COMMUNITY DEVELOPMENT COMMISSION
County of Los Angeles
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Gloria Molina
Yvonne Brathwaite Burke
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Commissioners

Carlos Jackson
Executive Director

December 14, 2004

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors and Commissioners:

HEARING TO APPROVE THE SUBMISSION OF A SECTION 108 LOAN AND EDI GRANT FOR THE LA ALAMEDA SHOPPING CENTER PROJECT (1)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS AFTER THE PUBLIC HEARING:

1. Approve the submission of an application for a Section 108 loan of approximately $8,250,000 and an Economic Development Initiative (EDI) grant of approximately $5,750,000 by the County of Los Angeles to the U.S. Department of Housing and Urban Development (HUD), which will enable the County to provide economic development gap financing for the La Alameda Shopping Center Project, a 233,000 square-foot retail shopping center and 14,000 square feet of office space in the buffer area of the federally-designated Empowerment Zone.

2. Authorize the Executive Director of the Community Development Commission, acting on behalf of the County, to submit the Section 108 loan and EDI grant application and to HUD, and to take any other HUD-required actions necessary to complete the application.

3. Authorize the Executive Director, acting on behalf of the County and following HUD approval of the application, to execute a Section 108 loan and EDI grant agreement with HUD, and all related documents, following approval as to form by County Counsel and to take all HUD-required actions to receive the grant and loan funds.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

Authorize the Executive Director of the Community Development Commission, following approval by the U.S. Department of Housing and Urban Development (HUD), to receive from the County of Los Angeles a total of $14,000,000 of federal assistance, comprised of approximately $8,250,000 in Section 108 loan funds and approximately $5,750,000 in Economic Development Initiative (EDI) grant funds, to provide economic development gap financing that will enable the development of the La Alameda Shopping Center Project, a 233,000 square-foot retail shopping center and 14,000 square feet of office space in the buffer area of the federally-designated Empowerment Zone.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The proposed Section 108 loan and EDI grant funds will enable the Commission to provide economic development gap financing for the development of the La Alameda Shopping Center Project in the federally-designated Empowerment Zone.

FISCAL IMPACT/FINANCING:

There is no impact on the County General fund. Following approval by HUD, the Commission will incorporate a total of $14,000,000 comprised of approximately $8,250,000 Section 108 loan funds and approximately $5,750,000 in EDI grant funds, through the annual budget process. The EDI regulations require that Section 108 loan proceeds be used in conjunction with the EDI grant.

Following approval by the Board of the application for the loan and for the related EDI grant funds, the Commission will return to the Board at a later date to request approval of the Section 108 loan and to enter into a Development Agreement for development of the La Alameda Shopping Center Project. The total amount of funds used will be $14,000,000, however, the ratio of the Section 108 loan and EDI grant funds may change from the forecast amounts at the time the Development Agreement is executed, depending on the needs of the project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In 1995, the federal government, in conjunction with the County of Los Angeles and the City of Los Angeles, recognized the need and the opportunity for economic development in the poorest, low-income communities within Los Angeles County. A new Supplemental Empowerment Zone designation was, therefore, included in HUD's original Empowerment Zone and Enterprise Community programs. In June of 1995, the County accepted a $25,000,000 EDI grant award and an associated $25,000,000 award of Section 108 Guaranteed Loan Program authority. There remains $17,500,000 of EDI grant funds and $20,000,000 of related Section 108 Guaranteed Loan Fund authority available for eligible economic development activities.

Approval of this application by HUD will enable the County to receive a total of $14,000,000 of federal assistance, to provide economic development gap financing that will enable the development of the La Alameda Project, a 233,000 square-foot retail shopping center and 14,000 square feet of office space in the buffer area of the Empowerment Zone. The Project will be developed on an 18.3-acre site located adjacent to the Alameda Corridor and Alameda Street, between Florence Boulevard and Leota Street in the unincorporated Florence Firestone area of the County.

Pursuant to 24 Code of Federal Regulations Section 570.704, Paragraph (a)(2)(iii), a public hearing must be held before submission of the application to HUD to obtain the views of citizens on community development and housing needs. Notice of the public comment period was published in a newspaper of general circulation 30 days prior to the public hearing. The public comment period concludes on December 14, 2004.

ENVIRONMENTAL DOCUMENTATION:

The submission to HUD of an Section 108 loan and EDI grant application is exempt from the provisions of the National Environmental Policy Act (NEPA), pursuant to 24 Code of Federal Regulations Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15061 (b)(3) because it is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Following HUD's approval on the requested funds, the Commission will return to the Board of Commissioners at a later date to request approval of the necessary environmental documentation.

IMPACT ON CURRENT PROJECTS:

The La Alameda Shopping Center Project will benefit low- and moderate-income residents of the County through the provision of goods and services otherwise not available in the Empowerment Zone.

Respectfully Submitted,

CARLOS JACKSON,
Executive Director

Attachment: 1

CT:nc/bl-LaAlameda

2004

APPLICATION
FOR A
SECTION 108 LOAN GUARANTEE
AND MATCHING EDI GRANT
FOR THE
LA ALAMEDA
SHOPPING CENTER PROJECT

SUBMITTED BY
LOS ANGELES COUNTY
COMMUNITY DEVELOPMENT COMMISSION

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LOAN REQUEST

The County of Los Angeles, through the Community Development Commission of the County of Los Angeles (Commission), is requesting $8,250,000 in Section 108 loan guarantee funds and $5,750,000 in Economic Development Initiative (EDI) Grant funds from the U.S. Department of Housing and Urban Development (HUD) to provide GAP financing that will enable the development of a 233,000 square foot retail shopping center and 14,000 square feet of office space, in the buffer zone of the federally designated Empowerment Zone. The project is to be developed on an 18.3-acre site located adjacent to the Alameda Corridor and Alameda Street, between Florence Boulevard and Leona Street in the unincorporated Florence Firestone area of the County of Los Angeles.

The County will repay the $8,250,000 loan over 20 years using sales and property tax proceeds generated by the shopping center project (see Exhibit D) Community Development Block Grant (CDBG) funds and other funds as may be designated by the County. The term of the loan is 20 years but the accumulation of projected surplus sales and property taxes will enable the early repayment or defeasance of the loan in year 13. (See Exhibit One, page 2 of Exhibit F).

The loan will be structured with both interim (variable rate) and permanent (fixed rate) notes. Housing and Urban Development (HUD) variable an interest rate is based on the 3-month LIBOR index plus 20 basis points. The interest rates on the permanent (fixed rate) are set at the time HUD holds a public offering of notes to private investors. The repayment estimates (See Exhibit F) are based on conservatively assumed interest rates that are 2% higher than those obtained by HUD in the June, 2004 note sale.

The loan will be matched by a grant of EDI funds in the amount of $5,750,000. HUD provided these funds to be used in conjunction with Section 108 loans for the purposes of encouraging the economic development of the Empowerment Zone.

PROJECT BACKGROUND AND HISTORY

In 1995, the federal government, in conjunction with the County of Los Angeles and the City of Los Angeles, recognized the need and the opportunity for economic development in the low-income communities within Los Angeles County. A new Supplemental Empowerment Zone (SEZ) designation was included in HUD's original Empowerment Zone and Enterprise Community programs. In June of 1995, the County accepted a $25,000,000 EDI grant award and an associated $25,000,000 award of Section 108 Guaranteed Loan Program authority. A Comprehensive Agreement with the City of Los Angeles and the Los Angeles Community Development Bank (LACDB) was executed in June of 1995 to provide loans to businesses as a stimulus for the EZ area. In December of 2003, the County terminated the services of the Los Angeles Community Development Bank and requested the transfer of all funds and authority that had not been used by the LACDB to the County's own Economic Development Loan Fund (CEDLF). At this time there are $17,500,000 of EDI grant funds and $20,000,000 of related Section 108 Guaranteed Loan Fund authority available for eligible economic development activity in the EZ census tracts and buffer zone. HUD approved the transfer of funds to the County on May 18, 2004.

The proposed La Alameda Project site, located adjacent to the Alameda Corridor between Florence Avenue and Leona Streets, has been underutilized for many years since the closing of the Latchford Glass Company. Plagued with environmental concerns and lack of access to either Florence Avenue or Alameda Street, the site has significant barriers to develop.

For the last three years, Florence Alameda Associates LLC has been assembling land for the La Alameda Project. Primestor Development, Inc. proposes to build 233,000 square feet of retail space and 14,000 square feet of office space on a site that will be joined to Alameda Street by two large bridges over the Alameda Corridor, which is a 25 mile long, 55 ft. wide transportation corridor linking the Port of Los Angeles to the downtown industrial area.

Primestor Development Inc. submitted a proposal to the Commission for the development of the site in July 2003. The proposal identified a need for $16,500,000 in grant assistance to fill the equity gap needed to make a project on the site economically feasible. The Commission engaged Keyser Marsten Associates, Inc, a nationally recognized real estate, redevelopment and economic development-consulting firm, to evaluate the financial feasibility of the Primestor Development proposal and to evaluate the economic gap identified by the Developer. The Commission also requested the National Development Council, to conduct a review of the project's eligibility and compliance of the project's economic gap analysis with HUD's guidelines and regulations regarding the appropriateness of the amount of assistance, and the adequacy of conditions precedent to and subsequent to the proposed grant.

Keyser Marston has estimated that the total development costs will be $1.9 million lower than the costs projected by the Developer. They estimate a financial gap of $11,000,000 is based on the Developer earning a return of 10.5% on this investment. The Developer has estimated the financial gap to be $16,500,000 and has insisted on earning a return of 12% to justify the risks involved with the development of this project. To assist in the resolution of this difference the National Development Council has evaluated the project using HUD's guidelines for appropriateness of the amount of assistance and no undue enrichment; support a gap of $14,000,000. We recommend that the gap to be financed shall not exceed $14,000,000.

SOURCES AND USES OF FUNDS

The Sources and Uses of funds are extensively analyzed by the National Development Council (See Exhibit F) and by Keyser Marsten & Associates (See Exhibit G). The project development costs and sources of financing are estimated as follows:

Uses		Sources	
Land Acquisition	$16,000,000	Takeout Loan	$29,000,000
Direct Costs	$26,000,000	Developer Equity	$ 5,700,000
Indirect Costs	$ 6,700,000	County Assistance	$14,000,000
	$48,700,000		$48,700,000

KMA reviewed the Developer's pro forma and produced a report (Exhibit G) that compares the Developer assumptions and KMA analysis. KMA estimates that total project costs will be $3,400,000 lower than those projected by the Developer. The difference between the KMA estimate and the Developer estimate results from KMA's $1,400,000 lower On-site Cost estimate and the $1,600,000 difference in private investment due to the vacancy allocation. We have accepted the KMA analysis as reasonable at $48,700,000.

The Commissions recommendation for a $14,000,000 grant is conditional on the actual level of project costs and makes provisions for the reduction of the HUD 108 loan based on the reductions, if any, in project costs. Additional conditions are included as a part of the Commissions recommendation based on the subsequent possible project refinancing or if the project's annual cash on cash return is greater than 15% to the initial ownership/development group. (See Exhibit F).

INSTITUTIONAL ARRANGEMENTS

Principal Developer:

Primestor Development Inc. and Primestor Construction Management, Inc. are recognized as among the nation's top 500 Hispanic owned businesses and was the recipient of the Latin Business Associations "Business of the Year" award in 2002. The firm was originally formed over 20 years ago in Los Angeles, California. They are involved in the development, management, acquisition and administration of over 1,000,000 square feet of commercial and residential property and they currently manage in excess of 400,000 square feet of their own assets. The President is Arturo Sneider of Los Angeles California.

Equity Source:

The developer's equity of $5,700,000 is primarily composed of cash and the value of land acquired for the project. This is approximately 12% of the total project costs. The takeout loan for the project is estimated to be $29,000,000. The total costs of the project are estimated by KMA at $48,700,000. Additional equity in the amount of $14,000,000 will be required to bridge the gap between the total project costs, and the developer's equity and take out financing. KMA has analyzed the financing gap based on Return on Investment assumptions. Their estimated gap ranges from a low of $11,600,000 to a high of $15,000,000. The National Development Council has analyzed the GAP from the perspective of HUD program requirements and has concluded that $14,000,000 is reasonable given certain conditions precedent to the award of the grant and conditions precedent to the final disbursement of the funds.

Developer's Permanent Loan

The analysis by KMA and the National Development Council presume that the Developer will take out a $29,000,000 loan with a projected interest rate of 7 %. Based on letters of intent from class A tenants, it is reasonable to expect that the Developer will obtain this level of financing. Changes in the amount of the permanent loan can affect the analysis of reasonable private return.

This is discussed in the appropriate review by the National Development Council (Exhibit F) and it will be governed by the Conditions Subsequent identified in that analysis.

Ownership upon Completion

Florence Alameda Associates, LLC, will own the La Alameda project upon completion. Florence Alameda Associates is owned 50% by Arturo Sneider and 50% by John Selby, the principals of Primestor Inc. LARD LP is owned by Lorenzo Flores and related parties. Together they represent a capable ownership group that can be expected to perform as planned.

Borrower and Repayment Source for Section 108 loan

The County of Los Angeles is the borrower for the HUD Guaranteed Section 108 loan Funds and will enter into a Contract for Loan Guarantee Assistance with HUD. The County will execute the Promissory Note and execute all related loan documents in a form acceptable to HUD. The County will repay the Section 108 loan using Community Development Block Grant funds as stipulated in the above agreements, project generated sales and property taxes and other funds that may be designated by the County. The Commission, acting on behalf of the County of Los Angeles will administer the Section 108 loan including the draw down and disbursement of the Section 108 loan funds and the related EDI grant funds.

REPAYMENT SCHEDULE

The Amortization Schedule for the proposed Section 108 loan is contained in Exhibit C. The Schedule begins with an opening Loan Balance of $8,250,000. The loan term of the loan is 20 years. The projected interest rates are conservatively based on the most recent HUD offering of notes plus 2%; and begin at 4.3% for year one and end with 8% in year 20.

The related EDI grant in the amount of $5,750,000 will be drawn concurrently with the $8,250,000 of Section 108 funds.

The County recommends the division of the annual loan payment equally between CDBG funds allocated to the 1st Supervisorial District and the project-generated sales and property taxes. The payment calculation is shown on Page 2 to Exhibit C. The County further recommends the commitment of all of the project generated sales tax and property tax revenues to the early defeasance of the loan. Surplus funds will be held in a separate account, by the Collateral Agent for the County's Section 108 loan programs, as additional security to the loan. If the project performs as projected, there will be sufficient funds in the account to defease the loan beginning in year 13.

COLLATERAL

As required by HUD, the County must provide collateral in the amount of the loan, in the event the repayments funds are not available the County will pledge the project generated Sales tax and property tax proceeds and other such funds, as the County may desire to secure the loan.

To assure the completion of a successful project that provides the expected public benefits the Commission shall enter into a development Agreement with Primestor Inc. This agreement shall contain at a minimum all of the conditions precedent and conditions subsequent to disbursement as are contained in the Appropriate Review (See Exhibit F).

TIME TABLE AND STAGES

The following phases of development are subject to revision pending negotiation of the Development Agreement:

Pre Development: Pre-development work shall be completed by January of 2005.

Construction: Construction shall commence in January 2005 and be complete by March 2006.

Permanent Financing: Permanent Financing through a Commercial lender acceptable to the LACDC shall be committed and funded by March 2006. County funding will be committed as indicated in the Development Agreement.

ELIGIBLE ACTIVITY

Citizen Participation: On December 16, 2003 the County Board of Supervisors approved the Transition Plan Update for the Los Angeles Community Development Bank. This completed a substantive citizen participation process related to the closing of the Los Angeles Community Development Bank and to the transfer of remaining grant funds and related Section 108 loan guarantees to the County for use in the County Economic Development Loan Fund. In addition to the LACDB related citizen participation process, the Commission made 6 presentations to the Empowerment Zone Oversight Committee through the calendar year 2003 and 2 additional presentations at Consolidated Plan Community meetings held in or near Empowerment Zone areas. The La Alameda project was among the projects discussed at these meetings.

Prior to submission of this application to HUD, a notice will be published to notify residents of a public hearing on this project before the Los Angeles County Board of Supervisors.

Eligibility

The activities that may be funded for this project are site acquisition under Section 570.703(a) and economic development activities under Section 570.703(i)(1).

NATIONAL OBJECTIVE

The project meets the CDBG national objective of Activities Benefiting low and moderate-income persons under Section 570.208(a)(1)(i), which requires the project to be located within census tracts that contain at least 51% low and moderate-income persons. The five-mile service

area (Exhibit B) of the project contains 305,670 persons, of which 214,243 (70%) are low and moderate-income persons according to the 2000 Census.

