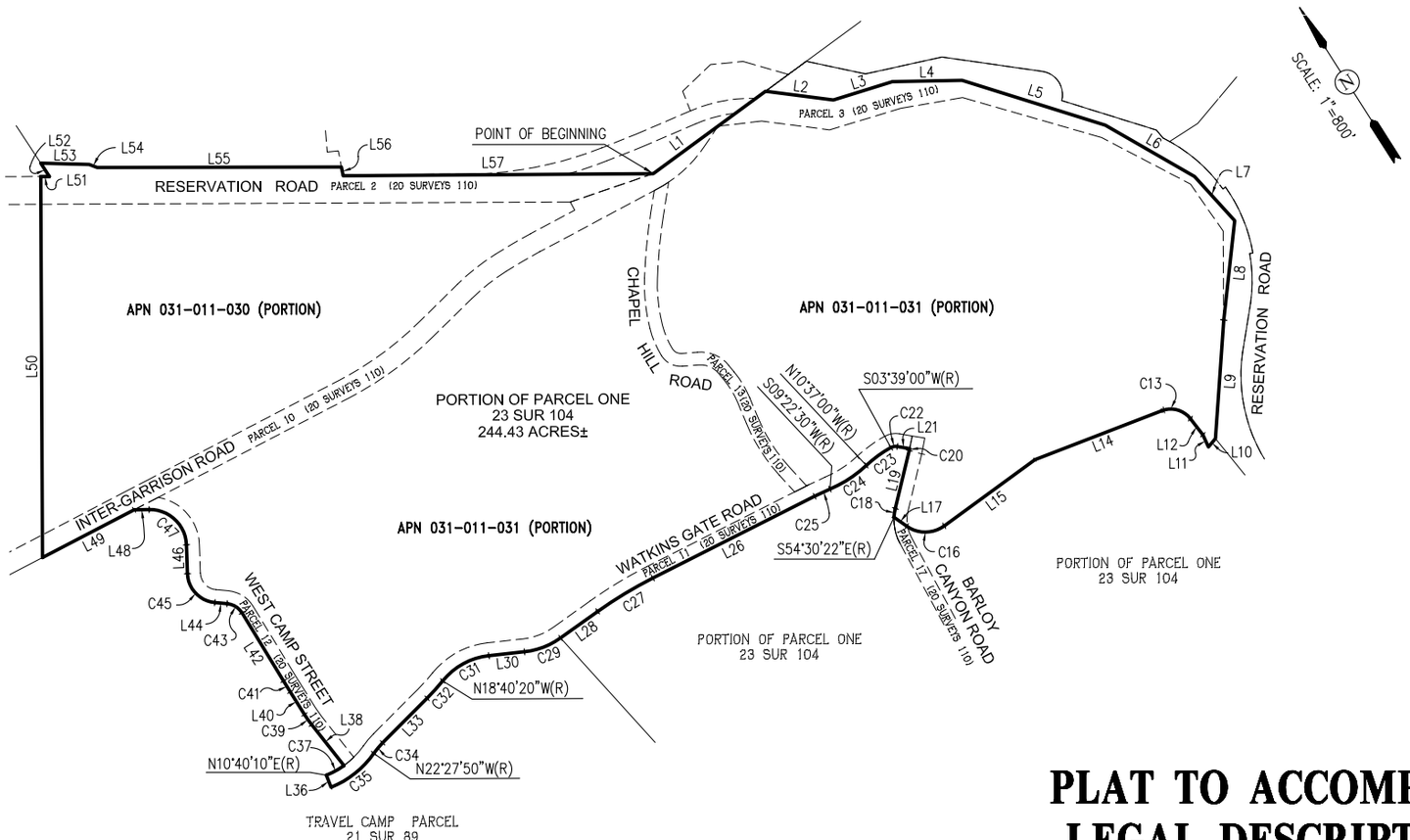
ATTACHMENT No. 1A
MAP OF THE SITE



CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C13	115.00'	73°21'05"	147.23'
C16	150.00'	71°15'51"	186.57'
C18	230.00'	10°28'32"	42.05'
C20	970.00'	00°32'15"	9.10'
C22	45.00'	38°38'00"	30.34'
C23	570.00'	14°16'00"	141.93'
C24	580.00'	19°59'30"	202.37'
C25	1220.00'	03°42'40"	79.02'
C27	1970.00'	08°42'50"	299.61'
C29	355.00'	29°19'10"	181.66'
C31	320.00'	44°56'30"	251.00'
C32	1030.00'	06°03'10"	108.81'
C34	370.00'	09°50'40"	63.57'
C35	445.00'	33°08'00"	257.34'
C37	385.00'	13°57'59"	93.85'
C39	530.00'	06°12'50"	57.48'
C41	5030.00'	00°40'40"	59.50'
C43	90.00'	53°27'20"	83.97'
C45	140.00'	82°47'00"	202.28'
C47	170.00'	89°07'10"	264.42'

TANGENT TABLE		
NO.	BEARING	LENGTH
L1	N86°10'27"E	647.59'
L2	S50°06'58"E	317.97'
L3	S74°46'08"E	287.64'
L4	S58°35'42"E	324.17'
L5	S40°05'11"E	697.82'
L6	S27°33'51"E	478.75'
L7	S09°43'24"E	277.22'
L8	S38°47'16"W	464.82'
L9	S36°27'16"W	553.37'
L10	S73°07'44"W	50.80'
L11	N08°08'06"E	62.52'

TANGENT TABLE		
NO.	BEARING	LENGTH
L12	N05°15'27"W	94.71'
L14	N78°36'32"W	632.84'
L15	N86°20'31"E	521.93'
L17	N22°23'38"W	71.92'
L19	N45°58'10"E	276.86'
L21	N47°43'00"W	58.68'
L26	N84°20'10"W	842.92'
L28	S86°57'00"W	212.93'
L30	N63°43'50"W	166.36'
L33	S77°22'50"W	292.82'
L36	N10°40'10"E(R)	60.00'

TANGENT TABLE		
NO.	BEARING	LENGTH
L38	N05°46'10"W	243.25'
L40	N00°26'40"E	123.80'
L42	N01°07'20"E	371.18'
L44	N52°20'00"W	57.65'
L46	N30°27'00"E	134.37'
L48	N58°40'10"W	70.02'
L49	N85°01'10"W	480.03'
L50	N32°14'08"E	1772.68'
L51	S57°45'52"E	40.03'
L52	N00°40'37"W	73.68'
L53	S56°04'56"E	225.68'

TANGENT TABLE		
NO.	BEARING	LENGTH
L54	S36°20'16"E	39.45'
L55	S57°36'50"E	1135.76'
L56	S21°35'29"W	41.64'
L57	S57°53'16"E	1442.38'

0 800' 1600' 2400'

SCALE IN FEET

PLAT TO ACCOMPANY LEGAL DESCRIPTION
EAST GARRISON

BEING A PORTION OF PARCEL 1 OF THE RECORD OF SURVEY RECORDED JUNE 26, 2000, IN VOLUME 23 OF SURVEYS AT PAGE 104, MONTEREY COUNTY RECORDS.

MONTEREY COUNTY, CALIFORNIA

CARLSON, BARBEE AND GIBSON, INC.

ENGINEERS • SURVEYORS • PLANNERS
SAN RAMON, CALIFORNIA

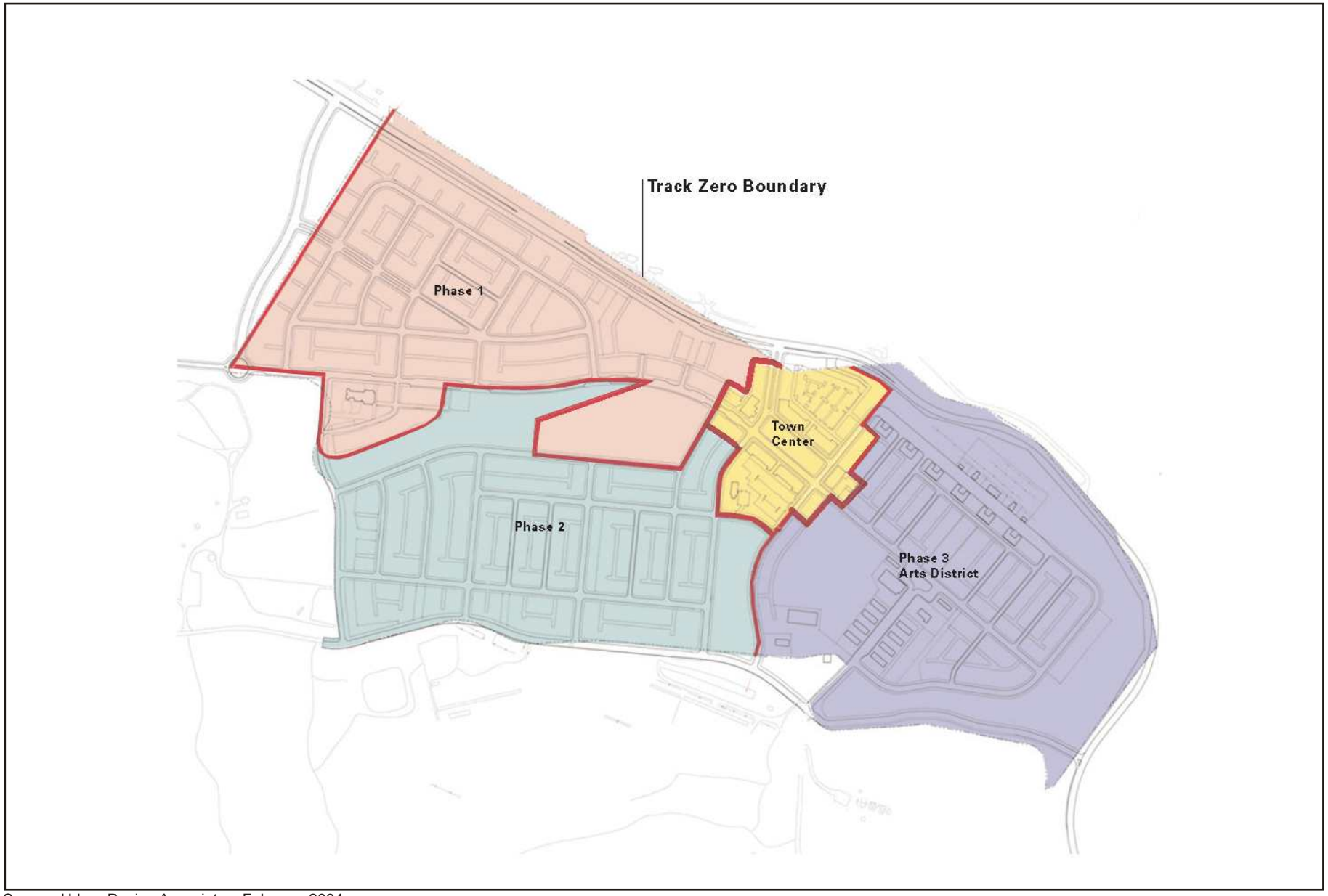
SCALE: 1"=400' DATE: JUNE 2005

1208-00

G:\1208\ACAD\PLAT\PLAT-01.DWG

ATTACHMENT NO. 1B
PHASING MAP

[TO BE INSERTED]



Source: Urban Design Associates, February 2004.

NORTH

NOT TO SCALE

Michael Brandman Associates

21370006 • 06/2004 | 3-6_phasing_plan.cdr

Exhibit 3-6
Phasing Plan

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

LEGAL DESCRIPTION
BEING A PORTION OF THE EAST GARRISON
OF FORT ORD MILITARY RESERVATION
MONTEREY COUNTY, CALIFORNIA

CERTAIN REAL PROPERTY SITUATE IN MONTEREY CITY LANDS TRACT NO. 1, COUNTY OF MONTEREY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF PARCEL 1, AS SAID PARCEL 1 IS SHOWN AND SO DESIGNATED ON THAT CERTAIN RECORD OF SURVEY RECORDED JUNE 26, 2000, IN VOLUME 23 OF SURVEYS AT PAGE 104, IN THE OFFICE OF THE COUNTY RECORDER OF MONTEREY COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERN LINE OF SAID PARCEL 1, SAID POINT BEING THE SOUTHEASTERN TERMINUS OF THAT CERTAIN COURSE DESIGNATED AS "(SOUTH 57º53'16" EAST) (1,442.38 FEET)" ON SAID RECORD OF SURVEY:

THENCE, FROM SAID POINT OF BEGINNING, ALONG SAID NORTHEASTERN LINE AND SOUTHEASTERN LINE OF SAID PARCEL 1, THE FOLLOWING NINE (9) COURSES:

1) NORTH 86º10'27" EAST 647.59 FEET,
2) SOUTH 50º06'58" EAST 317.97 FEET,
3) SOUTH 74º46'08" EAST 287.64 FEET,
4) SOUTH 58º35'42" EAST 324.17 FEET,
5) SOUTH 40º05'11" EAST 697.82 FEET,
6) SOUTH 27º33'51" EAST 478.75 FEET,
7) SOUTH 09º43'24" EAST 277.22 FEET,
8) SOUTH 38º47'16" WEST 464.82 FEET AND
9) SOUTH 36º27'16" WEST 553.37 FEET;

THENCE, LEAVING SAID SOUTHEASTERN LINE, SOUTH 73°07'44" WEST 50.80 FEET; THENCE, NORTH 08°08'06" EAST 62.52 FEET; THENCE, NORTH 05°15'27" WEST 94.71 FEET;

THENCE, ALONG THE ARC OF A TANGENT 115.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 73°21'05", AN ARC DISTANCE OF 147.23 FEET; THENCE, NORTH 78°36'32" WEST 632.84 FEET;

THENCE, SOUTH 86°20'31" WEST 521.93 FEET;

THENCE, ALONG THE ARC OF A TANGENT 150.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 71°15'51", AN ARC DISTANCE OF 186.57FEET;

THENCE, NORTH 22°23'38" WEST 71.92 FEET TO A POINT ON THE WESTERN LINE OF PARCEL 17, AS SAID PARCEL 17 IS SHOWN AND SO DESIGNATED ON THAT CERTAIN RECORD OF SURVEY, RECORDED JANUARY 31, 1997, IN VOLUME 20 OF SURVEY MAPS AT PAGE 110, IN SAID OFFICE OF THE COUNTY RECORDER OF MONTEREY COUNTY;

THENCE, ALONG SAID WESTERN LINE, THE FOLLOWING THREE (3) COURSES:

1) ALONG THE ARC OF NON-TANGENT 230.00 FOOT RADIUS CURVE TO THE
RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 54°30'22" EAST, THROUGH A CENTRAL ANGLE OF 10°28'32", AN ARC DISTANCE OF 42.05 FEET,

2) NORTH 45°58'10" EAST 276.86 FEET, AND

3) ALONG THE ARC OF A TANGENT 970.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 00°32'15", AN ARC DISTANCE OF 9.10 FEET TO A POINT ON THE SOUTHERN LINE OF PARCEL 11, AS SAID PARCEL 11 IS SHOWN AND SO DESIGNATED ON SAID RECORD OF SURVEY (20 SURVEYS 110);

THENCE, ALONG SAID SOUTHERN LINE AND WESTERN AND NORTHERN LINES OF SAID PARCEL 11 (20 SURVEYS 110) THE FOLLOWING SEVENTEEN (17) COURSES:

