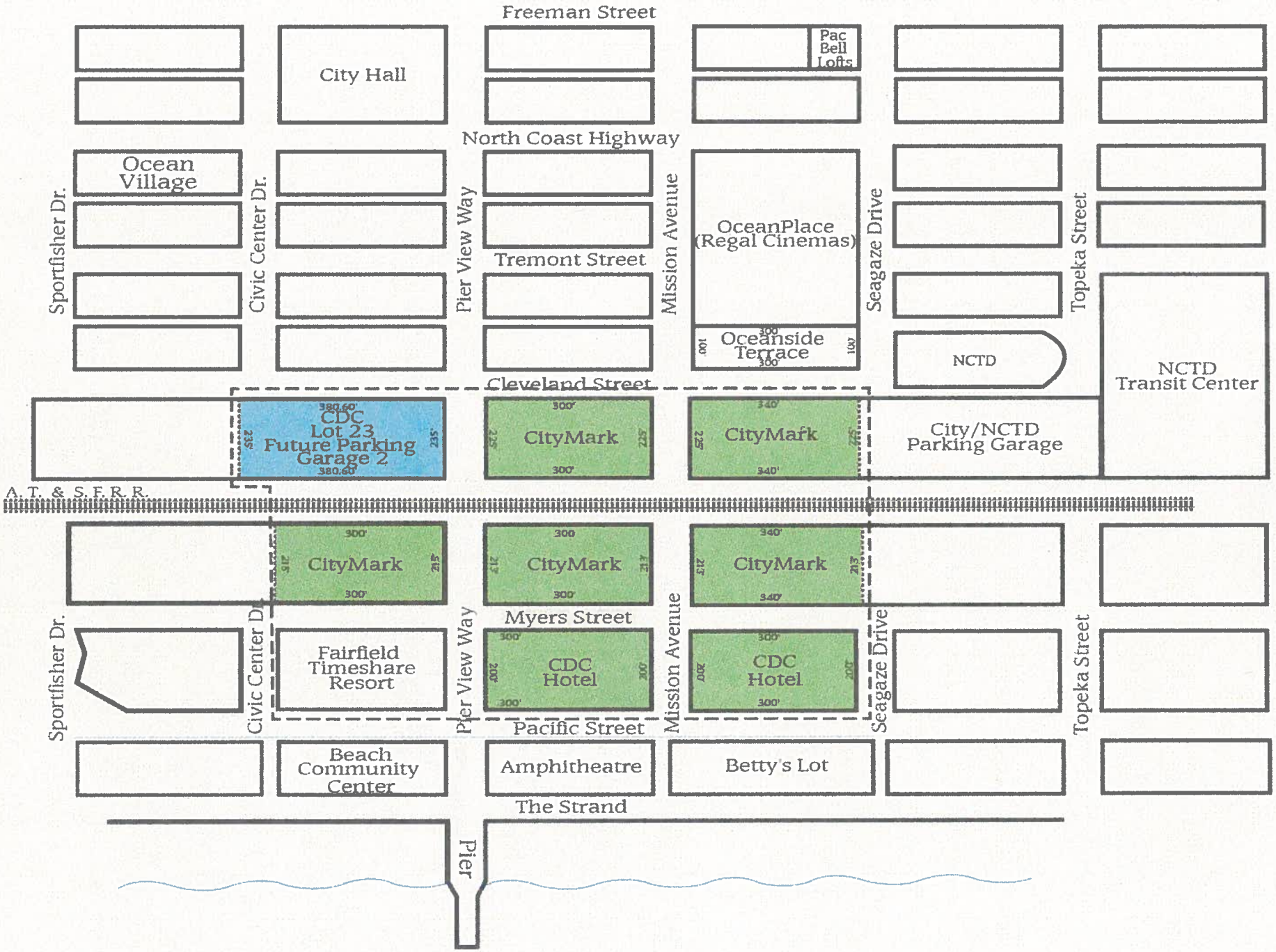