PUBLIC BENEFIT STANDARDS

Pursuant to Section 570.209, a project must provide a minimum amount of public benefit if funding activities under 570.703(i). The La Alameda Shopping Center project is a shopping center that will provide goods and services to residents within a five-mile service area, which is benefit listed under Section 570.209. Specifically, the level of benefit for the provision of goods and services should be no more than $350 of assistance per one low and moderate-income person in the service area. This project meets this criteria as it provides $65.34 of assistance per low- and moderate-income person. This figure is calculated as follows:

- $14,000,000 Section 108 and EDI assistance ÷ 214,243 low/mod. persons in service area =$65.34 per low/mod. person.

As an additional benefit, this project will create an estimated 750 permanent, full-time equivalent jobs. These jobs will be available to low and moderate income person as well as residents in the census tracts.

LOCAL CONTACTS

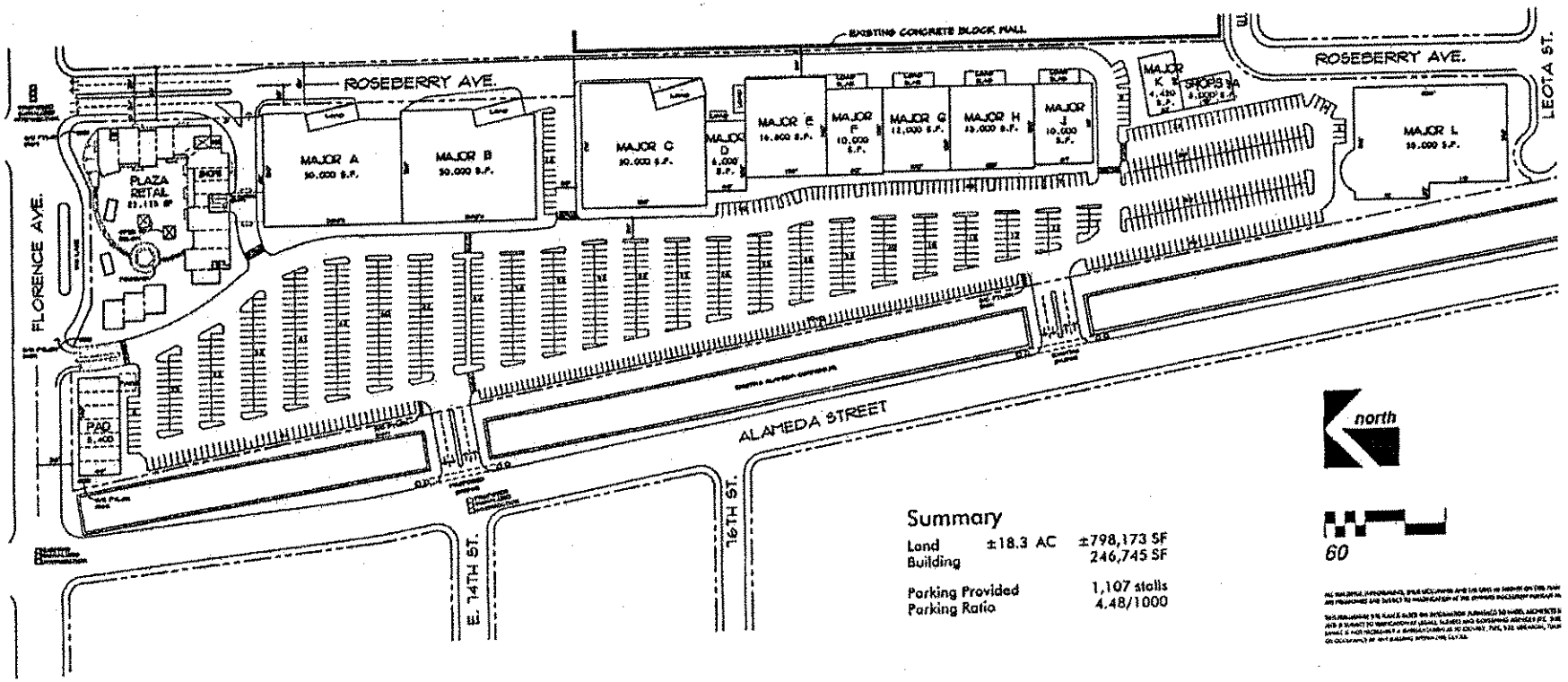
For further information concerning this application, please contact:

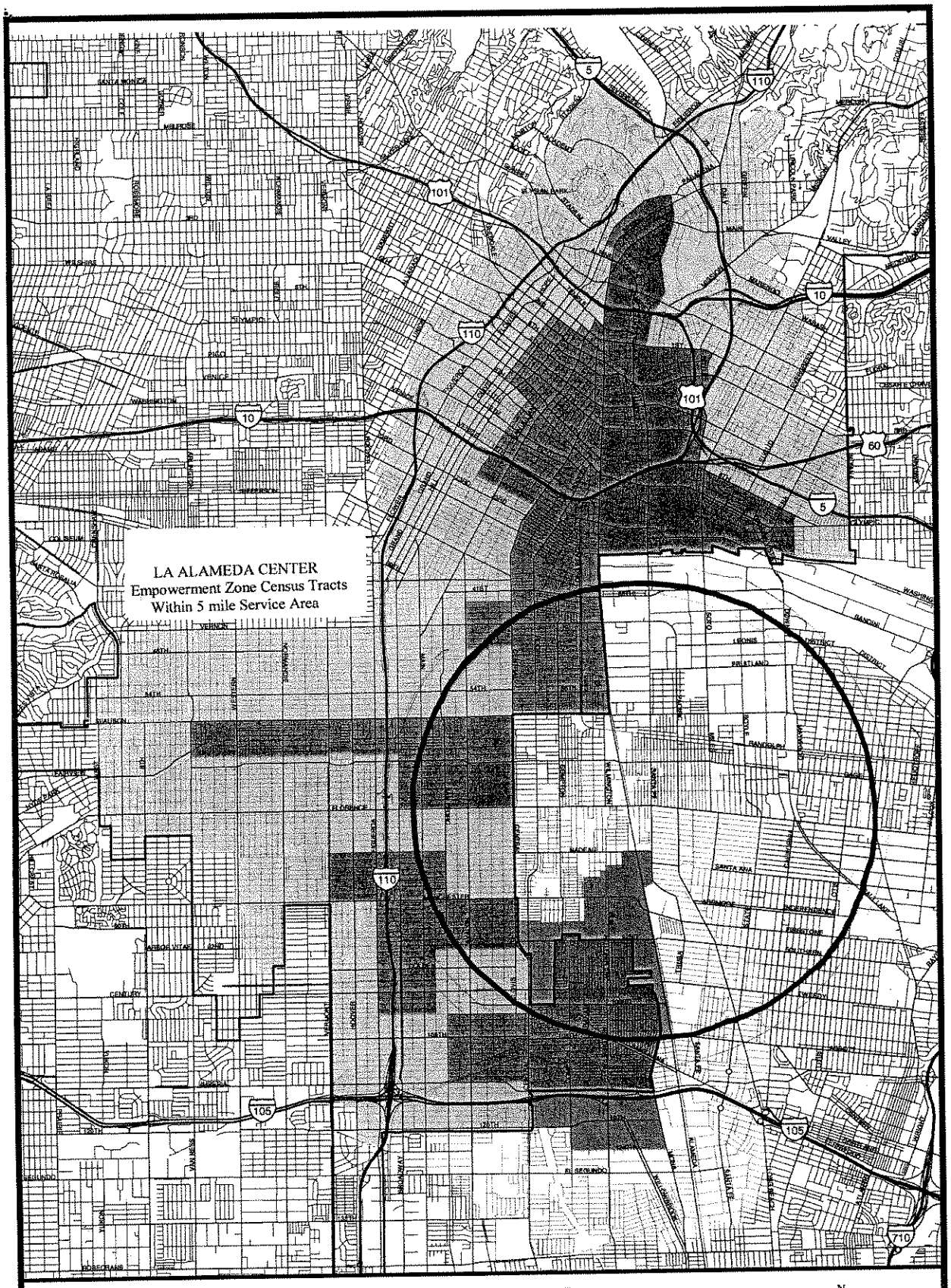
Carlos Jackson, Executive Director
Los Angeles Community development Commission
(323) 890- 7400

Corde Carrillo, Director
Economic / Redevelopment Division
(323) 890-7206

Charles Taylor, Consultant
Economic / Redevelopment Division
(323) 890-7035

Site Plan


EXISTING CONCRETE BLOCK WALL
ROSEBERRY AVE.
ROSEBERRY AVE.
LEOTA ST.
FLORENCE AVE.
MAJOR A
50,000 S.F.
MAJOR B
50,000 S.F.
MAJOR C
50,000 S.F.
MAJOR D
6,000 S.F.
MAJOR E
16,800 S.F.
MAJOR F
10,000 S.F.
MAJOR G
12,000 S.F.
MAJOR H
13,000 S.F.
MAJOR I
10,000 S.F.
MAJOR K
4,450 S.F.
SHOPS 9A
6,000 S.F.
MAJOR L
50,000 S.F.
PLAZA RETAIL
PAD
5,400
ALAMEDA STREET
E. 14TH ST.
16TH ST.
north
60
Summary
Land ±18.3 AC ±798,173 SF
Building 246,745 SF
Parking Provided 1,107 stalls
Parking Ratio 4.48/1000



Empowerment Zone

Los Angeles
Community Development Bank
(Not A Commercial Bank)

LA City Boundary
Freeway
Streets
Primary
Secondary
Zones
County Zone
County Target Zone
City Zone
City Target Zone

1 0 1 2 3 4 Miles

N
W E
S

PSOMAS
800 S. Spring St., Suite 1600
Los Angeles, California 90014
213/623-3005 fax 213/623/3818

AMORTIZATION SCHEDULE FOR HUD-108 LOAN TO LOS ANGELES COUNTY COMMUNITY DEVELOPMENT COMMISSION FOR FLORENCE ALAMEDA ASSOCIATES, LLC FOR THE LA ALAMEDA SHOPPING CENTER PROJECT

YEAR	OPENING LOAN BALANCE	INTEREST RATE[A]	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL PAYMENT	ENDING LOAN BALANCE
1	$8,250,000	4.3%	$354.750	$425,000	$779,750	$7,825,000
2	7,825,000	5.1%	399,075	380,000	779,075	7,445,000
3	7,445,000	5.6%	416,920	365,000	781,920	7,080,000
4	7,080,000	6.0%	424,800	375,000	799,800	6,705,000
5	6,705,000	6.3%	422,415	380,000	802,415	6,325,000
6	6,325,000	6.6%	417,450	385,000	802,450	5,940,000
7	5,940,000	6.8%	403,920	400,000	803,920	5,540,000
8	5,540,000	7.0%	387,800	415,000	802,800	5,125,000
9	5,125,000	7.1%	363,875	435,000	798,875	4,690,000
10	4,690,000	7.2%	337,680	440,000	777,680	4,250,000
11	4,250,000	7.4%	314,500	425,000	739,500	3,825,000
12	3,825,000	7.5%	286,875	425,000	711,875	3,400,000
13	3,400,000	7.6%	258,400	425,000	683,400	2,975,000[B]
14	2,975,000	7.7%	229,075	425,000	654,075	2,550,000
15	2,550,000	7.8%	198,900	425,000	623,900	2,125,000
16	2,125,000	7.8%	165,250	425,000	590,750	1,700,000
17	1,700,000	7.9%	134,300	425,000	559,300	1,275,000
18	1,275,000	7.9%	100,725	425,000	525,725	850,000
19	850,000	8.0%	68,000	425,000	493,000	425,000
20	425,000	8.0%	34,000	425,000	459,000	—
Average					$698,461	

[A]Based on HUD-108 offering of 6/22/04 plus 2%.

[B]Cumulative excess sales tax and property tax will permit early repayment of the HUD-108 loan in year 13.

AMORTIZATION SCHEDULE FOR HUD-108 LOAN TO LOS ANGELES COUNTY COMMUNITY DEVELOPMENT COMMISSION FOR FLORENCE ALAMEDA ASSOCIATES, LLC FOR THE LA ALAMEDA SHOPPING CENTER PROJECT

YEAR	NET SALES TAX PER KMA	PROPERTY TAX PER KMA	50% OF TOTAL PAYMENT FROM CDBG	50% OF TOTAL PAYMENT FROM SALES/ PROP. TAX	EXCESS SALES/ PROP. TAX	CUMULATIVE EXCESS SALES/ PROP. TAX
1	$391,000	49,000	$389,875	$389,875	$50,125	$50,125
2	484,000	50,000	389,538	389,538	144,462	194,587
3	555,000	51,000	390,960	390,960	215,040	409,627
4	572,000	52,000	399,900	399,900	224,100	633,727
5	589,000	53,000	401,208	401,208	240,792	874,519
6	606,000	54,000	401,225	401,225	258,775	1,133,294
7	625,000	55,000	401,960	401,960	278,040	1,411,334
8	643,000	56,000	401,400	401,400	297,600	1,708,934
9	663,000	57,000	399,438	399,438	320,562	2,029,496
10	683,000	59,000	388,840	388,840	353,160	2,382,560
11	703,000	60,000	369,750	369,750	393,250	2,775,906
12	724,000	61,000	355,938	355,938	429,062	3,204,968
13	746,000	62,000	341,700	341,700	466,300	3,671,268[B]
14	768,000	63,000	327,038	327,038	503,962	4,175,230
15	791,000	65,000	311,950	311,950	544,050	4,719,280
16	815,000	66,000	295,375	295,375	585,625	5,304,905
17	839,000	67,000	279,650	279,650	626,350	5,931,255
18	865,000	69,000	262,863	262,863	671,137	6,602,392
19	891,000	70,000	246,500	246,500	714,500	7,316,892
20	917,000	71,000	229,500	229,500	758,500	8,075,392
Average	$693,500	$59,500	$349,230	$349,230		

[A]Based on HUD-108 offering of 6/22/04 plus 2%.

[B]Cumulative excess sales tax and property tax will permit early repayment of the HUD-108 loan in year 13.

Annual Sales and Property Tax
La Alameda
Los Angeles California

Sales Taxes					**Property Taxes**			
Stabilized Sales		$ 52,959,750			**Valuation**		$ 31,000,000	
Stabilized Sales Tax		$ 529,598			**Taxes at**	0.24%	$ 73,780	

Year	Growth Factor	Sales Tax	Less Base	Net Sales Taxes	Property Valuation	Less Base	Net Property Value	Taxes at 0.00238
1	-25%	$ 397,198	$ (6,500)	$ 390,698	$ 31,000,000	$ (10,396,000)	$ 20,604,000	$ 49,038
2	-10%	$ 490,937	$ (6,695)	$ 484,242	$ 31,620,000	$ (10,603,920)	$ 21,016,080	$ 50,018
3	0	$ 561,850	$ (6,896)	$ 554,954	$ 32,252,400	$ (10,815,998)	$ 21,436,402	$ 51,019
4	103%	$ 578,705	$ (7,103)	$ 571,603	$ 32,897,448	$ (11,032,318)	$ 21,865,130	$ 52,039
5	103%	$ 596,067	$ (7,316)	$ 588,751	$ 33,555,397	$ (11,252,965)	$ 22,302,432	$ 53,080
6	103%	$ 613,949	$ (7,535)	$ 606,413	$ 34,226,505	$ (11,478,024)	$ 22,748,481	$ 54,141
7	103%	$ 632,367	$ (7,761)	$ 624,606	$ 34,911,035	$ (11,707,585)	$ 23,203,450	$ 55,224
8	103%	$ 651,338	$ (7,994)	$ 643,344	$ 35,609,256	$ (11,941,736)	$ 23,667,519	$ 56,329
9	103%	$ 670,878	$ (8,234)	$ 662,644	$ 36,321,441	$ (12,180,571)	$ 24,140,870	$ 57,455
10	103%	$ 691,005	$ (8,481)	$ 682,524	$ 37,047,870	$ (12,424,182)	$ 24,623,687	$ 58,604
11	103%	$ 711,735	$ (8,735)	$ 702,999	$ 37,788,827	$ (12,672,666)	$ 25,116,161	$ 59,776
12	103%	$ 733,087	$ (8,998)	$ 724,089	$ 38,544,604	$ (12,926,119)	$ 25,618,484	$ 60,972
13	103%	$ 755,079	$ (9,267)	$ 745,812	$ 39,315,496	$ (13,184,642)	$ 26,130,854	$ 62,191
14	103%	$ 777,732	$ (9,545)	$ 768,186	$ 40,101,806	$ (13,448,335)	$ 26,653,471	$ 63,435
15	103%	$ 801,064	$ (9,832)	$ 791,232	$ 40,903,842	$ (13,717,301)	$ 27,186,540	$ 64,704
16	103%	$ 825,096	$ (10,127)	$ 814,969	$ 41,721,918	$ (13,991,647)	$ 27,730,271	$ 65,998
17	103%	$ 849,849	$ (10,431)	$ 839,418	$ 42,556,357	$ (14,271,480)	$ 28,284,877	$ 67,318
18	103%	$ 875,344	$ (10,744)	$ 864,600	$ 43,407,484	$ (14,556,910)	$ 28,850,574	$ 68,664
19	103%	$ 901,604	$ (11,066)	$ 890,538	$ 44,275,634	$ (14,848,048)	$ 29,427,586	$ 70,038
20	103%	$ 928,652	$ (11,398)	$ 917,255	$ 45,161,146	$ (15,145,009)	$ 30,016,137	$ 71,438
Total		$ 14,043,535	$ (174,657)	$ 13,868,878				$ 1,191,483
Present Value at 7%		$ 6,889,033	$ (86,656)	$ 6,802,377	Present Value at 7%			$ 604,145