1) NORTH 47°43'00" WEST 58.68 FEET,

2) ALONG THE ARC OF A TANGENT 45.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE 38°38'00", AN ARC DISTANCE OF 30.34 FEET,

3) ALONG THE ARC OF A COMPOUND 570.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 03°39'00" WEST, THROUGH A CENTRAL ANGLE OF 14°16'00", AN ARC

DISTANCE OF 141.93 FEET,

4) ALONG THE ARC OF A REVERSE 580.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 10º37'00" WEST, THROUGH A CENTRAL ANGLE OF 19°59'30", AN ARC DISTANCE OF 202.37 FEET,

5) ALONG THE ARC OF A REVERSE 1,220.00 FOOT RADIUS CURVE TO THE
LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 09º22'30" WEST, THROUGH A CENTRAL ANGLE OF 03°42'40", AN ARC DISTANCE OF 79.02 FEET,

6) NORTH 84°20'10" WEST 842.92 FEET,

7) ALONG THE ARC A TANGENT 1,970.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 08°42'50", AN ARC DISTANCE OF 299.61 FEET,

8) SOUTH 86°57'00" WEST 212.93 FEET,

9) ALONG THE ARC OF A TANGENT 355.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 29º19'10", AN ARC DISTANCE OF 181.66 FEET,

10) NORTH 63º43'50" WEST 166.36 FEET,

11) ALONG THE ARC OF A TANGENT 320.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 44°56'30", AN ARC DISTANCE OF 251.00 FEET,

12) ALONG THE ARC OF A REVERSE 1,030.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 18º40'20" WEST, THROUGH A CENTRAL ANGLE OF 06º03'10", AN ARC DISTANCE OF 108.81 FEET,

13) SOUTH 77º22'50" WEST 292.82 FEET,

14) ALONG THE ARC OF A TANGENT 370.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 09º50'40", AN ARC DISTANCE OF 63.57 FEET,

15) ALONG THE ARC OF A REVERSE 445.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 22º27'50" WEST, THROUGH A CENTRAL ANGLE OF 33º08'00", AN ARC DISTANCE OF 257.34 FEET,

16) NORTH 10º40'10" EAST 60.00 FEET, AND

17) ALONG THE ARC OF A NON-TANGENT 385.00 FOOT RADIUS CURVE THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 10°40'10" EAST, THROUGH A CENTRAL ANGLE OF 13º57'59", AN ARC DISTANCE OF 93.85 FEET TO A POINT ON THE WESTERN LINE OF SAID PARCEL 12, AS SAID PARCEL 12 IS SHOWN AND SO DESIGNATED ON SAID RECORD OF SURVEY (20 SURVEYS 110);

THENCE, ALONG SAID WESTERN LINE, THE FOLLOWING ELEVEN (11) COURSES:

1) NORTH 05º46'10" WEST 243.25 FEET,

2) ALONG THE ARC OF A TANGENT 530.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 06º12'50", AN ARC DISTANCE OF 57.48 FEET,

3) NORTH 00º26'40" EAST 123.80 FEET,

4) ALONG THE ARC OF A TANGENT 5,030.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 00º40'40", AN ARC DISTANCE OF 59.50 FEET,

5) NORTH 01º07'20" EAST 371.18 FEET,

6) ALONG THE ARC OF A TANGENT 90.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 53º27'20", AN ARC DISTANCE OF 83.97 FEET,

7) NORTH 52º20'00" WEST 57.65 FEET,

8) ALONG THE ARC OF A TANGENT 140.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 82º47'00", AN ARC DISTANCE OF 202.28 FEET,

9) NORTH 30º27'00" EAST 134.37 FEET,

10) ALONG THE ARC OF A TANGENT 170.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 89º07'10", AN ARC DISTANCE OF 264.42 FEET, AND

11) NORTH 58º40'10" WEST 70.02 FEET TO A POINT ON THE SOUTHERN LINE OF PARCEL 10, AS SAID PARCEL 10 IS SHOWN AND SO DESIGNATED ON SAID RECORD OF SURVEY (20 SURVEYS 110);

THENCE, ALONG SAID SOUTHERN LINE, NORTH 85º01'10" WEST 480.03 FEET;

THENCE, LEAVING SAID SOUTHERN LINE, NORTH 32°14'08" EAST 1,772.68 FEET TO A POINT ON SAID NORTHEASTERN LINE OF PARCEL 1(23 SURVEYS 104);

THENCE, ALONG SAID NORTHEASTERN LINE, THE FOLLOWING SEVEN (7) COURSES:

1) SOUTH 57°45'52" EAST 40.03 FEET,
2) NORTH 00°40'37" WEST 73.68 FEET,
3) SOUTH 56°04'56" EAST 225.68 FEET,
4) SOUTH 36°20'16" EAST 39.45 FEET,
5) SOUTH 57°36'50" EAST 1,135.76 FEET,
6) SOUTH 21°35'29" WEST 41.64 FEET, AND
7) SOUTH 57°53'16" EAST 1442.38 FEET TO SAID POINT OF BEGINNING.

CONTAINING 244.43 ACRES MORE OR LESS.

ATTACHED HERETO IS A PLAT TO ACCOMPANY LEGAL DESCRIPTION, AND BY THIS REFERENCE MADE A PART HEREOF.

END OF DESCRIPTION

ATTACHMENT NO. 3

HOUSING DEVELOPMENT AND AFFORDABLE PHASING REQUIREMENTS

[First referenced, Section 108]

A. Affordable Housing Requirements

In each of the three Phases of the Project, six percent (6%) of the residential units shall be affordable to very low income persons and families, eight percent (8%) of the residential units shall be affordable to low income persons and families (together, "Rental Affordable Housing"), and six percent (6%) of the residential units shall be affordable to persons and families of moderate income (collectively, with Rental Affordable Housing, "Inclusionary Housing"). All such units shall be subject to regulatory agreements which shall require, among other matters, that they remain affordable for at least fifty-five (55) years for Rental Affordable Housing and forty-five (45) years for moderate income Inclusionary Housing. In addition, ten percent (10%) of the units constructed in Phase 3 of the Project shall be priced for initial sale to persons and families whose incomes do not exceed Workforce II levels (150-180% of adjusted median income) (income restricted on individual sale only, with equity sharing for resales ("Workforce II Housing")). These requirements shall be implemented through Inclusionary Housing and Workforce II Housing Agreements with County entered into by the Developer, as referenced in Sections 4 and 5 of Attachment No. 9, and binding on the Rental Affordable Housing Developers, and, as applicable, developers of moderate income Inclusionary Housing and Workforce II Housing pursuant to the Development Approvals.

B. Conditions for Phasing of Rental Affordable Housing (Phases 1, 2 and 3)

1. In all Phases, the development of the income-restricted moderate income Inclusionary Housing units, and in Phase 3, the Workforce II Housing, which in the aggregate comprise 54% of the affordable units, shall be constructed concurrently with and completed at the same time as market rate units of comparable product type. As used herein, "market rate units" do not include Inclusionary and Workforce II Housing or the housing units in the Town Center. The development of market rate units shall be subject to the phasing requirements of the Rental Affordable Housing, as applicable, set forth below in this Paragraph B.

2. As a condition for the issuance of building permits for the 315th and above market rate units in Phase 1, Developer shall have rough graded the Rental Affordable Housing parcel(s), provided design review for project plans and constructed all the infrastructure necessary to serve construction of all of the Rental Affordable Housing units for Phase 1.

3. Prior to issuance of building permits for the 299th and above market rate units in Phase 2, construction of 50% of the Rental Affordable Housing units in Phase 1 shall have proceeded to the point of full enclosure including weatherproofing. As used herein, the term "weatherproofing" shall mean framing, roofing and windows.

4. Prior to the issuance of building permits for the 89th and above market rate units in Phase 3, the Developer shall have obtained certificates of occupancy for 100% of the Phase 1

Rental Affordable Housing units and shall have constructed 50% of the Rental Affordable Housing units in Phase 2 to the point of full enclosure including weatherproofing.

5. Prior to issuance of building permits for the 191st and above market rate units in Phase 3: (1) the Developer shall have obtained certificates of occupancy for all of the Phase 2 Rental Affordable Housing units; and (2) 50% of the Rental Affordable Housing units in Phase 3 shall have proceeded to the point of full enclosure including weatherproofing.

6. Prior to the issuance of certificates of occupancy for the 192nd and above market rate units in Phase 3, the Developer shall have obtained certificates of occupancy for all of the Rental Affordable Housing units in Phase 3.

7. In the event that a Rental Affordable Housing Developer does not secure timely financing or experiences construction delays or other Enforced Delay under Section 604 of this Agreement, notwithstanding its best efforts, or is in default under the terms of the Assignment and Assumption Agreement entered into between Developer and such Rental Affordable Housing Developer, such that there could be a withholding of building permits and/or certificates of occupancy for market rate units in the Project under Part B of this Attachment No. 3, William Lyon Homes, Inc. ("Guarantor"), in its sole and absolute discretion, may execute and deliver to the Agency one or more guarantees, as applicable, of the completion of the Rental Affordable Housing units through a completion guaranty substantially in the forms attached to this Agreement as Attachment No. 18, and, upon delivery of such guarantee(s) to the Agency, the Agency and the County shall waive, without further condition, compliance with the conditions to issuance of building permits for market rate units in paragraphs 2 through 5, inclusive, and the issuance of certificates of occupancy for market rate units in paragraph 6, to which such guarantee(s) may be applicable.

8. To the extent Guarantor incurs costs in performing under its guarantees pursuant to Section B.7., above, the amount of such costs shall be deemed Project Costs for purposes of calculating the Developer's Target IRR (as defined in Section A.3.b. of Attachment No. 4).

C. Market Rate Units (Affiliated Homebuilders). The provisions of this Section C of this Attachment No. 3 shall apply only to market rate units (as defined in Section B.1., above) to be constructed by a Member of Developer or an Affiliate of a Member of Developer ("Affiliated Homebuilder").

1. Following the filing of final maps and completion of finished lots in accordance with the Development Approvals, Developer shall commence the sale of lots to vertical developers, which may include Affiliated Homebuilders, for market rate units in each Phase of the Project within the times set forth in the Schedule of Performance (Attachment No. 5). The Developer anticipates that each conveyance will include such number of lots in a Phase for a particular product category as defined in Exhibit 1 to Attachment No. 9 as Developer shall elect (each such conveyance of all lots in a product category being a "Community", and each partial conveyance of lots in a product category being a "Subcommunity", as defined in Section A.3.f.(ii) of Attachment No. 4). Each sale of a Community or Subcommunity to an Affiliated Homebuilder shall be made pursuant to an Assignment and Assumption Agreement (substantially in the form set forth as Attachment No. 16) and shall include a Schedule of

Performance which shall include the following provisions, subject to Enforced Delay under Section 604:

(i) Following the sale of a Community or Subcommunity to an Affiliated Homebuilder in Phase 1, the Affiliated Homebuilder shall commence and diligently complete the construction of model home(s) for such Community or Subcommunity within the times set forth in the Schedule of Performance. Upon the completion of the model home(s), the Affiliated Homebuilder of such Community or Subcommunity shall commence a sales program (consisting of a sales office, sales staff and marketing efforts) for the sale of homes and shall sell all homes (as evidenced by sales contracts) in such Community or Subcommunity within a 12-month period following the completion of the model home(s) or, in the case of a subsequent Subcommunity where the model homes have already been constructed, within a 12-month period following the transfer of the subsequent Subcommunity to the Affiliated Homebuilder. Sales shall be subject only to close of escrow for homes as they are completed and issued a certificate of occupancy by the County.

(ii) Following the sale of a Community or Subcommunity to an Affiliated Homebuilder in Phase 2 or 3, the Affiliated Homebuilder shall commence and diligently complete the construction of any model home(s) for such Community or Subcommunity if not already constructed as part of a prior Phase, and shall commence a sales program (consisting of a sales office, sales staff and marketing efforts) for the sale of homes in that Community or Subcommunity and shall sell all homes (as evidenced by sales contracts) in such Community or Subcommunity within a 12 month period following the completion of the model home(s), if applicable, or, if model homes have already been constructed in a prior Phase or in connection with an earlier Community or Subcommunity, a 12-month period following the transfer of the Community or Subcommunity to the Affiliated Homebuilder. Sales shall be subject to close of escrow for homes as they are completed and issued a certificate of occupancy by the County.

ATTACHMENT NO. 4

FINANCIAL TERMS

[First referenced, Section 201]

A. Land Payment/Agency Participation.

1. Deposit. Prior to or upon execution of this Agreement by the Agency and Developer, the Developer shall deliver a deposit of One Hundred Thousand Dollars ($100,000), as provided in Section 201.a. of this Agreement.

2. Land Payment. Upon close of escrow, Developer shall pay to Agency One Million Five Hundred Thousand Dollars ($1,500,000) (subject to adjustment under Section 202(3) of this Agreement, if any, not to exceed One Hundred Thousand Dollars ($100,000)), as the initial land payment for conveyance of the Site to Developer (the "Initial Land Payment"). Developer shall make additional land payments to the Agency ("Additional Land Payments") calculated and payable at the time, and in the manner set forth in Section 3, below, of this Part A. (The Initial Land Payment and any Additional Land Payments may be referred to collectively as the "Land Payment.")

   In addition, at closing the Developer shall pay to the County or Agency (as directed by the County), provided Developer is a Named Insured under the FORA PLL with its allocated policy limits, its pro rata percentage of the County's share of the premium payments then due by the County, to FORA for the FORA PLL described in Section 204 of this Agreement, to be calculated as equal to the percentage of the County policy limits under the FORA PLL allocated by the County to and accepted by the Developer. By way of example: The County has been allocated $20,000,000 of the $100,000,000 policy limits under the FORA PLL, and the Developer anticipates being allocated 50% of the County's limit, or $10,000,000. FORA has financed the total premium payment for the FORA PLL and the County has agreed to pay FORA the County's share of the premium (including financing costs) in a series of installment payments over a period of years. Based on the assumptions that the Developer will be allocated 50% of the County's policy limits, and that upon taking title to the Site will become a Named Insured under the FORA PLL, the Developer shall be obligated to pay to the County 50% of the amount of each County installment payment to FORA not later than fifteen (15) days after receipt of written notice from the County of the amount of the installment payment then due. At the close of escrow, the Developer shall be obligated to pay to the County or the Agency (as directed by the County) 50% of the amount of any installment payments previously made or currently payable from the County to FORA (as disclosed by the County not less than fifteen (15) days prior to closing), and thereafter the Developer shall be obligated to pay to the County or the Agency (as directed by the County) 50% of the amount of each subsequent County installment payment not later than

fifteen (15) days after receipt of written notice from the County of the amount of the installment payment then due.

