owned by the City of approximately 19.3 acres within the Specific Plan boundaries ("City Parcels") which are not part of the Site for purposes of Developer's acquisition of and development of the Site pursuant to this Agreement. The Site is currently occupied by outdated military barracks and other military buildings no longer in use.

C. Developer intends pursuant to this Agreement to acquire the Site from the Agency, after the Agency acquires the Site from the FORA, and to develop thereon, in phases, a mixed use development including up to approximately 750,000 square feet of retail space, 760,000 square feet of business park development, 1237 residential units and hotels with up to an aggregate of 500 rooms (with ancillary public, conference or entertainment spaces and parking), certain public improvements and appurtenant improvements including the landscaping, certain community amenities and certain of the infrastructure necessary to support the development all in accordance with the Site Plan attached hereto as Exhibit B (the "Development", as more particularly described herein below) and the Development Approvals (as defined herein). The Site Plan is subject to modification from time to time by the City and Developer in the approval, processing and implementation of the Development Approvals.

D. The Agency has determined that the Development is consistent with the General Plan, the City's Planning and Zoning Ordinance, the Fort Ord Reuse Plan and the Redevelopment Plan. Sale of the Site by the Agency to Developer, and the Developer's construction on the Site of the Development, are in the best interests of the City, the Agency and the health, safety and welfare of the residents and taxpayers of the City, and are in accord with the public purposes and provisions of applicable federal, state and local laws.

E. Developer intends to develop the Site in three separate phases. Each Phase shall consist of the portions of the Development as set forth in the Phasing Plan attached as Exhibit C. Certain parts of the Development are designated Opportunity Phases, the timing of which may be undertaken by Developer as market conditions permit. The Phasing Plan is subject to modification from time to time by the City and Developer in the approval, processing and implementation of the Development Approvals.

G. City and Agency in selecting Developer have determined that Developer has the necessary experience, skill, capacity and financial capability to develop, to fund and pay for (i) the amount of the Purchase Price; (ii) the amount necessary to pay the Development costs including the cost of infrastructure improvements; (iii) the estimated impact and mitigation fees payable to the City; and (iv) the community facilities district fees payable to FORA.

H. Construction of the Development will substantially improve the economic and physical conditions in the Site and the City in accordance with the purposes and goals of the Fort Ord Reuse Plan, the General Plan and the Redevelopment Plan.

I. Pursuant to the California Environmental Quality Act ("CEQA") and its implementing guidelines, the City (in its capacity as "lead agency") has prepared, reviewed and approved an Environmental Impact Report ("EIR") for the Development Approvals and transactions contemplated by this Agreement (including the Development), following conduct of a duly noticed public hearing. The EIR has served as the environmental documentation for the Agency's consideration and approval (as a responsible agency under CEQA) of this Agreement and the transactions contemplated by this Agreement.

J. The Agency and the Developer previously agreed to basic objectives as set forth in the Business Terms of the Agreement to Negotiate Exclusively ("ANE") executed on January 29, 2004. These basic objectives have guided the Parties negotiations regarding the terms and conditions of the conveyance of the Site to the Developer and the development obligations of the Developer. These basic objectives include the Developer's objective to receive a 22% internal rate of return with respect to the Development, to develop a quality development that provides a mix of uses designed to provide both residential and employment opportunities as well as providing public amenities, to provide a fiscal benefit to the City and to provide a range of housing opportunities serving all segments of the market, including below market rate housing (the "Basic Objectives").

K. Inasmuch as this Agreement provides for the Agency's financial participation in the Affordable Housing (as defined below) and certain other elements of the Development and for the participation of Developer directly and through financing mechanisms in financing the public infrastructure and other public improvements required to carry out the Development, this Agreement constitutes a contract, obligation and evidence of indebtedness within the meaning and scope of Government Code Section 53511 in that it provides for a means of satisfying financing obligations for various improvements and facilities to be owned by or maintained for the benefit of the Agency, City and the public generally in the Development and in the community.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained hereinafter, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows.

ARTICLE 1. DEFINITIONS

Section 1.1 Definitions. The capitalized terms used in this Agreement shall have the meanings set forth below or elsewhere as they first appear in this Agreement.

- (a) "Adjusted Income" means the total anticipated annual income of all persons in a household, as calculated in accordance with 25 California Code of Regulations Section 6914, or pursuant to a successor state housing program that utilizes a reasonably similar method of calculation of adjusted income. If no such program exists, then the Agency shall provide a method of calculation of adjusted income reasonably similar to that provided in Section 6914.
- (b) "Agency" shall mean the Marina Redevelopment Agency, a public body corporate and politic, organized and existing pursuant to the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.).
- (c) "Agency Affordability Covenants" shall mean the Declaration of Affordability Covenants to be recorded against the Rental Development pursuant to Section 8.1 of this Agreement.
- (d) "Agency Board" shall mean the governing body of the Agency.
- (e) "Agency Documents" means this Agreement, the Agency Affordability Covenants, the Regulatory Agreement and any other documents the Agency requires the Developer to execute to implement the provisions of this Agreement.
- (f) "Agreement" shall mean this Disposition and Development Agreement.
- (g) "Affordable Homebuyer Resale Restriction" means the Resale Restriction and Option to Purchase Agreement between the Qualified Homebuyer and the Agency pursuant to Section 8.2 of this Agreement the terms and conditions of which shall be agreed to by the Parties in the course of negotiating the Below Market Rate Housing Implementation Agreement pursuant to Section 8.5, which places restrictions on the resale of the Affordable Homes to specified eligible purchasers at specified eligible purchase prices, and which provides mechanisms to enforce such restrictions. The Homebuyer Resale Restriction will be recorded against each Affordable Home at the time of conveyance to a Qualified Homebuyer.
- (h) "Affordable Housing" means the Affordable Rental Units, Low Income Units and the Moderate Income Units, which are subject to the provisions of Sections 8.1 and 8.2 of this Agreement. Affordable Housing does not include Workforce Housing which is subject to the provisions of Section 8.3 of this Agreement.

(i) "Affordable Low Income Housing Cost" means a Monthly Housing Cost not exceeding thirty percent (30%) times seventy percent (70%) of the Area Median Income, adjusted for Assumed Household Size or, for households whose eligible income equals or exceeds seventy percent (70%) of Area Median Income, adjusted for Assumed Household Size, not exceeding thirty percent (30%) of the household's eligible income, unless changed by State legislative enactment.

(j) "Affordable Moderate Income Housing Cost" means a Monthly Housing Cost not exceeding thirty-five percent (35%) times one hundred ten percent (110%) of the Area Median Income, adjusted for Assumed Household Size, or, for households whose gross eligible income is in excess of one hundred ten percent (110%) up to one hundred twenty percent (120%) of the Area Median Income, adjusted for Assumed Household Size, not exceeding thirty-five percent (35%) times the household's gross eligible income, unless changed by State legislative enactment.

(k) "Affordable Rental Units" shall mean any of the 108 rental units to be developed as part of Phase I of the Development.

(l) "Affordable Workforce Housing Cost" means a Monthly Housing Cost not exceeding forty percent (40%) time one hundred fifty percent (150%) of the Area Median Income, adjusted for Assumed Household Size.

(m) "Area Median Income" means the median income for households in Monterey County, California, as may be adjusted from time to time by the United States Department of Housing and Urban Development ("HUD") for the County of Monterey for purposes of determining eligibility for the Below Market Rate Housing and the Below Market Rate Housing Cost, the Affordable Workforce Housing Cost, Affordable Low Income Housing Cost and Affordable Moderate Income Housing Cost.

(n) "Assumed Household Size" means a household of three (3) persons in the case of a two-bedroom home and four (4) persons in the case of a three-bedroom home, five (5) persons in a four-bedroom house. This definition is utilized to calculate Affordable Low Income Housing Cost, the Affordable Moderate Income Housing Cost and Affordable Workforce Housing Cost and is not intended to limit the number of people occupying a Home nor to project or estimate the population of the Development or any phase thereof.

(o) "Below Market Rate Housing" shall mean the Affordable Housing and the Workforce Housing.

(p) "Certificate of Completion" shall mean either a Partial Certificate of Completion, Phase Certificate of Completion, or a Final Certificate of Completion as applicable issued by the Agency to the Developer pursuant to Section 6.9 of this Agreement.

(q) "City" shall mean the City of Marina, California, a municipal corporation, operating through its governing body, the City Council, and its various departments.

(r) "Close of Escrow" shall mean the close of escrow for conveyance of the fee estate in the Site or Phase thereof by the Agency to the Developer as provided in Article 5.

(s) "Deed" shall mean the quitclaim deed by which the Agency conveys its fee estate in the Property to the Developer. A form of the Deed is attached to this Agreement as Exhibit E.

(t) "Developer" shall mean Marina Community Partners, LLC, a Delaware limited liability company and its successors and assigns as to such portion of the Site or the Development as may be transferred to them, subject to the provisions of Article 9 of this Agreement.

(u) "Developer Affiliate" shall mean Shea Homes Limited Partnership, a California limited partnership, Shea Properties, LLC, a Delaware limited liability company and Centex Homes, a Nevada general partnership, or any entity wholly owned, majority owned or controlled by Developer or one or more of said named companies.

(v) "Development" shall mean (i) the Developer's acquisition of the Site and Phases thereof and (ii) the construction thereon of the Improvements, all as more fully set forth in the Development Approvals.

(w) "Development Agreement" means the statutory Development Agreement to be entered into by and between the Developer and the City providing for the development of the Improvements on the Site.

(x) "Development Approvals" shall mean: (1) the Specific Plan, (2) the Tentative Map, (3) all the approvals required to be obtained by the Developer to commence and complete construction of the Improvements, (4) the Development Agreement, (5) permits and approvals necessary for the Development from all agencies having jurisdiction, (6) consistency approval from FORA finding that the Development is consistent with the Fort Ord Reuse Plan, (7) CEQA Mitigation Measures incorporated into the Development Approvals, and (8) any other approvals or permits from any governmental agency necessary for the construction of the Improvements. For definitional purposes in this Agreement, "Development Approvals" do not include a building permit for the construction of structures.

(y) "Escrow Holder" shall mean First American Title Company (Salinas office) or any other escrow holder selected by both Parties to administer the escrow.

(z) "Evidence of Financing" shall mean reasonable evidence of the availability of the funds necessary to develop the Horizontal Improvements on a portion of the Site or Phase thereof or an Opportunity Phase, as approved by the Agency pursuant to Section 4.3.

(aa) "FORA" means the Fort Ord Reuse Authority, an independent public corporation of the State of California created by State law with jurisdiction over the territory of the former Fort Ord.

(bb) "Fort Ord Reuse Plan" means the Fort Ord Base Reuse Plan adopted by FORA in 1997 as it currently exists or may be amended from time to time.

(cc) "Hazardous Materials" means:

(i) any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code at such time;

(ii) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time;

(iii) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1521 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000 (f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 3900 et seq.), or California Water Code (Section 1300 et seq.) at such time; and

(iv) any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Site.

The term "Hazardous Materials" shall not include: construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or ordinary use of residential property, or commonly used or sold by hardware, home improvement stores, or medical clinics and which are used and stored in accordance with all applicable environmental, ordinances and regulations.

(dd) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Site or Improvements or any portion thereof.

(ee) "Home" shall mean any one of the 1237 housing units to be constructed on the Site pursuant to this Agreement, but shall not include secondary or "carriage units" or other detached accessory space permitted in the Specific Plan on the same lot as a Residential Unit.

(ff) "Homebuyer" means a person purchasing a Home.

(gg) "Horizontal Improvements" shall mean all of the infrastructure and related improvements to be developed by Developer on the Site, excluding the actual buildings to be constructed on the Site.

(hh) "Improvements" shall mean both the Horizontal Improvements and the Vertical Improvements.

(ii) "Low Income Household" means a household with an Adjusted Income that does not exceed eighty percent (80%) of Area Median Income.

(jj) "Low Income Units" means any of the Affordable Housing required to be affordable to Low Income Households pursuant to this Agreement, the Declaration of Affordability Covenant and the Regulatory Agreement.

(kk) "Moderate Income Household" means a household with an Adjusted Income that does not exceed one hundred twenty percent (120%) of Area Median Income.

(ll) "Moderate Income Unit" means any of the Affordable Housing required to be affordable to Moderate Income Households pursuant to this Agreement, the Declaration of Affordability Covenants and the Regulatory Agreement.

(mm) "Monthly Housing Cost" shall include all of the following costs associated with the purchase of a Home that is an Affordable Housing Unit or a Workforce Housing Unit:

- (1) Principal and interest on mortgage loans and any loan insurance fees associated therewith.
- (2) Property taxes and assessments.
- (3) Fire and casualty insurance covering replacement value of property improvements.
- (4) Property maintenance and repairs.
- (5) A reasonable allowance for utilities, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities do not include telephone service or cable services. Such an allowance shall take into consideration the cost of an adequate level of service.
- (6) Homeowner association fees, if any.

Monthly housing cost of a purchaser shall be an average of estimated costs for the next twelve months.

(nn) "Opportunity Phase" shall mean one of the sites on the Site Plan labeled Opportunity Site.

(oo) "Party" shall mean the Agency or the Developer, as the context may require, and "Parties" shall mean the Agency and the Developer.

(pp) "Permitted Exceptions" shall mean the following exceptions to title with respect to the Site:

(i) applicable building and zoning laws and regulations;

(ii) the provisions of the Redevelopment Plan;

(iii) the provisions of this Agreement;

(iv) the provisions of the Development Agreement;

(v) the provisions applicable to the Site or Phase thereof in the Army Deed conveying the Site to FORA and the provisions of the FORA Deed Conveying the Site to the Agency;

(vi) any lien for taxes accrued subsequent to Close of Escrow;

(vii) conditions, covenants, restrictions and easements as provided in this Agreement;

(viii) such other conditions, covenants, restrictions or easements of record as may be approved by the Developer; and

(ix) such other liens, encumbrances, clouds and conditions as may be agreed to by the Parties.

(qq) "Phase" shall mean any of the phases of the Development (including Opportunity Phases) as set forth in the Article 2 and as more particularly described in the Phasing Plan attached as Exhibit C and set forth in the Specific Plan. A Phase may be modified from time to time by the City and Developer in the approval, processing and implementation of the Development Approvals.

(rr) "Phase I Minimum Improvements" shall mean the 200,000 square feet of Retail Improvements plus the additional 50,000 square feet of village square/village promenade Retail Improvements, the 30,000 square feet of Business Park Improvements (a part of which may be provided in mixed-use buildings comprising the Retail Improvements) and the 100 room hotel that is required to be developed as part of Phase I.

(ss) "Project Area" shall mean the area designated in Redevelopment Plan for the Former Fort Ord Redevelopment Project Area Number 3 as more particularly described in the Redevelopment Plan.

(tt) "Pro Forma" shall mean the Development Pro Forma as may be adjusted or modified from time to time pursuant to this Agreement.

(uu) "Purchase Price" has the meaning given in Section 5.1 and includes the Profit Participation Payment as defined in Section 5.3.

(vv) "Qualified Low Income Homebuyer" means a Low Income Household which (i) owns no real property, and (ii) intends to owner occupy a Low Income Home.

(ww) "Qualified Moderate Income Homebuyer" means a Moderate Income Household which (i) owns no real property, and (ii) intends to owner-occupy a Moderate Income Home.

(xx) "Qualified Workforce Homebuyer" means a Workforce Household which intends to owner-occupy a Workforce Home.

(yy) "Redevelopment Plan" shall mean the Redevelopment Plan for the Former Fort Ord Redevelopment Project No. 3, adopted by the City pursuant to the California Community Redevelopment Law, as it now exists or may hereafter be amended.

(zz) "Residential Lot" shall mean an individual parcel upon which a Residential Unit is expected to be developed and shall apply whether the Lot then exists as a separate legal parcel or is a planned Lot within a larger parcel or portion of the Site.

(aaa) "Residential Unit" shall mean any one of the approximately 1237 residential units to be developed on the Site in accordance with the Development Approvals and shall include detached homes, duet homes, town homes and apartments, but shall not include secondary or "carriage" units or other accessory detached space permitted in the Specific Plan on the same lot as a Residential Unit.

(bbb) "Schedule of Performance" means the schedule of actions to be taken by the Parties pursuant to this Agreement, subject to mutual extensions of the Parties or extensions under Section 12.4, to achieve disposition of the Site to the Developer and construction of the Improvements. The Schedule of Performance is attached to this Agreement as Exhibit F. Wherever the Schedule of Performance is referenced in this Agreement (including Exhibit F), such reference shall include extensions pursuant to Section 12.4 even where Section 12.4 is not specifically cited.

(ccc) "Security Financing Interest" has the meaning given in Section 10.

(ddd) "Specific Plan" shall mean the Specific Plan for the University Villages, together with Conditions of Approval, as adopted by the City Council pursuant to Resolution No. _____, as amended from time to time with the approval of the City.

(eee) "Site" shall mean the property consisting of approximately 290 acres inclusive of all streets to be dedicated to the City, utility easements and public improvements as more particularly described in Exhibit A, upon which the Improvements will be constructed pursuant to this Agreement. By mutual agreement of the Parties the boundaries of the Site and the parcels included within the Site may vary from the Site as shown on Exhibit A.

(fff) "Site Permit" shall mean any improvement or grading permit required to be obtained from the City for the construction of the Horizontal Improvements. Whenever a Site Permit is required as a pre-conveyance condition, it shall mean that a Site Permit is ready to be issued by the City subject only to conveyance.

(ggg) "Tentative Map" shall mean the tentative map, together with Conditions of Approval, approved by the City Council by Resolution No. ____ on _____, as may be modified from time to time with the approval of the City.

(hhh) "Transfer" shall mean a transfer of this Agreement or an interest in the Developer, as more particularly described in Section 9.

(iii) "Vertical Improvements" shall mean the buildings and other improvements to be constructed on the Site that do not constitute Horizontal Improvements.

(jjj) "Very Low Income Households" shall mean persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 as such limits shall be published by the California Department of Housing and Community Development.

(kkk) "Very Low Income Units" means any of the Residential Units required to be affordable to Very Low Income Households pursuant to this Agreement, the Declaration of Affordability Covenants and the Regulatory Agreement.

(lll) "Workforce Homes" means the approximately 124 Homes required to be sold at sale prices in accordance with Section 8.3 to Qualified Workforce Households.

(mmm) "Workforce Household" shall mean persons and families whose incomes are greater than One Hundred Twenty Percent (120%) of Area Median Income but do not exceed than One Hundred Fifty Percent (150%) of Area Median Income.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated into this Agreement:

Exhibit A: Site Description

- Exhibit B: Site Plan
- Exhibit C: Phasing Plan
- Exhibit D: Intentionally Left Blank
- Exhibit E: Deed
- Exhibit F: Schedule of Performance
- Exhibit G: Form of Assignment and Assumption Agreement
- Exhibit H: Public Facilities and Park Land Improvement Plan
- Exhibit I: Fiscal Impact Study
- Exhibit J: Opportunity Phase Purchase Prices
- Exhibit K: Residual Value Formulas

ARTICLE 2. DEVELOPMENT DESCRIPTION

Section 2.1 Development Description. The parameters of the Development shall be as set forth in the Development Approvals as approved as may be modified from time to time by Developer and City, and to the extent the description of the Development set forth in this Agreement differs from that set forth in the Development Approvals, the provisions of the Development Approvals shall control. The description of the Development set forth in Recital C and this Article 2 is merely for descriptive purposes.

Section 2.2 Site. The Site consists of approximately 290 acres of the former Fort Ord Army Base. Attached as Exhibit A is a legal description and map of the boundaries of the Site.

The majority of the Site is currently owned by the FORA and will be transferred to the Agency by FORA upon the Agency's request pursuant to the terms of the Implementation Agreement between the City and FORA dated May 1, 2001. That certain parcel identified as E2d.3.1 on the Army's maps is currently owned by the Army and is expected to transfer to FORA for transfer to the Agency as part of the Site subject to a FOST and deed provisions mutually acceptable to the Parties.

The Parties acknowledge that the Site does not include all the property that will be transferred by FORA to the Agency and does not include all the of the property covered in the Specific Plan, and that the Developer shall have no responsibility for development or compliance with the Development Approvals as to any property not included in the Site as conveyed to the Developer except as specifically set forth herein and in the Development Approvals.

Section 2.3 Scope of Development. Subject to further modification and refinement in the Development Approvals, the scope and site plan for the Development proposed to be developed by the Developer on the Site are set forth in the Tentative Map submitted by the Developer to the City and further described in the Specific Plan. The Site is proposed to be developed in three major phases. Each phase also includes Opportunity Phases which may be developed prior to the development of their related Phase but must be developed in accordance with the Phasing Plan and the Development Approvals.

For certain purposes of this document, and except as otherwise allowed under and subject to the Development Approvals, the Development as depicted in the Specific Plan and the Tentative Map is expected to contain the following major elements:

(a) Residential Improvements. Up to 1237 Residential Units consisting of approximately 668 detached homes, 298 duet homes, 139 live/work town homes, 24 mixed use town homes and 108 apartments all as more particularly described in the Specific Plan and Tentative Map. The Residential Units are expected to be developed in three Phases with approximately 525 of the Residential Units be developed in Phase 1 including all 108 of the apartments, approximately 342 of the Residential Units to be developed in Phase II and approximately 370 of the Residential Units to be developed in Phase III.

(b) Retail Improvements. Up to 750,000 square feet of gross building area of retail space to be constructed on the Site in accordance with the Specific Plan and Tentative Map (the "Retail Improvements"). Approximately 610,000 gross square feet of the Retail Improvements may be developed as part of Phase I, approximately 36,000 gross square feet of Retail Improvements are expected to be developed as part of Phase II and approximately 23,000 square feet of Retail Improvements are expected to be developed as part of Phase III. The Developer is required to develop a minimum of 200,000 square feet of Retail Improvements plus an additional minimum of 50,000 square feet of village square/village promenade Retail Improvements as part of Phase 1.

(c) Business/ Office Park. Up to 760,000 gross square feet of office/ business park development (including the arts and cultural district) as more particularly described in the Specific Plan ("Business Park"). The Developer is required to develop a minimum of 30,000 gross square feet of Business Park space as part of Phase I (a part of which may be provided in mixed-use buildings comprising the Retail Improvements). Approximately 229,000 square feet of additional Business Park Improvements may be developed as part of Phase I. The remaining portion of the Business Park is considered to be an Opportunity Phase that Developer may develop as part of Phase III in accordance with the terms of this Agreement.

(d) Hotel Development. Up to an aggregate of 500 hotel rooms (the "Hotel Improvements"). The Developer is required to develop a minimum of 100 hotel rooms as part of Phase I. The remaining Hotel Improvements are considered to be an Opportunity Phase that the Developer may develop as part of Phase III in accordance with the terms of this Agreement.

(e) Below Market Rate Housing Requirements. No less than 30% of the Residential Units must be Below Market Rate Housing, as follows: (a) Six percent (6%) of all Residential Units must be affordable to and occupied by Very Low Income Households ("Very Low Income Units"); (b) a sufficient number of all Residential Units must be affordable to and occupied by Low Income Households ("Low Income Units") such that when added to the Very Low Income Units, a total of thirteen percent (13%) of all Residential Units are Very Low Income Units and Low Income Units; (c) a sufficient number of Residential Units must be affordable to and occupied by Moderate Income Households ("Moderate Income Units") such that when added to the Very Low Income Units and the Low Income Units, a total of twenty percent (20%) of all Residential Units are Very Low Income Units, Low Income Units and Moderate Income Units; and (d) a sufficient number of all Residential Units must be affordable to and occupied by Workforce Households ("Workforce Housing") such that when added to the Very Low Income Units, the Low Income Units and the Moderate Income Units, a total of thirty percent (30%) of all Residential Units are Below Market Rate Housing. For purposes of counting Residential Units and required percentages of Below Market Rate Housing under this Agreement, if a fraction results, it shall be rounded down if the fraction is less than 1/2 and rounded up if the fraction is 1/2 or greater except in the required percentages for the Very Low Income Units where any fraction shall result in a rounding up. The Below Market Rate Housing shall be subject to the restrictions set forth in Article 8 below and the Developer and the Agency shall participate in the financing of the Affordable Housing as set forth in Article 8 below.

(f) Parks and Greenbelts. Approximately 42.9 acres of the Site as shown on Exhibit H, are to be developed by the Developer as parks or greenbelts some of which may remain in public ownership and some of which will be privately owned and maintained in accordance with the Development Approvals ("Park Lands"). The Park Lands includes the City Parcels located along 2nd Avenue, between 9th Street and 7th Street, as shown on Exhibit H, which are to be developed by the Developer at the Developer's cost in an amount not to exceed Three Million Dollars (\$3,000,000) with recreational amenities consistent with the Park System Design Concept set forth in the Specific Plan, and the City's Parks and Recreation Master Plan. The exact nature of the improvements to be constructed by the Developer on the City Parcels shall be subject to the City approving the design for the City Parcels, which such approval shall be consistent with the Development Approvals, the Specific Plan and the Parks and Recreation Master Plan. The City may request that the Developer construct improvements on the City Parcels that exceed a cost of \$3,000,000 in which event the City or the Agency shall be responsible for the difference between the costs of improvement requested to be constructed by the City and \$3,000,000.

(g) Public Facilities. In addition to the Park Lands, the Developer shall develop additional Public Facilities, including bike lanes, a board walk, trails and community buildings (the "Public Facilities") as set forth in Exhibit H, consistent with the Specific Plan and the Development Approvals and subject to the requirements of the Tentative Map and the Development Agreement.

(h) Infrastructure. In addition to the other improvements described the Development will include all necessary infrastructure to be installed by the Developer to serve the Development as set forth in the Specific Plan including roads and utilities and as required by

the Tentative Map and the Development Agreement. Infrastructure improvements to be installed by the Developer will include some improvements that extend beyond the Site but are necessary to serve the Development and are required under the Development Approvals.

(i) Phasing Plans. The Development is proposed to be developed in three major phases. Various Opportunity Phases are attached to certain Phases of the Development. The Opportunity Phases can be conveyed, at the request of the Developer and subject to certain conditions set forth in this Agreement, prior to conveyance of the applicable Phase if the Developer determines that early development is feasible and the Developer has met all of the conditions to conveyance set forth in Article 4. Subject to the Development Approvals, the Phases and Opportunity Phases are as described below:

(i) Phase I. Phase I is expected to consist of the following:

Up to 525 Residential Units including all of the Very Low Income Units and subject to subsection (e) above, approximately 33 of the Low Income Units as well as approximately 47 of the Workforce Units. Phase I is also expected to include up to 610,000 square feet of Retail Improvements, a 100 room hotel and 239,000 square feet of Business Park Improvements. Phase 1 shall consist of approximately 132 acres. Developer is required to develop as part of Phase 1, at a minimum, 250,000 square feet of Retail Improvements, 30,000 square feet of Business Park Improvements (a part of which may be provided in mixed-use buildings comprising the Retail Improvements) and a 100 room hotel.

(ii) Phase II. Phase II is expected to consist of the following:

Up to 342 Residential Units, including, subject to subsection (e) above, approximately 69 Moderate Income Units and approximately 22 Workforce Homes. Phase II is also expected to include 36,000 square feet of Retail Improvements. Phase II shall consist of approximately 52 acres plus Opportunity Phase 1A/B which consists of approximately 23.3 acres.

(iii) Phase III. Phase III is expected to consist of the following:

Up to 370 Residential Units, including, subject to subsection (e) above, approximately 53 Low Income Units, approximately 18 Moderate Income Units and approximately 55 Workforce Homes. Phase III shall consist of approximately 45.8 acres plus the remaining Opportunity Phases which total 60.5 acres.

(iv) Opportunity Phases. Opportunity Phase 1A/B may be developed with up to 400 hotel rooms and consists of 13.5 acres. Opportunity Phase 1A/B for purposes of timing is included in Phase II. Opportunity Phase 1C may be developed with 67 Residential Units and consists of 9.8 acres, provided that at Developer's election Opportunity Phase 1C may be developed with the Hotel as a single opportunity phase. Opportunity Phase 2 may be developed as an Arts and Cultural District and consists of 5.4 acres. Opportunity Phase 3 may be developed with approximately 160,000 square feet of Business Park and consists of 10.5 acres. Opportunity Phase 4 may be developed with approximately 233,000 square feet of Business Park and consists of 15.3 acres. Exhibit C sets forth a Phasing Map identifying each Phase and

Opportunity Phase. All of the Opportunity Phases except for Opportunity Site 1A/B (and 1C, if developed with the Hotel) shall be included in Phase III.

ARTICLE 3. DECONSTRUCTION

Section 3.1 Deconstruction. Before development of the Site can occur the military barracks and other military buildings on the Site must be deconstructed. Deconstruction of the buildings on the Site is the obligation of FORA. This Article 3 sets forth the procedure the Parties intend to follow in order to achieve the deconstruction of the buildings on the Site.

Section 3.2 FORA MOA. Within the time set forth in the Schedule of Performance, the Agency, the Developer and FORA shall have entered into a Memorandum of Agreement providing for the deconstruction of the buildings currently located on the Site, satisfactory to the Agency and the Developer (the "FORA MOA"). The FORA MOA shall include provisions regarding the method by which FORA intends to finance the deconstruction of the buildings located on the Site, a schedule for the deconstruction of the buildings, and a proposed process for accomplishing the deconstruction, including if required by the Developer, agreements with regulatory agencies having jurisdiction. In the event FORA is unable for any reason to perform its obligations under the FORA MOU, the Party first receiving notice of FORA's inability to perform shall notify the other Party and request that the Parties meet and confer in an effort to mutually agree upon a solution to any financial shortfall. If the Agency and the Developer are unable to reach agreement upon a solution to any financial shortfall resulting from FORA's inability to meet its obligations within thirty (30) days of the Parties' initial meeting, either Party may request that the Parties mediate the issue pursuant to Section 11.9(b). Any negotiation or mediation regarding meeting a financial shortfall caused by FORA's inability to meet its obligations pursuant to the FORA MOU shall be conducted with the objective of maintaining the Parties' Basic Objectives as set forth in Recital J and the Business Terms Exhibit of the ANE.

Section 3.3 Right of Entry. The Developer pursuant to, and acting in the capacity set forth in, the FORA MOA shall undertake deconstruction of the buildings and rough grading of the Site or Phase thereof prior to conveyance of the Site or any Phase thereof pursuant to this Agreement. The Agency, in the event the Agency owns the Site or Phase thereof at the time of deconstruction, shall provide the Developer with a right of entry allowing the Developer to enter the Site and perform the necessary deconstruction work. Any such right of entry shall require that the Developer must have all permits and approvals necessary for such deconstruction work prior to entering the Site to perform such work. Any such right of entry shall be conditioned upon Developer providing the Agency with evidence of adequate insurance in the Agency's reasonable discretion, which such insurance shall name the Agency and the City and their officers, councilmembers, boardmembers, employees and agents as additional insureds. The Developer shall hold the Agency, its officers, employees, board members and its agents harmless including the payment of any defense costs for any claims, losses, liabilities, injury or damages arising out of any activity conducted on the Site pursuant to such Right of Entry, except to the extent caused or contributed to by the Agency's sole negligence or willful misconduct. In the event the Agency does not own the Site at the time Developer requests a right of entry in order to

perform deconstruction, the Agency shall work with FOR A to obtain the necessary right of entry to allow the Developer to commence and complete the deconstruction.

Section 3.4 Commencement of Deconstruction. The Developer shall submit plans to the City for necessary permits for the deconstruction and rough grading, obtain permits for the deconstruction and rough grading and commence deconstruction and rough grading of each Phase of the Site within the times set forth in the Schedule of Performance.

Section 3.5 Completion of Deconstruction. Subject to extension pursuant to Section 12.4, the Developer shall complete deconstruction of each Phase of the Site within the times set forth in the Schedule of Performance.

ARTICLE 4. PREDISPOSITION REQUIREMENTS

Section 4.1 Conditions Precedent. As conditions precedent to the Close of Escrow for any Phase or Opportunity Phase, the conditions set forth in this Section 4.2 through and inclusive of Section 4.17 must first be met by the Developer or the Agency as applicable by the times specified for such conditions in the Schedule of Performance. Satisfaction of the following conditions is required prior to conveyance of any portion of the Site. Only the party benefited by the condition precedent can waive the condition. Without affecting the validity of the deadline for any particular condition set forth in this Article 4 and the Schedule of Performance and subject to extensions pursuant to Section 12.4, the conditions in this Article 4 must be satisfied by the time set forth in the Schedule of Performance or this Agreement may be terminated pursuant to Article 11. The provisions of this Article 4 are not applicable in any event to work performed under Article 3.

Section 4.2 City and Other Governmental Approvals. No later than the dates specified in the Schedule of Performance, the Developer shall have obtained the Development Approvals and any other governmental permits or approvals necessary for construction of the Improvements for each Phase of the Development. The Schedule of Performance sets forth in detail the various Development Approvals necessary (with the exception of building permits for structures) for each Phase of the Development. Developer shall be determined to have satisfied this Section 4.2 with respect to each Phase of the Development upon obtaining the Development Approvals indicated in the Schedule of Performance as necessary for the conveyance of the Phase within the time set forth in the Schedule of Performance. The Developer's application for the Development Approvals shall be consistent with the Specific Plan, the Tentative Map and the terms and conditions of this Agreement. The Agency shall render all reasonable assistance to the Developer in obtaining the Development Approvals and any other necessary governmental permits or approvals, including joining with the Developer as the applicant for such permits or approvals. If, despite the Developer's good faith efforts, the Development Approvals and any other necessary government permits and approvals (with the exception of building permits for structures) for any Phase have not been obtained within the time set forth in the Schedule of Performance as such date may be extended pursuant to Section 12.4, then this Agreement may be terminated by either Party as to unconveyed portions of the Site pursuant to Section 11.2.

Section 4.3 Evidence of Financing for Horizontal Improvements. Prior to the conveyance of any Phase and within the time set forth in the Schedule of Performance, the Developer will submit to the Agency written evidence reasonably satisfactory to the Agency that the Developer (or Developer Affiliate) has secured firm and binding loan commitments from a lending institution and/or has equity financing commitments (subject only to usual and customary industry conditions for such funding) in the combined total amount, together with proceeds from any assessment or special tax district, sufficient to pay Developer's total Horizontal Improvement costs of the particular Phase or Opportunity Phase and all other obligations of the Developer under the Development Approvals for such Horizontal Improvements.

The Agency will either approve or disapprove the Developer's evidence of financing within thirty (30) days from the date the Agency receives it. If the Agency requires additional information, the Developer will submit such additional information within thirty (30) days from the date that Agency notifies the Developer of the required information. The Agency will either approve or disapprove the Developer's evidence of financing within thirty (30) days of the date such additional information is received by the Agency. The Agency shall approve such evidence of financing if it reasonably demonstrates that Developer has sufficient funding to pay the total Horizontal Improvement costs of the particular Phase, as evidenced by sufficient equity funds or firm commitments for such funding that are consistent with the terms of this Agreement and subject only to industry standard funding conditions.

Prior to and as a further condition of the conveyance of any Phase, the Developer will provide the Agency with evidence that the construction lender, if any, and equity sources identified in the approved evidence of financing are ready, willing and able to disburse all necessary funds for the costs of the Horizontal Improvements for that Phase.

Section 4.4 Permits. No later than the date specified in the Schedule of Performance, the Developer shall submit any required improvement plans for the Horizontal Improvements in a Phase to the City and shall apply for a permit or permits for construction of the Horizontal Improvements for each Phase of the Development. Thereafter, the Developer shall diligently pursue and obtain such a permit. Developer shall pay all ordinary and customary fees required to obtain a permit, subject to the limitations in the Development Agreement. The issuance of the permit or permits for construction of the Horizontal Improvements for each Phase of the Development, shall be a pre-disposition condition required to be satisfied prior to conveyance of the applicable Phase, provided that such condition shall be satisfied if such permit or permits are ready to be issued subject only to conveyance.

Section 4.5 Insurance. Prior to the Close of Escrow for any portion of the Site, the Developer has furnished the Agency with evidence of the insurance coverage meeting the requirements contained in this Agreement.

Section 4.6 FORA Consistency. Prior to conveyance of any Phase and within the time set forth in the Schedule of Performance, the Developer shall have obtained approval of the Development and this Agreement from FORA. The City and Agency shall cooperate with the Developer in obtaining FORA approval at the earliest possible time.

Section 4.7 Payment of Basewide Environmental Insurance. Developer shall pay its share of the FORA Basewide PLL policy premium in the amounts and at the times set forth in the Memorandum of Agreement with the City dated as of _____ and shall not be in default under the Memorandum of Agreement.

Section 4.8 Residential Association Documents. Within the time set forth in the Schedule of Performance, the Developer shall submit to the Agency documentation reasonably satisfactory to the Agency, including articles of incorporation and bylaws and declaration of covenants, conditions and restrictions, establishing the Residential Association or Associations (the "Residential Association Documents"). The Agency shall either approve or disapprove the submitted Residential Association Documents within thirty (30) days of receipt of the Residential Association Documents. The approval or disapproval of the Residential Association Documents by the Agency shall be solely based on a review of the documents to determine if they provide for adequate controls to ensure maintenance to the Agency's reasonable satisfaction of the portions of the completed Development expected to be maintained by the Residential Association. If the proposed Residential Association Documents are not approved by the Agency, then the Agency shall notify the Developer in writing of the reasons for disapproval and the required revisions to the previously submitted Residential Association Documents. The Developer shall thereafter submit revised Residential Association Documents within thirty (30) days of the notification of disapproval. The Agency shall either approve or disapprove the submitted revised Residential Association Documents within thirty (30) days of the date such revised Residential Association Documents are received by the Agency.

If the Agency disapproves the revised proposed Residential Association Documents, the Developer may request that the Parties mediate the issue pursuant to Section 11.9(b). Any negotiation or mediation concerning the adequacy of the revised proposed Residential Association Documents shall be conducted with the objective of maintaining the Parties' Basic Objectives as set forth in Recital J and the Business Terms Exhibit of the ANE.

The Developer shall submit any material revision to the Agency approved Residential Association Documents to the Agency for its review and approval. Any proposed revised Residential Association Documents shall be considered and approved or disapproved by the Agency in the same manner and according to the same timeframe set forth above for the initial Residential Association Documents. Until revised Residential Association Documents are approved by the Agency, the previously approved Residential Association Documents shall govern the Residential Units. Notwithstanding the foregoing, the Agency shall approve any revision to the Residential Association Documents required by the California Department of Real Estate (the "DRE") in connection with issuance of a Public Report; provided, however, that the Developer shall promptly and reasonably consult with the Agency and consider in good faith any Agency input in connection with revisions required by the DRE (as set forth in a "deficiency" letter or other document from the DRE), and shall work with the DRE in an effort to assure that any revisions required by the DRE are as consistent as possible with the previously approved Residential Association Documents.

Section 4.9 Memorandum of Agreement with Affordable Housing Developer. Within the time set forth in the Schedule of Performance, the Developer shall submit to the Agency for its approval a Memorandum of Agreement with a developer for the Affordable Homes (the "Affordable Housing Developer") requiring that the Developer assign to the Affordable Housing Developer the Developer's rights and obligations pursuant to this Agreement to develop the Affordable Housing. The Agency shall approve the Memorandum of Agreement if it provides for the phased conveyance of the portions of the Site necessary for the development of the Affordable Housing to the Affordable Housing Developer, obligates the Affordable Housing Developer following conveyance to construct and operate the Affordable Housing in accordance with this Agreement and the Below Market Rate Housing Implementation Agreement to be entered into by the Parties pursuant to Section 8.5 and provides, as a condition to each conveyance, that the Affordable Housing Developer has sufficient assets or access to capital and financial commitments to develop and operate the Affordable Homes.

The Agency shall approve or disapprove of the Memorandum of Agreement within fifteen (15) days of receipt. If the Agency disapproves of the Agreement, the Agency shall state its reasons in writing. If the Memorandum of Agreement is disapproved, the Developer shall resubmit a revised Memorandum of Agreement to the Agency within thirty (30) days of such disapproval. The Agency shall have fifteen (15) days to approve or disapprove the revised Memorandum of Agreement. The time periods for Agency approval and Developer resubmission of the Memorandum of Agreement shall continue pursuant to this Section 4.9 until such time the Agency approves a Memorandum of Agreement. Approval of the Memorandum of Agreement shall be a necessary condition of approval to the first conveyance of any portion of the Site.

Section 4.10 Water Allocation. As a condition of conveyance of any Phase or Opportunity Phase, the allocation of water as provided in the Development Approvals sufficient for build out of the Development consistent with the Development Approvals shall be and shall have remained in full force and effect.

Section 4.11 Condition to Conveyance of Hotel Parcels/ Opportunity Phase 1A/B. As a condition to conveyance of Opportunity Phase 1A/B to be developed with Hotel Improvements, the Developer shall submit to the Agency for its approval a purchase and sale agreement or agreements with hotel developers that assigns to the hotel developer the obligations under this Agreement to develop the hotel improvements contemplated for the Opportunity Phase 1A/B site. The Agency shall approve or disapprove the hotel purchase and sale agreement within thirty (30) days of receipt. The Agency shall approve the purchase and sale agreement with the hotel developer for Opportunity Phase 1A/B if the proposed hotel for the site and the hotel developer meet the following conditions; (i) the hotel contains a minimum of 200 rooms and consists of a full service hotel with at least one full service restaurant/bar and a minimum meeting space of 7,500 square feet; (ii) the hotel proposed for Opportunity Phase 1A/B shall be subject to an operating agreement or provisions of the purchase and sale agreement that ensure that the hotel is operated in a manner that would qualify for either at least three stars in the Mobil Travel Guide or three diamonds out of a possible five diamonds from the California State Automobile Association, such as the Hilton or the Marriott in Monterey; and (iv) the Developer or the hotel developer provides reasonably sufficient information to the Agency that the hotel

developer or hotel operator has sufficient assets or access to funding to develop the hotel and has a sufficient operating capability for the Agency to reasonably determine that the hotel will meet the quality standards set forth above; and (iv) the purchase and sale agreement provides for the hotel developer to assume all of the Developer's obligations under this Agreement to develop the hotel. The Agency approval of any purchase and sale agreement for the Hotel Improvements that provides for the development of time share, interval ownership, or fractional ownership or any other ownership models that may result in a reduction of transient occupancy tax of any portion of the Hotel Improvements shall be subject to the Agency's sole and absolute discretion.

Section 4.12 Condition to Conveyance of Phase II. Developer recognizes that the creation of jobs as well as achieving a jobs/housing balance and developing the Site to ensure a positive fiscal benefit to the City are essential goals of the Agency. In recognition of this goals, it is essential that the Development include all components currently contemplated. In order to ensure that the Development proceeds in accordance with the Parties' expectations, it shall be a condition of conveyance of Phase II of the Site that the Developer shall have installed the roof structures on substantially all of the non residential components of the Phase 1 Minimum Improvements and all of the Below Market Rate Housing to be developed in Phase I other than the Affordable Rental Units. It shall also be a condition of conveyance of Phase II of the Site that the Developer shall be in compliance with the Schedule of Performance, subject to any extension of time pursuant to Section 12.4.

