

# **Index of Closeout Documents – K-12 Audit Resources**

**Purpose:** To provide local CPA with a list of the documents that follow which are needed to conduct a K-12 audit on School Facility Program projects.

**District: Chula Vista Elementary**

**Application Number: 50/68023-01-001**

**School Name: Otay Village #11**

- Executive Summary of Substantial Progress
- Final Escrow Statement (If Applicable)
- Appraisal (If Applicable)
- Site Acquisition Review Sheet (If Applicable)
- Court Order for site purchase related costs (If Applicable)
- CDE Approval Letter
- DSA Approval Letter
- Grant Agreement(s) (If Applicable)
- Application for Funding (Form SAB 50-04)
- Project Transaction Detail and Summary
- State Allocation Board (SAB) approval item(s)
- Final Form SAB 50-06 Expenditure Report and Detailed Listing of Project Expenditures (DLOPE)
- Schedule of School Facility Program (SFP) – Determination of Savings (If Applicable)
- Schedule of School Facility Program (SFP) – Unspent Funds (If Applicable)
- Schedule of School Facility Program (SFP) – Use of Savings (If Applicable)



## CHICAGO TITLE COMPANY

### BUYER'S/BORROWER'S SETTLEMENT STATEMENT

PAGE: 01

ESCROW NUMBER: 05880-073016385-001 ORDER NUMBER: 05880-073016385

CLOSING DATE: 04/21/08 CLOSER: Renee Marshall

BUYER: CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SELLER: BROOKFIELD SHEA OTAY LLC, a California limited liability company

PROPERTY: APN NO. 643-610-23 & 25, CHULA VISTA, CALIFORNIA

	CHARGE BUYER	CREDIT BUYER
Sales Price	\$ 2,366,815.00	\$
Deposits		
Received 04/22/08 INT EARNED ON IBA	33.20	
Received 04/21/08 INT EARNED ON IBA	271.97	
Received 04/18/08 CLOSING FUNDS	2,370,000.00	
TOTAL RECEIPTS		2,370,305.17
Prorations And Adjustments		
County Taxes from 04/21/08 to 07/01/08	142.76	
Total amount \$ 367.10 for 180 days		
Settlement or Closing Fee	1,500.00	
Interest earned on IBA account for Mitigation Funds	33.20	
Funds Due To Buyer At Closing	1,814.21	
TOTALS	\$ 2,370,305.17	\$ 2,370,305.17

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## SUMMARY APPRAISAL REPORT

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**ELEMENTARY SCHOOL SITE  
Otay Ranch Village 11  
CHULA VISTA ELEMENTARY SCHOOL DISTRICT  
Chula Vista, California  
(Appraiser's File No. 2012-1077)**



**Prepared For**  
Chula Vista Elementary School District  
84 East J Street  
Chula Vista, California 91910

**Prepared By**  
Kitty Siino & Associates, Inc.  
115 East Second Street, Suite 100  
Tustin, California 92780  
(714) 544-9978 - Phone

**KITTY SIINO & ASSOCIATES, INC.**  
REAL ESTATE APPRAISERS & CONSULTANTS

December 17, 2012

Mr. Oscar Esquivel, Assist. Superintendent, Business Services  
**Chula Vista Elementary School District**  
84 East J Street  
Chula Vista, California 91910

Reference: **Elementary School Site – Otay Ranch Village**  
1650 Exploration Falls Drive  
Chula Vista, California

App Rec'd 5/30/2013  
appraisal good  
until  
6/17/2013

Appraiser  
Date  
of  
Appraisal

Dear Mr. Esquivel:

At your request and authorization, we have prepared an appraisal of the above referenced property ("subject property"). The subject property encompasses a 11.847 acre parcel known as the elementary school site within Otay Ranch Village Eleven located in Chula Vista, California. There is currently a school under construction on this parcel however this appraisal is for the site only. This appraisal is based on the concluded highest and best use, absent of the proposed school use.

The subject property has been valued using the Sales Comparison Approach to Value assuming the subject site is in a superpad condition as defined within this report which is intended to be in conformance with the Office of Public School Construction regulations.

We have valued the **fee simple estate** for the subject property in its defined superpad condition as:

**Eight Million Eight Hundred Thousand Dollars**  
**(\$8,800,000)**

This estimate of value is stated subject to the Assumptions and Limiting Conditions and the Appraiser's Certification as of December 1, 2012.

This Summary Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value.

Mr. Oscar Esquivel  
Chula Vista Elementary School District  
December 17, 2012  
Page Two

Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the requirements of the client. The appraiser is not responsible for unauthorized uses of this report.

The following narrative Summary Appraisal Report sets forth the data and analyses upon which our opinions of value are, in part, predicated.

Respectfully submitted,

**KITTY SIINO & ASSOCIATES, INC.**



Kitty S. Siino, MAI  
State Certified General  
Real Estate Appraiser (AG004793)

Attachment

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## ADDENDA

- Legal Description / Adjustment Plat No. ER-371
- Hunsaker & Associates School Site Plan Showing Acreage
- Site Approval Letter from California Department of Education and DTSC Letter
- Subject Photos
- Land Sales Map/Summary Chart and Market Data Sheets
- Discounted Cash Flow Analysis for Market Data No. 1
- Appraiser's Qualifications

## ASSUMPTIONS AND LIMITING CONDITIONS

1. This report is a Summary Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

USPAP

11. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the properties described and that there is no encroachment or trespass unless otherwise stated in this report.
12. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the properties. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
13. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
14. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
15. It is assumed there are no environmental concerns that would slow or thwart development of the subject properties and that the soils are adequate to support the Highest and Best Use conclusion.
16. This appraisal may not be conveyed to any person other than the client, Chula Vista Elementary School District or the State of California for the purpose described without the appraiser's written consent.
17. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.

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## **PURPOSE OF THE APPRAISAL**

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The purpose of this Summary Appraisal Report is to provide the appraiser's best estimate of market value of the fee simple estate of the subject property which consists of an approximate 11 acre school site located within Otay Ranch Village Eleven in the City of Chula Vista, State of California. In the case at hand, the market value of the subject property will be estimated for the property in a superpad condition as defined within this report which intended to be in conformance with the Office of Public School Construction regulations. It should be noted that there is an elementary school under construction on the site however, this valuation is for the site only and does not consider the structural improvements underway.

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## **THE SUBJECT PROPERTY**

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The subject property encompasses two assessor parcels totaling 11.847 gross-acres and 10.066 net-acres proposed for an elementary school. The site was previously mass graded and an elementary school is currently under construction. This appraisal is for the site only, in a superpad condition as defined within this report and does not include any structural improvements. The subject property is located at the northwest corner of Windingwalk Street and Exploration Falls Drive, more commonly known as 1650 Exploration Falls Drive, Chula Vista within the master planned community of Otay Ranch within Village Eleven. Otay Ranch Village Eleven is also known as the Village of Windingwalk.

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## **INTENDED USE OF THE REPORT**

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It is the appraisers understanding that this Summary Appraisal Report is intended to assist the Chula Vista Elementary School District ("District") in applying for funding for the school site to the State of California. This report may be submitted to the Office of Public School Construction as part of a funding package.

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## DEFINITIONS

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### Fair Market Value

The term "fair market value" as used in this report is defined on the following page as:

*"The highest price on the date of valuation that would be agreed to by a seller, being willing to sell, but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer being ready, willing and able to buy, but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.*

*The fair market value of the property shall not include any increase or decrease in the value of the property that is attributable to any of the following:*

- (a) *Project for which property is taken*
- (b) *Eminent domain proceedings in which the property is taken*
- (c) *Any preliminary actions of the plaintiff related to the taking of the property*<sup>1</sup>

Inherent in the Fair Market Value definition is exposure time or the time the property would have had to have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions the exposure time is estimated at under 12 months.

### Finished Lot

The term "finished lot" is defined as:

*"A parcel which has legal entitlements created by a recorded subdivision map, whose physical characteristics are a fine graded level pad per lot with infrastructure contiguous to each individual lot, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable development fees with the exception of building permit and plan check fees."*

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<sup>1</sup> Title 7, Page 3, CCP, Article 4, Paragraphs 1263.32 and 1263.3.

## **Superpad**

The term "superpad" as used in this report is defined as:

*"a rough graded site with net usable acres of greater than 10 acres for use per State of California requirements. Utilities stubbed to the site with capacity as required by District with all adjacent streets installed in accordance with local jurisdiction requirements of the City. All curbs, gutters and sidewalks adjacent to adjacent streets shall be installed."*

This definition is intended to comply with the Office of Public School Construction regulations.

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## **SUBJECT PROPERTY RIGHTS APPRAISED**

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The subject property rights being appraised are the fee simple interest subject to recorded easements, liens, encumbrances and special taxes that the property would be subject to if developed to a residential use. The term "fee simple estate" is defined as:

*"Possession of a title in fee establishing the interest in property known as the fee simple estate - i.e., absolute ownership unencumbered by any other interest of estate, subject to the limitation imposed by the governmental powers of taxation, eminent domain, police power, and escheat"<sup>2</sup>*

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## **EFFECTIVE DATE OF VALUE**

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The subject property is valued as of December 1, 2012.

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## **DATE OF REPORT**

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The date of this report is December 17, 2012.

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<sup>2</sup> Appraisal of Real Estate, 11<sup>th</sup> Edition

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## LEGAL DESCRIPTION

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The legal description as supplied by the District via the City of Chula Vista Engineering Department/Planning Department Adjustment Plat No. ER371 is shown in the Addenda along with the Adjustment Plat Map.

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## SCOPE OF APPRAISAL

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The purpose of this Summary Appraisal Report is to provide the appraiser's best estimate of market value for the subject property in a superpad condition as described.

The subject property consists of a 11.847 gross-acre and 10.066 net-acre parcel known as the Otay Ranch Village Eleven Elementary School Site. The site was previously mass graded and currently is under construction with the Enrique S. Camarena Elementary School. This appraisal is for the site only in a superpad condition as earlier defined. Although an elementary school is under construction on the subject lands, this appraisal is for the site only, absent of the proposed school use. The surrounding land use is for single family detached residential development.

The performance of this assignment involved a complete appraisal investigation including the appropriate approaches to value, which are reflective of the type of property appraised. In appraising the subject property, the value estimate will be based on the site's highest and best use conclusion and will utilize the Sales Comparison Approach to value. The Sales Comparison Approach is defined as:

*"The process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property"<sup>3</sup>*

We have completed an investigation of recent land sales for property considered similar to the property in question. We have inspected the subject property and surrounding neighborhood in order to ascertain the condition of the property, as well as the environment in which the property is located. As the subject property is land only, the cost and income approaches are not considered relevant. All sections of this appraisal

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<sup>3</sup> Appraisal of Real Estate, 11<sup>th</sup> Edition

report are structured to show the reasoning and justification utilized in the estimate of highest and best use and conclusion of value. The "Addenda" section of this report contains information supportive of the appraisal.

This appraisal will be presented in the following format:

- County of San Diego Description
- City of Chula Vista Area Description
- Otay Ranch Description
- San Diego County Housing Market
- Subject Property Description
- Highest and Best Use Analysis
- Valuation Analysis and Conclusion
- Appraisal Report Summary

The due diligence of this appraisal assignment includes the following:

1. Compiled demographic and economic information and related that data to the subject property to determine a feasibility/demand analysis.
2. Gathered and analyzed information on the subject marketplace, including review of several real estate brokerage publications on historical and projected growth in the subject market.
3. Researched the micro and macro economics within San Diego County and the Otay Ranch Village Eleven area.
4. Inspected the subject property.
5. Interviewed representatives of the developer/owner of the subject parcel to obtain available information on the subject property.
6. Reviewed the City of Chula Vista Otay Ranch Village Eleven Sectional Planning Area (SPA) Plan that covers the subject property and additional lands.
7. Reviewed Preliminary Title Report No. 73016385-U50 prepared by Chicago Title Company which covers a portion of the subject property.
8. Reviewed letter from Department of Toxic Substances Control dated November 25, 2008 approving supplemental site investigation report regarding methane soil gas on portion of the subject site.
9. Reviewed letter from California Department of Education regarding site approval for the subject site dated December 8, 2008 (copy located in Addenda).