3. Additional Land Payment.

a. *Participation Payment*. In addition to the Initial Land Payment, the Developer shall make contingent Additional Land Payments to the Agency of a portion of any residual proceeds from the Developer's horizontal development and sale of buildable parcels of the Site ("Participation Payment"), calculated in accordance with the financial model set forth in Section 3.b., below, if available at the times described below (the "Agency Participation Model").

b. *Agency Participation Model*. As used herein, "Completion of Development" shall mean the occurrence of all of the following: (i) the sale by the Developer of the last parcel or lot in the Site for vertical development (as evidenced by close of escrow); and (ii) the completion by the Developer of all horizontal improvements to the Site, including infrastructure and public improvements and facilities that the Developer is required to provide or pay for (as evidenced by one of more Certificates of Completion for such horizontal improvement issued by the Agency pursuant to Section 320 of this Agreement), and (iii) the incurrence by the Developer of all Project Costs (as defined in Section 3.d., below) such that no further investment by Developer is required for development of the Site under this Agreement and the Development Approvals, and (iv) the receipt by the Developer of all Project Revenues (as defined in Section 3.e., below). The Developer shall apply all Project Revenues (as defined in Section 3.e., below) as follows: (i) first, to first reimburse the Developer for all Project Costs; (ii) second, to pay the Developer an amount of Unleveraged Cash Flow (as defined below) received by the Developer up to but not to exceed the amount necessary for the Developer to achieve its Target IRR (as defined below); and (iii) thereafter, following Completion of Development, if any Unleveraged Cash Flow (as defined below) remains after the Developer has achieved its Target IRR, to make an Additional Land Payment ("Participation Payment") to the Agency in an amount equal to Fifty Percent (50%) of any such remaining Unleveraged Cash Flow. If required and in the manner set forth in subsection g., below, the Developer may be required to make the Participation Payment, if owed to the Agency, in one or more partial payments ("Partial Participation Payments") in addition to a final payment ("Final Participation Payment").

(i) "Unleveraged Cash Flow" means Project Revenues less Project Costs.

(ii) "IRR" means the internal rate of return and shall be calculated on a monthly basis using the Unleveraged Cash Flow as reflected in the template attached hereto as Table 2 to this Attachment No. 4; provided that the listing of categories of costs shall be deemed for convenience and shall not limit the inclusion of applicable Project Costs as defined in subsection d. below. The

monthly IRR shall be used to calculate an annual IRR for the project by the following method, wherein MIRR is equal to the monthly IRR (noncompounded) and AIRR is the annual IRR:

AIRR = MIRR (x) 12

(iii) "Target IRR" means the IRR of 22.5%."

Project Revenues received by the Developer and Project Costs paid by the Developer during any month shall be deemed to be received or paid on the last day of the month.

c. *Intentionally Omitted*.

d. *Project Costs*. "Project Costs" means all direct and indirect third party out-of-pocket predevelopment, planning, development, marketing and disposition costs and expenses paid by the Developer pursuant to the Exclusive Negotiation Agreement among the Developer and the Agency and the County, and/or in implementation of and pursuant to the Option Agreement, this Agreement and/or the Development Approvals to acquire, own, hold, develop or sell all or any part of the Project, which costs shall include, without limitation, all pre-development and pre-conveyance costs and post-conveyance costs for items included in the Developer's Project Pro Forma (as presented to the Agency), subject only to a combined limit on post-conveyance sale and marketing and general and administrative costs of three and one-half percent (3.5%) of Project Revenues (as defined in e. below), any reimbursement or indemnification costs or fees paid to FORA or the Agency, any CEQA mitigation costs, costs of investigation and remediation of Hazardous Substances or other environmental conditions on the Site, including insurance and indemnification in connection therewith, payments to the Agency or County for fiscal neutrality, all CSD and CFD costs (including formation and debt service) and other public financing costs, costs resulting from litigation or administrative challenges to the Project, all reasonable development fees, management fees (including costs of on-site employees which are not included in general and administrative costs) or other amounts paid by the Developer to Affiliates of the Developer or Members of Developer for services rendered in connection with the Development; provided, however, any amounts paid to Affiliates of Developer or Members of Developer shall exclude any amounts that exceed the costs that would have been incurred by the Developer had the Developer obtained the relevant services or goods from a third party on an arms' length basis. Project Costs shall exclude (a) the repayment of the principal and interest of any private loan obtained by the Developer; and (b) any distributions, preferred return or other capital return to the members of the Developer.

e. *Project Revenues*. "Project Revenues" means all cash revenues actually received by Developer or fixed amounts to be received by Developer from an

Affiliated Homebuilder under an installment sale or other delayed or deferred payment of any type or nature from (a) a sale, lease or other disposition (other than any disposition by foreclosure or transfer in lieu of foreclosure) of the Site or any portion thereof to a third party, or (b) any other event, contract, service or other transaction of any type or nature generating revenues actually received by Developer from any portion or all of the Site, excluding management fees for construction of public facilities. By way of example and not limitation, Project Revenues include rents, forfeited earnest money, rebates, fees for the provision by Developer of utility and other services to the Project of any nature, reimbursements, damage awards (net of costs of recovery), insurance proceeds (net of costs of recovery), all proceeds received by the Developer from the sale of CFD bonds and tax allocation bonds (including proceeds to reimburse Developer for costs incurred), condemnation awards (net of costs of recovery), income from granting easements or other interests in or rights relating to the Site, and interest on Project Revenues to the extent invested in interest-bearing accounts. Notwithstanding the foregoing, Agency and Developer acknowledge (i) that Project Revenues shall include, but not be limited to, all cash revenues actually received or to be received by Developer, as provided above, from the sale of vertical lots to homes ("Homesites") to merchant builders, including, but not limited to, any participation payments paid to Developer from merchant builders, if any, along with revenues derived from the sale by Developer of other parcels for vertical development ("Development Parcels"), and (ii) that Project Revenues shall not include any revenues or profits from the construction and sale of homes on any of the Homesites by any member of Developer (a "Member") or any Affiliate (as defined in Section 3.f.(i), below) thereof, other than revenues or profits, if any, paid as participation payments to the Developer.

f. *Homesite and Development Parcel Sales Prices*. The consideration for all Homesites and Development Parcels sold by Developer shall be calculated as set forth in this Section A.3.f.

(i) *Sales to Non-Affiliated Third Parties*. Any and all Homesites and Development Parcels sold by Developer to a person or entity that is not a Member or an Affiliate of a Member (a "Non-Affiliated Third Party") shall be sold at a market rate ("fair market value") to be determined by mutual agreement between Developer and such Non-Affiliated Third Party taking into consideration comparable sales, if any, which have requirements to commence and complete construction, restrictions on use and transfers, including notification and insurance requirements and other conditions imposed on buyers similar to those that are imposed on Non-Affiliated Third Parties under this Agreement; provided, however, that Developer shall market available Homesites and Development Parcels to potential third-party buyers using those methods and practices customarily used by persons marketing similar property under similar conditions in the same or similar locality. As used in this Agreement, an "Affiliate" means any entity in which a Member, either directly or indirectly, has any interest whatsoever.

(ii) Sales to Affiliated Homebuilders.

(1) Homesites. Any and all Homesites sold by Developer to an Affiliated Homebuilder shall be sold at a price that is no less than the fair market value, calculated using the methodology for determining Residual Lot Value set forth in Table 1 to this Attachment No. 4, in accordance with the following:

A. *Base Home Price*. Not later than 180 days prior to the first anticipated sale by the Developer to an Affiliated Homebuilder of a group of lots for a specific product category of market rate homes, as provided in Section C. of Attachment No. 3, (herein, for such group and each subsequent group of lots sold to an Affiliated Homebuilder for a specific product category of market rate homes in a Phase of the Project, a "Community" or if there is a partial sale of lots in a specific category, a "Subcommunity"), the Developer and the Agency shall mutually agree upon a qualified marketing consultant with at least ten (10) years experience in evaluating new residential community values in the San Francisco Bay Area and in Monterey County, California (the "Residential Marketing Consultant"). The Residential Marketing Consultant may be changed from time to time by mutual agreement of the Developer and the Agency. The Residential Marketing Consultant shall be responsible for preparing a report determining the Base Home Price to be used in completing the methodology used in Table 1 to this Attachment No. 4 to determine Residual Lot Value for each Community or Subcommunity, to be presented as a Final Report to the Developer and Agency not later than thirty (30) days prior to the sale of the lots in the Community or Subcommunity to an Affiliated Homebuilder and establishing such Base Home Price as of the date of the Final Report. By not later than ninety (90) days prior to the sale by the Developer to an Affiliated Homebuilder of the lots in a Community or Subcommunity, the Residential Marketing Consultant shall present a draft report and conclusions to the Developer and Agency, who each shall have ten (10) business days following receipt of such draft report to submit to each other their comments or objections to the draft report, and, if there are comments and objections, to meet and confer in good faith with each other and the Residential Marketing Consultant for a period of not more than fifteen (15) additional business days to mutually resolve such comments or objections. Following the expiration of the meet and confer period, the Residential Marketing Consultant, after considering all such comments and objections, shall issue its Final Report, not later than the time set forth above,

determining the Base Home Price for the Community or Subcommunity, which both the Developer and the Agency shall be bound to accept for purposes of completing Table 1 of this Attachment No. 4 to establish the Residual Lot Value for the Community or Subcommunity.

Options revenue shall be determined in accordance with Table 1, annexed to this Attachment No. 4, width the exception of moderate-income Inclusionary Housing and Workforce II Housing where Options Revenue shall not be included.

B. *Cost Deductions*. From the Base Home Price for each of the finished homes, the following costs (collectively, the "Estimated Costs") shall be deducted:

(i) *Direct Building Costs*. For Phase 1, average direct building costs ("Direct Building Costs") will be projected based upon actual direct building costs incurred by William Lyon Homes (or an Affiliate thereof) for Product Types of similar size and specifications, in the San Francisco Bay Area, adjusted for cost differentials attributable to prevailing wage requirements unless a particular project is not subject to prevailing wages as determined by the FORA and Department of Industrial Relations, and adjusted for inflation based upon increases in the RS Means Construction Price Index. Alternatively, if such comparable detailed actual direct building cost figures are not available, then Direct Building Costs for Phase 1 shall be based upon actual direct building costs for comparable Product Types of similar size and specifications constructed elsewhere within the area encompassed by the Fort Ord Reuse Plan. Direct Building Costs shall also include final lot improvements typically made by homebuilders (including finished grading, landscaping and driveways and fences). For Phase 2 and Phase 3, Direct Building Costs will be based upon actual direct building costs incurred by Developer for Product Types of similar size and specifications within Phase 1, adjusted for inflation based upon increases in the RS Means Construction Price Index. In the event a particular Product Type in Phase 2 or Phase 3 is not included in Phase 1, then the Direct Building Costs for such Product Type shall be projected in the same manner as such costs are projected in Phase 1.

(ii) *Option Costs*. Option Costs shall be determined in accordance with Table 1 annexed to this Attachment No. 4.

(iii) *Fees and Permits.* Fees and permits will be calculated for an average unit as estimated by the County in accordance with the Development Agreement and including but not limited to MCWD fees and connection charges and MPUSD fees.

(iv) *FORA Fees*. FORA fees will be calculated based on the FORA fee currently in force or with an adjustment for the maximum increase to be estimated for the date of the first building permit for each segment of Homesites and as adjusted and reapportioned in accordance with Section C of this Attachment No. 4.

(v) *Other Costs*. Other costs shall be determined according to the methodology shown on Table 1 to this Attachment No. 4.

Residual Lot Value. The fair market value of Homesites sold to an Affiliated Homebuilder shall be the Residual Lot Value, determined in accordance with the methodology of Table 1 to this Attachment No. 4; provided, however, that if a Community or Subcommunity to be constructed by an Affiliated Homebuilder includes lots for moderate-income Inclusionary Housing units and/or Workforce II Housing units, the Residual Lot Value for the Community or Subcommunity shall be a weighted blended result of separate calculations as follows: (1) first, for the market rate units in the Community or Subcommunity the Residual Lot Value ("Market Rate Residual Lot Value") shall be calculated under Table 1 of this Attachment No. 4 using the Base Sales Price determined by the Residential Marketing Consultant; (2) second, for the moderate-income Inclusionary Housing units, if any, are required in the Community or Subcommunity, the Residual Lot Value (Moderate-Income Residual Lot Value"), which may be positive or negative amount, shall be calculated under Table 1 of this Attachment No. 4 wherein Base Price for both revenue and costs is defined as the average income-restricted sales price (discounted for continuing income restrictions on resale) at which those units will be sold to eligible households in order to satisfy the requirements of the applicable Inclusionary Housing Agreement with the County for such income-restricted units, but excluding Option Revenues and Option Costs from such calculation; (3) third, for the Workforce II Housing units, if any are required in the Community or Subcommunity, the Residual Lot Value ("Workforce II Residual Lot Value"), which may be positive or negative amount, shall be calculated under Table 1 of this Attachment No. 4 wherein Base Price for both revenue and costs is defined as the average income-restricted sales price (discounted for continuing equity sharing on resale) at which those units will be sold to eligible households in order to satisfy the requirements of the applicable Workforce II Housing Agreement with the County for such income-restricted units, but excluding Option Revenues and Option Costs from such calculation; and (4) the resultant Market Rate Residual Land Value, Moderate-Income Residual Land Value (positive or negative amount), if any, and the Workforce II Residual Land Value (positive or negative amount), if any, shall be averaged

together on a weighted basis according to the number of units in each category, and the resultant number shall be the Residual Lot Value for the Community or Subcommunity. By way of example: assume that the Community or Subcommunity includes a total of 50 lots, 30 of which will be for market rate units with a Market Rate Residual Lot Value of $100,000, 10 of which will be for moderate-income Inclusionary Housing units with a Moderate-Income Residual Lot Value of [-$5000], and 10 of which will be for Workforce II Housing units with a Workforce II Residual Lot Value of $50,000. The resultant average Residual Lot Value for the entire Community or Subcommunity shall be the product of the following equation:

Residual Lot Value equals:

$$\frac{((30 \times 100{,}000) + (10 \times [-5000]) + (10 \times 50{,}000))}{\text{Divided by } 50}$$

Equals: 69,000

(2) Town Center Parcels. Town Center parcels shall be sold at a price that is no less than the residual land value (the "Residual Land Value", which shall be established by the Developer in its sole business judgment and which shall be deemed the fair market value) determined by the residual approach: taking estimated rents/residential sales prices per an approved consultant's market study, estimating capitalized value, using an eleven percent (11%) return on costs for the retail or office portion and a residential profit margin of nine percent (9%) of the residential sale price, and deducting all development costs, provided that: (i) any developer's fee/overhead in construction of the project shall not exceed 5% of direct construction costs, and (ii) any annual management fee for the operation of the project shall not exceed 3.5% of effective gross income.

g. *Progress Reports; Final Accounting; Timing of Participation Payment.*

(i) As used in this subsection g.:

"1st Reporting Date" shall mean the last day of a 12-month period commencing on the date that Developer has completed (as evidenced by close of escrow) the second bulk sale of lots in Phase 2 for a particular Community or Subcommunity) to a vertical developer-homebuilder (including, but not limited to, an Affiliated Homebuilder).

"2nd Reporting Date" shall mean the last day of a 12-month period commencing on the date that Developer has completed (as evidenced by close of escrow) the second bulk sale of lots in Phase 3 for a particular Community or Subcommunity) to a vertical developer-homebuilder (including, but not limited to, an Affiliated Homebuilder).

"Final Reporting Date" shall mean the last day of an 18-month period commencing on the 2nd Reporting Date, plus extensions of said 18-month period for the periods of any Enforced Delay under Section 604 of this Agreement affecting the Developer and/or market rate residential homebuilders which prevent or delay the sale by Developer of market rate units to homebuilders on customary terms at reasonable prices consistent with fair market value.

"Payment Date" shall mean a date that is sixty (60) days after a Reporting Date.

(ii) On each of the 1st and 2nd Reporting Dates the Developer shall submit to the Agency a report in the form, template and accounting methodology to be agreed upon by the Agency and Developer prior to close of escrow ("Progress Report") which shall include, on a cumulative cash basis, a summary of Project Costs (as defined in Section A.3.d., above) incurred and Project Revenues (as defined in Section A.3.e., above) received by the Developer, as horizontal developer, for the entire Project as of such Reporting Date.