Section 4.13 Condition to Conveyance of Phase III. As a condition of conveyance of Phase III of the Site, Developer shall at a minimum have installed the roof structure on at least 500,000 square feet of non residential uses and all of the Below Market Rate Housing to be included in Phases I and II. It shall also be a condition of conveyance of Phase III of the Site that the Developer shall be in compliance with the Schedule of Performance, subject to any extension of time pursuant to Section 12.4.

Section 4.14 Fiscal Neutrality. The Agency has prepared the attached Fiscal Impact Study, Exhibit I demonstrating the fiscal impact on the City of the Development at each Phase and upon completion of construction of all phases. The Fiscal Impact Study currently indicates a substantial fiscal benefit to the City at each Phase and upon completion of all Phases. The positive fiscal impact shown in the Fiscal Impact Study is dependent upon the Developer completing all the Retail Improvements and Hotel Improvements and the implementation of SB 1096 (Revenue and Taxation Code Section 11005). As long as the Developer is developing the Retail Improvements and the Hotel Improvements in accordance with the Schedule of Performance and SB 1096 or a similar legislation providing similar benefits to the City remains in place, the Development shall be deemed to meet the City and the Agency's goals with regards to fiscal neutrality. In the event the Developer fails to meet its obligations with respect to the Retail Improvements or the Hotel Improvements or SB 1096 or any successor legislation is repealed or amended such that the City does not realize the fiscal benefits of the current SB 1096 and as a result the Development fails to achieve fiscal neutrality during construction and a substantial positive fiscal benefit upon completion of construction of each Phase and the entire Development, the Agency shall not be obligated to convey any Phase to the Developer unless either (i) the Developer has proposed either interim or permanent fiscal mitigation measures that provide for fiscal neutrality to the City during construction and a fiscal benefit to the City upon

completion of construction of each Phase or completion of the Development, and the Agency and the City have reasonably agreed to such measures or (ii) the Developer and the City have agreed upon fiscal impact payments that ensure that the Development is fiscally neutral to the City during construction and fiscally beneficial upon completion of construction of each Phase or upon completion of construction of the Development. Any such fiscal mitigation payments agreed to by the Parties shall be calculated and paid as part of the Development Approvals. Either party may request mediation pursuant to Section 11.9(b) if the Parties fail to agree under this Section 4.14. Any negotiation or mediation of the necessity for or amount of fiscal mitigation payments shall be conducted with the objective of maintaining the Parties' Basic Objectives as set forth in Recital J and the Business Terms Exhibit of the ANE.

Section 4.15 No Uncured Defaults. It shall be a condition of conveyance of any portion of the Site that the Agency shall not have declared the Developer in material default (uncured default that is grounds for termination of this Agreement) under this Agreement and such default has remained uncured after expiration of any applicable notice and cure periods.

Section 4.16 Amendment to Developer Operating Agreement. Within the time set forth in the Schedule of Performance, the Developer shall approve and deliver to the Agency an amendment to its Operating Agreement to conform the determination of fair value for the sale of portions of the Site to Developer Affiliates or non Developer Affiliates to the provisions of this Agreement.

Section 4.17 Subdivision Map and Improvement Agreement. Within the time set forth in the Schedule of Performance, the Developer shall have obtained approval of a Final Subdivision Map for the Phase or Opportunity Phase of the Site subject to conveyance and shall have entered into a Subdivision Improvement Agreement with the City that includes a requirement that the Developer provide the City with payment and performance bonds or other security allowed by the Subdivision Map Act for the subdivision improvements to be constructed as a part of the applicable Phase of the Development. The approval of the Final Map and the execution of the Subdivision Improvement Agreement shall be a condition of conveyance of any Phase or Opportunity Phase of the Site.

ARTICLE 5. DISPOSITION OF THE SITE

Section 5.1 Sale and Purchase.

(a) The Purchase Price for each Phase of the Site shall be the fair reuse value as determined in accordance with the fair reuse valuation prepared and included in the report prepared in the same form and content as the report required to be prepared pursuant to Health and Safety Code Section 33433 ("Reuse Valuation"). Based on the Reuse Valuation, the Purchase Price for Phase I shall be Six Million Dollars (\$6,000,000) (the "Phase I Purchase Price"); the Purchase Price for Phase II shall be Fifteen Million Three Hundred Thousand Dollars (\$15,300,000) (the "Phase II Purchase Price"); the Purchase Price for Phase III shall be Twenty Six Million Seven Hundred Thousand Dollars (\$26,700,000) (the "Phase III Purchase Price"). For purposes of this Agreement, the purchase price for each Opportunity Phase shall be

included in the Purchase Price for the applicable Phase to which the Opportunity Phase is attached.

(b) In the event the Developer fails to meet the conditions set forth in Article 4 for conveyance of any Phase of the Site and such conditions are not waived, within one year of the Outside Date for Performance set forth in the Schedule of Performance, subject to the provisions of Section 12.4, the Purchase Price for any such Phase shall be increased to the fair reuse valuation for the Phase as redetermined in accordance with the methodology of the fair reuse valuation prepared and included in the report required and prepared pursuant to Health and Safety Code Section 33433 at the time of Agency approval of this Agreement, provided, however, in no event shall the Purchase Price as redetermined pursuant to this Section 5.1(b) be less than the amount set forth in subsection (a) above for any Phase. Except as set forth in this Agreement, the Purchase Price for each Phase shall not change over the course of the development of the Site.

(c) The Purchase Price for any Phase of the Site may be adjusted upward in accordance with this Section 5.1(c). In the event the City Impact Fees actually charged to the Developer are less than the maximum amount for such fees set forth in the Development Agreement, the Purchase Price for any Phase impacted by such a change in City Impact Fees shall be adjusted upward to account for the lower City Impact Fees, provided, however, any increase in the Purchase Price resulting from the lower City Impact Fees will be offset by any increase in fees charged by the Marina Coast Water District that exceed \$3,800 per equivalent dwelling unit and any increase in fees charged by the Monterey Peninsula Unified School District that exceeds the maximum fees allowed pursuant to SB 50, which are the fee assumptions used in the Reuse Valuation for the Marina Coast Water District and the Monterey Peninsula Unified School District.

Section 5.2 Payment of Purchase Price. The Developer shall pay the Purchase Price for each Phase in cash at time of close of Escrow for such Phase; provided, however, in the event the Developer requests conveyance of an Opportunity Phase prior to the conveyance of the applicable Phase associated with such Opportunity Phase and the Developer has met all the conditions precedent to the conveyance of the Opportunity Phase, the Developer shall pay the portion of the Phase purchase price attributable to the Opportunity Phase in accordance with the schedule of Opportunity Phase Purchase Prices attached as Exhibit J at the time of conveyance of the Opportunity Phase and the applicable Phase Purchase Price shall be reduced in accordance with Exhibit J.

In the event the FORA MOA provides for the Developer to receive a credit toward the payment of the portion of the Purchase Price the Agency is required to pay to FORA, the Developer shall not be required to pay such portion of the purchase price in cash at Close of Escrow.

Section 5.3 Additional Purchase Price. (a) In addition to the Purchase Price to be paid by the Developer for the Site as set forth in Section 5.1 above, the Developer shall pay to the Agency a contingent additional purchase price ("Profit Participation Payment") as described

below. For purposes of determining Profit Participation Payments the following terms shall have the following meanings:

(i) "Developer's Operating Agreement" shall mean the Limited Liability Company Agreement of Marina Community Partners, LLC dated March 30, 2004, as may be amended, subject to review by the Agency. Developer shall not amend its Developer's Operating Agreement without first submitting any such amendment to the Agency for its review and approval.

(ii) "Development Costs" means all third party out-of-pocket predevelopment, planning and development costs and expenses paid by the Developer in implementation of and pursuant to the ANE, this Agreement and the Development Approvals to acquire, own, hold, develop or sell all or any part of the Development which shall include all reasonable development fees, management fees or other amounts paid by the Developer to affiliates of the Developer for services rendered in connection with the Development, provided, however any amounts paid to affiliates of Developer shall exclude any amounts that exceed the costs that would have been incurred by the Developer had the Developer obtained the relevant services or goods from a third party on an arms' length basis, except those amounts paid to affiliates that do not exceed the amounts set forth in the Exhibit K. Development Costs shall exclude (a) the repayment of the principal and interest of any loan obtained by the Developer; and (b) any distributions, preferred return or other capital return to the members of the Developer.

(iii) "Final Completion" of the Development shall mean the first day of the month following the later of (i) the final Valuation Event as that term is defined in Exhibit F of the Developer's Operating Agreement for non-residential developed property or (ii) expiration of the 90th day after the sale or transfer of the final Residential Unit which results in the Development being Substantially Complete.

(iv) "Gross Cash Receipts" means all cash revenues received by the Developer from any source whatsoever in connection with the sale, exchange or disposition of all or any part of the Development, which shall include any damage recoveries, insurance payments or condemnation proceeds payable to the Developer with respect to the Development, and proceeds from any assessment or special tax districts formed for purposes of providing funds for costs associated with the Development, but shall exclude the proceeds of any capital contributed to the Developer by its partners or members or the proceeds of any loan made to the Developer. If the Developer sells the residential properties or the commercial properties to entities other than the Developer Affiliates and receives a promissory note or other financing device as part of the sale or disposition, the term of any such note or financing shall not exceed two years and payments on the note or financing device shall be considered part of Gross Cash Receipts when payments are received. Gross Cash Receipts shall include any Profit Participation Interest and Commercial Profit Participation received by the Developer pursuant to Developer's Operating Agreement, as those terms are defined in the Developer's Operating Agreement.

(v) "Project Commencement" means the day upon the which the first Phase of the Site or portion thereof is conveyed to the Developer provided however, if the

Developer begins site improvements including deconstruction on any portion of the Site prior to conveyance based on a Right of Entry from the Agency, Project Commencement shall mean the date of any such Right of Entry.

(vi) "Phase Completion" for each Phase of the Development shall mean the first day of the month following the later of (i) a Valuation Event as that term is defined in Exhibit F of the Developer's Operating Agreement for non-residential developed property or (ii) expiration of the 90th day after the sale or transfer of the portion of the Phase intended for residential development which results in the Phase being Substantially Complete.

(vii) "Substantially Complete" shall mean the date that the last Residential Unit of the Phase or Opportunity Phase has been sold or otherwise transferred if referring to Phase Completion or the date that the last Residential Unit of the Development has been sold or otherwise transferred if referring to Final Completion, except that if a period of more than one year elapses without the sale or transfer of any Residential Lot and at least 90% Residential Lots of the Phase or the Development, as applicable, have been sold or transferred, "substantially complete" shall mean the date that is one year after the last sale or transfer of a Residential Lot in that Phase if referring to Phase Completion or the date that is one year after the last sale or transfer of Residential Lot in the Development if referring to Final Completion.

(viii) "Unleveraged Cash Flow" means Gross Cash Receipts received by the Developer less Development Costs paid by the Developer; provided, however, Unleveraged Cash Flow for those portions of the Site sold by the Developer after construction of the Horizontal Improvements to Developer Affiliates for development of the Vertical Improvements shall be presumed to equal Fair Value as determined pursuant to Section 5.4 below.

(ix) "IRR" means the annual percentage internal rate of return that shall be calculated on the Unleveraged Cash Flow quarterly using a quarterly rate of return factor, which will produce an annual rate of return equal to 22%. The annual rate of return based on quarterly compounding is determined by adjusting the rate of return calculated by the internal rate of return formula in Excel 2000 based upon quarterly cash flows ("Unadjusted IRR" in the formula below) by the formula:

$$\text{Annual internal rate of return} = (1 + \text{Unadjusted IRR})^4 - 1.$$

(b) Payments. Subject to subsections (c) through (f) of this Section 5.3, the Developer shall pay to the Agency an amount equal to fifty percent (50%) of the difference between (i) the Unleveraged Cash Flow as of Phase Completion or Final Completion, as applicable less (ii) the amount of Unleveraged Cash Flow from Project Commencement through the point in time at which an annual internal rate of return to the Developer on Unleveraged Cash Flow from the Development equals 22% for each Phase Completion and, cumulatively, for all Phase Completions.

(c) Timing of Payments. Developer shall provide to the Agency copies of the periodic reporting respecting Development Costs and Gross Cash Receipts provided by Developer to each of its members or partners ("Developer's Interim Statement"), which reporting

shall be in the form and with such detail as required by the Developer's Operating Agreement and subject to the provisions of this Section 5.3, in conformance with generally accepted accounting principles consistently applied ("GAAP"). Based on such reporting, when land area on which 90% or more of the Residential Units are to be constructed for each Phase has been sold (as evidenced by close of escrow) by the Developer and the IRR has been achieved, beginning in the next quarterly reporting time period and quarterly thereafter, seventy-five (75%) of the Profit Participation earned as of that point in time shall be paid to the Agency. All amounts of the Agency's estimated Profit Participation Payment paid to the Agency pursuant to this provision shall be deemed an estimated partial payment of the Profit Participation Payment payable to the Agency and shall be subject to adjustment as set forth in the following paragraph. If the Developer, in the exercise of its sole business judgment, determines that it may be entitled under the provisions of subsection (d) of this Section 5.3 to a refund of any amount of a Profit Participation Payment, the Developer may elect to deposit into an escrow account any portion of the amount of a Profit Participation Payment that is payable by the Agency to FORA, to be released to FORA or returned in whole or in part to the Developer based on the results of the Final Accounting under subsection (d); provided that the Developer shall hold harmless the Agency from any liability to FOR A for the Developer's escrow of such portion of the Profit Participation Payment.

(d) Final Accounting. Developer shall maintain accurate books and records setting forth all components used for determining the Agency's Profit Participation Payment. Within ninety (90) days after each Phase Completion the Developer shall undertake to finish a complete accounting and computations setting forth, on an aggregate basis, the total Development Costs and the Gross Cash Receipts for the Phase or Opportunity Phase (the "Final Phase Accounting"). Within ninety (90) days after Final Completion, Developer shall prepare a reconciliation of the aggregate Profit Participation Payments paid and shall prepare a complete accounting and computations setting forth in the aggregate the Development Costs and the Gross Cash Receipts (the "Final Accounting"). If the Final Phase Accounting or the Final Accounting shows that the Developer's payments of installments of Profit Participation Payments are, in the aggregate less than the total amount owed to the Agency, the Developer shall pay to the Agency the deficiency within thirty (30) days after delivery of the Final Phase Accounting or Final Accounting. If the Final Phase Accounting or the Final Accounting shows that the Agency has received installments of Profit Participation Payments that, in the aggregate, exceed the total amount owed to the Agency, the Agency, at its sole discretion shall elect either to (i) pay the amount of the overpayment attributable to the Agency's portion of the Profit Participation Payment to the Developer within thirty (30) days of the receipt of the Final Accounting, or (ii) execute for the Developer's benefit a promissory note promising to pay the portion of the overpayment attributable to the Agency's portion of the Profit Participation Payment from the Agency receipt of tax increment revenue from the Project Area and pledging tax increment revenue for such overpayment, which pledge of non-housing fund tax increment revenue will be subordinate only to any bonds issued by the Agency to pay for costs associated with the Development and any statutory obligations of the Agency. The Agency shall be required to make payments to the Developer under any note given pursuant to this Section 5.3(d) only to the extent the Agency receives tax increment from the Project Area and such tax increment is not previously encumbered or required to be paid to other agencies pursuant to statutory requirements. The Agency upon receipt of the Final Phase Accounting or the Final Accounting

may determine to exercise its Audit rights pursuant to subsection (e) below, in which case any payment pursuant to this subsection (d) shall become due and payable thirty (30) days after receipt of the Agency's audit by the Developer. In the event the Final Phase Accounting or the Final Accounting demonstrate that the Profit Participation Payments paid to the Agency exceeds the amounts owed to the Agency, the Agency shall not be responsible for the return of any portion of the Profit Participation Payment that the Agency is required to pay to FORA and which the Agency has paid to FORA.

(e) Audit Rights. The Agency shall be entitled from time to time to audit the Developer's books, records, and accounts pertaining to the Gross Cash Receipts, Development Costs and the Profit Participation Payment. Such audit shall be conducted during normal business hours upon five (5) business days notice at the principal place of business of the Developer and other places where records are kept. Agency shall not be entitled to more than one audit for any particular calendar year, unless it shall appear from a subsequent audit that fraud or concealment may have occurred with respect to a previously audited year. The Agency shall provide the Developer with copies of any audit performed. If it shall be determined as a result of such audit that there has been a deficiency in the payment of any Profit Participation Payment, Developer shall immediately pay any such deficiency with interest at the then applicable Local Agency Investment Fund (in which City general funds are invested) interest rate, determined as of and accruing from the date that said payment should have been made. In addition, if Developer's Interim Statements shall have been determined to have understated the Agency's Profit Participation Payment in any calendar year by more than five percent (5%), the Developer shall pay, in addition to the interest charges referenced above, all of the Agency's reasonable costs and expenses connected with the audit or review of Developer's accounts and records. All such payments shall be paid by the Developer within ten (10) days of receipt of written notice to Developer of such underpayment.

(f) In the event the FOR A MOA provides for the Developer to receive a credit toward the payment of the Profit Participation Payment, if any, the Agency is required to pay FOR A, the Developer shall not be required to pay such portion of the Profit Participation Payment to the Agency.

(g) Security For Profit Participation Payment. Developer's obligations with respect to the Profit Participation Payment shall be unconditional obligations of Developer.

Section 5.4 Fair Price for Sales to Vertical Builders. The Parties acknowledge that the determination of the Profit Participation Payment relies upon sales of portions of the Site between the Developer and the vertical builders being sold at a fair price ("Fair Price"). This section shall govern the valuation of sales or leases of portions of the Site between the Developer and the vertical builders. It is the Parties' expectation that the Developer will amend its Operating Agreement to the extent necessary to incorporate the provisions of this Section as relevant. For purposes of determining Fair Price for portions of the Site to be developed for residential uses the Fair Price for sales to Developer Affiliates shall be determined in accordance with Exhibit K. For purposes of determining Fair Price for portions of the Site to be developed for residential uses the Fair Price for sales to non-Developer Affiliates shall not be less than the Fair Price determined in accordance with Exhibit K. For purposes of determining Fair Price for

portions of the Site to be developed for nonresidential uses the following methodology shall govern; provided, however, the Agency in its sole discretion may approve a Fair Price proposed by the Developer that is determined using other methodology or a Fair Price that does not meet the conditions set forth below for reasons determined by the Agency under the circumstance or taking into consideration other public benefits:

(a) Portions of the Site to be sold to non-Developer Affiliates shall be sold at not less than a Fair Price to be determined by mutual agreement between the Developer and the purchasers, provided, however, that the Developer shall have an affirmative obligation to market available parcels to potential purchasers using those methods and practices customarily used by persons marketing similar property under similar conditions in the region and provided further, the Fair Price shall reflect comparable land sales (to the extent available) and appropriate residual land value analysis conducted using the same methodology as the Reuse Valuation.

(b) Portions of the Site to be sold to Developer Affiliates shall be sold at a Fair Price calculated in accordance with Exhibit F of the Developer's Operating Agreement as modified to reflect the implications of such land comparable sales as are available.

(c) Developer shall provide to the Agency the full terms and conditions of any non residential sale, including closing statements and copies of the purchase and sale agreement or other agreement evidencing the terms in order for the Agency to verify the Fair Price. If the Agency determines that the portion of the Site was sold for an amount that is less than Fair Price, the Agency shall so inform the Developer and the Agency and the Developer shall have fifteen (15) days in which to resolve any such dispute. If the Agency and the Developer cannot resolve any such dispute within fifteen (15) days of receipt of the Agency's notice disputing Fair Price, the Agency and the Developer shall attempt to mutually agree upon the appointment of a real estate economist or appraiser ("Referee") to determine the Fair Price. If the Parties cannot agree upon a mutually acceptable Referee within thirty (30) days of receipt of the Agency's notice of dispute of value, each party shall appoint a Referee within ten (10) days. The two Referees appointed by the Parties shall meet and mutually select a third real estate economist or appraiser to determine Fair Price. Within ten (10) days of the appointment of the Referee selected to determine Fair Price, each party shall submit to the Referee its determination of Fair Price as well as any supporting documentation. Within fifteen (15) days of receipt of the Parties' submittals, the Referee shall determine Fair Price and the determination of the Referee shall be binding on the Parties and shall be the Fair Price to be used in determining the Profit Participation Payment.

Section 5.5 Escrow. The Agency shall open an escrow with the Escrow Holder within the time established in the Schedule of Performance. This Agreement constitutes the joint escrow instructions of the Agency and the Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Holder upon the opening of escrow. The Agency 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 5.5 in writing, delivered to the Agency and to the Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Holder hereunder.

The Developer shall also pay in escrow to the Escrow Holder the following fees, charges and costs promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow:

1. The escrow fee;
2. The premiums for an owners and lenders' policies of title insurance policy and any special endorsements requested by the Developer;
3. All recording fees;
4. Documentary transfer taxes.

The Agency shall timely and properly cause to be executed, acknowledged and delivered to the Escrow Holder the Deed conveying to the Developer, title to the Phase or Opportunity Phase to be conveyed in accordance with the requirements of Section 5.7 of this Agreement.

The Agency shall pay in escrow to the Escrow Holder any costs necessary to place title to the Site in the condition for conveyance required by the provisions of this Agreement promptly after the Escrow Holder has notified the Agency of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow for the applicable Phase or Opportunity Phase of the Site.

Upon delivery of the Deed to the Escrow Holder by the Agency pursuant to Section 5.7 and delivery of the Declaration of Affordability Covenants the Escrow Holder shall record the Deed when title can be vested in the Developer and an owner and lenders' policies of title insurance and any special endorsements requested by the Developer can be issued in accordance with the terms and provisions of this Agreement and record the Declaration of Affordability Covenants in that order.

The Escrow Agent is authorized to:

1. Pay and charge the Agency and the Developer, respectively, for any fees, charges and costs payable under this Section 5.5. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges and costs necessary to clear title and close the escrow;
2. Disburse funds and deliver the Deed and the Declaration of Affordability Covenants, to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Developer; and
3. Record any instruments delivered through this escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in this escrow shall be deposited by the Escrow Holder with other escrow funds of the Escrow Holder in a general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other such general escrow account or accounts. All disbursements shall be made by check of the Escrow Holder. All adjustments shall be made on the basis of a thirty (30) day month.

If neither the Agency nor the Developer shall have fully performed the acts to be performed before the time for conveyance established in these Section 5.1 to 5.10, both inclusive, 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 or Parties at the address of its or their principal place or places of business. If any objections are raised within the ten (10) day period, the Escrow Holder is authorized to hold all money, papers and documents with respect to the Site until instructed in writing by both the Agency and the Developer or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible. Nothing in this Section 5.5 shall be construed to impair or affect the rights or obligations of the Agency or the Developer to specific performance.

Any amendment of these escrow instructions shall be in writing and signed by both the Agency 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.

All communications from the Escrow Holder to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 12.1 for notices, demands and communications between the Agency and the Developer.

The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under Sections 5.1 to 5.10 both inclusive, of this Agreement.

Neither the Agency nor the Developer shall be liable for any real estate commissions or brokerage fees which may arise herefrom. The Agency and the Developer each represent that neither has engaged any broker, agent or finder in connection with this transaction.

Section 5.6 Conveyance of Title and Delivery of Possession. Provided that the Developer or Agency are not in default under this Agreement and all conditions precedent to conveyance have occurred, and subject to excused delay or any mutually agreed upon extensions of time, conveyance to the Developer of title to each Phase or Opportunity Phase shall be completed on or prior to the date specified in the Schedule of Performance. The Agency and the Developer shall perform all acts necessary to conveyance of title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Section 5.7 Form of Grant Deed. The Agency shall convey to the Developer title to each Phase or Opportunity Phase in the condition provided in Sections 5.8 and 5.10 of this Agreement by Deed in substantially the form set forth in Exhibit E.

Section 5.8 Condition of Title. The Developer's obligations to accept conveyance of the Site is conditioned on title being free and clear of all recorded liens, encumbrances, leases

taxes, and tenancies except for the Permitted Exceptions, provided, however, that the Site shall be subject to the easements of record and subject to the terms of the deed conveying the Site from FORA to the Agency. Within the time set forth in the Schedule of Performance, the Developer shall obtain a Preliminary Title Report for the Site. Developer shall approve or disapprove the exceptions to title contained in the Preliminary Title Report within the time set forth in the Schedule of Performance. If Agency and Developer cannot agree on the exceptions to the condition of title to be conveyed and neither Agency or Developer is able to remove such exception, Developer may terminate this Agreement as set forth in Section 11.2 of this Agreement or defer conveyance for excused delay under Section 12.4, or may refer the matter to mediation pursuant to Section 11.9(b).

Section 5.9 Taxes and Assessments. Non-delinquent real property taxes and assessments, if any, on the Site, shall be prorated as of the Close of Escrow so that all such taxes levied, assessed or imposed for any period commencing prior to conveyance of title shall be borne by the Agency and taxes and assessments levied or imposed for any period commencing after closing of the escrow shall be paid by the Developer.

Section 5.10 Condition of the Site.

(a) "As Is." Developer acknowledges that it has made extensive investigations of the physical and environmental condition of the Site and the suitability of the Site for its intended use, and that, based on and in reliance of the terms, covenants, warranties, disclosures and restrictions contained in the deed to the Site from the United States Army to FORA ("Army Deed"), it has satisfied itself as to such matters and, except as otherwise provided in this Agreement, shall rely solely on its own investigations with respect to all matters related to the Site, including, without limitation, the physical or environmental condition of the Site, or matters related to land use controls, marketability, economic viability or value of the Site. Developer further acknowledges that, except as set out in this Agreement, (a) no other Party hereto has made, nor shall Developer rely on, any statements or representations made related to the Site, (b) all documents and instruments delivered to or made available to Developer by Agency or the City have been provided without representation or warranty whatsoever on the part of the Agency or the City, and (c) Developer has represented to the Agency and Agency has expressed reliance upon Developer's representation that Developer is an experienced purchaser of real property such as the Site and has or has available to it the expertise properly and fully to investigate all matters related to the physical condition, land use controls, marketability, environmental conditions, endangered and threatened species statutes, and viability of the Site for Developer's intended use. Upon acceptance of the Agency Deed to the Site or any Phase or Opportunity Phase thereof, any alleged prior representations, warranties or statements of any Parties hereto shall be deemed to be merged into the deed. Developer shall accept the Site in "AS IS" condition without representation or warranty, except as set forth in the Army Deed and the FORA and the Deeds to the Site and as otherwise set out herein. The Agency shall have responsibility for demolition, site preparation, soils condition, or removing or correcting any subsurface condition or hazardous materials condition at the Site.

Developer agrees that, from and after Close of Escrow, Developer for itself and its agents, affiliates, successors and assigns, hereby RELEASES AND FOREVER DISCHARGES

the Agency, its agents, affiliates, successors and assignees from, and waives any right to proceed against such other parties for any and all rights, claims, and demands at law or in equity relating to the physical, environmental, economic or legal condition of the Site except to the extent caused or contributed to by the Agency. Without limiting the foregoing, Developer hereby specifically WAIVES, in connection with the matters released above, the provisions of the California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not now 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 hereby acknowledges that Developer has carefully reviewed this Section and discussed its impact with legal counsel, and that the provisions of this Section are a material part of this Agreement.

Developer's Initials _____

(b) Indemnity. From and after the date of recording of the Deed conveying title to any Phase or Opportunity Phase from the Agency to the Developer or the commencement of any work on the Site by the Developer under this Agreement if such work shall commence prior to conveyance of title, Developer shall defend, indemnify, protect and hold harmless the Agency, the City and their officers, beneficiaries, employees, agents, attorneys, representatives, legal successors and assigns ("Indemnitees") from and against any and all liabilities, obligations, orders, decrees, judgments, liens, demands, actions, claims, losses, damages, fines, penalties, expenses, or costs of any kind or nature whatsoever, together with fees (including, without limitation, reasonable attorneys' fees and experts' and consultants' fees), whenever arising, resulting from or in connection with the construction of the Development and development, use and sale of Improvements constructed on the Site or portion thereof, except to the extent caused by the Indemnitees' sole negligence or willful misconduct.

(c) Release and Waiver. The Developer hereby releases and waives all rights, causes of action and claims the Developer has or may have in the future against the Indemnitees arising out of or in connection with the condition of the property, including but not limited to the existence of any Hazardous Materials (as defined herein), at, on, in, beneath or from the Site, except to the extent caused by the Indemnitees' sole negligence or willful misconduct. In furtherance of the intentions set forth herein, the Developer acknowledges that it is familiar with 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."

The Developer hereby waives and relinquishes any right or benefit which it has or may have under Section 1542 of the Civil Code of the State of California or any similar provision of the statutory or nonstatutory law of any other applicable jurisdiction to the full extent that it may

lawfully waive all such rights and benefits pertaining to the subject matter of this Section 5.10. Notwithstanding the foregoing, the City and the Agency shall, as to claims arising from the presences or discovery of Hazardous Materials existing on the Site prior to conveyance of the Site or any portion thereof to the Developer, pursue all remedies they may have under representations, covenants and indemnifications provided by the Army in the Army Deed or otherwise and shall join and assist the Developer in pursuing all such remedies.

(d) Materiality. The Developer acknowledges and agrees that the defense, indemnification, protection and hold harmless obligations of the Developer for the benefit of the Agency and City set forth in this Agreement are a material element of the consideration to the Agency for the performance of its obligations under this Agreement, and that the Agency would not have entered into this Agreement unless the Developer's obligations were as provided for herein. The Developer further acknowledges and agrees that the provisions of this Section 5.10 which extend representations, warranties, indemnifications, and covenants of the Developer to the benefit of the Agency or the City shall not be satisfied, waived or otherwise extinguished by Agency's issuance of any Partial, Phased or Final Certification of Completion under Section 6.9 of this Agreement or termination of the Redevelopment Plan.

Section 5.11 Preliminary Work by the Developer. Prior to the conveyance of title from the Agency, representatives of the Developer shall have the right of access to the Site at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement and with the permission of the Agency to deconstruct buildings located on the Site pursuant to Article 3. The Developer shall hold the Agency, its officers, employees, board members and its agents harmless including the payment of any defense costs for any claims, losses, liabilities, injury or damages arising out of any activity pursuant to this Section, unless caused by the Agency's sole negligence or willful misconduct. The Developer shall have access to all data and information on the Site available to the Agency except any information that is considered confidential or not subject to disclosure pursuant to the Public Records Act, but without warranty or representation by the Agency as to the completeness, correctness or validity of such data and information.

Any preliminary work undertaken on the Site by the Developer prior to conveyance of title thereto shall be done only after written consent of the Agency and at the sole expense of the Developer. The Developer shall defend, hold harmless and indemnify the Agency against any claims resulting from such preliminary work, access or use of the Site by the Developer or its contractors, representatives or agents. Copies of data, surveys and tests obtained or made by the Developer on the Site shall be filed with the Agency. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

ARTICLE 6. DEVELOPMENT OF THE SITE

Section 6.1 Scope of Development. The Site shall be developed as provided in the Development Approvals. The Development Approvals provide for the permitted uses of the Site, the density and intensity of use, the maximum height and size of proposed buildings, provisions for reservation and dedication of land for public purposes, the imposition of impact

fees and other conditions and requirements to be administered by the City for the Development of the Site.

Section 6.2 Deconstruction. The Developer shall commence and complete deconstruction of the existing buildings located on each Phase of the Site within the time set forth in the Schedule of Performance.

Section 6.3 Commencement of Construction. The Developer shall commence construction on of the Horizontal Improvements and the Vertical Improvements to be constructed in each Phase or Opportunity Phase within the time set forth in the Schedule of Performance.

Section 6.4 Completion of Construction. The Developer shall diligently prosecute to completion the construction of each Phase or Opportunity Phase of the Development, and shall complete construction of the Horizontal Improvements for each Phase or Opportunity Phase within the time set forth in the Schedule of Performance. The Developer shall complete or cause to be completed construction of the Vertical Improvements to be developed in each Phase or Opportunity Phase within the time set forth in the Schedule of Performance. As between the Agency and the Developer, the Developer shall be solely responsible for the construction of the Development, including all costs except as otherwise expressly provided in this Agreement; provided, that nothing herein shall impose upon Developer a cost of Development for which the Developer is not responsible under the Development Approvals, including but not limited to, costs to be borne or assumed by other parties or entities in mitigation of development or environmental impacts under CEQA caused or contributed to by the Development.

Section 6.5 Permits and Approvals for Vertical Improvements. No later than the dates specified in the Schedule of Performance, the Developer shall have obtained the permits and approvals necessary for the construction of the Vertical Improvements for each Phase of the Development. The Schedule of Performance sets forth in detail the various permits and approvals necessary for each Phase of Vertical Improvements. The Developer shall be determined to have satisfied this Section 6.5 with respect to each Phase of the Development upon obtaining the permits and approvals indicated in the Schedule of Performance within the time set forth in the Schedule of Performance. The Developer's applications for the permits and approvals for the Vertical Improvements shall be consistent with the Development Approvals. The Agency shall render all reasonable assistance to the Developer in obtaining the permits and approvals necessary for the Vertical Improvements.

Section 6.6 Construction Pursuant to Development Approvals. The Developer shall construct the Improvements in accordance with the Development Approvals, which shall be administered by the City.

Section 6.7 Compliance with Applicable Law. The Developer shall cause all work performed in connection with construction of the Improvements to be performed in compliance with (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq. of the California

Labor Code, but only to the extent applicable), and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer shall be responsible for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Site.

Section 6.8 Performance of Environmental Mitigation Measures. In constructing the Development, the Developer will comply with any mitigation measures set forth in the Mitigation and Monitoring Program, as approved by the Agency and the City Council, to mitigate potential adverse environmental impacts of the Development that are required to be performed or implemented by the Developer.

Section 6.9 Certificates of Completion. When the obligations of the Developer under this Article 6 have been met with respect to any Phase or Opportunity Phase of the Improvements or any home, building or improved portion or parcel thereof, the Developer may request that the Agency issue a certificate to such effect (a "Partial Certificate of Completion") in a form recordable in the Official Records of the County of Monterey, which the Agency shall do within thirty (30) days of such a request if the Developer has met the requirements for such issuance. If the Developer has been issued a certificate of occupancy or other evidence of completion by the City or entity having jurisdiction for any Improvements or for any Residential Unit, building or improved portion or parcel of the Site, the Agency shall issue a Certificate of Completion as a ministerial act. When the obligations of the Developer under this Article 6 have been met with respect to any particular Phase, including the Opportunity Phases associated with that Phase, the Developer may request that the Agency issue a Certificate of Completion for that Phase ("Phase Certificate of Completion") in a form recordable in the Official Records of the County of Monterey, which the Agency shall do within thirty (30) days of such a request if the Developer has met the requirements for such issuance. When the obligations of the Developer under this Article 6 have been met with respect to all Phases and Opportunity Phases of the Improvements the Developer may request that the Agency issue a Final Certificate of Completion in a form recordable in the Official Records of the County of Monterey, which the Agency shall do within thirty (30) days of such request if the Developer has met the requirements for such issuance. Any Certificate of Completion shall not be deemed a notice of completion under the California Civil Code, nor shall it constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a deed of trust securing money loaned to finance the Development or any portion thereof. If the Developer requests issuance of a Certificate of Completion, but the Agency refuses, then the Agency shall provide the Developer with a written explanation of its refusal within ten (10) days of the Developer's request. The issuance of a Partial Certificate of Completion by the Agency to the Developer shall signify that the Developer has met all its construction obligations with respect to the property for which the Partial Certificate of Completion is issued. The issuance of a Phase Certificate of Completion by the Agency to the Developer shall signify that the Developer has met all of its construction obligations with respect to the particular Phase for which a Phase Certificate of Completion is issued. The issuance of a Final Certificate of Completion by the Agency to the Developer shall signify that the Developer has met its obligations under this Agreement except for the its continuing obligations and representations contained in the

following provisions to the extent necessary to give effect to such provisions according to their terms: Section 5.10 7.3, 7.4(b), 7.4(d), 7.7, 7.9, Article 8 to the extent extent necessary to give them effect.

Section 6.10 Rehabilitation of Hollow Clay Tile Brick Building. Developer shall ensure during the course of construction that the Hollow Clay Tile Brick Building as designated on the Site Plan is rehabilitated for commercial use in accordance with the Specific Plan, provided that Developer's studies show it is structurally safe and economically feasible to do so.

Section 6.11 Progress Reports. Until a Final Certificate of Completion has been issued by the Agency, the Developer shall provide the Agency with quarterly progress reports that shall compare the status of the Development with the Schedule of Performance and provide additional information regarding the status of the construction of the Development.

Section 6.12 Entry by the Agency. Until a Final Certificate of Completion has been issued by the Agency, the Developer shall permit the Agency, through its officers, agents, or employees, to enter the Site at all reasonable times to inspect the work of construction to determine that such work is in conformity with the Specific Plan and the Development Approvals or to inspect the Site for compliance with this Agreement. The Agency is under no obligation to (a) supervise construction, (b) inspect the Site, or (c) inform the Developer of information obtained by the Agency during any inspection. The Developer shall not rely upon the Agency for any supervision or inspection. The rights granted to the Agency pursuant to this section are in addition to any rights of entry and inspection the City may have in exercising its municipal regulatory authority.

Section 6.13 Building Permit Metering. The Developer acknowledges that the development of the Phase I Minimum Improvements is of particular importance to the Agency and is a requirement designed to ensure that the City's General Plan goals of ensuring mixed use development and a balance of job generating uses and housing are met. Additionally, the construction of the Phase I Minimum Improvements is essential to the Development achieving the fiscally positive benefits set forth in the Fiscal Impact Study. For these reasons, in the event that all of the building permits are not issued for the Phase I Minimum Improvements by the time the 400th building permit is issued for a market rate Residential Unit, the Agency, in its sole and absolute discretion, may direct the City to cease issuing building permits for any additional Residential Units except for any of the Below Market Rate Units, until such time as the building permits are issued for the Phase I Minimum Improvements. In the event that all certificates of occupancy are not issued for the Phase I Minimum Improvements by the time that the 500th building permit is issued for a market rate Residential Unit, the Agency, in its sole and absolute discretion, may direct the City to cease issuing building permits for any additional Residential Units, except for the Below Market Rate Units, until such time as the certificates of occupancy are issued for the Phase I Minimum Improvements. Prior to the Agency directing the City to cease issuing building permits, the Agency shall give notice to the Developer of its failure to meet the conditions set forth in this Section 6.13 and shall provide a time for the Developer to meet with the Agency to present information regarding the reasons for the Developer's failure to meet the requirements of this Section 6.13. The Agency shall give full consideration to the Developer's explanation for the failure to meet the condition, including any causes that are

beyond the control of the Developer, prior to instructing the City to cease issuing building permits.

ARTICLE 7. OBLIGATIONS DURING AND AFTER CONSTRUCTION

Section 7.1 Use of the Property. During the term of this Agreement, the Developer shall use and operate the Property for uses consistent with the Development Approvals or for such other uses as may be consistent with all City and other governmental approvals, and the Redevelopment Plan. The Developer shall abide by all provisions and conditions of the Redevelopment Plan not in conflict or inconsistent with the Development Approvals in the use of the Property.

Section 7.2 Maintenance. Prior to issuance of the Final Certificate of Completion the Developer shall cause the portions of Site owned by the Developer or its Assignees to be well maintained and repaired in a condition reasonably acceptable to the Agency. If there arises a condition in contravention of this Section 7.2, and if the Developer has not diligently proceeded to cure such condition within thirty (30) days after receiving an Agency notice of such a condition, then the Agency shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Development in order to recover actual costs in effectuating such cure and collecting the advance from the Developer.

Section 7.3 General Indemnity. The Developer shall indemnify, defend, and hold the Agency, its directors, officers, employees, agents, and its successors and assigns harmless against all claims which arise from events occurring in connection with entry onto, ownership of, occupancy in, or construction on the Site by the Developer or the Developer's contractors, subcontractors, agents, employees or tenants. This indemnity obligation shall not extend to the extent of any claim arising from the Agency's sole negligence or willful misconduct or the Agency's failure to perform its obligations under this Agreement, and shall survive termination of this Agreement.

Section 7.4 Hazardous Materials.

(a) Certain Covenants and Agreements. Until the issuance of a Final Certificate of Completion by the Agency to the Developer, the Developer hereby covenants and agrees that:

(i) Except for conditions existing prior to conveyance of any portion of the Site, whether known, disclosed or unknown, the Developer shall not knowingly permit any portion of the Site for which a Partial, Phase or Final Certificate of Completion has not been issued or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Site in violation of any applicable law;

(ii) The Developer shall keep and maintain the Development during the time that the Developer owns the Site and each portion thereof in compliance with, and shall not cause or permit the Development or any portion thereof to be used or operated in violation of, any Hazardous Materials Laws;

(iii) Upon receiving actual knowledge of the same the Developer shall immediately advise the Agency in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Development pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Site in such quantities which require reporting to a government agency; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Development under any Hazardous Materials Laws. If the Agency reasonably determines that the Developer is not adequately responding to a Hazardous Material Claim, the Agency shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Developer.

(iv) The Developer shall not take, without prior notice to the Agency, any remedial action in response to the presence of any Hazardous Materials on, under, or about the Site (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(v) The foregoing provisions of this subsection (a) of Section 7.4 shall be interpreted and applied consistent with and in compliance with the provisions and requirements under any policy of environmental liability insurance under which the Agency or Developer is a named insured with respect to the Site or any portion or Phase thereof.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 7.3, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Agency) the Agency, the City, their boardmembers, officers, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer or any other person or entity to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or

disposal of Hazardous Materials into, on, under or from the Development occurring after the Developer has accepted conveyance of the Site or if the Developer performs work pursuant to a right of entry prior to conveyance, after the Developer obtains a right of entry; (2) the presence in, on or under the Site of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Development except to the extent caused or contributed to by the City or Agency; or (3) any activity carried on or undertaken on or off the Development, subsequent to the conveyance of the Site or any portion thereof to the Developer or subsequent to the entry by the Developer onto the Site or any portion thereof pursuant to a right of entry, whichever is later, and whether by the Developer or any successor in title or any employees, agents, contractors or subcontractors of the Developer or any successor in title, or any third persons at any time occupying or present on the Development with the permission of the Developer, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Development (collectively "Indemnification Claims"). The foregoing indemnity shall further apply to any residual contamination on or under the Development, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws.

(c) No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 7.4(b) above, are in no way limited or otherwise affected by any information the Agency may have concerning the Development and/or the presence within the Development of any Hazardous Materials, whether the Agency obtained such information from the Developer or from its own investigations.