10. Interviewed Brookfield Shea Otay LLC representatives, developer of Otay Ranch Village Eleven and City of Chula Vista Planning Department representatives, in order to ascertain probable uses for the site, absent of the proposed school use.
11. Searched the area for appropriate type land sales, interviewed appropriate parties to ascertain pertinent information relating to each transaction.



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## COUNTY OF SAN DIEGO

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### **General Surroundings**

The subject property is located in the southern portion of the County of San Diego (the "County"). The County is located in the southwest corner of the State of California bordering Mexico on the south, Imperial County to the east, and Riverside and Orange Counties to the north. The Pacific Ocean is its western border. The County has approximately 4,525 square miles (325 square miles of which is water) and includes terrain from ocean beaches to foothills to mountains and deserts. San Diego has 70 miles of coastline and the climate ranges from Mediterranean to semi-arid.

### **Population**

The San Diego region has experienced faster growth rates than most of California during the past several decades. In 2009 the County had a larger population than 20 of the 50 states. The County has experienced an increasing growth pattern for the past fifty years. Between January 1990 and January 2000, the population grew from 2,480,072 to 2,813,833 or an annual average growth of approximately 1.15 percent per year. According to the California Department of Finance, the January 2012 population count for the County is estimated at 3,143,429 suggesting an average annual increase of 0.93 percent for these twelve years, which displays a slower rate of population growth than the previous 10 years. The slowdown in growth appears to be due to the recession which began in the mid 2000s. Current projections from San Diego Regional Planning Agency (SANDAG) estimate the county population will increase to 3,535,000 by 2020 (a 1.5 percent annual increase over the next eight years), and 4,384,867 by 2050 (a 1.19 percent annual increase over twenty-eight years).

### **Transportation**

Four major interstate freeways bisect the County of San Diego: Interstate 5, Interstate 15, Interstate 8 and Interstate 805. Interstate 5 is the major north/south arterial throughout the State of California. It generally follows the coastal route in the San Diego County area. Interstate 15 is also a north/south arterial; however, it is located inland

through the more mountainous regions of the County. Interstate 8 provides east/west access through the southern portion of the County, while Interstate 805 generally parallels Interstate 5 beginning near Del Mar providing a second route between I-15 and I-5.

The County is well served by Amtrak and Metrolink. In addition, downtown San Diego has a trolley which provides access around the downtown area and to the Mexican border. Air service is provided by San Diego International Airport (approximately 20 miles south), John Wayne Airport in Orange County (approximately 50 miles northwest), and Palomar Airport in Carlsbad (approximately 10 miles north).

### **Economy**

The County had a strong employment record over the past decade, however the past few years have seen changes. Unemployment rates generally increased within the County since between December 2006 and early 2010 at which time a leveling off occurred followed by slow decreases over the past year.

The unemployment rate for the County was estimated at 8.6 percent (per the Employment Development Department – October 2012 preliminary numbers), which reflects a significant increase from December 2006 when rates were 3.7 percent, however a decrease from the peak during the recession of 11.0 in 2010. The current unemployment rate for the County of 8.6 percent is lower than the California rate of 9.8 percent however higher than the October 2012 national rate of 7.5 percent. Below is a table depicting San Diego County in relationship to unemployment rates of the surrounding counties:

<b><u>Jurisdiction</u></b>	<b><u>As of</u></b>	<b><u>Unemployment Rate</u></b>
Los Angeles County	10/12	10.3%
Riverside County	10/12	12.0%
San Bernardino County	10/12	11.2%
Orange County	10/12	7.2%
<b>San Diego County</b>	<b>10/12</b>	<b>8.6%</b>

Source: *State of California E.D.D.*

The economy within the County which had approximately 10 years of robust growth has experienced a strong recession. From 1997 through 2000, the economy grew at a rapid pace, however the year 2001 saw a slowdown sending the economy into a slight recession which didn't greatly influence Southern California. The economy rebounded in 2002 due to low interest loans with home sales a strong force in the economy between 2002 and 2005. During this period, home values increased almost 100 percent in the County, however, since mid-to late 2005, there has been significant decreases in the new home market with sales and prices falling upwards of 50 percent in most areas taking prices back towards the 2003 level and beyond.

In October 2008 the national economy was shaken by the failure of several national banks and insurance companies due to loan failures in connection with sub-prime financing. This created a panic not only in the nation's financial markets but also around the world. The Dow Jones Industrial Average ("DJIA") fell over 40 percent between January 2008 and early 2009 when the market seemed to gain its balance once again. The year 2009 saw the DJIA up over 15 percent followed by an increase of over 10 percent in 2010, over 5 percent in 2011 and 5 percent thus far in 2012. It should be noted that over the past few weeks the stock market has been extremely volatile due to the recent election, the shaky world economy coupled with the unknown fiscal cliff resolution. Within the U.S. some banks are still struggling with the FDIC needing to step in and take over 140 banks in 2009, 157 banks in 2010, 89 banks in 2011 and 50 through November 16, 2012.

The federal government has attempted to correct the struggling economy by implementing several economic stimulus packages. The main stimulus successes visible to Main Street America include both federal and state tax credits for first-time or move-up homebuyers. It is now apparent that these tax credits fueled the housing market in late 2009 and early 2010. In November 2010 the Federal Reserve recommended passage and then implemented QE2 (Quantitative Easing Two) which included the expansion of the Fed's balance sheet by \$600 billion through the purchase of intermediate-term bonds in an effort to lower long-term interest rates. QE2 was followed by Operation Twist where the government substituted long term debt for short

term debt in its bond portfolio and then by QE3 (which has been on-going). This however appears to be too small to have had a large impact on the economy. As of the date of this appraisal it is unknown if QE3 will be a success, however it appears the economy is slowly improving.

At the latest news conference by the Federal Reserve Chairman (Washington D.C., September 13, 2012), Ben Bernanke stated that economic growth has continued at a moderate rate so far this year, however; even though unemployment rates fell recently, the decline is due to declines in participation rather than an increase in jobs. He opined that inflation will remain close to the Fed's two percent target rate and that the federal funds rate will remain at or near the existing 0 – ¼ percent rate until 2015 if needed. He states that policy makers need to keep several things in mind, keeping rates low; watching inflation, assuring the public that the Feds will not let the economy falter and hopefully all of this will lead to a recovery. Bernanke stated that while the economy is on a path of moderate recovery, it isn't growing fast enough to make significant progress in reducing the unemployment rate yet: however, the Federal Reserve will keep a highly accommodative stance on monetary policy to remain for a considerable time after the economy recovery strengthens. At the latest meeting December 12, 2012 the Federal Reserve said it plans to hold short-term interest rates near zero until the unemployment rate reaches 6.5 percent or less as long as expected inflation remains near their two percent target. They also said they will keep spending approximately \$85 billion a month on bond purchases to drive down long-term borrowing costs in order to stimulate economic growth (QE3). Bernanke warned that none of the Fed's actions could outweigh the economic pain that would be caused by the fiscal cliff facing the nation at the end of the year (higher taxes and government spending cuts). All are hopeful that the crisis can be resolved without long-term economic damage.

California's labor markets make it easy to understand why the mid-2000s downturn is being called the "Great Recession". After peaking at 15.14 million jobs in July 2007, the state shed over 1.36 million nonfarm positions by September 2010. Since hitting bottom, California added back 351,000 jobs through December 2011 with 2012 poised

for two percent growth followed by two percent growth in 2013 and two and a half to three percent growth estimated for 2014 through 2017. Several economists are forecasting that total nonfarm employment won't reach its pre-recession peak of 15.14 million until mid-2015.

According to the most recent UCLA Anderson Forecast (*"National and Statewide Outlooks Anticipate Modest Growth in GDP, Housing and Employment Next Year - December 2012"*), both Gross Domestic Product (GDP) and job formation will grow at less than two percent through mid-2013 followed by a three percent growth rate for most of 2014 with housing activity leading the way. According to Ed Learmer (UCLA Anderson Forecast Director), within the national economy, there has been no real recovery from the "Great Recession" of 2008/09. In each of the previous 10 recessions, GDP returned to its previous peak within two years while this recession has taken four years. Using current lags in GDP recovery and payroll recovery, Learmer says this recession could take seven or eight years rather than the typical two to two and a half years to return to previous peaks. UCLA economists also write that the average home price in the US has declined by one-third which has lead to home ownership declining from a peak of 69 percent in 2004 to 66 percent at the end of 2011 and a forecast of 65 percent by the end of 2012. Even with these declines, UCLA states the recovery of the housing market is underway with foreclosures appearing to have peaked and existing home sales on the rise. This is bolstered by a gradually improving labor market, a rebound in household formations and record low mortgage rates. Although there are some positive factors, the recovery will be "gradual and uneven" per Learmer.

The UCLA Forecast on California, written by Senior Analyst Jerry Nickelsburg, states that the economic consequence of Proposition 30 which passed in November will provide a way forward of funding state investment in education and a funding for the re-alignment of government services. However, he states on the negative side, the passing of Proposition 30 does not address the issues of the way the state funds government for the long run. They are estimating employment to grow 1.3 percent in

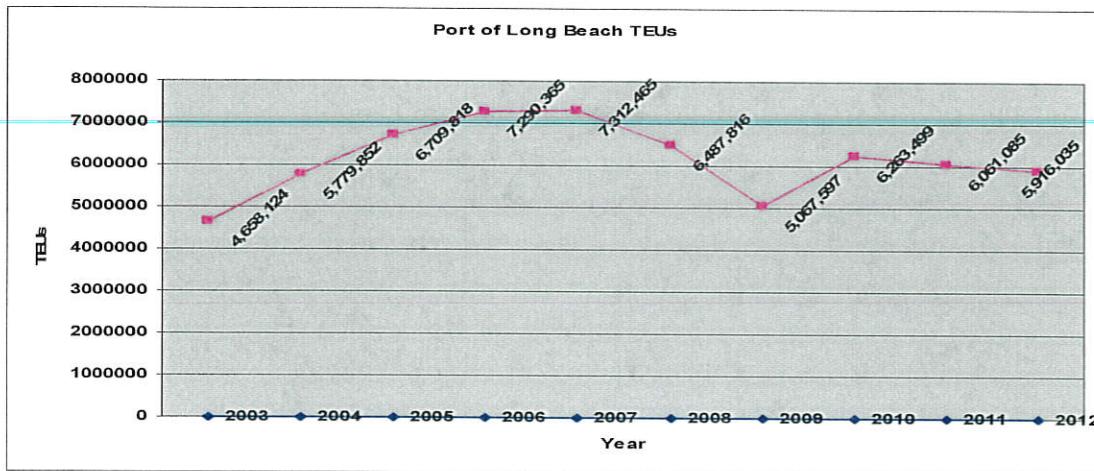
2013 and 2.4 percent in 2014 bringing the unemployment rate down to 8.4 percent in 2014.

Brad Kemp, Beacon Economics' Director of Regional Research says Southern California has been hit harder because of the impact of housing. Median housing prices (all types) increased over 100 percent in San Diego County changing from \$250,000 in 1997 to \$517,500 in November 2005. Now median prices are 32 percent lower than November 2005 with 2012 median prices in the \$350,000 range. Foreclosures which played a big part in housing sales for the past three years are now declining. For the month of October 2012 southland (Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties) foreclosures accounted for 16.3 percent of the resale market in contrast from 56.7 percent at the peak of foreclosure re-sales in February 2009.

Commercial real estate appears to have hit bottom in 2010 with local absorption levels returning to positive territory, however anemic job growth coupled with restricted financing is still influencing both vacancies and lease rates. Office vacancy rates appear to have stabilized, however rents are not expected to increase until 2013 or beyond. Retail vacancies remain high due to minimal job growth. The industrial sector is tied to the global marketplace which has been profoundly impacted by declines in retail spending, wholesale distribution and import/export flow.