(iii) If a Progress Report submitted under (ii), above, shows that Project Revenues received by the Developer has exceeded Project Costs incurred by the Developer for the entire Project such that the Developer has exceeded the achievement of its Target IRR, (as defined in Section A.3.b., above), the Developer shall make on or before the Payment Date a Partial Participation Payment (as defined in Section A.3.b., above) to the Agency from available Unleveraged Cash Flow, subject to the Final Accounting (as defined in (iv), below), in the following amount and manner: fifty percent 50% of the amount by which the Developer's Target IRR is estimated to be exceeded in the Progress Report (but, in the case of the 2nd Reporting Date only to the extent not previously paid to the Agency and/or deposited into an escrow account under this subsection (iii) pursuant to the Progress Report submitted on the 1st Reporting Date) shall constitute and shall be paid and deposited by the Developer as a Partial Participation Payment, as follows: (x) fifty percent (50%) of the amount of such Partial Participation Payment shall be paid directly to the Agency, and (y) fifty percent (50%) of the amount of such Partial Participation Payment shall be deposited by the Developer into an interest-bearing escrow account with an independent escrow holder mutually agreed to by the Developer and the Agency, to be held by such escrow holder and, following the Final Accounting (as defined in subsection (iv), below) to either be released to the Agency in whole or in part to the extent the Developer is not entitled to a refund of such amount as a result of the Final Accounting (as defined in subsection (iv), below) or be refunded to the Developer, in whole or in part, to the extent the Developer is entitled to a refund of such amount under the Final Accounting (as defined in subsection (iv), below).

(iv) Upon the Final Reporting Date, the Developer shall submit to the Agency a final report ("Final Accounting") in substantially the form of the Developer's Progress Report containing a final accounting and reconciliation of total Project Revenues received by the Developer and total Project Costs incurred by the Developer, as horizontal developer, for the entire Project, and the IRR achieved by the Developer.

(a) To the extent the Final Accounting shows that the Developer's Target IRR (as defined in Section A.3.b., above) is exceeded for the entire Project, fifty percent (50%) of the Unleveraged Cash Flow available to the Developer in excess of the amount required to achieve the Developer's Target IRR (as defined in Section A. 3. b., above) shall constitute the amount of the Participation Payment due the Agency. By not later than the Payment Date, the Developer shall release to the Agency funds escrowed under subsection (iii), above. To the extent the amount of the Participation Payment still exceeds the sum of the Partial Participation Payments plus the sum of the released escrow funds, the Developer shall make a Final Participation Payment in the amount of such remaining amount to the Agency on or before the Payment Date. To the extent that the sum of the Partial Participation Payments plus the sum of the released escrow funds to the Agency exceeds the amount of the Participation Payment, the Agency shall be entitled to keep such excess amount.

(b) To the extent that the Final Accounting shows that the Developer's Target IRR (as defined in Section A.3.b., above) is not achieved for the entire Project, the Developer shall be entitled to withdraw from the escrow account on or before the Payment Date all or such amounts as shall be required to increase the Developer's Project Revenues up to an amount not to exceed the Developer's Target IRR (as defined in Section A.3.b., above), and the Agency shall be entitled to release of the amount, if any, in the escrow account not withdrawn by the Developer, even though the Agency may have received Partial Participation Payments and escrowed funds in excess of the amount of the Participation Payment.

h. *Dispute Resolution.* Any dispute between the Agency and Developer arising out of the provisions of this Section A. 3. shall be settled pursuant to the dispute resolution process set forth in Section 513 of this Agreement.

B. Public Facilities.

Developer shall be responsible for providing an amount not to exceed $3,500,000, indexed to the Engineering News Record Cost Index (as applied from the Effective Date of this Agreement, the "ENR Cost Index"), for the design and construction of public facilities ("Public Facilities") within the Project, including construction management services (if approved by the County) on terms set forth in the Scope of Development (Attachment No. 9 hereto) specifically relating to the fire station, library and Sheriff's substation (the "Mandatory Public Facilities"). Except as provided in Section 8 of Attachment No. 9, Agency shall be responsible for providing

an amount not to exceed $5,500,000 (indexed to the ENR Cost Index) for public facilities in the Project, with priority to funding the Mandatory Public Facilities, as provided in Part H of this Attachment No. 4.

C. FORA Fees.

The Developer and the Agency acknowledge that the FORA fees and/or assessments ("FORA Fees") for the Site must be satisfied, and that the imposition of those fees is reflected by an existing lien on the Site, which lien may be discharged upon payment in full of the FORA Fees. Subject to FORA concurrence, the actual payment of the FORA Fees may be redistributed among units so that larger units pay higher fees than smaller units, provided that such allocation generates the full aggregate amount required by FORA, and Developer may be given credit for infrastructure constructed and/or financed directly by Developer or Agency, where such infrastructure would have otherwise been the responsibility of FORA to finance and construct. The County agrees to diligently pursue the inclusion by FORA in its CIP of those traffic improvements designated as FORA's responsibility in the Combined Development Permit Conditions of Approval.

At the request of the Developer, the Agency and County shall cooperate with the Developer to obtain a comprehensive agreement with FORA covering, to the reasonable satisfaction of the Developer and the Agency: (i) redistribution of the FORA Fees among units on the Site, (ii) credit against FORA Fees for qualifying infrastructure provided by the Developer or Agency, (iii) timing of payment of pro rata FORA Fees upon the issuance of building permits for vertical construction, (iv) present or current removal of the FORA lien on the Site in consideration of the obligations to pay FORA Fees pro rata at the time of and as a condition to issuance of building permits for vertical construction on the Site, and (v) credits from FORA for demolition costs. An executed agreement with FORA shall be a condition to close of escrow unless and to the extent waived by the Developer. A copy of any such agreement upon its completed execution shall be recorded and appended to this Attachment No. 4.

D. Offsite Infrastructure.

The Parties contemplate that off-site traffic improvements required in the implementation of the Specific Plan will be included in the FORA CIP, and that credits against the FORA Fees will be covered in the agreement with FORA referenced in C, above. The Agency and County staffs shall work with Developer and FORA to obtain the inclusion of offsite traffic improvements in the FORA CIP.

E. Community Facilities District ("CFD").

1. Developer and County and Agency staff and consultants shall consider the formation of a CFD, consistent with County CFD policies, to fund a portion of the cost of public infrastructure installation required for development of the Project, equal to but not to exceed Twenty Million Dollars ($20,000,000) in infrastructure costs, as an important element for the economic feasibility of the development of the Site. It is also recognized that the formation of a CFD for purposes of levying a special tax to partially fund the ongoing operations of a Community Services District ("CSD") is an important component of satisfying the County's

requirement for a fiscally neutral project based on a final Fiscal Impact Analysis as referenced in Section K of this Attachment No. 4.

a. For purposes of a CFD to fund infrastructure, it shall be a condition of closing, except as may be waived by the Developer in its sole and absolute discretion, that all actions required to be taken by the County to initiate the formation of a CFD, including a financing program, applicable to all parcels to be developed on the Site (excluding only the deed-restricted very low and low income affordable residential units and the public facilities) shall have occurred to the satisfaction of the Developer.

b. For purposes of a CFD to levy a special tax for ongoing services, if a necessary part of the Developer's financial program to provide a fiscally neutral Project, it shall be a condition of closing that the Developer shall have initiated the actions needed to be taken by the Developer in connection with the formation of a CFD, including recognition by the Developer of its obligation to provide any reasonable credit enhancement required for the issuance of CFD Bonds under County policies at such time as CFD Bonds are proposed to be issued.

One CFD to address the purposes in a. and b. above is contemplated. The Developer shall advance the costs for the formation of the CFD subject to reimbursement by the CFD. County and Agency staff shall support the formation of a CFD in a timely manner, so as not to delay the timely issuance of CFD Bonds when required by the Developer.

F. Community Services District ("CSD").

Developer and Agency staff also agree that the formation of a CSD to provide ongoing maintenance of certain elements of infrastructure is important to enhance the physical and fiscal soundness of the Project and to achieving fiscal neutrality for the County (as further discussed in Section K. to this Agreement). Because of the unique circumstances of Fort Ord, the Parties have agreed that special State legislation will be required to facilitate the formation of a CSD. It shall be a condition of closing, that, in the absence of an interim alternative financing mechanism, steps needed to form a CSD shall have been initiated by the County to comply with the Specific Plan Conditions of Approval for the formation of a CSD. The Developer shall advance the reasonable costs for the formation (including LAFCO approval, if needed) of the CSD to comply with the Development Approvals subject to reimbursement by the CSD. County and Agency staff shall diligently pursue the enactment of State legislation and shall support the formation of a CSD in a timely manner.

The total combined property tax burden on any developed parcel, including any overrides and the special assessment burdens of the CFD and the CSD, shall not exceed 2.0% (exclusive of HOA dues and assessments) of the assessed value. The low and very low income affordable units and the public facilities shall not be subject to any liens related to the CFD or costs of the CSD.

Following concurrence by the County Treasurer, the financial advisor to the County and bond counsel, and subject to agreement on matters such as credit enhancement where required

for the issuance of CFD Bonds, compliance with the County's policies on CFD formation, and consistency with industry practices of land secured financing in California, Agency, in cooperation with County and its Board of Supervisors, will agree to use its best efforts to establish a CFD and a CSD on the entire Site as contemplated above. The Agency's and the County's obligations hereunder are subject to the Developer's agreement, in the form of a mutually acceptable Reimbursement Agreement, to advance all funds required to plan and process the formation of a CFD and CSD, including but not limited to the fees and costs of the County's and the Agency's financial advisor, subject to reimbursement of such costs from the CFD and CSD, as applicable. Under the CFD, funds for infrastructure costs shall only be disbursed to Developer in tranches that are tied to completion of discreet operable segments of the public improvements. The Developer shall have the option to use or not to use the CFD financing. In the event the Developer elects not to use the CFD financing, the Agency shall have no obligation to repay to the Developer any advances for the CFD formation, except to the extent that such advances have not been expended or otherwise legally committed or obligated to be paid for costs incurred. Formation of a CFD and a CSD may be commenced by the County or Agency and is subject to required public hearings and procedural requirements, and neither the County nor the Agency shall be deemed legally bound to form either a CFD or a CSD, but Agency and County staffs shall recommend to the Board of Supervisors that it take the actions necessary to form the CFD and the CSD in a timely manner so as not to delay the closing.

The Parties agree that the formation of a CSD and/or CFD, as to improvements and services to be financed, shall be accomplished in such manner as to satisfy, together with additional funding sources that may be required, the requirements for the Project to be fiscally neutral as to impacts on the County as referenced in Section K of this Attachment No. 4.

G. Historic District and Town Center.

1. Historic District

As a condition to conveyance, and to ensure that all historic preservation requirements are met, Developer will comply with the Agreement and Covenant for the Transfer of East Garrison Historic District (the "Historic District Agreement"), dated as of August 3, 2004, between the SHPO and FORA and recorded in the Records of the Monterey County Recorder on October 15, 2004 as Document 2004110087, and Mitigation Measure [4.8.1-H] and Combined Development Permit Condition of Approval No. 59. The Developer must also provide infrastructure to all buildings in the Historic District, subject to the CFD and CSD, as applicable to such buildings. Subject to Section H, below, Agency agrees to make available to the Project for the rehabilitation of the Historic District the net tax increment allocable to the Agency as set forth below in this section.

The Developer will be legally obligated to expend directly or make available to the Agency a total amount of $750,000, (indexed to the ENR Cost Index, as first defined in Section B hereof), to fund the predevelopment expenses of the Historic District on the following timetable: $150,000 in 2006, $300,000 in 2007 and $300,000 in 2008.

For capital costs (exclusive of capital costs for buildings to be devoted to public use and owned after rehabilitation by public entities, which costs shall be deemed part of the costs of the public facilities under Attachment No. 9 hereto) and subject to Section H.c. below of this Attachment No. 4, the Agency will make available up to but not to exceed $5 million (indexed to the ENR Cost Index, as first defined in Section B hereof) in tax increment funds during the first year that tax increment funds sufficient for major capital improvements to the buildings in the Historic District are available, currently estimated to be FY 2008/09. The Developer shall thereupon provide funds for major capital improvements to buildings in the Historic District up to but not to exceed $1 million (indexed to the ENR Cost Index, as first defined in Section B hereof, in the same percentage as the Agency's $5 million), to be provided in an amount equal to Twenty Percent (20%) of the amount made available for such purposes by the Agency. In addition, upon completion of work on and occupancy of fifty percent (50%) of the buildings in the Historic District, the Developer will contribute $250,000, (indexed to the ENR Cost Index, as first defined in Section B hereof) to the establishment of an endowment for the non-profit corporation described in Section 3 of Attachment No. 9 hereto to cover the operating costs of the Historic District. No other contributions will be required by the Agency or the Developer. Nothing in this paragraph shall be deemed to impose an obligation on the Agency or the Developer to perform any work or make any capital improvements to the buildings to be retained in the Historic District.

The Developer, the Agency and the County agree to enter into an agreement with Artspace to take title to the historic buildings and rehabilitate such buildings. Agency has approved Artspace as the Developer and Operator of the Historic District. Funds for the rehabilitation will be paid to Artspace upon a demonstration, to the satisfaction of the Agency and Developer, that Artspace has the technical, managerial and financial ability to complete the rehabilitation in accordance with the covenants and conditions stated in the Historic District Agreement between FORA and the SHPO.

2. Town Center

Pursuant to the Option Agreement, Developer has the obligation to construct approximately 34,000 s.f. of neighborhood serving retail, civic and other non-residential uses ("Town Center Construction Obligation"). Developer and County recognize that the retail portion of the Town Center Construction Obligation may not be economically feasible. Consequently if no residual value is determined to exist pursuant to Section A.3.b.(ii)(2) of this Attachment No 4, no value may be attributable to the town center mixed use parcels and any subsidy which may be required from Developer to finance construction shall be considered a Project Cost, as defined in Section A.3.d. of this Attachment No. 4. Developer will install all the infrastructure necessary to service the Town Center parcels, including the Town Center Park and parking lots. Developer may assign its rights and obligations to develop the Town Center mixed-use commercial and residential parcels (as described in Exhibit 2 to Attachment No. 9) to either

Woodman Development Company, LLC ("Woodman") or a special purpose affiliate of either the Developer or Woodman ("Assignee").

An approximately 7,000 square foot Fire Station to be constructed on a site within Phase 1 comprises a portion of the Town Center Construction Obligation but is the subject of its own separate subsidy by Developer, described in Section 8 of Attachment No. 9. At least 20,000 s.f. of the Town Center Construction Obligation must have been completed prior to the issuance of the first Market rate unit permit within Phase 3 of the Project and the remaining 14,000 s.f. of the Town Center Construction Obligation must be completed prior to the issuance of the last certificate of occupancy for the last market rate unit in Phase 3.

Prior to the first market rate unit building permit being issued in Phase 3, Developer or Assignee shall post a completion bond with respect to any portion of the Town Center Construction Obligation which is not completed or under construction at that time.

Developer shall thereafter be allowed to continue to obtain all remaining building permits and certificates of occupancy for the market rate units of the Project without restriction. Timing of construction of the Town Center Construction Obligation shall be subject to Enforced Delays under Section 604 of this Agreement.