Total Value of Taxes
Nominal $ 15,060,361
Present Value $ 7,406,522

Prepared by: Keyser Marston Associates, Inc. 10/27/2003 Sales and Property Taxes ceh

EMPOWERMENT ZONE CENSUS TRACTS WITHIN THE 5 MILE DIAMETER SERVICE AREA OF THE LA ALAMEDA CENTER
2000 CENSUS DATA

Tract #	2000 Population	Persons in Poverty	Percent Below Poverty
2281	4929	3780	76%
2282.10	3404	2504	74%
2282.20	3904	3039	78%
2286	4667	3549	76%
2287.10	4031	3538	88%
2287.20	4157	3338	80%
2288	5354	4084	77%
2289	3068	2548	83%
2291	4094	2859	70%
2292	4307	3489	81%
2293.00	4961	4212	85%
2397	5991	4675	78%
2400.10	3536	2714	77%
2400.20	4262	3090	72%
2420	3194	2148	69%
2421	2649	2616	96%
2422	5550	4101	74%
2423	3784	2548	67%
2427	4739	3326	71%
2430	5483	4130	75%
5352	5358	3917	73%
5353	6067	4514	74%
5354	3045	172	60%
EZ Target Areas	**98,089**	**74,891**	**77%**

EMPOWERMENT ZONE **BUFFER AREA** CENSUS TRACTS WITHIN 5 MILE DIAMETER SERVICE AREA OF THE LA ALAMEDA CENTER
2000 CENSUS DATA

Tract #	2000 Population	Persons in Poverty	Percent below Poverty
2292	4313	3489	81
2294.10	3274	2490	76
2294.20	4450	3372	76
2395	5995	4438	74
2396	5167	3934	76
2398	7563	5737	77
2407	5240	3562	68
5324	91	15	16
5326.05	3745	2823	78
5326.06	4390	3241	75
5326.04	2996	1842	61
5326.03	3492	2222	64
5328	4387	3316	76
5329	6389	5155	81
5330	7166	5496	77
5331.03	3892	2848	71
5331.04	4206	3194	76
5348.02	2967	1688	57
5349	6544	4598	70
5351.01	6768	4848	72
5355.01	3983	2819	72
5355.02	5096	3092	61
5355.03	2635	2045	75
5356.03	4061	2348	58
5356.04	4556	3022	66
5356.05	4441	3048	69
5356.06	2077	1577	74
5356.07	4824	2829	59
SUB TOTALS	98,089	74,891	76%
SEZ TOTALS	**98,089**	**74,891**	**76%**

OTHER JURISDICTION CENSUS TRACTS WITHIN 5 MILE DIAMETER
SERVICE AREA OF THE LA ALAMEDA CENTER
2000 CENSUS DATA

Tract #	2000 Population	Persons in Poverty	Percent Below Poverty
5325	4343	2584	59
5332.01	2992	2192	73
5332.02	2862	1692	59
5332.03	2344	1361	58
5335.01	3362	2340	70
5335.02	2403	1514	61
5335.03	2285	1666	75
5336.01	4670	3481	74
5336.02	6243	4111	66
5336.03	6463	3777	58
5344.03	2975	1741	59
5344.04	3875	3046	78
5345.01	5402	2768	51
5345.02	4222	1913	45
5347	4194	1826	44
5357.01	6051	2917	48
5357.02	5502	3352	61
5358.03	4558	2854	63
5358.04	5682	3699	65
SUB TOTALS	125,208	89,088	72%
TOTALS : La Alameda Service Area	**223,297**	**163,979**	**74%**

Exhibit F

LOS ANGELES COUNTY COMMUNITY DEVELOPMENT COMMISSION DRAFT
APPROPRIATE REVIEW FOR PRIMESTOR DEVELOPMENT, INC.
(DEVELOPER), FLORENCE ALAMEDA ASSOCIATES, LL. (DIRECT OWNERSHIP ENTITY) FOR LA ALAMEDA SHOPPING CENTER PROJECT
$14,000,000
DEVELOPMENT SUBSIDY GRANT

FUNDED BY HUD-108 LOAN AND EDI GRANT

HUD Loan: $8,250,000 @ 4.3-8.0% for 20 years. Annual repayment averaging $698,461 per year. See Exhibit One attached.

HUD EDI Grant: $5,750,000 Loan to grant leverage 1.4 to 1.0.

Sources for HUD Annual Loan Repayment:

1) Site specific pledge of La Alameda sales tax. This source is expected to average $693,500 per year.

2) Site specific pledge of La Alameda net property tax increment. This source is expected to average $59,500 per year.

3) Pledge of Los Angeles County Community Development Block Grant. This source is expected to average $417,863 per year. Projected cumulative excess sales and property tax permit early repayment of the HUD-108 loan in year 15.

Security for Loan from HUD:

1) Unrestricted pledge of the Los Angeles County Community Development Commission Community Development Block Grant.

2) Los Angeles County site specific pledge of project tax increment.

3) Los Angeles County site specific pledge of sales tax.

4) A County pledge of such other funds as are required to fully repay the HUD-108 loan.

Conditions Precedent to Grant Disbursement:

1) Executed credit leases for 65% of the gross leaseable space in the project on terms acceptable to the County in its sole discretion.

2) A closed construction loan and a legally binding term financing commitment in amounts and terms acceptable to the County in its sole discretion.

3) Legally binding guaranteed maximum fixed price contract(s) covering all direct construction costs acceptable to the County in its sole discretion.

4) Developer Guaranty of Completion of Construction and Leasing to 65% occupancy secured by collateral acceptable to the County in its sole discretion.

5) Completion of all entitlements acceptable to the County in its sole discretion.

6) Completion of working drawings acceptable to the County in its sole discretion.

Conditions Subsequent: 1) In the event that budgeted project costs below are not incurred, then the HUD-108 loan must be reduced seventy-five cents for every dollar saved.

2) In the event the project is sold during the first seven years after the issuance of the final certificate of occupancy for the project, 50% of all net sale proceeds above the project's total costs after deducting costs financed by the HUD Grant, and, allowing the developer a 15% profit on the net private costs, shall be repaid to the County to reduce the County subsidy. For example, a sale at $42.0 million produces a County repayment of $1.05 million as follows:

Total Project Costs	$48.7 million
Less: HUD Grant	14.0 million
Net Private Costs	34.7 million
Developer Profit 15%	5.2 million
Private Costs and Profit	39.9 million
Net Sale Price	42.0 million
Less: Private Costs and Profit	39.9 million
Tier II Profit	2.1 million
Developer Share	1.05 million
County Subsidy Repayment Share	1.05 million

3) In the event of project refinancing by the initial ownership/development group prior to the end of the seventh year after issuance of the final certificate of occupancy for the project, 50% of all net refinance proceeds greater than the project's Net Private Costs shall be repaid to the county to reduce the County subsidy. For example, a refinancing at $36.0 million produces a County repayment of $.65 million, as follows:

Total Project Costs	$48.7 million
Less: HUD Grant	14.0 million
Net Private Costs	34.7 million
Gross Refinance Proceeds	36.0 million
Less: Net Private Costs	34.7 million
Net Refinance Proceeds	1.3 million
Developer Share	.65 million
County Subsidy Repayment Share	.65 million

4) In the event the project's annual cash on cash return is greater than 15% to the initial ownership/development group for any year prior to the end of the seventh year after the issuance of the final certificate of occupancy for the project, 50% of the cash flow greater than the 15% cash on cash private return shall be repaid to the County to reduce the County subsidy. For example, a cash flow of $1.6 million and a cash investment of $5.7 million produces a current year County cash flow subsidy repayment of $373,000 as follows:

Current Year Average Cash Investment	$5.7 million
15% Private Return	.855 million
Current Year Project Cash Flow	$1.600 million
Less: 15% Private Return	.855 million
Surplus Cash Flow	.745 million
Developer Share	.373 million
County Subsidy Repayment Share	.373 million

Background: For the last three years Florence Alameda Associates, LLC has been assembling land for the La Alameda project. Primestor Development, Inc. (Developer) proposes to construct 233,000 square feet of retail space and 14,000 square feet of office space on an 18.3-acre site located adjacent to Alameda Street between Florence Avenue and Leota Street (Site). Please see the site plan attached as Exhibit Three. Letters of intent from prospective tenants have been received from Ross and Marshall's. Active negotiations are being carried on with Linens N' Things, Office Depot, Childrens Place, Anchor Blue, Old Navy, Party City, Shoe Pavillion and Miry.

Public Benefit: The project is a value power center which will provide goods and services to residents within a 5 mile service area. Within this service area are 305,670 persons, 214,243 of whom are persons in poverty according to 2000 census statistics. Using $14,000,000 of I08 Loan and EDI Grant divided by 214,243 persons in poverty produces a ratio of one person in poverty to every $65.35 of 108 and EDI funds. This is well within the aggregate standard of at least one low- and moderate-income person per $350 of 108/EDI/CDBG funds. See Section 570.209(b)(1)(ii). Service area statistics by census tract are provided in Exhibit Four.

Uses and Sources For Project Costs: The project development costs and sources of financing are estimated as follows:

(Amounts in Millions)

Uses		Sources	
Land Acquisition[1]	$16.0	Takeout Loan	$29.0
Direct Costs[1]	26.0	Equity	5.7
Indirect Costs[1]	6.7	HUD Grant	14.0
	$48.7		$48.7

[1]See Exhibit Five, Keyser Marston report dated 7/6/04.

Reasonable Costs: Project costs of $48.7 million have been carefully reviewed by Keyser Marston Associates, Inc. (KMA). See Exhibit Five.

KMA differs with the developer in the amount of $1,900,000. Given the $5.4 million cost increase since July 1, 2003, it is difficult to say the developer's higher figure is reasonable. We accept the KMA analysis as reasonable at $48.7 million.

Need for Subsidy: KMA has also analyzed the financing gap based on alternate return on investment (ROI) assumptions. The estimated gap ranges from a low of $11.6 million to a high of $15.0 million. The $14.0 million initial gap funding amount is reasonable until final project costs are realized and leases executed.

DRAFT

Commitment of Financing: At this time, the developer has not received a formal financing commitment. However, the strong letter of intent interest by prospective tenants should lead to expeditious financing.

HUD Funds Not A Substitute For Private Financing: HUD funds are being made available to a private project to fill an ROI gap (Exhibit Five). But for the County grant, this project would otherwise not be built. Please see developer's but for letter in Exhibit Six.

Reasonable Private Returns: The KMA project pro forma analysis dated 7/6/04 reflects an NOI of $3,903,000. With a $29.0 million permanent loan @ 7%, annual debt service is $2,315,253, this gives the project a 1.69 debt coverage ratio. With cash flow of $1,587.74? and a cash investment of $5.7 million, the cash on cash rate of return is 27.9%. However, condition subsequent 4) above prevents this cash flow return from being unreasonable. Likewise, condition subsequent 1) cost savings, 2) excess sale proceeds, and 3) excess refinance proceeds are also designed to ensure that the private returns are reasonable.

Project Feasibility: Florence Alameda Associates LLC is owned 50% by Florence Roseberry LLC and 50% by LARD L P. Florence Roseberry is owned 50% by Arturo Sneider and 50% by John Selby (the Primestor principals). LARD is owned by Lorenzo Flores and related parties. We have reviewed financial information on Sneider, Selby and Flores. In combination, they have substantial cash (mid-seven figures), net worth (mid-eight figures) and other projects under development (Primestor has 12 active projects). They represent a capable ownership group that can be expected to perform on plan. Combined with a strong pre-leasing effort, this should be a successful project.

Recommendation: We recommend this project be approved and submitted to HUD for funding.

THE NATIONAL DEVELOPMENT COUNCIL

By Scott Rodde, Director

7/14/04

AMORTIZATION SCHEDULE FOR HUD-108 LOAN TO LOS ANGELES COUNTY COMMUNITY DEVELOPMENT COMMISSION FOR FLORENCE ALAMEDA ASSOCIATES, LLC FOR THE LA ALAMEDA SHOPPING CENTER PROJECT

YEAR	OPENING LOAN BALANCE	INTEREST RATE[A]	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL PAYMENT	ENDING LOAN BALANCE
1	$8,250,000	4.3%	$354.750	$425,000	$779,750	$7,825,000
2	7,825,000	5.1%	399,075	380,000	779,075	7,445,000
3	7,445,000	5.6%	416,920	365,000	781,920	7,080,000
4	7,080,000	6.0%	424,800	375,000	799,800	6,705,000
5	6,705,000	6.3%	422,415	380,000	802,415	6,325,000
6	6,325,000	6.6%	417,450	385,000	802,450	5,940,000
7	5,940,000	6.8%	403,920	400,000	803,920	5,540,000
8	5,540,000	7.0%	387,800	415,000	802,800	5,125,000
9	5,125,000	7.1%	363,875	435,000	798,875	4,690,000
10	4,690,000	7.2%	337,680	440,000	777,680	4,250,000
11	4,250,000	7.4%	314,500	425,000	739,500	3,825,000
12	3,825,000	7.5%	286,875	425,000	711,875	3,400,000
13	3,400,000	7.6%	258,400	425,000	683,400	2,975,000[b]
14	2,975,000	7.7%	229,075	425,000	654,075	2,550,000
15	2,550,000	7.8%	198,900	425,000	623,900	2,125,000
16	2,125,000	7.8%	165,250	425,000	590,750	1,700,000
17	1,700,000	7.9%	134,300	425,000	559,300	1,275,000
18	1,275,000	7.9%	100,725	425,000	525,725	850,000
19	850,000	8.0%	68,000	425,000	493,000	425,000
20	425,000	8.0%	34,000	425,000	459,000	—
Average					$698,461	

[A]Based on HUD-108 offering of 6/22/04 plus 2%.

[B]Cumulative excess sales tax and property tax will permit early repayment of the HUD-108 loan in year 13.

AMORTIZATION SCHEDULE FOR HUD-108 LOAN TO LOS ANGELES COUNTY COMMUNITY DEVELOPMENT COMMISSION FOR FLORENCE ALAMEDA ASSOCIATES, LLC FOR THE LA ALAMEDA SHOPPING CENTER PROJECT

YEAR	NET SALES TAX PER KMA	PROPERTY TAX PER KMA	50% OF TOTAL PAYMENT FROM CDBG	50% OF TOTAL PAYMENT FROM SALES/ PROP. TAX	EXCESS SALES/ PROP. TAX	CUMULATIVE EXCESS SALES/ PROP. TAX
1	$391,000	49,000	$389,875	$389,875	$50,125	$50,125
2	484,000	50,000	389,538	389,538	144,462	194,587
3	555,000	51,000	390,960	390,960	215,040	409,627
4	572,000	52,000	399,900	399,900	224,100	633,727
5	589,000	53,000	401,208	401,208	240,792	874,519
6	606,000	54,000	401,225	401,225	258,775	1,133,294
7	625,000	55,000	401,960	401,960	278,040	1,411,334
8	643,000	56,000	401,400	401,400	297,600	1,708,934
9	663,000	57,000	399,438	399,438	320,562	2,029,496
10	683,000	59,000	388,840	388,840	353,160	2,382,560
11	703,000	60,000	369,750	369,750	393,250	2,775,906
12	724,000	61,000	355,938	355,938	429,062	3,204,968
13	746,000	62,000	341,700	341,700	466,300	3,671,268[b]
14	768,000	63,000	327,038	327,038	503,962	4,175,230
15	791,000	65,000	311,950	311,950	544,050	4,719,280
16	815,000	66,000	295,375	295,375	585,625	5,304,905
17	839,000	67,000	279,650	279,650	626,350	5,931,255
18	865,000	69,000	262,863	262,863	671,137	6,602,392
19	891,000	70,000	246,500	246,500	714,500	7,316,892
20	917,000	71,000	229,500	229,500	758,500	8,075,392
Average	$693,500	$59,500	$349,230	$349,230		

[A]Based on HUD-108 offering of 6/22/04 plus 2%.

