

## Exhibit A Preliminary Budget

Description	Total	Percent of Direct Costs
<b>INCOME AND EXPENSES</b>		
<b>Income</b>		
Residential Land Sales	91,774,417	
<u>Non-Residential Land Sales</u>	<u>10,500,000</u>	
Total Gross Land Sales (uninflated) (rounded)	102,270,000	
Less Closing Costs	-1,022,744	
Net Land Sales (uninflated) (rounded)	101,250,000	
<i>Net Land Sales (inflated) (rounded)</i>	<i>114,730,000</i>	
<b>Mello Impact (Reduced Land Sale Revenues) (rounded)</b>	<b>100,270,000</b>	
<b>Qualified Predevelopment Costs (PRELIMINARY, SUBJECT TO AUDIT)</b>		
Environmental	3,166,000	
PDC	3,950,000	
Navy Conveyance	1,810,000	
Development Transaction	2,684,000	
SFRA/City Administration Costs	6,500,000	
Infrastructure	2,588,000	
Planning & Entitlements	1,411,500	
Fees/Permits	1,000	
Subdivision	238,500	
Miscellaneous Costs	757,500	
<u>less Costs Deferred to Phase II</u>	<u>-3,106,500</u>	
Subtotal Qualified Predevelopment Costs	20,000,000	
<u>Interest on Qualified Predevelopment Costs</u>	<u>5,000,000</u> *	
<i>Total Qualified Predevelopment Costs</i>	<i>25,000,000</i>	
<b>Infrastructure Construction Costs</b>		
Parcel A'B'		
General Items (1)	1,833,260	4%
Grading and Landslide Repair	5,600,000	11%
Demolition and Deconstruction	4,403,685	9%
Roadway Items	2,603,114	5%
Specialty Items (2)	4,293,450	11%
Landscape and Irrigation - Major Streets	128,000	0%
Landscape and Irrigation - Minor Streets	610,400	1%
Hilltop Open Space	410,000	1%
Hillside Neighborhood Open Space	175,000	0%
Galvez Steps	85,075	0%
Traffic Items (3)	1,520,432	3%
Utilities	8,392,314	17%
Contingency	3,078,563	6%
Design Fee	2,422,781	5%
Pre-Agreement - Design Fee (see Exhibit C)	1,232,000	2%
Construction Management	1,863,393	4%
Construction Services (4)	300,547	1%
Permits, Bonds, and Fees	601,095	1%
Post Construction Award Services	1,478,693	3%
PG&E	3,996,000	8%
Peer Review	150,000	0%
Block 1 - Phase 1	1,550,000	3%
Phase 2 Grading	1,260,000	3%
Additional Environmental	750,000	2%
Six Acre Parcel	261,400	1%
Bike Path	138,600	0%
Bonding Costs Due to Delays	50,000	0%
<u>Mobilization/Demobilization Impacts</u>	<u>680,000</u>	<u>1%</u>
<i>Total Infrastructure Construction Costs (rounded)</i>	<i>49,870,000</i>	<i>100%</i>

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Description	Total	Percent of Direct Costs
<b>Indirect Costs</b>		
Non-Infrastructure Pre-Agreement Project Costs (see Exhibit C)	242,500	0%
Planning/Entitlement	215,000	0%
Environmental	65,000	0%
Navy Conveyance	83,000	0%
Development Transaction	364,000	1%
Fees & Permits	80,000	0%
Subdivision	377,000	1%
Title	20,000	0%
Environmental Insurance	693,825	1%
Project Management/Task Force (5)	1,994,712	4%
Agency Costs	1,496,034	3%
Appraisals	350,000	1%
Sales/Mktg	<u>1,599,471</u>	<u>3%</u>
<i>Indirect Costs (rounded)</i>	<i>7,580,000</i>	<i>15%</i>
Financing Costs (see detail below)	3,166,000	
<i>Total Costs (inflated)(rounded)</i>	<i>89,476,000</i>	
<i>Total Costs (excluding interest rollup on predevelopment cost)*</i>	<b>84,476,000</b>	
<i>Total Costs (excluding predevelopment cost)</i>	<b>64,476,000</b>	
<b>FINANCING Detail</b>		
<b>Net Financing Proceeds</b>	34,700,000	
<b>Infrastructure Financing Costs</b>		
Principal & Interest on Bonds	810,237	
Mello Issuance Credit Enhancement Costs	1,977,083	
<b>Interest Paid on Advances</b>		
Mandatory Developer Advances	304,246	
Voluntary Agency Advances	<u>74,375</u>	
Total Financing Costs (rounded)	3,166,000	
<b>DEVELOPER/AGENCY PARTICIPATION</b>		
<b>Lennar/BVHP Cumulative Cashflow (rounded)</b>	34,200,000	
less predevelopment costs	<u>-20,000,000</u>	
<b>Net Lennar/BVHP Cumulative Cashflow</b>	<b>14,200,000</b>	
<b>Agency Cumulative Cashflow (rounded)</b>	<b>36,300,000</b>	

(1) General Items include Mobilization, Traffic Control, Temporary Barricades, Clearing and Grubbing, and Providing the Office of the Resident Engineer.

(2) Specialty Items include Retaining Walls (Hillside), Environmental Mitigation, Landscaping and Irrigation, Waterfront Restoration, Storm Water Pollution Prevention Program, Drainage for Landslide Repair, and Survey Monuments.

(3) Traffic Items include Traffic Signals, Street Lights, Signs, Striping, and Pavement Markings.

(4) Includes Minority Outreach and EOE.

(5) Includes 1 FTE for each of the following: Project Manager, Entitlement Specialist, Development Specialist, Administrative Assistant, and 1/2 FTE for Community Outreach.

\* Interest on predevelopment costs is used to determine Lennar's return on unreimbursed predevelopment costs for cash flow participation purposes only. (\$25 M total predevelopment cost, less \$10 M bond proceeds = \$15M Lennar investment subject to target return of 25%. After this 25% return is achieved, 2nd level participation begins).