H. Tax Increment; Agency Assistance.

The Agency agrees to pledge and devote to the Project its share of the net tax increment produced by the Project and allocable under State law to the Agency in the following priority order:

a. First, to the Agency's actual annual costs of administering the Project Area, estimated at the lesser of total increment or $300,000 escalated at 3% per year of non-housing funds based on net increment after statutory pass-throughs.

b. Second, subject to priority a. above, and to availability, up to $48,469 (indexed to the ENR Cost Index as first defined in Section B hereof) per very low income and low income unit as requested by the Developer, up to but not to exceed in the aggregate $9.5 million (indexed to the ENR Cost Index as first defined in Section B hereof) solely for the purpose of subsidizing the costs related to vertical construction (hard costs only, not including, by way of example, site preparation costs, infrastructure costs, permits, fees and exactions) of the units in the Project to be made available and restricted to occupancy by persons and families of very low and low income, all subject to the terms of the Inclusionary Housing Agreements to be entered into between the Developer and the County pursuant to the Specific Plan Conditions of Approval and the agreements with one or more Rental Affordable Housing Developers (referenced in Section 4 of Attachment No. 9). The source of such tax increment funding shall be the Agency tax increment generated by the Project. Developer has represented to Agency, and Agency acknowledges, that Developer

will budget and expend, in addition to the amount of the Agency's subsidy for the very low and low income units referenced in the preceding sentence, up to a total of $630,000 of its own funds (indexed to the ENR Cost Index as first defined in Section B hereof) for such very low and low income units; provided, however, that Developer acknowledges and agrees that notwithstanding the amounts required to be contributed by the Agency and the Developer for very low and low income units under this subsection b., the Developer shall be responsible in any event for causing such very low and low income units to be constructed in accordance with the terms of the Inclusionary Housing Agreements, and that no additional amount of subsidy for such units shall be required from the Agency or requested by the Developer or any Rental Affordable Housing Developer.

Tax increment funds will be made available as provided in the immediately preceding paragraph for the very low and the low income units. No such funds shall be made available for the moderate income units. If tax increment is not available when needed for construction of the very low or low income units, the Developer will advance those funds up to but not to exceed $5.5 million (the "Shortfall Loan") of the $9.5 million (as indexed to the ENR Cost Index as first defined in Section B hereof) that the Agency is obligated to contribute for the very low and low income units, which Shortfall Loan shall be evidenced by a promissory note from the Agency to the Developer substantially in the form attached to this Agreement as Attachment No. 10 and shall be repaid by the Agency out of tax increment Bond proceeds or pay-as-you-go tax increment proceeds with accrued per annum interest at the higher of 7% or prime plus 1% on the unpaid balance, compounded annually until repaid. The Agency shall apply its pay-as-you go tax increment and/or the proceeds of tax allocation Bonds to effectuate the repayment of the Promissory Note as soon as it is feasible to do so, in the good faith determination of the Agency. The Shortfall Loan shall not be considered "Project Reserve" or "Project Cost" under Section A.3.d. hereof for purposes of calculating the Developer's Target IRR under Section A.3.b. hereof.

c. Third, subject to priority a. and b. above, and further subject to timing of availability, to fund, to the extent required, completion of the Mandatory Public Facilities referred to in Section B of this Attachment No. 4 above.

d. Fourth, subject to priority a., b. and c. above, and further subject to timing of availability, to fund a portion of the capital cost of rehabilitating the Historic District, in an amount not to exceed $5.0 million (indexed to the ENR Cost Index) as set forth in Section G., above.

e. Fifth, subject to priority under a., b., c. and d. above, and further subject to timing of availability, to fund the costs of design and construction of other public facilities as specified in Section B., above, not to exceed a total cost of $5.5 million (indexed to the ENR Cost Index).

f. Sixth, subject to priority under a., b., c., d. and e. above, and further subject to timing of availability, at the discretion of the Agency, for projects and programs to be

carried out in the County's Redevelopment Project Area (with public facilities needs of the Project, if any remain, to be given first consideration by the Agency, in its discretion, after consultation with the Developer) to which tax increment may be applied.

I. Tax Increment Pledge.

The financial obligations of the Agency in Sections 205 and 310, and in Section H, above, are secured by the Agency's pledge of tax increment set forth in Section 703 of this Agreement. In the event State Legislation enacted after the date of this Agreement would have the effect of diverting tax increment funds of the Agency to other State purposes with a material impact on the Agency's ability to fund its obligations under this Agreement and as set forth in this Attachment No. 4, the parties hereto: (1) shall cooperate to explore all feasible means to enforce and/or validate the Agency's pledge under Section H above and, (2) in addition, shall meet and confer in good faith to attempt to mutually restructure the timing and amount of the Agency tax increment funding for the Project and the requirements and financial obligations for the Project in a way that would allow the Project to proceed in an economically feasible manner as planned consistent with maintaining the Developer's Target IRR of 22.5%. Nothing in the preceding sentence shall obligate the Agency to materially alter the terms of the transaction to accommodate the reduction or diversion of tax increment or obligate the Developer to proceed with the transaction if the Project cannot proceed in an economically feasible manner as a result of the reduction or diversion, and the failure to reach mutual agreement thereunder shall constitute a failure of the Agency to satisfy a condition precedent and to tender conveyance of the Site under Section 510 of this Agreement, for which the Developer's sole remedy shall be, subject to the provisions of Section 513, termination of this Agreement.

J. [Intentionally Deleted].

K. Fiscal Neutrality.

The Project shall provide fiscal neutrality with respect to the County and the Salinas Rural Fire District. A CSD shall be formed as provided in Section F., above and/or the Developer shall provide an appropriate alternative financing mechanism (such as a property owners association) to achieve this requirement, together with other appropriate funding mechanisms to the extent necessary to establish fiscal neutrality, meaning that annual tax revenues to the County and the Salinas Fire District from the Project for each year starting with the receipt of the first Certificate of Occupancy for the Project shall equal or exceed costs to the County and the Salinas Fire District in providing urban services to the Project.

In order to achieve fiscal neutrality, a preliminary fiscal impact analysis by the Agency assumes that the Project will be responsible for funding all net operational and maintenance costs related to public works, parks, fire protection, public safety and the library and other services provided by the County's general fund.

A final fiscal impact analysis, consistent with the methodology used in the preliminary impact analysis prepared for the Agency in May, 2004, will be conducted following the approval of this Agreement and prior to closing, which will be used to finalize a Fiscal Neutrality

Funding Plan, which, when approved by the Developer, Agency and County, shall be added to this Agreement as Exhibit 1 to this Attachment No. 4 and shall be the basis for financing obligations of the CSD and, if necessary, other appropriate funding mechanisms.

L. School Site.

If the Monterey Peninsula School District (the "School District") identifies a site for a new school on County Lands outside the site to serve the Project, the County intends, on request from the School District and conditioned upon completion of appropriate environmental review and applicable County process, to provide the identified site to the School District for the purpose of constructing the new school.

EXHIBIT 1 TO ATTACHMENT NO. 4

FISCAL IMPACT STUDY

[First referenced, Section K, Attachment No. 4]

[TO BE ATTACHED WHEN PREPARED AND APPROVED IN FINAL FORM.]

Table 1 to Attachment No. 4
Determination of Residential Lot Value to Affiliated Homebuilders
for each product type
East Garrison

Product type:				all types	
Phase:				all phases	
Number of units:					
Date:					
Revenue:					
	Base Home Price			$0	(1), (2)
	Options Revenue	**6%**	of Base Home Price	$0	
	Estimated Sales Revenue			$0	
Estimated Costs:					
	Direct Building Costs			$0	(3)
	Option Costs	**84%**	of Options Revenue	$0	
	Fees and Permits			$0	(4). (5)
a.	Sales & Marketing				
	Warranty	**23.10%**	**Base Price/Lot premium**	$0	
	Taxes				
	Financing				
	Builder Margin				
b.	Indirect Construction				
	A&E/Consultants	**7.00%**	**Base Price/Lot Premium**	$0	
	Overhead				
	Insurance				
	Estimated Costs			$0	
	Residual Lot Value			$0	(6)

(1) Includes Lot premiums and adjustments for CFD and CSD. Based on 3rd party marketing report.
(2) Base Home Price equals average Base Home Price of all units in that Phase.
(3) Direct Building Costs calculated per Attachment No. 4 (3f ii B i) and excludes model upgrades.
(4) Fees Calculated by County in accordance with DA including MCWD and MPUSD.
(5) FORA fees currently applicable as reallocated and apportioned by EGP and approved by County and FORA.
(6) Average price paid by Affiliated Homebuilder per lot

TABLE 2 TO ATTACHMENT NO. 4

[First referenced, Section A.3.b.(ii)]

TEMPLATE FOR IRR CALCULATION

[FOLLOWING PAGE]

DDA Proforma Template

	Total 2003	Total 2004	Total 2005	Total 2006	Total 2007	Total 2008	Total 2009	Total 2010	Total 2011	Total 2012	Grand Total
CASH FLOW REPORT:											
Total Units											
Units Closed											
Cumulative Units											
Gross Sales Revenue											
Receipts:											
Cash @ Closings (per DDA)											
CFD Net Proceeds											
Less:											
Closing Costs											
Net Receipts											
Disbursements:											
Land Acquisition											
Property Tax Payments											
Entitlements											
Final Map/Consultants											
Onsite Infrastructure											
Offsite Infrastructure											
PG & E Reimbursements											
MCWD Reimbursements (Sewer)											
MCWD Reimbursements (Water)											
Performance Bonds											
Arts District Subsidy											
Environmental Insurance											
Cleanup Costs											
Operational Costs											
FORA Fee Infrastructure Credit											
FORA Demolition (Land sale) Credit											
Sales and Marketing											
Town Center Subsidy (if any)											
Construction Insurance											
Affordable Housing Subsidy											
County Facilities (Fire/Lib/Police)											
Documented Other Misc Costs											
Air Quality EIR Mitigations											
CFD Debt Service											
DRE/HOA Assesments											
G & A (Post Closing) Expense											
Net Disbursements											
Net Cash Flow											

ATTACHMENT NO. 5
[First referenced, Section 202 (1)]

SCHEDULE OF PERFORMANCE
Updated: Sept. 19, 2005

Dates assume Board of Supervisor and Agency final approvals on 10/4/05 and expiration of all subsequent CEQA challenge periods without commencement of litigation (but not statutory challenge periods to development approvals or DDA), and are subject to the Enforced Delay provisions of Section 604.

LAND TRANSFER AND PAYMENT SCHEDULE

	ESTIMATED DATE	
Execution of Agreement	11/7/2005	Expiration of CEQA challenge period (30 days)
Opening of Escrow (includes $100,000 deposit)	11/7/2005	Upon execution of the agreement
Developer commences preliminary site work	2/6/2006	Approx. 90 days after execution of agreement
Preliminary Title Report is issued	1/6/2006	Approx. 60 days after execution of agreement
Developer and Agency approve Title Report	3/6/2006	Within 60 days from issuance of title report
Delivery of fees, charges, and costs to escrow	3/31/2006	Two (2) business days prior to close of escrow
Close of Escrow/Site Conveyance	4/4/2006	Within 60 days upon satisfying pre-closing req'ments
Commence 1st Sales of CFD Bonds	12/1/2007	Prior to land transfer to vertical builders
1st Progress Report (Phase I and II)	2/1/2010	12 months after 2nd bulk sale to builders for Phase II
2nd Progress Report (Phase III)	2/1/2011	12 months after 2nd bulk sale to builders for Phase III
Final Progress Report (Phase I, II, and III)	8/1/2012	18 months after 2nd reporting date for Phase III

PHASE I - IMPROVEMENT SCHEDULE

	EXPECTED DATES		OUTSIDE DATE
Plan Processing	**Start**	**Finish**	**Start & Finish**
Grading Plans - design	Jan-05	Oct-05	add 3 months
Tree & Demo Grading Permit - submit/approval	Aug-05	Mar-06	add 3 months
Final Map / Imp. Plans - design	Dec-05	Jul-06	add 3 months
Final Map / Imp. Plan - submittal / approvals	Aug-06	Jan-07	add 3 months
Utility Plans - design / approvals	Jun-05	Jan-07	add 3 months
HORIZONTAL IMPROVEMENTS			
Developer submits equity and financing	Jan-06	Jan-06	add 3 months
Agency approves/disapproves financing	within 30 days	within 30 days	within 30 days
Tree Removal	Apr-06	Jul-06	add 3 months
Demolition	May-06	Aug-06	add 3 months
Fire Protection Line	Jun-06	Aug-06	add 3 months
Grading Operation	Sep-06	May-07	add 6 months
Erosion control - installation	Nov-06	Jan-07	add 6 months
Storm drain/force main – installation	Jan-07	Jun-07	add 6 months
Sewer – installation	Feb-07	Aug-07	add 6 months
Water – installation	Mar-07	Sep-07	add 6 months
Joint Trench – install	Apr-07	Oct-07	add 6 months
Curb & Gutter	Sep-07	Dec-07	add 6 months
Pavement Operation	Jan-08	Jan-08	add 6 months
Park Improvements, Common Areas	Mar-09	Mar-10	add 6 months

VERTICAL IMPROVEMENTS			
Submit Residential Documents to Agency	Sep-07	Oct-07	add 6 months
Agency approves Residential Documents	within 30 days	within 30 days	within 30 days
Agency approves Assign. & Assump. for verticals	Jan-08	Jan-08	add 6 months
Land Transfer for vertical development (models)	Jan-08	Jan-09	add 6 months
Models	Jan-08	Jul-08	add 6 months
Sales Program (per Section C of Attach. No. 3)	Aug-08	Aug-11	add 6 months
House Construction	Aug-08	Aug-11	add 6 months
Income-Restricted Units (subject to Attach. No. 3)	Aug-08	Feb-11	add 6 months
OFFSITE IMPROVEMENTS			
- Res. Rd(Main gate to Inter-Gar.)	Jun-07	Dec-08	add 6 months
- Inter-Garrison Connector	Jun-07	Dec-08	add 6 months
- Inter-Garrison TC/MCWD tank	Jun-07	Dec-08	add 6 months
- West Camp / Detent. Basin	Jun-07	Dec-08	add 6 months