As a final indicator of overall economic activity for the region we have reviewed the rise or fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the inland communities as it represents much of the growth in development of West Coast distribution centers and warehouses linked to supply-chain nodes in the Pacific Rim. While San Diego has two ports, the main deep water port is located approximately 50 miles north in Long Beach. The chart below shows a market flattening of TEUs during 2006 and 2007 with a slight decrease in 2008 and a substantial decrease in 2009 however an approximate 24 percent increase in 2010 with generally level activity since then at the Port of Long Beach, a key economic indicator for Southern California. The graph below assumes an average monthly rate to

project the year-end amount. It is interesting to note that the improved 2012 pace is still between 2005 and 2006 levels.

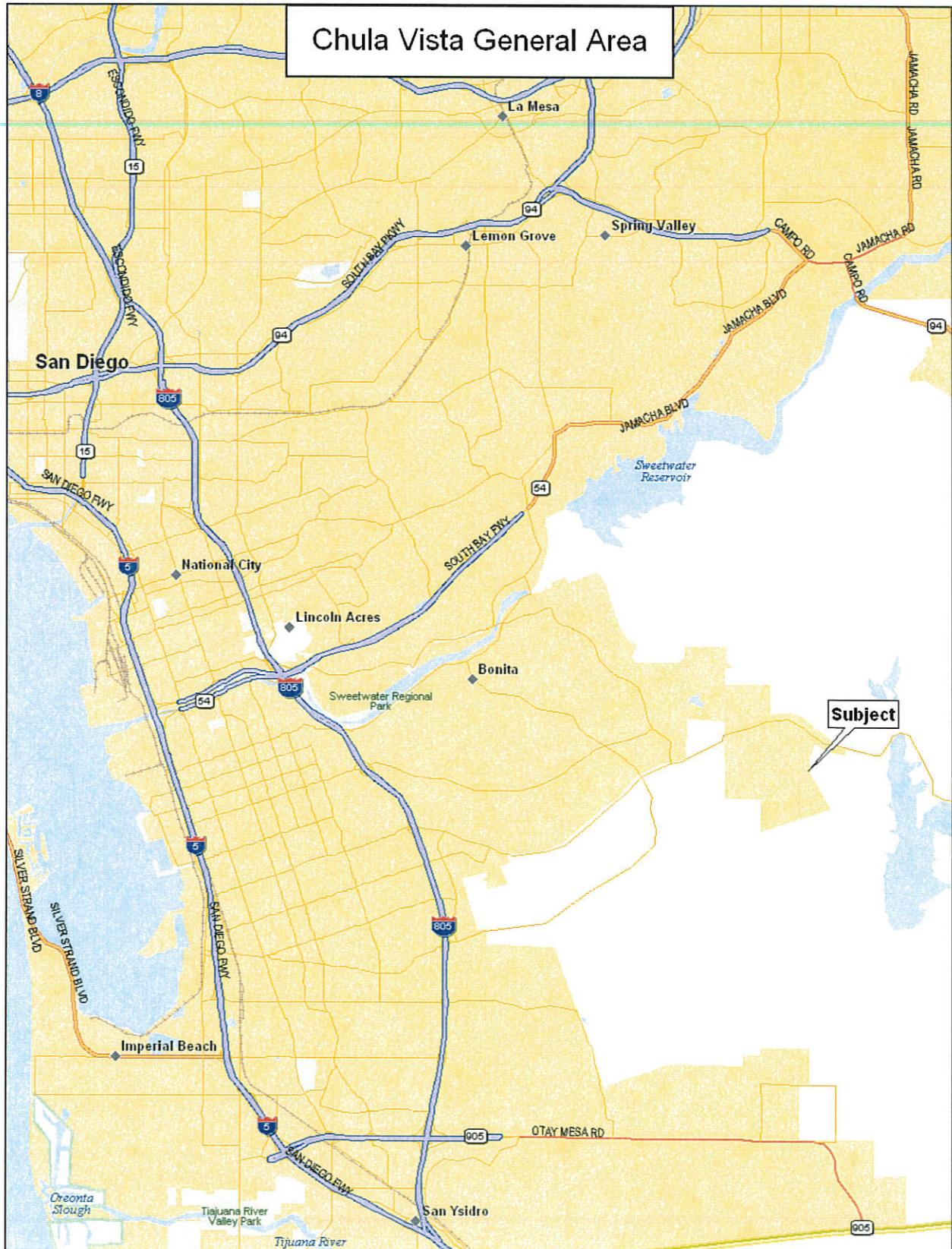


In summary, the nation's economy stalled due to the housing downturn, high unemployment, the credit crisis and the global economy instability. A bottoming out appears to have occurred with unemployment beginning to drop and housing recovering, however both at a slow pace.

### Conclusion

Population in the County has been increasing for the past 30 years. Predictions are for continued population growth in the County through 2050. The robust economy of 1997 through 2000 saw a downturn in 2001 and a rebound from 2002 through 2005. Housing was the strong force in the economy during these years and was fueled by low interest rates and non-conventional and sub-prime mortgages. Home values increased significantly between 2000 and 2005 with a slowdown to a more normal rate of appreciation in 2005 followed by decreases between 2006 and 2011 with a slight upturn in 2012. The country went into a recession in late 2008 and while the recession is technically over, high unemployment and minimal economic growth are combining to keep the economy slow. The non-conventional financing which was used prior to 2007 created a nationwide credit crisis that has affected not only the nation but the world. The government has put into place stimulus packages that have provided little relief to the public at this time. Although there have been several additional government proposals to help the credit crisis, it does not appear there will be one, all-

encompassing solution. On a brighter side, the economy always goes in cycles and most economists are now predicting that the nation will have minimal growth in 2013 with more normal economic growth in 2014 and beyond. In addition, the County is expected to continue to grow in population due to its excellent Southern California coastal location, the availability of land and the lower unemployment rate when compared to surrounding counties.



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## CITY OF CHULA VISTA

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The subject property is located in the City of Chula Vista ("City"), located in the southern portion of San Diego County. Chula Vista is the second largest city in San Diego County, bordered by the San Diego Bay and Coronado to the west, Imperial Beach to the southwest, the California-Mexico border to the south, unincorporated area to the East, Lemon Grove to the north, and National City to the northwest. The City contains an estimated 50.1 square miles of land with Mediterranean and semi-arid climates. San Diego County averages 10 inches of precipitation annually that occurs mainly between the months of December and March. The rate of wildfires has increased in the most recent century. Elevation ranges from sea level to 1,591 feet. The City is located 7 miles southeast of downtown San Diego, with easy access to the County seat. The City of Chula Vista was incorporated in 1911. In 1997, the City annexed 9,100 acres, the largest annexation in County history.

The city began as a 5,000-acre development with the first house being built in 1887 and by 1889, having 10 homes on the development. The completion of the Sweetwater Dam in 1888 permitted irrigation after which Chula Vista became the largest lemon-growing center in the world for a period of time. This agriculture helped the city get through the Great Depression. Agriculture does not continue to be as important to the city as it once was as now over 200,000 people reside in Chula Vista.

### **Population**

As of July 1, 2011, the City had a population of 247,535, which is a 1.5 percent increase from the April 2010 estimate of 243,916. Since the year 2000 Chula Vista has experienced over a 42 percent population increase indicating a very rapid growth in the population over the past 12 years, although it appears to be slowing. The City's population has nearly doubled since 1990. The city of Chula Vista is predominantly white and Hispanic with a median age of 33.7 years old with roughly 60% of the homes in the area owner-occupied.

## Economy

According to the City's 2009 Comprehensive Annual Financial Report, the top employers in the City are as reported below:

<u>Employer</u>	<u>No. of Employees</u>
Sweetwater Union High School District	4,364
Chula Vista Elementary School District	2,616
Goodrich Aerostructures	1,903
Sharp Chula Vista Medical Center	1,810
Southwestern College	1,682
City of Chula Vista	1,215
Scripps Mercy Hospital – Chula Vista	993
Wal-Mart	950
Vons	621
Target	604

The City is home to two school districts, one elementary level and one high school level. The Chula Vista Elementary School District is the largest kindergarten through sixth grade district in the State of California with 44 campuses. Sweetwater Union High School District serves as the primary secondary school district. Southwestern College is a community college in the city that serves approximately 19,000 students annually.

## Transportation

The city is served by a large network of freeways and highways that include I-5 along the western edge of the city, which runs south to Tijuana and north to Los Angeles and onto Northern California. The I-805 serves as a bypass to the I-5. State Route 54 and State Route 125 serve as highways to East County cities. The San Diego International Airport serves as the city's primary commercial airport and it is the busiest single-runway airport in the United States. The airport is 12 miles northwest of the city.

## Summary

In summary, the City of Chula Vista experienced substantial growth in the last decade. Future growth of the City should continue, although at a slower rate than what has previously occurred.

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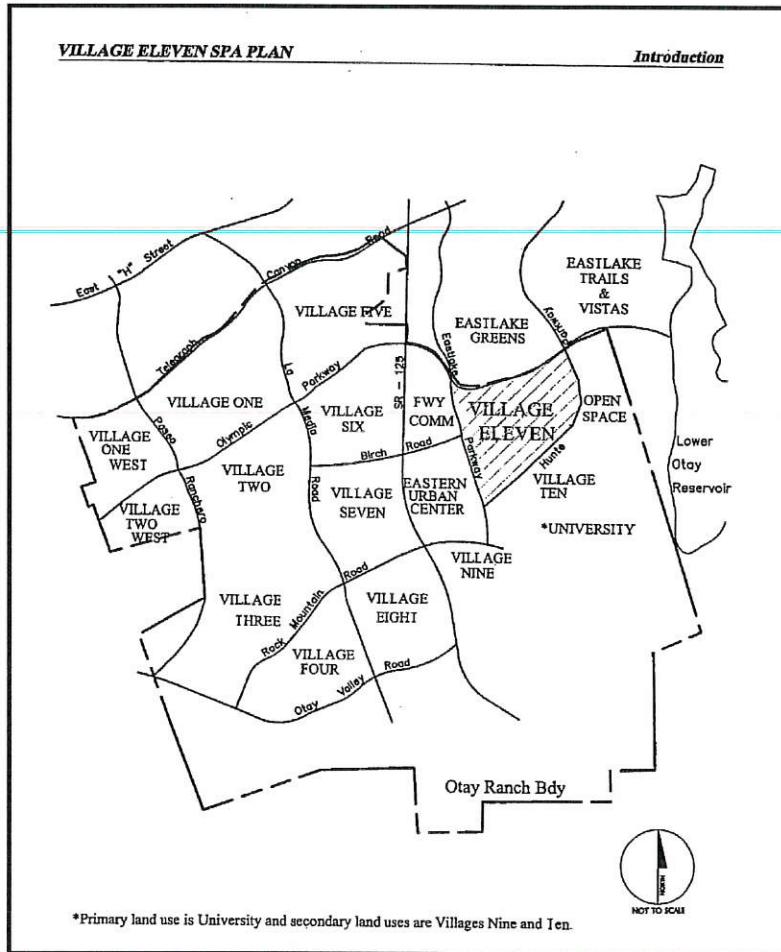
## OTAY RANCH VILLAGE ELEVEN

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The Otay Ranch is a 5,300 acre pedestrian friendly master planned community located in the eastern portion of the City of Chula Vista. Otay Ranch and the City planned a Village planning concept which provides urban villages that are approximately one mile square with distinct features defined by an open space system and major arterial streets. The village planning promotes pedestrian-oriented villages providing essential facilities and services to be located in each village core. The highest density residential is located in the core and residential densities decrease towards each village perimeter.

We have reviewed the Otay Ranch Village Eleven Sectional Planning Area (SPA) Plan prepared for Brookfield Shea Otay, LLC October 23, 2001. The main objectives of the SPA were to: establish a pedestrian oriented village; promote synergistic uses between Village Eleven and neighborhoods of Eastlake and adjacent Otay Ranch Villages to balance activities, services and facilities; implement goals of the Chula Vista General Plan; and, implement City of Chula Vista's Growth Management Program.