(d) Environmental Work. The Developer shall be responsible for performing the work of any investigation and remediation which may be required by applicable law on the Site in order to develop the Development. The determination as to whether any such remediation is needed, and as to the scope and methodology thereof, shall be made by mutual agreement of governmental agency with responsibility for monitoring such remediation and the Agency and the Developer. The Developer shall notify the Agency promptly upon discovery of any actionable levels of Hazardous Materials, and upon any release thereof, and shall consult with the Agency in order to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. The Developer shall comply with, and shall cause its agents and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal and remediation of Hazardous Materials. The investigation and remediation work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this Agreement. The foregoing provision of subsection (d) shall be interpreted and applied consistent with and in compliance with the procedures of and policies of environmental liability insurance under which the Agency or the Developer is a named insured with respect to the Site or other portion or Phase thereof.

Section 7.5 Mechanics' Liens. The Developer shall indemnify the Agency and hold the Agency harmless against and defend the Agency in any proceeding related to any mechanic's lien, stop notice or other claim brought by a subcontractor, laborer or material supplier who alleges having supplied labor or materials in the course of the construction of the Development by the Developer. This indemnity obligation shall survive the termination of this Agreement.

Section 7.6 Taxes. The Developer shall pay when due all real estate taxes and assessments assessed and levied on the Site for any period subsequent to conveyance of title to or delivery of possession of the Site or any portion thereof. The Developer shall remove or have removed any levy or attachment made on the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto, except that Developer agrees that it shall not contest the amount of the assessed valuation on any portion of the Site owned by Developer in connection with the amount of the assessed value of the Site during the first five (5) years following a Partial Certificate of Completion or Final Certificate of Completion for the applicable portions of the Site. Nothing contained herein shall prevent the Developer from applying for and obtaining any property tax exemption available for the Affordable Housing.

Section 7.7 Non-Discrimination. The Developer covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, age, disability, or national origin in the construction, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site or the Development, nor shall the Developer 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, sublessees, vendees or employees in the Site or the Development. The foregoing covenant shall run with the land and shall remain in effect in perpetuity.

Section 7.8 Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases or other real property conveyance contracts entered into by the Developer on or after the date of execution of this Agreement as to any portion of the Site or the Development shall contain the following language:

(a) In Deeds:

"Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee 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, vendees, or employees in the property herein conveyed. The foregoing covenant shall run with the land."

(b) In Leases:

"The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee 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, sublessees, subtenants, vendees, or employees in the land herein leased."

(c) In Contracts:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee 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, vendees, or employees of the land."

Section 7.9 Prevailing Wages. To the extent prevailing wages are required to be paid either pursuant to Labor Code Sections 1720 et seq. or pursuant to the FORA Master Resolution, the Developer shall and shall cause the contractor and subcontractors to pay prevailing wages in the construction of the Development, as those wages are determined pursuant to Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations. If applicable, the Developer shall and shall cause the contractor and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq. During the construction of the Development, if required by Labor Code Sections 1720 et seq. or the FORA Master Resolution, Developer shall or shall cause the contractor to post at the Site the applicable prevailing rates of per diem wages. Agency hereby notifies the Developer that unless the Developer receives an affirmative determination from the Department of Industrial Relations finding that Labor Code Sections 1720 et seq. are not applicable to the Development or any portion thereof or relies on a legal opinion of counsel, the Developer shall proceed on the assumption that Labor Code Sections 1720 et seq. applies to the Development. Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the Agency) the Agency and the City against any claim for claims, losses, liabilities, damages (direct or consequential), compensation, fines, penalties, causes of action, administrative and judicial proceedings and orders, judgments, remedial action or requirements, enforcement actions of any kind, and all costs and expenses incurred therewith (including but not limited to attorneys' fees and costs) or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Section 1720 et seq. and implementing regulation

or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the Development or any other work undertaken or in connection with the Site, if it is determined that the payment of prevailing wages is required and the Developer or its contractor, subcontractor, assignees or transferees fails to pay such prevailing wages. Developer in giving this indemnification acknowledges the provisions of Labor Code Section 1781 and specifically waives any protection, rights or claims against the Agency that may accrue to the Developer pursuant to Labor Code Section 1781. Following a permitted assignment of a portion of the Site pursuant to Article 9, Developer's assignee shall be subject to and assume the obligations of this Section 7.9 with respect to the portion of the Site subject to the assignment, and Developer shall be relieved of such obligations with respect to construction by its assignee.

Section 7.10 Insurance Requirements.

(a) Required Coverage. Until a Final Certificate of Completion has been issued by the Agency, the Developer shall maintain and keep in force (or caused to be maintained and kept in force) without cost and expense to the Agency or City, the following insurance applicable to the Project:

(i) Worker's Compensation insurance, including Employer's Liability coverage, with limits not less than \$1,000,000 each accident, illness and disease.

(ii) Comprehensive General Liability insurance broad form with limits not less than \$5,000,000 each occurrence, combined single limits for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.

(iii) Automobile Liability insurance with limits not less than \$1,000,000 each occurrence, including owned, non-owned and hired vehicles, as applicable.

(iv) Property insurance covering the Development covering all risks of loss, including fire, earthquake (but only if required in connection with the construction financing or if it is commercially affordable at a reasonable price and with a reasonable deductible) and flood, if applicable, for 100% of the replacement value, with deductible, if any, acceptable to the Agency.

(v) Environmental Liability Insurance in excess of the amounts and/or coverage allocated to the Site from the FORA Basewide Environmental Liability Insurance to the extent such insurance is commercially available on reasonable terms and if determined necessary by the Parties.

Such insurance requirements may be satisfied by insurance maintained by the Developer or others pursuant to the Development Approvals, provided such insurance meets the requirements of this Section.

(b) Contractor's Insurance. The Developer shall cause any general contractor or agent working on the Development under direct contract with the Developer to maintain

insurance of the types and in at least the minimum limits described in subsections (a)(i), (a)(ii), and (a)(iii) above, and shall require that such insurance shall meet all of the general requirements of subsection (c) below. Subcontractors working on the Development under indirect contract with the Developer shall be required to maintain the insurance described in subsections (a)(i), (a)(ii) and (a)(iii) above, however, the requirements for comprehensive insurance for the subcontractors shall be set at \$1,000,000 per occurrence. Liability and Comprehensive Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the Agency, the City, their boardmembers, officers, agents, and employees.

(c) General Requirements. The required insurance shall be provided under an occurrence form, and the Developer shall continuously maintain such coverage. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as additional insureds the Agency, the City of Marina and their boardmembers, officers, agents, and employees.

All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the Agency pursuant to Section 12.1 below.

Section 7.11 Certificates of Insurance. Upon the Agency's request at any time until a Final Certificate of Completion has been issued by the Agency, the Developer shall provide certificates of insurance, in form and with insurers reasonably acceptable to the Agency, evidencing compliance with the requirements of Section 7.10, and shall provide complete copies of such insurance policies naming the Agency and the City of Marina as additional insureds. The certificate of insurance shall reference the appropriate contact number to be provided to the Developer by the Agency. This section shall not apply to Developer's Environmental Liability Insurance.

Section 7.12 Formation of Mello-Roos District. The City and the Developer shall consider formation of a Mello-Roos District pursuant to Government Code Section 5334 applicable to all market rate Residential Units in the Development. Any such district shall be formed in accordance with advice from the Agency's financial advisors. The Mello-Roos District shall be established with an assessment burden on the market rate Residential Units that is not less than .3% of the initial sales price and not greater than .5% of the initial sales price. The Developer shall advance all costs associated with the formation of the Mello-Roos District or other special district.

ARTICLE 8. BELOW MARKET RATE HOUSING

Section 8.1 Below Market Rate Rental Units. The Developer shall cause the Affordable Housing Developer to develop One Hundred Eight (108) residential rental units affordable to Very Low and Low Income Households (the "Affordable Rental Units"). The Affordable Rental Units shall be operated in accordance with a Regulatory Agreement in a form reasonably acceptable to the Agency which shall be recorded against the portion of the Site upon which the Affordable Rental Units are to be developed upon conveyance of that portion of the Site. The Developer shall cause the Affordable Housing Developer to apply for subsidized sources of funds for the Affordable Rental Units in accordance with the Schedule of Performance, including applying for Low Income Housing Tax Credits from the California Tax Credit Allocation Committee and Multi-Family Housing Program Funds from the California Department of Housing and Community Development. The Purchase Price for Phase I of the Site has been based on the assumption that the Affordable Housing Developer will receive an award of Multi-Family Housing Program ("MHP") Funds in an amount of \$6.38 million. In the event that the Affordable Housing Developer is unable to obtain an award of MHP funds in the amount of \$6.38 million by the date set forth in the Schedule of Performance despite the Affordable Housing Developer's best efforts, the Developer shall be obligated to provide funding for the Affordable Rental Units in an amount sufficient to make up for the lack of MHP funds and the Developer and the Agency shall adjust the purchase price for Phase II and if necessary Phase III of the Site by the amount of the funds contributed by the Developer for the Affordable Rental Units but in no event by more than \$6.38 million, provided, however, the purchase price for Phase II of the Site shall not be reduced below \$6,000,000 and the purchase price for Phase III of the Site shall not be reduced below \$8,000,000. In the event the Developer has not offset the full amount of funds the Developer is required to contribute to the development of the Affordable Rental Units as a result of any shortfall in MHP funds by reducing the purchase prices for Phase II and Phase III of the Site, upon conveyance of Phase III of the Site, the Agency shall deliver to the Developer a promissory note in the amount of the difference between the Developer's contribution to the Affordable Rental Units pursuant to this Section 8.1 and the reduction of the purchase prices for Phase II and Phase III, to be secured by a pledge by the Agency of tax increment funds received by the Agency as a result of the Development and required to be deposited by the Agency in the Low and Moderate Income Housing Fund. For example if the Affordable Housing Developer receives a MHP award of \$4 million, but the Developer is required to contribute \$2.38 million to the costs of developing the Affordable Rental Units in order to make the Affordable Rental Units financially feasible, the purchase price for Phase II shall be reduced by \$2.38 million unless such reduction in the Phase II purchase price would reduce the Phase II purchase price to an amount below \$6,000,000. To the extent the Agency is required to provide the Developer with any Low and Moderate Income Housing Funds pursuant to this Section 8.1, such funds shall be included in the amounts the Agency is required to pay to the Developer pursuant to Section 8.4(b) below. Prior to the Developer providing funds for the Affordable Rental Units to make up for any shortfall in the MHP funds, the Agency, the Developer and the Affordable Housing Developer shall meet to discuss other options for funding the shortfall, which options may include Agency funding or other sources of subsidized funds.

Section 8.2 Sale of Affordable Homes.

(a) The Developer pursuant to this Agreement and the Development Approvals is required to sell or cause to be sold by the Affordable Housing Developer fifty-three (53) of the Residential Units to be developed within the Development at Affordable Low Income Housing Costs to Qualified Low Income Homebuyers in accordance with the provisions of this Section 8.2 and as part of Phase III on lots to be supplied to the Affordable Housing Developer by the Developer with the subsidy payment pertaining thereto as provided in the Pro Forma. In addition, the Developer is required to sell or cause to be sold by the Affordable Housing Developer eighty-seven (87) of the Residential Units to be developed within the Development at Affordable Moderate Income Housing Costs to Qualified Moderate Income Homebuyers in accordance with the provisions of this Section 8.2 on lots to be supplied to the Affordable Housing Developer by the Developer with the subsidy payment pertaining thereto as provided in the Pro Forma. At least fifty-nine (59) of the Moderate Income Home must be developed as part of Phase II. The remaining Moderate Income Homes must be developed as part of Phase III. Provided that in each Phase of the Development at least thirty percent of the Residential Units are Below Market Rate Units, the Developer may allocate units among the affordability categories. For purposes of this Agreement, the number of Affordable Housing Units is determined based on the assumption that the Development Approvals will allow 1237 Residential Units to be developed as part of the Development. In the event, for any reason, the Development Approvals allow fewer than 1237 Residential Units, then subject to Section 2.2(e), the number of Affordable Housing Units shall be reduced to the number of units required to meet the percentages set forth in Section 2.2(e). Upon conveyance of any portion of the Site to be developed with Affordable Housing the Agency shall record against the applicable portion of the Site the Agency Affordability Covenants insuring that the Affordable Housing is developed.

(b) The Developer shall sell or cause to be sold by the Affordable Housing Developer the Low Income Units to Qualified Low Income Homebuyers. The purchase price shall be calculated assuming a down payment not exceeding 10% of the purchase price and the principal amount of a first mortgage loan that may be obtained by a Qualified Low Income Homebuyer that will result in the Monthly Housing Cost for the Qualified Homebuyer not exceeding Affordable Low Income Housing Cost. The purchase price shall not exceed fair market value for the Home. The Agency shall approve the terms of sale of the Low Income Units to the Qualified Low Income Homebuyers prior to completion of the sales. In the event Qualified Low Income Homebuyers cannot be located to purchase the Low Income Units, the Agency shall have an option to purchase the Low Income Units for the price set forth in this Section.

(c) The Developer shall sell or cause the Affordable Housing Developer to sell the Moderate Income Homes to Qualified Moderate Income Homebuyers. The purchase price shall be calculated assuming a down payment not exceeding 10% of the purchase price and the principal amount of a first mortgage loan that may be obtained by a Qualified Moderate Income Homebuyer that will result in the Monthly Housing Cost for the Qualified Moderate Income Homebuyer not exceeding Affordable Moderate Income Housing Cost. The purchase price shall not exceed fair market value for the Home. The Agency shall approve the terms of sale of the Moderate Income Units to the Qualified Moderate Income Homebuyers prior to completion of the sales. In the event Qualified Moderate Income Homebuyers cannot be located

to purchase the Moderate Income Units, the Agency shall have an option to purchase the Moderate Income Homes for the price set forth in this Section.

(d) As a condition of purchase of the Low Income Units and the Moderate Income Units, each Qualified Low Income Homebuyer and Qualified Moderate Income Homebuyer shall be required to execute and record against the Home an Affordable Homebuyer Resale Restriction in the form approved by the Agency.

(e) The Agency shall assist the Developer or Affordable Housing Developer in developing a pool of Qualified Homebuyers and in selection of Qualified Homebuyers to purchase the Low Income Units and the Moderate Income Units. The Developer or Affordable Housing Developer shall give a preference in the sale of the Low Income Units and the Moderate Income Units to Qualified Homebuyers displaced by activity of the Agency or the City, as provided in Health and Safety Code Section 33411.3 and, to the extent it is lawful to do so, for Homebuyers who live or work in the City of Marina in accordance with the City's preference policy set forth in the Housing Element. The Agency shall indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents, and its successors and assigns against all claims which arise from the implementation of the any preferences imposed by the City pursuant to this Section. This indemnification obligation shall not extend to the extent of any claim arising under this subsection (e) from the Developer's negligence or willful misconduct or its failure to perform its obligations with respect to such preference policy and shall survive the termination of this Agreement.

Section 8.3 Sale of Workforce Homes.

(a) The Developer, pursuant to this Agreement and the Specific Plan, is required to sell not less than One Hundred Twenty Four (124) of the Residential Units to be developed within the Development at Affordable Workforce Housing Costs to Qualified Workforce Homebuyers; provided, however, if the Development Approvals allow fewer than 1237 Residential Units in the Development, then, subject to Section 2.2(e), the number of Workforce Homes shall be limited to ten percent (10%) of the total number of Residential Units allowed in the Development Approvals.

(b) The Developer shall sell or cause to be sold, the Workforce Homes at purchase prices assuming a downpayment not exceeding 10% and the principal amount of a first mortgage loan that may be obtained by a Qualified Workforce Homebuyer that will result in the Monthly Housing Cost for the Qualified Workforce Homebuyer not exceeding Affordable Workforce Housing Cost. The purchase price shall not exceed fair market value for the Home. The Agency shall approve the terms of sale of the Workforce Homes prior to completion of the sales. In the event Qualified Workforce Homebuyers cannot be located to purchase the Workforce Homes, the Agency shall have an option to purchase the Workforce Homes for the price set forth in this Section.

(c) As a condition of purchase of the Workforce Homes, each Qualified Workforce Homebuyer shall be required to execute a promissory note for the benefit of the Agency in the amount equal to the difference between the fair market value of the Workforce

Home if it were sold without the restrictions on purchase price set forth herein and the market purchase price of the Workforce Home in the form approved by the Agency and record against the Home a Deed of Trust in the form approved by the Agency. The Agency Deed of Trust shall be subordinate to any first mortgage for the Home.

(d) The Agency shall assist the Developer or Affordable Housing Developer in developing a pool of Qualified Workforce Homebuyers and in selection of Qualified Workforce Homebuyers to purchase the Workforce Homes. Developer shall give a preference in the sale of the Workforce Homes to Qualified Workforce Homebuyers displaced by activity of the Agency or the City, as provided in Health and Safety Code Section 33411.3 and, to the extent it is lawful to do so, for Homebuyers who live or work in the City of Marina in accordance with the City's preference policy set forth in the Housing Element. The Agency shall indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents, and its successors and assigns against all claims which arise from the implementation of any preferences imposed by the City pursuant to this Section. This indemnification obligation shall not extend to the extent of any claim under this subsection (d) arising from the Developer's negligence or willful misconduct or its failure to perform its obligations with respect to such preference policy and shall survive the termination of this Agreement.

Section 8.4 Agency Assistance for Affordable Housing. Developer or the Affordable Housing Developer pursuant to the Affordable Housing MOA, shall be responsible for the development of the Below Market Rate Housing required to be developed pursuant to this Article Eight and shall be responsible for all costs associated with the development of such Below Market Rate Housing, except as set forth herein.

(a) The Reuse Valuation shows that the development of the Affordable Housing can only occur with a subsidy from the Developer ("Developer Subsidy"). The Developer Subsidy has been estimated to be Twenty Four Million Five Hundred Thousand Dollars (\$24,500,000) prior to the allocation of any backbone infrastructure costs to the Affordable Housing. In accordance with the provisions of this Section 8.4, the Agency shall reimburse the Developer for the Developer Subsidy as well as an amount not to exceed Three Million Dollars (\$3,000,000) attributable to the costs of infrastructure associated with the development of the Affordable Housing from deposits by the Agency to the Low and Moderate Income Housing Fund as set forth below.

The Agency shall pay to the Developer periodically an amount equal to the Net University Villages Low and Moderate Income Housing Fund, as defined below beginning in the first fiscal year after the Agency issues a Certificate of Completion for a portion of the Development containing Affordable Housing and continuing through fiscal year 2019/2020, provided, however, in no event shall the amounts paid by the Agency pursuant to this Section 8.4 exceed the actual amount of the Developer Subsidy, or such lesser amount as set forth below in the event only a portion of the Development is completed. For purposes of this section the Net University Villages Low and Moderate Income Housing Fund shall mean the amounts annually deposited by the Agency in the Low and Moderate Income Housing Fund attributable to tax increment generated by the Development through fiscal year 2019/2020 including net bond proceeds (to the extent bonds are issued) that are secured by the Low and Moderate Income

Housing Fund attributable to the Development minus an annual administrative allowance equal to the lesser of the total annual deposited to the Low and Moderate Income Housing Fund or Four Hundred Seventy Five Thousand Dollars and minus any debt service payments required to pay bonded indebtedness secured by the Low and Moderate Income Housing Fund deposits generated by the Development. The Agency will use its best efforts to issue bonds to be secured by the deposits to the Low and Moderate Income Housing Fund resulting from the Development and shall include in its payments to the Developer the net proceeds of any such bond issuance after payment of issuance costs and any reserve requirements. Prior to the Agency making any payments to the Developer pursuant to this Section 8.4, the Developer shall present to the Agency financial statements showing with sufficient detail for the Agency to verify the numbers, the costs of developing the Affordable Housing and the revenue/funds received or projected to be received by the Developer from the sale of the Affordable Housing. The Developer shall provide such a statement of costs and revenue associated with the Affordable Housing based on projections prior to the commencement of construction of each Phase of the Developer and shall provide final statements of costs and revenues at completion of each Phase of the Development. The Agency shall review such statements and if the Agency disputes any such costs of revenues, the Agency shall provide notice to the Developer of such dispute and request a meeting with the Developer to review the statements. The Agency shall have the right to inspect the Developer's books and records to verify the statements submitted by the Developer. The maximum amount of the Agency Affordable Housing Subsidy shall be the amount of the Developer Subsidy as demonstrated in the statement of costs and revenues presented by the Developer.

The Agency Affordable Housing Subsidy paid to the Developer attributable to the Affordable Housing to be developed as part of Phase I shall be up to Nine Million Nine Hundred Thousand Dollars (\$9,900,000). The Agency Affordable Housing Subsidy paid to the Developer attributable to the Affordable Housing to be developed as part of Phase II shall be up to Six Million One Hundred Thousand Dollars (\$6,100,000). If for any reason, the Developer fails to complete construction of the Development and the Affordable Housing as contemplated herein, the Agency Affordable Housing Subsidy shall be limited to the amount of the Agency Affordable Housing Subsidy attributable to the portion of the Affordable Housing completed.

(b) To the fullest extent provided by law, the obligations of the Agency under this Agreement to provide financial payments to the Developer under this Agreement (including, but not limited to obligations of the Agency under Section 5.3(d) and Article 8 of this Agreement) shall constitute binding contractual obligations of the Agency according to their terms which shall be secured by a prior pledge of tax increment generated to the Agency from the Development and shall constitute indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan. From time to time, if feasible under the circumstance, the Agency at the Developer's request shall issue its tax allocation bonds or other debt instruments to repay such indebtedness owed to the Developer in whole or in part. Except for any such bonds, the pledge and indebtedness of the Agency as referenced in this subsection (b) shall be senior to any Agency bonded indebtedness or other indebtedness or form of obligation incurred after the date of approval by the Agency of this Agreement. At the request of the Developer, the pledge and indebtedness of the Agency to the Developer as referenced in this subsection (c) shall be evidenced by a promissory note of the Agency in the form reasonably

satisfactory to the Developer to be delivered to the Agency as part of and as a condition to the closing of the escrow for the sale and conveyance of the first Phase of the Site to the Developer.

(c) In the event legislation is passed prior to the sale of the Moderate Income Units or the Low Income Units that allows for the Agency to obtain production housing credits pursuant to Health and Safety Code Section 33413 for the Moderate Income Units or Low Income Units while using a higher percentage of household income for Monthly Housing Costs than assumed in the Pro Forma or if FOR A reduced its CFD fees for some or all of the Below Market Rate Housing, the Developer shall pay to the Agency any net increase in the Purchase Price that results from the increased home sales prices or the reduced FOR A CFD fees. The Agency agrees that it shall make any such increase in the Purchase Price available to FORA as a loan to cover any shortfall in financing for deconstruction costs that may occur.

Section 8.5 Below Market Rate Housing Implementation Agreement. Within the time set forth in the Schedule of Performance and in no event later than the date of issuance of a building permit for the first Below Market Rate Home, the Agency and the Developer shall enter into a Below Market Rate Housing Implementation Agreement that will set forth the parameters for implementing the Parties' intentions with respect to the rental and sale of the Below Market Rate Homes, which agreement shall be consistent with the terms of this Agreement and the City's Housing Element of the General Plan. The Agency Executive Director or his or her designee shall approve the Below Market Rate Housing Implementation Agreement.

ARTICLE 9. ASSIGNMENT AND TRANSFERS

Section 9.1 Definitions. As used in this Article 9, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Site or any part thereof or any interest therein or of the Development constructed thereon, or any contract or agreement to do any of the same; or

(b) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in the Developer, or any contract or agreement to do any of the same.

Section 9.2 Identity of Developer. The Developer represents and warrants to the Agency, as follows:

(a) Organization. The Developer is a Delaware limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement performance of

the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms.

(c) No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

(d) No Litigation. Unless otherwise disclosed in writing to the Agency prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or the Site that would, if adversely determined, adversely affect the Developer or the Site or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Development.

Section 9.3 Purpose of Restrictions on Transfer. This Agreement is entered into solely for the purpose of development and operation of the Development on the Site and its subsequent use in accordance with the terms of this Agreement. The qualifications and identity of the Developer are of particular concern to the Agency, 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 Transfer as defined in Section 9.1 above is for practical purposes a transfer or disposition of the Site.

It is because of the qualifications and identity of the Developer that the Agency is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

Section 9.4 Prohibited Transfers. The limitations on Transfers set forth in this Section 9.4 shall apply from the date of this Agreement until the issuance of a Final Certificate of Completion by the Agency to the Developer or, as applicable to Phases, Opportunity Phases and homes, buildings or parcels therein, until the issuance of a Partial Certificate of Completion or Phase Certificate of Completion by the Agency to the Developer, Developer Affiliates or assigns, as the case may be. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law, without the prior approval of the Agency. Any Transfer made in contravention of this Section 9.4 shall be void and shall be deemed to be a default under this Agreement, whether or not the Developer knew of or participated in such Transfer.

Section 9.5 Permitted Transfers. Notwithstanding the provisions of Section 9.4, the following Transfers shall be permitted (subject to satisfaction of the conditions of Section 9.6):

- (a) Any Transfer creating a Security Financing Interest.
- (b) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest.
- (c) The Sale of Residential Units within the Development.
- (d) The sale or ground lease of any portion of the Site to be developed with Retail Improvements or Business Park Improvements or the sale or lease of any Retail Improvement or Business Park Improvement to an end user, provided such sale or lease is in compliance with the Development Approvals.
- (e) Any Transfer resulting directly from the death of an individual.
- (f) A Transfer of any portion of the Development to a Developer Affiliate, provided, however, any subsequent Transfer from a Developer Affiliate to any other entity (which is not a Permitted Transfer under this Section 9.5) shall be subject to the provisions of this Article 9 limiting transfers.
- (g) A Transfer of portions of the Site to be developed with the Affordable Housing to the Affordable Housing Developer pursuant to the terms of the Affordable Housing MOU approved by the Agency pursuant to Section 4.9.
- (h) A Transfer of the portions of the Site to be developed with hotel uses provided the hotel to be developed meets the quality standards set forth in Section 4.11 above.
- (i) A Transfer of portions of the Site to the Agency, the City or other public entity or utility in implementation of the Development Approvals.
- (j) A Transfer to take effect upon issuance of a Certificate of Completion with respect to the transferred portion of the Site.

Section 9.6 Effectuation of Permitted Transfers.

- (a) No Transfer otherwise authorized or approved pursuant to Section 9.5, except those Transfers pursuant to Section 9.5 (a), (b), (c), (i) and (j) shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, executes the Assignment and Assumption Agreement in substantially the form of Exhibit G expressly agreeing to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement applicable to the portions of the Site subject to the Transfer; provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation. The Agency shall grant or deny approval of a proposed Transfer within thirty (30) days of receipt by the Agency of the Developer's request for approval of a Transfer, which request shall include evidence of the proposed transferee's business expertise

and financial capacity, provided, however, if the Transfer is pursuant to Section 9.5, approval of the Agency shall not be required, but the Developer shall be obligated, except as provided above in the first section of this subsection (a) of this Section 9.6, to provide the Agency with a fully executed copy of the Assignment and Assumption Agreement substantially in the form attached as Exhibit G, and no such Transfer shall be effective until the Agency receives such executed Assignment and Assumption Agreement. Failure by the Agency to approve or disapprove the proposed Transfer within thirty (30) days after receipt of the Developer's written request shall be deemed to be approval of the proposed Transfer by the Agency.

(b) Except as provided above in subsection (a) of this Section 9.6, any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer (whether or not Agency approval is required) shall be evidenced by the execution by the Developer and the assignee of the Assignment and Assumption Agreement attached as Exhibit G and a copy thereof shall be delivered to the Agency within thirty (30) days after the effective date thereof. Upon assignment or transfer of the Site or a portion thereof pursuant to an Assignment and Assumption Agreement, the assignor shall be relieved of liability with respect to any such obligations relating to the Development assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assignment and Assumption Agreement the obligations under this Agreement to indemnify Agency with respect to the Development as applicable to the rights or obligations or portion of the Site assigned to the assignee, the assignor will retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee.

Section 9.7 Transfers Subject to Development Agreement. To the extent that Transfers hereunder are also subject to requirements governing assignments and transfers under the Development Agreement which are administered by the City, the Agency shall cooperate and coordinate with the City to process and effectuate such Transfers at the same time as the City's process under the Development Agreement.

ARTICLE 10. SECURITY FINANCING AND RIGHTS OF HOLDERS

Section 10.1 No Encumbrances Except for Development Purposes. Until a Final Certificate of Completion has been issued by the Agency or, as applicable to Phases, Opportunity Phases and homes, buildings or parcels therein, until the issuance of a Partial Certificate of Completion by the Agency to Developer, Developer Affiliates or Assigns, as the case may be, mortgages, deeds of trust, and other real property security instruments are permitted to be placed upon the Developer's interest in the Site only as permitted pursuant to this Section 10.1. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests." The Developer shall promptly notify the Agency of any Security Financing Interest that has been or will be created or attached to the Site.

The Developer may place mortgages, deeds of trust, or other reasonable methods of security on the Developer's interest in the Site only for the purpose of securing construction loans and permanent financing approved by the Agency as part of or consistent with the approved evidence of financing submitted pursuant to Section 4.3.

Section 10.2 Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in conveyances from the Agency to the Developer evidencing the realty comprising the Site or any part thereof be construed so to obligate such holder. However, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Site or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Section 10.3 Notice of Default and Right to Cure. Whenever the Agency pursuant to its rights set forth in Article 11 delivers any notice or demand to the Developer with respect to the commencement, completion, or cessation of the construction of the Development, the Agency shall at the same time deliver to each holder of record of any Security Financing Interest creating a lien upon the Site or any portion thereof a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, but not the obligation, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of any Improvements (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to the Agency under this Agreement with respect to such improvements. The holder in that event must agree to complete, in the manner provided in this Agreement, the development of the Improvements. Any such holder properly completing the development of Improvements pursuant to this section shall assume all rights and obligations of Developer under this Agreement and shall be entitled, upon written request made to the Agency, to a Partial Certificate of Completion, a Phase Certificate of Completion or a Final Certificate of Completion from the Agency, in accordance with this Agreement.

Section 10.4 Failure of Holder to Complete Improvements. In any case where six (6) months after default by the Developer in completion of construction of the Development under this Agreement, the holder of record of any Security Financing Interest, having first exercised its option to construct the Improvements, has not proceeded diligently with construction, the Agency shall be afforded those rights against such holder it would otherwise have against the Developer under this Agreement.

Section 10.5 Right of Agency to Cure. In the event of a default or breach by the Developer of a Security Financing Interest prior to the completion of construction of the Improvements subject to such Security Financing Interest, and if the holder has not exercised its option to complete the construction of the Improvements, the Agency may, upon prior written notice to the Developer, cure the default, prior to the completion of any foreclosure. In such event the Agency shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing the default. The Agency shall also be entitled to a lien upon the Improvements and the Site or portion thereof subject to the Security Financing

Interest to the extent of such costs and disbursements. The Agency agrees that such lien shall be subordinate to any Security Financing Interest, and the Agency shall execute from time to time any and all documentation reasonably requested by the Developer to effect such subordination.

Section 10.6 Right of Agency to Satisfy Other Liens. After the Close of Escrow and after the Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Development or any portion thereof, and has failed to do so, in whole or in part, the Agency shall, upon prior written notice to the Developer, have the right to satisfy any such lien or encumbrances; provided, however that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount therein and so long as such delay in payment shall not subject the Site or any portion thereof to forfeiture or sale.

Section 10.7 Holder to be Notified. To the extent deemed necessary by the Agency, the Developer shall insert each term contained in this Article 10 into each Security Financing Interest or shall procure acknowledgement of such terms by each prospective holder of a Security Financing Interest prior to its coming into any security right or interest in the Development or portion thereof.

Section 10.8 Modifications. If a holder of a Security Financing Interest should, as a condition of providing financing for development of all or a portion of the Development, request any modification of this Agreement in order to protect its interests in the Development or this Agreement, the Agency shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the Parties under this Agreement.

ARTICLE 11. DEFAULT AND REMEDIES

Section 11.1 Application of Remedies. This Article 11 shall govern the Parties' remedies for breach or failure under this Agreement.

Section 11.2 No Fault of Parties.

(a) The following events constitute a basis for a Party to terminate this Agreement as provided herein as to the Site or Phase or portion thereof without the fault of the other or, as applicable, [to extend the time for performances under Section 12.4:]

(i) By the Agency or Developer: despite the Parties' good faith efforts, the conditions set forth in Article 4 cannot be met within the time and in the manner specified in the applicable section(s) of Article 4.

(ii) By Developer or the Agency: the Developer, despite good faith efforts, is unable to obtain the Development Approvals necessary for the Development.

(iii) By Developer or the Agency: the Agency, despite good faith efforts, is unable to convey the Site or Phase thereof to the Developer within the time and in the manner specified in Article 5, and the Developer is otherwise entitled to such conveyance.

(b) Upon the happening of an event described in Section 11.2(a), and at the election of the Party identified in (a), above, this Agreement may be terminated as to the Site or any portion of the Site not already conveyed to the Developer by written notice to the other Party, provided, that notwithstanding the foregoing, prior to the termination of this Agreement pursuant to this Section 11.2, the Parties shall meet in good faith to discuss alternative approaches to satisfying the Developer precondition or accomplishing the Agency conveyance, as the case may be, and provided further, that prior to termination of this Agreement by the Agency, pursuant to this Section 11.2, the Agency Board, at the request of the Developer shall hold a public hearing (with reasonable notice to and an opportunity for the Developer to be heard) on the decision to terminate this Agreement and consideration of the reasons therefore and alternatives to termination, including, without limitation, opportunities available to continue or mutually renegotiate the terms of this Agreement to avoid such termination.

(c) After a termination pursuant to this Section 11.2, any costs incurred by a Party in connection with this Agreement and the Development shall be completely borne by such Party and neither Party shall have any rights against or liability to the other except with respect to those provisions of this Agreement that recite that they survive termination of this Agreement.

Section 11.3 Fault of Agency.

(a) Except as to events constituting a basis for termination under Section 11.2, each of the following events, if uncured after expiration of the applicable cure period, shall constitute an "Agency Event of Default":

(i) Except as provided in Section 11.2, the Agency fails to attempt diligently and in good faith to cause satisfaction of conditions to conveyance of this Site that are the responsibility of the Agency or without good cause fails to convey the Site or Phase thereof within the time and in the manner specified in Article 5, and the Developer is otherwise entitled to such conveyance.

(ii) The Agency breaches any other material provision of this Agreement.

(b) Upon the occurrence of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure. In the event the Agency does not then cure the default within such thirty-day period (or, if the default is not susceptible of cure within such thirty-day period, the Agency fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the Developer shall be entitled to any rights afforded it in law or in equity by taking any or all of the following remedies: (1) terminating this Agreement as to the Site or any portion of the Site that has not already been conveyed to the Developer by written notice to the Agency; (2) seeking mandamus or specific

performance of this Agreement; (3) invoking an Excused Delay under Section 12.4; or (4) seeking any other remedy available at law or in equity, provided, however the Developer shall not be entitled to recover any damages except as set forth in Section 11.9(e). If the Developer elects to terminate this Agreement, the provisions of this Agreement that are specified to survive termination shall remain in full force and effect.

Section 11.4 Fault of Developer.

(a) Except as to events constituting a basis for termination under Section 11.2, each of the following events, if uncured after expiration of the applicable cure period, shall constitute a "Developer Event of Default":

(i) The Developer does not attempt diligently and in good faith to cause satisfaction of those conditions in Article 4 that are the responsibility of the Developer.

(ii) Subject to the provisions of Section 12.4 and provided the Agency is not in default under Section 11.3, the Developer refuses for any reason (including, but not limited to, lack of funds) to accept conveyance from the Agency of the Site or any portion thereof within the time and in the manner specified in Article 5.

(iii) Subject to the provisions of Section 12.4, the Developer fails to construct any Phase of the Improvements as required in the manner and within the time set forth in Article 6 and the Schedule of Performance.

(iv) The Developer breaches any material provision of Article 7 or any other material provision of this Agreement.

(v) The Developer breaches any material provision of Article 8.

(vi) The Developer attempts or completes a Transfer except as permitted under Article 9.

(vii) The Developer is in material breach of an obligation of the Developer with respect to the Below Market Rate Homes.

(viii) The Developer is in material breach of any obligation for which the Developer is responsible with respect to the Declaration of Affordability Covenants or the Regulatory Agreement.

(ix) The Developer breaches any other material provision of this Agreement.

Upon the happening of any event described in Section 11.4(a), the Agency shall first notify the Developer in writing of its purported breach or failure. The Developer shall have thirty (30) days from receipt of such notice to cure such breach or failure or if a cure is not possible within thirty (30) days to commence the cure within thirty (30) days and to thereafter

prosecute the cure diligently to completion, provided, however, if the breach or failure is caused by or the responsibility of any Transferee of Developer pursuant to an approved Transfer, the Agency shall notify the Transferee and the Developer in writing of its purported breach or failure. If the Transferee does not cure such breach or failure within thirty (30) days or commence such cure within thirty (30) days, the Agency shall provide the Developer with an additional thirty (30) days in which to cure such breach or failure or commence to cure such breach or failure if such breach or failure cannot be cured within thirty (30) days. Unless the Developer has accepted continuing responsibility for the obligations pursuant to this Agreement after a Transfer, the Developer shall not be obligated to cure any breach or failure caused by a Transferee pursuant to this Section 11.4, but Developer may elect to do so. If the Developer or the Transferee does not cure or commence to cure the default within such time periods set forth herein and diligently prosecute such cure to completion, then the Agency shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (1) terminating this Agreement as to the Site or Phase or portion thereof affected by the Developer's or Transferee's breach or default by written notice to Developer and Transferee; (2) prosecuting an action for damages subject to the limitations in Section 11.9(e); (3) seeking specific performance of this Agreement; or (4) seeking any other remedy available at law or in equity. If the Agency elects to terminate this Agreement as to the Site or any portion thereof affected by the Developer's or Transferee's breach or default, the provisions of this Agreement that are specified to survive such termination shall remain in full force and effect, provided, however, any such termination shall not be applicable to any portion of the Site for which a Partial or Phase Certificate of Completion has been issued or as to which the Developer is not in default.

Section 11.5 Survival. Upon termination of this Agreement under Section 11.2, 11.3 or 11.4 of this Article 11, the following provisions of this Agreement shall survive to the extent necessary to give them effect: the waiver and the indemnification obligations in Sections 5.10, 7.3, 7.4(b), 7.4(d), 7.7, 7.9, 8.2(e), 8.3(d), Article 9, Article 10, and Article 11, and any financial obligations of the Agency which are due to the Developer under Sections 5.3, 8.4 and 11.9(e). This Section 11.5 exists for reference purposes only, and does not alter the scope or nature of the surviving provisions.

Section 11.6 Rights and Remedies Cumulative. Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default.

Section 11.7 Option to Repurchase, Reenter and Repossess. Following the Close of Escrow with respect to a portion of the Site and prior to the issuance of a Partial or Final Certificate of Completion and provided that no other remedy is reasonably available to the Agency, the Agency shall have the additional right upon the occurrence of an event of default pursuant to Section 11.4 at its option to repurchase such portion of the Site owned by the Developer or its Transferee as applicable, with all improvements thereon.

This option shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

1. Any Security Financing Instrument permitted by this Agreement;

2. Any rights or interests provided in reciprocal easement agreements or covenants, conditions and restrictions approved by the Agency and recorded on the Site.

To exercise its right to repurchase, reenter and take possession with respect to the Site, the Agency shall pay to the Developer in cash an amount equal to:

1. The portion of the Purchase Price for the portion of the Site actually paid to the Agency by the Developer less any portion of the Purchase Price for the Site paid by the Agency to FORA; plus
2. The predevelopment, planning and development costs actually incurred by the Developer for on-site labor and materials for the construction of the Improvements existing on the Site or portion of the Site repurchased hereunder at the time of the repurchase, reentry and repossession, exclusive of amounts financed; less
3. Any gains or income withdrawn or made by the Developer from the Site or the Improvements thereon; and less
4. The amount of liens on the Site, and any unpaid assessments against the Site, for which the Developer shall be released upon repurchase by the Agency under this Section 11.7.

Section 11.8 Right of Reverter. Under circumstances where the Agency has a right under Section 11.7 to repurchase, re-enter and repossess the Site or a portion thereof prior to the date a Partial or Final Certificate of Completion is issued for such portion of the Site, then the Agency may, in addition to other rights granted in this Agreement, re-enter and take possession of such portion of the Site with all improvements thereon ("Revested Parcel"), and re-vest in the Agency the estate previously conveyed to the Developer by the Agency with respect to such portion of the Site.

(a) Limitations. Such right of reverter shall be subordinate and subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any Security Financing Instrument with respect to the Revested Parcel; or

(ii) Any rights or interests provided in this Agreement for the protection of the holder of a Security Financing Interest with respect to the Revested Parcel.

(b) Revesting. Upon re-vesting in the Agency of title to the Revested Parcel as provided in this Section 11.8, the Agency shall, pursuant to its responsibilities under state law, use its best efforts to resell the Revested Parcel as soon as possible, in a commercially reasonable manner and consistent with the objectives of such law and of the Redevelopment Plan, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing such improvements as are acceptable to the Agency in

accordance with the uses specified for the Revested Parcel in the Redevelopment Plan and in a manner satisfactory to the Agency. Upon such resale of the Revested Parcel the proceeds thereof shall be applied as follows:

(i) First to reimburse the Agency on its own behalf or on behalf of the City for all costs and expenses incurred by the Agency, including but not limited to salaries of personnel and legal fees incurred in connection with the recapture, management, and resale of the Revested Parcel (but less any income derived by the Agency from any part of the Revested Parcel in connection with such management); all taxes, installments of assessments payable prior to resale, and water and sewer charges with respect to the Revested Parcel (or, in the event the Revested Parcel is exempt from taxation or assessment or such charges during the period of ownership by the Agency, an amount equal to the taxes, assessments, or charges that would have been payable if the Revested Parcel was not so exempt); any payments made or necessarily to be made to discharge any encumbrances or liens existing on the Revested Parcel at the time of revesting of title in the Agency or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; expenditures made or obligations incurred with respect to the making or completion of the Revested Parcel or any part thereof; and any amounts otherwise owing the Agency by the Developer and its successors or transferee.

(ii) Second, to reimburse the Agency for damages, if any, to which it is entitled under Section 11.9 of this Agreement by reason of the Developer's default.

(iii) Third, to reimburse the Developer, its successor or transferee, up to the amount equal to: the sum of the amounts determined under 1 through 4, above, of the last paragraph of Section 11.7. Notwithstanding the foregoing, the amount calculated pursuant to this subsection (c) shall not exceed the fair market value of the Revested Parcel together with the improvements thereon as of the date of the default or failure which gave rise to the Agency's exercise of the right of reverter.

(iv) Any balance remaining after such reimbursements shall be retained by the Agency as its property.

The rights established in this Section 11.8 are to be interpreted in light of the fact that the Agency will convey the Revested Parcel to the Developer for development and not for speculation.

Section 11.9 Dispute Resolution; Legal Actions.