SCHEDULE OF PERFORMANCE
Updated: Sept. 19, 2005

PHASE II - IMPROVEMENT SCHEDULE

	EXPECTED DATES		OUTSIDE DATE
PLAN PROCESSING	**Start**	**Finish**	**Start & Finish**
Grading Plans – design	Jan-05	Oct-05	add 3 months
Tree & Demo Grading Permit - submit/approval	Aug-05	Mar-06	add 3 months
Final Map / Imp. Plans - design	Apr-07	Sep-07	add 3 months
Final Map / Imp. Plan - submittal / approvals	Oct-07	Mar-08	add 3 months
Utility Plans - design / approvals	Jan-07	Nov-07	add 3 months
HORIZONTAL IMPROVEMENTS			
Developer submits evidence of financing	Oct-07	Oct-07	add 3 months
Agency approves/disapproves financing	within 30 days	within 30 days	within 30 days
Tree Removal	Apr-06	Jul-06	add 3 months
Demolition	May-06	Aug-06	add 3 months
Fire Protection Line	n/a	n/a	add 3 months
Grading Operation	Sep-06	May-07	add 6 months
Erosion control - installation	Nov-06	Jan-07	add 6 months
Storm drain/force main - installation	Jan-08	Jun-08	add 6 months
Sewer - installation	Feb-08	Aug-08	add 6 months
Water - installation	Mar-08	Sep-08	add 6 months
Joint Trench - install	Apr-08	Oct-08	add 6 months
Curb & Gutter	Sep-08	Dec-08	add 6 months
Pavement Operation	Jan-09	Jan-09	add 6 months
Park Improvements, Common Areas	Mar-10	Mar-11	add 6 months
VERTICAL IMPROVEMENTS			
Submit Residential Documents to Agency	Sep-08	Oct-08	add 6 months
Agency approves Residential Documents	within 30 days	within 30 days	within 30 days
Agency approves Assign. & Assump. for verticals	Jan-09	Jan-09	add 6 months
Land Transfer for vertical development (models)	Jan-09	Jan-10	add 6 months
Models	Jan-09	Jul-09	add 6 months
Sales Program (per Section C of Attach. No. 3)	Aug-09	Aug-12	add 6 months
House Construction	Aug-09	Aug-12	add 6 months
Income-Restricted Units (subject to attach. #3)	Aug-09	Feb-12	add 6 months
OFFSITE IMPROVEMENTS			
- Watkins Gate - Sloat/Barloy to Res. Rd.	Jun-08	Dec-09	add 6 months
- Sewer Lift Stations	Jun-08	Dec-09	add 6 months
- Fire Station	Jun-08	Dec-09	add 6 months

SCHEDULE OF PERFORMANCE
Updated: Sept. 19, 2005

PHASE III - IMPROVEMENT SCHEDULE

	EXPECTED DATES		OUTSIDE DATE
PLAN PROCESSING	**Start**	**Finish**	**Start & Finish**
Grading Plans - design	Jun-07	Nov-07	add 3 months
Tree & Demo Grading Permit - submit/approval	Nov-07	Mar-08	add 3 months
Final Map / Imp. Plans - design	Dec-07	Jul-08	add 3 months
Final Map / Imp. Plan - submittal / approvals	Aug-08	Jan-09	add 3 months
Utility Plans - design / approvals	Jun-07	Jan-09	add 3 months
HORIZONTAL IMPROVEMENTS			
Developer submits evidence of financing	Oct-08	Oct-08	add 3 months
Agency approves/disapproves financing	within 30 days	within 30 days	within 30 days
Tree Removal	Apr-08	Jul-08	add 3 months
Demolition	May-08	Aug-08	add 3 months
Fire Protection Line	n/a	n/a	add 3 months
Grading Operation	Sep-08	May-09	add 6 months
Erosion control - installation	Nov-08	Jan-09	add 6 months
Storm drain/force main - installation	Jan-09	Jun-09	add 6 months
Sewer - installation	Feb-09	Aug-09	add 6 months
Water - installation	Mar-09	Sep-09	add 6 months
Joint Trench - install	Apr-09	Oct-09	add 6 months
Curb & Gutter	Sep-09	Dec-09	add 6 months
Pavement Operation	Jan-10	Jan-10	add 6 months
Park Improvements, Common Areas	Mar-11	Mar-12	add 6 months
VERTICAL IMPROVEMENTS			
Submit Residential Documents to Agency	Sep-09	Oct-09	add 6 months
Agency approves Residential Documents	within 30 days	within 30 days	within 30 days
Agency approves Assign. & Assump. for verticals	Jan-10	Jan-10	add 6 months
Land Transfer for vertical development (models)	Jan-10	Jan-11	add 6 months
Models	Jan-10	Jul-10	add 6 months
Sales Program (per Section C of Attach. No. 3)	Aug-10	Aug-13	add 6 months
House Construction	Aug-10	Aug-13	add 6 months
Income-Restricted Units (subject to attach. #3)	Aug-10	Feb-13	add 6 months
OFFSITE IMPROVEMENTS			
- Historic District			
Developer execute Agreement with non-profit entity	Apr-06	Apr-06	add 6 months
Developer complies with SHPO covenant	Apr-06	Apr-06	add 6 months
Developer provides infrastructure to buildings	Jan-09	Jan-10	add 6 months
- Town Center			
Developer completes infrastructure	Jun-07	Jun-08	add 6 months
Developer completes 20,000 sf of TC obligation	Aug-08	Aug-10	add 6 months
Developer posts completion bond	Aug-10	Aug-10	add 6 months
Developer completes 34,000 sf of facilities	Jul-09	Aug-13	add 6 months
- Watkins Gate - West Camp to Sloat/Barloy	Jun-09	Dec-10	add 6 months

ATTACHMENT NO. 6

[INTENTIONALLY OMITTED]

ATTACHMENT NO. 7

FORM OF QUITCLAIM DEED

[SUBJECT TO CONFORMING AND CLARIFYING CHANGES PRIOR TO EXECUTION]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Office of Community Development
County Administrative Offices
Redevelopment Grantor of the
County of Monterey
168 West Alisal Street
Salinas, CA 93901

Attention: Executive Director

No fee for recording pursuant to
Government Code Section 27383

QUITCLAIM DEED

THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY, a public body, corporate and politic, herein called "Grantor", acting to carry out a redevelopment plan under the Community Redevelopment Law of California, hereby remises, releases and quitclaims to EAST GARRISON PARTNERS I, LLC, a California limited liability company, herein called "Grantee" all of Grantor's right, interest title and claim to, the real property situated in the County of Monterey, State of California, more particularly described in Exhibit A attached hereto (the "Property").

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

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

The Grantee covenants and agrees, for itself and its successors and assigns, that there shall be no discrimination against or segregation of any person or group of

persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property and the Improvements thereon.

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

(a) In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through the lessee, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee, or any person claiming under or through the lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the land herein leased."

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

transferee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the land."

Section 2. Grantor Right of Reverter.

Subject to the terms of Sections 512 and 513 and Enforced Delays under 604 of the DDA, the Grantor shall have the right to re-enter and take possession of the conveyed Site or any Phase or portion thereof from Grantee with all improvements thereon (the "Revested Parcel"), and revest in the Grantor the estate previously conveyed to the Grantee ("right of reverter") if after conveyance to Grantee of title to the Site or such phase or portion thereof and prior to the issuance of the Certificate of Completion therefor, the Grantee shall, as to the Revested Parcel:

a. Fail to commence construction of approved improvements on the Site or such phase or portion thereof within the time set forth in the Schedule of Performance (Attachment 5 to the DDA) (unless such failure results from an Enforced Delay under Section 604 of the DDA or was caused by the Grantor or County); for purposes of this provision, the Grantee shall be deemed to "commence construction" when and only when the Grantee has commenced rough grading on the Site or such phase or portion thereof pursuant to a permit issued by the County for the construction of the improvements provided for herein;

b. Once construction has been commenced in accordance with subparagraph 1 above, fail to diligently prosecute construction of the improvements through completion within the applicable time set forth in the Schedule of Performance, where such failure has not been cured within ninety (90) days after written notice thereof from the Grantor (unless such failure results from an Enforced Delay under Section 604 of the DDA or was caused by the Grantor or County);

c. Abandon or substantially suspend construction of the improvements for a period of ninety (90) days after written notice of such abandonment or suspension from the Grantor or, if such failure cannot be reasonably cured within such ninety (90) day period, failure to reasonably act to cure such failure in a timely manner (unless such abandonment or failure was caused by the Grantor or County or resulted from an Enforced Delay under Section 604 of the DDA);

d. Without the prior written consent of Grantor, directly or indirectly, voluntarily or involuntarily sell, assign, transfer, dispose of or further encumber or agree to sell, assign, transfer, dispose of or

further encumber or suffer to exist any other lien against all or any portion of or any interest in the Site or any Phase or portion thereof, except for any sale, transfer, disposition, assignment or encumbrance that is expressly permitted by the terms of the DDA; and

e. If any event under (a) through (d) above is caused by or is attributable to a successor, assignee or transferee of the Grantee under an Assignment and Assumption Agreement, and the Grantee shall fail, within ninety (90) days of written notice from the Grantor either: (a) to commence to enforce the Grantee's remedies under the Assignment and Assumption Agreement to cause such successor, assignee or transferee to cure the failure, or (b) to commence to act to repurchase the Site or Phase or portion thereof and vest title in the Grantee who shall have, upon such repurchase and revesting, a reasonable period of time to either (x) cure such failure or (y) resell the Site or Phase or portion thereof repurchased by the Grantee to another assignee or transferee pursuant to an Assignment and Assumption Agreement approved by the Grantor; and

f. Provided, however, that prior to the Grantor's exercising its right of reverter under Section 512 of the DDA, the Agency Governing Board and the County Board of Supervisors shall hold a joint public hearing (with reasonable notice to and an opportunity to be heard by the Grantee) on the decision to exercise its right of reverter under Section 512, and consideration of the reasons therefor and alternatives to such action by the Grantor, including, without limitation, opportunities available to continue or mutually renegotiate terms of the DDA with Grantee's members and lenders.

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

1. Any mortgage, deed of trust or other security instrument permitted by the DDA; or

2. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments;

3. Any rights or interests of bondholders or other parties under financing mechanisms adopted or approved by the County as part of the Development Approvals (as such term is defined in the DDA).

4. Upon revesting in the Grantor of title to the Revested Parcel as provided in Section 512 of the DDA, the Grantor shall, pursuant to its responsibilities under state law, use its best efforts to resell the Revested Parcel as soon as possible, in a commercially reasonable

manner and for not less than its fair reuse value and consistent with the objectives of such law and of the Redevelopment Plan, to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing such improvements as are acceptable to the Grantor in accordance with the uses specified for the Revested Parcel in the Redevelopment Plan and in a manner satisfactory to the Grantor. Upon such resale of the Revested Parcel the proceeds thereof shall be applied as follows:

(a) First, to reimburse the Grantor on its own behalf or on behalf of the County for all costs and expenses reasonably incurred by the Grantor, including but not limited to salaries of personnel and legal fees directly incurred in connection with the recapture, management, and resale of the Revested Parcel (but less any income derived by the Grantor from any part of the Revested Parcel); all taxes and installments of assessments incurred and payable prior to resale, and water and sewer charges with respect to the Revested Parcel incurred and payable prior to sale; any payments made or required to be made to discharge any encumbrances or liens, except any FORA liens, existing on the Revested Parcel at the time of revesting of title in the Grantor or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees; expenditures made or obligations incurred which are necessary or required to preserve the value or protect the Revested Parcel or any part thereof; and any amounts otherwise owing the Grantor by the Grantee and its successors or transferees.

(b) Second, to reimburse the Grantee, its successors or transferees, up to the amount equal to the sum of the following:

a. The Purchase Price or portion thereof for the Revested Parcel paid by the Grantee; plus

b. The amounts of any Participation Payments for the Revested Parcel paid to the Grantor pursuant to Section A.3. of Attachment No. 4 to the DDA; plus

c. Pre-development and development costs paid or incurred by the Grantee for the Revested Parcel; plus

d. All other costs pertaining to the acquisition or development of the Revested Parcel, including but not limited to premiums and self-insured retentions for insurance (including the FORA PLL and any Grantee excess or supplemental environmental insurance coverage), and loans made by the Grantee to the Grantor and not repaid;

e. Payments made by the Grantee pursuant to financing mechanisms adopted or approved by the County as part of the Development Approvals, and the costs actually incurred by the Grantee for on-site labor and materials for the construction of the improvements existing or in process on the Revested Parcel

or applicable portion thereof at the time of the repurchase, reentry and repossession, exclusive of amounts financed.

Included with the above amounts shall be the fair market value of the improvements the Grantee has placed on the Revested Parcel, less any gains or income withdrawn or made by the Grantee from the Revested Parcel or the improvements thereon. Notwithstanding the foregoing, the amount calculated pursuant to this subsection (c) shall not exceed the fair market value of the Revested Parcel together with the improvements thereon as of the date of the default or failure which gave rise to the Grantor's exercise of the right of reverter.

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

Section 3. Use and Maintenance.

The Grantee covenants and agrees for itself, its successors, its assigns, its transferees and every successor in interest that during construction and thereafter, the Grantee and its successors, transferees and assignees shall devote the Site and Phases thereof to the uses specified in the Redevelopment Plan, the Development Approvals and the DDA for the periods of time specified therein; provided that in the event of any conflict between the foregoing, the Development Approvals shall govern and control.

In the event that there arises at any time prior to the expiration of the above covenants a condition in contravention of those standards, then the Grantor shall give written notice to the Grantee of the deficiency, and the Grantee shall commence to cure, correct or remedy such condition and shall complete such cure, correction or remedy with reasonable diligence.

Section 4. Prohibition Against Transfer of Property and Assignment of Agreement.

Subject to the provision of Section 314 of the DDA, after conveyance of title and prior to the issuance by the Grantor of a Certificate of Completion for the Site or any portion thereof pursuant to Section 320 of the DDA, the Grantee shall not, except as expressly permitted by Section 107 of the DDA, sell, transfer, convey, assign or lease the whole or any part of the Site not covered by a Certification of Completion or the existing buildings or improvements thereon without the prior written approval of the Grantor which shall not be unreasonably withheld, conditioned or delayed. This prohibition shall not apply subsequent to the issuance of the Certificate of Completion for the Site or any portion thereof for which a Certificate of Completion has been issued. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site, or prohibit or restrict the sale or leasing of any part or parts of a building or structure conditioned upon completion of said improvements as evidenced by a Certificate of Completion, or to restrict any construction financing therefor.

In the absence of specific written agreement by the Grantor, no such transfer or assignment or approval by the Grantor shall be deemed to relieve the Grantee or any other party from any obligations under the DDA until completion of development as evidenced by the issuance of a Certificate of Completion for the Site or a portion thereof unless the Grantor has

approved an Assignment and Assumption Agreement with respect to such transaction pursuant to Section 107 of the DDA.

Section 5. Enforcement.

Except as otherwise provided in the DDA (including, without limitation, Sections 312, 314 and 320), the covenants contained in this Quitclaim Deed shall remain in effect until the termination date of the Redevelopment Plan as such Redevelopment Plan may be amended pursuant to the provisions of Section 701 of the DDA. Under Section 1100.2 of the Redevelopment Plan, the Redevelopment Plan terminates 30 years from the date the County Auditor certifies to the Director of Finance, pursuant to Health and Safety Code Section 53492.9, as the date of the final day of the first fiscal year in which One Hundred Thousand Dollars ($100,000) or more of tax increment funds from the Redevelopment Project Area are or have been paid to the Grantor. **[INSERT THIS DATE IF DETERMINED AT TIME OF EXECUTION OF DEED.]** When the date of termination of the Redevelopment Plan is established, the Grantor shall issue a recordable instrument setting forth such date for purpose of this section and the Redevelopment Plan, and such date shall be inserted in all deeds and other instruments referring to such date. The covenants against discrimination shall remain in effect in perpetuity. Further, environmental covenants or indemnifications by the Army and/or FORA for their grantees, transferees and successors and assigns shall also remain in place in perpetuity. The covenants established in this Quitclaim deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Grantor, its successors and assigns, the Grantee and any successor in interest to the Site or any part thereof.

The Grantor and the Grantee are each deemed the beneficiary of the terms and provisions of this Quitclaim Deed and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. The covenants shall run in favor of the Grantor and the Grantee without regard to whether the Grantor or the Grantee has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel, or in the Redevelopment Project Area. The Grantee and the Grantor shall have the right, if the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled

Section 6. Army/FORA Grant Deed Provisions. **[TO BE INSERTED BASED ON THE FINAL ARMY/FORA GRANT DEED PROVISIONS, AND, AS APPLICABLE the Memorandum of Agreement entered into by the U.S. Fish & Wildlife Service, Army, FORA, County and Developer,] and recorded _____.**

Section 7. Capitalized Terms.