Village Eleven contains 489 acres and is defined by three major circulation routes: Olympic Parkway on the north, Hunte Parkway on the south and east and Eastlake Parkway on the west. Village Eleven is surrounded by the existing neighborhood of Eastlake Greens to the north, Otay Ranch Planning Area Twelve (comprised of the Eastern Urban Center and the Freeway Commercial developments) to the west, future phases of Otay Ranch (the University site) to the south and vacant lands known as the Salt Creek open space preserve to the east. On the following page is a overview map of Otay Ranch showing the location of Village Eleven.

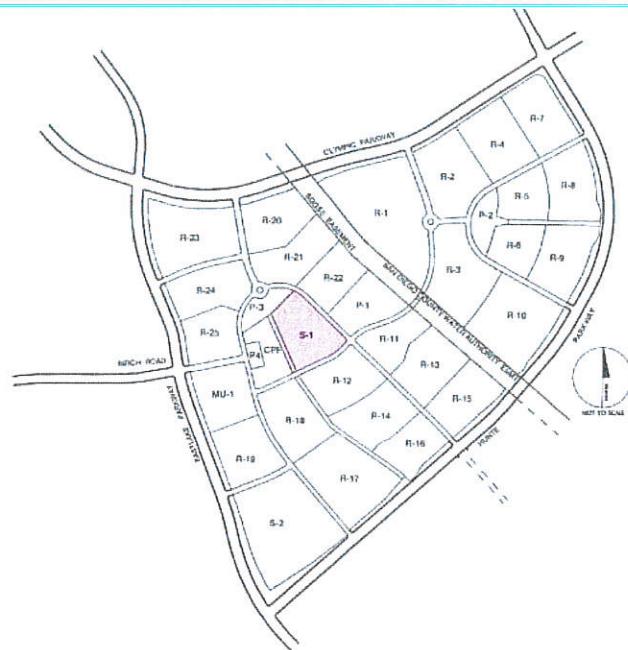


Per the Village Eleven SPA Plan there are 26 residential areas proposed for 2,304 dwelling units, a 10.00 acre commercial site, a 5.5-acre Community Planned Facility site, four park sites, an elementary school site (subject) and a junior high school site. In addition to 384 acres of developable land uses, the community has 66-acres of circulation elements and 50 acres of open space. Village Eleven is nearing full build-out with approximately 2,200 dwelling units constructed to date.

Current access to Otay Ranch Village Eleven is considered to be good via the 805 Freeway, east on Telegraph Canyon Road which becomes Olympic Parkway and south of Exploration Falls Drive to the subject. Additional access is via the S. Bay Expressway (toll road) #125 to Birch Road and east to Discovery Falls Drive, south to Windingwalk Street, east to Exploration Falls Drive and north to the subject. Access to the subject is considered to be good. The subject site is located within the center of Village Eleven surrounded by residential development beyond which is commercial

development. Neighborhood shopping is available west of Eastlake Parkway within 1 mile of the subject property.

Village Eleven is broken up into planning areas with the subject site highlighted below.



The subject's immediate surroundings include a church and school, a Windingwalk Community Center, a neighborhood park including ball fields and existing residential development. The community center located contiguous to the north includes two swimming pools, a conference room, a fitness center, a kitchen and both inside and outside dining areas. The community center is for all residents of Windingwalk to use.

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## SAN DIEGO COUNTY HOUSING MARKET

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In reviewing the County's housing market, a study of population and economic growth needs to be conducted. As of January 1, 2012, the County had a population of 1,321,315, which indicates an average annual growth rate of 0.9 percent from the previous year, a slow-down from the previous ten years growth rate. The recent slowdown is due to the national recession which has slowed incoming homebuyers.

Over the past twenty years the County has seen a rocky cycle in the housing market as with most of Southern California. The recession of the early 1990s impacted San Diego County; however, the recovery was quicker than inland areas due to the coastal influence. Median housing prices (all types) in the County increased over 100 percent (from \$250,000 in 1997 to \$517,500 in November 2005) then decreased over 43 percent to the July 2009 low of \$290,000. Since bottoming out the market has seen an increase of 20 percent to the current median home price of \$350,000, which generally equates to 2003 prices. While the increase has helped the housing market, unfortunately people who bought near the peak of the market are still facing significant negative equity. According to CoreLogic 28.2 percent of mortgage holders in San Diego owe more than the value of their homes which compares nationally to 23 percent. On the bright side the percentage of these mortgages that are higher than the home is worth saw a decline from 31.7 percent in first quarter 2009. It is suggested that the decrease in negative equity came from the foreclosure of underwater mortgages coupled with price increases pushing borrowers above water.

Economic growth in the San Diego area had been strong between 2000 and 2007 with job losses occurring in 2008 and 2009, an upturn in 2010, a significant upturn in 2011 and a slowdown in growth thus far in 2012. On the following page is a table depicting job growth in the County over this time period.

<b>San Diego Job Growth</b>			
<b>Year</b>	<b>Employment</b>	<b>Increase</b>	<b>% Increase</b>
2012*	1,464,800	14,100	0.97%
2011	1,450,700	33,100	2.33%
2010	1,417,600	20,800	1.49%
2009	1,396,800	(49,200)	(3.41%)
2008	1,446,000	(8,300)	(0.57%)
2007	1,454,300	(10,700)	0.73%
2006	1,465,000	24,500	1.70%
2005	1,440,500	6,000	0.42%
2004	1,434,500	19,000	1.07%
2003	1,415,500	21,900	1.34%
2002	1,393,600	23,100	1.68%
2001	1,370,500	24,100	1.79%
2000	1,346,400	N/A	N/A

\*Based on Preliminary October numbers per EDD

The unemployment rate for the County was 8.6 percent in October 2012 (preliminary numbers not seasonally adjusted), well below the high of 11 percent in early 2010 and lower than the current California unemployment rate of 9.8 percent. While it appears that employment has surpassed previous highs, the preliminary October numbers are not seasonally adjusted and will typically be reduced once we get the annual average numbers for the 2012 year.

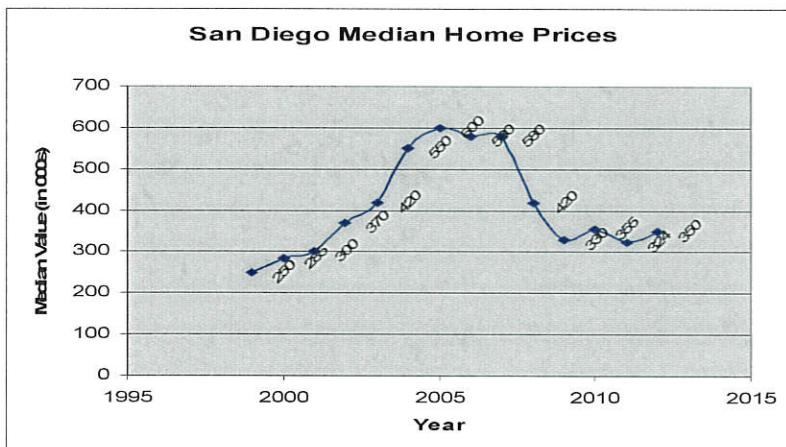
The Federal Reserve increased interest rates multiple times between June 2004 and mid-2006. In reaction to the rate increases, coupled with increasing housing prices, the market reaction was to create non-conventional financing alternatives such as 40-year amortized loans, variable loans, teaser rate loans and 100 percent loans which sustained the housing market in 2004 and 2005. New home price appreciation hit highs in mid-to-late 2005 which began a slowing of sales. Higher interest rates began making an impact on home sales in 2006 when sales prices began to decline in some areas and a significant sales slowdown began to occur. In 2007 the housing market saw a shake-up of the sub-prime mortgages. Non-conventional mortgages include home loans which were obtained for 100 percent of the sales price or which used teaser rates or buy-down rates. Sub-prime mortgages used these buy-down rates to qualify buyers that did not qualify for a conventional mortgage of this amount or could not verify income. Homes were purchased in 2005, 2006 and the first few months of 2007 using

sub-prime mortgages with purchasers assuming the market would continue to appreciate and borrowers would re-finance out of the loans before their payment obligations increased. This scenario did not occur however and home prices began dropping. In March 2007 the government initiated efforts to stop or limit sub-prime mortgages. Unfortunately the damage had already been done with sub-prime mortgages playing a role in the 2008 shake out of Wall Street and contributing significantly to the economic downturn. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the remainder of 2007 and all of 2008 and the majority of 2009. Declining home prices coupled with the government offering homebuyer tax credits and historically low interest rates, led to sales numbers picking up in the second half of 2009 and continued into the first half of 2010. However, as prices began to rise and the government tax credit ended, sales for the second half of 2010 slowed once again with sales numbers for 2011 and 2012 still well under historical averages. Despite this, some homebuilders have indicated improved prospects. According to Standard Pacific Corp. ("OC Homebuilder Reports Return to Profit" The Register, February 9, 2012), they have returned to profitability. While they believe the homebuilding industry will still face ongoing headwinds, they believe there will be improved profitability.

Foreclosures are playing less of a part in today's real estate market. Within Southern California foreclosure re-sales made up 26.7 percent of the Southland re-sale market in May, down from 33.2 percent a year earlier. Foreclosure re-sales peaked at 56.7 percent of home sales in February 2009. Short sales, where the sale price fell short of what was owed on the property, made up an estimated 18.1 percent of Southland re-sales last month. This was up from 17.8 percent one year prior.

The housing market in San Diego County appears to be showing some improvement. According to the Case Shiller Home Price Index prices rose 1.4 percent both Nationally and in San Diego. In reviewing historical charts, it appears the re-sale price per square foot hit bottom in early 2009 with an increase since that time.

Median prices of sales of existing homes in San Diego County rose in late 2009 and early 2010 due to government incentives of Federal and State tax credits, however a downward trend can now be seen once again. The median existing home price in San Diego County of \$350,000 (as of October 2012) is approximately 30 percent above the low point in 2009. Below is a chart showing median home prices in the County including both new and existing homes over the past decade.



Home loan rates are playing a large part in the housing market. The government has held mortgage rates at historical lows for the past few years in an attempt to keep the housing market from worsening. The second quarter of 2012 saw the lowest rates in over 50 years with conventional 30-year fixed rates in the 4.0 percent range. According to the National Association of Realtor's Housing Affordability Index, on a national level, thanks to depreciation in housing prices coupled with historically low mortgage rates, housing is the most affordable that it has been in at least a generation. According to the California Association of Realtors (CAR) the National Housing Affordability Index as of the fourth quarter of 2011 was 70 while the California Index was 55. In San Diego County the number was 45 compared to 66 in Riverside County, 78 in San Bernardino County, 49 in Ventura County, 48 in LA County and 38 in Orange County. The affordability index refers to the percentage of home buyers who can afford to purchase a median-priced, existing single-family. Due to mortgage interest rates at historical lows

coupled with the past few years drop in housing prices, we are looking at possibly the most affordable housing market in modern history.

According to DataQuick, within Southern California (Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties) the median price paid for a home (both new and existing) in October 2012 of \$315,000 is up 16.7 percent from the previous year. This is still over 37 percent below the peak in spring and summer 2007 when the median price was \$505,000 however up almost 28 percent from the low point of the cycle which was \$247,000 in April 2009. It should be noted that the median price was upwards of \$300,000 in early 2010 and has “bumped along the bottom” since that time. Home sales in Southern California were up 25.2 percent in October 2012 (21,075 new and existing home sales) as compared to one-year prior (16,829 new and existing home sales). It should be noted that median prices are being suppressed somewhat by incredibly low number of sales of new homes which typically sell for more than a resale home. Below is a table comparing October 2011 to October 2012 for both new and existing home sales and pricing in Southern California by County and for Southern California as a whole.