(a) Informal Resolution. If any dispute arises between or among the Parties as to interpretation or application of this Agreement, the Parties shall attempt to resolve the dispute in accordance with this Agreement prior to judicial reference or formal court action. As to any such dispute, the Parties shall first meet and confer in good faith to resolve the matter between themselves. Each party shall make all reasonable efforts to provide to the other party or Parties all information relevant to the dispute, to the end that both Parties will have appropriate and adequate information to resolve the dispute.

(b) Mediation. In the event that a dispute arises between any of the Parties in connection with this Agreement, before resorting to any other legal remedy, the Parties hereto shall attempt in good faith to resolve any such controversy or claim by mediation conducted by a mediator, or a panel of mediators of a size appropriate to the scope of the dispute, in accordance with the Commercial Mediation Rules of the American Arbitration Association.

(c) Judicial Reference. If any Party to this Agreement commences a lawsuit for a dispute arising under this Agreement, or relating to the Site or the Development, or the condition, design or construction of any portion of the Development, all the issues in such action, whether of fact or law, shall be resolved by judicial reference pursuant to the provisions of California Code of Civil Procedure Sections 638.1 and 641 through 645.1. The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. Developer shall not be required to participate in the judicial reference proceeding unless it is satisfied that all necessary and appropriate parties will participate. The following shall apply:

(i) The proceeding shall be brought and held in Monterey County, unless the Parties agree to an alternative venue.

(ii) The Parties shall use the procedures adopted by JAMS/ENDISPUTE ("JAMS") for judicial reference and selection of a referee (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the Parties).

(iii) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters.

(iv) The Parties to the litigation shall agree upon a single referee who shall have the power to try any and all of the issues raised, whether of fact or of law, which may be pertinent to the matters in dispute, and to issue a statement of decision thereon. Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court in accordance with California Code of Civil Procedure Sections 638 and 640.

(v) The referee shall be authorized to provide all remedies available in law or equity appropriate under the circumstances of the controversy, other than punitive damages.

(vi) The referee may require one or more pre-hearing conferences.

(vii) The Parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(viii) A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(ix) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable.

(x) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(xi) The Parties shall promptly and diligently cooperate with each other and the referee and perform such acts, as may be necessary for an expeditious resolution of the dispute.

(xii) The costs of such proceeding, including the fees of a referee, shall be borne equally by the Parties to the dispute.

(xiii) The statement of decision of the referee upon all of the issues considered by the referee shall be binding upon the Parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action which may be brought by any of the Parties. The Parties acknowledge and accept that they are waiving their right to a jury trial.

(d) Institution of Legal Actions. In addition to any other rights or remedies provided in this Article 11, a non-defaulting Party may institute legal action to cure, correct or remedy any default, to recover damages for any Default to extent allowed in Sections 11.9(e), or to obtain any other remedy consistent with the purpose of this Agreement including but not limited to injunctive relief, mandamus, specific performance and declaratory relief. Such legal actions must be instituted in either the Superior Court of the County of Monterey, State of California, or in an appropriate municipal court in that County. The prevailing party in such action may be awarded reasonable attorneys' fees and court costs as determined by the court.

(e) Limitation on Damages. In any action for damages arising out of a Default or termination of this Agreement under Section 11.3 or 11.4, the amount of damages recoverable by a party shall be limited to:

(i) Amounts then owed but not paid to the other party at the time of default, but for no other damages;

(ii) An award of attorneys' fees and other costs allowable under subsection (d) of Section 11.9; and

(iii) In addition, if all conditions precedent in this Agreement to be fulfilled by the Developer for the close of escrow for conveyance of the Site or Phase or portion

thereof have been satisfied or waived in accordance with this Agreement, but the Agency has willfully failed to fulfill or waive any condition precedent in this Agreement to be fulfilled by the Agency and the Agency has willfully failed to convey the Site or Phase or portion thereof to the Developer in violation of this Agreement, then the Developer may terminate this Agreement and pursue litigation against the Agency for recovery of the amount of the Developer's predevelopment and pre-conveyance costs inclusive of all such items of such costs set forth in the Pro Forma paid or incurred prior to the termination of this Agreement, provided, however, that: (a) in no event shall the Agency be liable for monetary damages in excess of Eight Million Eight Hundred Thousand Dollars (\$8,800,000) prorated to the Site or Phase or portion thereof and (b) the Developer may recover any damages awarded only from the net proceeds resulting from a sale or transfer of the Agency's interest in the Site or Phase or portion thereof (which sale or transfer shall be for an amount not less than the fair reuse value of the Site or Phase or portion thereof at the time of such sale or transfer by the Agency), and not from any of the Agency's other assets.

(f) Acceptance of Service of Process. If any legal action is commenced by the Developer against the City or Agency, service of process on the City or Agency shall be made by personal service upon the City Manager or City Clerk of the City, or in such other manner as may be provided by law. If any legal action is commenced by the City or Agency against the Developer, service of process on the Developer shall be made by personal service upon any entity identified as a member of the Developer, or in such other manner as may be provided by law, whether made within or without the State of California.

ARTICLE 12. GENERAL PROVISIONS

Section 12.1 Notices, Demands and Communications Between the Parties. Formal notices, demands and communications between the Agency and the Developer shall be sufficiently given if dispatched by personal service, registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Developer as set forth below. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

To Agency: Marina Redevelopment Agency
211 Hillcrest
Marina, CA 93933
Attn: City Manager
Telephone: (831) 884-1224
Facsimile: (831) 384-9148

To Developer: Marina Community Partners, LLP
c/o Shea Properties
2580 Shea Center Drive
Livermore, CA 94551-7547

Section 12.2 Conflicts of Interest. No member, official or employee of the Agency 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 this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

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

Section 12.3 Nonliability of Agency Officials and Employees. No member, official, agent or employee of the Agency shall be personally liable to the Developer in the event of any default or breach by the Agency or for any amount which may become due to the Developer or on any obligations under the terms of this Agreement.

Section 12.4 Excused Delay; Extension of Times of Performance. In addition to the specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather which prevents, limits, retards or hinders the ability to perform; environmental conditions, known, pre-existing or discovered, delaying construction or development, including delays resulting from investigation and/or remediation of such conditions; initiatives, referenda, litigation or administrative proceedings challenging the Development Approvals, the Development or this Agreement; acts of another party; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of the Agency shall not excuse performance by the Agency); economic or product demand declines that make it not commercially feasible to proceed with development of the Site or a Phase thereof; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. For purposes of this Section 12.4 an Excused Delay for economic or product demand declines that make it not commercially feasible to proceed with development of the Site or a Phase thereof shall be limited to a decline of twenty-five percent (25%) or more in market demand or absorption rates for sales of residential lots, sales of homes or sales or leasing of nonresidential properties in the preceding three months prior to the month in which the party seeks relief pursuant to this Section from those market demand and absorption factors assumed in the Pro Forma. Market demand or absorption rates shall be determined based on a recognized independent market report for Monterey County. Excused Delay shall also include (provided the Party seeking the extension is acting with reasonable diligence) an additional reasonable periods (a) required to complete compliance with and certification of any subsequent environmental analysis and documentation required for the Development or any portion thereof, and (b) required to complete any pending application or request before the Agency for an action or approval under this Agreement or before the City for an action or approval under the Development Approvals, including Subsequent Development Approvals (as defined in the Development Agreement.) An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other Parties more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of

performance under this Agreement may also be extended in writing by the Agency and the Developer.

Section 12.5 Inspection of Books and Records. The Agency has the right, at its sole cost and expense and upon not less than seventy-two (72) hours written notice, at all reasonable times during regular business hours, to inspect the books and records of the Developer pertaining to the Site. Such inspection shall be limited to not more than twice during any calendar year, unless an event related to the Agency Profit Participation occurs, and shall be conducted in such a manner as to minimize interference with the day-to-day operation of the Developer's business.

The Developer also has the right, at its sole cost and expense, in accordance with the California Public Records Act, to inspect the books and records of the Agency pertaining to the Site as pertinent to the purposes of this Agreement.

Section 12.6 Plans and Data. If the Developer does not proceed with the purchase and development of the Site or applicable portion thereof, and this Agreement is terminated pursuant to Section 11.2 or 11.4, immediately upon such termination the Developer shall deliver to the Agency any and all nonproprietary plans and data which it can legally provide to the Agency for its use concerning the Site, and the Agency or any other person or entity designated by the Agency shall be free to use such plans and data, including plans and data previously delivered to the Agency, for any reason whatsoever without cost or liability therefor to the Developer or any other person. Such plans and data shall be delivered without any representation or warranty as to completeness or accuracy and shall not be relied upon for any purpose whatsoever.

Section 12.7 Approvals. Wherever in this Agreement an approval by any Party is required, such approval shall not be unreasonably withheld, delayed or conditioned except where it is specifically provided that a sole discretion standard applies. Unless otherwise indicated in this Agreement, whenever the approval of the Agency is called for, the approval of the Agency Executive Director or his or her designee shall be considered approval.

Section 12.8 Amendments to This Agreement. The Developer and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the Parties hereto, lending institutions, or bond counsel or financial consultants to the Agency, provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein. All amendments must be in writing and executed by both Parties to be effective. Clarifying, interpretive and implementing addenda to this Agreement may be mutually entered into by the Agency's Executive Director and the Developer from time to time without the need for approval by the Agency Board.

Section 12.9 Entire Agreement, Waivers and Amendments. This Agreement is executed in four (4) duplicate originals, each of which is deemed to be an original. This Agreement comprises pages 1 through _ inclusive, and Exhibits A through K, attached hereto and incorporated herein by reference, all of which constitute the entire understanding and agreement of the Parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

Section 12.10 Time For Acceptance of Agreement by Agency. This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency within forty-five (45) days after the date of signature by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

Section 12.11 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

Section 12.12 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 12.13 Severability. If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 12.14 Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action.

In the event legal action is commenced by a third party or parties, the effect of which is to directly or indirectly challenge or compromise the enforceability, validity, or legality of this Agreement and/or the power of the Agency to enter into this Agreement or perform its obligations hereunder, either the Agency or the Developer may (but shall have no obligation to) defend such action. Upon commencement of any such action, the Agency and the Developer shall meet in good faith and seek to establish a mutually acceptable method of defending such action.

Section 12.15 Binding Upon Successors; Covenants to Run With Land. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Article 9. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of

such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

The terms of this Agreement shall run with the land, and shall bind all successors in title to Site until the termination of this Agreement, except that the provisions of this Agreement that are specified to survive termination of this Agreement shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Site, or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the Agency expressly releases the Site, or the applicable portion of the Site, from the requirements of this Agreement.

Section 12.16 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 12.17 Provisions Not Merged With Deed. Except as specifically set forth herein, none of the provisions of this Agreement shall be merged by the Grant Deed or any other instrument transferring title to any portion of the Site, and neither the Grant Deed nor any other instrument transferring title to any portion of the Site shall affect this Agreement.

Section 12.18 Discretion Retained By City. The Agency's execution of this Agreement in no way limits the discretion of the City in the permit and approval process in connection with the Development, except as provided in the Development Approvals and the Consent and Agreement of the City attached.

Section 12.19 Identity of Developer. The Developer represents and warrants to the Agency as of the Effective Date and as of the Close of Escrow, as follows:

(a) Organization. The Developer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

(c) No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

(d) No Litigation. Unless otherwise disclosed in writing to the Agency prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge,

pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer that would, if adversely determined, materially and adversely affect the Developer or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Development.

(e) No Material Adverse Change. There has been no material adverse change in the financial condition of the Developer since the date of this Agreement.

(f) Default Under Other Agreements. There is no event, act or omission which constitute, or but for the passage of time or the giving of notice, or both, would constitute a breach, violation or default under any agreement materially related to the development or operation of the Development, or any other partnership agreement, joint venture agreement, or loan agreement.

Until the expiration or earlier termination of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 12.19 not to be true, immediately give written notice of such fact or condition to the Agency. Upon the Developer's Transfer prior to the Close of Escrow, the Developer shall cause the Developer's assignee to update the representations and warranties set forth above.

Section 12.20 Identity of Agency. The Agency represents and warrants to the Developer as of the Effective Date and as of the Close of Escrow, as follows:

(a) Organization. The Agency is a public body, corporate and politic, duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Authorization. The Agency has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Agency, enforceable against the Agency in accordance with its terms.

(c) No Conflict. The execution, delivery and performance of this Agreement by the Agency does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the formation documents of the Agency, (ii) any applicable law, rule or regulation binding upon or applicable to the Agency, or (iii) any material agreements to which the Agency is a party.

(d) No Litigation. Unless otherwise disclosed in writing to the Developer prior to the date of this Agreement, there is no existing or, to the Agency's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Agency that would, if adversely determined, materially and adversely affect the Agency or the Agency's ability to perform its obligations under this Agreement.

(e) No Material Adverse Change. There has been no material adverse change in the financial condition of the Agency since the date of this Agreement.

(f) Default Under Other Agreements. There is no event, act or omission which constitute, or but for the passage of time or the giving of notice, or both, would constitute a breach, violation or default under any agreement materially related to the development or operation of the Development, or any other partnership agreement, joint venture agreement, or loan agreement.

Until the expiration or earlier termination of this Agreement, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 12.20 not to be true, immediately give written notice of such fact or condition to the Developer.

"AGENCY"

_____, 2005

MARINA REDEVELOPMENT AGENCY

By: _____
Executive Director

By: _____
Secretary

"DEVELOPER"

_____, 2005

MARINA COMMUNITY PARTNERS, LLP

By: _____

By: _____

Title: _____

CONSENT AND AGREEMENT OF THE CITY OF MARINA

In implementation of the Redevelopment plan for the Marina Redevelopment Project and pursuant to Section 33220 of the Community Plan (Health and Safety Code section 33000 et seq.), the City of Marina hereby consents to the terms of the foregoing Disposition and Development Agreement ("DDA") between the Marina Redevelopment Agency and Marina Community Partners, LLC, and does hereby agree, for itself and its officers, departments, boards and agencies:

1. To cooperate with the Agency and the Developer in implementing the provisions of the DDA.

2. To consider and act upon, in a timely and good faith manner, the matters submitted to it by the Agency and developer; and

3. To undertake, in a timely and good faith manner, subject to applicable legal requirements, and subject to the terms of that certain Development Agreement between the City and Developer, dated as of _____ (as may be amended from time to time) and consistent with the Development Approvals referenced in the DDA, those obligations, responsibilities and actions required of the City under and in furtherance of the DDA and to satisfy the conditions precedent to the conveyance of the Site and Phases thereof to the Developer pursuant to the DDA.

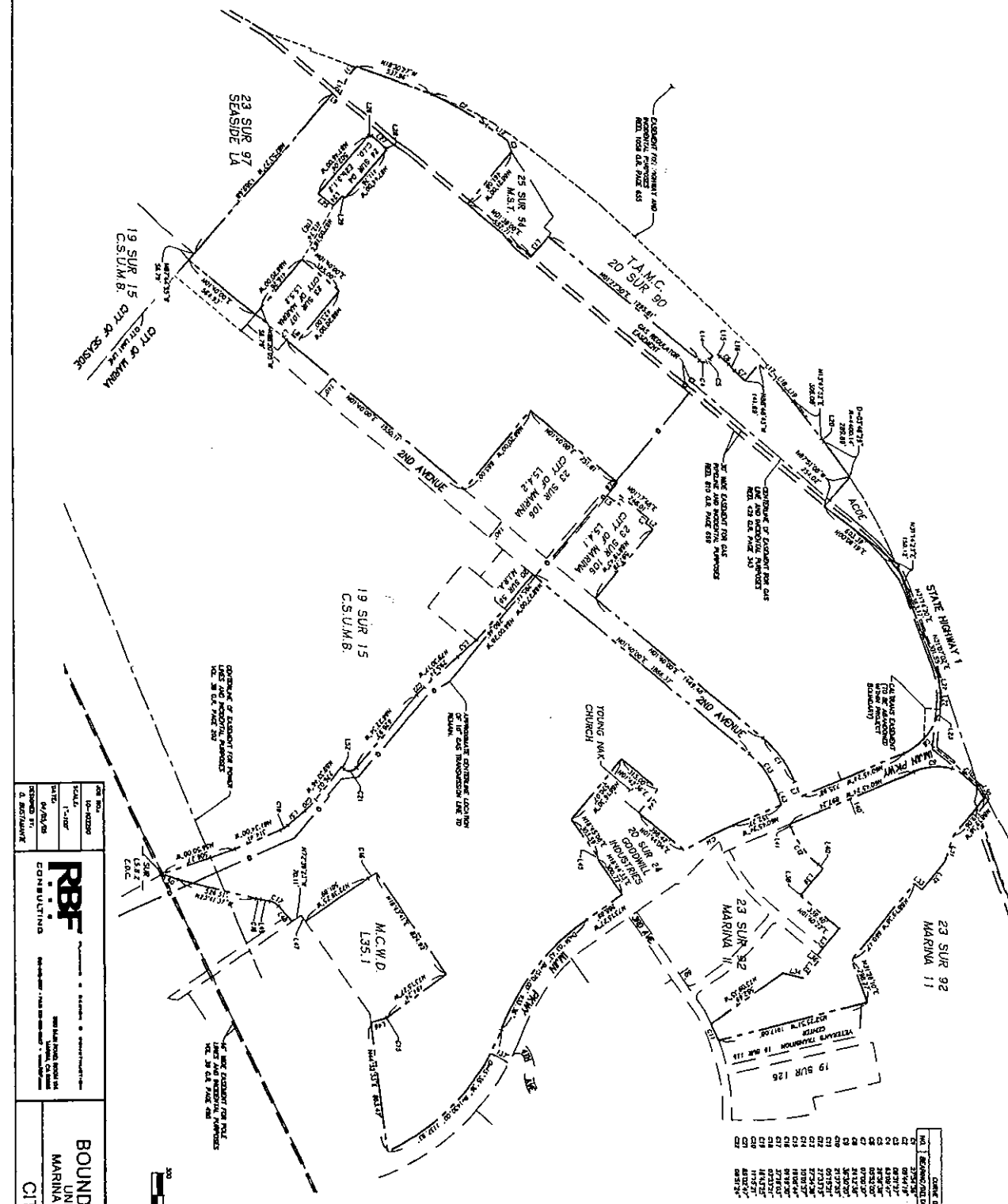
4. At the request of the Agency from time to time, to report to the Agency concerning the status and implementation of the Development Approvals, and the Agency may conclusively rely on such report as to the matters contained therein.

	CITY OF MARINA
Dated: as of _____	By: _____ Its: _____

Exhibit A

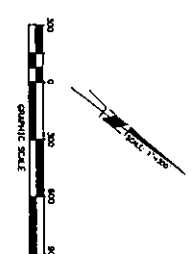
Site Description

[Subject to modification in accordance with the Development Approvals]



DATE: 06/25/20
 SCALE: 1"=100'
 DRAWN BY: J. M. HARRIS
 CHECKED BY: J. M. HARRIS
RBF CONSULTING
 1000 N. 10th Street, Suite 100
 Phoenix, AZ 85006
 (602) 955-1100
 www.rbfconsulting.com

BOUNDARY MAP EXHIBIT
 UNIVERSITY VILLAGES
 MARINA COMMUNITY PARTNERS
 CITY OF MARINA
 SHEET C-3 of 27 SHEETS



EASEMENT NOTE:
 THIS MAP SHOWS THE BOUNDARIES OF THE PROPERTY AND THE EASEMENTS THEREON. THE EASEMENTS ARE SHOWN BY DASHED LINES. THE EASEMENTS ARE DESCRIBED IN THE LISTING OF EASEMENTS ATTACHED TO THIS MAP. THE EASEMENTS ARE SUBJECT TO THE RECORDS OF THE CITY OF MARINA. THE EASEMENTS ARE SUBJECT TO THE RECORDS OF THE COUNTY OF MARICOPA. THE EASEMENTS ARE SUBJECT TO THE RECORDS OF THE STATE OF ARIZONA.

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Exhibit B

Site Plan

[Subject to modification in accordance with the Development Approvals]

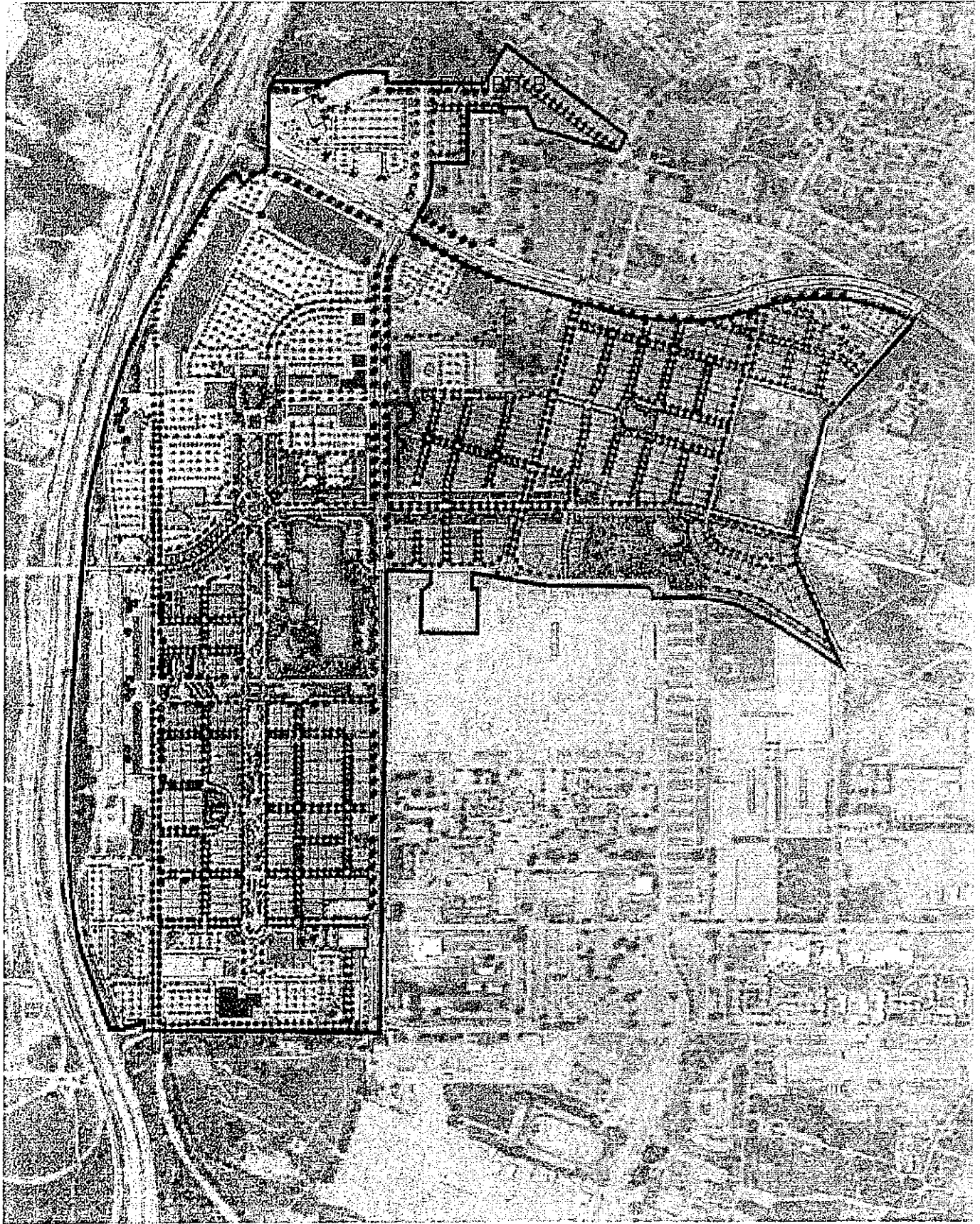


Exhibit C
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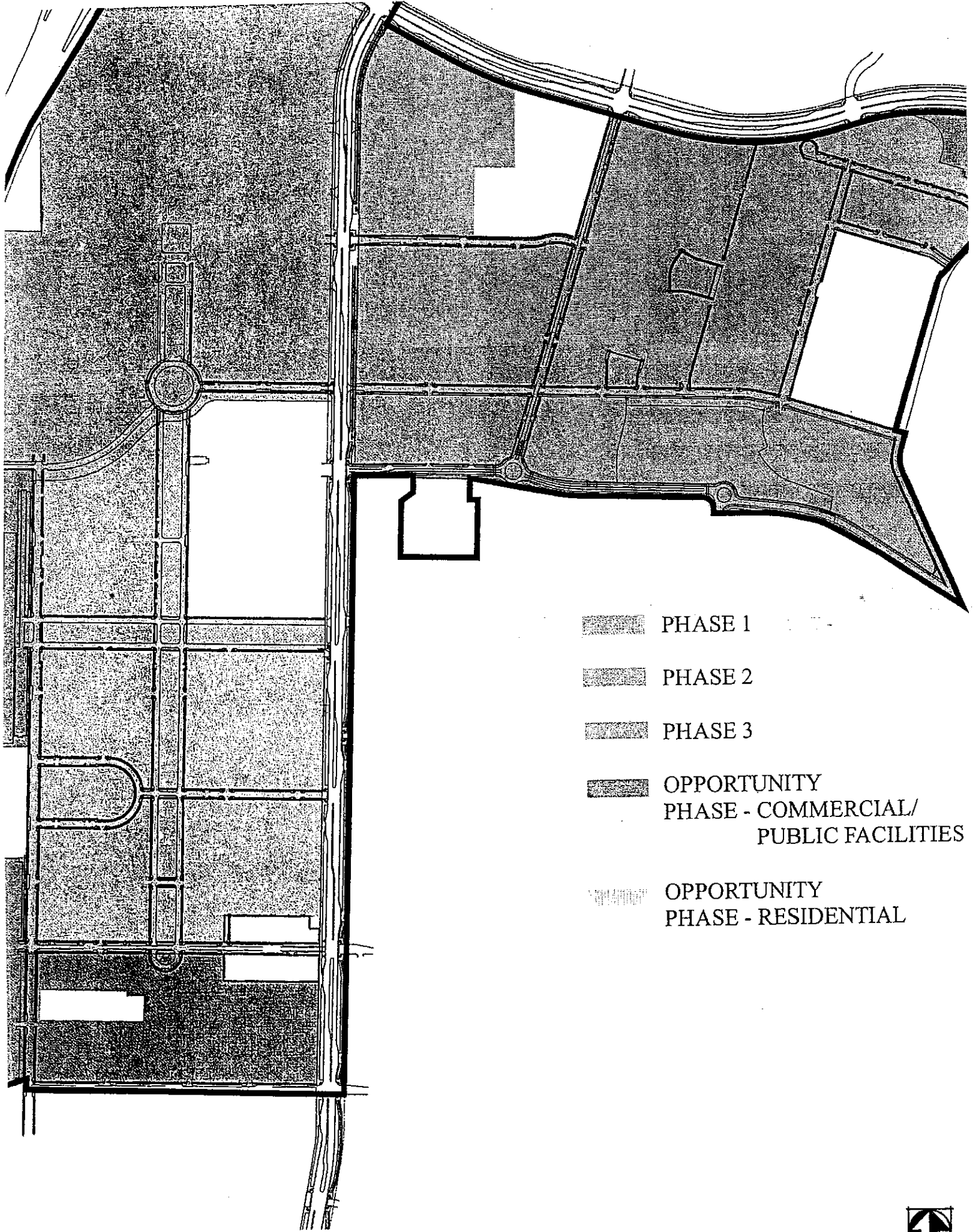


Exhibit D

Phasing Plan

[Subject to modification in accordance with the Development Approvals]

Exhibit E
Form of Deed

EXHIBIT E
QUITCLAIM DEED
[SUBJECT TO CONFORMING AND CLARIFYING CHANGES
PRIOR TO EXECUTION]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Marina Redevelopment Agency
211 Hillcrest Avenue
Marina, California 93933
Attention: Executive Director

No fee for recording pursuant to
Government Code Section 27383

QUITCLAIM DEED

THE MARINA REDEVELOPMENT AGENCY, a public body, corporate and politic, herein called "Grantor", acting to carry out a redevelopment plan under the Community Redevelopment Law of California, hereby remises, releases and quitclaims to Marina Community Partners LLP, a Delaware limited liability company, herein called "Grantee" all of Grantor's right, interest title and claim to, the real property situated in the City of Marina, County of Monterey, State of California, more particularly described in Exhibit A attached hereto (the "Property"). Capitalized terms used herein shall have the same meaning as in the Agreement, as defined below.

SUBJECT, however, to easements of record, the Redevelopment Plan for the Former Fort Ord Redevelopment Project No. 3 adopted by Ordinance No. _____ of the City Council of the City of Marina on _____, hereinafter called the "Plan", is incorporated and made a part of this Grant Deed with the same force and effect as though set forth in full herein, and the Disposition and Development Agreement by and between Grantor and Grantee, dated as of _____, [as may be amended], a copy of which is on file with the Secretary of the Grantor, hereinafter referred to as the "Agreement", which Agreement is incorporated and made a part of this Grant Deed with the same force and effect as though set forth in full herein, and the certain conditions, covenants and restrictions as follows:

Section 1. Mandatory Language in All Subsequent Deeds and Leases.

The Grantee covenants and agrees, for itself and its successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the

Property, nor shall the Grantee 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 in the Property and the Improvements thereon.

All deeds, leases or contracts made relative to the Property and the Improvements thereon or any part thereof, shall contain or be subject to substantially the following non-discrimination clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its 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, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through the grantee 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 land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through the Grantee, 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, sexual orientation, marital status, national origin, ancestry, or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee, or any person claiming under or through the lessee, 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 vendees in the land herein leased."

(c) 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, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee, or any person claiming under or through the transferee, 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 vendees in the land."

Section 2. Grantor Right of Reverter.

If the Agreement is terminated pursuant to Section 11.4 thereof following the Close of Escrow (as defined in the Agreement") and prior to the issuance of the Certificate of Completion for the Property (as defined in the Agreement) for the Development (as defined in the Agreement), then the Grantor may if authorized pursuant to the provisions of Section 11.8 of the Agreement, in addition to other rights granted in the Agreement, re-enter and take possession of the Property or any portion thereof with all improvements thereon, and revert in the Grantor the estate theretofore conveyed to the Grantee. The interest created pursuant to this Section 2 shall be a "power of termination" as defined in California Civil Code Section 885.010, and shall be separate and distinct from the Grantor's option to purchase the Property under the same or similar conditions specified in Section 3, below.

The rights granted in this Section 2 shall be subject to and be limited by and shall not defeat, render invalid, or limit:

- (a) Any Security Financing Interest permitted by the Agreement.
- (b) Any rights or interests provided in the Agreement for the protection of the holder of a Security Financing Interest with respect to the Property.

Upon reverting in the Grantor of title to the Property or any portion thereof as provided in this Section 2, the Grantor shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property or applicable portion thereof and as soon as possible, in a commercially reasonable manner and consistent with the objectives of such law and of the Plan to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing the Development in accordance with the uses specified for such property in the Plan and in a manner satisfactory to the Grantor. The Property shall be sold at a price that the Grantor determines is not less than the fair reuse value of the Property given the covenants, conditions and requirements the Grantor is imposing on the purchaser. Upon such resale of the Property or any portion thereof the proceeds thereof shall be applied as follows:

- (a) First, to reimburse the Grantor on its own behalf or on behalf of the City for all costs and expenses incurred by the Grantor, including but not limited to salaries of personnel and legal fees incurred in connection with the recapture, management, and resale of the Property or any portion thereof (but less any income derived by the Grantor from any part of the Property in connection with such management); all taxes, installments of assessments payable prior to resale, and applicable water and sewer charges with respect to the Property or any portion thereof (or, in the event the Property or any portion thereof is exempt from taxation or assessment or such charges during the period of ownership by the Grantor, an amount equal to the taxes, assessments, or charges that would have been payable if the Property or any portion thereof was not so exempt); any payments made or necessarily to be made to discharge any encumbrances or liens existing on the Property or any portion thereof at the time of reverting of title in the Grantor or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or

transferees; any expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Property; and any amounts otherwise owing the Grantor by the Grantee and its successors or transferee.

(b) Second, to reimburse the Grantor for damages, if any, to which it is entitled under Section 11.9 of the Agreement by reason of the Grantee's default.

(c) Third, to reimburse the Grantee, its successors or transferee, up to the amount equal to: the sum of the amounts determined under the last paragraph of Section 11.7, 1 through 4 of the Agreement. Notwithstanding the foregoing, the amount calculated pursuant to this subsection (c) shall not exceed the fair market value of the Property together with the improvements thereon as of the date of default or failure which gave rise of the Agency's exercise of the right of reverter.

(d) Fourth, the balance to Grantor.

The rights established in this Section 2 are to be interpreted in light of the fact that the Grantor will convey the Property to the Grantee for development and not for speculation.

In the case of a subsequent conveyance, or transfer of the Property by the Grantee or a successor to the Grantee (herein "subsequent grantor or transferor") prior to the issuance by the Grantor of a Certificate of Completion for the Property and where the provisions of this Section 2 remain in effect as to the Property, a subsequent grantor or transferor, in addition to other remedies it may have under its deed or instrument of transfer, may include in the deed or instrument of transfer the right, at its election, to exercise the rights under this Section 2 with respect to the Property and, in such circumstance, Grantor's right hereunder may be exercised only if the subsequent grantor or transferor either (1) fails to exercise such rights in a timely manner, or (2) having exercised such rights, does not reasonably act to cause the construction of the Property to be completed in a timely manner.

Section 3. Option to Repurchase, Reenter and Repossess.

If authorized pursuant to the provisions of Section 11.7 of the Agreement, the Grantor shall have the additional right at its option to repurchase, reenter and take possession of the Property, as defined in the Agreement, or any portion thereof owned by the Grantee with all improvements thereon, if after conveyance of title to the Property and prior to the issuance of the Certificate of Completion for the Property, there is an Event of Default pursuant to Section 11.4 of the Agreement.

Such right to repurchase, reenter and repossess, to the extent provided in the Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit;

(a) Any Security Financing Interests permitted by the Agreement; or

(b) Any rights or interest provided in the Agreement for the protection of the holder of such Security Financing Interest with respect to the Property.

To exercise its right to repurchase, reenter and take possession with respect to the Property owned by the Grantee, the Grantor shall pay to the Grantee in cash an amount equal to:

(a) The portion of the Purchase Price for the Property actually paid to the Agency by the Grantee less any portion of the Purchase Price for the Property paid by the Grantor to Fort Ord Reuse Authority; plus

(b) The predevelopment, planning and development costs actually incurred by the Grantee for on-site labor and materials for the construction of the Improvements existing on the Property or portion thereof repurchased hereunder at the time of the repurchase, reentry and repossession, exclusive of amounts financed; less

(c) Any gains or income withdrawn or made by the Grantee from the Property or the Improvements thereon; and less

(d) The amount of liens on the Property, and any unpaid assessments against the Property, for which the Grantee shall be released upon repurchase by the Grantor under this Section 3.

In the case of a subsequent conveyance or transfer of the Property by the Grantee or a successor to the Grantee (herein "subsequent grantor or transferor") prior to the issuance by the Grantor of a Certificate of Completion for the Property and where the provisions of this Section 3 remain in effect as to the Property, a subsequent grantor or transferor, in addition to other remedies it may have under its deed or instrument of transfer, may include in the deed or instrument of transfer the right, at its election, to exercise the rights under this Section 3 with respect to the Property and, in such circumstance, Grantor's rights hereunder may be exercised only if the subsequent grantor or transferor either (1) fails to exercise such rights in a timely manner, or (2) having exercised such rights, does not reasonably act to cause the construction of the Property to be completed in a timely manner.

Section 4. Use and Maintenance.

(a) For the duration of the Redevelopment Plan, the Grantee agrees to use the Property for the purposes permitted under Section 7.1 of the Agreement and to maintain all portions of the Property in good repair and in a neat, clean and orderly condition pursuant to Section 7.2 of the Agreement.

In the event that there arises at any time prior to the expiration of the use and maintenance covenants of Section 7.1 and 7.2 the Agreement a condition in contravention of those standards, then the Grantor shall give written notice to the Grantee of the deficiency. If the Grantee fails to cure the deficiency within thirty (30) days of the Grantor's notice (or, if the deficiency is not susceptible of cure within such thirty (30) day period, the Grantee fails to commence the cure and thereafter to diligently pursue the cure to completion), such failure shall constitute an Event of Default under the Agreement, and the Grantor shall have the right to perform all acts necessary to cure the deficiency and to receive from Grantee the Grantor's actual cost in taking such action. The parties further mutually agree that the rights conferred upon the

Grantor expressly include the right to enforce or establish a lien or other such encumbrance against the Property in order to recover Grantor's actual costs in effectuating such cure.

Section 5. Prohibition Against Transfer of Property and Assignment of Agreement.

(a) Grantee shall not, except as permitted under Article 9 of the Agreement and subsection (b), below, make or attempt any Transfer without the prior written approval of the Grantor until the date when all the following have occurred: (1) the Grantor has recorded a Certificate of Completion for the Property pursuant to Section 6.9 of the Agreement; and (2) where required by the Article 9 of the Agreement or subsection (c), below, the proposed transferee has affirmatively agreed in writing to be bound by the provisions of the Agreement. Following occurrence of the foregoing, and except as provided in subsection (b), Grantor consent shall not be required in connection with a Transfer.

(b) The prohibitions in these subsections (a) of this section shall not prevent the following Transfers, which Transfers shall not require Grantor approval:

(i) Any Transfer creating a Security Financing Interest.

(ii) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest.

(iii) The Sale of Residential Units within the Development.

(iv) The sale or ground lease of any portion of the Site to be developed with Retail Improvements or Business Park Improvements or the sale or lease of any Retail Improvement or Business Park Improvement to an end user, provided such sale or lease is in compliance with the Development Approvals.

(v) Any Transfer resulting directly from the death of an individual.

(vi) A Transfer of any portion of the Development to a Developer Affiliate, provided, however, any subsequent Transfer from a Developer Affiliate to any other entity (which is not a Permitted Transfer under Section 9.5 of the Agreement or this subsection (b)) shall be subject to the provisions of this Article 9 of the Agreement limiting transfers.

(vii) A Transfer of portions of the Site to be developed with the Affordable Housing to the Affordable Housing Developer pursuant to the terms of the Affordable Housing MOU approved by the Agency pursuant to Section 4.09 of the Agreement.

(viii) A Transfer of the portions of the Site to be developed with hotel uses provided the hotel to be developed meets the quality standards set forth in Section 4.11 of the Agreement.

(ix) A Transfer of portions of the Site to the Agency, the City or other public entity or utility in implementation of the Development Approvals.

(x) A Transfer to take effect upon issuance of a Certificate of Completion with respect to the transferred portion of the Site.

(c) For any Transfer subject to approval by the Grantor or permitted pursuant to subsection (b)(iv), (v), (vi), (vii), or (viii) of this section, the Grantee shall submit to the Grantor for review all documents proposed to effect any such Transfer, and if approved by the Grantor, its approval shall be indicated to the Grantee in writing. The Grantor's review shall be limited to determining that the documents provide, where appropriate, for the transferee to expressly assume all the obligations of the Grantee under the Agreement and agree to be subject to all the conditions and restrictions to which the Grantee is subject with respect to the portion of the Property so transferred in a form recordable in the Monterey County land records.

(d) In the absence of specific written approval by the Grantor where required under Section 9.6(b) of the Agreement, no transfer, assignment, sale or approval by the Grantor permitted or approved pursuant to this Section 5 shall be deemed to relieve the Grantee or any other party from any obligations under the Agreement.

(e) The provisions of this Section 5 have been agreed upon so as to discourage land speculation by Grantee; accordingly these provisions shall be interpreted to accomplish that end.

(f) Notwithstanding any other provisions of the Agreement or this Section 5 of this Grant Deed, the creation of a Security Financing Interest and any Transfer resulting from the exercise of remedies under an Approved Security Interest shall be permitted provided that such Security Financing Interest meets the requirements of Article 9 of the Agreement.

Section 6. Enforcement.

The covenants contained in sections 1 through 5 of this Grant Deed shall, without regard to technical classification or designation, legal or otherwise specifically provided in this Grant Deed, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of and enforceable by the Grantor, its successor and assigns, and any successor in interest to the Grantor the Property and improvements or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and such aforementioned parties shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants in section 1 shall remain in effect in perpetuity and the covenants in sections 2 through 5 above shall remain in effect for the period of time specified in the respective sections.

Section 7. Army/FOR A Grant Deed Provisions. {TO BE INSERTED BASED ON THE FINAL ARMY/FOR A GRANT DEED PROVISIONS}

Section 8. Capitalized Terms.

Capitalized terms used in this Grant Deed, if not otherwise defined, shall have the meaning given to such terms in the Agreement.

Section 9. Counterparts.

This Grant Deed may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same Grant Deed.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Deed this ____ day of _____.

GRANTOR:

MARINA REDEVELOPMENT
AGENCY, a public body corporate and politic

By: _____
Name: _____
Title: _____

GRANTEE:

Managing Member

Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Exhibit A

(Legal Description of the Property)

Exhibit F

Schedule of Performance

[Subject to Excused Delays as provided in DDA]

EXHIBIT F
SCHEDULE OF PERFORMANCE

ACTIONS	RESPONSIBLE PARTY	Expected Date of Performance ¹	OUTSIDE DATE FOR PERFORMANCE
1. Obtain FOR A approval for Deconstruction MOA	Developer, Agency	6/30/05	Within 120 days of Agency approval of DDA
2. Obtain FOR A Consistency approval for Development and Agreement	Developer and Agency	6/30/05	Within 90 days of Agency approval of DDA
3. Developer Amends Operating Agreement to conform to DDA	Developer	6/30/05	Within 60 days of Agency approval of DDA
4. Submit Deconstruction Plans for Phase I to the Agency, City for approval.	Developer	7/05/05	Within 120 days of Agency approval of DDA
5. Submit applications for permits and approvals necessary for Deconstruction of Phase I to the appropriate governmental agency.	Developer	7/05/05	Within 120 days of Agency approval of DDA
6. Obtain all necessary permits and approvals for deconstruction of Phase I.	Developer	8/01/05	Within 30 days of submission of applications to agencies
7. Commence Deconstruction of Phase I.	Developer	8/25/05	Within 30 days of receipt of permits

¹ Expected Dates of Performance are the parties best estimate of time for events to occur. For purposes of DDA compliance the Outside Dates for Performance shall be determinative.