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

ATTACHMENT NO. 8-A

FORM OF QUITCLAIM DEED (TERMINATION)

[First referenced, Section 202 (19)]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Space above this line for Recorder's use

MAIL TAX STATEMENTS TO:

The Redevelopment Agency of the County of Monterey Attn:	DOCUMENTARY TRANSFER TAX $0 Computed on the consideration or value of property conveyed; Signature of Declarant or Agent determining tax

QUITCLAIM DEED (TERMINATION OF DISPOSITION AND DEVELOPMENT AGREEMENT)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, EAST GARRISON PARTNERS I, LLC, a California limited liability company, does hereby REMISE, RELEASE AND QUITCLAIM to THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY the real property in the County of Monterey, State of California described on Exhibit A attached hereto.

The delivery of this Quitclaim Deed shall evidence that as to the Property herein described, the rights of East Garrison Partners I, LLC, under that certain Disposition and Development Agreement dated as of _____, 2005, by and between the Redevelopment Agency of the County of Monterey and East Garrison Partners I, LLC, have been terminated pursuant to the provisions of Section 511 of said Disposition and Development Agreement.

Dated _____

a California limited liability company

By:_____

its managing member

By:_____

Its:_____

MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT A

DESCRIPTION OF PROPERTY

[TO BE INSERTED AT THE TIME OF DELIVERY OF DEED

PER SECTION 511.]

ATTACHMENT NO. 8-B

FORM OF QUITCLAIM DEED (RIGHT OF REVERTER)

[First referenced, Section 202 (19a)]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Space above this line for Recorder's use

MAIL TAX STATEMENTS TO:

The Redevelopment Agency of the County of Monterey Attn:	DOCUMENTARY TRANSFER TAX $0 Computed on the consideration or value of property conveyed; Signature of Declarant or Agent determining tax

QUITCLAIM DEED (RIGHT OF REVERTER UNDER DISPOSITION AND DEVELOPMENT AGREEMENT)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, EAST GARRISON PARTNERS I, LLC, a California limited liability company, does hereby REMISE, RELEASE AND QUITCLAIM to THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY the real property in the County of Monterey, State of California described on Exhibit A attached hereto.

The delivery of this Quitclaim Deed shall evidence that as to the real property herein described, one or more of the events set forth in (a) through (d) of Section 512 of that certain Disposition and Development Agreement ("DDA") dated as of _____, 2005, by and between the Redevelopment Agency of the County of Monterey ("Agency") and East Garrison Partners I, LLC ("Developer"), has occurred, creating in the Redevelopment Agency of the County of Monterey a right to re-enter and take possession of the real property herein described, subject to the terms and provisions set forth below.

The delivery of this Quitclaim Deed further evidences that pursuant to Section 512 of the DDA and after the exhaustion of remedies available to the Agency and Developer under Section 513 of the DDA, the Governing Board of the Agency and the Monterey County Board of Supervisors has held a joint public hearing (with reasonable notice to and an opportunity to be heard having been given to Developer) and approved the exercise by the Agency of its right of reverter under Section 512 of the DDA, after having considered the reasons therefor and

alternatives to such action by the Agency, including, without limitation, opportunities available to continue or mutually renegotiate terms of the DDA with Developer's members and lenders.

Limitations on Right of Reverter

The rights granted by the Quitclaim Deed are expressly subordinate and subject to and are limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security instrument permitted by the DDA; or

2. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments;

3. Any rights or interests of bondholders or other parties under financing mechanisms adopted or approved by the County as part of the Development Approvals, as such term is defined in the DDA.

4. Upon revesting in the Agency of title to the Revested Parcel as provided in Section 512 of the Agreement, the Agency shall, pursuant to its responsibilities under state law, use its best efforts to resell the Revested Parcel as soon as possible, in a commercially reasonable manner and for not less than its fair reuse value and consistent with the objectives of such law and of the Redevelopment Plan for Fort Ord Redevelopment Project, within which this real property is included, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing such improvements as are acceptable to the Agency in accordance with the uses specified for the Revested Parcel in the Redevelopment Plan and in a manner satisfactory to the Agency. Upon such resale of the Revested Parcel the proceeds thereof shall be applied as follows:

(a) First, to reimburse the Agency on its own behalf or on behalf of the City for all costs and expenses reasonably incurred by the Agency, including but not limited to salaries of personnel and legal fees directly incurred in connection with the recapture, management, and resale of the Revested Parcel (but less any income derived by the Agency from any part of the Revested Parcel); all taxes and installments of assessments incurred and payable prior to resale, and water and sewer charges with respect to the Revested Parcel incurred and payable prior to sale; any payments made or required to be made to discharge any encumbrances or liens, except any FORA liens, existing on the Revested Parcel at the time of revesting of title in the Agency or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; expenditures made or obligations incurred which are necessary or required to preserve the value or protect the Revested Parcel or any part thereof; and any amounts otherwise owing the Agency by the Developer and its successors or transferees.

(b) Second, to reimburse the Developer, its successors or transferees, up to the amount equal to the sum of the following:

(1) The Purchase Price or portion thereof for the Revested Parcel paid by the Developer; plus

(2) The amounts of any Participation Payments for the Revested Parcel paid to the Agency pursuant to Section A.3. of Attachment No. 4 to the DDA; plus

(3) Pre-development and development costs paid or incurred by the Developer for the Revested Parcel; plus

(4) All other costs pertaining to the acquisition or development of the Revested Parcel, including but not limited to premiums and self-insured retentions for insurance (including the FORA PLL and any Developer excess or supplemental environmental insurance coverage), and loans made by the Developer to the Agency and not repaid;

(5) Payments made by the Developer pursuant to financing mechanisms adopted or approved by the County as part of the Development Approvals (as defined in the DDA), and the costs actually incurred by the Developer for on-site labor and materials for the construction of the improvements existing or in process on the Revested Parcel or applicable portion thereof at the time of the repurchase, reentry and repossession, exclusive of amounts financed.

Included with the above amounts shall be the fair market value of the improvements the Developer has placed on the Revested Parcel, less any gains or income withdrawn or made by the Developer from the Revested Parcel or the improvements thereon. Notwithstanding the foregoing, the amount calculated pursuant to this subsection (c) shall not exceed the fair market value of the Revested Parcel together with the improvements thereon as of the date of the default or failure which gave rise to the Agency's exercise of the right of reverter.

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

Dated _____

_____

By: _____

Title: _____

MAIL TAX STATEMENTS AS DIRECTED ABOVE

ATTACHMENT NO. 9

SCOPE OF DEVELOPMENT

[First referenced, Section 202(22)(h) and (i)]

[DRAFTING NOTE: TO BE CONFORMED TO SPECIFIC PLAN AND OTHER PLANNING APPROVALS]

Subject in all instances to the other Development Approvals (including but not limited to the Specific Plan, Master Tentative Map and Development Agreement), which shall govern and control in the event of a conflict, the Agency and Developer agree on the following scope of development to generally serve as a guide to the planning and development of the Site.

1. Development Concept: The Site will be developed as a new community with residential, commercial, public, cultural and open space land uses, as set forth in the Development Approvals, including the Pattern Book, which shall be administered by the County. The community will consist of a number of residential neighborhoods surrounding a mixed use Town Center. The Development Approvals allow for the development of up to one thousand four hundred (1,400) residential units, plus up to seventy (70) second units, each on the same lot as a residential unit, including 280 income restricted affordable (very low, low and moderate income) housing units, 140 "Workforce II" housing units, and market rate housing, a mixed use Town Center with commercial and office and residential uses, public facilities and institutional uses, an Arts District including 65 live/work units and artist studio space as part of a historic district, and open space, parks and recreational areas, as more specifically set forth in the Development Approvals. Residential product types shall not exceed the maximum square footage for each product type set forth in Exhibit No. 1 to this Attachment No. 9.

2. Development Approach: Developer shall serve as the land development entity and, except as otherwise provided in this Agreement, shall build out all infrastructure including parks and public parking areas and shall obtain all entitlements (including approval of a Pattern Book to be prepared by Developer) required under the Development Approvals for the Project. The Parties acknowledge that Developer may sell portions of the Project to third party merchant homebuilders who shall build and market the housing pursuant to Assignment and Assumption Agreements referred to in Section 107 of this Agreement. It is contemplated that portions of the Project shall be sold to and at least one-half of the market rate units in the Project will be built by Affiliated Homebuilders. All of the market rate units shall be developed and sized in a manner consistent with promoting affordability by design, consistent with the Pattern Book. Mechanisms and procedures are included in Section A.3. of Attachment No. 4 to assure that conveyances of development pads to Affiliated Homebuilders and to third party builders shall take place at fair market value in an arms length transaction.

3. Historic District; **Arts District/Studio Space:** The Historic District is subject to the Historic District Agreement (defined in Section 6 of Attachment No. 4).

The Agency and the Developer agree that as conditions to closing, (1) the Developer shall comply with the conditions of the Historic District Agreement; (2) a non-profit corporation will be identified by the Developer, which may be ARTSPACE or an affiliate thereof, which will

qualify as an Internal Revenue Code Section 501(c)(3) organization; and (3) the Agency, the Developer and the non-profit corporation will enter into a contract providing for the maintenance and rehabilitation of buildings in the Historic District to be conveyed to the non-profit corporation. The Developer will commit the financial contributions described in Section G of Attachment No. 4 to the non-profit corporation, which shall deposit them in an account subject to Agency and Developer signature authority. In the event that tax increment funds are not available at the time the non-profit corporation wishes to initiate rehabilitation of the buildings in the Historic District, it will seek interim financing from foundations or other similar sources, possibly in the form of a program related investment loan secured by a pledge of the tax increment, and shall not be required to proceed with rehabilitation unless and only to the extent such financing is available to it.

The Agency will convey all of the Site to the Developer in a single conveyance, except the 23 contributing buildings as referenced in Exhibit 2 hereto and an amount of unimproved land surrounding those buildings, for logical building sites for conveying and mapping purposes to be agreed upon by the Parties, to remain in the Historic District at closing. The Parties contemplate that prior to the recordation of a final map which includes the Historic District, title to the 23 contributing buildings in the Historic District will be retained by the Agency (with a metes and bounds description) and excluded from the conveyance of the Site to the Developer; provided, that the Developer shall include parcels for the 23 contributing buildings on the final map for the Historic District for the Agency's reference in further conveyances of those buildings.

The Agency will convey by lease or in fee to the non-profit corporation the 20 buildings to be maintained and rehabilitated and will retain the three buildings planned for public use and public ownership; provided that with respect to such three retained buildings, the Agency shall enter into an agreement with the non-profit corporation for the maintenance and timely rehabilitation of such buildings to Agency specifications in accordance with the standards approved by SHPO at the sole cost of the Agency. Following rehabilitation of those three retained buildings, the Agency shall convey them to the County. To the extent reasonably necessary, easements for access to and as necessary for site preparation and to provide infrastructure for the 20 buildings to be rehabilitated and owned by or leased to the non-profit corporation, as well as to the three buildings to be used as public facilities and owned by the County or the Agency, shall be reserved by or granted to the Developer.

The non-profit corporation will operate and maintain the 20 buildings to be owned by it and will fund its program activities from a combination of (1) the initial endowment fund established by the Developer contributions, (2) rental or lease income from the property and (3) charitable grants and contributions. Neither the Developer nor the Agency shall have any ongoing responsibility for the operation of the non-profit corporation or of the 20 buildings owned by it.

4. Inclusionary Housing. [Note that the Board may, as part of its approval of the entitlements, make modifications to the Inclusionary Housing Policies' requirements based on findings]

The Developer shall enter into an Inclusionary Housing Agreement with the County, in a form acceptable to the County, Agency, and Developer, prior to the recordation of the first final map for the project. A minimum of 20% of all residential units constructed in each phase of the Project must be affordable to persons and families of very low, low and moderate income levels, as follows: 6% for very low, 8% for low and 6% for moderate income, all subject to appropriate deed restrictions to assure their continued affordability in accordance with the requirements of the CRL, the Inclusionary Housing Agreement, the County's Inclusionary Housing Ordinance with such modifications of its requirements as approved by the Board of Supervisors, and the Development Approvals and, as applicable, tax credit and bond financing requirements; provided that the very low and low income rental inclusionary units shall continue to be affordable for a term of at least 55 years from issuance of the Certificate of Occupancy for the particular unit and the for-sale moderate income inclusionary units shall continue to be affordable for a term of at least 45 years from the issuance of the Certificate of Occupancy for the particular unit. Moderate income inclusionary units will be developed by a Member or Affiliate of a Member of the Developer or by a merchant builder as part of the development of the market rate units. Very low and low income rental inclusionary housing units shall be developed by one or more qualified tax credit entities (each a "Rental Affordable Housing Developer") selected by the Developer, subject to the reasonable approval of the Agency. The Developer shall provide finished graded and infrastructure serviced pads to the inclusionary housing development sites; provided that the pads for the rental inclusionary housing shall be conveyed to the Rental Affordable Housing Developer at such time as the Agency subsidy payment (or payments from the Developer as part of the Shortfall Loan) under Section H.b. of Attachment No. 4 is available for such units and the Rental Affordable Housing Developer has obtained tax credit financing and bonded construction contracts for each phase or segment of the very low and low income rental units to be developed. Eligibility for, and pricing of, residential units for very low, low and moderate income persons and families under this Section 4 shall be calculated according to the methodology set forth in the Inclusionary Housing Agreement consistent with the terms of this Agreement. The County will be solely responsible for selection of buyers for the moderate income inclusionary units and shall make the selection through a lottery process in accordance with the procedures set forth in the Administrative Manual for the County of Monterey Inclusionary Housing Program (dated May 2003). The County shall not impose any local preference policies for eligibility for the very low or low income rental inclusionary housing units.

For purposes of calculations of the total number of affordable units and required percentages of very low, low and moderate income units, the total number of residential units constructed in the Project shall not include secondary or "carriage" units developed on the same lot. For purposes of counting total residential units and required percentages of very low, low and moderate income units, if a fraction results, it shall be rounded down to a whole number if the fraction is less than ½ and rounded up to the next whole number if the fraction is ½ or greater.

5. Sale of Workforce Homes.

The Developer, pursuant to this Agreement and the Development Approvals, is required to sell not less than ten percent (10%), or One Hundred Forty (140) of the Residential Units to be developed within Phase 3 of the Project at Affordable Workforce II Housing Costs to Qualified Workforce II Homebuyers (hereafter "Workforce II Homes"). Workforce II levels are defined as 150-180% of area median income for Monterey County, adjusted for household size. Eligibility for, and pricing of, Workforce II Homes under this Section 5 shall be calculated as provided in the Workforce II Housing Agreement to be entered into by the County and Developer pursuant to the Development Approvals, consistent with the terms of this Agreement. Prior to the recordation of the first Final Map for the Project, the Developer shall execute a Workforce II Housing Agreement with the County, in a form acceptable to the County, the Agency and Developer, that sets forth the Workforce II Housing requirements for the Project as a whole, consistent with this Agreement and the Development Approvals. The Workforce II Housing Agreement shall address the parameters of the purchase and resale of the Workforce II Homes, including without limitation the location, size, design, initial pricing, equity sharing, marketing, eligibility of and selection of buyers, and recordation of implementing documents. Unless the County retains sole responsibility for the selection of buyers of Workforce II Housing, this County shall not impose any local preference policies for eligibility for Workforce II Housing units.