<b>Southern California (New and Used) Home Sales</b>						
<b>County</b>	<b>No. Sold Oct. 11</b>	<b>No. Sold Oct. 12</b>	<b>Percent Change</b>	<b>Median Oct. 11</b>	<b>Median Oct. 12</b>	<b>Percent Change</b>
Los Angeles	5,830	7,286	24.7%	\$300,000	\$341,000	13.7%
Orange	2,241	3,148	40.5%	\$405,000	\$455,000	12.3%
Riverside	3,026	3,407	12.6%	\$187,000	\$220,000	17.6%
San Bernardino	2,300	2,722	18.3%	\$150,000	\$170,000	13.3%
San Diego	2,759	3,622	31.3%	\$315,000	\$350,000	11.1%
Ventura	673	906	34.9%	\$335,000	\$360,000	7.5%
<b>SoCal</b>	<b>16,829</b>	<b>21,075</b>	<b>25.2%</b>	<b>\$270,000</b>	<b>\$315,000</b>	<b>16.7%</b>

Source: DataQuick

San Diego County had a 31.3 percent annual increase in sales (2,759 in October 2011 and 3,622 in October 2012) and an 11.1 percent increase in October median prices, from \$315,000 in October 2011 to \$350,000 in October 2012.

In late 2009 and early 2010 home builders began purchasing lots again as inventories reached historical lows and sales had shown increases due to the Federal and State tax credits. Unfortunately a slowdown in land sales followed as new home sales slowed once again however the residential land market appears to be positive once again.

According to Land Advisors, a real estate residential land brokerage firm, San Diego is divided between various submarkets. The most promising market is in North Coastal San Diego with limited land and finished lots upwards of \$400,000, while South San Diego has thousands of residential units remaining to be developed within existing and proposed master planned communities in East Chula Vista and the Otay Mesa area with finished lot values in the \$150,000 range.

The shortage of available multi-family housing in San Diego has caught the attention of a robust supply of capital to finance the development of new multi-family housing in "A" and "B" locations. Given the perceived shortage of new construction rentals, nine multi-family projects totaling over 2,600 units are currently in the planning pipeline. Vacancy rates in new rental townhouse properties that are built and designed with for-sale housing features are close to 100 percent occupancy. In terms of new residential land planning, within the past two years Shapnell Homes purchased 200 acres proposed for 600 homes in Carlsbad, Standard Pacific plans to invest \$150 million to go forward with a previously stalled development for 700 homes near Escondido and Passerelle got approval for 416 acres proposed for 700 homes and apartments in Fallbrook.

Jeff Meyers of real estate consulting firm Meyers, LLC stated that the employment picture is a key driver of land purchasing decisions and homebuilders are focused on land near markets where employment is likely to improve in coming years such as San Diego. The second half of 2011 saw an uptick in pricing for San Diego land transactions. Both central San Diego and Carlsbad have seen an increase from \$275,000 for a finished 6,000 square foot lot in 2010 to \$300,000 today. David Landes, a marketing consultant in the San Diego office of Land Advisors noted that the trend cannot be called skyrocketing but land prices are showing relatively strong movement compared with the virtual standstill of 2007-2009. Landes states that a four-acre parcel

near La Costa approved for 32 units received four serious offers from builders, while a 480-acre property he's representing proposed for 248 single family lots is expected to receive 10 offers from builders. In some areas of Southern California it used to cost more to develop a finished residential lot than it was worth, however in coveted areas this is changing.

As of the end of June 2012, single family re-sales in San Diego County were at a seven-year high while foreclosures fell to a five-year low. The Union Tribune (*Are we on the cusp of a housing recovery?* Friday June 29, 2012) asked ten San Diego experts their opinion on the housing recovery. While seven said yes replying with positive signs (re-sales hitting seven-year high, price gains, minimal inventory of existing homes) three replied no, stating the economy (student debt, unstable employment and lower incomes), possibility of loss of military jobs, the facts that 25% of buyers are investors and that new-sale housing is still too slow to consider it a recovery. The expert that seems to make the most sense states the market has stabilized and conditions are improving but the recovery is fragile with a long road ahead in the housing recovery.

In a separate attempt to capture the increase/decrease in home prices, the re-sale activity of existing homes in the subject area (per DataQuick) has been reviewed. The number of sales and sales prices of existing homes within zip codes in the immediate area of the subject are shown in the table below. It should be noted that the re-sale activity includes foreclosure properties.

Community Name	ZIP Code	Border To Subject	Sales of All SFD Homes Oct 2012	Oct 2012 Price Median SFR	Oct 2012 Median Price/ Sq. Ft.	Price % Change from Oct 2011
Otay Ranch	91915	Subject	38	\$423,000	\$169	24.3%
Eastlake	91914	North	17	\$468,000	\$173	(1.0%)
Otay Ranch	91913	West	52	\$383,000	\$162	5.1%
Chula Vista	91911	Southwest	40	\$313,000	\$184	21.4%
Chula Vista	91910	Northwest	51	\$355,000	\$195	18.1%
South San Diego	92154	South	47	\$315,000	\$166	25%
Indian Springs/Jamul	91935	Northeast	5	\$425,000	\$153	6.3%

Source: DataQuick/ LA Times

The table depicts price changes over the past year on existing single-family detached home sales prices. The above price changes relate to both new and existing home resales. The Eastlake zipcode has the highest priced homes and the only negative price change. The subject zipcode was near the highest price increase on a year over year basis. While larger homes typically are not selling in today's real estate market, the subject market appears to be an anomaly with a significant number of home sales in the over \$400,000 range while the San Diego median price is at \$350,000.

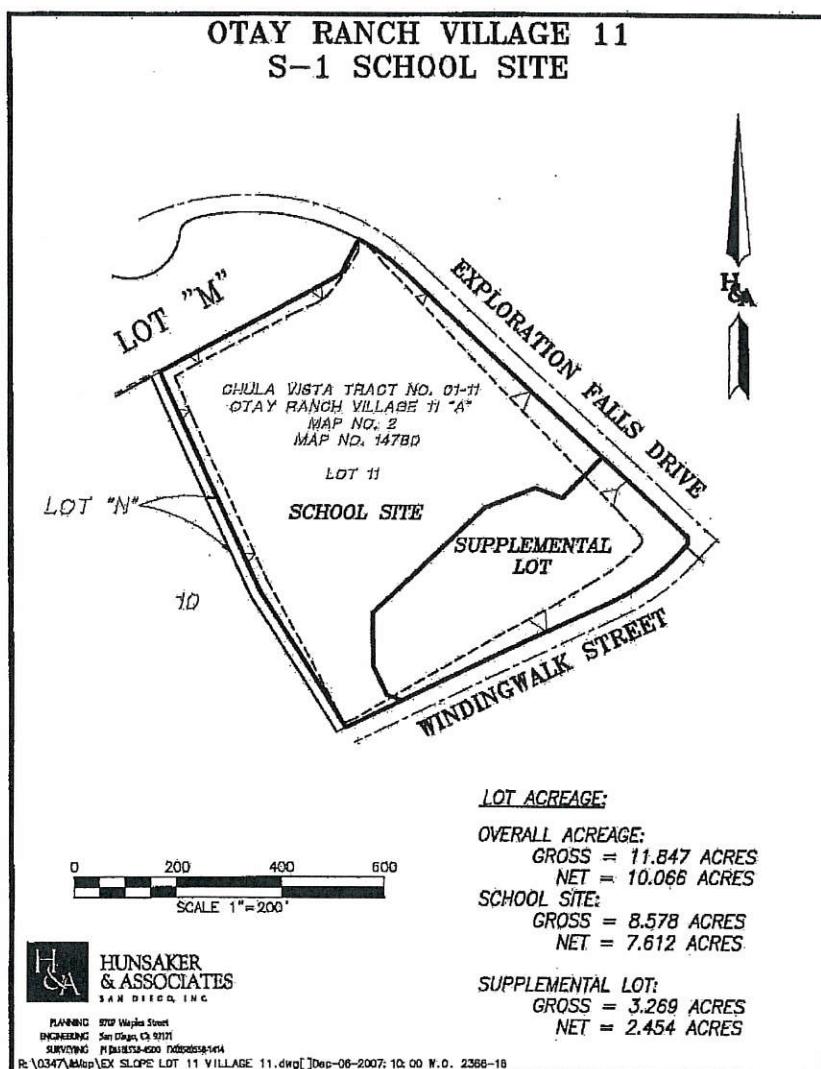
We have reviewed the November 8, 2012 news release from the Greater San Diego Association of Realtors (SDAR) which states the median price of a single family home in San Diego County is up 13 percent from one year ago while the median price for a condo or townhome is up 19 percent from one year ago. While the San Diego County median price is \$350,000 per DataQuick, within Otay Ranch the median price is currently \$358,000 with Village One having a median price of \$370,000. In addition, per SDAR sales increased 34 percent from October 2011 to October 2012 for single family homes and 18.2 percent over the same period for attached homes. All of the above information points to the subject property being located in an above average area in San Diego county where homes are still selling at a relatively good pace and at relatively high prices with inventory shrinking and sales increasing, all positive factors.

In summary, although both San Diego County and the subject submarket have seen decreases in pricing and sales over the past five years, the subject submarket has slightly higher values. While sales are still low by historical standards, they appear to be picking up. Construction of single family homes slowed/stopped over the past five years due to the recession. Inventory has shrunk to a point that may be putting upwards pressure on pricing. While current economic factors are placing a strain on the economy (credit, unemployment and an uncertain global economy), the subject submarket appears to be on the cusp of attracting homebuilders once again as prices rise to a point of making new development feasible. The area appears to be a coveted area due to its master planning which is evidenced by higher than median prices. In conclusion, although uncertainty is clouding the current housing market forecast, most

observers are in agreement new home sales will stay slow with little appreciation anticipated in the near future. Nevertheless, population continues to increase, thus housing growth will continue, however at much slower rates than previous years.

## SUBJECT PROPERTY DESCRIPTION

## Site Plan



The subject of this appraisal is an approximate 11.847 gross acre parcel of land shown as the combination of the "School Site" and the "Supplemental Lot" on the above map which is described on the following pages.

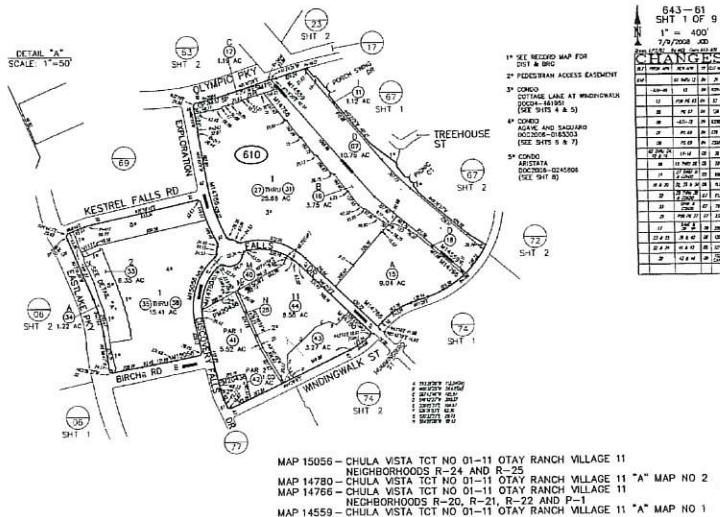
Location: Northwest corner of Exploration Falls Drive and Windingwalk Street, Otay Ranch Village 11, Chula Vista, California

Owner of Record: Chula Vista Elementary School / Public Agency

Three-Year Sales History: Chula Vista Elementary School District purchased the subject site in two transactions from Brookfield Shea Otay Llc, the master developer of Otay Ranch Village Eleven. The first purchase was for APN 643-610-44-00 (8.58-gross acre parcel) on January 14, 2008 for \$2,366,815 while the second purchase was for APN 643-610-43-00 (3.27-gross acre parcel) on December 19, 2008 for \$793,000.

The condition of the property at time of sale was in an improved "superpad" condition or a mass graded pad with utilities stubbed to site and all surrounding streets in place.

Assessor's  
Parcel No.: 643-610-44-00 and 643-610-43-00



Property Taxes: Per the San Diego County Assessor's Office there are no property taxes associated with the property due to it being a public school site. According to the reviewed title report, the property is located within Sweetwater Union High School CFD 14; Chula Vista Elementary School District CFD 14; CFD No. 09M; CFD No. 97-2 (Preserve Maintenance District); and CFD No. 07-1.