[B]Cumulative excess sales tax and property tax will permit early repayment of the HUD-108 loan in year 13.

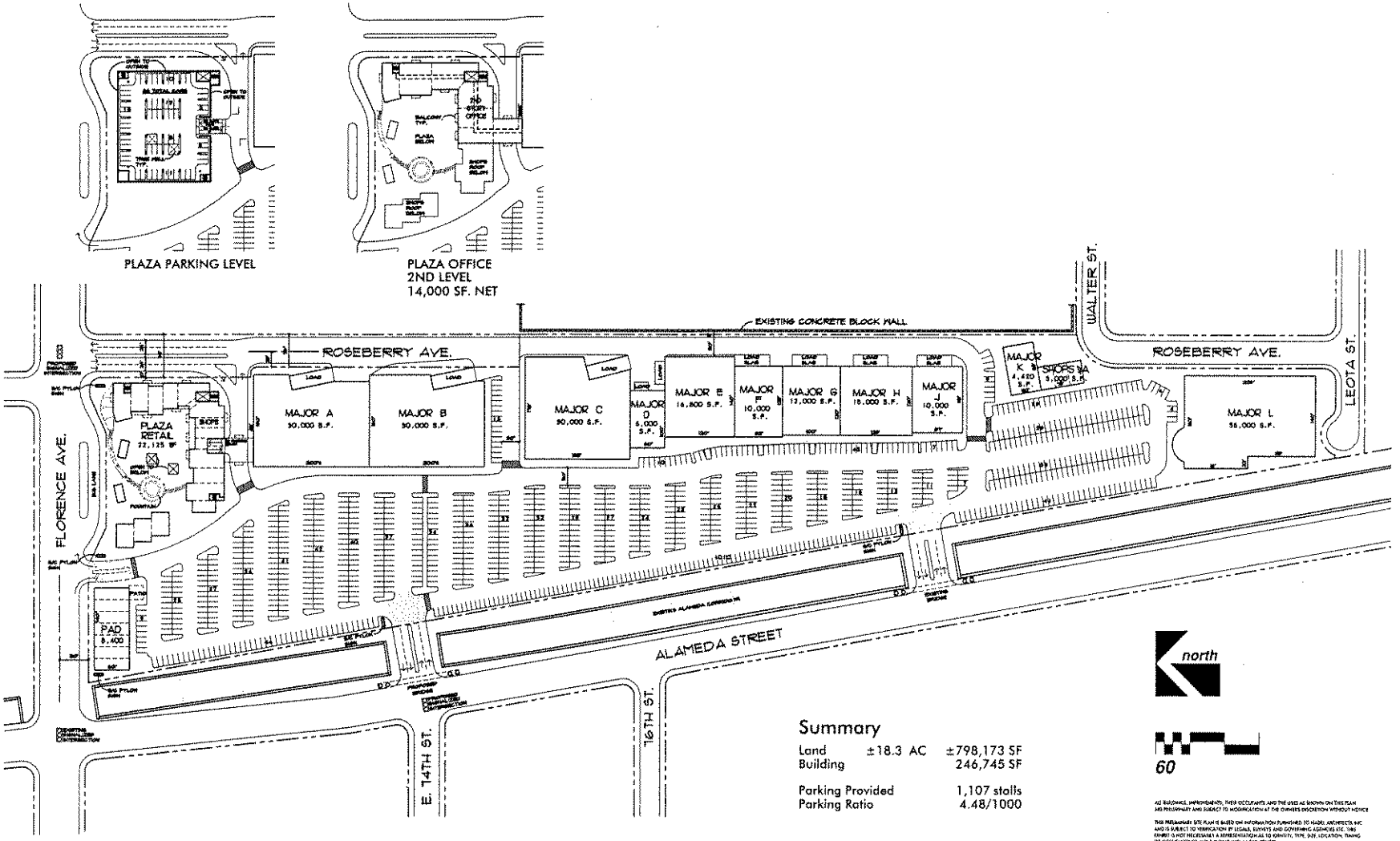
Annual Sales and Property Tax
La Alameda
Los Angeles California

Sales Taxes					**Property Taxes**			
Stabilized Sales		$ 52,959,750			**Valuation**		$ 31,000,000	
Stabilized Sales Tax		$ 529,598			**Taxes at**	0.24%	$ 73,780	
Year	Growth Factor	Sales Tax	Less Base	Net Sales Taxes	Property Valuation	Less Base	Net Property Value	Taxes at 0.00238
1	-25%	$ 397,198	$ (6,500)	$ 390,698	$ 31,000,000	$ (10,396,000)	$ 20,604,000	$ 49,038
2	-10%	$ 490,937	$ (6,695)	$ 484,242	$ 31,620,000	$ (10,603,920)	$ 21,016,080	$ 50,018
3	0	$ 561,850	$ (6,896)	$ 554,954	$ 32,252,400	$ (10,815,998)	$ 21,436,402	$ 51,019
4	103%	$ 578,705	$ (7,103)	$ 571,603	$ 32,897,448	$ (11,032,318)	$ 21,865,130	$ 52,039
5	103%	$ 596,067	$ (7,316)	$ 588,751	$ 33,555,397	$ (11,252,965)	$ 22,302,432	$ 53,080
6	103%	$ 613,949	$ (7,535)	$ 606,413	$ 34,226,505	$ (11,478,024)	$ 22,748,481	$ 54,141
7	103%	$ 632,367	$ (7,761)	$ 624,606	$ 34,911,035	$ (11,707,585)	$ 23,203,450	$ 55,224
8	103%	$ 651,338	$ (7,994)	$ 643,344	$ 35,609,256	$ (11,941,736)	$ 23,667,519	$ 56,329
9	103%	$ 670,878	$ (8,234)	$ 662,644	$ 36,321,441	$ (12,180,571)	$ 24,140,870	$ 57,455
10	103%	$ 691,005	$ (8,481)	$ 682,524	$ 37,047,870	$ (12,424,182)	$ 24,623,687	$ 58,604
11	103%	$ 711,735	$ (8,735)	$ 702,999	$ 37,788,827	$ (12,672,666)	$ 25,116,161	$ 59,776
12	103%	$ 733,087	$ (8,998)	$ 724,089	$ 38,544,604	$ (12,926,119)	$ 25,618,484	$ 60,972
13	103%	$ 755,079	$ (9,267)	$ 745,812	$ 39,315,496	$ (13,184,642)	$ 26,130,854	$ 62,191
14	103%	$ 777,732	$ (9,545)	$ 768,186	$ 40,101,806	$ (13,448,335)	$ 26,653,471	$ 63,435
15	103%	$ 801,064	$ (9,832)	$ 791,232	$ 40,903,842	$ (13,717,301)	$ 27,186,540	$ 64,704
16	103%	$ 825,096	$ (10,127)	$ 814,969	$ 41,721,918	$ (13,991,647)	$ 27,730,271	$ 65,998
17	103%	$ 849,849	$ (10,431)	$ 839,418	$ 42,556,357	$ (14,271,480)	$ 28,284,877	$ 67,318
18	103%	$ 875,344	$ (10,744)	$ 864,600	$ 43,407,484	$ (14,556,910)	$ 28,850,574	$ 68,664
19	103%	$ 901,604	$ (11,066)	$ 890,538	$ 44,275,634	$ (14,848,048)	$ 29,427,586	$ 70,038
20	103%	$ 928,652	$ (11,398)	$ 917,255	$ 45,161,146	$ (15,145,009)	$ 30,016,137	$ 71,438
Total		$ 14,043,535	$ (174,657)	$ 13,868,878				$ 1,191,483
Present Value at 7%		$ 6,889,033	$ (86,656)	$ 6,802,377	Present Value at 7%			$ 604,145

Total Value of Taxes
Nominal $ 15,060,361
Present Value $ 7,406,522

Prepared by: Keyser Marston Associates, Inc. 10/27/2003 Sales and Property Taxes ceh

EXHIBIT THREE



Summary

Land	±18.3 AC	±798,173 SF
Building		246,745 SF
Parking Provided		1,107 stalls
Parking Ratio		4.48/1000

ALL BUILDINGS, IMPROVEMENTS, THEIR OCCUPANTS AND THE USES AS SHOWN ON THIS PLAN ARE PRELIMINARY AND SUBJECT TO MODIFICATION AT THE OWNERS DISCRETION WITHOUT NOTICE

THIS PRELIMINARY SITE PLAN IS BASED ON INFORMATION FURNISHED TO NADEL ARCHITECTS INC AND IS SUBJECT TO VERIFICATION BY LEGALS, SURVEYS AND GOVERNING AGENCIES ETC. THIS EXHIBIT IS NOT NECESSARILY A REPRESENTATION AS TO DENSITY, TYPE, SIZE, LOCATION, TIMING OR OCCUPANCY OF ANY BUILDING WITHIN THIS CENTER.

PRELIMINARY SITE PLAN

FLORENCE @ ALAMEDA
WALNUT PARK, CA.

ALAMEDA

LA ALAMEDA

DATE: JUNE 24, 2003
NADEL JOB#: 01-127

1990 S. BUNDY DR., FOURTH FLOOR
LOS ANGELES, CA. 90025
T:310.826.2100 F:310.826.0182
WWW.NADELARC.COM

Nadel Architects Inc

EXHIBIT FOUR

EMPOWERMENT ZONE CENSUS TRACTS WITHIN 5 MILE SERVICE AREA OF THE LA ALAMEDA CENTER

EZ TRACT	1990 Pop	Persons in Poverty	Percent Below Poverty
2281	4911	2003	41.2
2282	6736	2917	43.7
2286	4400	1620	37.4
2287	7586	3272	43.8
2288	4914	2262	46.2
2289	3205	1670	52.3
2291	3858	1412	37.0
2392	5822	2195	38.0
2393	7566	3029	40.0
2397	5520	2179	39.8
2400	7064	2645	37.6
2420	3086	1306	43.9
2421	2760	2395	83.6
2422	4938	2320	47.2
2423	3020	1367	45.8
2427	3809	1436	38.3
2430	5280	1800	34.6
5352	4450	1487	33.6
5353	5797	1919	35.0
5354	2842	1416	46.8
SUB TOTAL	**97,564**	**40,650**	

(2)

EMPOWERMENT ZONE CENSUS TRACTS WITHIN 5 MILE SERVICE AREA OF THE LA ALAMEDA CENTER

EZ BUFFER	1990 Pop	Persons in Poverty	Percent Below Poverty	
	2292	2292	1514	39.3
	2294	7188	2634	37.0
	2395	5317	1899	35.8
	2396	5065	1692	33.8
	2398	6745	2683	40.2
	2407	4991	1789	36.2
	5324	350	124	35.1
	5326.01	6760	1451	21.7
	5326.02	6187	1497	24.3
	5328	4366	2101	48.1
	5329	6084	2072	34.8
	5330	7297	1949	26.9
	5331.02	7053	2432	34.7
	5348.02	2760	217	7.9
	5349	6560	1947	29.8
	5351.01	5963	1486	25.3
	5355	10467	2046	19.8
	5356.01	12528	2315	18.5
	5356.02	7083	1316	18.7
SUB TOTAL		**115,056**	**33,164**	

OTHER JURISDICTION CENSUS TRACTS WITHIN 5 MILE SERVICE AREA OF THE LA ALAMEDA CENTER

Tract #	1990 Pop Poverty	Persons in Poverty	Percent Below
5325	4447	995	22.5
5332	7576	1788	23.9
5335	7702	2177	28.4
5336	16460	4507	27.6
5344.02	6385	1636	25.7
5345	8480	1629	19.4
5347	3731	434	11.7
5357	10399	1875	18.2
5358.01	8778	2109	24.1
SUB TOTAL	**73,958**	**17,150**	
TOTAL SERVICE AREA	**286,578**	**90,964**	

EXHIBIT FIVE

KEYSER MARSTON ASSOCIATES INC.

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Debbie M. Kern
Robert J. Weimore

MEMORANDUM

To: Manuel G. Acosta, Development Specialist
Economic/Redevelopment Division
Los Angeles County
Community Development Commission

From: Cal Hollis
Ava H. Lee

Date: July 6, 2004

Subject: La Alameda Financial Feasibility

At your request, Keyser Marston Associates, Inc. (KMA) has evaluated the financial feasibility of the Primestor Development, Inc. (Developer) proposal dated June 10, 2004. The Developer proposes to construct approximately 233,000 square feet of retail space and 14,000 square feet of office space (Project) on an 18.3-acre site located adjacent to Alameda Street between Florence Avenue and Leota Street (Site). Specifically, the Developer is requesting $15.0 million in assistance. The objective of the KMA analysis is to determine the required assistance warranted by the Project.

BACKGROUND

KMA previously evaluated the Developer proposal dated July 1, 2003. The 2003 proposal suggested a similar development scope at a cost of $44.8 million and requested $16.5 million in assistance. The table below illustrates the Developer and KMA estimated financial gaps presented in a KMA memorandum dated September 26, 2003.

	Developer	KMA
Site Assemblage	$12.9 million	$12.9 million
Direct	25.5 million	24.2 million
Indirect	5.0 million	4.5 million
Financing	1.4 million	1.7 million
Development Cost	$44.8 million	$43.3 million
Net Operating Income	$3.4 million	$3.4 million
Required Return	12.0%	10.5%
Financial Gap	$16.5 million	$11.0 million

The Developer has since updated development cost and income estimates and is requesting assistance of $15.0 million.

ORGANIZATION

KMA reviewed the Developer's current pro forma and reorganized it into our format to allow a substantive comparison of the Developer's assumptions and KMA's independent analysis of the Project. The proposed Developer and KMA pro formas are shown in Tables 1-3. A summary table is presented in Table 4.

ESTIMATED DEVELOPMENT COST

Site Assemblage

The Developer estimates $16.0 million in site assemblage costs. This estimate is $3.1 million higher than the previous estimate of $12.9 million which consists of actual cost of properties owned by the Developer as well as estimates of pending acquisitions. KMA recommends Los Angeles County Community Development Commission (LACDC) to verify the reasonableness of the increase.

Direct Costs

Typical direct costs include demolition, off-site, on-site, building shell, tenant improvement, and parking costs. The estimates made by KMA are based on our experience with similar projects in the region.

- A $1.0 million allowance is provided for demolition costs.

- The Developer has assumed a $2.0 million allowance for the construction of a new bridge between Alameda Street and the Site. This is twice the cost of the previous estimate. KMA has assumed the new estimate.

- The Developer estimates on-site improvements to be $4.6 million. KMA estimates on-site costs to be $3.2 million or $4.00 per square foot of land area. These estimates include landscaping and signage.

- Building costs vary based on the intended use. Building shell costs range between $55.00 and $85.00 per square foot. Total shell costs as estimated by the Developer is $14.6 million.

- The Developer estimates $3.5 million in tenant improvements.

- The proposed office component includes an additional parking garage. The Developer estimates $8,000 per parking space. KMA has assumed this estimate.

- Hard cost contingencies are estimated to be $1.2 million.

Total direct costs as estimated by the Developer is $27.4 million. KMA estimates the direct costs to be $26.0 million.

Indirect Costs

Indirect costs are typically estimated as a percentage of direct costs. KMA has highlighted a number of the Developer and KMA assumed indirect costs below:

- The architecture, engineering, and professional costs are estimated to be $1.2 million by the Developer and $1.3 million by KMA.

- The Developer indicates permits and fees to be $2.93 per square foot for approximately 247,000 square feet of building space. KMA recommends LACDC to verify this estimate.

- KMA allocates 2.0% of direct costs, or $521,000 for taxes, insurance, legal, and accounting. The Developer estimates 1.8% of direct costs, or $500,000.

- The Developer estimates leasing commissions to be $1.6 million. KMA estimates leasing commissions for small retail tenants to be no greater than $8.00 per square foot of building. KMA estimates leasing commissions to be $1.3 million.

- Development management fee is estimated by the Developer at 5.3% of direct costs ($1.5 million). KMA allows for 3.0% of direct costs ($781,000).

- The indirect contingency is estimated at 3.8% of other indirect costs ($206,000). KMA allows for 5.0% ($232,000).

The Developer estimates indirect costs to be $5.7 million. This estimate is $828,000 higher than the KMA estimate of $4.9 million.

Financing Costs

The Developer estimates construction period interest and fees for the Project to be $1.5 million. To estimate financing costs, KMA assumes an 18-month construction period, 65% average outstanding balance, and 7.0% interest rate for the construction loan, 75% loan to cost and 1.0 point for loan origination fees. KMA estimates $1.8 million in financing costs.