The Developer shall sell or cause to be sold, the Workforce II Homes at purchase prices assuming a down payment not exceeding 10% and the principal amount of a first mortgage loan that may be obtained by a Qualified Workforce II Homebuyer and such other factors affecting the homebuyer's monthly housing costs (e.g., property taxes, homeowners' association dues, and special assessments) that will result in County's calculation of a Monthly Housing Cost for the Qualified Workforce II Housing Homebuyers based on a housing cost equal to 40% of actual eligible gross income divided by 12. The purchase price shall not exceed fair market value of the Workforce II Home. The Agency shall approve the terms of sale of the Workforce II Homes prior to completion of the sales. The County shall assist the Developer or Affordable Housing Developer in developing a pool of Qualified Workforce II Homebuyers and in selection of Qualified Workforce II Homebuyers to purchase the Workforce II Homes. In the event that the Developer cannot find qualified Workforce II Homebuyers following reasonable efforts, the Developer shall submit documentation to the County of its reasonable efforts to find Qualified Workforce II Homebuyers and notify the County of its inability to find such buyers. Following County's determination that Developer has made reasonable efforts, County shall have 120 days to find Qualified Workforce II Homebuyers and/or exercise its option to purchase the Workforce II Homes for the price set forth in this Section. If the County does not find a Qualified Workforce II Homebuyer or exercise its option with respect to a particular unit within the 120 days, the Developer may sell the unit at fair market value.

As a condition of purchase of the Workforce II Homes, each Qualified Workforce II Homebuyer shall be required to execute a promissory note for the benefit of the Monterey County Community Housing Trust (or, if the Monterey County Community Housing Trust is not in existence, the County or the Agency), secured by a deed of trust and recorded on the property upon which the Workforce II Home is located, for an amount equal to the difference between the fair market price determined by the County at the time of the initial sale and the restricted

sales price (initial subsidy), including reasonable interest, to be payable at the time of the re-sale of the home. In addition, said promissory note and deed of trust shall include an amount (determined by the County through a specified calculation) that provides for sharing of future appreciation, between the homeowner and the Monterey County Community Housing Trust in the re-sale value of the home based on a sliding scale that provides for payment of an increasing percentage of the appreciation to the homeowner over time to encourage retention of the home by the initial homeowner. The proceeds from the re-payment of the promissory note by the homeowner at the time of re-sale shall be used by the beneficiary (Monterey County Community Housing Trust) for the purposes of encouraging/assisting in the construction and/or retention of workforce housing in Monterey County. The Community Housing Trust Deed of Trust shall be subordinate to any first mortgage for the Home, but not less than in third position.

6. Town Center: The Parties recognize that the development of the Town Center is an important part of the design of the Project and agree that the market for retail and commercial space at East Garrison is uncertain and cannot accurately be predicted. Under the Development Approvals, the maximum amount of square footage allowed for the Town Center commercial mixed use parcels is 120,000 square feet (including up to 75,000 square feet of retail). The Town Center shall be developed with a minimum of 34,000 square feet of neighborhood serving retail, civic and other non-residential uses, as set forth in Section G.2 of Attachment No. 4 hereto.

The financial terms governing the Town Center parcels (as described in Exhibit 2 hereto) are set forth in Section G. 2. of Attachment No. 4 hereto.

7. Open Space: The provisions for open space shall be governed by the Development Approvals as to amount, timing and maintenance.

8. Public Facilities: Developer shall be responsible for providing $3.5 million (indexed to the ENR Cost Index, as first defined in Section B of Attachment No. 4) (the "Developer's Contribution") for the design and construction of the Mandatory Public Facilities within the Project, as described below, and, if approved by the County, to provide construction management services for a fee, provided that the Agency provides binding assurances including the escrow of funds, to the reasonable satisfaction of the Developer, of any funding obligation necessary to complete such public facilities.

(i) Mandatory Public Facilities

a. *Fire Station*, as a first priority for the Developer's Contribution, which shall be designed, constructed and equipped at a time and in a location approved by the County consistent with a Contract between the Developer and the Salinas Rural Fire District ("SRFD") approved by the County, which Contract shall be a condition to closing. In the time and manner required by such Contract with SRFD, the Developer shall pay up to the sum of $2.3 million (as indexed to the ENR Cost Index) or such other amount (not to exceed, in any event, the amount of the Developer's Contribution) as shall be specified in the Contract with SRFD, which funds shall be used to design, construct and equip the fire station pursuant to the Contract. If, pursuant to the Contract with SRFD, the

Developer, subject to the express consent of the County, will act as the development or construction manager, the Developer will require, and the Agency agrees, that the Contract amount shall include a management fee payable to the Developer in an amount of five percent (5%) of the total Contract Amount exclusive of the management fee. The payment of such amount by the Developer shall constitute the Developer's sole obligation to contribute to the costs of design, construction and equipping of the fire station, and the County shall assist the Developer in limiting the Developer's costs to an amount not to exceed $2.3 million, as indexed to the ENR Cost Index, if feasible, under the Contract with SRFD; provided, as a condition to the expenditure of all or any portion of the Developer's Contribution to design, construct and equip the Fire Station, the Agency shall agree to pay any costs in excess of such amount and shall demonstrate to the reasonable satisfaction of the Developer and SRFD its ability to timely make such payment as a priority under Section H.c. of Attachment No. 4 above, from the $5.5 million the Agency has committed to public facilities.

b. *Library and Sheriff's Substation Facility*, as a second priority for any portion of the Developer's Contribution remaining after the first priority, at the time the Agency and Developer determine it is time to proceed with development, but no later than six months after the conveyance of the first Development Parcel in Phase 3, the Developer shall pay up to $1.2 million (as indexed to the ENR Cost Index) or such amount of the Developer's Contribution as shall remain after the first priority toward the costs of the design and construction of the library and sheriff's substation facility; (including, if Developer, subject to the express consent of the County, will act as the development or construction manager, a management fee to the Developer in the amount of five percent (5%) of the total project cost exclusive of the management fee); provided that in lieu of the deposit of such funds into an escrow account, the Developer may provide the Agency with a payment bond assuring in such form and amount as the Agency shall reasonably require that the Developer will pay for such design and construction up to such amount as the work progresses. The payment of such amount by the Developer shall constitute the Developer's sole obligation to contribute to the costs of design and construction of the facility, and the Agency, as a condition to the Developer's obligation to incur the expenditure of any portion of the Developer's Contribution remaining after the first priority, shall agree to pay any costs in excess of such amount and shall demonstrate to the reasonable satisfaction of the Developer and the County its ability to timely make such payment as a priority under Section H.c. of Amendment No. 4 above, from the $5.5 million the Agency has committed to public facilities.

In no event shall the Developer's total obligation to contribute to the costs of facilities (including management fees payable to the Developer) under a. and b., above, exceed the total amount of the Developer's Contribution of $3.5 million (as indexed to the ENR Cost Index).

(ii) Other Public Facilities (to the extent funds are available from the Agency's commitment of $5.5 million for the costs of pubic facilities after providing funding, if required, for the costs of completing the Mandatory Public Facilities under a. and b., above.)

Prior to close of escrow, the Agency and the Developer shall agree on a list of other public facilities (designated by the Agency, except as otherwise required by the Specific Plan and the Conditions of Approval) and a schedule for planning and development of those listed public facilities subject to payment of the costs thereof from the tax increment available to the Agency under priority e. in Section H. of Attachment No. 4 and the amount of the Developer's Contribution of $3.5 million (as indexed to the ENR Cost Index) remaining, if any, after all expenditures are made to satisfy the first and second priorities under Section 8 (i) a. and b., above. The public facilities to be provided and to be finally determined by the Agency, include, but are not limited to, the following as listed on Exhibit No. 2 to this Attachment No. 9:

a. Day Care Center,

b. Youth Center,

c. Community Services District Offices, and

d. *Sports and Recreation Center* on the site of the Battle Simulation Building;

provided, however, that the Developer shall be under no obligation to contribute any amount to the costs of such public facilities in excess of the remaining amount, if any, of the Developer's Contribution of $3.5 million (as indexed to the ENR Cost Index) after the first and second priorities under Section 8 (i) a. and b., above are satisfied, and Developer shall have no obligation to build such public facilities and the Agency shall be responsible for the design and construction of such facilities, and shall agree to pay any costs in excess of such amount to complete such public facilities and shall demonstrate to the reasonable satisfaction of the Developer and the County its ability to timely make such payment.

(iii) Reallocation of Funds.

Except for funds required to be contributed to Mandatory Public Facilities, the Agency shall have the discretion to reallocate up to the remaining amount of the Developer's Contribution, if any, and Agency funding to public facilities for the Project from the list in (ii), above, designated by the Agency provided sufficient funding is available to complete those designated public facilities.

9. Habitat Management: Developer and its successors and assigns shall comply with any border/transitional area requirements for portions of the Site immediately adjacent to Bureau of Land Management land, as well as with the Endangered Species Act Memorandum of Agreement between the U.S. Fish and Wildlife Service, Army, FORA, County and Developer, which is expected to be entered into and recorded prior to conveyance of the Site.

10. Processing Consultant: Agency and County will retain, at Developer's request, a consultant (or if agreed to by Developer, a dedicated temporary "at will" employee of the Agency or County to the County's East Garrison Project Manager whose sole duties will be devoted to managing and facilitating the implementation of the East Garrison Project) to manage for and at the direction of the Agency and the County the timely processing of entitlements for the Project and other services for the Agency or County as requested by the Developer or as may be required by the Development Approvals, the costs of which will be paid by Developer monthly within 30 days of invoicing. If the Developer requests the County and/or Agency to retain such a consultant, the Agency will use its best efforts in consultation with the Developer to do so within 30 days of Developer's request. The Agency and County also agree, at Developer's request, to provide on the same basis as above the retention of outside plan check and/or inspection services for both improvement plans and building construction or, in the alternative as approved by the Developer, the hiring of a qualified person dedicated exclusively to providing such services for the development of the Site.

EXHIBIT 1 TO

ATTACHMENT NO. 9

MAXIMUM SIZES OF PRODUCT TYPES

East Garrison Market Rate Units	***# OF UNITS***	***MAX. SQ. FT.***
Garden (2,450 SF Lot)		
Plan 1	Minimum 22	1,650
Plan 2	Minimum 30	1,760
Plan 3	Minimum 30	1,925
Plan 4	30 - 50	2,090
Plan 5	39 - 63	2,200
Total	**201**	
Grove (2,100 SF Lot)		
Plan 1	Minimum 43	1,430
Plan 2	50 - 82	1,650
Plan 3	50 - 82	1,870
Total	**189**	
Bungalow (4,000 SF Lot)		
Plan 1	Minimum 26	2,310
Plan 2	26 - 44	2,530
Plan 3	40 - 66	2,750
Plan 4	40 - 66	2,860
Total	**176**	
Village (4,550 SF Lot)		
Plan 1	Minimum 12	1,980
Plan 2	13 - 21	2,200
Plan 3	13 - 21	2,420
Total	**50**	
Bluff (5,500 SF Lot)		
Plan 1	0	2,700
Plan 2	7 - 12	3,190
Plan 3	8 - 16	3,410
Total	**21**	
Cottage (5,000 SF Lot)		
Plan 1	Minimum 32	2,750
Plan 2	32 - 52	2,970
Plan 3	43 - 69	3,190
Total	**140**	
Town Center Condos		
Plan 1	Minimum 11	715
Plan 2	Maximum 29	970
Total	**40**	
Condo Lofts		
Plan 1	Minimum 22	990
Plan 2	28 - 46	1,100
Plan 3	29 - 47	1,320
Plan 4	34 - 56	1,485
Total	**150**	
Live/Work		
Plan 1	Minimum 11	1,925
Plan 2	11 - 19	2,172
Plan 3	14 - 24	2,310
Total	**49**	
Townhomes		
Plan 1	Minimum 15	1,760
Plan 2	Minimum 20	1,925
Plan 3	20 - 32	2,090
Plan 4	24 - 40	2,200
Total	**104**	
Total for market rate/Workforce II units	**1120**	

East Garrison Proforma "Specific Plan Versions"
East Garrison Partners I, LLC
September 15, 2005
[Subject to revision from time to time based on Final Maps approved under the Development Approvals]

Affordable Product Matrix (Total 420 Units = 30% of total units)					Ph 1	Ph 2	Ph 3	Project
Product Type	**Description**	**Lot Size**	**Type**	**Sq. ft.**	**Total**	**Total**	**Total**	**Total**
Arts Space Afford. Live/Work	Live/Work Rent	NA	3-Story	1,100	0	0	65	65
Affordable Apts	Apartment for rent	NA	2/3 Story	902	49	49	0	98
Affordable Apts (Townhome)	Townhome for rent	22 X 70	3-Story	1,300	16	16	0	32
Affordable Townhomes (Sale)	Townhome for sale	22 X 70	2-Story	1,300	17	30	35	82
Condos/Lofts	Workforce II inc.	N/A	3-story	1,091	0	0	140	140
Affordable Grove Lots	Moderate inc.	30 X 70	2-Story	1,300	0	0	3	3
				Total	**82**	**95**	**243**	**420**

Market Rate Product Matrix					Ph 1	Ph 2	Ph 3	Project
Product Type	**Description**	**Lot Size**	**Type**	**Sq. ft.**	**Total**	**Total**	**Total**	**Total**
Garden	Alley Loaded	35 X 70	2-story	1,776	61	73	67	201
Courtyard	4 Pack Cluster	65 X 70	2-story	2,004	50	0	0	50
Bungalow	Alley Loaded	40 X 100	2-story	2,411	82	72	22	176
Groves	Small SF	30 X70	2-story	1,510	0	98	91	189
Villages	Alley-loaded	50 X 100	2-story	2,720	68	72	0	140
Bluffs	Alley-loaded	50 X 100	2-story	3,000	12	0	9	21
Live/Work	Mkt MF	22 X 70	3-story	1,923	9	7	33	49
Condos/Lofts	Mkt MF	N/A	3-story	1,091	0	0	10	10
Market Townhome	Walk-up TH	22 X 70	2.5 story	1,793	43	61	0	104
				Total	**325**	**383**	**232**	**940**
				Subtotal Units	**407**	**478**	**475**	**1360**
Towncenter								
Condo/Apt.	Condo/Apt	N/A	2/3-story	813	0	0	40	40
				Project total Units	**407**	**478**	**515**	**1400**

EXHIBIT 2 TO

ATTACHMENT NO. 9

LIST OF CERTAIN REFERENCED PARCELS

Tentative Map
Parcel Description

Parcel Name	Parcel Description (Tentative Map)
Day Care Center (Agency retained building in Historic District)	E25
Youth Center (Agency retained building in Historic District)	E1
Community Services District Offices (Agency retained building in Historic District)	E9
Sports and Recreation Center (Battle simulation building site)	E24
Library and Sheriff's Substation Site (Town Center)	B1
SRFD Fire Station (Town Center)	F1
20 buildings in Historic District (nonprofit corporation)	E2-E8, E10-E12, E14-E23
Theater (nonprofit corporation)	E13
County ¼ acre parcel to be conveyed to Developer	H5, H6 B2 and lots 749 and 750 Street A1
Town Center Parcels	B2, B3, B4, B5, B6