**Size and Shape:** The subject site which contains two assessor parcels is irregular in shape and contains 11.847 gross acres and 10.066 net acres per Hunsaker & Associates Site Plan as shown above. The difference in net and gross acreage is due to landscaping and set back area along both Exploration Falls Drive and Windingwalk Street (east and south boundaries) and a small planted slope along the northern boundary of the property which backs to existing community center. It should be noted that the acreage differs slightly per the legal description acreage which states 11.881 acres, more or less. For purposes of this analysis we have utilized the acreage as shown on the engineered map located in the Addenda or 11.847 gross acres.

**Zoning:** Per the City of Chula Vista the subject property is within the Otay Ranch Village Eleven SPA Plan. The SPA Plan works with the City Zoning Ordinance but provides additional zoning, development standards and guidelines that have been customized for the project area. Per the SPA Plan the subject site is shown as an Elementary School Site with the underlying zoning of RM-1 (Multi-Family Residential) zoning. It is the appraisers understanding that, absent of the elementary school use, the site would be utilized for residential development as long as the allowed number of units within the Otay Ranch Village Eleven SPA Plan had not been reached. According to the SPA Plan, the total allowed units within the Otay Ranch Village Eleven is 2,304 units and per Brookfield Shea representatives there are approximately 2,200 units constructed to date with the remaining 104 units spoken for, thus a General Plan Amendment and SPA Plan amendment would be needed. This appraisal assignment is to value the subject property, absent of the existing school use. The immediate surrounding uses are existing residential, parks, schools or churches suggesting residential use for the subject site, absent of the school use.

Per interviews with the City of Chula Vista Planning Department representatives, in order to increase the allowed number of units within the SPA Plan both a GPA and a SPA Plan amendment would be needed. A tentative tract map would also need to be prepared to subdivide the property into residential lots. It would be possible to process the tentative tract map concurrently with the GPA and SPA Plan Amendments.

In determining a density for the subject site we have reviewed the units/acreage exhibit map for the Village Eleven SPA Site Utilization Plan. There are nine multi-family sites with target densities ranging from 8 to 25 dwelling units per acre. The average density for the nine sites is 10.9 dwelling units per acre. The subject's underlying zoning is RM-1 which allows for 8 – 14.9 dwelling units per acre. The average density of 10.9 units per acre

is midway between the subject's allowed density which is used in this analysis. The density is based on the gross acres thus, the subject property could encompass 128 dwelling units (11.8 gross acres x 10.9 dwelling units per acre) if the site was not utilized as a school site and after receiving approvals.

**Entitlements:** The property is identified as an Elementary School Site per the Otay Ranch Village Eleven SPA Plan. The SPA Plan identifies the underlying use as RM-1 which is multi-family residential development, which permits a density of 8 to 14.9 units per acre. As previously discussed the average target density within the multi-family parcels within Village Eleven is 10.9 dwelling units per acre which is the concluded density used in this analysis.

Per the SPA Plan there are 2,304 residential units allowed within Village Eleven. According to Brookfield Shea Homes, the master developer, there have been over 2,200 dwelling units constructed thus far and they are planning on utilizing the additional 104 units. According to the City, in order to increase the allowed number of units, a General Plan Amendment and a SPA Plan Amendment would need to be done along with a subdivision map. City of Chula Vista Planning Department representatives opined that the processing would take approximately one year and as it would be going in front of the City Council, there is no guarantee that it would be approved as requested.

**Topography:** The subject property was originally sloping above street grade of Exploration Falls Drive. The site has been graded with a slope along the southern and eastern boundary which adjoins an existing residential neighborhood. Drainage on the property appears to be into an engineered street drainage system.

**Flood Zone:** Per FEMA the subject property is located within Flood Insurance Rate Map Nos. 06073C2177G where the property is shown as within Zone X (area determined to be outside the 0.2 percent annual chance floodplain) with no insurance required.

**Soils Condition:** We have not received any soils reports to review. It is an assumption of this report that the soils are adequate to support the concluded highest and best use.

**Seismic Conditions:** Per the State of California the subject property is not located within an Alquist-Priolo Earthquake Fault Zone. The closest active fault is within the Point Loma Quadrangle located approximately twenty miles west of the site.

Environmental  
Concerns:

We have not received any environmental reports on the subject site to review. It is the appraisers understanding that the smaller parcel had some elevated methane readings prior to the school district purchasing the property. It is further understood that mitigation measures were completed and the property was approved for school use by the State.

We have reviewed an "Approval of Supplemental Site Investigation III (SSI) Report" prepared by the Department of Toxic Substances Control (DTSC) for the State of California. The approval letter states that DTSC concurs with the conclusion of the report that further environmental investigation of the site is not required and approves the SSI. This appraisal assumes that there are no environmental issues that would slow or thwart development of the site, which is suggested by the environmental letters that were reviewed.

Encumbrances:

We have reviewed Chicago Title Company's Preliminary Report No. 73016385-U50 covering a portion of the subject property. The report is dated March 28, 2008 and covers the larger APN #643-610-44-00. The exceptions are as follows: Item Nos. 1, 2, 3 and 4 refer to general and supplemental taxes. Item Nos. 5, 6, 7, 8 and 9 pertain to special taxes for CFD 14 of the Sweetwater Union High School District; CFD 14 of the Chula Vista Elementary School District; CFD 09M for maintenance; CFD 97-2 (Preserve Maintenance District) and CFD No. 07-1 for the City of Chula Vista. Item No. 10 pertains to water rights. Item No. 11 is in regards to an agreement between the City of Chula Vista and County of San Diego and Otay Vista Associates (previous developer). Item No. 12 refers to an agreement for entry on property for San Diego Gas & Electric. Item no. 13 pertains to a Restated and Amended Pre-Annexation Development Agreement between the City and Baldwin Builders, previous developer. Item No. 14 refers to a document for Affordable Housing Agreement between City of Chula Vista and Brookfield Shea Otay LLC (master plan developer). Item No. 15 refers to the Subdivision Improvement Agreement between City of Chula Vista and Brookfield Shea Otay LLC. Item Nos. 16, 23, 24 and 29 pertain to easements for public purposes. Item Nos. 17, 18, 19, 20, 21, 25, 26, 27 and 28 refer to various documents and agreements associated with the master planning of Village Eleven. Item No. 22 is in regards to the CC & Rs recorded on the property. Item No. 30 refers to a certificate of compliance executed by the City of Chula Vista as compliance No. 05-07. Item No. 31 is in regards to the Assignment and Assumption of Grant of Easements, License and Maintenance Agreement between Brookfield Shea Otay LLC and the Windingwalk Master Association.

It is an assumption of this report that the subject property is free and clear of all liens and encumbrances with the exception of the recorded CFDs which appear to be typical for the subject area.

Utilities: The following utilities serve Otay Ranch Village Eleven and will be available to serve the subject site.

Electrical:	San Diego Gas & Electric
Natural Gas:	San Diego Gas & Electric
Water:	Otay Water District
Telephone:	SBC
School District:	Chula Vista Elementary School District and Sweetwater Unified School District

Streets/Access: The subject property has access from I-805 to Olympic Parkway, east to Exploration Falls Drive and south to the subject property. Additional access is from State Route 125 (toll road) to Olympic Parkway, east to Exploration Falls Drive.

**I-805** is the main north/south interstate through the central portion of San Diego County providing access from Del Mar to the north to the Mexican border to the south.

**State Route 125**, also known as the S. Bay Expressway Toll Road, is a connector toll road paralleling I-805 approximately 15 miles to the east beginning to the north near Santee and State Route 52 the providing access through the communities of Spring Valley, La Presa, Sweetwater, San Miguel Ranch, Eastlake and Otay Village.

**Olympic Parkway** is a main arterial with on-off ramps to I-805 which was completed in the past ten years to provide access to the communities of Eastlake and Oay Ranch. Olympic Parkway is known as Orange Avenue west of I-805. Orange Avenue has on/off ramps to I-5 to the west. Olympic Parkway also has on/off ramps to the S. Bay Expressway Toll Road. East of the subject Olympic Parkway terminates at Lower Otay Lake near the United States Olympic Training Center located in Chula Vista.

**Exploration Falls Drive** is an access street from Olympic Parkway into Otay Village Eleven. Exploration Falls Drive circles around the town center area of Village Eleven.

Current Condition: The subject site is currently under construction with an elementary school. This appraisal is for the site only in a superpad condition. The superpad is rough graded with utilities stubbed to the site and surrounding infrastructure in place including landscaping, curb and sidewalks along Exploration Falls Drive and Windingwalk Street.

Possible Density:	As discussed in detail under the zoning section above, absent of the existing school use, the subject property could house 128 dwelling units.
Other:	<p>The subject site is currently under construction with the Enrique S. Camerena Elementary School. The groundbreaking was in May, 2012 and the school is slated to open in July 2013. The campus will consist of two 1-story and two 2-story classroom buildings (totaling 32 classrooms), a multi-purpose building with library, an administration building, a lunch shelter and associated site improvements, playground, landscaping and fencing, together with a 2.5 acre sports pavilion, parking lot and associated ADA ramp. The school will accommodate up to 800 students from kindergarten through sixth grade. Estimated construction costs are \$30 million with the funding coming from CFD/Mello Roos special tax assessments. <b>The proposed school is not a part of this appraisal. This appraisal is for the site only, absent of the school use.</b></p>

## **HIGHEST AND BEST USE ANALYSIS**

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The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

*"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"<sup>4</sup>*

Proper application of this analysis requires the subject property to first be considered "As Vacant" in order to identify the "ideal" improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

### **"As Vacant"**

In the following analysis, we have considered the site's probable use, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible use, or those uses which generate a positive return on investment; and the maximally productive use, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

### **Physically Possible Uses**

The subject property consists of an 11.8-acre parcel located in the Village Eleven neighborhood within Otay Ranch. The lands are being valued in a mass graded, superpad condition with utilities stubbed to the site and surrounding streets in place. We have not received any soils reports or environmental reports on the subject site. It is the appraisers understanding that a portion of the site had methane detection; however we have reviewed clearance letters from the State of California accepting the site. It is an assumption of this report that the subject property's soils are adequate to support the

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<sup>4</sup> The Appraisal of Real Estate, 11<sup>th</sup> Edition

highest and best use conclusion (absent of proposed school use) and that there are no environmental issues which would slow or thwart development of the site.

Access to the property is considered to be good via I-805 or State Route 125 to Olympic Parkway, east to Exploration Falls Drive and south to the subject site. All surrounding streets (Exploration Falls Drive and Windingwalk Street) are constructed to what appears to be ultimate width. The neighborhood is made up of recent residential development, open space, parks and schools along with a neighborhood shopping center located within a mile. North of the subject site is Windingwalk Oaks, the community center for Village Eleven. East of the subject is an existing park with ball fields while to the west is the Concordia church and school. South of the subject and beyond the park, church and community center is existing residential single family attached product and small lot homes. There is a neighborhood shopping center located within one mile of the subject site.

The subject property is not located on a busy street which would preclude a commercial land use and the surrounding uses of residential development would preclude an industrial use on the subject site.

Based on the physical analysis, the size and topography make the subject parcel physically suited for numerous types of development, however, the location and surrounding land uses appear to make the property unsuitable for commercial or industrial development.

### **Legality of Use**

The subject parcel is located within the City of Chula Vista, the entity responsible for regulating land use through the implementation of general plans and zoning ordinances. Per the City of Chula Vista the subject property is covered by the Otay Ranch Village Eleven SPA Plan, the controlling document for land use and planning. Per the SPA Plan the property is designated as S-1 with an underlying zoning of RM-1. S-1 is proposed for a school site and the underlying zoning is what the property is designated for if a school is not needed. RM-1 is multi-family residential with an allowed density between 8 and 14.9 dwelling units per acre. This appraisal is to value the site, absent

of its proposed school use. As previously discussed, the subject site is surrounded by existing and future residential land uses. Windingwalk is nearing build-out, thus a General Plan Amendment and a SPA Plan Amendment would be needed in order to develop residences on the site. In determining a density we have utilized the average target density for the nine surrounding RM-1 designated sites which is 10.9 dwelling units per acre. This suggests the subject site could encompass 128 units.