Overall, the Developer's estimated costs for the Project is $50.6 million ($205 per square foot of building area). KMA estimates development cost to be $48.7 million ($198 per square foot of building area). The current Developer development estimates are approximately $6 million more than the 2003 estimates. The primary differences can be attributed to the $3.1 million increase in land cost and $1.0 million increase in off-site cost. 18 Soft

ESTIMATED NET OPERATING INCOME (NOI)

Based on the Developer's projections, the annual rents are estimated to range from $11.00 to $22.00 per square foot for anchor and sub-anchor space. The shops and pads can expect $24.00 to $45.00 per square foot of building. The total annual rent is estimated at $4.3 million, an increase of $342,000 from the 2003 proposal. The Developer assumes a 5.0% vacancy factor on the entire project, 5.6% of effective gross income (EGI) for operating expenses, $1.3 million in reimbursed maintenance expenses, and $48,000 for groundlease of a corner parcel. The NOI for the Project as estimated by the Developer is $3.7 million. KMA applied a 5.0% vacancy factor to the non-major tenants only and allocated 5.0% of EGI for operating expenses. KMA estimates the NOI to be $3.9 million.

The above estimated NOI's represent an increase of $303,000 (Developer) and $505,000 (KMA) from the 2003 proposal.

ESTIMATED FEASIBILITY GAP

The Developer requests a return on investment (ROI) of 10.4%, thus supporting a $35.6 million investment. Deducting for development cost of $50.6 million results in a gap of $15.0 million. Based on KMA experience, a reasonable ROI for this type of project is 10.5%. At 10.5%, this project can support a $37.2 million investment. Deducting for development cost of $48.7 million results in a gap of $11.6 million.

Primary contributing factors to the $3.4 million difference between the Developer and KMA analysis are:

- On-site cost estimate, responsible for $1.4 million of the difference; and
- Vacancy allocation, responsible for $1.6 million of the difference in private investment.

We hope this analysis is helpful and are available to discuss the above at your convenience.

TABLE 1A (page 1 of 2)

ESTIMATED RETAIL DEVELOPMENT COST - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Total Site Assemblage**	800,000	sf of land	$20.00	/ sf of land		$16,000,000
II.	**Direct Costs** [1]						
	Demolition		allowance			$1,000,000	
	Off-Site Improvements [2]		allowance			2,000,000	
	On-Site Improvements [3]	800,000	sf of land	$5.75	/ sf of land	4,604,000	
	Building Shell						
	MAJOR A - Linens & Things	30,000	sf of building	$55.00	/ sf of building	$1,650,000	
	MAJOR B - Marshalls	30,000	sf of building	$55.00	/ sf of building	1,650,000	
	MAJOR C	5,000	sf of building	$55.00	/ sf of building	275,000	
	MAJOR D - Ross	30,000	sf of building	$55.00	/ sf of building	1,650,000	
	MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$55.00	/ sf of building	330,000	
	MAJOR F - Office Depot	19,000	sf of building	$55.00	/ sf of building	1,045,000	
	MAJOR G - Shoe Pavillion	10,000	sf of building	$55.00	/ sf of building	550,000	
	MAJOR H - Party City	11,000	sf of building	$55.00	/ sf of building	605,000	
	MAJOR I	5,000	sf of building	$55.00	/ sf of building	275,000	
	MAJOR J - MIRY	7,000	sf of building	$65.00	/ sf of building	455,000	
	SHOPS	14,000	sf of building	$65.00	/ sf of building	910,000	
	MAJOR M	35,000	sf of building	$55.00	/ sf of building	1,925,000	
	PLAZA RETAIL						
	Panda Express	1,800	sf of building	$70.00	/ sf of building	126,000	
	Sally's Beauty Supply	1,500	sf of building	$70.00	/ sf of building	105,000	
	Food	1,400	sf of building	$70.00	/ sf of building	98,000	
	Retail	1,400	sf of building	$70.00	/ sf of building	98,000	
	Retail	1,860	sf of building	$70.00	/ sf of building	130,000	
	Food	2,300	sf of building	$70.00	/ sf of building	161,000	
	Salon	1,475	sf of building	$70.00	/ sf of building	103,000	
	Retail	900	sf of building	$70.00	/ sf of building	63,000	
	Quiznos	1,400	sf of building	$70.00	/ sf of building	98,000	
	Food	2,300	sf of building	$70.00	/ sf of building	161,000	
	Don Roberto's	1,500	sf of building	$70.00	/ sf of building	105,000	
	Jamba Juice	1,500	sf of building	$70.00	/ sf of building	105,000	
	Cold Stone	1,200	sf of building	$70.00	/ sf of building	84,000	
	Starbucks	1,500	sf of building	$70.00	/ sf of building	105,000	
	PAD A						
	Cellular	2,400	sf of building	$85.00	/ sf of building	204,000	
	Games	1,500	sf of building	$85.00	/ sf of building	128,000	
	Bank	4,500	sf of building	$85.00	/ sf of building	383,000	
	PLAZA OFFICES	14,000	sf of building	$70.00	/ sf of building	980,000	
	Temporary Kiosks	10	kiosks	$4,000	/ kiosk	40,000	
	Total Building Shell	246,435	sf of building	$59.23	/ sf of building		14,597,000
	Tenant Improvements						
	MAJOR A - Linens & Things	30,000	sf of building	$5.00	/ sf of building	$150,000	
	MAJOR B - Marshalls	30,000	sf of building	$5.00	/ sf of building	150,000	
	MAJOR C	5,000	sf of building	$35.00	/ sf of building	175,000	
	MAJOR D - Ross	30,000	sf of building	$5.00	/ sf of building	150,000	
	MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$20.00	/ sf of building	120,000	
	MAJOR F - Office Depot	19,000	sf of building	$25.00	/ sf of building	475,000	
	MAJOR G - Shoe Pavillion	10,000	sf of building	$20.00	/ sf of building	200,000	
	MAJOR H - Party City	11,000	sf of building	$25.00	/ sf of building	275,000	
	MAJOR I	5,000	sf of building	$25.00	/ sf of building	125,000	
	MAJOR J - MIRY	7,000	sf of building	$25.00	/ sf of building	175,000	
	SHOPS	14,000	sf of building	$20.00	/ sf of building	280,000	
	MAJOR M	35,000	sf of building	$5.00	/ sf of building	175,000	

1 Assumes prevailing wages.
2 Estimated bridge cost.
3 Includes landscaping and signage.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; ahl

TABLE 1A (page 2 of 2)

ESTIMATED RETAIL DEVELOPMENT COST - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

Direct Costs (Continued)						
Tenant Improvements (Continued)						
PLAZA RETAIL						
Panda Express	1,800	sf of building	$30.00 / sf of building	$54,000		
Sally's Beauty Supply	1,500	sf of building	$20.00 / sf of building	30,000		
Food	1,400	sf of building	$20.00 / sf of building	28,000		
Retail	1,400	sf of building	$20.00 / sf of building	28,000		
Retail	1,850	sf of building	$20.00 / sf of building	37,000		
Food	2,300	sf of building	$20.00 / sf of building	46,000		
Salon	1,475	sf of building	$20.00 / sf of building	30,000		
Retail	900	sf of building	$20.00 / sf of building	18,000		
Quiznos	1,400	sf of building	$20.00 / sf of building	28,000		
Food	2,300	sf of building	$20.00 / sf of building	46,000		
Don Roberto's	1,500	sf of building	$20.00 / sf of building	30,000		
Jamba Juice	1,500	sf of building	$35.00 / sf of building	53,000		
Cold Stone	1,200	sf of building	$20.00 / sf of building	24,000		
Starbucks	1,500	sf of building	$40.00 / sf of building	60,000		
PAD A						
Cellular	2,400	sf of building	$25.00 / sf of building	60,000		
Games	1,500	sf of building	$25.00 / sf of building	38,000		
Bank	4,500	sf of building	$30.00 / sf of building	135,000		
PLAZA OFFICES	14,000	sf of building	$20.00 / sf of building	280,000		
Temporary Kiosks	10	kiosks	$0.00 / kiosk	0		
Total Tenant Improvements	246,435	sf of building	$14.10 / sf of building		3,475,000	
Total Parking Structure	66	spaces	$8,000 / space		528,000	
Contingency	4.6%	of other direct costs			1,210,000	
Total Direct Costs						$27,414,000
III. Indirect Costs						
Architecture, Engineering, & Prof.	4.5%	of direct costs			$1,232,000	
Permits & Fees	246,435	sf of building	$2.93 / sf of building		723,000	
Taxes, Insurance, Legal, & Accounting	1.8%	of direct costs			500,000	
Leasing Commissions / Marketing						
MAJOR A - Linens & Things	30,000	sf of building	$4.00 / sf of building	$120,000		
MAJOR B - Marshalls	30,000	sf of building	$4.00 / sf of building	120,000		
MAJOR C	5,000	sf of building	$9.45 / sf of building	47,000		
MAJOR D - Ross	30,000	sf of building	$4.00 / sf of building	120,000		
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$9.90 / sf of building	59,000		
MAJOR F - Office Depot	19,000	sf of building	$5.00 / sf of building	95,000		
MAJOR G - Shoe Pavilion	10,000	sf of building	$5.00 / sf of building	50,000		
MAJOR H - Party City	11,000	sf of building	$5.00 / sf of building	55,000		
MAJOR I	5,000	sf of building	$8.10 / sf of building	41,000		
MAJOR J - MIRY	7,000	sf of building	$7.88 / sf of building	55,000		
SHOPS	14,000	sf of building	$10.80 / sf of building	151,000		
MAJOR M	35,000	sf of building	$4.00 / sf of building	140,000		
PAD A	8,400	sf of building	$16.97 / sf of building	143,000		
PLAZA RETAIL	22,035	sf of building	$14.03 / sf of building	309,000		
PLAZA OFFICES	14,000	sf of building	$5.25 / sf of building	74,000		
Temporary Kiosks	10	kiosks	$0.00 / kiosk	0		
Total Leasing Commissions / Marketing					1,579,000	
Development Management / Predev.	6.3%	of direct costs			1,459,000	
Contingency	3.8%	of other indirect costs			206,000	
Total Indirect Costs						$5,699,000
IV. Financing Costs						
Loan Interest[4]		allowance			$1,207,000	
Loan Points		allowance			248,000	
Total Financing Costs						$1,455,000
V. Total Development Cost						$50,568,000
Per SF of Building Area	246,435	sf of building				$205

4 Assumes 18-month construction period, 65% average outstanding balance, 6% interest rate, and $24,750,000 loan.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; ahl

TABLE 2A

ESTIMATED RETAIL STABILIZED NET OPERATING INCOME - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Income**					
	MAJOR A - Linens & Things	30,000	sf of building	$11.00 / sf of building	$330,000	
	MAJOR B - Marshalls	30,000	sf of building	$12.00 / sf of building	360,000	
	MAJOR C	5,000	sf of building	$21.00 / sf of building	105,000	
	MAJOR D - Ross	30,000	sf of building	$13.15 / sf of building	395,000	
	MAJOR E - Anchor Blue (MUB)	6,000	sf of building	$22.00 / sf of building	132,000	
	MAJOR F - Office Depot	19,000	sf of building	$13.50 / sf of building	257,000	
	MAJOR G - Shoe Pavillion	10,000	sf of building	$15.00 / sf of building	150,000	
	MAJOR H - Party City	11,000	sf of building	$15.00 / sf of building	165,000	
	MAJOR I	5,000	sf of building	$18.00 / sf of building	90,000	
	MAJOR J - MIRY	7,000	sf of building	$17.50 / sf of building	123,000	
	SHOPS	14,000	sf of building	$24.00 / sf of building	336,000	
	MAJOR M	35,000	sf of building	$15.00 / sf of building	525,000	
	PLAZA RETAIL					
	Panda Express	1,800	sf of building	$36.00 / sf of building	65,000	
	Sally's Beauty Supply	1,500	sf of building	$27.00 / sf of building	41,000	
	Food	1,400	sf of building	$36.00 / sf of building	50,000	
	Retail	1,400	sf of building	$30.00 / sf of building	42,000	
	Retail	1,860	sf of building	$24.00 / sf of building	45,000	
	Food	2,300	sf of building	$24.00 / sf of building	55,000	
	Salon	1,475	sf of building	$30.00 / sf of building	44,000	
	Retail	900	sf of building	$36.00 / sf of building	32,000	
	Quiznos	1,400	sf of building	$30.00 / sf of building	42,000	
	Food	2,300	sf of building	$30.00 / sf of building	69,000	
	Don Roberto's	1,500	sf of building	$36.00 / sf of building	54,000	
	Jamba Juice	1,500	sf of building	$39.00 / sf of building	59,000	
	Cold Stone	1,200	sf of building	$33.00 / sf of building	40,000	
	Starbucks	1,500	sf of building	$33.00 / sf of building	50,000	
	PAD A					
	Cellular	2,400	sf of building	$35.00 / sf of building	86,000	
	Games	1,500	sf of building	$45.60 / sf of building	68,000	
	Bank	4,500	sf of building	$36.00 / sf of building	162,000	
	PLAZA OFFICES	14,000	sf of building	$21.00 / sf of building	294,000	
	Temporary Kiosks	10	kiosks	$6,000 / kiosk	60,000	
	Gross Income	246,435	sf of building	$17.55 / sf of building		$4,326,000
	NNN Reimburseables	$5.18	/ sf of building			1,278,000
	Vacancy	5.0%	gross income			(280,000)
	Effective Gross Income					$5,324,000
II.	**Operating Expenses**					
	Ground Rent of corner Parcel					($48,000)
	NNN Expenses	$5.18	/ sf of building			(1,278,000)
	Management	4.0%	of effective gross income			(213,000)
	Unreimbursed CAM	1.6%	of effective gross income			(84,000)
	Total Operating Expenses					($1,623,000)
III.	Net Operating Income					$3,701,000

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; sh

TABLE 3A

ESTIMATED RETAIL FINANCIAL GAP - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Supportable Investment**				
	Net Operating Income		TABLE 2A	$3,701,000	
	Required Return on Investment			10.4%	
	Total Private Investment				$35,568,000
II.	**(Less) Total Development Cost**		TABLE 1A (page 2 of 2)		(50,568,000)
III.	**Residual Land Value**				($15,000,000)
	Per SF of Land Area	800,000	sf of land		($18.75)

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; sm

TABLE 1B (page 1 of 2)

ESTIMATED RETAIL DEVELOPMENT COSTS - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Total Site Assemblage** [1]	800,000	sf of land	$20.00	/ sf of land		$16,000,000
II.	**Direct Costs** [2]						
	Demolition		allowance			$1,000,000	
	Off-Site Improvements [3]		allowance			2,000,000	
	On-Site Improvements	800,000	sf of land	$4.00	/ sf of land	3,200,000	
	Building Shell						
	MAJOR A - Linens & Things	30,000	sf of building	$55.00	/ sf of building	$1,650,000	
	MAJOR B - Marshalls	30,000	sf of building	$55.00	/ sf of building	1,650,000	
	MAJOR C	5,000	sf of building	$55.00	/ sf of building	275,000	
	MAJOR D - Ross	30,000	sf of building	$55.00	/ sf of building	1,650,000	
	MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$55.00	/ sf of building	330,000	
	MAJOR F - Office Depot	19,000	sf of building	$55.00	/ sf of building	1,045,000	
	MAJOR G - Shoe Pavilion	10,000	sf of building	$55.00	/ sf of building	550,000	
	MAJOR H - Party City	11,000	sf of building	$55.00	/ sf of building	605,000	
	MAJOR I	5,000	sf of building	$55.00	/ sf of building	275,000	
	MAJOR J - MIRY	7,000	sf of building	$65.00	/ sf of building	455,000	
	SHOPS	14,000	sf of building	$65.00	/ sf of building	910,000	
	MAJOR M	35,000	sf of building	$55.00	/ sf of building	1,925,000	
	PLAZA RETAIL						
	Panda Express	1,800	sf of building	$70.00	/ sf of building	126,000	
	Sally's Beauty Supply	1,500	sf of building	$70.00	/ sf of building	105,000	
	Food	1,400	sf of building	$70.00	/ sf of building	98,000	
	Retail	1,400	sf of building	$70.00	/ sf of building	98,000	
	Retail	1,860	sf of building	$70.00	/ sf of building	130,000	
	Food	2,300	sf of building	$70.00	/ sf of building	161,000	
	Salon	1,475	sf of building	$70.00	/ sf of building	103,000	
	Retail	900	sf of building	$70.00	/ sf of building	63,000	
	Quiznos	1,400	sf of building	$70.00	/ sf of building	98,000	
	Food	2,300	sf of building	$70.00	/ sf of building	161,000	
	Don Roberto's	1,500	sf of building	$70.00	/ sf of building	105,000	
	Jamba Juice	1,500	sf of building	$70.00	/ sf of building	105,000	
	Cold Stone	1,200	sf of building	$70.00	/ sf of building	84,000	
	Starbucks	1,500	sf of building	$70.00	/ sf of building	105,000	
	PAD A						
	Cellular	2,400	sf of building	$85.00	/ sf of building	204,000	
	Games	1,500	sf of building	$85.00	/ sf of building	128,000	
	Bank	4,500	sf of building	$85.00	/ sf of building	383,000	
	PLAZA OFFICES	14,000	sf of building	$70.00	/ sf of building	980,000	
	Temporary Kiosks	10	kiosks	$4,000	/ kiosk	40,000	
	Total Building Shell	246,435	sf of building	$59.23	/ sf of building		14,597,000
	Tenant Improvements						
	MAJOR A - Linens & Things	30,000	sf of building	$5.00	/ sf of building	$150,000	
	MAJOR B - Marshalls	30,000	sf of building	$5.00	/ sf of building	150,000	
	MAJOR C	5,000	sf of building	$35.00	/ sf of building	175,000	
	MAJOR D - Ross	30,000	sf of building	$5.00	/ sf of building	150,000	
	MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$20.00	/ sf of building	120,000	
	MAJOR F - Office Depot	19,000	sf of building	$25.00	/ sf of building	475,000	
	MAJOR G - Shoe Pavilion	10,000	sf of building	$20.00	/ sf of building	200,000	
	MAJOR H - Party City	11,000	sf of building	$25.00	/ sf of building	275,000	
	MAJOR I	5,000	sf of building	$25.00	/ sf of building	125,000	
	MAJOR J - MIRY	7,000	sf of building	$25.00	/ sf of building	175,000	
	SHOPS	14,000	sf of building	$20.00	/ sf of building	280,000	
	MAJOR M	35,000	sf of building	$5.00	/ sf of building	175,000	