8. Complete deconstruction of Phase I	Developer	9/30/05	Within 210 days of commencement of deconstruction of Phase I.
9. Submit deconstruction plans for Phase II to the Agency and City for approval	Developer	3/31/06	9/30/06
10. Submit applications for permits and approvals necessary for deconstruction of Phase II to the appropriate governmental agency.	Developer	3/31/06	9/30/06
11. Obtain all necessary permits and approvals for deconstruction of Phase II.	Developer	3/31/06	Within 30 days of submission of applications
12. Commence deconstruction of Phase II.	Developer	3/31/06	Within 30 days of receipt of all permits
13. Complete deconstruction of Phase II.	Developer	9/30/06	Within 270 days of commencement of deconstruction of Phase II.
14. Submit deconstruction plans for Phase II to the City and the Agency for approval.	Developer	9/30/06	3/31/07
15. Submit applications for all permits and approvals necessary for deconstruction of Phase II.	Developer	9/30/06	3/31/07

16. Obtain all permits and approvals necessary for deconstruction of Phase III.	Developer	10/30/06	Within 30 days of submission of application for permits
17. Commence deconstruction of Phase III.	Developer	10/30/06	Within 30 days of receipt of permits
18. Complete deconstruction of Phase III.	Developer	3/31/07	Within 270 days of commencement of construction
19. Submit applications for permits and approvals necessary for commencement of construction of Phase I Horizontal Improvements including subdivision map approvals	Developer	7/6/05	Within 90 days of commencement of deconstruction of phase I
20. Developer obtains a preliminary title report and provides copy to the Agency (Section 5.8)	Developer	7/6/05	Within 90 days of commencement of deconstruction of Phase I
21. Developer approves or disapproves of exceptions to title (Section 5.8)	Developer	8/6/05	Within 30 days of receipt of Preliminary Title Report.
22. Obtain permits and approvals for commencement of construction of Phase I Horizontal Improvements:	Developer	1/05/06	Within 180 days of submission of applications for permits

23. Developer submits evidence of financing for Phase I Horizontal Improvements	Developer	9/30/05	Within 90 days of submission of applications for permits for Phase I Horizontal Improvements
24. Agency approves or disapproves evidence of financing for Phase I Horizontal Improvements	Agency	10/30/05	Within thirty days of submission of evidence of financing
25. Developer submits to the Agency for its approval the Affordable Housing MOA	Developer	6/30/05	Within 60 days of Agency approval of DDA
26. Agency approves or disapproves Affordable Housing MOA.	Agency	7/15/05	Within 15 days of receipt
27. Submit applications for permits and approvals necessary for commencement of construction of Phase II Horizontal Improvements including subdivision map approvals	Developer	6/30/06	Within 90 days of commencement of deconstruction of Phase II.
28. Obtain permits and approvals for commencement of construction of Phase II Horizontal Improvements:	Developer	9/30/06	Within 180 days of submission of applications for permits

29. Developer submits evidence of financing for Phase II Horizontal Improvements	Developer	9/30/06	Within 90 days of submission of applications for permits for Phase I Horizontal Improvements
30. Agency approves or disapproves evidence of financing for Phase II Horizontal Improvements	Agency	10/30/06	Within thirty days of submission
31. Submit applications for permits and approvals necessary for commencement of construction of Phase III Horizontal Improvements including subdivision map approvals	Developer	12/31/07	Within 90 days of commencement of deconstruction of Phase III
32. Obtain permits and approvals for commencement of construction of Phase III Horizontal Improvements:	Developer	3/30/08	Within 180 days of submission of applications for permits for Phase III Horizontal Improvements.
33. Developer submits evidence of financing for Phase III Horizontal Improvements	Developer	9/30/08	Within 90 days of submission of applications for permits for phase III Horizontal Improvements.

34. Agency approves or disapproves evidence of financing for Phase III Horizontal Improvements	Agency	10/30/08	Within thirty days of submission
35. Developer submits purchase and sale agreement for the Hotel Improvements to be developed as part of the Phase I Minimum Improvements	Developer	6/30/05	Within 270 days of Agency approval of DDA
36. Agency approves or disapproved the purchase and sale agreement for the Hotel Improvements to be developed as part of the Phase I Minimum Improvements	Agency	7/30/05	Within 30 days of receipt.
37. Conveyance of Phase I portion of Site	Agency, Developer	9/30/05	Within 30 days of Developer obtaining permits for Phase I Horizontal Improvements
38. Conveyance of Phase II portion of Site	Agency, Developer	10/30/06	Within 30 days of Developer obtaining permits for Phase II Horizontal Improvements
39. Conveyance of Phase II portion of Site.	Agency, Developer	4/30/08	Within 30 days of Developer obtaining permits for Phase III Horizontal Improvements

40. Developer commences construction of the Phase I Horizontal Improvement	Developer	10/30/05	Within 30 days of conveyance of Phase I
41. Developer completes Phase I Horizontal Improvements	Developer	8/30/06	Within 300 days of commencement of construction of Phase I Horizontal Improvements
42. Developer commences construction of Phase II Horizontal Improvements	Developer	11/30/06	Within 30 days of conveyance of Phase II
43. Developer Completes construction of Phase II Horizontal Improvements	Developer	9/30/07	Within 300 days of commencement of construction of Phase II Horizontal Improvements
44. Developer commences construction of Phase III Horizontal Improvements	Developer	5/30/08	Within 30 days of conveyance of Phase III
45. Developer completes construction of Phase III Horizontal Improvements	Developer	3/30/09	Within 300 days of commencement of construction of Phase III Horizontal Improvements

<p>46. Developer submits applications for permits and approvals necessary for the construction of the Phase I Vertical Improvements:</p> <p>(a) Retail (b)Phase I Minimum Office (c)Phase I Minimum Hotel (d) Residential</p>	<p>Developer</p>	<p>a) 12/19/05 b) 06/30/06 c) 12/31/06 d) 02/01/06</p>	<p>(a) Within 60 days of commencement of construction of Phase I Horizontal Improvements (b) Within 120 days of commencement of construction of Phase I Horizontal Improvements (c) Within 180 days of commencement of Phase I Horizontal Improvements (d) Within 180 days of commencement of Phase I Horizontal Improvements</p>
<p>47. Developer submits Residential Association Documents to the Agency</p>	<p>Developer</p>	<p>6/30/06</p>	<p>At time Developer submits applications for permits and approvals for Phase 1 Residential.</p>
<p>48. Developer obtains permits and approvals necessary for the construction of the Phase I Vertical Improvements:</p> <p>(a)Retail (b)Phase I Minimum Office (c)Phase I Minimum Hotel (d) Residential</p>	<p>Developer</p>	<p>a) 08/14/06 b) 06/30/07 c) 06/30/07 d) 09/20/06</p>	<p>Within 150 days of submission of applications for permits</p>

49. Developer submits applications for permits and approvals necessary for the construction of the Phase II Vertical Improvements:	Developer	12/31/07	Within 150 days of commencement of construction of Phase II Horizontal Improvements
50. Developer obtains permits and approvals necessary for the construction of the Phase II Vertical Improvements:	Developer	06/30/07	Within 150 days of submission of applications for permits
51. Developer submits applications for permits and approvals necessary for the construction of the Phase III Vertical Improvements	Developer	12/31/08	Within 150 days of commencement of construction of Phase III Horizontal improvements
52. Developer obtains permits and approvals necessary for the construction of the Phase III Vertical Improvements	Developer	06/30/09	Within 150 days of submission of applications for permits
53. Developer and Agency form Mello Roos District	Developer and Agency	01/31/06	Within 90 days of conveyance of Phase I
54. Affordable Housing Developer applies for Low Income Housing Tax credits	Affordable Housing Developer	06/30/06	No later than the final round of applications for tax credits in 2006
55. Affordable Housing Developer applies for MHP funds	Affordable Housing Developer	03/31/06	No later than 6/30/06

56. Affordable Housing Developer receives MHP or provisions of Section 8.1 regarding replacement of MHP funds are invoked (Section 8.1)	Affordable Housing Developer	12/31/06	No later than 1/1/07
57. Developer and Agency enter into Below Market Rate Housing Implementation Agreement (Section 8.5)	Agency/Developer/Affordable Housing Developer	9/1/05	No later than issuance of first building permit for Below Market Rate Home
58. Completion of Vertical Improvements for Phase I	Developer	9/30/07	12/31/10
59. Completion of Vertical Improvements for Phase II	Developer	9/30/08	12/31/12
60. Completion of Vertical Improvements for Phase III	Developer	9/30/13	12/31/15

Exhibit G

Form of Assignment and Assumption Agreement

EXHIBIT G

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

[SUBJECT TO CONFORMING CHANGES PRIOR TO TRANSFER.]
[MAY BE COMBINED INTO AGREEMENT ASSIGNING RIGHTS UNDER
DEVELOPMENT AGREEMENT.]

Recorded at the request of,
and when recorded, return to:

PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT

(Parcel _____, pursuant to Disposition and Development Agreement and Agency Deed:
University Villages Project)

THIS PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT (herein "this Agreement") is entered into as of _____, 200__, by and between MARINA COMMUNITY PARTNERS, LLC, a Delaware limited liability company (herein "Master Developer") and _____, a _____ (herein "Assignee") and [is consented to] [acknowledged and accepted] by the REDEVELOPMENT AGENCY OF THE CITY OF MARINA ("Agency").

Recitals

A. Master Developer entered into a Disposition and Development Agreement with the Agency dated as of _____, 2005 (the "DDA") setting forth rights, terms and conditions and requirements for the acquisition and development of certain real property described therein (the "Site") and referred to as University Villages. Pursuant to the DDA, the property subject to this Agreement will be developed as part of a new mixed-use community with residential, commercial, office, research, public, cultural, recreation, park and open space land uses (the "Project").

B. Master Developer owns a portion of the Site pursuant to that certain grant deed, dated as of _____, from the Agency to Master Developer, which deed was recorded in the Official Records of the Monterey County Recorder on _____, 200__, as Instrument No.

_____ (the "Agency Deed"), setting forth certain disclosures, covenants, restrictions and requirements pertaining to the Assigned Parcel (as defined below), as well as the Remaining Site (as defined below).

C. Subject to Agency approval as provided in the DDA, the Master Developer desires to [**convey/lease**] and assign to Assignee, its respective interests under the DDA as to that portion of the Site identified and described in Attachment No.1, attached hereto and incorporated herein by this reference (herein the "Assigned Parcel"). The remainder of the Site as described in the DDA shall be hereafter referred to as the "Remaining Site".

D. Assignee desires to be bound by and assume all of the Master Developer's obligations and other terms and conditions under the DDA and Agency Deed and with respect to the Assigned Parcel.

E. Agency has determined that Assignee is a [**Permitted/Qualified**] Transfer pursuant to the provisions of Article 9 of the DDA, and the Agency Deed with respect to the Assigned Parcel, and that this Agreement satisfies the requirements of the DDA and Agency Deed with respect to the transfer of the Assigned Parcel.

Agreements

NOW, THEREFORE, THE MASTER DEVELOPER AND ASSIGNEE HEREBY AGREE AS FOLLOWS:

PART A.

TRANSFER AND ASSIGNMENT UNDER DDA AND AGENCY DEED.

1. Transfer of Assigned Parcel. Subject to all of the terms and conditions of that certain [**Purchase and Sale Agreement / Lease**] (the "Transfer Document"), Master Developer intends to transfer the Assigned Parcel to Assignee subject to the terms of the DDA and the Agency Deed applicable to the Assigned Parcel, and Assignee agrees to accept such transfer subject to the terms and conditions of the DDA and Agency Deed applicable to the Assigned Parcel, including but not limited to those provisions for performance in the development of the Assigned Parcel, restrictions on subsequent assignments, and rights and remedies in the event of default. The Transfer Document, in addition to other rights and remedies, reserves to the Master Developer the right to exercise certain remedies of reverter and repurchase under the Agency Deed prior to the exercise by the Agency of such rights retained by the Agency in the DDA and Agency Deed.

2. Assignment by Master Developer. Subject to the terms and conditions of this Agreement, as of the Effective Date (as determined under Section 6 hereof), Master Developer hereby assigns, transfers and grants to Assignee, and its successors and assigns, all of the Assigned Development Rights and Obligations, as such term is defined in Section 8 below. The Retained Development Rights and Obligations (as such term is defined in Section 8 of this Agreement) are hereby retained by the Master Developer and the Remaining Site.

3. Acceptance and Assumption by Assignee. Subject to the terms and conditions of this Agreement, as of the Effective Date (as determined under Section 6 hereof), Assignee, for itself and its assignors and assigns, hereby accepts such assignment and assumes all of the Assigned Development Rights and Obligations. Except as expressly provided in this Agreement, Assignee agrees, expressly for the benefit of the Agency, to comply with, perform and execute all the covenants and obligations of Master Developer under the DDA and Agency Deed arising from or under the Assigned Development Rights and Obligations.

4. Effect of Assignment.

(a) Approval or acceptance of this Agreement by the Agency shall not be deemed to create any responsibility on the part of Assignee for the performance or satisfaction of the Retained Development Rights and Obligations and the Remaining Site and Agency shall look solely to the Master Developer and/or its assignees for the performance of such obligations, it being understood and agreed that the failure of the Master Developer and/or its assignees to timely perform all or any of such Retained Rights and Obligations shall not delay or prevent development of or the issuance of building permits or certificates of occupancy for the Assigned Parcel except to the extent such failure by the Master Developer and/or its assignees relates to satisfaction of conditions precedent under the DDA, if any, to the issuance of building permits such as backbone infrastructure or services to serve the Assigned Parcel or the suspension by the City of issuance of building permits for market rate residential units pursuant to Section 6.13 of the DDA for the failure to obtain buildings or certificates of occupancy for the Phase 1 Minimum Improvements (as defined in Section 1.1(ss) of the DDA). Approval or acceptance of this Agreement by the Agency shall be deemed to relieve the Master Developer and/or its assignees from any and all responsibility or liability for the Assigned Parcel and the performance of the Assigned Rights and Obligations and Agency shall look solely to the Assignee for the performance of such obligations, subject to the rights (but not the obligations) of the Master Developer to enforce such obligations pursuant to Section 10 of this Agreement, it being understood and agreed that the failure of Assignee for the performance of the Assigned Rights and Obligations shall not delay or prevent development of or the issuance of building permits or certificates of occupancy for the Remaining Site except to the extent such failure by the Assignee relates to the failure of conditions precedent under the DDA, if any, to the issuance of building permits such as those pertaining to the Phase I Minimum Requirements and/or Below Market Housing.

(b) Without limiting the foregoing, Agency **[approval/acceptance]** of this Agreement shall constitute Agency consent and agreement to the following:

(i) Agency hereby acknowledges and agrees that a default under the DDA with respect to the Remaining Site by the Master Developer which is not caused by Assignee or a breach of the DDA with respect to the Remaining Site by any third party (other than Assignee) or by any of their respective agents, employees or contractors, shall not constitute a default or breach of the DDA on the part of Assignee with respect to the Assigned Parcel; however, it is understood that a default by the Master Developer under certain circumstances set forth in the DDA, as referenced in the first sentence of subsection (a) of this Section 4, could impact the issuance of building permits for the Property.

(ii) Agency is not aware of any breach or default by the Master Developer referred to above with respect to any portion of the Assigned Parcel or the Assigned Development Rights and Obligations hereby transferred to Assignee.

(iii) Pursuant to the DDA, Agency has [approved/accepted] the qualifications and financial capability of Assignee to carry out the development of the Assigned Parcel hereby transferred from Master Developer to Assignee.

(iv) Agency hereby acknowledges and agrees that a default under the DDA by Assignee with respect to the Assigned Parcel which is not caused by the Master Developer shall not constitute a default or breach of DDA on the part of the Master Developer with respect to the Assigned Parcel or the Remaining Site; however, it is understood that a default by Assignee under certain circumstances set forth in the DDA, as referenced in the second sentence of subsection (a) of this Section 4, could impact the issuance of building permits for the Remaining Site.

(v) The DDA with respect to the Assigned Parcel and the Assigned Rights and Obligations may not be amended by the Agency and Assignee without the Master Developer's express written consent.

(vi) The DDA with respect to Remaining Site and with respect to the Master Developer's Retained Rights and Obligations, may be amended without Assignee's consent (but following prior written notice to assignee; provided, however, the timely delivery of said notice shall not be a condition to the validity of any such amendment) so long as the amendments do not impose any additional burdens or obligations on Assignee or impair Assignee's ability to develop the Assigned Parcel.

5. Substitution of Assignee. Assignee hereby assumes, as applicable to the Assigned Parcel, all of the burdens and obligations of the Master Developer under the DDA and Agency Deed and agrees to observe and fully perform all of the duties and obligations of the Master Developer under the DDA and Agency Deed as applicable to the Assigned Parcel and to be subject to all the terms and conditions thereof, with respect to the Assigned Parcel, it being the express intention of both the Master Developer and Assignee that, upon the effective date of this Agreement, Assignee shall, subject to the terms and conditions of this Agreement become substituted for the Master Developer as the "Developer" under the DDA and Agency Deed with respect to the Assigned Parcel.

6. Effective Date. The Effective Date of this Agreement shall be the date of its recordation in the Official Records of the Recorder of Monterey County. The Effective Date of this Agreement shall be entered in the introductory paragraph of this Agreement and shall be recorded by the parties immediately preceding conveyance or transfer of the Assigned Parcel to Assignee.

7. Assignee Representations and Warranties. Assignee warrants and represents to the Agency as a material inducement to its approval of the assignment hereunder, that Assignee has independently reviewed, analyzed, and understands the effect and conditions of the DDA and Agency Deed, the City's approval of the University Villages Specific Plan and other City

Development Approvals (as defined in the DDA) pertinent to the development of the Assigned Parcel. Assignee further warrants and represents to the Agency that except as may be expressly set forth in Sections 9 and 10 below, it is not relying upon any representations on the part of the Agency or any of its officers, agents or employees as to the status or effect of such matters.

8. Assignment of Development Rights and Obligations Related to the Assigned Parcel. As used herein "Assigned Development Rights and Obligations" means all of Master Developer's rights, title and interest (hereinafter collectively "Rights") and obligations, duties, responsibilities, conditions and restrictions (hereinafter collectively "Obligations") under the DDA and Agency Deed, but only to the extent those Rights or Obligations are applicable to Assignee and/or the Assigned Parcel. The Assigned Development Rights and Obligations are set forth or referenced in the following attachments to this Agreement; which are incorporated herein by reference:

Attachment No. 2: Permitted Uses and Scope of Development for Assigned Parcel.

Attachment No. 3: Schedule of Performance for the Assigned Parcel.

Attachment No. 4: Provisions of DDA and Agency Deed Applicable to Assigned Parcel.

Any and all Rights and Obligations not expressly within the Assigned Development Rights and Obligations are hereby retained by the Master Developer and the Remaining Site ("Retained Development Rights and Obligations").

[9. **[USE WHERE AGENCY APPROVAL REQUIRED UNDER DDA]** Agency Approval of Assignment and Conditions of Approval. Subject to the terms and conditions of this Agreement the Agency hereby approves and consents to (i) the assignment of the DDA and the Agency Deed, as to the Assigned Parcel, to Assignee, and (ii) the assignment of the Assigned Development Rights and Obligations to Assignee.]

[9. **[USE WHERE AGENCY APPROVAL NOT REQUIRED UNDER DDA]** Subject to the terms and conditions of this Agreement the Agency hereby acknowledges and accepts (i) the assignment of the DDA and the Agency Deed, as to the Assigned Parcel, to assignee, and (ii) the assignment of the Assigned Development Rights and Obligations to Assignee.]

10. Remedies of Master Developer. Master Developer shall have the right to enforce the provisions of this Agreement and Assignee's obligations under the Assigned Development Rights and Obligations by any appropriate legal or equitable actions and remedies in the event of any delay, failure to perform or breach by Assignee under the provisions of this Agreement or the Assigned Development Rights and Obligations assumed by Assignee.

11. Remedies of Agency. Subject to the right of Master Developer to first exercise its rights under Section 10 above, Agency shall have the right under the DDA and the Agency Deed to enforce the provisions of this Agreement and the Assigned Development Rights and Obligations by any appropriate legal or equitable actions and remedies in the event of any delay,

failure to perform or breach by Assignee under the provisions of this Agreement or the Assigned Development Rights and Obligations assumed by Assignee.

12. Successors and Assigns. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, successors and assigns.

13. Amendments. Assignee acknowledges and agrees that Master Developer and Agency may amend the DDA from time to time without the consent of Assignee; provided that no amendment which would have the effect of increasing the burdens or obligations of Assignee with respect to the Assigned Parcel or impairing the ability of Assignee to develop the Assigned Parcel shall be effective without the express written consent of Assignee, except as otherwise permitted under the terms of the DDA existing prior to such amendment.

PART B.
TRANSFER AND ASSIGNMENT UNDER DEVELOPMENT AGREEMENT.

[TO BE INSERTED, IF APPLICABLE, TO EVIDENCE CITY CONSENT UNDER THE DEVELOPMENT AGREEMENT.]

PART C.
GENERAL PROVISIONS.

1. Notices. Notices under this Agreement with respect to the Assigned Parcel shall be sent in the manner required by Section ____ of the DDA to Assignee as follows:

Attn: _____

with a copy thereof to the Master Developer as follows:

Attn: _____

2. Applicable Law. This Agreement shall be construed and enforced in accordance with the law of the State of California, without reference to choice of law provisions.

3. Headings. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or constraining the terms, covenants or conditions of this Agreement.

4. Severability. Except as otherwise provided herein, if any provision(s) of this Agreement is (are) held invalid, the remainder of this Agreement shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the parties.

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute the same instrument, with the same effect as if all of the parties to this Agreement had executed the same counterpart.

IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MASTER DEVELOPER:

MARINA COMMUNITY PARTNERS, LLC,
a Delaware limited liability company

By: _____

ASSIGNEE:

a _____

By: _____
its _____

**[APPROVED AND CONSENTED
TO/ACKNOWLEDGED AND ACCEPTED:]**

AGENCY:

REDEVELOPMENT AGENCY
OF THE CITY OF MARINA

By: _____

**[IF COMBINED WITH CITY CONSENT UNDER
DEVELOPMENT AGREEMENT]**

APPROVED:

CITY:

CITY OF MARINA

By _____

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, the undersigned notary public, personally appeared _____

personally known to me; or
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Type of Document: _____

* * * * *

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, the undersigned notary public, personally appeared _____

personally known to me; or
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Type of Document: _____

ATTACHMENT NO. 1

**LOCATION AND LEGAL DESCRIPTION OF
PORTION OF ASSIGNED PARCEL**

All that certain real property situate in the City of Marina, County of Monterey, State of California, and described as follows:

ATTACHMENT NO. 2

**PERMITTED USES AND SCOPE OF
DEVELOPMENT FOR ASSIGNED PARCEL**

ATTACHMENT NO. 3

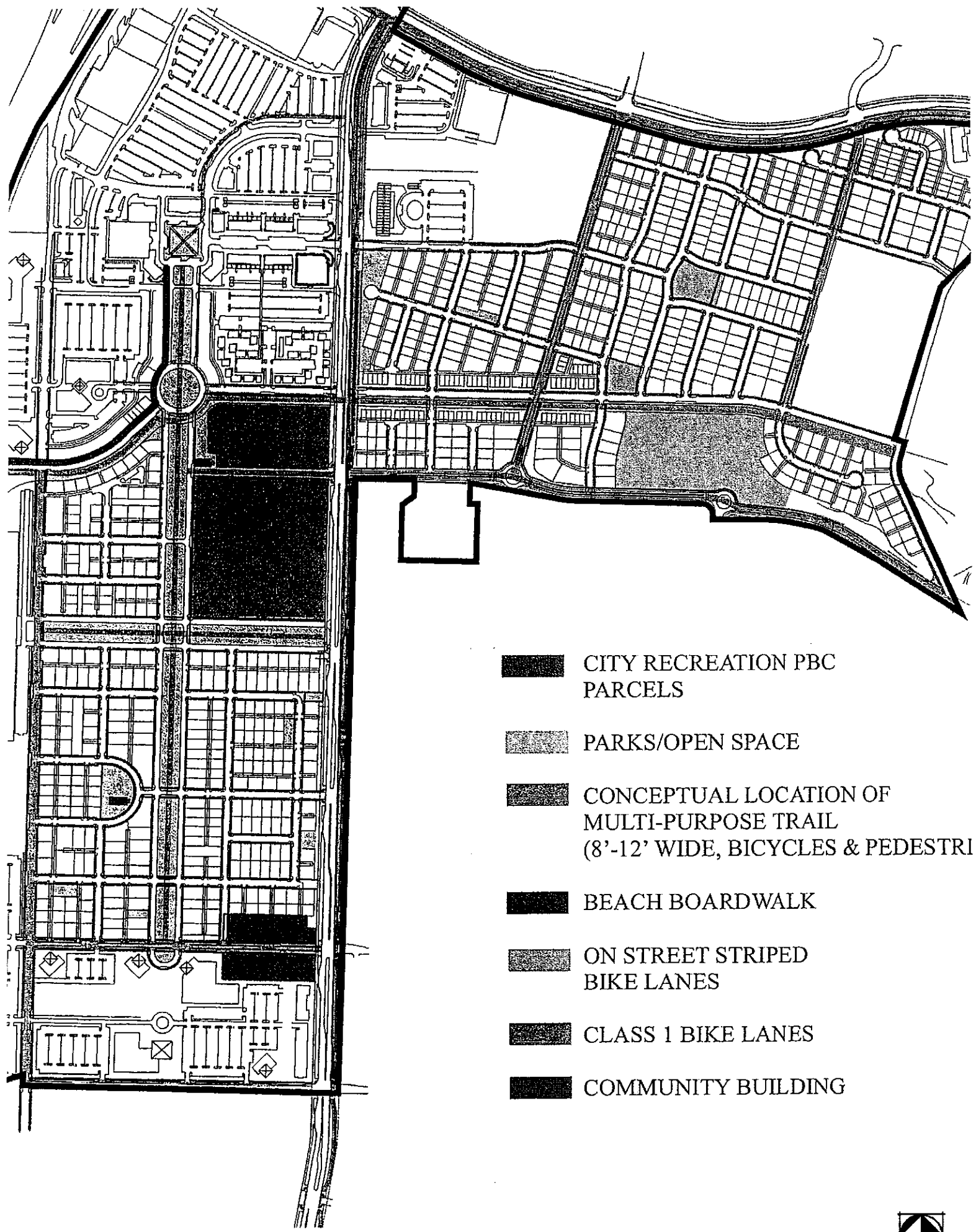
SCHEDULE OF PERFORMANCE
FOR THE ASSIGNED PARCEL

ATTACHMENT NO. 4

PROVISIONS OF DDA AND AGENCY DEED
APPLICABLE TO ASSIGNED PARCEL

Exhibit H

Public Facilities and Park Land Improvement Plan




-  CITY RECREATION PBC PARCELS
-  PARKS/OPEN SPACE
-  CONCEPTUAL LOCATION OF MULTI-PURPOSE TRAIL (8'-12' WIDE, BICYCLES & PEDESTRIAN)
-  BEACH BOARDWALK
-  ON STREET STRIPED BIKE LANES
-  CLASS 1 BIKE LANES
-  COMMUNITY BUILDING



Exhibit I
Fiscal Impact Study

Report

Exhibit I
Fiscal Impact Assessment
University Villages
Marina, California

Prepared for:
City of Marina

Prepared by:
Keyser Marston Associates, Inc.

May 2005

TABLE OF CONTENTS

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Findings and Conclusions	3
Recurring City Revenues	7
Recurring City Service Expenses	11
Limiting Conditions	13
Methodology and Assumptions	15

List of Attachments

- Exhibit A - Annual General Fund Revenues and Expenses
- Exhibit B - Composition of Annual Revenues and Expenses
- Table 1 – Annual Operations Impacts of University Village Program – Summary
- Table 2 - Annual Operations Impacts of University Village Program – Detail

Supporting Tables

INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has estimated the recurring revenue and cost impacts to the City of Marina's General Fund and Streets/Gas Tax Fund that will be generated from development of the University Villages Project (UV).

One of the guiding policies for the development of University Villages is that the development must produce a positive fiscal benefit to the City of Marina and should yield annual City tax revenues in excess of City service needs. The purpose of KMA's analysis is to determine if the anticipated development scenario, summarized below, is consistent with this policy.

UNIVERSITY VILLAGES DEVELOPMENT PROGRAM

	<u>TOTAL AT BUILDOUT</u>	<u>YEAR OF FULL ABSORPTION *</u>
RESIDENTIAL		
Single Family Detached	614 Units	2011
Attached	251 Units	2011
Affordable & Workforce (Income Restricted)	372 Units	2011
	<u>1,237 Units</u>	
COMMERCIAL		
Retail	617,400 Sq.Ft.	2010
Business Park	661,000 Sq.Ft.	2014
Hotel	500 Rooms	2009

* Absorption timing reflects a lag period to account for partial years of occupancy. For commercial uses, the lag period is such that vertical construction completed in the 3rd or 4th quarters is reflected in the subsequent year.

The University Villages Project consists of 1,237 residential units, 500 hotel rooms, approximately 617,000 Sq.Ft. of retail, and a 661,000 Sq.Ft. business park. Full build out of the Project is anticipated to occur by 2014. Completed residential units, retail, and hotel rooms are phased in from 2007 through 2011. The business park has a longer absorption time frame with 40% completed by 2008 and the remaining two phases coming online in 2012 and 2014.

The analysis considers impacts to the General Fund (GF) because the General Fund is the major source of discretionary spending for key city services including police and fire protection. The Streets and Gas Tax Fund is also analyzed because a substantial portion of Public Works street maintenance costs is included in this special revenue fund. Other special revenue funds are tied to specific purposes and have not been included in this analysis.

This report includes a summary of:

- Projected General and Gas Tax Fund net impacts to be generated by UV;
- Projected General Fund revenues and expenditures to be generated by UV;
- The methodology that has been used to estimate the Project's fiscal impacts;
- The key assumptions of the analysis; and
- Limiting conditions.

The details of the analysis are presented in supporting attached tables.

SUMMARY OF FINDINGS AND CONCLUSIONS

As shown below, the University Villages Project is estimated to generate a net annual surplus of \$2.6 million to the City's General Fund and Gas Tax Fund at buildout of the Project. Over the next 15 years through 2020, a cumulative net surplus of over \$31 million is anticipated. During the absorption period, the Project is anticipated to maintain a net surplus in each year of the projection, from a positive of \$34,000 in 2006, to \$263,000 in 2007, \$2.1 million in 2009, and reaching \$2.6 million at buildout in 2014¹.

The projected significant surplus is largely driven by the Project's commercial base, which includes 500 hotel rooms and over 600,000 sq. ft. of retail. Sales and transient occupancy tax to be generated by this commercial development represent approximately 57% of total GF revenues. Another significant factor of the projected surplus is the assumption that local street and neighborhood park maintenance will be privately funded through an assessment district. The projected annual fiscal impacts are presented in Exhibit A and Table 1.

NET GENERAL FUND AND GAS TAX FUND IMPACTS

	ANNUAL IMPACT AT BUILDOUT ¹	CUMULATIVE IMPACT NEXT 15 YEARS	NPV ² OF IMPACTS NEXT 15 YEARS
Revenues	\$5 Million	\$60.8 Million	\$36 Million
Expenses	\$2.4 Million	\$29.5 Million	\$17.6 Million
Net Revenue	\$2.6 Million	\$31.3 Million	\$18.4 Million

Notes:

¹ In 2020

² Discounted at 6% per year

The "net present value" of the revenue/expense stream to the City has also been measured. "Net present value" is a very useful measurement of performance as it takes into account inflation over time, the level of uncertainty associated with the income stream and the concept of the time value of money (the understanding that a dollar today is more valuable than a dollar 10-years from today). The net present value of the surplus estimates the up-front lump sum value of the stream in current dollars assuming that the stream has been discounted at a 6% discount rate. The 6% discount rate is intended to cover loss in value due to the combination of the time value of money and uncertainty in the projections over the 15-year

¹ Minor fluctuation in the amount of the surplus continues after buildout, stabilizing by 2020. These fluctuations are due to the allocation of fire station operations, park maintenance, and street maintenance expenses among future Non-UV developments. As those projects build out and use these services, the share allocated to University Villages decreases.

period. As shown, the net present value of the surplus is estimated at approximately \$18 million.

Exhibit A

ANNUAL OPERATIONS IMPACTS OF UNIVERSITY VILLAGE PROGRAM
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA
(\$000s)

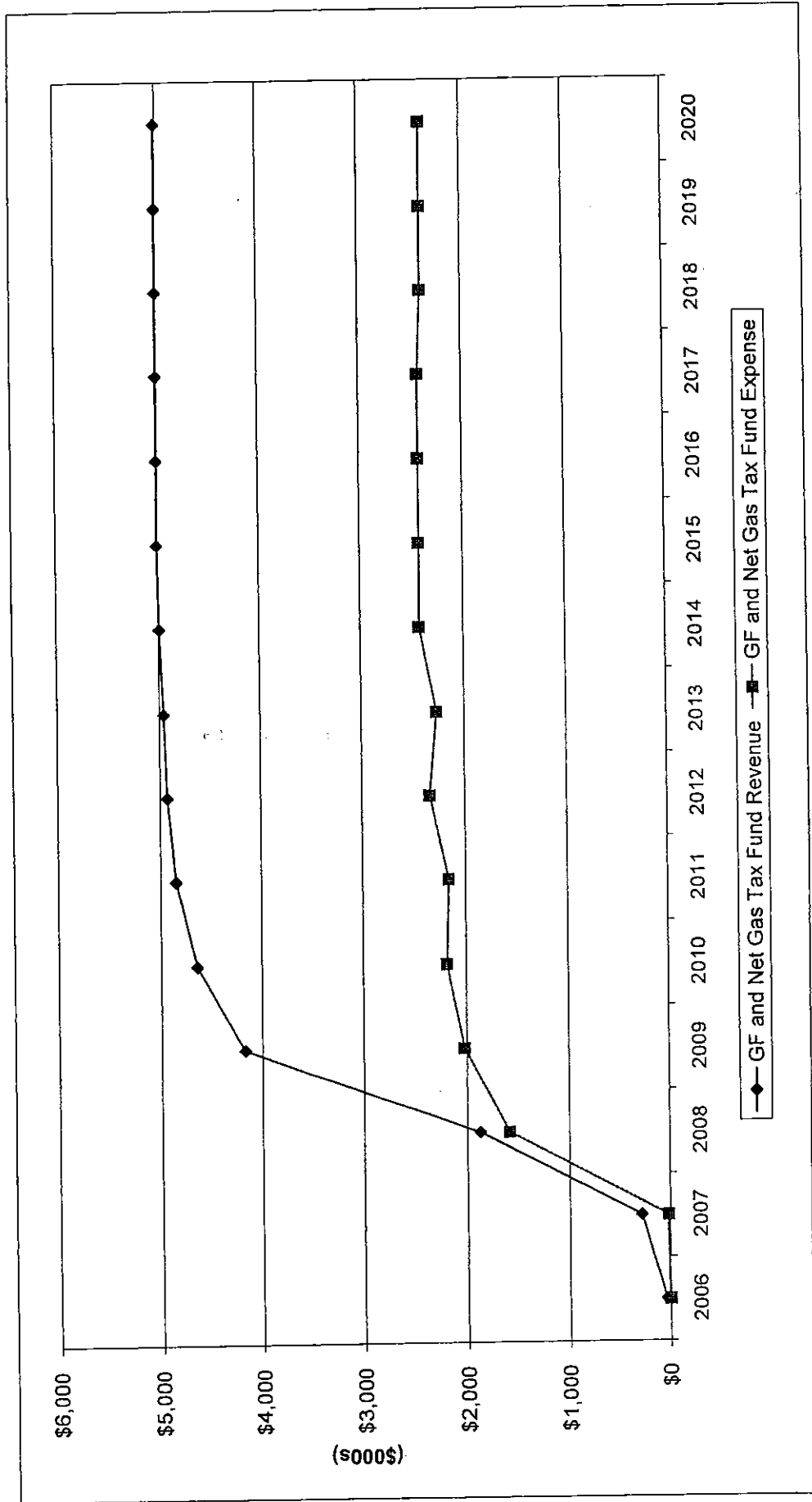


Table 1

ANNUAL OPERATIONS IMPACTS OF UNIVERSITY VILLAGE PROGRAM - SUMMARY
 PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
 UNIVERSITY VILLAGES
 CITY OF MARINA, CA
 (\$000s)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
ANNUAL OPERATIONS IMPACTS OF UNIVERSITY VILLAGE																			
GENERAL FUND																			
Revenues	\$34	\$277	\$1,848	\$4,121	\$4,580	\$4,780	\$4,860	\$4,890	\$4,926	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945
Expenses	\$0	\$18	\$1,241	\$1,673	\$1,833	\$1,811	\$1,831	\$1,829	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984
NET RECURRING REVENUE (EXPENSE)	\$34	\$259	\$607	\$2,448	\$2,747	\$2,969	\$3,029	\$3,061	\$2,942	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961
STREETS / GAS TAX FUND																			
Gas Tax	\$0	\$4	\$27	\$47	\$64	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66
Arterial Maintenance	\$0	\$0	\$345	\$352	\$356	\$356	\$514	\$444	\$445	\$445	\$445	\$444	\$412	\$412	\$412	\$412	\$412	\$412	\$412
NET RECURRING REVENUE (EXPENSE)	\$0	\$4	(\$318)	(\$305)	(\$292)	(\$290)	(\$448)	(\$378)	(\$380)	(\$379)	(\$379)	(\$378)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)
NET RECURRING GENERAL AND GAS TAX FUND REVENUE (EXPENSE)	\$34	\$263	\$289	\$2,143	\$2,455	\$2,679	\$2,581	\$2,683	\$2,562	\$2,582	\$2,582	\$2,583	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615

RECURRING CITY REVENUES

A. General Fund

As shown in the table below, the University Villages Project is estimated to generate approximately \$5 million of annual General Fund revenues by the Project's 15th year.

RECURRING GENERAL FUND REVENUES - 2020

	RECURRING GENERAL FUND REVENUE	% OF TOTAL UV GENERAL FUND REVENUE
Transient Occupancy Tax	\$1,891,000	38%
Motor Vehicle in Lieu	\$1,571,000	32%
Sales Tax	\$1,230,000	25%
Utility Franchises	\$153,000	3%
Business License Tax	\$54,000	1%
Property Transfer Tax	\$42,000	1%
Other Licenses	\$4,000	0%
	<hr/>	<hr/>
	\$4,945,000	100%

Transient occupancy tax revenues (TOT) are anticipated to represent the largest source of General Fund revenues to be generated by UV. The project's 500 hotel rooms are anticipated to annually generate \$1.9 million of TOT revenue, which represents 38% of total General Fund revenues to be generated by UV.

Motor vehicle in-lieu fees (VLF) are another major revenue source at approximately 32% of the total. Recent changes to the Revenue and Taxation Code with SB 1096 link growth in VLF with growth in assessed valuation. The new formula is highly favorable to the City of Marina due to the strong growth in assessed value that is anticipated. The increase in gross assessed value with University Villages will generate approximately \$1.6 million per year in additional motor vehicle in lieu revenues to the City at build out of the Project.

Sales tax revenues are anticipated to represent the third largest component of General Fund revenues. UV's 600,000 square feet of new retail space and 3,200 new residents are anticipated to generate approximately \$1.2 million annually of new sales tax revenues to the City. This represents 25% of the General Fund revenues to be generated by UV.

The other sources of revenue including utility franchises, business license tax, property transfer tax, and other licenses are anticipated to account for \$253,000 in annual revenues at buildout, or approximately 5% of total UV General Fund revenues.

University Village is located within a Redevelopment Project Area. Consequently, all property taxes to be generated by the UV Project will be captured by the Marina Redevelopment Agency and the agencies receiving pass through payments until the tax increment receipt limit for the redevelopment plan is reached in approximately 40 years. Therefore, the Project is not anticipated to generate any GF property tax revenues throughout the study period of this fiscal analysis.

Table 2 presents an annual projection of GF revenues to be generated by UV through 2020. Exhibit B provides a graphic percentage breakdown of General Fund revenues and expenditures at build out.

B. Streets / Gas Tax Fund

The primary source of revenue for the Gas Tax Fund is gas tax, which is apportioned by the State based on population. With the 3,200 residents anticipated at buildout, an additional \$66,000 per year in annual gas tax fund revenue is projected.