According to City staff, the timing of processing a General Plan Amendment, SPA plan amendment and processing a tract map is estimated to be approximately 12 months with no guarantees that the change will be allowed. Per City staff, theoretically, residential is what would be approved on the site absent of the school use.

Based on the legality of use analysis, the types of development for which the subject parcel can be developed, absent of the school use, is narrowed to residential use. This use is consistent with the findings of the physically possible uses.

### **Feasibility of Development**

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. From the late 1990s residential prices generally escalated rapidly with good residential sale activity and a strong resale market drawing move-up residential buyers to the area. In 2005 home sales volumes began to drop dramatically due to prices becoming unaffordable, however non-conventional mortgage financing and sub-prime mortgages allowed buyers to continue to purchase homes. New home sales within San Diego County slowed dramatically between 2005 and 2011. Thus far in 2012 there has been an increase in both sales and prices in the County. While at the deepest spot in the recession the cost to develop a residential lot was more than the finished lot was worth, it appears that in the subject area values are again nearing the point that will make it possible to develop property once again. The subject in a superpad condition makes the property desirable as the land development risk has been alleviated. There have been two multi-family superpad sales in the subject area within the past year suggesting that development is feasible.

In reviewing new attached home sales within the Otay Ranch and Eastlake area there are currently five projects. Prices generally are in the \$250,000 to \$350,000 range. Two of the five projects are either sold out or nearing sell-out suggesting there is a minimal amount of projects to choose from for attached housing in the immediate area. Based on the above analysis, the subject property's highest and best use appears to be for multi-family residential development.

### **Maximum Productivity**

Current market conditions (based on population growth and historical sales) suggest that residential development in the subject market is in demand, however at significantly lower sales rates than prior to the recession. This is evidenced by two land sales for attached product in the past year within the subject neighborhood. In light of the population growth projected in the subject marketplace and the attached home sales occurring in the Chula Vista area, it is our conclusion that the subject property is feasible for residential development.

### **Highest and Best Use Conclusion**

#### **As Vacant**

The final determinant of highest and best use is the interaction of the previously discussed factors (i.e., physical uses, legal uses, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject parcel, absent of the proposed school use, is for residential development.

#### **As Improved**

Although the subject site is currently under construction with an elementary school, this appraisal is for the site only, absent of the school use and does not take into account the improvements currently under construction on the site.

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## VALUATION ANALYSIS AND CONCLUSION

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The Sales Comparison Approach will be used to value the subject property. This approach compares similar properties that have recently sold or are in escrow to the subject property. In determining the value for each parcel, a unit of comparison needs to be addressed. The highest and best use analysis resulted in the subject property being used as residential lands, absent of the existing proposed school use. First, a unit of value needs to be determined for the concluded land use. In the subject marketplace, sales prices of medium to high density residential lands are typically determined based on a per unit price for the property and takes into consideration the condition of the property. For the case at hand, the subject lands are in a superpad condition. As a secondary review, we will look at a per acre value. Therefore, in appraising the property, a value will be determined using the Sales Comparison Approach using similar zoned comparables then making adjustments for the condition of the comparable properties.

The valuation will be presented as follows: First, a discussion of the medium density land market data will be given. Each of the comparable market data will be detailed along with a comparison discussion of their relationship to the subject property. This analysis will be followed by a value conclusion for the subject property taking the condition of each property into consideration. The market data refers to vacant land zoned for multi-family housing located in San Diego County. The sizes range from 1.74 acres for an in-fill site to 19.63 acres while the densities range from 9.1 to 33.33 dwelling units per acre. The sales prices reflect a range from \$55,989 to \$160,636 per unit and \$508,104 to \$3,390,335 per acre. The variations include differences in location, parcel size, density and fee structure.

### **Market Data Discussion and Valuation Analysis**

The area surrounding the subject has been searched and the six transactions summarized in the addenda have been found to be most comparable to the subject property.

Data No. 1 refers to the October 2012 sale of a multi-family parcel located approximately three miles west of the subject property within Otay Ranch Village Two. The property was originally under construction by Jim Baldwin (one of the master developers within Otay Ranch) who developed 17 townhomes prior to closing down the project. With sales essentially stopped on all new home sales, Baldwin leased out the townhomes and remapped the remainder of the site for 170 stacked flat units creating an overall density on the 7.1-acre parcel of 26.34 dwelling units per acre. The property was marketed in 2012 and sold to the Monarch Group in October 2012 for \$10,500,000. In determining how much of the purchase price was allocated for the existing townhomes and how much for the land, the following is considered. We have completed a discounted cash flow analysis for the 17 homes using a retail value of \$300,000 (based on average recent sales); an absorption period of 12 months or 1.5 units selling per month (based on recent sales rates for similar type product in Chula Vista); eight percent marketing and carrying costs; ten percent profit and utilizing a discount factor of 15 percent. A copy of the Discounted Cash Flow Analysis is located in the Addenda and concludes that the 17 homes have a "bulk" value of \$3,860,000. Deducting this amount from the sales price of \$10,500,000 suggests \$6,640,000 for the remaining 170 units on the remaining approximate 6.0 acres with an estimated density of 28.33 dwelling units per acre. The \$6,640,000 equates to \$1,106,666 per acre and \$39,058 per unit. When comparing the remaining lands of Market Data No. 1 to the subject property this site has a significantly higher density (28.33 versus 10.9 dwelling units per acre) which suggests this comparable is inferior on a per unit basis (smaller area for each unit) and superior on a per acre basis (more units per acre). Other factors are considered to be similar including location, surrounding amenities and condition of lands (superpad).

Data No. 2 refers to the June 2011 sale of a superpad located in Eastlake at Olympic Parkway and Wueste Road approximately 3 miles east of the subject. This site is elevated for good views of lower Otay Lake and is adjacent to the Olympic Training Center. Per the selling broker this site sold in 2007 to a builder for \$28,000,000, went back to the lender and resold for \$16,000,000 in 2009 then resold in June 2011 for \$28,000,000 once again. The property was re-mapped into a density of 21.75 dwelling

units per acre and has approvals for 427 units. The project is currently under construction. The sales price of \$28,000,000 equates to \$1,426,388 per acre and \$65,574 per unit. In comparison to the subject property this site is superior in view potential, inferior on a per unit basis in density and superior on a per acre basis due to density.

Data No. 3 refers to the April 2011 sale of a small in-fill site located in San Diego in a redevelop area. The property was purchased by University of San Diego for future student housing. The 1.74 acre site was zoned for up to 29 dwelling units per acre and the broker selling the property opined that they could get 50 dwelling units on the site. At time of sale the property was improved with two older industrial buildings, one part metal. The University purchased the site for \$4,000,000 or \$2,296,850 per acre or \$80,000 per unit. In comparison to the subject property this site has a higher density (28.73 versus 10.9 dwelling units per acre) which is inferior on a per unit basis and superior on a per acre basis. This site did not have entitlements and was not in a superpad at time of sale (demolition was needed on old buildings) which is considered to be inferior to the subject. However, the fact that this site is near University of San Diego and zoned for multi-family residential makes it a unique property for the University to purchase which is considered to be superior. Overall, the in-fill site and location adjacent to the University make this site superior to the subject property.

Data No. 4 pertains to the February 2012 sale of a 11.52 acre parcel zoned for condominiums located in Carmel Valley, approximately 20 miles northwest of the subject property. Carmel Valley is considered to be one of the most desirable pockets of development in San Diego County at this time. There have been over 18 land transactions within Carmel Valley and while the average San Diego County home price is \$350,000 the average Carmel Valley home price is upwards of \$700,000. Torrey Garden Hills purchased the property for \$39,056,654 or \$3,390,335 per acre or \$101,710 per unit. In comparison to the subject this site has a higher density making it superior on a per acre basis and inferior on a per unit basis. The location of Carmel Valley however makes this sale overall superior to the subject's Chula Vista location.

Data No. 5 refers to several offers which were made in late 2011 and early 2012 on two condominium sites within the master planned community of La Costa Resort in Carlsbad, approximately 35 miles north of the subject property. The seller was marketing the property based on the buyer obtaining a density of 10-12 dwelling units per acre, similar to the subject's density. According to the listing broker there were several offers made in the \$9,000,000 range or \$1,624,549 per acre and \$126,571 - \$163,636 per unit. The seller was processing a use change on the property from it's designated use of vacation/resort to a multi-family use with the same density. The City is in the process of approving a new general plan and has declined the land use change at this time, thus the seller took the property off the market until the land use can be changed. The previous offers were for the property to be developed into 55-70 condominiums. In comparison to the subject property this site is inferior in location to the subject, however, due to the fact these were offers only, there is no guarantee that they would have closed. Many builders will put in offers on a property to tie it up prior to the due diligence and then decide if the offer makes sense. Due to this, the transaction is considered to be inferior to an actual sale.

Data No. 6 pertains to a site that was offered on the market in late 2011 and early 2012. The property is upside down and has been taken off the market. The property is located along Brandywine Avenue in Chula Vista approximately 5 miles west of the subject property in an inferior location when compared to Windingwalk. According to the broker there were some offers on the property in the \$3,000,000 range, however these were not near what was needed to pay off the lender. The previous owner had improvement plans for a townhome project which was included in the sale. Costs for grading were high due to the sloping topography of the site. Seller was estimating \$27,143 per unit to get the site to a "superpad" condition. City permit fees for the site are \$60,600 per unit as the site is not located within a CFD like the majority of the other market data. After adjusting the \$3,000,000 offers for the additional \$27,143 per unit cost, the superpad price is \$5,822,872 or \$508,104 per acre and \$55,989 per unit. Additional adjustments need to be considered for the higher fees (no CFD) and the inferior location.

The market data is summarized below:

Data No.	Net Acres/ Units Density	Date of Sale	Price/Acre Price/Unit	Comparison to Subject
Subj.	10.06 / 128 12.72	N/A	N/A	
1a	7.1 / 187 26.34	10/12	\$1,478,873 / \$56,150	Included 17 existing townhomes.
1b	6.0 / 170 28.33	10/12	\$1,106,666 / \$39,058	Land only after deduction for townhomes. Higher density
2	19.63 / 427 21.75	6/11	\$1,426,388 / \$65,574	Superior view and location; Higher density
3	1.74 / 50 28.73	4/11	\$2,298,850 / \$80,000	Inferior in entitlements and condition Superior in location – Student Housing / In fill parcel
4	11.52 / 384 33.33	2/12	\$3,390,335 / \$101,710	Significantly Superior Location Higher Density
5	5.54 / 55-70 9.93 – 12.63	Offers Early 2012	\$1,624,549 / \$128,571 - \$163,636	Taken off market until entitlements obtained.
6	11.46 / 104 9.1	Offers Early 2012	\$508,104 / \$55,989	Taken off market due to property upside down. Includes improvement plans but no construction drawings. Inferior location & fee structure.

### Per Unit Analysis –

The market data has an overall per unit range from \$55,989 to \$163,636. Market Data No. 5 does not have a finalized number of units and has been taken off the market until the City can review. Data No. 4 is located in the Carmel Valley, a significantly superior location. The remainder of the market data ranges from \$55,989 (inferior fee structure with fees per unit over \$60,000 while the majority of the market data have fees in the \$25,000 range (due to CFD structuring). The subject property has a lower density than the majority of the market data suggesting the market data is inferior on a per unit basis. That is, the lower density allows for more space per unit within the project. Data Nos. 1 and 2 are most comparable to the subject property. Their higher densities make them inferior to the subject on a per unit basis suggesting the per unit value is upwards of \$65,574. Based on the per unit analysis, a value of \$80,000 per unit is considered.