1 Developer estimate.
2 Assumes prevailing wages.
3 Estimated bridge cost.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; KMA; 7/6/2004; ahl

TABLE 1B (page 2 of 2)

ESTIMATED RETAIL DEVELOPMENT COSTS - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

Direct Costs (Continued)							
Tenant Improvements (Continued)							
PLAZA RETAIL							
Panda Express	1,800	sf of building	$30.00	/ sf of building	$54,000		
Sally's Beauty Supply	1,500	sf of building	$20.00	/ sf of building	30,000		
Food	1,400	sf of building	$20.00	/ sf of building	28,000		
Retail	1,400	sf of building	$20.00	/ sf of building	28,000		
Retail	1,850	sf of building	$20.00	/ sf of building	37,000		
Food	2,300	sf of building	$20.00	/ sf of building	46,000		
Salon	1,475	sf of building	$20.00	/ sf of building	30,000		
Retail	900	sf of building	$20.00	/ sf of building	18,000		
Quiznos	1,400	sf of building	$20.00	/ sf of building	28,000		
Food	2,300	sf of building	$20.00	/ sf of building	46,000		
Don Roberto's	1,500	sf of building	$20.00	/ sf of building	30,000		
Jamba Juice	1,500	sf of building	$35.00	/ sf of building	53,000		
Cold Stone	1,200	sf of building	$20.00	/ sf of building	24,000		
Starbucks	1,500	sf of building	$40.00	/ sf of building	60,000		
PAD A							
Cellular	2,400	sf of building	$25.00	/ sf of building	60,000		
Gamec	1,500	sf of building	$25.00	/ sf of building	38,000		
Bank	4,500	sf of building	$30.00	/ sf of building	135,000		
PLAZA OFFICES	14,000	sf of building	$20.00	/ sf of building	280,000		
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0		
Total Tenant Improvements	246,435	sf of building	$14.10	/ sf of building		3,475,000	
Total Parking Structure	66	spaces	$8,000	/ space		528,000	
Contingency	5.0%	of other direct costs				1,240,000	
Total Direct Costs							$26,040,000
III. Indirect Costs							
Architecture, Engineering, & Prof.	5.0%	of direct costs				$1,302,000	
Permits & Fees[4]	246,435	sf of building	$2.93	/ sf of building		723,000	
Taxes, Insurance, Legal, & Accounting	2.0%	of direct costs				521,000	
Leasing Commissions / Marketing							
MAJOR A - Linens & Things	30,000	sf of building	$4.00	/ sf of building	$120,000		
MAJOR B - Marshalls	30,000	sf of building	$4.00	/ sf of building	120,000		
MAJOR C	5,000	sf of building	$8.00	/ sf of building	40,000		
MAJOR D - Ross	30,000	sf of building	$4.00	/ sf of building	120,000		
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$8.00	/ sf of building	48,000		
MAJOR F - Office Depot	19,000	sf of building	$5.00	/ sf of building	95,000		
MAJOR G - Shoe Pavillion	10,000	sf of building	$5.00	/ sf of building	50,000		
MAJOR H - Party City	11,000	sf of building	$5.00	/ sf of building	55,000		
MAJOR I	5,000	sf of building	$8.00	/ sf of building	40,000		
MAJOR J - MIRY	7,900	sf of building	$7.33	/ sf of building	55,000		
SHOPS	14,000	sf of building	$8.00	/ sf of building	112,000		
MAJOR M	35,000	sf of building	$4.00	/ sf of building	140,000		
PAD A	8,400	sf of building	$8.00	/ sf of building	67,000		
PLAZA RETAIL	22,035	sf of building	$8.00	/ sf of building	176,000		
PLAZA OFFICES	14,000	sf of building	$5.25	/ sf of building	74,000		
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0		
Total Leasing Commissions / Marketing	246,435	sf of building	$5.41	/ sf of building		1,312,000	
Development Management / Predev.	3.0%	of direct costs				781,000	
Contingency	5.0%	of other indirect costs				232,000	
Total Indirect Costs							$4,871,000
IV. Financing Costs							
Construction[5]	$23,181,000	financed @	7.0%	interest		$1,582,000	
Loan Points	$23,181,000	financed @	1.0	point		232,000	
Total Financing Costs							$1,814,000
V. Total Development Cost							$48,725,000
Per SF of Building Area	246,435	sf of building					$198

4 Developer estimate. City should verify.

5 Assumes 18-month construction period, 65% average outstanding balance, and 75% loan to cost. Debt interest only.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; KMA; 7/6/2004; ahl

TABLE 2B

ESTIMATED RETAIL STABILIZED NET OPERATING INCOME - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I. Income					
MAJOR A - Linens & Things	30,000	sf of building	$11.00 / sf of building	$330,000	
MAJOR B - Marshalls	30,000	sf of building	$12.00 / sf of building	360,000	
MAJOR C	5,000	sf of building	$21.00 / sf of building	105,000	
MAJOR D - Ross	30,000	sf of building	$13.15 / sf of building	395,000	
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$22.00 / sf of building	132,000	
MAJOR F - Office Depot	19,000	sf of building	$13.50 / sf of building	257,000	
MAJOR G - Shoe Pavillion	10,000	sf of building	$15.00 / sf of building	150,000	
MAJOR H - Party City	11,000	sf of building	$15.00 / sf of building	165,000	
MAJOR I	5,000	sf of building	$18.00 / sf of building	90,000	
MAJOR J - MIRY	7,000	sf of building	$17.50 / sf of building	123,000	
SHOPS	14,000	sf of building	$24.00 / sf of building	336,000	
MAJOR M	35,000	sf of building	$15.00 / sf of building	525,000	
PLAZA RETAIL					
Panda Express	1,800	sf of building	$36.00 / sf of building	65,000	
Sally's Beauty Supply	1,500	sf of building	$27.00 / sf of building	41,000	
Food	1,400	sf of building	$36.00 / sf of building	50,000	
Retail	1,400	sf of building	$30.00 / sf of building	42,000	
Retail	1,860	sf of building	$24.00 / sf of building	45,000	
Food	2,300	sf of building	$24.00 / sf of building	55,000	
Salon	1,475	sf of building	$30.00 / sf of building	44,000	
Retail	900	sf of building	$36.00 / sf of building	32,000	
Quiznos	1,400	sf of building	$30.00 / sf of building	42,000	
Food	2,300	sf of building	$30.00 / sf of building	69,000	
Don Roberto's	1,500	sf of building	$36.00 / sf of building	54,000	
Jamba Juice	1,500	sf of building	$39.00 / sf of building	59,000	
Cold Stone	1,200	sf of building	$33.00 / sf of building	40,000	
Starbucks	1,500	sf of building	$33.00 / sf of building	50,000	
PAD A					
Cellular	2,400	sf of building	$36.00 / sf of building	86,000	
Games	1,500	sf of building	$45.60 / sf of building	68,000	
Bank	4,500	sf of building	$36.00 / sf of building	162,000	
PLAZA OFFICES	14,000	sf of building	$21.00 / sf of building	294,000	
Temporary Kiosks	10	sf of building	$6,000 / sf of building	60,000	
Gross Income	246,435	sf of building	$17.55 / sf of building		$4,326,000
NNN Reimburseables	246,435	sf of building	$5.18 / sf of building		1,278,000
Vacancy	5.0%	excludes Majors			(100,000)
Effective Gross Income					$5,504,000
II. Operating Expenses					
Ground Rent of Corner Parcel [1]					($48,000)
Management	4.0%	of effective gross income			(220,000)
Reserves	1.0%	of effective gross income			(55,000)
CAM	246,435	sf of building	$5.18 / sf of building		(1,278,000)
Total Operating Expenses					($1,601,000)
III. Net Operating Income					$3,903,000

1 Developer estimate.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7: KMA: 7/6/2004; ahl

TABLE 3B

ESTIMATED RETAIL FINANCIAL GAP - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Supportable Investment**				
	Net Operating Income		TABLE 2B	$3,903,000	
	Required Return on Investment			10.5%	
	Total Private Investment				$37,171,000
II.	**(Less) Total Development Cost**		TABLE 1B (page 2 of 2)		(48,725,000)
III.	**Residual Land Value**				($11,554,000)
	Per SF of Land Area	800,000	/ sf of land		($14.44)

TABLE 4 (page 1 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

	DEVELOPER ESTIMATE	KMA ESTIMATE	DEVELOPER vs KMA
I. Tables	Tables 1A - 3A	Tables 1B - 3B	
II. Project Description			
MAJOR A - Linens & Things	30,000 sf of building		
MAJOR B - Marshalls	30,000 sf of building		
MAJOR C	5,000 sf of building		
MAJOR D - Ross	30,000 sf of building		
MAJOR E - Anchor Blue (HUB)	6,000 sf of building		
MAJOR F - Office Depot	19,000 sf of building		
MAJOR G - Shoe Pavillion	10,000 sf of building		
MAJOR H - Party City	11,000 sf of building		
MAJOR I	5,000 sf of building		
MAJOR J - MIRY	7,000 sf of building		
SHOPS	14,000 sf of building		
MAJOR M	35,000 sf of building		
PLAZA RETAIL			
Panda Express	1,800 sf of building		
Sally's Beauty Supply	1,500 sf of building		
Food	1,400 sf of building		
Retail	1,400 sf of building		
Retail	1,860 sf of building		
Food	2,300 sf of building		
Salon	1,475 sf of building		
Retail	900 sf of building		
Quiznos	1,400 sf of building		
Food	2,300 sf of building		
Don Roberto's	1,500 sf of building		
Jamba Juice	1,500 sf of building		
Cold Stone	1,200 sf of building		
Starbucks	1,500 sf of building		
PAD A			
Cellular	2,400 sf of building		
Games	1,500 sf of building		
Bank	4,500 sf of building		
PLAZA OFFICES	14,000 sf of building		
Temporary Kiosks	10 kiosks		
Total Building	246,435 sf of building		
Total Land	800,000 sf of land		

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; RETAIL COMPARISON; 7/6/2004; ahl

TABLE 4 (page 2 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

III. Total Site Assemblage	$16,000,000	$16,000,000	$0
IV. Direct Costs			
Demolition	$1,000,000	$1,000,000	$0
Off-Site Improvements	2,000,000	2,000,000	0
On-Site Improvements	4,604,000	3,200,000	1,404,000
Total Building Shell	14,597,000	14,597,000	0
Total Tenant Improvements	3,475,000	3,475,000	0
Total Parking Structure	528,000	528,000	
Contingency	1,210,000	1,240,000	(30,000)
Total Direct Costs	$27,414,000	$26,040,000	$1,374,000
V. Indirect Costs			
Architecture, Engineering, & Prof.	$1,232,000	$1,302,000	($70,000)
Permits & Fees	723,000	723,000	0
Taxes, Insurance, Legal, & Accounting	500,000	521,000	(21,000)
Leasing Commissions / Marketing	1,579,000	1,312,000	267,000
Development Management / Predev.	1,459,000	781,000	678,000
Contingency	206,000	232,000	(26,000)
Total Indirect Costs	$5,699,000	$4,871,000	$828,000
VI. Financing Costs			
Construction	$1,207,000	$1,582,000	(375,000)
Loan Points	248,000	232,000	16,000
Total Financing Costs	$1,455,000	$1,814,000	($359,000)
VII. Total Development Cost	$50,568,000	$48,725,000	$1,843,000
Per SF of Building Area	$205	$198	$7.48

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; RETAIL COMPARISON; 7/6/2004; ahl

TABLE 4 (page 3 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

	DEVELOPER ESTIMATE	KMA ESTIMATE	DEVELOPER vs KMA
VIII. Net Operating Income			
Effective Gross Income	$5,324,000	$5,504,000	($180,000)
Total Operating Expenses	(1,623,000)	(1,601,000)	(22,000)
Net Operating Income	$3,701,000	$3,903,000	($202,000)
IX. Supportable Investment			
Required Return on Investment	10.4%	10.5%	-0.1%
Total Private Investment	$35,568,000	$37,171,000	($1,603,000)
X. Residual Land Value	($15,000,000)	($11,554,000)	($3,446,000)
Per SF of Land Area	($18.75)	($14.44)	($4.31)

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; RETAIL COMPARISON; 7/6/2004; ahl

Exhibit G

KEYSER MARSTON ASSOCIATES INC.

500 SOUTH GRAND AVENUE, SUITE 1480
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Robert J. Wetmore

MEMORANDUM

To: Manuel G. Acosta, Development Specialist
Economic/Redevelopment Division
Los Angeles County
Community Development Commission

From: Cal Hollis
Ava H. Lee

Date: July 6, 2004

Subject: La Alameda Financial Feasibility

At your request, Keyser Marston Associates, Inc. (KMA) has evaluated the financial feasibility of the Primestor Development, Inc. (Developer) proposal dated June 10, 2004. The Developer proposes to construct approximately 233,000 square feet of retail space and 14,000 square feet of office space (Project) on an 18.3-acre site located adjacent to Alameda Street between Florence Avenue and Leota Street (Site). Specifically, the Developer is requesting $15.0 million in assistance. The objective of the KMA analysis is to determine the required assistance warranted by the Project.

BACKGROUND

KMA previously evaluated the Developer proposal dated July 1, 2003. The 2003 proposal suggested a similar development scope at a cost of $44.8 million and requested $16.5 million in assistance. The table below illustrates the Developer and KMA estimated financial gaps presented in a KMA memorandum dated September 26, 2003.

	Developer	KMA
Site Assemblage	$12.9 million	$12.9 million
Direct	25.5 million	24.2 million
Indirect	5.0 million	4.5 million
Financing	1.4 million	1.7 million
Development Cost	$44.8 million	$43.3 million
Net Operating Income	$3.4 million	$3.4 million
Required Return	12.0%	10.5%
Financial Gap	$16.5 million	$11.0 million

The Developer has since updated development cost and income estimates and is requesting assistance of $15.0 million.

ORGANIZATION

KMA reviewed the Developer's current pro forma and reorganized it into our format to allow a substantive comparison of the Developer's assumptions and KMA's independent analysis of the Project. The proposed Developer and KMA pro formas are shown in Tables 1-3. A summary table is presented in Table 4.

ESTIMATED DEVELOPMENT COST

Site Assemblage

The Developer estimates $16.0 million in site assemblage costs. This estimate is $3.1 million higher than the previous estimate of $12.9 million which consists of actual cost of properties owned by the Developer as well as estimates of pending acquisitions. KMA recommends Los Angeles County Community Development Commission (LACDC) to verify the reasonableness of the increase.

Direct Costs

Typical direct costs include demolition, off-site, on-site, building shell, tenant improvement, and parking costs. The estimates made by KMA are based on our experience with similar projects in the region.