Table 2

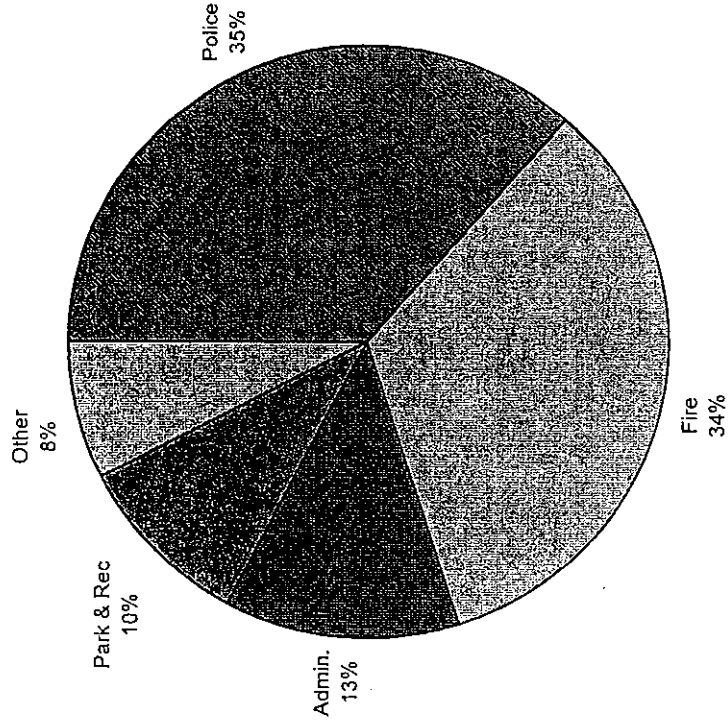
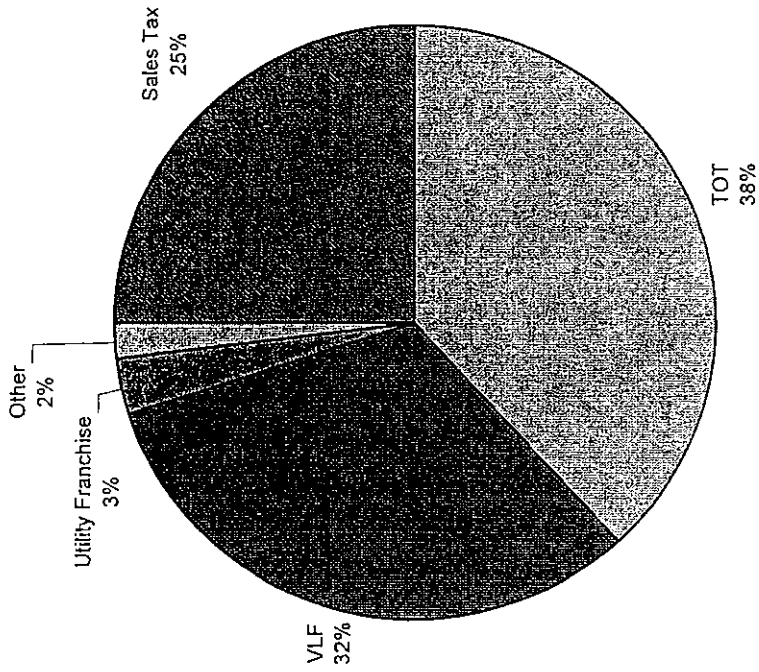
ANNUAL OPERATIONS IMPACTS OF UNIVERSITY VILLAGE PROGRAM - DETAIL
 PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
 UNIVERSITY VILLAGES
 CITY OF MARINA, CA
 (\$000s)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GENERAL FUND IMPACTS ALLOCABLE TO UNIVERSITY VILLAGE PROJECT																			
RECURRING GENERAL FUND REVENUES																			
Sales Tax	\$0	\$21	\$937	\$1,099	\$1,219	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230	\$1,230
Transient Occupancy Tax	\$0	\$0	\$256	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891
Motor Vehicle in Lieu	\$0	\$45	\$339	\$825	\$1,227	\$1,445	\$1,514	\$1,530	\$1,552	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571
Utility Franchises	\$0	\$4	\$75	\$104	\$121	\$123	\$135	\$135	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153
Business License Tax	\$0	\$0	\$32	\$34	\$35	\$35	\$43	\$43	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54
Property Transfer Tax	\$34	\$207	\$207	\$166	\$84	\$53	\$44	\$58	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42
Other Licenses	\$0	\$0	\$2	\$2	\$3	\$3	\$3	\$3	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$34	\$277	\$1,848	\$4,121	\$4,580	\$4,780	\$4,860	\$4,890	\$4,926	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945
RECURRING GENERAL FUND EXPENSES																			
City Administration	\$0	\$11	\$111	\$176	\$224	\$229	\$238	\$238	\$252	\$252	\$252	\$252	\$252	\$252	\$252	\$252	\$252	\$252	\$252
Public Safety - Police	\$0	\$0	\$360	\$600	\$600	\$600	\$600	\$600	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720
Public Safety - Fire	\$0	\$0	\$638	\$676	\$672	\$643	\$652	\$652	\$670	\$670	\$670	\$670	\$670	\$670	\$670	\$670	\$670	\$670	\$670
Animal Cntrl & Vehicle Abatmnt	\$0	\$1	\$10	\$17	\$23	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24
Recreation and Com Svc	\$0	\$3	\$21	\$38	\$52	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53
Park & Rec Facilities	\$0	\$0	\$69	\$116	\$198	\$197	\$196	\$194	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193
Planning	\$0	\$3	\$32	\$50	\$64	\$65	\$68	\$68	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72
TOTAL	\$0	\$18	\$1,241	\$1,673	\$1,833	\$1,811	\$1,831	\$1,829	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984	\$1,984
NET ANNUAL GENERAL FUND REVENUE (EXPENSE)	\$34	\$259	-\$607	\$2,448	\$2,747	\$2,969	\$3,029	\$3,061	\$2,942	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961	\$2,961
STREETS / GAS TAX FUND IMPACTS ALLOCABLE TO UNIVERSITY VILLAGE PROJECT																			
GAS TAX REVENUE	\$0	\$4	\$27	\$47	\$64	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66
ARTERIAL MAINTENANCE	\$0	\$0	\$345	\$352	\$356	\$356	\$514	\$444	\$446	\$445	\$445	\$444	\$412	\$412	\$412	\$412	\$412	\$412	\$412
NET ANNUAL GAS TAX FUND REVENUE (EXPENSE)	\$0	\$4	(\$318)	(\$305)	(\$292)	(\$290)	(\$448)	(\$378)	(\$380)	(\$379)	(\$379)	(\$378)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)	(\$346)
NET RECURRING GENERAL AND GAS TAX FUND REVENUE (EXPENSE)	\$34	\$263	\$289	\$2,143	\$2,455	\$2,679	\$2,581	\$2,683	\$2,562	\$2,582	\$2,582	\$2,583	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615	\$2,615

Exhibit B

COMPOSITION OF GENERAL FUND REVENUES AND EXPENSES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

Buildout Year: 2020



RECURRING CITY SERVICE EXPENSES

A. General Fund Expenses

It is estimated that General Fund service costs of the University Villages Project will total approximately \$2.0 million per year upon full buildout². Projected expenses are summarized below.

RECURRING GENERAL FUND EXPENSES - 2020

	<u>RECURRING GENERAL FUND EXPENSES</u>	<u>% OF TOTAL UV GENERAL FUND EXPENSES</u>
Public Safety - Police	\$720,000	36%
Public Safety - Fire	\$670,000	34%
City Administration	\$252,000	13%
Park Maintenance	\$193,000	10%
Planning	\$72,000	4%
Recreation and Com Svc	\$53,000	3%
Animal Cntrl & Vehicle Abatmnt	\$24,000	1%
	<u>\$1,984,000</u>	<u>100%</u>

Police protection is the largest projected General Fund expense item representing about 35% of the total, or \$720,000 per year. This is the estimated cost of adding six additional officers, which is equivalent to a service standard of two officers per 1,000 population.

Fire protection costs are anticipated to represent 34% of the total, or \$670,000 per year at buildout. This represents a 26% allocated share of operations and staff cost for a new joint Marina/Seaside station with two three-person engine companies. Operations cost for the new station will be shared between Marina and Seaside. Marina's share of operations costs has been allocated to University Villages and also Marina Heights and Cypress Knolls based on the population and employment in each project.

Park maintenance expenses are estimated at \$193,000 per year. This includes a maintenance cost for the Hilltop Park and the multi-use path that will be part of University Villages. Also included are an allocable share of costs for new parks and recreational facilities

² Expense projections are based on providing an adequate level of service to future development. For police and fire protection, estimates incorporate input from Public Safety staff on an adequate police service standard for the Project and the *Fire Standards of Cover Analysis* conclusions about Marina's Fire protection needs at buildout of the General Plan. For Parks, costs are based on new facilities that are to be maintained by the City. Other expenses are projected from current service levels based on the growth in population and employment.

that will serve the entire city. The smaller neighborhood and linear parks within the Project are to be privately funded through an assessment district and/or a Homeowners Association.

Other General Fund expenditures for City Administration, Animal Control & Vehicle Abatement, Recreation and Community Service, and Planning are estimated to total \$401,000 per year upon buildout, or approximately 20% of the total.

Table 1 presents projected GF expenses in each year through 2023. Exhibit B provides a graphic percentage breakdown of revenues and expenditures at build out. Detailed assumptions and methodology used for projecting City expenses are contained in the attached tables

B. Streets / Gas Tax Fund Expenses

The City Gas Tax Fund will be responsible for maintaining landscaping improvements to arterials adjacent to the Project, the transit right of way, and a new system of arterial roads constructed to serve the Project and other new development throughout the City of Marina. Recurring Streets / Gas Tax fund expenses allocated to the Project are estimated at approximately \$412,000 per year in 2020.

The maintenance costs associated with UV's interior streets will be funded privately through an assessment district and will not be funded by the Gas Tax Fund.

LIMITING CONDITIONS

1. The analysis contained in this report is based, in part on data from published sources, such as the City of Marina Budget, and the demographics research firm, Claritas. While we believe that the assumptions are reasonable and these sources are accurate, we cannot guarantee their accuracy.
2. The findings are based on the development concept specified in the report. If the development program varies from the assumed concept, the findings of this analysis may not be valid.
3. The conclusions reflect the assumption that the development will be complete and absorbed consistent with the projections contained herein. These projections assume that there is sufficient market support for the development concept and that the hotel and retail components achieve industry standard productivity levels. If the project's absorption is delayed or the sales volumes are less than industry standards, then the findings of this analysis may not be valid.
4. The findings are based on economic rather than political considerations. Therefore, they should not be construed as a representation that government approvals for development can be secured.
5. Revenue or cost projections contained in this report are based on the best project-specific and fiscal data available at this time as well as experience of our firm with comparable projects. These projections are reasonable and appropriate for planning purposes. However, actual revenues and expenses may vary considerably from the projections due to a number of factors including changes in: the development program, development costs, the tax structure, legislation, market conditions, assessment appeals, County assessor practices, etc. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. KMA's analysis is based in part on input from the City of Marina obtained through staff interviews, responses to KMA questionnaires, and assessment of departmental impacts. While we believe that the information we were provided is reasonable and accurate, we cannot guarantee their accuracy.
7. We assume that all applicable laws and governmental regulations in place as of May 1, 2005 will remain unchanged throughout the build-out period of our analysis. In the event that this assumption does not hold true in the future, i.e., if the rates of property tax, motor vehicle in-lieu taxes, etc., are changed, the analysis will need to be revised.

8. The findings reflect the assumption that the maintenance of the following UV improvements will not be the responsibility of the City's General or Gas Tax Fund:

- Internal neighborhood and linear parks except "Hilltop Park;"
- Drainage system and drainage structures;
- Internal streets except those specifically identified as arterials (transit corridor, Imjin, 2nd Avenue, 8th Street from 1st Avenue to California Avenue, and California Ave from 8th Street to Imjin); and
- Landscaping improvements except within the right-of-way of arterials.

METHODOLOGY AND ASSUMPTIONS

Approach

KMA's analysis focuses exclusively on the assessment of recurring General Fund and Streets / Gas tax Fund revenues and expenses to be generated by the development of University Villages. KMA has prepared a cash flow model of the development scenario from 2006 through 2023 to evaluate the impacts over time, from initial construction through approximately nine years following build-out.

The analysis evaluates the major revenue and cost elements, including transient occupancy taxes, sales tax, and VLF revenues to be generated from the project's residential and commercial development, police/fire protection costs, park/road maintenance costs, and general government services costs. To estimate these impacts, KMA has:

- Reviewed the City's 2004/05 budget and the existing revenue and cost relationships in Marina;
- Discussed with Public Safety, Public Works, Planning, and Recreation staff the incremental service needs to be generated by the development alternatives; and
- Estimated the magnitude of taxable sales to be generated by new residents and the portion of sales to be captured by Marina retailers.

The capital improvement impacts of the Project have not been addressed in this analysis.

Key Assumptions and Analysis

Since a fiscal impact analysis is based upon an assessment of future circumstances, the assumptions that are used to make estimates of future conditions are fundamental to the conclusions. The key assumptions of this fiscal analysis are as follows:

- ***University Villages Development Program*** – Consistent with the Reuse Valuation Analysis, the development program is assumed to be as follows:
 - *Residential* - 1,237 residential units including 614 single-family detached, 251 attached, and 372 income restricted affordable units.
 - *Retail* – 617,000 Sq.Ft. retail component.
 - *Business Park* – 661,000 Sq.Ft. business park

-
- *Hotel* – 500 hotel rooms including a 100 room limited service hotel and a 400-room full service hotel.

See Table 3 – A of the attached tables for a detailed schedule of unit mix / residential product types.

- **Construction Schedule** - A detailed schedule showing the absorption of each component of the Project is shown on Table 3 – B of the attached tables and is summarized below.
 - *Residential* - The first residential units are to be sold in 2007 with the residential portion of the project sold out by 2011.
 - *Retail* – Most of the retail (558,000 Sq.Ft.) will be completed by 2008 with the remaining 59,000 Sq.Ft. absorbed by 2010.
 - *Business Park* – In 2008 the first 269,000 Sq.Ft. phase of the business park is completed. Absorption of later phases follows with 159,000 Sq.Ft. in 2012 and 233,000 Sq.Ft. in 2014. Given current market conditions, absorption of the business park portion of the project occurs over a longer time period than other components of the Project and is more uncertain. If absorption were to occur over a more prolonged time period than projected, the results of the analysis will not change radically (i.e. from a surplus to a deficit) since the business park is not the primary driver of revenues or expenses.
 - *Hotel* - The 100-room limited service hotel is completed in 2008 and the 400-room full service hotel completed in the following year.

The absorption schedule is based on the same timing assumptions as the Section 33433 Report and Reuse Valuation Analysis but reflects a lag period to account for partial years of occupancy for residential units and commercial space. For example, a 50% factor is applied to the first year of absorption for residential units completed in the 2nd Quarter and a 25% factor is applied for units completed in the 3rd Quarter. Residential units and commercial space completed in the 4th quarter are not counted until the following year.

- **Public Facilities Costs** - It has been assumed that the applicant will be responsible for fully funding all facility costs solely generated by the project. This is a standard requirement for developments throughout California.
- **Fees for Services** - The analysis also assumes that one-time revenues, such as building permit fees, are sufficient to offset City processing costs and therefore do not constitute a net revenue source to the City. (Appendices A-1 and A-2)

-
- **Population** - The State Department of Finance estimates Marina's current population at 19,100. Additional population added by the University Villages was projected to be approximately 3,221 people based on an average household size of approximately 2.6 people per household provided by the City of Marina Planning Department. (Tables 4 - A and 4 - B)
 - **Employment** - The demographics research firm Claritas estimates Marina's current employment base at 5,619 jobs. University Villages is projected to add approximately 4,387 additional jobs, which translates into approximately 2.5 jobs per 1,000 Sq.Ft. of retail, 4.0 jobs per 1,000 Sq.Ft. of business park, 0.75 jobs per limited service hotel room, and 1 job per full service hotel room. (Tables 4 - A and 4 - B)
 - **Resident equivalents** - The estimation of annual cost impacts on City Administration, Fire, Public Works, and Planning is based on a modified per capita measure known as a "residential equivalent." This approach combines residents and employees to form a single service population to drive the cost projection. The residential equivalent approach weights an employee at .25 of a resident, such that approximately 4 employees are viewed as having the same impact as one resident. (Tables 4 - A and 4 - B)
 - **Allocation of Sales Tax Revenue** - Taxable sales have been allocated first to residents based on the capture of expenditure potential, and second to retail based on a square footage allocation of retail sales after deduction of the sales that were allocated to residents. Projections assume the current 1% City of Marina share of sales tax revenue.

Residents - Expenditure potential of existing and new Marina residents has been estimated using the current expenditure patterns of California residents (Table E - 1 and E-2). Capture of this expenditure potential within Marina is estimated based on existing retail, the retail program of University Villages, and other future projects. Of the \$58.5 million in retail expenditures generated by residents of University Villages, an estimated \$36 million will be captured within the City of Marina. Sales tax from these captured expenditures is allocated to residents.

Retail - New taxable retail sales are estimated using sales per square foot and percent taxable assumptions applicable to each type of retailer. Estimates range from \$190/Sq.Ft. for sporting goods to \$600/Sq.Ft. for beverages and food (see Appendix Table E - 4). After deducting the sales tax allocated to residents, the remaining taxable sales are allocated among University Villages and other projects based on retail square feet. (See Table 5 - D and Appendix E)

- **Assessed Values** – Assessed values on the secured tax roll are based on the tax increment projections prepared by KMA. The projections are driven by estimates of the average price (assessed values) of new homes provided by the applicant. These are the same home prices on which the Reuse Valuation Analysis is based. Assumptions concerning the assessed value for completed retail, business park, and hotel are based on data provided by the Monterey County Assessor and a review of assessed value for comparable projects. These assumptions are as follows (in 2005 dollars). See also Appendix Tables A-5 and A-6:

<u>Project Component</u>	<u>Assessed Value</u>
Residential	
For Sale Units	\$700,000 average value per unit
Affordable Apartments	\$0 / exempt from property taxes
Retail	\$160/Sq.Ft.
Business Park	\$125/Sq.Ft.
Limited Service Hotel	\$75,000 per room
Full Service Hotel	\$100,000 per room

- **Gas Tax Revenues** –Allocation of Gas Tax revenues is based on a series of formulas pursuant to Streets and Highways Code Sections 2105, 2106, 2107, and 2107.5. The majority of tax revenue is apportioned to cities based on the ratio between the City's population and the population of all cities in the State. As a result, gas tax revenue is projected based on a per capita factor derived from the 2004-05 allocation of \$391,000.
- **Constant 2005 Dollars** – The analysis is in constant 2005 dollars. No inflation has been applied to revenue, costs, or property values.
- **Variable versus fixed costs for City Administration, Animal Control and Vehicle Abatement, Recreation and Community Service, and Planning Expenses** - For these departments 75% of the existing expenditures and budget are assumed to be the result of variable costs that increase with additional population or employment. The other 25% of expenditures are assumed to be fixed costs of operation that will not increase as a result of the Project. (Table 6-A)
- **Law Enforcement Standards** – A police service standard of 1.31 officers per 1,000 in population plus 0.44 officers per 1,000 employees has been applied in the analysis. This standard provides an equivalent level of protection to the 2 officers per 1,000 in population standard recommended by the Marina Public Safety Department after a review of service levels for surrounding communities, call data from the Rivermark Project in Santa Clara, and data from the U.S. Department of Justice on average service levels for cities the size of Marina. The adjusted standard is used to give some weight to service demand generated by employees, which is important in the fiscal

analysis of other commercial projects in Marina that KMA is also working on. See Appendix F and Table 6 – D for additional information.

Fire Protection/Emergency Medical Staffing Requirements – Based on discussions with the Marina Public Safety Department and a review of the Department's *Fire Standards of Cover Analysis*, a new fire station will be required in order to serve the Project. The analysis assumes that a joint Marina/Seaside fire station will be constructed at 2nd Avenue and 8th Street. The new station is projected to have two three-person engine companies staffed on a 24/7 basis. The City of Marina is assumed to cover half of the operations cost of the new station. Marina's share of the station operations cost has been allocated among the Project, Marina Heights, and Cypress Knolls based on resident equivalents. See Table 6- D and Appendix B for additional information and a map.

- **Park Acreage Requirements** – Annual maintenance costs for parks have been estimated based on the following:
 - Annual maintenance cost for neighborhood parks and recreation facilities that serve only the Project are assumed to be funded by private property owners through an assessment district and/or a Homeowners Association.
 - The Hilltop park and multiuse path will not be privately maintained; however, these improvements primarily benefit the Project. Therefore 100% of maintenance costs have been allocated to the Project. Annual maintenance costs are estimated based on \$4,400 per acre of park and \$0.30 per Sq.Ft. of multiuse path based on recent KMA experience on other projects in Monterey County.
 - Maintenance of new city-wide serving park and recreation facilities planned as part of this and other anticipated projects will be the responsibility of the City. These facilities include: University Village public benefit conveyance parcels and the Cypress Knolls community park (part of school site). Recurring annual costs are estimated at \$14,500 per acre of community park, \$200,000 per year for the sports center (UV PBC parcels), plus an additional 35% allowance for administration and contingency based on information provided by the City of Monterey Parks division for maintenance of similar facilities and KMA experience on other recent projects. Costs have been allocated among the Project and the balance of the City of Marina based on population. Due to time constraints and the limitations of available information, costs have been included for only a partial list of the city-wide serving facilities that may ultimately be developed. Additional information is required to incorporate costs for maintenance of additional anticipated facilities including the Senior Center, Abrams Park, and the Equestrian Center. See Table 6 – C and Appendix C.

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- **Public Works Streets/Gas Tax Fund Maintenance Costs** – Estimates of public works maintenance costs to be funded with the Streets / Gas tax fund are shown on Tables 7 and Appendix D of the attached tables and are based on the following:
 - *Interior streets* – the property owners will be responsible for funding the maintenance of interior local serving streets through an assessment district and/or a Homeowners Association.
 - *Arterials* - The City will be responsible for maintaining new arterials within the former Fort Ord and the Marina Station Project. These arterials will benefit each of the proposed projects as well as the existing City of Marina. Maintenance costs for all new arterials throughout the City have been allocated among University Villages and the balance of the City based on resident equivalents. Per unit maintenance costs have been estimated based on KMA experience with similar projects in Monterey County with an allowance of 35% for administration and contingency. For certain periodic costs such as slurry seal and asphalt concrete overlay, the analysis assumes regular payments into a reserve fund. In the initial four years of maintenance, payments into this reserve fund are assumed to be deferred to avoid front-loading costs before the revenue stream from the Project is fully established. Deferred reserve fund payments are made up in the latter years of the projection. (See Table 7 and Appendix D).
 - *Landscape Maintenance* – Public landscaping and open space maintenance associated with internal local streets will be privately funded through an assessment district and/or a Homeowners Association. Landscaping improvements to the arterials within and adjacent to the Project will not be privately maintained. These improvements primarily benefit the Project and therefore 100% of landscape maintenance costs have been allocated to the Project. Estimated maintenance costs of \$0.33/Sq.Ft. are based on KMA experience on other projects in Monterey County. A 35% allowance has been added for administration costs and a contingency. See Table 7 and Appendix D.
 - *Transit Corridor* - The transit corridor will be a locally serving street for the foreseeable future, and therefore 100% of its maintenance cost has been allocated to the Project. Maintenance costs have been estimated using the same per unit costs as for streets.
 - **Continuity of Legal and Institutional Constraints** - The cost and revenue experience of the City of Marina is based on the City's 2004/2005 Budget. The projections assume that these revenue sources will remain constant throughout the build-out of the Project. Calculation of vehicle license fee revenue has been adjusted to account for changes to the law since the 2004-05 budget and reflects the revisions to the Revenue and Taxation Code instituted in 2004 with SB 1096.

**SUPPORTING TABLES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

Table 3 - A

**PROJECT DESCRIPTION
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

	TOTAL AT BUILDOUT ¹	UNITS
RESIDENTIAL		
SINGLE FAMILY DETACHED (MKT RATE)		
Alley	242	DU
Carriage	126	DU
Glens	131	DU
Standard	<u>115</u>	DU
	614	DU
ATTACHED UNITS (MKT RATE)		
Duets	88	DU
Townhomes	<u>163</u>	DU
	251	DU
AFFORDABLE (INCOME RESTRICTED)		
Duets - Low	53	DU
Duets - Moderate	87	DU
Duets - Workforce	124	DU
Apartments - Low / Very Low	<u>108</u>	DU
	372	DU
COMMERCIAL		
Retail	617,400	SQ.FT.
Business Park	661,000	SQ.FT.
Hotel		
Limited Service	100	ROOMS
Full Service	<u>400</u>	ROOMS
TOTAL		
UNITS	1,237	UNITS
SQ FT OF RETAIL/BUS PARK	1,278,400	SQ.FT.
HOTEL ROOMS	500	ROOMS

Notes:

¹ Includes opportunity phases completed when and if there is sufficient market support.

Table 3 - B

DEVELOPMENT ABSORPTION
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

	TOTAL AT BUILDOUT												CUMULATIVE ABSORPTION ¹											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023							
RESIDENTIAL UNITS ¹																								
SINGLE FAMILY DETACHED (MKT RATE)																								
Alecy	12	78	164	228	242	242	242	242	242	242	242	242	242	242	242	242	242							
Carriage	12	47	63	115	126	126	126	126	126	126	126	126	126	126	126	126	126							
Glens	12	75	117	131	131	131	131	131	131	131	131	131	131	131	131	131	131							
Standard	0	12	58	113	115	115	115	115	115	115	115	115	115	115	115	115	115							
	36	212	412	587	614	614	614	614	614	614	614	614	614	614	614	614	614							
ATTACHED UNITS (MKT RATE)																								
Duels	3	12	30	79	88	88	88	88	88	88	88	88	88	88	88	88	88							
Townhomes	22	101	150	163	163	163	163	163	163	163	163	163	163	163	163	163	163							
	25	113	190	242	251	251	251	251	251	251	251	251	251	251	251	251	251							
AFFORDABLE (INCOME RESTRICTED)																								
Duels - Low	0	0	12	51	53	53	53	53	53	53	53	53	53	53	53	53	53							
Duels - Moderate	0	12	69	87	87	87	87	87	87	87	87	87	87	87	87	87	87							
Duels - Workforce	12	60	100	124	124	124	124	124	124	124	124	124	124	124	124	124	124							
Apartments - Low / Very Low	0	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108							
	12	180	289	370	372	372	372	372	372	372	372	372	372	372	372	372	372							
TOTAL	73	505	891	1,199	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237							
COMMERCIAL																								
Retail Sq.Ft.	617,400	594,400	594,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400							
Business Park Sq.Ft.	861,000	269,000	269,000	269,000	269,000	428,000	428,000	428,000	428,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000							
Hotel	100	0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100							
Unlimited Service Rooms	400	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400							
Full Service Rooms	400	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400							
TOTAL	1,237	891	891	1,199	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237							
UNITS	73	505	891	1,199	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237							
SQ FT OF RETAIL/BUS PARK HOTEL ROOMS	1,278,400	863,400	863,400	866,400	886,400	1,046,400	1,046,400	1,046,400	1,046,400	1,278,400	1,278,400	1,278,400	1,278,400	1,278,400	1,278,400	1,278,400	1,278,400							
HOTEL ROOMS	500	0	100	500	500	500	500	500	500	500	500	500	500	500	500	500	500							

Notes:

¹ A lag factor has been applied to the absorption schedule for purposes of the fiscal analysis. In the year of completion, new residential units, commercial, and industrial space are not occupied for a full year. To account for partial year occupancy, a lag factor of between 0% and 75% (depending on the quarter of completion) has been applied for the initial year of absorption.

Source: KMA, Revenue Valuation Analysis and Section 33433 Report absorption schedule assumptions

Table 4 - A

POPULATION AND EMPLOYMENT ESTIMATES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

BASIS AT BUILDOUT	MEASURE	CUMULATIVE ABSORPTION																
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
POPULATION	household size ¹																	
SINGLE FAMILY DETACHED (MKT RATE)																		
Alley	2.50	30	195	410	570	605	605	605	605	605	605	605	605	605	605	605	605	605
Carriage	2.80	34	132	176	322	353	353	353	353	353	353	353	353	353	353	353	353	353
Glens	2.80	34	210	328	367	367	367	367	367	367	367	367	367	367	367	367	367	367
Standard	2.90	0	35	197	328	334	334	334	334	334	334	334	334	334	334	334	334	334
		97	571	1,111	1,587	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658
ATTACHED UNITS (MKT RATE)																		
Duets	2.50	8	30	75	198	220	220	220	220	220	220	220	220	220	220	220	220	220
Townhomes	2.70	59	273	432	440	440	440	440	440	440	440	440	440	440	440	440	440	440
		67	303	507	638	660	660	660	660	660	660	660	660	660	660	660	660	660
AFFORDABLE (INCOME RESTRICTED)																		
Duets - Low	2.50	0	0	30	128	133	133	133	133	133	133	133	133	133	133	133	133	133
Duets - Moderate	2.50	0	30	173	218	218	218	218	218	218	218	218	218	218	218	218	218	218
Duets - Workforce	2.50	30	150	250	310	310	310	310	310	310	310	310	310	310	310	310	310	310
Apartments - Low / Very Low	2.25	0	243	243	243	243	243	243	243	243	243	243	243	243	243	243	243	243
		30	423	656	898	903	903	903	903	903	903	903	903	903	903	903	903	903
		194	1,297	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
EMPLOYMENT	employment density ²																	
Retail	2.50	0	1,396	1,486	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544
Business Park	4.00	0	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076
Hotel		0	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Limited Service	0.75	0	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Full Service	1.00	0	2,547	3,037	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095
		194	1,934	3,073	3,896	3,995	4,154	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
RESIDENT EQUIVALENTS	1.0 / resident																	
DAY & NIGHT TIME POPULATION *	0.25 / employee	194	3,844	5,351	6,217	6,316	6,952	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884
	pop + employmt																	

Notes:
 * Estimated by KMA such that average household size for the project equals approximately 2.6 persons/HH consistent with the Marina planning departments household size assumption for 2010 and beyond.
 † total residents plus employees

Table 4 - B

EXISTING POPULATION AND EMPLOYMENT
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

	POPULATION ¹	EMPLOYMENT ²	RESIDENTIAL EQUIVALENTS	DAY & NIGHTTIME POPULATION ³
CITY OF MARINA	19,100	5,619	20,505	24,719
			0.25 per employee 1.00 per resident	

Notes:

¹ State of California, Department of Finance. E-1 City/County Population Estimates, with Annual Percent Change. Sacramento, California. January 1, 2004.

² Claritas 2005

³ Population + Employment

Table 5 - A

**GENERAL FUND REVENUE SOURCE ASSUMPTIONS
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

Property Taxes	\$0	Per Fort Ord section of Redevelopment Law (See note Table 5B).
Property Transfer Tax, City's Portion ¹	\$0.55 10.00% 6.25%	per \$1,000 of AV at transfer Annual Turnover - Market Rate Residential Annual Turnover - Affordable Residential
Sales Tax , City's Portion ⁴	\$29.10	Taxable Sales Per Residential Unit Based on capture of resident expenditure potential
	\$141	Taxable Sales Per Retail Sq.Ft. Based on retail sales anticipated at buildout (less) sales allocated to residents
	1%	City Share of Sales Tax
Transient Occupancy Tax	70% 365 \$160 \$40,880	Average Occupancy Days Per Year Average Room Rate - Full Service Hotel Annual Revenue per Room - Full Service Hotel
	\$100 \$25,550	Average Room Rate - Limited Service Hotel Annual Revenue per Room - Limited Service Hotel
	10%	TOT Rate, City of Marina
Utility Franchises	\$480,000 24,719 \$19.42	Revenues in 2004-05 Residents + Employees (Day and Night Pop) Per Resident/Employee
Motor Vehicle in Lieu ²	\$136,644 19,100 \$7.15	Population Based Revenues for 2004-05 Residents Per Resident
	\$1,506,903 \$991,755,785 \$1.52	Property Tax Based Revenues for 2004-05 2004-05 Marina gross AV Per \$1,000 in AV
Other Licenses	\$11,500 24,719 \$0.47	Revenues in 2004-05 Residents + Employees (Day and Night Pop) Per Resident/Employee
Business License Tax	\$1 \$0.10 \$0.10	Per Hotel or Rental housing unit Per \$1,000 of retail sales ³ Per \$1,000 of business park gross receipts ³

Notes:

- ¹ Calculated on turnover of ownership residential units. Commercial and affordable rental units assumed to be exempt or held for extended periods.
- ² Estimated based on the provisions of SB 1096 (signed into law August 5, 2004) regarding allocation of this revenue source.
- ³ Estimated based on municipal code.
- ⁴ See Appendix E

Sources:

City of Marina. Adopted Budget, Fiscal Year 2004-2005. See Appendix A-1; Marina Municipal Code; Monterey County Auditor Controller California State Controller's Office.

Table 5 - B

ANNUAL GENERAL FUND REVENUES ¹
 PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
 UNIVERSITY VILLAGES
 CITY OF MARINA, CA

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MEASURE ²																	
residents	194	1,297	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
day & night pop	194	3,844	5,351	8,217	8,318	8,952	8,952	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884	7,884
Assessed Value (\$1,000s) ⁴	28,841	217,347	531,785	792,949	936,071	991,163	991,639	1,006,401	1,018,631	1,018,631	1,018,631	1,018,631	1,018,631	1,018,631	1,018,631	1,018,631	1,018,631
GENERAL FUND REVENUES ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX ³	4,000	75,000	104,000	121,000	123,000	135,000	135,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000
UTILITY FRANCHISES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MOTOR VEHICLE IN LIEU	1,000	9,000	17,000	22,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
based on residents	44,000	330,000	808,000	1,205,000	1,422,000	1,491,000	1,507,000	1,529,000	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000
based on AV	45,000	339,000	825,000	1,227,000	1,445,000	1,514,000	1,530,000	1,552,000	1,571,000	1,571,000	1,571,000	1,571,000	1,571,000	1,571,000	1,571,000	1,571,000	1,571,000
OTHER LICENSES	0	2,000	2,000	3,000	3,000	3,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL ¹	49,000	416,000	931,000	1,351,000	1,571,000	1,662,000	1,668,000	1,709,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
25% SHARE OF AGENCY TAX INCREMENT ²	38,000	46,000	12,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(City may elect to receive - not included in analysis)																	

Notes:

¹ Except property transfer tax, sales tax, and business license tax included on separate tables.

² See Table 5 - A

³ Per the section of Redevelopment Law pertaining to Ford Ord. the City of Marina may elect to receive a 25% share of agency increment for the 1st 7 years of increment flow in excess of \$100K (2003-04 was the first year). The redevelopment plan caps the total amount of these payments at \$100,000. The amount of these payments has been estimated but has not been included in the analysis. Marina may also be able to retain tax increment for the purposes of funding police and fire services through 2005-06.

⁴ Per KMA draft comprehensive analysis tax increment projections.

Table 5 - C

PROJECTION OF ANNUAL GENERAL FUND TRANSFER TAX REVENUE
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

MEASURE	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
VALUE SUBJECT TO TRANSFER TAX (\$000s)	4,900	17,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Takedown from City ¹																			
Commercial Development																			
Lot Sales ¹	9,747	3,945	602	0	3,189	0	4,665	0	0	0	0	0	0	0	0	0	0	0	0
New Product Sales ¹	0	130,437	45,792	3,680	0	19,875	0	29,125	0	0	0	0	0	0	0	0	0	0	0
	9,747	134,382	46,394	3,680	3,189	19,875	4,665	29,125	0	0	0	0	0	0	0	0	0	0	0
Residential Development																			
Lot Sales ¹	47,934	42,699	41,038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Rate Sales	0	160,688	239,242	218,130	81,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable Sales (ownership units) ¹	0	20,349	32,179	39,421	1,468	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	47,934	223,734	312,459	254,551	82,716	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Turnover (one yr lag)																			
Existing Mkt Rate Value ¹	0	0	160,688	399,928	618,058	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306
Existing Affordable Value (ownership) ¹	0	0	20,349	52,528	86,948	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416	90,416
Turnover Value - Mkt Rate	0	0	16,069	39,993	61,806	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931	69,931
Turnover Value - Affordable	0	0	1,272	3,283	5,559	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651	5,651
	0	0	17,340	43,276	67,365	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582
Total Value Subject to Tax (\$000s)	62,582	376,016	376,393	301,506	153,270	95,457	80,247	104,707	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582	75,582
TRANSFER TAX REVENUE \$0.55 /\$1,000 ²	\$34,000	\$207,000	\$207,000	\$166,000	\$84,000	\$53,000	\$44,000	\$58,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000

Notes:
¹ Per Reves Valuation, KMA
² City of Marina Municipal Code.

Table S - D
 ANNUAL GENERAL FUND SALES TAX REVENUES
 PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
 UNIVERSITY VILLAGES
 CITY OF MARINA, CA

		MEASURE 1		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
marketplace	73	905	991	1,199	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	
retail S&FL	0	596,200	594,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	
GENERAL FUND SALES TAX REVENUES																					
TAXABLE SALES (000s)																					
From Resident	\$28.10 /unit	\$2,124	\$14,697	\$25,930	\$34,894	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	
From Retail	\$141 /sq.ft.	\$0	\$79,000	\$84,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	\$87,000	
		\$2,124	\$83,697	\$109,930	\$121,894	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	
TOTAL SALES TAX ¹	% city share	\$21,000	\$937,000	\$1,099,000	\$1,218,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	

NOTES:
¹ See Table S - A

ANNUAL GENERAL FUND TRANSPARENT OCCUPANCY TAX REVENUES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

GENERAL FUND TRANSPARENT OCCUPANCY TAX REVENUE	MEASURE 1																	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Hotel Rooms																		
Bridged service hotel	0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Full service hotel	0	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Room Sales (\$000s)	0	100	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Limited service hotel	\$25,550	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555	\$25,555
Full service hotel	\$40,880	Per Room	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352	\$18,352
Transparent Occupancy Tax																		
Bridged service hotel	10%	\$0	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500	\$255,500
Full service hotel	10%	\$0	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200	\$1,635,200
TRANSPARENT OCCUPANCY TAX		\$0	\$255,500	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000

NOTES
1 See Table 5-A

Table 6 - F

PROJECTION OF ANNUAL GENERAL FUND BUSINESS LICENSE REVENUE
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

MEASURE	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BUSINESS LICENSE REVENUE																	
HOTEL																	
Rooms / Units	0	100	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Tax	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
RETAIL																	
Commercial Sq. Ft.	0	558,200	594,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400
Gross Receipts (\$000s)	\$0	\$189,788	\$202,096	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916	\$209,916
Tax	\$0	\$19,000	\$20,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
BUSINESS PARK																	
Employees	0	1,076	1,076	1,076	1,076	1,712	1,712	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644
Gross Payroll (\$000s)	\$0	\$129,120	\$129,120	\$129,120	\$129,120	\$205,440	\$205,440	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280	\$317,280
Tax	\$0	\$13,000	\$13,000	\$13,000	\$13,000	\$21,000	\$21,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
TOTAL	\$0	\$32,000	\$34,000	\$35,000	\$35,000	\$43,000	\$43,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000

Notes:

1 Based on average projected retail sales per square foot.

2 Based on the City of Marina Municipal Code.

3 Business Park Gross Receipts per Employee:

Average Wage:

Gross Receipts to Payroll ratio

Gross Receipts Per Employee

\$48,000 (See Appendix A-7)

2.48 (Ratio based on 1987 Economic Census for Monterey County, for Professional, scientific & technical + administrative & support services)

\$120,000

Table 5 - G

PROJECTION OF ANNUAL GENERAL FUND REVENUES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
RECURRING GENERAL FUND REVENUES																		
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Transfer Tax	\$34,000	\$207,000	\$207,000	\$166,000	\$84,000	\$53,000	\$44,000	\$58,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
Transient Occupancy Tax	\$0	\$0	\$256,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000	\$1,891,000
Sales Tax	\$0	\$21,000	\$937,000	\$1,099,000	\$1,219,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000	\$1,230,000
Utility Franchises	\$0	\$4,000	\$75,000	\$104,000	\$121,000	\$123,000	\$135,000	\$135,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000
Motor Vehicle in Lieu	\$0	\$45,000	\$339,000	\$925,000	\$1,227,000	\$1,445,000	\$1,514,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000
Business License Tax	\$0	\$0	\$32,000	\$34,000	\$35,000	\$35,000	\$43,000	\$43,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
Other Licenses	\$0	\$0	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
TOTAL	\$34,000	\$277,000	\$1,848,000	\$4,121,000	\$4,580,000	\$4,780,000	\$4,860,000	\$4,890,000	\$4,926,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000	\$4,945,000

Table 6 - A

GENERAL FUND OPERATING EXPENSES ASSUMPTIONS ¹
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

<p>City Administration</p>	<p>\$1,569,462 20,505 75% \$57.41</p>	<p>Expenses in 2005-05 Resident Equivalents ² Percent variable costs Per Resident Equivalent</p>
<p>Public Safety - Police ³</p>	<p>1.31 0.44 \$108,000 \$12,000 \$120,000</p>	<p>Officers Per 1,000 Population ⁶ Officers Per 1,000 Employees ⁶ 2004-05 fully loaded cost per officer + 11% increase ⁴ Cost Per Officer</p>
<p>Public Safety - Fire ³</p>		<p>Allocable share of estimated annual operations cost for a new joint Marina/Seaside Fire Station (See Table 6 - D)</p>
<p>Public Safety - Animal Control & Vehicle Abatement</p>	<p>\$190,249 19,100 75% \$7.47</p>	<p>Expenses in 2004-05 Residents Percent variable costs Per Resident</p>
<p>Public Safety - Recreation and Community Service ⁵</p>	<p>\$420,718 19,100 75% \$16.52</p>	<p>Expenses in 2004-05 Residents Percent variable costs Per Resident</p>
<p>Public Works Streets / Gas Tax Fund</p>		<p>Internal, locally serving roads and infrastructure are assumed to be maintained privately. Transit Corridor and Landscape maintenance assumed to be a cost of the Project. Maintenance costs for arterials are allocated among all proposed projects and the existing city based on resident equivalents. (See Table 7)</p>
<p>Park/Rec Facilities Maintenance</p>		<p>Neighborhood parks and facilities that serve only the Project are assumed to be maintained privately with the exception of the multiuse path and the hilltop park, which will be maintained by the City. A share of maintenance costs for new parks and facilities that serve the entire City is allocated to the Project based on population.</p>
<p>Planning</p>	<p>\$446,931 20,505 75% \$16.35</p>	<p>Expenses in 2004-05 Resident Equivalents ² Percent variable costs Per Resident Equivalent</p>

Notes:

- ¹ For City service departments.
- ² Resident Equivalent = 0.25 per Employee.
- ³ Police and Fire Services in the City of Marina are grouped into the public safety budget classification.
- ⁴ Adjustment from current City of Marina cost reflects assumption that Marina's cost will increase to be more in line with other jurisdictions.
- ⁵ Includes recreation program expense items
- ⁶ Estimated by KMA. Standard was calibrated to provide a level of protection for the University Villages Project equal to the 2.0 officers per 1,000 population standard per the Marina Public Safety Department and the U.S. Dept. of Justice. See Appendix F-1.

Source: City of Marina. Adopted Budget, Fiscal Year 2004-2005.

Table 6 - B

ANNUAL GENERAL FUND EXPENSES ¹
 PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
 UNIVERSITY VILLAGES
 CITY OF MARINA, CA

MEASURE ²	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
residents	184	1,297	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
resident equivalents	184	1,934	3,073	3,996	3,985	4,154	4,154	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
GENERAL FUND EXPENSES																	
City Administration	\$11,000	\$111,000	\$176,000	\$224,000	\$229,000	\$238,000	\$238,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
Animal Cntrl & Vehicle Abatmnt	\$1,000	\$10,000	\$17,000	\$23,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Recreation and Com Svc	\$3,000	\$21,000	\$38,000	\$52,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Planning	\$3,000	\$32,000	\$50,000	\$64,000	\$65,000	\$68,000	\$68,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
TOTAL ¹	\$18,000	\$174,000	\$281,000	\$363,000	\$371,000	\$383,000	\$383,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000	\$401,000

Notes:

¹ Except Park Maintenance and Public Safety. See Tables 6 - C and 6 - D.