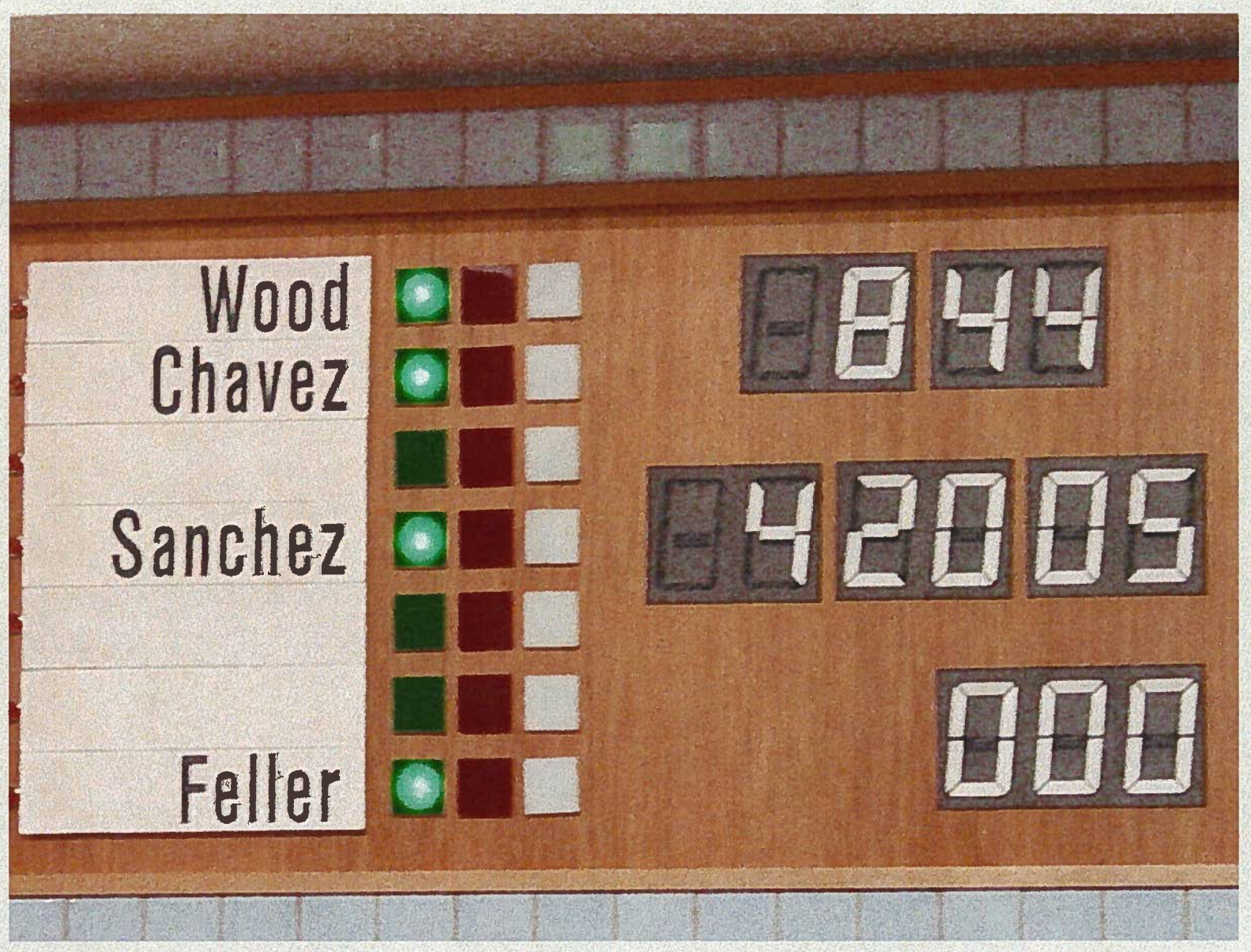