- A $1.0 million allowance is provided for demolition costs.

- The Developer has assumed a $2.0 million allowance for the construction of a new bridge between Alameda Street and the Site. This is twice the cost of the previous estimate. KMA has assumed the new estimate.

- The Developer estimates on-site improvements to be $4.6 million. KMA estimates on-site costs to be $3.2 million or $4.00 per square foot of land area. These estimates include landscaping and signage.

- Building costs vary based on the intended use. Building shell costs range between $55.00 and $85.00 per square foot. Total shell costs as estimated by the Developer is $14.6 million.

- The Developer estimates $3.5 million in tenant improvements.

- The proposed office component includes an additional parking garage. The Developer estimates $8,000 per parking space. KMA has assumed this estimate.

- Hard cost contingencies are estimated to be $1.2 million.

Total direct costs as estimated by the Developer is $27.4 million. KMA estimates the direct costs to be $26.0 million.

Indirect Costs

Indirect costs are typically estimated as a percentage of direct costs. KMA has highlighted a number of the Developer and KMA assumed indirect costs below:

- The architecture, engineering, and professional costs are estimated to be $1.2 million by the Developer and $1.3 million by KMA.

- The Developer indicates permits and fees to be $2.93 per square foot for approximately 247,000 square feet of building space. KMA recommends LACDC to verify this estimate.

- KMA allocates 2.0% of direct costs, or $521,000 for taxes, insurance, legal, and accounting. The Developer estimates 1.8% of direct costs, or $500,000.

- The Developer estimates leasing commissions to be $1.6 million. KMA estimates leasing commissions for small retail tenants to be no greater than $8.00 per square foot of building. KMA estimates leasing commissions to be $1.3 million.

- Development management fee is estimated by the Developer at 5.3% of direct costs ($1.5 million). KMA allows for 3.0% of direct costs ($781,000).

- The indirect contingency is estimated at 3.8% of other indirect costs ($206,000). KMA allows for 5.0% ($232,000).

The Developer estimates indirect costs to be $5.7 million. This estimate is $828,000 higher than the KMA estimate of $4.9 million.

Financing Costs

The Developer estimates construction period interest and fees for the Project to be $1.5 million. To estimate financing costs, KMA assumes an 18-month construction period, 65% average outstanding balance, and 7.0% interest rate for the construction loan, 75% loan to cost and 1.0 point for loan origination fees. KMA estimates $1.8 million in financing costs.

Overall, the Developer's estimated costs for the Project is $50.6 million ($205 per square foot of building area). KMA estimates development cost to be $48.7 million ($198 per square foot of building area). The current Developer development estimates are approximately $6 million more than the 2003 estimates. The primary differences can be attributed to the $3.1 million increase in land cost and $1.0 million increase in off-site cost.

ESTIMATED NET OPERATING INCOME (NOI)

Based on the Developer's projections, the annual rents are estimated to range from $11.00 to $22.00 per square foot for anchor and sub-anchor space. The shops and pads can expect $24.00 to $45.00 per square foot of building. The total annual rent is estimated at $4.3 million, an increase of $342,000 from the 2003 proposal. The Developer assumes a 5.0% vacancy factor on the entire project, 5.6% of effective gross income (EGI) for operating expenses, $1.3 million in reimbursed maintenance expenses, and $48,000 for groundlease of a corner parcel. The NOI for the Project as estimated by the Developer is $3.7 million. KMA applied a 5.0% vacancy factor to the non-major tenants only and allocated 5.0% of EGI for operating expenses. KMA estimates the NOI to be $3.9 million.

The above estimated NOI's represent an increase of $303,000 (Developer) and $505,000 (KMA) from the 2003 proposal.

To: Manuel G. Acosta, Los Angeles County Community Development Commission
Subject: La Alameda Financial Feasibility

ESTIMATED FEASIBILITY GAP

The Developer requests a return on investment (ROI) of 10.4%, thus supporting a $35.6 million investment. Deducting for development cost of $50.6 million results in a gap of $15.0 million. Based on KMA experience, a reasonable ROI for this type of project is 10.5%. At 10.5%, this project can support a $37.2 million investment. Deducting for development cost of $48.7 million results in a gap of $11.6 million.

Primary contributing factors to the $3.4 million difference between the Developer and KMA analysis are:

- On-site cost estimate, responsible for $1.4 million of the difference; and
- Vacancy allocation, responsible for $1.6 million of the difference in private investment.

We hope this analysis is helpful and are available to discuss the above at your convenience.

TABLE 1A (page 1 of 2)

ESTIMATED RETAIL DEVELOPMENT COST - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Total Site Assemblage**	800,000 sf of land	$20.00 / sf of land			$16,000,000
II.	**Direct Costs** [1]					
	Demolition	allowance			$1,000,000	
	Off-Site Improvements [2]	allowance			2,000,000	
	On-Site Improvements [3]	800,000 sf of land	$5.75 / sf of land		4,604,000	
	Building Shell					
	MAJOR A - Linens & Things	30,000 sf of building	$55.00 / sf of building	$1,650,000		
	MAJOR B - Marshalls	30,000 sf of building	$55.00 / sf of building	1,650,000		
	MAJOR C	5,000 sf of building	$55.00 / sf of building	275,000		
	MAJOR D - Ross	30,000 sf of building	$55.00 / sf of building	1,650,000		
	MAJOR E - Anchor Blue (HUB)	6,000 sf of building	$55.00 / sf of building	330,000		
	MAJOR F - Office Depot	19,000 sf of building	$55.00 / sf of building	1,045,000		
	MAJOR G - Shoe Pavillion	10,000 sf of building	$55.00 / sf of building	550,000		
	MAJOR H - Party City	11,000 sf of building	$55.00 / sf of building	605,000		
	MAJOR I	5,000 sf of building	$55.00 / sf of building	275,000		
	MAJOR J - MIRY	7,000 sf of building	$65.00 / sf of building	455,000		
	SHOPS	14,000 sf of building	$65.00 / sf of building	910,000		
	MAJOR M	35,000 sf of building	$55.00 / sf of building	1,925,000		
	PLAZA RETAIL					
	Panda Express	1,800 sf of building	$70.00 / sf of building	126,000		
	Sally's Beauty Supply	1,500 sf of building	$70.00 / sf of building	105,000		
	Food	1,400 sf of building	$70.00 / sf of building	98,000		
	Retail	1,400 sf of building	$70.00 / sf of building	98,000		
	Retail	1,860 sf of building	$70.00 / sf of building	130,000		
	Food	2,300 sf of building	$70.00 / sf of building	161,000		
	Salon	1,475 sf of building	$70.00 / sf of building	103,000		
	Retail	900 sf of building	$70.00 / sf of building	63,000		
	Quiznos	1,400 sf of building	$70.00 / sf of building	98,000		
	Food	2,300 sf of building	$70.00 / sf of building	161,000		
	Don Roberto's	1,500 sf of building	$70.00 / sf of building	105,000		
	Jamba Juice	1,500 sf of building	$70.00 / sf of building	105,000		
	Cold Stone	1,200 sf of building	$70.00 / sf of building	84,000		
	Starbucks	1,500 sf of building	$70.00 / sf of building	105,000		
	PAD A					
	Cellular	2,400 sf of building	$85.00 / sf of building	204,000		
	Games	1,500 sf of building	$85.00 / sf of building	128,000		
	Bank	4,500 sf of building	$85.00 / sf of building	383,000		
	PLAZA OFFICES	14,000 sf of building	$70.00 / sf of building	980,000		
	Temporary Kiosks	10 kiosks	$4,000 / kiosk	40,000		
	Total Building Shell	246,435 sf of building	$59.23 / sf of building		14,597,000	
	Tenant Improvements					
	MAJOR A - Linens & Things	30,000 sf of building	$5.00 / sf of building	$150,000		
	MAJOR B - Marshalls	30,000 sf of building	$5.00 / sf of building	150,000		
	MAJOR C	5,000 sf of building	$35.00 / sf of building	175,000		
	MAJOR D - Ross	30,000 sf of building	$5.00 / sf of building	150,000		
	MAJOR E - Anchor Blue (HUB)	6,000 sf of building	$20.00 / sf of building	120,000		
	MAJOR F - Office Depot	19,000 sf of building	$25.00 / sf of building	475,000		
	MAJOR G - Shoe Pavillion	10,000 sf of building	$20.00 / sf of building	200,000		
	MAJOR H - Party City	11,000 sf of building	$25.00 / sf of building	275,000		
	MAJOR I	5,000 sf of building	$25.00 / sf of building	125,000		
	MAJOR J - MIRY	7,000 sf of building	$25.00 / sf of building	175,000		
	SHOPS	14,000 sf of building	$20.00 / sf of building	280,000		
	MAJOR M	35,000 sf of building	$5.00 / sf of building	175,000		

1 Assumes prevailing wages.
2 Estimated bridge cost.
3 Includes landscaping and signage.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; ahl

TABLE 1A (page 2 of 2)

ESTIMATED RETAIL DEVELOPMENT COST - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

Direct Costs (Continued)						
Tenant Improvements (Continued)						
PLAZA RETAIL						
Panda Express	1,800	sf of building	$30.00	/ sf of building	$54,000	
Sally's Beauty Supply	1,500	sf of building	$20.00	/ sf of building	30,000	
Food	1,400	sf of building	$20.00	/ sf of building	28,000	
Retail	1,400	sf of building	$20.00	/ sf of building	28,000	
Retail	1,860	sf of building	$20.00	/ sf of building	37,000	
Food	2,300	sf of building	$20.00	/ sf of building	46,000	
Salon	1,475	sf of building	$20.00	/ sf of building	30,000	
Retail	900	sf of building	$20.00	/ sf of building	18,000	
Quiznos	1,400	sf of building	$20.00	/ sf of building	28,000	
Food	2,300	sf of building	$20.00	/ sf of building	46,000	
Don Roberto's	1,500	sf of building	$20.00	/ sf of building	30,000	
Jamba Juice	1,500	sf of building	$35.00	/ sf of building	53,000	
Cold Stone	1,200	sf of building	$20.00	/ sf of building	24,000	
Starbucks	1,500	sf of building	$40.00	/ sf of building	60,000	
PAD A						
Cellular	2,400	sf of building	$25.00	/ sf of building	60,000	
Games	1,500	sf of building	$25.00	/ sf of building	38,000	
Bank	4,500	sf of building	$30.00	/ sf of building	135,000	
PLAZA OFFICES	14,000	sf of building	$20.00	/ sf of building	280,000	
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0	
Total Tenant Improvements	246,435	sf of building	$14.10	/ sf of building		3,475,000
Total Parking Structure	66	spaces	$8,000	/ space		528,000
Contingency	4.6%	of other direct costs				1,210,000
Total Direct Costs						$27,414,000
III. **Indirect Costs**						
Architecture, Engineering, & Prof.	4.5%	of direct costs				$1,232,000
Permits & Fees	246,435	sf of building	$2.93	/ sf of building		723,000
Taxes, Insurance, Legal, & Accounting	1.8%	of direct costs				500,000
Leasing Commissions / Marketing						
MAJOR A - Linens & Things	30,000	sf of building	$4.00	/ sf of building	$120,000	
MAJOR B - Marshalls	30,000	sf of building	$4.00	/ sf of building	120,000	
MAJOR C	5,000	sf of building	$9.45	/ sf of building	47,000	
MAJOR D - Ross	30,000	sf of building	$4.00	/ sf of building	120,000	
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$9.90	/ sf of building	59,000	
MAJOR F - Office Depot	19,000	sf of building	$5.00	/ sf of building	95,000	
MAJOR G - Shoe Pavillion	10,000	sf of building	$5.00	/ sf of building	50,000	
MAJOR H - Party City	11,000	sf of building	$5.00	/ sf of building	55,000	
MAJOR I	5,000	sf of building	$8.10	/ sf of building	41,000	
MAJOR J - MIRY	7,000	sf of building	$7.88	/ sf of building	55,000	
SHOPS	14,000	sf of building	$10.80	/ sf of building	151,000	
MAJOR M	35,000	sf of building	$4.00	/ sf of building	140,000	
PAD A	8,400	sf of building	$16.97	/ sf of building	143,000	
PLAZA RETAIL	22,035	sf of building	$14.03	/ sf of building	309,000	
PLAZA OFFICES	14,000	sf of building	$5.25	/ sf of building	74,000	
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0	
Total Leasing Commissions / Marketing						1,579,000
Development Management / Predev.	5.3%	of direct costs				1,459,000
Contingency	3.8%	of other indirect costs				206,000
Total Indirect Costs						$5,699,000
IV. **Financing Costs**						
Loan Interest[4]		allowance				$1,207,000
Loan Points		allowance				248,000
Total Financing Costs						$1,455,000
V. **Total Development Cost**						$50,568,000
Per SF of Building Area	246,435	sf of building				$205

4 Assumes 18-month construction period, 65% average outstanding balance, 6% interest rate, and $24,750,000 loan.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; ahl

TABLE 2A

ESTIMATED RETAIL STABILIZED NET OPERATING INCOME - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Income**					
	MAJOR A - Linens & Things	30,000	sf of building	$11.00 / sf of building	$330,000	
	MAJOR B - Marshalls	30,000	sf of building	$12.00 / sf of building	360,000	
	MAJOR C	5,000	sf of building	$21.00 / sf of building	105,000	
	MAJOR D - Ross	30,000	sf of building	$13.15 / sf of building	395,000	
	MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$22.00 / sf of building	132,000	
	MAJOR F - Office Depot	19,000	sf of building	$13.50 / sf of building	257,000	
	MAJOR G - Shoe Pavillion	10,000	sf of building	$15.00 / sf of building	150,000	
	MAJOR H - Party City	11,000	sf of building	$15.00 / sf of building	165,000	
	MAJOR I	5,000	sf of building	$18.00 / sf of building	90,000	
	MAJOR J - MIRY	7,000	sf of building	$17.50 / sf of building	123,000	
	SHOPS	14,000	sf of building	$24.00 / sf of building	336,000	
	MAJOR M	35,000	sf of building	$15.00 / sf of building	525,000	
	PLAZA RETAIL					
	Panda Express	1,800	sf of building	$36.00 / sf of building	65,000	
	Sally's Beauty Supply	1,500	sf of building	$27.00 / sf of building	41,000	
	Food	1,400	sf of building	$36.00 / sf of building	50,000	
	Retail	1,400	sf of building	$30.00 / sf of building	42,000	
	Retail	1,860	sf of building	$24.00 / sf of building	45,000	
	Food	2,300	sf of building	$24.00 / sf of building	55,000	
	Salon	1,475	sf of building	$30.00 / sf of building	44,000	
	Retail	900	sf of building	$36.00 / sf of building	32,000	
	Quiznos	1,400	sf of building	$30.00 / sf of building	42,000	
	Food	2,300	sf of building	$30.00 / sf of building	69,000	
	Don Roberto's	1,500	sf of building	$36.00 / sf of building	54,000	
	Jamba Juice	1,500	sf of building	$39.00 / sf of building	59,000	
	Cold Stone	1,200	sf of building	$33.00 / sf of building	40,000	
	Starbucks	1,500	sf of building	$33.00 / sf of building	50,000	
	PAD A					
	Cellular	2,400	sf of building	$36.00 / sf of building	86,000	
	Games	1,500	sf of building	$45.60 / sf of building	68,000	
	Bank	4,500	sf of building	$36.00 / sf of building	162,000	
	PLAZA OFFICES	14,000	sf of building	$21.00 / sf of building	294,000	
	Temporary Kiosks	10	kiosks	$6,000 / kiosk	60,000	
	Gross Income	246,435	sf of building	$17.55 / sf of building		$4,326,000
	NNN Reimburseables	$5.18	/ sf of building			1,278,000
	Vacancy	5.0%	gross income			(280,000)
	Effective Gross Income					$5,324,000
II.	**Operating Expenses**					
	Ground Rent of corner Parcel					($48,000)
	NNN Expenses	$5.18	/ sf of building			(1,278,000)
	Management	4.0%	of effective gross income			(213,000)
	Unreimbursed CAM	1.6%	of effective gross income			(84,000)
	Total Operating Expenses					($1,623,000)
III.	**Net Operating Income**					$3,701,000

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; DEV; 7/6/2004; ahl

TABLE 3A

ESTIMATED RETAIL FINANCIAL GAP - DEVELOPER
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Supportable Investment**				
	Net Operating Income		TABLE 2A	$3,701,000	
	Required Return on Investment			10.4%	
	Total Private Investment				$35,568,000
II.	**(Less) Total Development Cost**		TABLE 1A (page 2 of 2)		(50,568,000)
III.	**Residual Land Value**				($15,000,000)
	Per SF of Land Area	800,000	sf of land		($18.75)