² See Table 6 - A

Table 6 - C

**PARK & RECREATION FACILITY MAINTENANCE
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PARK & RECREATION MAINTENANCE EXPENSES																	
On-Site, Serving Univ. Village Only ¹																	
Open Space / Hilltop Park ²																	
Multiluse Path ²																	
	Population	1,297	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
	University Village	184	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
	Total City of Marina	20,471	24,988	27,097	28,132	28,686	29,231	29,514	29,514	29,514	29,514	29,514	29,514	29,514	29,514	29,514	29,514
		\$0	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000
		\$0	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000
		\$0	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000
City-Wide Serving Facilities																	
Expense for Additional Facilities that Serve the Entire City (see Appendix C-1)		\$0	\$0	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000
Project Share of City Pop. Marina Station Allocation	1%	6%	9%	12%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
	\$0	\$0	\$0	\$82,000	\$81,000	\$80,000	\$78,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000
TOTAL		\$0	\$69,000	\$116,000	\$196,000	\$196,000	\$194,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000

¹ All parks and facilities assumed to be maintained by an HOA or LMD except Hilltop Park and the Multiluse path.
² Estimated Based on

Hilltop Park	Quantity	7.8 acres	Multiluse Path	Quantity	171,024	Sq.Ft.
	Unit Cost	\$4,441 per acre		Unit Cost	\$0.30	Per Sq.Ft.
	Management & Admin	15%		Contingency	20%	
	Total	\$47,000		Total	\$69,000	

Table 6 - D

**PUBLIC SAFETY
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Resident Equivalents																	
University Villages	194	1,934	3,073	3,698	3,995	4,154	4,154	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Marina Heights (Appendix A-1)	721	1,313	1,947	2,505	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
Cypress Knolls (Appendix A-1)	467	551	844	1,082	1,223	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Total	1,382	3,808	5,864	7,283	8,069	8,213	8,213	8,446	8,446	8,446	8,446	8,446	8,446	8,446	8,446	8,446	8,446
University Village Share	14%	49%	52%	52%	50%	51%	51%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
PUBLIC SAFETY - FIRE																	
Marina/Seaside Fire Station ¹	0	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Allocation to this Project	14%	49%	52%	52%	50%	51%	51%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
Project Share of Fire Expense	\$0	\$638,000	\$676,000	\$672,000	\$643,000	\$652,000	\$652,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000
PUBLIC SAFETY - POLICE																	
Population	194	1,297	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
Officers Per 1,000 ²	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Officers	0	2	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Employment	0	2,547	3,037	3,095	3,095	3,731	3,731	4,663	4,663	4,663	4,663	4,663	4,663	4,663	4,663	4,663	4,663
Officers Per 1,000 ²	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Officers	0	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Total New Officers Required	0	3	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6
Fully Loaded Cost Per Officer ²	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Total Police	\$0	\$360,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000
TOTAL PUBLIC SAFETY	\$0	\$998,000	\$1,276,000	\$1,272,000	\$1,243,000	\$1,252,000	\$1,252,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000	\$1,390,000

Note:

¹ See Appendix B-2

² See Table 6-A

Table 6 - E

PROJECTION OF ANNUAL GENERAL FUND EXPENSES
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
RECURRING GENERAL FUND EXPENDITURES																	
City Administration	\$11,000	\$111,000	\$178,000	\$224,000	\$229,000	\$238,000	\$238,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
Public Safety - Police	\$0	\$360,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000
Public Safety - Fire	\$0	\$636,000	\$676,000	\$672,000	\$643,000	\$652,000	\$652,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000
Animal Care & Vehicle Abatmt	\$1,000	\$10,000	\$17,000	\$23,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Recreation and Comm Svc	\$3,000	\$21,000	\$36,000	\$52,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Park Maintenance	\$0	\$69,000	\$116,000	\$186,000	\$187,000	\$184,000	\$184,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000
Planning	\$3,000	\$32,000	\$50,000	\$64,000	\$65,000	\$68,000	\$68,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
TOTAL GENERAL FUND	\$18,000	\$1,241,000	\$1,673,000	\$1,833,000	\$1,811,000	\$1,831,000	\$1,829,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000	\$1,984,000

Table 7

**STREETS / GAS TAX FUND IMPACTS (NON-GENERAL FUND)
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
UNIVERSITY VILLAGES
CITY OF MARINA, CA**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
University Village Residents	194	1,287	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
Resident Equivalents																	
University Village	194	1,934	3,073	3,866	3,995	4,154	4,154	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Total City of Marina	21,887	24,674	27,155	29,425	30,772	31,838	32,678	33,482	33,778	34,039	34,265	34,494	34,659	34,798	34,936	35,005	35,005
CITY-WIDE SERVING ARTERIAL MAINTENANCE COST³																	
Arterials Adjacent to Univ. Village	\$0	\$205,200	\$205,200	\$205,200	\$205,200	\$635,000	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000	\$365,000	\$365,000	\$365,000	\$365,000	\$365,000	\$365,000
Arterials Adjacent to Marina Heights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arterials Adjacent to Cypress Knolls	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arterials Adjacent to Marina Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arterials Adjacent to Golf /Hotel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arterials Adjacent to Airport Bus Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arterials Adjacent to UC MBEST	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Arterials	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$205,200	\$205,200	\$205,200	\$205,200	\$635,000	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000	\$365,000	\$365,000	\$365,000	\$365,000	\$365,000	\$365,000
UNIVERSITY VILLAGE ALLOCATION OF MAINTENANCE COST¹																	
Share of City-Wide Resident Equiv.	0.9%	7.8%	11.3%	13.2%	13.0%	13.0%	12.7%	13.1%	13.0%	12.9%	12.8%	12.7%	12.7%	12.6%	12.6%	12.5%	12.5%
Arterial Maint. Allocation	\$0	\$16,000	\$23,000	\$27,000	\$27,000	\$83,000	\$58,000	\$60,000	\$59,000	\$59,000	\$58,000	\$46,000	\$48,000	\$46,000	\$46,000	\$46,000	\$46,000
Transit Corridor (100%) ³	\$0	\$5,400	\$5,400	\$5,400	\$5,400	\$107,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
Landscaped Medians (100%) ³	\$0	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000	\$324,000
	\$0	\$345,400	\$352,400	\$356,400	\$356,400	\$514,000	\$444,000	\$446,000	\$445,000	\$445,000	\$444,000	\$412,000	\$412,000	\$412,000	\$412,000	\$412,000	\$412,000
(LESS) GAS TAX REVENUE²																	
		(\$4,000)	(\$27,000)	(\$64,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)
NET PROJECT EXPENSE (REVENUE)																	
		(\$4,000)	\$318,400	\$305,400	\$292,400	\$290,400	\$378,000	\$380,000	\$379,000	\$379,000	\$378,000	\$346,000	\$346,000	\$346,000	\$346,000	\$346,000	\$346,000

Notes:
¹ Costs allocated among all new projects and the existing City of Marina based on resident equivalents
² 2004-05 Gas Tax Revenue Per Resident
 2004-05 revenue \$361,000
 residents 19,100
 revenue per resident \$20.47
³ See Appendix D-2

APPENDIX A: GENERAL FUND ANALYSIS INPUTS

Appendix A - 1
SUMMARY OF GENERAL FUND REVENUE SOURCES
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	2004-05 REVENUES	COMMENTS
REVENUES INCLUDED IN ANALYSIS		
<u>Property Taxes</u>		
Secured	\$1,175,000	
PY Secured	\$29,000	
Unsecured	\$93,000	
PY Unsecured	\$700	
HOPTR	\$11,000	
Supplemental	<u>\$48,000</u>	
	\$1,356,700	Property taxes projected based on development program
Property Transfer Tax	\$57,000	Transfer Taxes projected based on development program
Motor Vehicle In Lieu	\$1,341,000	Projected based on growth in assessed value and population (per SB 1096)
<u>Sales and Use Tax</u>		
General City	\$1,137,000	
Public Safety	<u>\$56,000</u>	
	\$1,193,000	Projected based on retail square footage
Transient Occupancy	\$1,126,000	Projected based on hotel included in program
Franchise Fee	\$480,000	5% fee: gas, electric, cable, marina coast water district and waste management
<u>Licenses and Permits</u>		
Business License	\$70,000	Estimated based on development program
Other License	\$11,500	
TOTAL INCLUDED ITEMS	\$5,636,200	
COST RECOVERY & FEE FOR SERVICE ITEMS DEDUCTED FROM DEPARTMENTAL EXPENDITURES		
DEDUCTED FROM PUBLIC SAFETY		
Animal Licenses	\$6,700	
<u>Charges for Services - Animal Control / Vehicle Abatement</u>		
Animal Control Service	\$200	
Animal Control-CSUMB	\$4,500	
Abandoned Vehicle	\$28,000	
Stored Vehicles	<u>\$26,500</u>	
	\$59,200	
<u>Fines and Forfeitures - Police / Fire</u>		
Parking	\$72,500	
Vehicle Code	\$42,500	
Health & Safety Code Fines	\$100	
Criminal	<u>\$2,800</u>	
	\$117,900	
<u>Revenue From Other Agencies - Police / Fire</u>		
POST Reimbursements	\$42,500	
Booking Fee Reimbursement	\$75,000	
Other Public Safety Income	\$6,000	
EMS	\$2,300	
COPS-Universal Hiring	\$100,000	
Law Enforcement AB 3229	\$100,000	
Public Safety Contributions	\$500	
Bureau of Justice	<u>\$0</u>	
	\$326,300	
<u>Charges for Services - Police / Fire</u>		
Police/Fire Services	\$24,000	
Police/Fire Preston Park	\$160,726	
Police/Fire-MPC	\$2,100	
Police/Fire-Abram	\$92,330	
Booking Fees Reimbursements-private	\$100	
Mutual Aid Calls	\$6,000	
Plan Check	<u>\$5,300</u>	
	\$290,556	

		2004-05 REVENUES	COMMENTS
<u>Charges for Services - Recreation Services</u>			
Park and Recreation Fee		\$4,000	
Adult Sport Fees		\$14,000	
Youth Basketball		\$2,000	
Back to School Golf		\$5,000	
Five Miler		<u>\$7,000</u>	
		\$32,000	
<u>Parks & Rec/Other Revenues</u>			
Park & Rec Contributions		\$2,100	
Teen Center Contributions		\$200	
Insurance Fees		<u>\$7,000</u>	
		\$9,300	
SUBTOTAL		<u>\$841,956</u>	
DEDUCTED FROM PUBLIC WORKS			
<u>Revenue from Money & Property - Parks</u>			
Recreation Property		\$28,500	
Ball Field Lights		\$0	
		\$28,500	
<u>Charges for Services - Public Works</u>			
Plan Check		\$20,000	
Duplication fees		\$100	
Engineering Inspection		<u>\$15,000</u>	
		\$35,100	
<u>Charges for Services - Building</u>			
Plan Check		\$75,000	
Building Inspection Engineering Fees		\$15,000	
Building Department Training		<u>\$4,000</u>	
		\$94,000	Budget projects five fold increase in this revenue in future years
Building Permits		\$125,000	
SUBTOTAL		<u>\$282,600</u>	
DEDUCTED FROM PLANNING			
<u>Charges for Services - Planning</u>			
Mobile Home Inspection Fees		\$3,000	
Planning/Zoning		\$150,000	
Planning Fees - Marina Station		\$100,000	
Design Review		\$15,000	
Sale of Documents		\$150	
Notary Fees		<u>\$250</u>	
SUBTOTAL		<u>\$268,400</u>	
TOTAL COST RECOVERY / FEE FOR SERVICE		<u>\$1,392,956</u>	
TRANSFERS FOR NON-GENERAL FUND ACTIVITIES			
DEDUCTED FROM DEPARTMENTAL EXPENDITURES			
Landscape Maintenance Districts		\$1,220	
Fund 28 staff charges		\$10,000	
CDBG staff charges		\$24,800	
Airport		\$58,912	
University Villages Fund 43		\$82,715	
Redevelopment Agency		<u>\$225,162</u>	
TOTAL NON-GENERAL FUND ACTIVITIES		<u>\$402,809</u>	See Column in Table A-2
EXCLUDED ITEMS			
USE OF MONEY AND PROPERTY			
Investment Earnings		\$80,000	Independent of subject development
Antennas		\$8,700	
Ft Ord - Rec Ctr		\$550	
Vending Machine		<u>\$500</u>	
		\$89,750	
OTHER			
Sale of Documents		\$200	
Other Revenue/Donations		<u>\$500</u>	
		\$700	Independent of subject development
Utility Users Tax		\$770,000	Tax Sunsets September 2004. Budget p. E-5.
TOTAL EXCLUDED ITEMS		<u>\$860,450</u>	
TOTAL REVENUES		<u>\$8,291,415</u>	

Source: City of Marina. Adopted Budget, Fiscal Year 2004-2005.

Appendix A - 2
SUMMARY OF GENERAL FUND BUDGET EXPENDITURES
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	2004-05 BUDGET	(LESS) CAPITAL OUTLAY	(LESS) TRANSFERS FOR NON-GENERAL FUND ACTIVITIES ¹	SUBTOTAL AFTER TRANSFERS & CAPITAL COST	NET ANNUAL GENERAL FUND EXPENSE	SOURCE/NOTES
CITY ADMINISTRATION						
City Council	\$29,658	\$6,000				
City Administration	\$508,578	\$3,500				
City Attorney	\$153,350	\$0				
Non-Departmental	\$837,106	\$0				
Finance	\$441,859	\$0				
SUBTOTAL	\$1,970,551	\$9,500	\$391,589	\$1,569,462	\$1,569,462	
PUBLIC SAFETY ¹						
Public Safety - Police & Fire:						
Public Safety (Police & Fire)	\$5,156,691	\$12,700				
Public Safety Reserves	\$43,150	\$0				
	\$5,199,841	\$12,700	\$0	\$5,187,141		
(Less) Fines and Forfeitures					(\$117,900)	See Table A-1
(Less) Revenue From Other Agencies					(\$326,300)	See Table A-1
(Less) Charges for Service					(\$290,556)	See Table A-1
Subtotal					\$4,452,385	
Animal Control & Vehicle Abatement:						
Animal Control/Vehicle Abatement	\$256,149	\$0	\$0	\$256,149		
(Less) Animal Licenses					(\$6,700)	See Table A-1
(Less) Charges for Service					(\$59,200)	See Table A-1
Subtotal					\$190,249	
Recreation / Community Service (Programs)						
Recreation/Community Services	\$414,218	\$3,400				
Adult Sports	\$14,700	\$0				
Teen Center	\$8,350	\$2,500				
Special Events	\$30,650	\$0				
	\$467,918	\$5,900	\$0	\$462,018		
(Less) Other Park & Rec Revenues					(\$9,300)	See Table A-1
(Less) Charges for Service					(\$32,000)	See Table A-1
Subtotal					\$420,718	
SUBTOTAL	\$5,923,908	\$18,600	\$0	\$5,905,308	\$5,063,352	
PUBLIC WORKS ²						
Public Works:						
Public Works - Admin	\$309,110	\$0				
Vehicle Maintenance	\$172,579	\$0				
	\$481,689	\$0	\$11,220	\$470,469		
(Less) Charges for Service					(\$35,100)	See Table A-1
Subtotal					\$435,369	
Building						
Building Inspection	\$191,057	\$0	\$0	\$191,057		
(Less) Building Permit Revenue					(\$125,000)	See Table A-1
(Less) Charges for Service					(\$94,000)	See Table A-1
Subtotal					(\$27,943)	Assume zero, no net expense.
Building and Grounds						
Building and Grounds (City buildings & parks)	\$292,402	\$0	\$0	\$292,402		
(Less) Revenue from Money and Property					(\$28,500)	See Table A-1
Subtotal					\$263,902	Projected based on new park acreage
SUBTOTAL	\$965,148	\$0	\$11,220	\$953,928	\$671,328	
PLANNING						
Planning	\$615,331	\$0				
Planning - Marina Station	\$100,000	\$0				
	\$715,331	\$0	\$0	\$715,331		
(Less) Charges for Service					(\$268,400)	See Table A-1
Subtotal					\$446,931	
TOTAL	\$9,574,938	\$28,100	\$402,809	\$9,144,029	\$7,751,073	

Notes:

¹ Department covers Police, Fire, Animal Control, Vehicle Abatement, Recreation and Community Services

² Includes park maintenance and building department functions

³ See Table A-1, Transfers for non-general fund activities. Breakout by department per worksheet provided by the Finance Director.

Source: City of Marina, Adopted Budget, Fiscal Year 2004-2005.

Table A - 3
 CITYWIDE DEVELOPMENT ABSORPTION
 FISCAL IMPACT ANALYSIS
 CITY OF MARINA, CA

TOTAL AT BUILDOUT	CUMULATIVE ABSORPTION 1																		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GOLF COURSE / RESORT HOTEL																			
Golf Course	18	0	0	0	9	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Hotel Rooms	350	0	0	0	0	175	350	350	350	350	350	350	350	350	350	350	350	350	350
AIRPORT BUSINESS PARK																			
Office & Retail Sq.Ft.	1,290,100	0	0	0	129,010	387,030	645,050	903,070	1,161,090	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100	1,290,100
Industrial/Institutional Sq.Ft.	750,000	0	0	0	75,000	225,000	375,000	525,000	675,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
UC MBEST																			
Conference Center Sq.Ft.	62,871	0	0	0	0	0	0	0	0	0	0	0	31,436	62,871	62,871	62,871	62,871	62,871	62,871
Hotel Rooms	150	0	0	0	0	0	0	0	0	0	0	0	75	150	150	150	150	150	150
General Commercial Sq.Ft.	208,307	0	0	0	0	0	0	0	0	14,879	44,637	74,395	104,154	133,912	163,670	193,428	208,307	208,307	208,307
Office/R&D Sq.Ft.	675,673	0	0	0	0	0	0	0	0	48,282	144,787	241,312	337,837	434,361	530,866	627,411	675,673	675,673	675,673
Industrial/Institutional Sq.Ft.	328,116	0	0	0	0	0	0	0	0	23,294	69,882	116,470	163,058	209,646	256,234	302,822	328,116	328,116	328,116
UNIVERSITY VILLAGES 2																			
Alley	242	0	12	78	164	242	242	242	242	242	242	242	242	242	242	242	242	242	242
Carriage	128	0	12	47	63	115	126	126	126	126	126	126	126	126	126	126	126	126	126
Glens	131	0	12	75	117	131	131	131	131	131	131	131	131	131	131	131	131	131	131
Standard	115	0	0	12	68	113	115	115	115	115	115	115	115	115	115	115	115	115	115
Townhomes	163	0	22	101	160	163	163	163	163	163	163	163	163	163	163	163	163	163	163
Duets	352	0	15	84	211	341	352	352	352	352	352	352	352	352	352	352	352	352	352
Affordable Apartments	108	0	0	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108
	1,237	0	73	505	891	1,199	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
Retail Sq.Ft.	617,400	0	0	558,200	584,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400	617,400
Business Park Sq.Ft.	661,000	0	0	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000	269,000
Hotel	100	0	0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Unltd Svc Rooms	400	0	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Full Service Rooms																			
MARINA HEIGHTS																			
Townhome	102	12	42	78	99	102	102	102	102	102	102	102	102	102	102	102	102	102	102
Cluster Market	103	14	38	62	89	103	103	103	103	103	103	103	103	103	103	103	103	103	103
Market A	85	11	31	51	74	85	85	85	85	85	85	85	85	85	85	85	85	85	85
Market B	338	30	85	148	223	300	338	338	338	338	338	338	338	338	338	338	338	338	338
Estates	337	19	75	136	199	287	337	337	337	337	337	337	337	337	337	337	337	337	337
	85	0	10	34	67	85	85	85	85	85	85	85	85	85	85	85	85	85	85
	1,050	88	280	506	750	961	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050

**Table A - 3
CITYWIDE DEVELOPMENT ABSORPTION
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	TOTAL AT BUILDOUT	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
		CUMULATIVE ABSORPTION ¹																		
CYPRESS KNOLLS																				
SF 55X100 ft lots	262	24	72	120	168	227	262	262	262	262	262	262	262	262	262	262	262	262	262	262
SF 55X80 ft lots	256	24	71	118	165	222	256	256	256	256	256	256	256	256	256	256	256	256	256	256
Townhomes	48	6	18	30	43	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49
Deed Restricted Senior Units	36	4	11	18	25	32	36	36	36	36	36	36	36	36	36	36	36	36	36	36
Affordable Apartments	107	41	81	81	81	94	107	107	107	107	107	107	107	107	107	107	107	107	107	107
	710	98	252	366	481	624	710	710	710	710	710	710	710	710	710	710	710	710	710	710
Support Services Sq.Ft.	10,000	0	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Recreation Center Sq.Ft.	40,000	0	20,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Assisted Living Beds	60	0	0	0	0	0	30	60	60	60	60	60	60	60	60	60	60	60	60	60
MARINA STATION																				
Single Family Units	728	0	0	60	180	300	420	540	664	728	728	728	728	728	728	728	728	728	728	728
Multifamily Units	488	0	0	40	120	200	280	360	444	488	488	488	488	488	488	488	488	488	488	488
	1,216	0	0	100	300	500	700	900	1,108	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216
Commercial Sq.Ft.	142,000	0	0	0	0	0	0	71,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000
Industrial Sq.Ft.	828,000	0	0	0	0	0	0	0	0	75,000	275,000	525,000	739,000	828,000	828,000	828,000	828,000	828,000	828,000	828,000

Notes:

- ¹ A lag factor has been applied to the absorption schedule for purposes of the fiscal analysis. In the year of completion, new residential units, commercial, and industrial space are not occupied for a full year. To account for partial year occupancy, a factor of 50% has been applied for the initial year of absorption.
- ² Absorption schedule from the KMA University Villages Fiscal Analysis. Adjustments to absorption were based on the more detailed quarterly absorption timing.

Table A-4
CITYWIDE POPULATION AND EMPLOYMENT ESTIMATES
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

BASIS AT BUILDOUT	AVG UNIT SQ.FT.	POI/EMPLMT PER UNIT	CUMULATIVE ABSORPTION																
			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GOLF COURSE / RESORT HOTEL																			
Golf Course employees	18 holes	1.00	0	0	0	0	0	0	9	18	18	18	18	18	18	18	18	18	18
Hotel Rooms employees	350 rooms	1.00	0	0	0	0	0	0	0	175	350	350	350	350	350	350	350	350	350
Total Employment			0	0	0	0	0	0	9	183	368	368	368	368	368	368	368	368	368
Resident Equivalents		0.25 per employee	0	0	0	0	0	0	2	48	92	92	92	92	92	92	92	92	92
Day & Nighttime Population		pop + employees	0	0	0	0	0	0	9	193	368	368	368	368	368	368	368	368	368
AIRPORT BUSINESS PARK																			
Office & Retail Sq.Ft.	1,200 Sq. Ft. (1000s)	3.30	0	0	0	0	0	426	1,277	2,129	2,980	3,832	4,257	4,257	4,257	4,257	4,257	4,257	4,257
Industrial/Institutional Sq.Ft.	750 Sq. Ft. (1000s)	1.00	0	0	0	0	0	75	225	375	525	675	750	750	750	750	750	750	750
Total Employment			0	0	0	0	0	501	1,502	2,504	3,505	4,507	5,007	5,007	5,007	5,007	5,007	5,007	5,007
Resident Equivalents		0.25 per employee	0	0	0	0	0	125	378	628	878	1,127	1,252	1,252	1,252	1,252	1,252	1,252	1,252
Day & Nighttime Population		pop + employees	0	0	0	0	0	501	1,502	2,504	3,505	4,507	5,007	5,007	5,007	5,007	5,007	5,007	5,007
UC MBEST																			
Conference Center Sq.Ft.	63 Sq. Ft. (1000s)	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel Rooms	150 Rooms	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Commercial Sq.Ft.	208 Sq. Ft. (1000s)	2.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office/R&D Sq.Ft.	678 Sq. Ft. (1000s)	4.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Industrial/Institutional Sq.Ft.	328 Sq. Ft. (1000s)	2.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Employment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Resident Equivalents		0.25 per employee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Day & Nighttime Population		pop + employees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNIVERSITY VILLAGES																			
RESIDENTIAL																			
Alley	242 DU	1,952	0	30	195	410	570	605	605	605	605	605	605	605	605	605	605	605	605
Carriage	128 DU	2,543	0	34	132	176	322	353	353	353	353	353	353	353	353	353	353	353	353
Glens	131 DU	2,362	0	34	210	328	367	367	367	367	367	367	367	367	367	367	367	367	367
Standard	115 DU	3,123	0	0	35	197	328	334	334	334	334	334	334	334	334	334	334	334	334
Townhomes	163 DU	1,568	0	59	273	432	440	440	440	440	440	440	440	440	440	440	440	440	440
Duels	352 DU	1,288	0	38	210	528	853	880	880	880	880	880	880	880	880	880	880	880	880
Affordable Apartments	108 DU	909	0	0	243	243	243	243	243	243	243	243	243	243	243	243	243	243	243
COMMERCIAL																			
Retail Sq.Ft.	617 Sq. Ft. (1000s)	2.50	0	0	1,398	1,486	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544
Business Park Sq.Ft.	661 Sq. Ft. (1000s)	4.00	0	0	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076
Hotel	100 Rooms	0.75	0	0	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Full Service Rooms	400 Rooms	1.00	0	0	0	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Total Employment			0	184	1,267	2,314	3,122	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
Resident Equivalents		0.25 per employee	0	0	2,547	3,037	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095	3,095
Day & Nighttime Population		pop + employees	0	184	3,844	5,351	6,217	6,316	6,316	6,316	6,316	6,316	6,316	6,316	6,316	6,316	6,316	6,316	6,316

Table A-4
CITY-WIDE POPULATION AND EMPLOYMENT ESTIMATES
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

BASIS AT BUILDOUT	AVG UNIT SQ.FT.	POPEMPLMT PER UNIT	CUMULATIVE ABSORPTION																	
			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MARINA HEIGHTS																				
Townhome	102 DU	1,350	29	101	187	238	245	245	245	245	245	245	245	245	245	245	245	245	245	245
Cluster Market	103 DU	1,550	35	95	154	223	258	258	258	258	258	258	258	258	258	258	258	258	258	258
Cluster Bldgs	85 DU	1,550	28	76	126	184	213	213	213	213	213	213	213	213	213	213	213	213	213	213
Market A	338 DU	1,800	78	221	384	580	778	879	879	879	879	879	879	879	879	879	879	879	879	879
Market B	337 DU	2,500	51	201	367	538	774	910	910	910	910	910	910	910	910	910	910	910	910	910
Estates	85 DU	3,500	0	27	95	188	238	238	238	238	238	238	238	238	238	238	238	238	238	238
Total Population			221	721	1,313	1,947	2,505	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
Total Employment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Resident Equivalents			221	721	1,313	1,947	2,505	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
Day & Nighttime Population			221	721	1,313	1,947	2,505	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
CYPRESS KNOLLS																				
est. by RMA:																				
RESIDENTIAL			38	115	182	289	363	419	419	419	419	419	419	419	419	419	419	419	419	419
SF 55X100 ft lots	282 DU	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SF 55X90 ft lots	258 DU	2,100	38	113	188	283	355	410	410	410	410	410	410	410	410	410	410	410	410	410
Townhomes	49 DU	1,800	10	29	48	68	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Deed Restricted Senior Units	38 DU	1,800	6	17	28	39	51	58	58	58	58	58	58	58	58	58	58	58	58	58
Affordable Apartments	107 DU	800	91	182	182	182	212	241	241	241	241	241	241	241	241	241	241	241	241	241
Assisted Living Beds	80 Beds	300	0	0	0	0	0	30	60	60	60	60	60	60	60	60	60	60	60	60
COMMERCIAL			0	25	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Support Services Sq.Ft.	10 Sq. Ft. (1000s)		0	20	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Recreation Center Sq.Ft.	40 Sq. Ft. (1000s)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assisted Living Beds	60 Beds		0	0	0	0	0	60	120	120	120	120	120	120	120	120	120	120	120	120
Total Population			182	456	638	821	1,060	1,236	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266
Total Employment			0	45	90	90	90	150	210	210	210	210	210	210	210	210	210	210	210	210
Resident Equivalents			182	467	661	844	1,082	1,273	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Day & Nighttime Population			182	501	728	911	1,150	1,388	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476
MARINA STATION																				
RESIDENTIAL			0	0	182	486	810	1,134	1,458	1,793	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986
Single Family Units	728 DU		0	0	182	486	810	1,134	1,458	1,793	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986
Multifamily Units	488 DU		0	0	100	300	500	700	900	1,110	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220
COMMERCIAL			0	0	0	0	0	0	0	178	355	355	355	355	355	355	355	355	355	355
Commercial Sq.Ft.	142 Sq. Ft. (1000s)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Industrial Sq.Ft.	828 Sq. Ft. (1000s)		0	0	0	0	0	0	0	0	150	550	1,050	1,478	1,656	1,656	1,656	1,656	1,656	1,656
Total Population			0	0	262	786	1,310	1,634	2,356	2,903	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188
Total Employment			0	0	0	0	0	0	178	355	505	905	1,405	1,633	2,011	2,011	2,011	2,011	2,011	2,011
Resident Equivalents			0	0	262	786	1,310	1,634	2,402	2,992	3,312	3,412	3,537	3,644	3,688	3,688	3,688	3,688	3,688	3,688
Day & Nighttime Population			0	0	262	786	1,310	1,634	2,536	3,258	3,691	4,091	4,591	5,019	5,197	5,197	5,197	5,197	5,197	5,197
TOTAL																				
Population			403	1,371	3,510	5,868	7,897	9,032	9,586	10,131	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414
Employment			0	45	2,637	3,127	3,694	4,840	6,990	8,169	10,252	11,430	12,463	13,465	14,303	14,963	15,517	16,071	16,347	16,347
Resident Equivalents			403	1,382	4,170	6,650	8,920	10,267	11,334	12,173	12,977	13,271	13,535	13,780	13,990	14,155	14,293	14,431	14,501	14,501
Day & Nighttime Population			403	1,416	6,147	8,995	11,691	13,972	16,576	18,300	20,668	21,844	22,897	23,879	24,717	25,377	25,931	26,484	26,761	26,761

Table A - 5
 ASSESSED VALUE ADDED - INPUTS FROM TAX INCREMENT PROJECTION
 FISCAL IMPACT ANALYSIS
 CITY OF MARINA, CA
 (\$000s)

	CALENDAR YEAR OF SALE / TRANSACTION ¹																		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
TOTAL																			
GOLF COURSE / RESORT HOTEL																			
Commercial Value Added ¹	113,100	0	0	0	8,100	105,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	113,100	0	0	0	8,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100
Cumulative on Secured Tax roll	113,100	0	0	0	0	4,050	60,500	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100	113,100
AIRPORT BUSINESS PARK																			
Commercial Value Added ¹	246,015	0	0	0	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203	49,203
Cumulative	246,015	0	0	0	49,203	98,406	147,609	196,812	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015
Cumulative on Secured Tax roll	246,015	0	0	0	0	24,602	73,805	123,008	172,211	221,414	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015	246,015
UC MBEST																			
Commercial Value Added ¹	201,934	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	201,934	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative on Secured Tax roll	201,934	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNIVERSITY VILLAGES ¹																			
Residential Value Added - Mkt Rate	699,306	47,934	174,346	234,737	173,444	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	699,306	47,934	222,282	457,020	630,464	699,306	872,740	1,046,184	1,220,628	1,394,072	1,567,516	1,740,960	1,914,404	2,087,848	2,261,292	2,434,736	2,608,180	2,781,624	2,955,068
Cumulative on Secured Tax roll	699,306	0	23,987	155,106	339,651	654,885	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306	699,306
Residential Value Added - All for sale	90,418	0	20,349	32,179	38,421	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	90,418	0	20,349	52,528	88,948	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418
Cumulative on Secured Tax roll	90,418	0	0	10,175	36,439	69,662	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418	90,418
MARINA HEIGHTS																			
Commercial Value Added	228,909	9,747	124,634	42,649	3,189	16,668	4,665	24,460	0	0	0	0	0	0	0	0	0	0	0
Cumulative	228,909	9,747	134,382	177,031	183,098	199,764	204,449	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909
Cumulative on Secured Tax roll	228,909	0	4,874	72,065	155,705	181,504	191,441	202,117	216,679	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909	228,909
Residential Value Added - Mkt Rate ¹	613,725	83,358	125,706	136,818	150,513	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	613,725	83,358	209,064	345,882	496,395	613,725	813,725	1,013,725	1,213,725	1,413,725	1,613,725	1,813,725	2,013,725	2,213,725	2,413,725	2,613,725	2,813,725	3,013,725	3,213,725
Cumulative on Secured Tax roll	613,725	0	41,679	146,211	277,473	555,060	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725	613,725
Residential Value Added - All for sale ¹	23,035	6,126	4,533	8,249	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	23,035	6,126	10,660	16,786	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035
Cumulative on Secured Tax roll	23,035	0	3,063	9,393	19,911	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035

Table A - 5
ASSESSED VALUE ADDED - INPUTS FROM TAX INCREMENT PROJECTION
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA
(\$000s)

	CALENDAR YEAR OF SALE / TRANSACTION ¹																		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
TOTAL	65,470	130,940	196,410	282,320	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784
CYPRESS KNOLLS	65,470	130,940	196,410	282,320	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784
Residential Value Added - Mkt Rate ¹	65,470	130,940	196,410	282,320	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784
Cumulative	65,470	130,940	196,410	282,320	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784
Cumulative on Secured Tax roll	0	32,735	65,470	163,675	229,355	306,052	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784	349,784
Residential Value Added - Aff ¹	2,240	2,240	2,240	2,240	2,560	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	2,240	4,480	6,720	8,960	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520
Cumulative on Secured Tax roll	0	1,120	3,360	5,600	7,840	10,240	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520	11,520
Commercial Value Added ¹	0	6,250	0	0	0	2,250	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	0	6,250	6,250	6,250	6,250	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Cumulative on Secured Tax roll	0	0	3,125	6,250	6,250	8,250	7,375	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
MARINA STATION¹	0	0	66,000	66,000	66,000	66,000	66,000	70,400	0	0	0	0	0	0	0	0	0	0	0
Residential Value Added	0	0	66,000	66,000	66,000	66,000	66,000	70,400	0	0	0	0	0	0	0	0	0	0	0
Single Family Units @ \$550,000/Unit	0	0	24,000	24,000	24,000	24,000	24,000	26,400	0	0	0	0	0	0	0	0	0	0	0
Multifamily Units @ \$300,000/Unit	0	0	90,000	90,000	90,000	90,000	90,000	96,800	0	0	0	0	0	0	0	0	0	0	0
Total Residential	0	0	90,000	90,000	90,000	90,000	90,000	96,800	0	0	0	0	0	0	0	0	0	0	0
Cumulative	0	0	90,000	180,000	270,000	360,000	450,000	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800
Cumulative on Secured Tax roll	0	0	0	45,000	135,000	225,000	315,000	405,000	498,400	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800	546,800
Commercial Value Added	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Sq. Ft. @ \$150/Sq. Ft.	0	0	0	0	0	0	0	0	10,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Industrial Sq. Ft. @ \$70/Sq. Ft.	0	0	0	0	0	0	0	0	10,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Total Commercial	0	0	0	0	0	0	0	0	10,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Cumulative	0	0	0	0	0	0	0	0	10,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Cumulative on Secured Tax roll	0	0	0	0	0	0	0	10,650	21,300	28,550	40,550	56,050	73,030	79,260	79,260	79,260	79,260	79,260	79,260
TOTAL	205,128	392,647	567,570	824,777	967,664	90,000	80,000	96,800	0	0	0	0	0	0	0	0	0	0	0
Annual Value Added	205,128	392,647	567,570	824,777	967,664	90,000	80,000	96,800	0	0	0	0	0	0	0	0	0	0	0
Cumulative Value Added	205,128	597,775	1,165,345	1,990,122	2,057,786	2,147,786	2,237,786	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586
Cumulative on Secured Tax Roll	0	102,564	366,717	881,560	1,427,734	1,873,954	2,102,786	2,192,786	2,286,186	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586	2,334,586
Commercial	9,747	130,884	42,649	2,878	60,482	173,139	75,168	73,653	59,703	41,409	41,409	36,369	59,480	23,909	23,909	23,909	23,909	23,909	23,909
Annual Value Added	9,747	130,884	42,649	2,878	60,482	173,139	75,168	73,653	59,703	41,409	41,409	36,369	59,480	23,909	23,909	23,909	23,909	23,909	23,909
Cumulative Value Added	9,747	140,632	183,281	186,159	246,651	419,790	494,958	568,621	628,324	669,733	711,142	747,511	805,991	829,800	853,809	877,718	877,718	877,718	877,718
Cumulative on Secured Tax Roll	0	4,874	75,190	161,856	184,720	216,405	333,221	457,374	531,790	598,473	649,029	690,436	729,327	776,751	817,946	861,855	865,764	865,764	865,764

Notes:
¹ Per KMA tax increment projections, see Appendix A-6 for per unit valuation assumptions.
² Preliminary KMA assumption. Detailed information on development timing, product types, and the number of affordable units has not been provided.

**TABLE A - 6
VALUATION ASSUMPTIONS BACKUP
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	Scope		Valuation Assumption		Basis / Source	Total Value (000s)
Golf Course & Resort Hotel						
Golf Course	18 holes		\$450,000	Per Hole	KMA Estimate	8,100
Hotel	350 Rooms		\$300,000	Per Room	KMA Estimate	105,000
Airport Business Park						
Office & Retail	1,290,100 Sq.Ft.		\$150	Per Sq.Ft.	Marshal & Swift - R&D, Class B	193,515
Industrial/Institutional	750,000 Sq.Ft.		\$70	Per Sq.Ft.	Marshal & Swift - light mfg 14, Class B	52,500
						246,015
UC MBEST (assumed to be possessory interest/unsecured value)						
Conference Center	62,871 Sq.Ft.		\$192	Per Sq.Ft.	Marshal & Swift - Convention Ctr 16, Class C	12,071
Hotel	150 Rooms		\$150,000	Per Room	KMA Estimate	22,500
General Commercial	208,307 Sq.Ft.		\$110	Per Sq.Ft.	Marshal & Swift - Shopping Center 13, Class C	22,914
Office/R&D	675,673 Sq.Ft.		\$180	Per Sq.Ft.	KMA Estimate	121,621
Industrial/Institutional	326,116 Sq.Ft.		\$70	Per Sq.Ft.	Marshal & Swift - light mfg 14, Class B	22,828
						201,934
University Villages						
Land Conveyance to MCP					KMA UV Analysis	22,800
Residential						
Bulk Lot Sale to Builders	1,129 Lots		\$116,627	per Lot	KMA UV Analysis	131,672
Finished Home Sales	1,129 Homes		\$699,488	per Home	KMA UV Analysis	789,722
Retail						
Pad Sale	65 Acres		\$165,464	per Acre	KMA UV Analysis	10,720
Vertical completed	617,400 Sq.Ft.		\$160	Per Sq.Ft.	AV research for Univ. Villages projections	98,784
Business Park						
Pad Sale	43 Acres		\$183,651	per Acre	KMA UV Analysis	7,855
Vertical completed	661,000 Sq.Ft.		\$125	Per Sq.Ft.	AV research for Univ. Villages projections	82,625
Hotel						
Pad Sale	16 Acres		\$239,580	per Acre	KMA UV Analysis	3,773
Vertical completed	500 Rooms		\$95,000	Per Room	AV research for Univ. Villages projections	47,500
Marina Heights						
		Unit				
		Sq.Ft.	@ \$300/SF			
Townhome	102 Homes	1,350	\$405,000	per Home	Avg Value / Sq.Ft. per Univ. Village	41,310
Cluster Market	103 Homes	1,550	\$465,000	per Home	Avg Value / Sq.Ft. per Univ. Village	47,895
Market A	338 Homes	1,800	\$540,000	per Home	Avg Value / Sq.Ft. per Univ. Village	182,520
Market B	337 Homes	2,500	\$750,000	per Home	Avg Value / Sq.Ft. per Univ. Village	252,750
Estates	85 Homes	3,500	\$1,050,000	per Home	Avg Value / Sq.Ft. per Univ. Village	89,250
Affordable Bridge Units	85 Homes	1,550	\$271,000	per Home	Avg Value / Sq.Ft. per Univ. Village	23,035
	1,050					636,760
Cypress Knolls						
		Unit				
		Sq.Ft.	@ \$275/SF			
Residential						
Single Family 55X100 ft lots	262 Homes	2,500	\$688,000	per Home	KMA Estimate	180,256
Single Family 55X80 ft lots	256 Homes	2,100	\$578,000	per Home	KMA Estimate	147,958
Townhomes	49 Homes	1,600	\$440,000	per Home	KMA Estimate	21,560
Deed Rest. Senior Units	36 Homes		\$320,000	per Home	KMA Estimate	11,520
Affordable Apartments	107 Homes		\$0	per Home	Assumed to be exempt	0
	710					351,304
Commercial						
Support Services	10,000 Sq.Ft.		\$125	per Sq.Ft.	KMA Estimate	1,250
Recreation Center	40,000 Sq.Ft.		\$125	per Sq.Ft.	KMA Estimate	5,000
Assisted Living Beds	60 Beds	300	\$37,500	per Bed 1	KMA Estimate	2,250
						8,500
Marina Station						
Residential						
Single Family	728 Homes		\$550,000	per Home		400,400
Multi-Famil	488 Homes		\$300,000	per Home		146,400
	1,216					546,800
Commercial						
Industrial	142,000 Sq.Ft.		\$150	per Sq.Ft.	KMA Estimate	21,300
	828,000 Sq.Ft.		\$70	per Sq.Ft.	KMA Estimate	57,960
						79,260

Notes:

¹ Assuming an AV of \$125/Sq.Ft.

Appendix A - 7

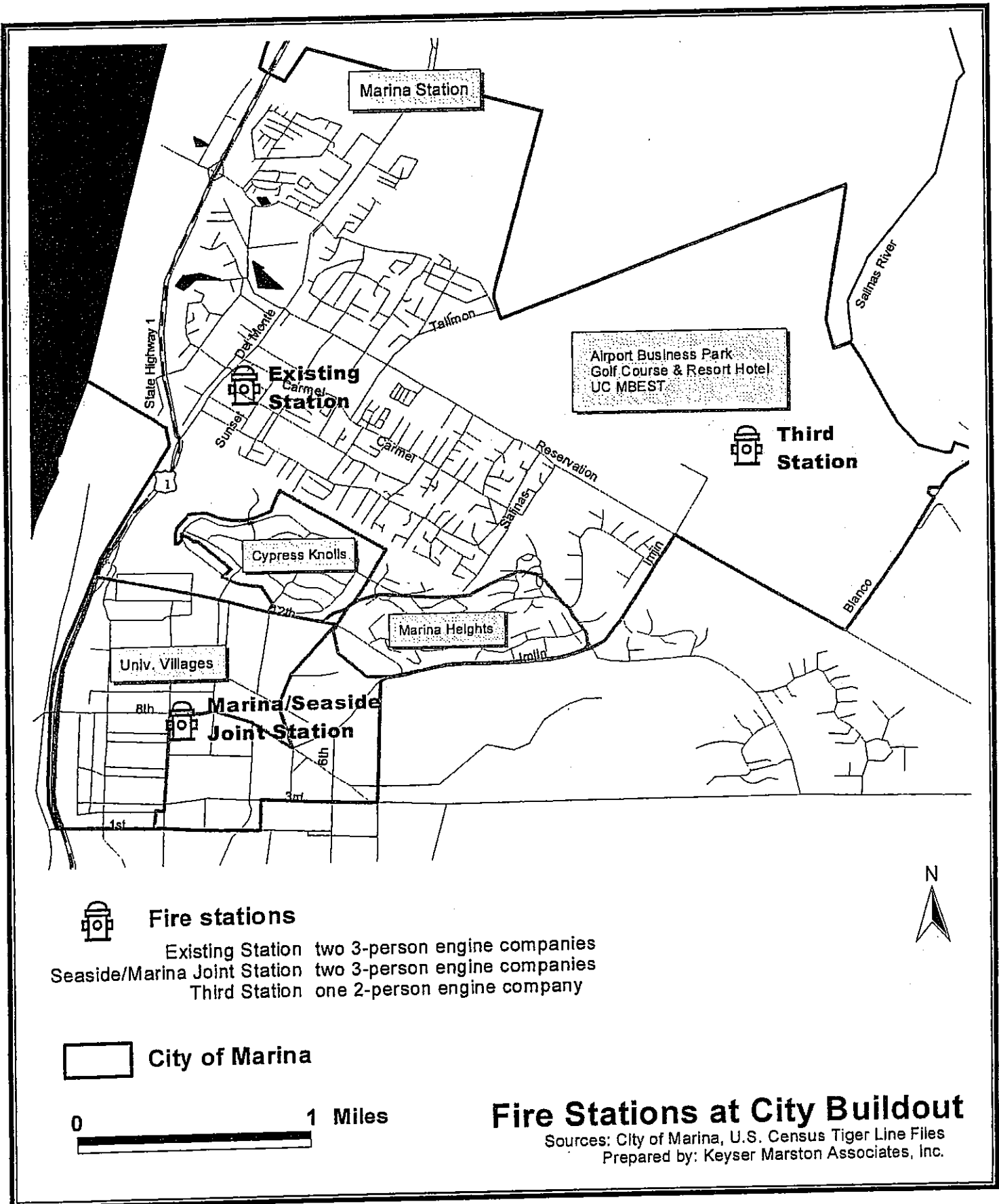
**AVERAGE WAGES BY LAND USE
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	R&D OCCUPATIONAL DISTRIBUTION ¹	OFFICE OCCUPATIONAL DISTRIBUTION ¹	INDUSTRIAL OCCUPATIONAL DISTRIBUTION ¹	2004 MEAN WAGE ²
OCCUPATION GROUPS				
Management Occupations	12%	9%	8%	\$83,348
Business and Financial Operations	8%	10%	5%	\$56,287
Computer and Mathematical	12%	3%	5%	\$74,274
Architecture and Engineering	15%	5%	12%	\$62,237
Life, Physical, and Social Science	21%	2%	5%	\$67,088
Community and Social Services	1%	0%	0%	\$45,378
Legal	0%	4%	0%	\$74,826
Education, Training, and Library	2%	0%	0%	\$53,672
Arts, Design, Entertainment, Sports, and Media	2%	1%	1%	\$47,445
Healthcare Practitioners and Technical	2%	9%	0%	\$65,466
Healthcare Support	1%	4%	0%	\$27,618
Protective Service	0%	1%	0%	\$43,277
Food Preparation and Serving Related	0%	1%	0%	\$20,132
Building and Grounds Cleaning and Maint.	1%	2%	1%	\$23,978
Personal Care and Service	0%	0%	0%	\$22,662
Sales and Related	2%	7%	3%	\$33,600
Office and Administrative Support	15%	37%	11%	\$31,554
Farming, Fishing, and Forestry	0%	0%	0%	\$19,525
Construction and Extraction	1%	1%	1%	\$44,339
Installation, Maintenance, and Repair	1%	4%	4%	\$38,831
Production	3%	1%	40%	\$29,577
Transportation and Material Moving	1%	0%	4%	\$25,325
TOTAL	100%	100%	100%	
WEIGHTED AVERAGE WAGE, 2004	\$58,651	\$47,063	\$44,074	
WEIGHTED AVERAGE WAGE, 2005 ³	\$59,000	\$48,000	\$45,000	

Notes:

- ¹ Occupation percentages are based on the 2002 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics.
- ² California Employment Development Department, Occupational Employment & Wage Data, Occupational Employment Statistics Survey. 2004 Data for Monterey County
- ³ Adjusted upwards by 1.1% from 2004 estimates.