Freeman Street
City Hall
Pac Bell Lofts
North Coast Highway
Ocean Village
Sportfisher Dr.
Civic Center Dr.
Pier View Way
Tremont Street
Mission Avenue
OceanPlace (Regal Cinemas)
Seagaze Drive
Topeka Street
Oceanside Terrace
NCTD
NCTD Transit Center
Cleveland Street
CDC Lot 23 Future Parking Garage 2
CityMark
City/NCTD Parking Garage
A. T. & S. F. R. R.
Myers Street
Fairfield Timeshare Resort
CDC Hotel
Pacific Street
Beach Community Center
Amphitheatre
Betty's Lot
The Strand
Pier

MYERS STREET
PIER VIEW WAY
MISSION AVENUE
SEAGAZE DRIVE
PACIFIC STREET

Public Meeting
September 8, 2004


Wood
Chavez
Sanchez
Feller
-844
-42005
000

- Project entitlements—January 16, 2008
- Disposition and Development Agreement between CDC and SD Malkin Properties Inc.- July 29, 2009
- 289 Hotel Rooms
- 47 Boutique Hotel Rooms
- 48 Fractional Timeshares
- 18,500 square feet of visitor serving commercial uses

COMPETITIVE SET

- Loews Coronado Bay Resort
- Marriott Coronado Island
- Hyatt Regency
- Hilton Waterfront, Huntington Beach

DOWNTOWN BEACH RESORT HOTEL

Agency Assistance $27.6 million

- $5.1 Million For Off-Site Infrastructure
  Source: Current Redevelopment Agency Bond Proceeds
- $13.8 Million For Parking Easement & Extraordinary Covenants
  Source: New Redevelopment Agency Bond
- $3.46 Million For Parking Easement & Extraordinary Covenants
  Source: 2nd New Redevelopment Agency Bond After Completion of Construction
- $250,000 For EIR
  Source: Current Cash; $200,000 Already Paid
- $5 Million Performance Based

BOND FINANCING

Contingency Plans:

1st New Redevelopment Agency Bond

- If new bonds < $13.8 Million; interest at CDC's cost of funds, plus 1.5%, annual increase of 1%, not to exceed 12%

2nd New Redevelopment Agency Bond

- If new bond < $3.46 Million; interest at the rate = to the tenant's senior construction financing plus 1.5%, not to exceed 12%

BELT & SUSPENDERS :

After Resort completion, if NO funds have been paid:
Tenant receives 65% of Agency "Surplus Revenues"
Gross

- 20% Set Aside
- County Admin Fee
- Pass Through Payments
- State losses (ERAF)
- Admin Expenses
- Capital Projects

"Net Surplus" x 65%

FINANCING SYSTEM

- $5 Million Performance Based

Redevelopment Agency Property Tax Increment Indexed to TOT Generation

Formula Based on 75% of TOT generated by Resort Hotel over $1 Million

If not paid due to lower Property Tax Increment, The tenant may receive a rent credit

Anticipated to be paid in 15 years or until the tenant has received a NPV of $5 Million using a 12% interest rate

Source: Property Tax from Resort Hotel Project and Project Area

FIXED RENT

Lease Years	Fixed Rent
Years 1 - 12	$0
Year 13	$100,000
Year 14	$200,000
Year 15	$300,000
Year 16	$400,000
Year 17	$500,000
Year 18	$600,000
Year 19	$700,000
Year 20 – End of Term	75% of the previous 5 years average total rent, adjusted every 10 years

PERCENTAGE RENT

Lease Years	Percent of Room Revenue	Percent of Other Revenue
Years 1 - 12	0.00%	0.00%
Years 13 – 15	0.50%	0.25%
Years 16 – 18	1.00%	0.50%
Years 19 – 22	2.00%	1.00%
Years 23 – 26	3.00%	1.50%
Years 27 – 30	4.00%	2.00%
Years 31 – 35	5.00%	2.50%
Years 36 – 50	6.00%	3.00%
Years 51 – 75	7.00%	3.50%

DOWNTOWN BEACH RESORT HOTEL

Direct Revenue to City/CDC

Stabilization at Operating Year 5

TOT	$2.9 Million
Property Tax	$1.3 Million
Lease Revenue	$ .2
Sales Tax	$ .2
	$4.6 Million

DOWNTOWN BEACH RESORT HOTEL

NPV of Direct Revenue to City/CDC Through Year 75

TOT	$42.1 Million
Property Tax	$15.9 Million
Lease Revenue	$11.7 Million
Sales Tax	$ 3.2 Million
	$72.8 Million

TIME PERIOD TO PERFORM

- Original Agreement—18 months plus two potential 6 month extensions
- First Amendment to DA approved on January 5, 2011 provided one year extension of the 18 month period- allows close of escrow by January 2013
- Unavoidable delay asserted by Malkin in December 2011.

IMPACT OF AB1X 26

- Anticipated Tax Allocation Bonds for garage parking not available
- ROPS continues to list the agency assistance
- Unclear what DOF position is on 65% pledge of surplus tax increment or performance based agency assistance.

POTENTIAL AMENDMENT TO DDA

- At least 336 hotel rooms on both blocks-no time share units (289/47 rooms and 48 timeshare in DA)
- 5 to 7 stories (8 in DA)
- Approximately 20,000 square feet of meeting space (30,000 in DA)
- Spa 4300 sf (9100 in DA)
- Parking 540 (same in DA)

POTENTIAL AMENDMENTS TO DA

- No assistance from redevelopment sources
- Replacement of long term lease
- Total construction cost about $122 million (209 in current DA)