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7: DEV: 7/6/2004: ahl

TABLE 1B (page 1 of 2)

ESTIMATED RETAIL DEVELOPMENT COSTS - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Total Site Assemblage** [1]	800,000 sf of land	$20.00 / sf of land			$16,000,000
II.	**Direct Costs** [2]					
	Demolition	allowance			$1,000,000	
	Off-Site Improvements [3]	allowance			2,000,000	
	On-Site Improvements	800,000 sf of land	$4.00 / sf of land		3,200,000	
	Building Shell					
	MAJOR A - Linens & Things	30,000 sf of building	$55.00 / sf of building	$1,650,000		
	MAJOR B - Marshalls	30,000 sf of building	$55.00 / sf of building	1,650,000		
	MAJOR C	5,000 sf of building	$55.00 / sf of building	275,000		
	MAJOR D - Ross	30,000 sf of building	$55.00 / sf of building	1,650,000		
	MAJOR E - Anchor Blue (HUB)	6,000 sf of building	$55.00 / sf of building	330,000		
	MAJOR F - Office Depot	19,000 sf of building	$55.00 / sf of building	1,045,000		
	MAJOR G - Shoe Pavillion	10,000 sf of building	$55.00 / sf of building	550,000		
	MAJOR H - Party City	11,000 sf of building	$55.00 / sf of building	605,000		
	MAJOR I	5,000 sf of building	$55.00 / sf of building	275,000		
	MAJOR J - MIRY	7,000 sf of building	$65.00 / sf of building	455,000		
	SHOPS	14,000 sf of building	$65.00 / sf of building	910,000		
	MAJOR M	35,000 sf of building	$55.00 / sf of building	1,925,000		
	PLAZA RETAIL					
	Panda Express	1,800 sf of building	$70.00 / sf of building	126,000		
	Sally's Beauty Supply	1,500 sf of building	$70.00 / sf of building	105,000		
	Food	1,400 sf of building	$70.00 / sf of building	98,000		
	Retail	1,400 sf of building	$70.00 / sf of building	98,000		
	Retail	1,860 sf of building	$70.00 / sf of building	130,000		
	Food	2,300 sf of building	$70.00 / sf of building	161,000		
	Salon	1,475 sf of building	$70.00 / sf of building	103,000		
	Retail	900 sf of building	$70.00 / sf of building	63,000		
	Quiznos	1,400 sf of building	$70.00 / sf of building	98,000		
	Food	2,300 sf of building	$70.00 / sf of building	161,000		
	Don Roberto's	1,500 sf of building	$70.00 / sf of building	105,000		
	Jamba Juice	1,500 sf of building	$70.00 / sf of building	105,000		
	Cold Stone	1,200 sf of building	$70.00 / sf of building	84,000		
	Starbucks	1,500 sf of building	$70.00 / sf of building	105,000		
	PAD A					
	Cellular	2,400 sf of building	$85.00 / sf of building	204,000		
	Games	1,500 sf of building	$85.00 / sf of building	128,000		
	Bank	4,500 sf of building	$85.00 / sf of building	383,000		
	PLAZA OFFICES	14,000 sf of building	$70.00 / sf of building	980,000		
	Temporary Kiosks	10 kiosks	$4,000 / kiosk	40,000		
	Total Building Shell	246,435 sf of building	$59.23 / sf of building		14,597,000	
	Tenant Improvements					
	MAJOR A - Linens & Things	30,000 sf of building	$5.00 / sf of building	$150,000		
	MAJOR B - Marshalls	30,000 sf of building	$5.00 / sf of building	150,000		
	MAJOR C	5,000 sf of building	$35.00 / sf of building	175,000		
	MAJOR D - Ross	30,000 sf of building	$5.00 / sf of building	150,000		
	MAJOR E - Anchor Blue (HUB)	6,000 sf of building	$20.00 / sf of building	120,000		
	MAJOR F - Office Depot	19,000 sf of building	$25.00 / sf of building	475,000		
	MAJOR G - Shoe Pavillion	10,000 sf of building	$20.00 / sf of building	200,000		
	MAJOR H - Party City	11,000 sf of building	$25.00 / sf of building	275,000		
	MAJOR I	5,000 sf of building	$25.00 / sf of building	125,000		
	MAJOR J - MIRY	7,000 sf of building	$25.00 / sf of building	175,000		
	SHOPS	14,000 sf of building	$20.00 / sf of building	280,000		
	MAJOR M	35,000 sf of building	$5.00 / sf of building	175,000		

1 Developer estimate.
2 Assumes prevailing wages.
3 Estimated bridge cost.

TABLE 1B (page 2 of 2)

ESTIMATED RETAIL DEVELOPMENT COSTS - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

Direct Costs (Continued)						
Tenant Improvements (Continued)						
PLAZA RETAIL						
Panda Express	1,800	sf of building	$30.00	/ sf of building	$54,000	
Sally's Beauty Supply	1,500	sf of building	$20.00	/ sf of building	30,000	
Food	1,400	sf of building	$20.00	/ sf of building	28,000	
Retail	1,400	sf of building	$20.00	/ sf of building	28,000	
Retail	1,860	sf of building	$20.00	/ sf of building	37,000	
Food	2,300	sf of building	$20.00	/ sf of building	46,000	
Salon	1,475	sf of building	$20.00	/ sf of building	30,000	
Retail	900	sf of building	$20.00	/ sf of building	18,000	
Quiznos	1,400	sf of building	$20.00	/ sf of building	28,000	
Food	2,300	sf of building	$20.00	/ sf of building	46,000	
Don Roberto's	1,500	sf of building	$20.00	/ sf of building	30,000	
Jamba Juice	1,500	sf of building	$35.00	/ sf of building	53,000	
Cold Stone	1,200	sf of building	$20.00	/ sf of building	24,000	
Starbucks	1,500	sf of building	$40.00	/ sf of building	60,000	
PAD A						
Cellular	2,400	sf of building	$25.00	/ sf of building	60,000	
Games	1,500	sf of building	$25.00	/ sf of building	38,000	
Bank	4,500	sf of building	$30.00	/ sf of building	135,000	
PLAZA OFFICES	14,000	sf of building	$20.00	/ sf of building	280,000	
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0	
Total Tenant Improvements	246,435	sf of building	$14.10	/ sf of building		3,475,000
Total Parking Structure	66	spaces	$8,000	/ space		528,000
Contingency	5.0%	of other direct costs				1,240,000
Total Direct Costs						$26,040,000
III. **Indirect Costs**						
Architecture, Engineering, & Prof.	5.0%	of direct costs				$1,302,000
Permits & Fees [4]	246,435	sf of building	$2.93	/ sf of building		723,000
Taxes, Insurance, Legal, & Accounting	2.0%	of direct costs				521,000
Leasing Commissions / Marketing						
MAJOR A - Linens & Things	30,000	sf of building	$4.00	/ sf of building	$120,000	
MAJOR B - Marshalls	30,000	sf of building	$4.00	/ sf of building	120,000	
MAJOR C	5,000	sf of building	$8.00	/ sf of building	40,000	
MAJOR D - Ross	30,000	sf of building	$4.00	/ sf of building	120,000	
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$8.00	/ sf of building	48,000	
MAJOR F - Office Depot	19,000	sf of building	$5.00	/ sf of building	95,000	
MAJOR G - Shoe Pavillion	10,000	sf of building	$5.00	/ sf of building	50,000	
MAJOR H - Party City	11,000	sf of building	$5.00	/ sf of building	55,000	
MAJOR I	5,000	sf of building	$8.00	/ sf of building	40,000	
MAJOR J - MIRY	7,000	sf of building	$7.88	/ sf of building	55,000	
SHOPS	14,000	sf of building	$8.00	/ sf of building	112,000	
MAJOR M	35,000	sf of building	$4.00	/ sf of building	140,000	
PAD A	8,400	sf of building	$8.00	/ sf of building	67,000	
PLAZA RETAIL	22,035	sf of building	$8.00	/ sf of building	176,000	
PLAZA OFFICES	14,000	sf of building	$5.25	/ sf of building	74,000	
Temporary Kiosks	10	kiosks	$0.00	/ kiosk	0	
Total Leasing Commissions / Marketing	246,435	sf of building	$6.41	/ sf of building		1,312,000
Development Management / Predev.	3.0%	of direct costs				781,000
Contingency	5.0%	of other indirect costs				232,000
Total Indirect Costs						$4,871,000
IV. **Financing Costs**						
Construction [5]	$23,181,000	financed @	7.0%	interest		$1,582,000
Loan Points	$23,181,000	financed @	1.0	point		232,000
Total Financing Costs						$1,814,000
V. **Total Development Cost**						$48,725,000
Per SF of Building Area	246,435	sf of building				$198

4 Developer estimate. City should verify.

5 Assumes 18-month construction period, 65% average outstanding balance, and 75% loan to cost. Debt interest only.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; KMA; 7/6/2004; ahl

TABLE 2B

ESTIMATED RETAIL STABILIZED NET OPERATING INCOME - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I. **Income**					
MAJOR A - Linens & Things	30,000	sf of building	$11.00 / sf of building	$330,000	
MAJOR B - Marshalls	30,000	sf of building	$12.00 / sf of building	360,000	
MAJOR C	5,000	sf of building	$21.00 / sf of building	105,000	
MAJOR D - Ross	30,000	sf of building	$13.15 / sf of building	395,000	
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	$22.00 / sf of building	132,000	
MAJOR F - Office Depot	19,000	sf of building	$13.50 / sf of building	257,000	
MAJOR G - Shoe Pavillion	10,000	sf of building	$15.00 / sf of building	150,000	
MAJOR H - Party City	11,000	sf of building	$15.00 / sf of building	165,000	
MAJOR I	5,000	sf of building	$18.00 / sf of building	90,000	
MAJOR J - MIRY	7,000	sf of building	$17.50 / sf of building	123,000	
SHOPS	14,000	sf of building	$24.00 / sf of building	336,000	
MAJOR M	35,000	sf of building	$15.00 / sf of building	525,000	
PLAZA RETAIL					
Panda Express	1,800	sf of building	$36.00 / sf of building	65,000	
Sally's Beauty Supply	1,500	sf of building	$27.00 / sf of building	41,000	
Food	1,400	sf of building	$36.00 / sf of building	50,000	
Retail	1,400	sf of building	$30.00 / sf of building	42,000	
Retail	1,860	sf of building	$24.00 / sf of building	45,000	
Food	2,300	sf of building	$24.00 / sf of building	55,000	
Salon	1,475	sf of building	$30.00 / sf of building	44,000	
Retail	900	sf of building	$36.00 / sf of building	32,000	
Quiznos	1,400	sf of building	$30.00 / sf of building	42,000	
Food	2,300	sf of building	$30.00 / sf of building	69,000	
Don Roberto's	1,500	sf of building	$36.00 / sf of building	54,000	
Jamba Juice	1,500	sf of building	$39.00 / sf of building	59,000	
Cold Stone	1,200	sf of building	$33.00 / sf of building	40,000	
Starbucks	1,500	sf of building	$33.00 / sf of building	50,000	
PAD A					
Cellular	2,400	sf of building	$36.00 / sf of building	86,000	
Games	1,500	sf of building	$45.60 / sf of building	68,000	
Bank	4,500	sf of building	$36.00 / sf of building	162,000	
PLAZA OFFICES	14,000	sf of building	$21.00 / sf of building	294,000	
Temporary Kiosks	10	sf of building	$6,000 / sf of building	60,000	
Gross Income	246,435	sf of building	$17.55 / sf of building		$4,326,000
NNN Reimburseables	246,435	sf of building	$5.18 / sf of building		1,278,000
Vacancy	5.0%	excludes Majors			(100,000)
Effective Gross Income					$5,504,000
II. **Operating Expenses**					
Ground Rent of Corner Parcel [1]					($48,000)
Management	4.0%	of effective gross income			(220,000)
Reserves	1.0%	of effective gross income			(55,000)
CAM	246,435	sf of building	$5.18 / sf of building		(1,278,000)
Total Operating Expenses					($1,601,000)
III. **Net Operating Income**					$3,903,000

1 Developer estimate.

Prepared by: Keyser Marston Associates, Inc.
Filename: draft 7; KMA; 7/6/2004; ahl

TABLE 3B

ESTIMATED RETAIL FINANCIAL GAP - KMA
LA ALAMEDA
LOS ANGELES, CALIFORNIA

I.	**Supportable Investment**				
	Net Operating Income	TABLE 2B		$3,903,000	
	Required Return on Investment			10.5%	
	Total Private Investment				$37,171,000
II.	**(Less) Total Development Cost**	TABLE 1B (page 2 of 2)			(48,725,000)
III.	**Residual Land Value**				($11,554,000)
	Per SF of Land Area	800,000	/ sf of land		($14.44)

TABLE 4 (page 1 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

	DEVELOPER ESTIMATE	KMA ESTIMATE	DEVELOPER vs KMA
I. Tables	Tables 1A - 3A	Tables 1B - 3B	
II. Project Description			
MAJOR A - Linens & Things	30,000	sf of building	
MAJOR B - Marshalls	30,000	sf of building	
MAJOR C	5,000	sf of building	
MAJOR D - Ross	30,000	sf of building	
MAJOR E - Anchor Blue (HUB)	6,000	sf of building	
MAJOR F - Office Depot	19,000	sf of building	
MAJOR G - Shoe Pavillion	10,000	sf of building	
MAJOR H - Party City	11,000	sf of building	
MAJOR I	5,000	sf of building	
MAJOR J - MIRY	7,000	sf of building	
SHOPS	14,000	sf of building	
MAJOR M	35,000	sf of building	
PLAZA RETAIL			
Panda Express	1,800	sf of building	
Sally's Beauty Supply	1,500	sf of building	
Food	1,400	sf of building	
Retail	1,400	sf of building	
Retail	1,860	sf of building	
Food	2,300	sf of building	
Salon	1,475	sf of building	
Retail	900	sf of building	
Quiznos	1,400	sf of building	
Food	2,300	sf of building	
Don Roberto's	1,500	sf of building	
Jamba Juice	1,500	sf of building	
Cold Stone	1,200	sf of building	
Starbucks	1,500	sf of building	
PAD A			
Cellular	2,400	sf of building	
Games	1,500	sf of building	
Bank	4,500	sf of building	
PLAZA OFFICES	14,000	sf of building	
Temporary Kiosks	10	kiosks	
Total Building	246,435	sf of building	
Total Land	800,000	sf of land	

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TABLE 4 (page 2 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

III. Total Site Assemblage	$16,000,000	$16,000,000	$0
IV. Direct Costs			
Demolition	$1,000,000	$1,000,000	$0
Off-Site Improvements	2,000,000	2,000,000	0
On-Site Improvements	4,604,000	3,200,000	1,404,000
Total Building Shell	14,597,000	14,597,000	0
Total Tenant Improvements	3,475,000	3,475,000	0
Total Parking Structure	528,000	528,000	
Contingency	1,210,000	1,240,000	(30,000)
Total Direct Costs	$27,414,000	$26,040,000	$1,374,000
V. Indirect Costs			
Architecture, Engineering, & Prof.	$1,232,000	$1,302,000	($70,000)
Permits & Fees	723,000	723,000	0
Taxes, Insurance, Legal, & Accounting	500,000	521,000	(21,000)
Leasing Commissions / Marketing	1,579,000	1,312,000	267,000
Development Management / Predev.	1,459,000	781,000	678,000
Contingency	206,000	232,000	(26,000)
Total Indirect Costs	$5,699,000	$4,871,000	$828,000
VI. Financing Costs			
Construction	$1,207,000	$1,582,000	(375,000)
Loan Points	248,000	232,000	16,000
Total Financing Costs	$1,455,000	$1,814,000	($359,000)
VII. Total Development Cost	$50,568,000	$48,725,000	$1,843,000
Per SF of Building Area	$205	$198	$7.48

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TABLE 4 (page 3 of 3)

RETAIL SUMMARY
LA ALAMEDA
LOS ANGELES, CALIFORNIA

	DEVELOPER ESTIMATE	KMA ESTIMATE	DEVELOPER vs KMA
VIII. Net Operating Income			
Effective Gross Income	$5,324,000	$5,504,000	($180,000)
Total Operating Expenses	(1,623,000)	(1,601,000)	(22,000)
Net Operating Income	$3,701,000	$3,903,000	($202,000)
IX. Supportable Investment			
Required Return on Investment	10.4%	10.5%	-0.1%
Total Private Investment	$35,568,000	$37,171,000	($1,603,000)
X. Residual Land Value	($15,000,000)	($11,554,000)	($3,446,000)
Per SF of Land Area	($18.75)	($14.44)	($4.31)

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