APPENDIX B: CITY-WIDE FIRE SERVICE COSTS



Fire stations

- Existing Station two 3-person engine companies
- Seaside/Marina Joint Station two 3-person engine companies
- Third Station one 2-person engine company



City of Marina

0

1 Miles



Fire Stations at City Buildout

Sources: City of Marina, U.S. Census Tiger Line Files
Prepared by: Keyser Marston Associates, Inc.



**Table B - 1
ADDITIONAL FIRE PROTECTION AND EMS SERVICE COSTS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CUMULATIVE ABSORPTION¹																	
<i>Increase staffing to two, two-person engine companies to provide adequate protection given existing demands.</i>																	
A. Current Needs ¹																	
Additional Staff																	
Staff Cost @ \$131,000 ²	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000
Engine Replacement ³	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Total Current Needs	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
B. Future Needs ¹																	
1. Marina/Seaside Joint Facility																	
Staff	0	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Staff Cost @ \$131,000 ²	0	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000
Station O&M ²	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Engine Replacement (2 engines) ³	0	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total Joint Facility	0	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000
Marina Share @50%	0	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
2. Third Station																	
Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Cost @ \$131,000 ²	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Station O&M ²	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Engine Replacement ³	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Third Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Existing Station & Engine Companies - 3-person staffing																	
Additional Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Cost @ \$131,000 ²	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Future Needs	0	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Total Additional Fire Service Costs	1,215,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000	2,505,000

Notes:

¹ Estimated by ROMA based on Marina Department of Public Safety Standards of Cover Analysis.

² Based on the cost estimate prepared by the Salinas Rural Fire District for a fire station required as part of the East Ganton Parkers Project in Monterey County.

³ Assumes \$525,000 engine replaced every 15 years

Table B - 2
 ALLOCATION OF ADDITIONAL FIRE PROTECTION AND EMS SERVICE COSTS
 FISCAL IMPACT ANALYSIS
 CITY OF MARINA, CA

	BASIS	CUMULATIVE ABSORPTION ¹																
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL ADDITIONAL FIRE/EMS COSTS		1,215,000	2,505,000	2,505,000	2,505,000	2,505,000	3,295,000	3,295,000	3,295,000	4,270,000	4,270,000	4,270,000	4,270,000	4,270,000	4,270,000	4,270,000	4,270,000	4,270,000
ALLOCATION OF FIRE/EMS COSTS																		
Current Needs	100%	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
Existing City of Marina		0	638,000	678,000	671,000	643,000	652,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000
Seaside/Marina Joint Facility		0	433,000	428,000	432,000	442,000	431,000	419,000	419,000	419,000	419,000	419,000	419,000	419,000	419,000	419,000	419,000	419,000
University Villages		0	218,000	189,000	187,000	205,000	207,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Marina Heights		0	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Cypress Knolls		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Third Station		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Course/ Resort Hotel		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airport Business Park		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UC MBEST		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase to 3-Person Staffing of Existing Engine Companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marina Station	100%	0	0	0	0	0	780,000	790,000	790,000	790,000	790,000	790,000	790,000	790,000	790,000	790,000	790,000	790,000

APPENDIX C: CITY-WIDE PARK AND RECREATION SERVICE COSTS

Table C - 1
ADDITIONAL CITY-WIDE PARK & RECREATION COSTS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	BASIS	MEASURE	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
CITY-WIDE PARK AND RECREATION EXPENSES																			
University Villages PBC Parcels ¹																			
	Community Park	17.4 acres	\$0	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
	Sports Center	3.0 acres	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
			\$0	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000	\$452,000
	Cypress Knolls		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Senior Center ⁴	2.0 acres	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Corn Park / School ⁵	5.0 acres	\$0	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000
			\$0	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000
	Marina Heights Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Marina Station Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	UC MBEST Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Airport Business Park Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Golf Course/Hotel Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mgmt & Admin.	15%	\$0	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000
	Contingency	20%	\$0	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
	Total City-Wide Cost		\$0	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000	\$709,000
ALLOCATION OF CITY-WIDE COSTS (based on population)																			
	University Villages		\$0	\$82,000	\$81,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
	Marina Heights		\$0	\$66,000	\$69,000	\$68,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000
	Cypress Knolls		\$0	\$28,000	\$31,000	\$31,000	\$31,000	\$31,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
	Golf Course/ Resort Hotel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Airport Business Park		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	UC MBEST		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Marina Station		\$0	\$34,000	\$46,000	\$58,000	\$70,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000
	Existing City of Marina		\$0	\$499,000	\$482,000	\$472,000	\$464,000	\$464,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000	\$459,000

Notes:
¹ The program assumptions for these parks are based on the specific plan. The active park is anticipated to include baseball diamonds, soccer field, basketball, volleyball, picnic areas, lot lots, and two restrooms. The sports center is anticipated to include a community gym, a roller hockey rink, child care center, and a public pool.
² Based on a composite of the City of Monterey's per acre cost to maintain active parks with and without ball fields per 4.27.2004 discussion with City of Monterey Parks Division.
³ Net operations cost based on a facility that is 50% of the scope of the City of Monterey Sports Center which cost \$4 Million/yr to operate with 90% of operations cost recovered through user fees.
⁴ Estimated operations costs is not available at this time.
⁵ Assumes that 25% of the 20 acre site will be maintained as a community park.

APPENDIX D: CITY-WIDE PUBLIC IMPROVEMENTS MAINTENANCE COST

ADDITIONAL CITY-WIDE PUBLIC ARTERIAL MAINTENANCE COSTS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

ARTERIAL MAINTENANCE QUANTITIES	ARTERIALS OUTSIDE OF THE HISTORIC BOUNDARY OF THE CITY OF MARINA TO BE MAINTAINED PUBLICLY									
	UNIVERSITY VILLAGE	TRANSIT CORRIDOR	MARINA HEIGHTS	MARINA STATION & RESORT HOTEL	GYMPRESS KNOLLS	MARINA GOLF COURSE	AIRPORT BUS PARK	MARINA STATION	UC MBEST	OTHER
Travel/Pkg/Bike Lanes - sweep & slurry seal	244,815	927,720	0	0	0	0	0	0	0	0
Asphalt Concrete Overlay - roads & sidewalks	244,815	1,138,335	0	0	0	0	0	0	0	0
Pavement striping	0	65,141	0	0	0	0	0	0	0	0
Curb, Gutter, and Sidewalk Repair	0	1	0	0	0	0	0	0	0	0
Sidewalk, leaf & trash removal	0	210,816	0	0	0	0	0	0	0	0
Street Lights	0	200	0	0	0	0	0	0	0	0
Roadside & Entry Signs	0	1	0	0	0	0	0	0	0	0
Traffic Signals	0	8	0	0	0	0	0	0	0	0
Drainage System	0	0	0	0	0	0	0	0	0	0
Landscaping	0	0	727,826	0	0	0	0	0	0	0
ARTERIAL MAINTENANCE COSTS¹	16,000	60,000	0	0	0	0	0	0	0	0
Travel/Pkg/Bike Lanes - sweep & slurry seal	\$0.065 /Sq.Ft									
Asphalt Concrete Overlay - roads & sidewalks	\$0.06 /Sq.Ft									
Pavement striping	\$0.0825 /L.F.									
Curb, Gutter, and Sidewalk Repair	\$0.08 /LS									
Sidewalk, leaf & trash removal	\$430 /EA									
Street Lights	\$3,000 /EA									
Roadside & Entry Signs	\$0.33 /Sq.Ft									
Traffic Signals										
Drainage System										
Landscaping										
Management & Administration	15%	5,000	41,000	0	0	0	0	0	0	0
Coolingency	20%	6,000	54,000	0	0	0	0	0	0	0
AVERAGE ANNUAL COST		42,000	365,000	0	0	0	0	0	0	0
MAINTENANCE COST FOR CASH FLOW PURPOSES		2008	2008	2008	2008	2008	2008	2008	2008	2008
Completion Year, Maintenance Cost Begins		5,400	205,200	324,000	324,000	324,000	324,000	324,000	324,000	324,000
Year 1-4, Defier Reserve Prints for Slurry Seal, AC Overlay, Striping ²		107,000	635,000	0	0	0	0	0	0	0
Year 5, Pay for Slurry Seal and Striping		62,000	457,000	0	0	0	0	0	0	0
Years 6-10, Accelerated Funding of AC Overlay Reserve										
COST ALLOCATION BASIS		Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.	Res Equip. Allocation Tot.
University Villages	X	X	X	X	X	X	X	X	X	X
Marina Heights		X	X	X	X	X	X	X	X	X
Cypress Knolls		X	X	X	X	X	X	X	X	X
Golf Course/Resort Hotel		X	X	X	X	X	X	X	X	X
Airport Business Park		X	X	X	X	X	X	X	X	X
UC MBEST		X	X	X	X	X	X	X	X	X
Marina Station		X	X	X	X	X	X	X	X	X
Existing City of Marina		X	X	X	X	X	X	X	X	X
COST ALLOCATION AT BUILDOUT		42,000	40,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000
University Villages	412,000	0	0	0	0	0	0	0	0	0
Marina Heights	29,000	0	0	0	0	0	0	0	0	0
Cypress Knolls	14,000	0	0	0	0	0	0	0	0	0
Golf Course/Resort Hotel	1,000	0	0	0	0	0	0	0	0	0
Airport Business Park	13,000	0	0	0	0	0	0	0	0	0
UC MBEST	11,000	0	0	0	0	0	0	0	0	0
Marina Station	38,000	0	0	0	0	0	0	0	0	0
Existing City of Marina	214,000	0	0	0	0	0	0	0	0	0

Notes:
¹ Based on per unit costs developed for the University Villages Fiscal Analysis.
² For purposes of this calculation, 25% of sweeping and slurry seal cost is assumed to be for sweeping.
 PREPARED BY: NEYSER MORGENTHAU ASSOCIATES, INC.
 FILENAME: comp fiscal master appendix 5.12.05; 5/23/2005; 10:57 AM:dd

Appendix D-2

ADDITIONAL CITY-WIDE PUBLIC ARTERIAL MAINTENANCE COSTS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Resident Equivalents																
University Villages	1,934	3,073	3,886	3,995	4,154	4,154	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Marina Heights	1,313	1,947	2,505	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
Cypress Knolls	661	844	1,062	1,273	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Marina Station	282	786	1,310	1,834	2,402	2,982	3,312	3,412	3,537	3,644	3,688	3,688	3,688	3,688	3,688	3,688
Golf Course/ Resort Hotel	0	0	2	48	92	92	92	92	92	92	92	92	92	92	92	92
Airport Business Park	0	0	125	376	626	878	1,127	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252
UC MBEST	0	0	0	0	0	0	0	68	208	348	511	678	815	853	1,022	1,022
Existing City of Marina	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505	20,505
TOTAL MAINTENANCE COST																
University Village	5,400	5,400	5,400	5,400	107,000	62,000	62,000	62,000	62,000	62,000	42,000	42,000	42,000	42,000	42,000	42,000
Transit Corridor	205,200	205,200	205,200	205,200	635,000	457,000	457,000	457,000	457,000	457,000	365,000	365,000	365,000	365,000	365,000	365,000
Landscaping	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000
Cypress Knolls Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marina Heights Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marina Station Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Golf / Resort Hotel Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airport Bus Park Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UC MBEST Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Arterials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ALLOCATION OF COSTS																
University Villages	345,000	353,000	357,000	356,000	514,000	444,000	446,000	445,000	445,000	444,000	412,000	412,000	412,000	412,000	412,000	412,000
Marina Heights	11,000	15,000	17,000	18,000	55,000	38,000	37,000	37,000	37,000	37,000	29,000	29,000	29,000	29,000	29,000	29,000
Cypress Knolls	5,000	6,000	8,000	8,000	26,000	18,000	18,000	18,000	18,000	18,000	14,000	14,000	14,000	14,000	14,000	14,000
Golf Course/ Resort Hotel	2,000	6,000	9,000	12,000	48,000	42,000	45,000	46,000	47,000	48,000	39,000	39,000	39,000	39,000	39,000	39,000
Airport Business Park	0	0	0	0	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
UC MBEST	0	0	1,000	3,000	12,000	15,000	15,000	17,000	17,000	17,000	13,000	13,000	13,000	13,000	13,000	13,000
Marina Station	0	0	0	0	0	0	0	1,000	3,000	5,000	5,000	7,000	9,000	10,000	11,000	11,000
Existing City of Marina	171,000	155,000	143,000	137,000	409,000	287,000	280,000	277,000	275,000	273,000	217,000	216,000	215,000	214,000	214,000	214,000

Notes:
 1 UV = University Villages, MH = Marina Heights, CK = Cypress Knolls, MS = Marina Station, GH = Golf Resort / Hotel, AB = Airport Business Park, UC = UC MBEST, Ex City = Existing City of Marina

APPENDIX E: CAPTURE OF TAXABLE SALES

Appendix E - 1

TAXABLE SALES, STATE OF CALIFORNIA, 2003
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	STATE OF CALIFORNIA, 2003 TAXABLE SALES					PERCENT OF PCI
	4th Q	3rd Q	2nd Q	1st Q	TOTAL	
RETAIL CATEGORIES (000's)						
General Merchandise	\$14,536,145	\$10,496,346	\$10,393,512	\$9,269,076	\$44,695,079	5.1%
Apparel	\$4,686,826	\$3,710,172	\$3,640,818	\$3,141,894	\$15,179,710	1.7%
H F & A	\$4,434,327	\$3,738,623	\$3,597,984	\$3,333,283	\$15,104,217	1.7%
Specialty	<u>\$13,260,868</u>	<u>\$11,007,154</u>	<u>\$10,753,362</u>	<u>\$10,169,807</u>	<u>\$45,191,191</u>	<u>5.2%</u>
Comparison Goods	\$22,382,021	\$18,455,949	\$17,992,164	\$16,644,984	\$75,475,118	8.6%
Food	\$4,979,216	\$4,950,217	\$4,930,585	\$4,547,805	\$19,407,823	2.2%
Drug	\$1,627,459	\$1,387,239	\$1,437,203	\$1,403,838	\$5,855,739	0.7%
Liquor	<u>\$610,668</u>	<u>\$555,468</u>	<u>\$533,478</u>	<u>\$487,673</u>	<u>\$2,187,287</u>	<u>0.2%</u>
Convenience Goods	\$7,217,343	\$6,892,924	\$6,901,266	\$6,439,316	\$27,450,849	3.1%
Eating and Drinking	\$10,230,202	\$10,326,630	\$9,998,404	\$9,494,463	\$40,049,699	4.6%
Home Improvement	\$7,245,414	\$7,571,521	\$7,200,980	\$6,182,954	\$28,200,869	3.2%
Auto	\$15,651,835	\$18,952,736	\$17,078,385	\$15,369,185	\$67,052,141	7.7%
Service Stations	<u>\$6,679,469</u>	<u>\$7,389,946</u>	<u>\$7,013,827</u>	<u>\$6,631,393</u>	<u>\$27,714,635</u>	<u>3.2%</u>
Automotive Outlets	\$22,331,304	\$26,342,682	\$24,092,212	\$22,000,578	\$94,766,776	10.8%
Other Retail Stores	\$2,281,279	\$2,558,948	\$2,683,288	\$2,055,149	\$9,578,664	1.1%
Retail Total	\$86,223,708	\$82,645,000	\$79,261,826	\$72,086,520	\$320,217,054	36.6%

Population, 2003 ¹	35,612,000
Per Capita Income, 2003 ²	\$24,577
Total Income (000s)	875,236,124

Notes:

¹ Per the California Department of Finance.

² KMA estimate, based on 2000 Census vs. 2004 Claritas, Inc.

Source: State Board of Equalization

Appendix E - 2

EXPENDITURE POTENTIAL OF EXISTING AND FUTURE RESIDENTS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

		UNIVERSITY VILLAGES	MARINA HEIGHTS	CYPRESS KNOLLS	MARINA STATION	EXISTING CITY	TOTAL
INCOME							
Population						19,025	
Per Capita Income ¹						20,746	
Households		1,237	1,050	710	1,216		
Average Household Income ²		\$133,000	\$123,000	\$80,000	\$91,000		
Total Income (000s)		\$165,000	\$129,000	\$57,000	\$111,000	\$395,000	\$857,000
RETAIL EXPENDITURE POTENTIAL (000s)							
General Merchandise	5.1%	\$8,400	\$6,600	\$2,900	\$5,700	\$20,200	\$43,800
Apparel	1.7%	\$2,900	\$2,200	\$1,000	\$1,900	\$6,900	\$14,900
H F & A	1.7%	\$2,800	\$2,200	\$1,000	\$1,900	\$6,800	\$14,700
Specialty	<u>5.2%</u>	<u>\$8,500</u>	<u>\$6,700</u>	<u>\$2,900</u>	<u>\$5,700</u>	<u>\$20,400</u>	<u>\$44,200</u>
Comparison Goods	8.6%	\$14,200	\$11,100	\$4,900	\$9,600	\$34,100	\$73,900
Food	2.2%	\$3,700	\$2,900	\$1,300	\$2,500	\$8,800	\$19,200
Drug	0.7%	\$1,100	\$900	\$400	\$700	\$2,600	\$5,700
Liquor	<u>0.2%</u>	<u>\$400</u>	<u>\$300</u>	<u>\$100</u>	<u>\$300</u>	<u>\$1,000</u>	<u>\$2,100</u>
Convenience Goods	3.1%	\$5,200	\$4,000	\$1,800	\$3,500	\$12,400	\$26,900
Eating and Drinking	4.6%	\$7,600	\$5,900	\$2,600	\$5,100	\$18,100	\$39,300
Home Improvement	3.2%	\$5,300	\$4,200	\$1,800	\$3,600	\$12,700	\$27,600
Auto	7.7%	\$12,600	\$9,900	\$4,400	\$8,500	\$30,300	\$65,700
Service Stations	<u>3.2%</u>	<u>\$5,200</u>	<u>\$4,100</u>	<u>\$1,800</u>	<u>\$3,500</u>	<u>\$12,500</u>	<u>\$27,100</u>
Automotive Outlets	10.8%	\$17,900	\$14,000	\$6,200	\$12,000	\$42,800	\$92,900
Other Retail Stores	1.1%	\$1,800	\$1,400	\$600	\$1,200	\$4,300	\$9,300
Total Expenditure Potential (taxable only)	36.6%	\$50,000	\$47,000	\$21,000	\$41,000	\$145,000	\$314,000

Notes:

¹ Claritas, 2004

² Household Income estimated based on the following:

	Average home price	Mortgage	HH Income	Units
Marina Station	\$449,671	\$27,285	\$91,000	1,216
Marina Heights	\$606,438	\$36,798	\$123,000	1,050
University Village				
market rate	\$696,000	\$42,232	\$141,000	1,129
affordable apts (assume avg income of low)			<u>\$49,000</u>	<u>108</u>
avg			\$133,000	1,237

Cypress Knolls
(market rate units reflect 30% discount in income based on Claritas data for seniors in Monterey Co. vs. working age population.
Seniors will tend to have lower income but make higher down prmts)

market rate	\$599,177	\$25,450	\$85,000	603	(excluding assisted living
affordable apts (assume avg income of low)			<u>\$49,000</u>	<u>107</u>	beds)
avg			\$80,000	710	

Mortgage estimated based on 20% down payment, 30 yr mortgage and 6.5% interest. Income estimate assumes mortgage payment is no more than 30% of gross income.

Appendix E - 3

LEAKAGE OF TAXABLE RETAIL SALES, CITY OF MARINA, 2003
 FISCAL IMPACT ANALYSIS
 CITY OF MARINA, CA

	EXPENDITURE POTENTIAL EXISTING RESIDENTS	2003 TAXABLE SALES	LEAKAGE	
			TOTAL	PERCENT
RETAIL CATEGORIES (000's)				
General Merchandise	\$20,200	NA	NA	
Drug	<u>\$2,600</u>	<u>NA</u>	NA	
General Merchandise	\$22,800	\$5,086	\$17,714	78%
Apparel	\$6,900	estimated to be <100k ¹	\$6,800	99%
H F & A	\$6,800	\$840	\$5,960	88%
Specialty	<u>\$20,400</u>	<u>incl. in Other</u>	NA	
Comparison Goods	\$34,100	\$840	NA	
Food	\$8,800	\$17,883	(\$9,083)	-103%
Liquor	<u>\$1,000</u>	<u>incl. in Other</u>	NA	
Convenience Goods	\$9,800	\$17,883	NA	
Eating and Drinking	\$18,100	\$15,776	\$2,324	13%
Home Improvement	\$12,700	\$0	\$12,700	100%
Auto	\$30,300	\$3,476	\$26,824	89%
Service Stations	<u>\$12,500</u>	<u>\$10,272</u>	<u>\$2,228</u>	<u>18%</u>
Automotive Outlets	\$42,800	\$13,748	\$29,052	68%
Other Retail Stores	\$4,300	\$5,527	categories not comparable	
Retail Total	\$145,000	\$58,860	\$86,140	59%

Notes:

¹ three quarters of data were shown, one quarter was suppressed. Based on the three quarters of data, Apparel sales were assumed to be less than \$100,000 for 2003.

Source: State Board of Equalization

Appendix E - 4

MARINA RETAIL SALES AT CITY BUILDOUT
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	RETAIL SQ.FT.	ESTIMATED SALES PSF	PERCENT TAXABLE	TAXABLE SALES (000s)
UNIVERSITY VILLAGES RETAIL				
General Merchandise	90,000	\$400	90%	\$32,000
Comparison Goods				
Apparel	35,000	\$200	100%	\$7,000
Home Furnishings / Furniture	30,000	\$350	100%	\$11,000
Sporting Goods	40,000	\$190	100%	\$8,000
Books	23,000	\$250	100%	\$6,000
Office Supplies / Electronics	70,000	\$400	100%	\$28,000
Home Goods	11,000	\$200	100%	<u>\$2,000</u>
				\$62,000
Convenience Goods				
Supermarket	55,000	\$450	40%	\$10,000
Drugstore	15,000	\$350	70%	\$4,000
Beverages / food	10,000	\$600	40%	<u>\$2,000</u>
				\$16,000
Eating and Drinking				
Restaurants	26,000	\$500	100%	\$13,000
QSR Restaurants / Shops / Local Retail	24,000	\$350	100%	<u>\$8,000</u>
				\$21,000
Home Improvement	170,000	\$290	100%	\$49,000
Other ²	18,000	\$350	40%	\$3,000
	<u>617,000</u>	<u>\$340</u>	<u>87%</u>	<u>\$183,000</u>
UC MBEST RETAIL ¹	30,000	\$300	80%	\$7,000
MARINA STATION RETAIL	142,000	\$300	80%	\$34,000
EXISTING CITY OF MARINA RETAIL, 2003				
General Merchandise & Drug				\$5,086
HF&A				\$840
Food				\$17,883
Eating & Drinking				\$15,776
Home Improvement				\$0
Auto				\$3,476
Service Stations				\$10,272
Other, Liquor, Specialty, Apparel				<u>\$5,527</u>
				\$59,000
				<u><u>\$283,000</u></u>

Notes:

¹ Assuming 30,000 sq.ft. of the 208,000 sq.ft. "general commercial" development program is retail

² Consists of service shops / office / financial, TBD retail, and medical / dental/veterinary office

Sources: Shea Properties 2004, KMA, State Board of Equalization

Appendix E - 5

RESIDENT EXPENDITURES CAPTURED IN CITY OF MARINA
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	RETAIL STORE EXPENDITURE POTENTIAL (000s)						
	UNIVERSITY VILLAGES	MARINA HEIGHTS	CYPRESS KNOLLS	MARINA STATION	EXISTING CITY	TOTAL	
Total Retail Expenditure Potential							
General Merchandise	\$8,400	\$6,600	\$2,900	\$5,700	\$20,200	\$43,800	
Comparison Goods	\$14,200	\$11,100	\$4,900	\$9,600	\$34,100	\$73,900	
Convenience Goods	\$5,200	\$4,000	\$1,800	\$3,500	\$12,400	\$26,900	
Eating and Drinking	\$7,600	\$5,900	\$2,600	\$5,100	\$18,100	\$39,300	
Home Improvement	\$5,300	\$4,200	\$1,800	\$3,600	\$12,700	\$27,600	
Auto	\$12,600	\$9,900	\$4,400	\$8,500	\$30,300	\$65,700	
Service Stations	<u>\$5,200</u>	<u>\$4,100</u>	<u>\$1,800</u>	<u>\$3,500</u>	<u>\$12,500</u>	<u>\$27,100</u>	
	\$58,500	\$45,800	\$20,200	\$39,500	\$140,300	\$304,300	
Sales Captured in Marina	Assumed % Capture¹						
General Merchandise	50%	\$4,000	\$3,000	\$1,000	\$3,000	\$10,000	\$21,000
Comparison Goods	60%	\$9,000	\$7,000	\$1,000	\$6,000	\$20,000	\$43,000
Convenience Goods	95%	\$5,000	\$4,000	\$1,000	\$3,000	\$12,000	\$25,000
Eating and Drinking	90%	\$7,000	\$5,000	\$0	\$5,000	\$16,000	\$33,000
Home Improvement	90%	\$5,000	\$4,000	\$0	\$3,000	\$11,000	\$23,000
Auto	5%	\$1,000	\$0	\$0	\$0	\$2,000	\$3,000
Service Stations	95%	<u>\$5,000</u>	<u>\$4,000</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$12,000</u>	<u>\$24,000</u>
		\$36,000	\$27,000	\$3,000	\$23,000	\$83,000	\$172,000

Notes:

¹ Capture rate assumption is conditioned on the anticipated retail being constructed. For Cypress Knolls, a senior community with on-site services, the capture rate was reduced by 50% for General Merchandise, Comparison and Convenience Goods, and Eating and Drinking. Home improvement, auto, service stations, and eating and drinking were assumed to be zero.

Sources: State Board of Equalization; State Department of Finance; Claritas

Appendix E - 6

ALLOCATION OF CITY OF MARINA TAXABLE SALES IMPACT BY PROJECT
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

	BASED ON RESIDENTS			BASED ON NEW RETAIL		TOTAL
	Units	Per Unit	Expenditure potential captured in Marina (Table E-5) ¹	retail Sq.Ft.	Per Sq.Ft. ²	
Taxable Sales Allocated to Project (\$000s)						
University Village	1,237	\$29	\$36,000	617,000	\$0.141	\$123,000
Marina Heights	1,050	\$26	\$27,000			\$27,000
Cypress Knolls	710	\$4	\$3,000			\$3,000
Marina Station	1,216	\$19	\$23,000	142,000	\$0.141	\$43,000
UC MBEST				30,000	\$0.141	\$4,000
Existing Residents ²			\$24,000			\$24,000
			\$113,000			\$111,000
						\$224,000

Allocation of new sales captured from outside Marina based on retail Sq.Ft. ³

Notes:

¹ New resident expenditure potential captured within the City of Marina per Table E-5

² Net of existing retail sales

³ Taxable sales associated with new retail space, net of sales that are attributed to residents. (\$000s)

Total taxable sales from new retail	\$224,000
(Less) allocation to residents	(\$113,000)
Net sales attributed to retail	\$111,000

Total new retail Sq.Ft.	789,000
Per Sq.Ft. of retail	\$0.141

APPENDIX F: PER CAPITA FACTORS FOR POLICE SERVICE COST

Appendix F - 1

**POLICE SERVICE STANDARD - ADJUSTMENT TO POPULATION & EMPLOYMENT BASED STANDARD
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

POPULATION EMPLOYMENT

Marina Public Safety approved a service standard of two officers per 1,000 residents. KMA has modified this standard to reflect the service needs of employees as well as residents.

RESIDENTIAL PER CAPITA FACTOR

Hypothetical City ¹	18,000	12,000	
Residential based service level ²	1.6	0	Officers Per 1,000 Population
Total Number of Officers	29	0	Officers

ALLOCATION OF SERVICE LEVEL BETWEEN POPULATION AND EMPLOYMENT

Relative Contribution to Service Calls ³	82%	18%
Allocation of Officers Based on Service Calls	24	5
Officers Per 1,000 ⁴	1.31	0.44
(equivalent to 1.6 officers per 1,000 residents)		

Notes:

¹ Hypothetical city with a population of 18,000 and 12,000 jobs (assuming a jobs-housing balanced city with 1.5 residents per job). The number of jobs relative to the population is important to the adjustment calculation that is made on this table. A jobs-housing balanced city is assumed because the service standards that are applied are based on national averages, where on average, jobs and housing must be balanced.

² A service level of 2 officer per 1,000 residents was determined to be appropriate for University Villages. This service level is based only on residents. When adjusted to be driven off of both population and employment, a service standard of 1.6 officers per 1,000 provides for the same number of officers as the 2 officer per 1,000 standard based only on residents. A population and employment based service standard calculated using a 1.6 officers per 1,000 residents standard was applied in the analysis to be consistent with the agreed upon standard for University Villages.

³ Calculated assuming the number of service calls per employee is approximately 1/3 the number of service calls per resident. This assumption is based on service call data KMA has obtained for other communities.

⁴ This service standard yields the same number of police officers for the University Villages Project as the 2 officer per 1,000 population standard.

Appendix F - 2

**POLICE SERVICE COST - VARIOUS ESTIMATES AT BUILDOUT OF UNIVERSITY VILLAGES
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	CITY OF SEASIDE RATIO	CITY OF PACIFIC GROVE RATIO	DEPT OF JUSTICE RATIO	SUGGESTED RATIO PER MARINA PUBLIC SAFETY
BASED ON OFFICERS PER 1,000 POPULATION				
Projected residents	3,221	3,221	3,221	3,221
Sworn Officers per 1,000 residents	<u>1.20</u>	<u>1.61</u>	<u>2.00</u> ¹	<u>2.60</u> ⁴
Sworn Officers required to serve the project	4	5	6	8
Fully Loaded Cost Per Sworn Officer - Seaside	\$148,000 ²	\$148,000 ²	\$148,000 ²	\$148,000 ²
TOTAL W/ SEASIDE COST PER OFFICER	\$592,000	\$740,000	\$888,000	\$1,184,000
Fully Loaded Cost Per Sworn Officer - Marina	\$109,000 ³	\$109,000 ³	\$109,000 ³	\$109,000 ³
TOTAL W/ MARINA COST PER OFFICER	\$436,000	\$545,000	\$654,000	\$872,000
			+ 11% increase	
<i>Approach Selected based on Discussions with Public Safety:</i>			\$726,000 ⁹	

	ALAMEDA CALL RATES	RIVERMARK + ALAMEDA CALL RATES	MARINA + ALAMEDA CALL RATES
BASED ON CALLS FOR SERVICE			
RESIDENTIAL	<i>Alameda residential call rate</i>	<i>Rivermark residential call rate</i>	<i>Marina residential call rate</i>
Calls Per Unit	2.03 ⁵	2.55 ⁶	3.01 ⁷
Units	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>
Total Calls	2,511	3,151	3,724
EMPLOYEES	<i>Alameda employee call rate</i>	<i>Alameda employee call rate</i>	<i>Alameda employee call rate</i>
Calls Per Employee	0.26 ⁸	0.26 ⁸	0.26 ⁸
Employees	<u>4,686</u>	<u>4,686</u>	<u>4,686</u>
Total Calls	1,218	1,218	1,218
SERVICE COST			
Total Calls	3,729	4,370	4,943
Cost Per Call - Alameda	<u>\$252</u> ⁸	<u>\$252</u> ⁸	<u>\$252</u> ⁸
TOTAL W/ ALAMEDA COST PER CALL	\$939,794	\$1,101,145	\$1,245,525
Cost Per Call - Marina	<u>\$164</u> ⁸	<u>\$164</u> ⁸	<u>\$164</u> ⁸
TOTAL W/ MARINA COST PER CALL	\$612,439	\$717,588	\$811,677

Notes:

- U.S. Department of Justice, Bureau of Justice Statistics. *Local Police Departments 2000*. Average ratio of full time officers per 1,000 residents for jurisdictions with population between 10,000 and 24,999.
- Seaside cost per officer based on the City of Seaside's budget for 2003-04. Calculated based on 40 sworn officers and a total police budget of \$5,916,800 (net of fee for service revenue and transfers for non-general fund activities).
- Marina cost per public safety police/fire personnel for 2004-05. Calculated based on 32 sworn officers and 9 fire related staff and the total public safety budget of \$4,452,385 (see Appendix A-2). Note, based on a review of Marina staff costs, police and fire protection staff are paid similarly.
- Ratio suggested by the City of Marina Dept. of Public Safety. Represents an upward adjustment from the DOJ ratio based on the Department's assumption that a higher density community will require walking and bicycle patrols and generate higher per capita service demands.
- Based on KMA Fiscal Impact Analysis for Alameda Point, City of Alameda.
- City of Santa Clara data on Calls for Service to the Rivermark Development. Likely to overstate call generation because all calls for service are included and loaded against only the residential portion of the project. See Appendix B-3.
- Based on 25,703 existing service calls in the City of Marina and 8,537 total housing units per Census 2000. Loads all calls against the residential units.
- Service cost per call for the City of Marina. Based on full public safety budget (including the fire service portion) and the total number of police & fire service calls.

Net Public Safety Budget (Police & Fire, see Table A-2)	total calls (police & fire)	cost per call
\$4,452,385	27,112	\$164
- 2.0 sworn officers per 1,000 residents approach selected based on Public Safety Input. Adjustment from current City of Marina cost reflects assumption that Marina's cost will increase to be more in line with other jurisdictions.

Appendix F - 3

**POLICE SERVICE CALLS - RIVERMARK / CITY OF SANTA CLARA
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

MONTH	NUMBER OF CALLS	HOUSING UNITS IN PLACE ¹	CALLS PER UNIT
Oct-03	59	326	0.18
Nov-03	80	339	0.24
Dec-03	69	358	0.19
Jan-04	77	367	0.21
Feb-04	68	376	0.18
Mar-04	105	384	0.27
AVERAGE	76	358	0.21
annualized	916		2.55

Notes:

¹ At the beginning of the month

Source:

City of Santa Clara. Service Call Data for October 2003-March 2004. Rivermark Development

Appendix F - 4

**OFFICER TO POPULATION RATIOS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA**

	SWORN OFFICERS		TOTAL POPULATION ¹	OFFICERS PER 1,000
CITY OF SEASIDE	40	²	33,450	1.20
CITY OF PACIFIC GROVE	25	²	15,550	1.61
CITY OF ALAMEDA	98	³	74,900	1.31

Notes:

¹ State of California, Department of Finance. E-1 City/County Population Estimates, with Annual Percent Change. Sacramento, California. January 1, 2003.

² Based on phone calls to Police Departments. April 2004.

³ Per City of Alameda Proposed Budget 2002-2004.

Appendix F - 5

COMPARISON OF CALL TYPE DISTRIBUTION - RIVERMARK VS. CITY OF MARINA
PUBLIC FACILITY & FISCAL IMPACT ANALYSIS
FISCAL IMPACT ANALYSIS
CITY OF MARINA, CA

CLASSIFICATION ¹	% OF CALLS CITY OF MARINA	% OF CALLS RIVERMARK	DIFFERENCE
DISTURBANCE	14.6%	7.0%	-7.6%
INFO / CHECK / ASSIST	49.3%	60.0%	10.8%
MAJOR RESPONSE	4.4%	1.1%	-3.3%
MEDIUM RESPONSE	6.3%	6.6%	0.3%
MINOR RESPONSE	2.8%	3.5%	0.7%
PATROL	0.8%		-0.8%
SUSPICION	4.2%	2.0%	-2.2%
TRAFFIC	17.1%	16.6%	-0.5%
FIRE	0.6%	3.3%	2.7%
TOTAL	100%	100%	0%

Notes:

¹ Call types were classified by KMA for the purposes of comparing call for service data for the Rivermark development in Santa Clara and Marina Public Safety.

Sources:

City of Marina Department of Public Safety. Service Call Data for 2003.
City of Santa Clara. Service Call Data for October 2003-March 2004. Rivermark Development

Exhibit J

Opportunity Phase Purchase Prices

Exhibit J.
 Opportunity Parcel Land Values
 University Villages

If MCP chooses to take down an Opportunity Parcel earlier than assumed in the pro forma, MCP would make an additional land payment at the time of take down equal to the projected development parcel sale proceeds (Column "A") discounted by 22% (Column "B") assuming MCP sells development parcels to vertical builders one year after purchasing the land from Agency/FORA. The additional land payment is shown in Column "C". If MCP proceeds to the next phase, MCP would then be allowed to apply the additional land payment for the applicable parcel as a credit against the pre-established land price for that next phase. For example, if MCP chose to take down OP3 prior to Phase 3, MCP would make a land payment to Agency/FORA at the time of take down of \$2,487,781 and then be allowed to reduce the pre-established Phase 3 land payment by \$2,487,781.

Opportunity Parcel	Acres	Land SF	Units	Assumed Take Down in Pro forma	Development Parcel Sale Proceeds to MCP			Maximum Discount at 22.0% (1)	Additional Land Payment to Agency/FORA (1)						
					Column "A"					Column "B"			Column "C"		
					PSF	Per Unit	Total								
OP1A Hotel	11.20	487,872		Phase 2	\$5.50		\$2,683,296	(\$590,325)	\$2,092,971						
OP1B Residential	2.32	101,059	9	Phase 2	\$21.79	\$244,693	\$2,202,236	(\$484,492)	\$1,717,744						
OP1C Residential	9.84	428,630	59	Phase 2	\$15.70	\$114,046	\$6,728,720	(\$1,480,318)	\$5,248,402						
Subtotal	23.36	1,017,562	68		\$11.41	\$170,798	\$11,614,252	(\$2,555,135)	\$9,059,117						
V Retail	3.62	157,687		Phase 2	\$8.00		\$1,261,498	(\$277,530)	\$983,968						
OP2 Arts/Cultural	5.41	235,660		Phase 3	Not applicable - No value associated with Arts/Cultural										
OP3 Business Park	10.46	455,638		Phase 3	\$7.00		\$3,189,463	(\$701,682)	\$2,487,781						
OP4 Business Park	15.30	666,468		Phase 3	\$7.00		\$4,665,276	(\$1,026,361)	\$3,638,915						
Z Retail	2.30	100,188		Phase 3	\$8.00		\$801,504	(\$176,331)	\$625,173						

(1) 22% discount is maximum discount and applicable only if MCP sells development parcels one year or more after purchasing land from Agency/FORA. If sale is less than one year, the applicable discount is 1.833% multiplied by the number of months between land purchase from Agency/FORA and development parcel sale to vertical builders.

Exhibit K
Residual Value Formulas

Revenue

Base Home Price/Lot Premium	\$ _____ (1)
Options Revenue	5% of Base Home Price
Sales Proceeds	\$ _____

Costs

Direct Costs	\$ _____ (2)
Option Costs	88% of Options Revenue
Fees & Permits	\$ _____ (3)
Site Indirects	\$ _____ (4)
Sales & Marketing	
Warranty	20.35% of Base Price plus
Closing Costs	Lot Premium for all
Taxes	products except
Cost of Funds	Townhomes at 22.35%
Builder Margin	
A&E	14.5% of Direct Costs for
Overhead	all products except
Insurance	Townhomes at 21.5%
Total Unit Costs	\$ _____

In-Tract Infrastructure Costs \$ _____ (5)

Residual Blue-Top Lot Value Revenue less Costs

(1) For each product type, the Base Home Price and Lot Premium will be determined by a report by a residential marketing consultant agreeable to both the Developer and the City/Agency, to be completed within 60 days of the land sale of each phase.

(2) The per sq. ft. (livable) direct cost below for each product type (2005 base) will be escalated for time based on the ENR cost index:

Duet	\$116
Live-Work Townhome	\$121
MU Townhomes	\$135
45x65 Alley	\$96
45x80 Standard	\$95
Carriage	\$96
55x110 Standard	\$90

(3) Fees & Permits costs will be based on the most current rates as verified by City staff.

(4) Site Indirects will be \$15,100 per unit escalated for time based on the ENR cost index.

(5) The In-Tract Infrastructure cost below for each product type will be escalated for time based on the ENR cost index:

Duet	\$28,477
Live-Work Townhome	\$31,066
MU Townhomes	included in Commercial
45x65 Alley	\$42,716
45x80 Standard	\$47,462
Carriage	\$56,954
55x110 Standard	\$67,005