### **Per Acre Analysis -**

The market data has a per-acre overall range of \$508,104 to \$3,390,335. Market Data No. 6 pertains to offers only on a property that is upside down with the lender and has subsequently been taken off the market. Market Data No. 4 is located in Carmel Valley, a significantly superior location. Market Data No. 3 is an in-fill parcel that is contiguous to the University of San Diego and was purchased for student housing suggesting a value in use rather than a market value. The remainder of the market data range from \$1,426,388 to \$1,624,549 on a per-acre basis. Data No. 1 and 2 are the most comparable to the subject property. Their densities are higher which is considered to be superior on a per acre basis. That is, the higher the density the more units allowed within the project, thus, these market data are considered to be superior to the subject on a per acre basis. Based on the per acre analysis, a value in the range of \$1,000,000 - \$1,200,000 per acre is considered.

### **Final Value Conclusion**

Based on the per unit value analysis suggests a \$80,000 per unit value which calculates as follows.

$$128 \text{ dwelling units} \times \$80,000 = \$10,240,000$$

Based on the per net-acre analysis the range of \$1,000,000 - \$1,200,000 suggests a value in the \$11,800,000 - \$14,160,000 based on the 11.8 acres.

Based on our analysis, the value conclusion for the subject property, absent of the existing school use, is:

\$11,000,000

As previously discussed, approvals for the theoretical 128 lots could take up to twelve months. These would include a General Plan Amendment, a SPA Plan amendment and processing a tentative tract map. According to City staff, the approvals could be processed concurrently. Market Data Nos. 1, 2, 4 and 6 all have entitlements and mapping complete. As previously discussed, according to representatives from the City

of Chula Vista Planning Department, a 12-month processing time is estimated and there is no absolute guarantee.

In determining a discount rate for the one year period, we have considered the risk of obtaining approvals, the economic market risk and the time value of money. We have considered a 25 percent discount rate to be appropriate which calculates as follows:

$\$11,000,000 \times 0.8$  (present value factor of 1 over 1-year @ 25%) =  **$\$8,800,000$**

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## APPRAISAL REPORT SUMMARY

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The appraisal assignment was to value the fee simple estate of the subject property which consists of a 11.847 gross acre parcel located in the master planned community of Windingwalk within Otay Ranch Village Eleven in the City of Chula Vista, California. The parcel has been developed into a superpad with all surrounding infrastructure, landscaping and traffic signals complete. The site is under construction with a elementary school; however this appraisal is for the property absent of the proposed school use. It should be noted that the proposed school improvements are not included in this appraisal as this analysis is for the site only. The concluded highest and best use for the property, absent of the existing school use, is for residential development. The property has been mass graded with utilities stubbed to the site and all surrounding infrastructure in place.

The Sales Comparison Approach was used to conclude on a per unit value along with additional analysis interpreting a per acre value for the hypothetical residential lands. The entitlement processing time was taken into account in order to arrive at a final value for the residential lands.

The concluded value estimate for the subject property is:

**Eight Million Eight Hundred Thousand Dollars  
(\$8,800,000)**

All values are stated subject to the Assumptions and Limiting Conditions and the Appraiser's Certification as of the date of value.

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## APPRAISER'S CERTIFICATION

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The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. Kitty Siino has made a personal inspection of the property that is the subject of this report.
8. No other appraisers have provided significant professional assistance to the person signing this report.
9. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Kitty Siino has completed the requirements of the continuing education program of the Appraisal Institute.



Kitty S. Siino, MAI  
State Certified General  
Real Estate Appraiser (AG004793)

# **ADDENDA**

**Legal Description /**  
**Adjustment Plat Map ER371**

EXHIBIT "A"  
LEGAL DESCRIPTION

PARCEL "B"

ALL OF LOT 11 AND A PORTION OF LOT "M" OF CHULA VISTA TRACT NO. 01-11, OTAY RANCH, VILLAGE 11 "A" MAP NO. 2, ACCORDING TO MAP THEREOF NO. 14780 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON APRIL 30, 2004, SAID PORTION OF LOT "M" LYING EASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE MOST EASTERLY CORNER OF SAID LOT "M"; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT "M", SOUTH 60°56'38" WEST, 131.83 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID SOUTHEASTERLY LINE, NORTH 34°54'19" EAST, 114.68 FEET TO THE EASTERLY BOUNDARY OF SAID LOT "M" AND THE POINT OF TERMINUS.

THE HEREINABOVE DESCRIBED PARCEL OF LAND CONTAINS 11.881 ACRES, MORE OR LESS.

*David W. Ambler 6/15/2005*  
DAVID W. AMBLER L.S. 7322  
HUNSAKER & ASSOCIATES SAN DIEGO, INC.



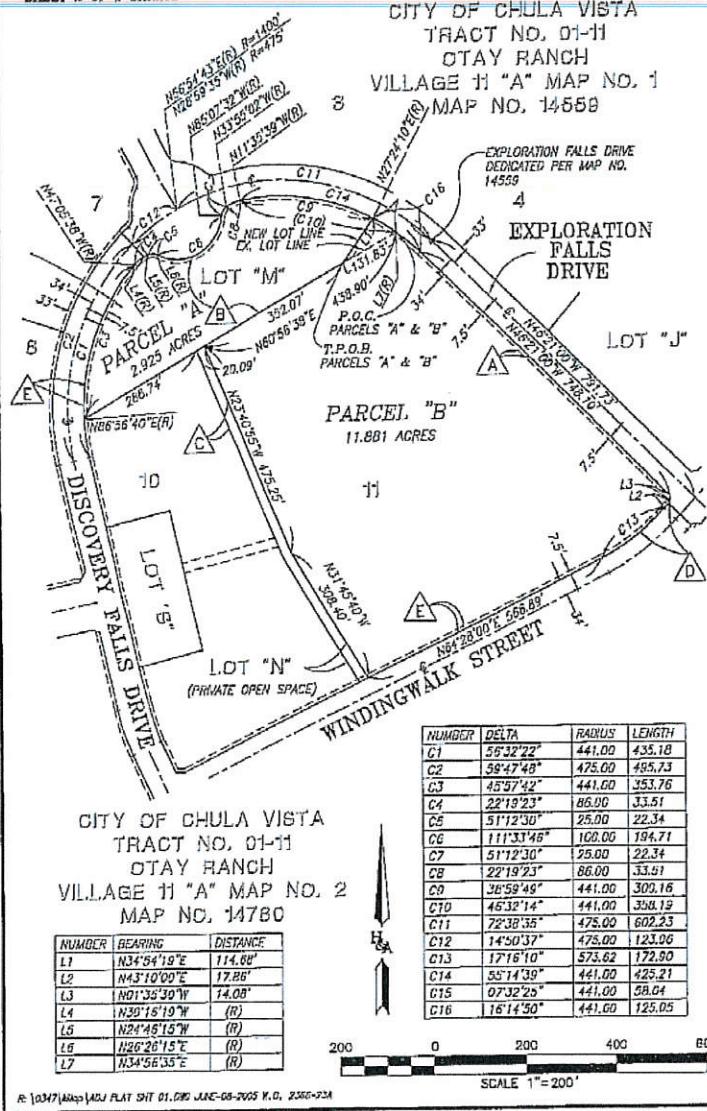
PAGE 1 OF 1

:DS M:\2368\23\LEGAL DESCRIPTIONS\22 SCHOOL SITE 11A PARCEL B.DOC  
WO 578-22 6/15/05

**CITY OF CHULA VISTA  
ENGINEERING DEPT./PLANNING DEPT.**

**ADJUSTMENT PLAT NO. ER-371**

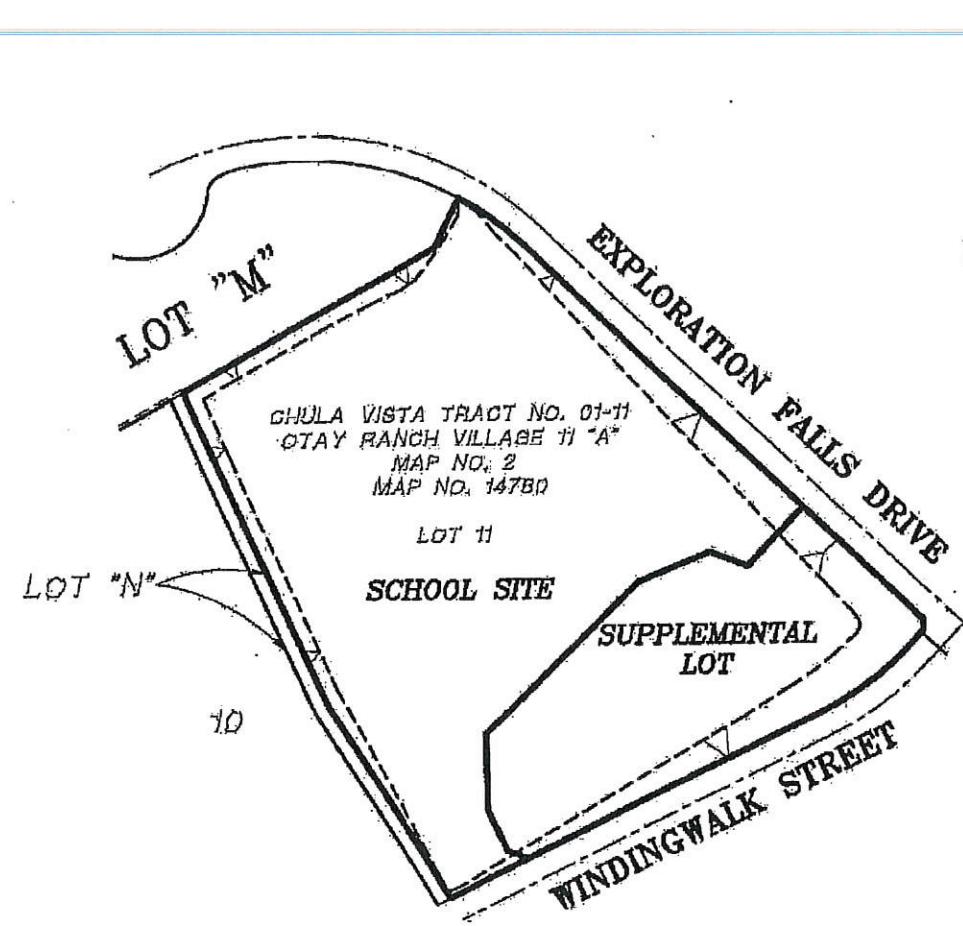
SHEET 2 OF 2 SHEETS



**Hunsaker & Associates Site Plan**  
**Showing Acreage**

Site Plan

OTAY RANCH VILLAGE 11  
S-1 SCHOOL SITE



LOT ACREAGE:

OVERALL ACREAGE:

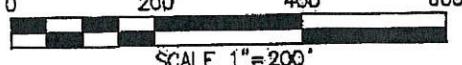
GROSS = 11.847 ACRES  
NET = 10.066 ACRES

SCHOOL SITE:

GROSS = 8.578 ACRES  
NET = 7.612 ACRES

SUPPLEMENTAL LOT:

GROSS = 3.269 ACRES  
NET = 2.454 ACRES



SCALE 1" = 200'



HUNSAKER  
& ASSOCIATES  
SAN DIEGO, INC.

PLANNING 5707 Waples Street  
ENGINEERING San Diego, Ca 92121  
SURVEYING P (619)558-4500 F (619)558-1414

R:\0347\Map\EX SLOPE LOT 11 VILLAGE 11.dwg[ ]Dec-06-2007:10:00 W.O. 2356-16

**Site Approval Letter from**  
**California Department of Education**  
**And**  
**DTSC Letter**



JACK O'CONNELL  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

CHULA VISTA ELEMENTARY  
SCHOOL DISTRICT

DEC 15 2008  
SUPERINTENDENT'S OFFICE

December 8, 2008

Chula Vista Elementary  
84 East J St.  
Chula Vista, CA 91910

Project Tracking No: 68023-24

Re: Otay Ranch #11

County: San Diego

Acres: 11.78

Grade Level: K - 6

CHULA VISTA ELEMENTARY  
SCHOOL DISTRICT

DEC 15 2008

BUSINESS SERVICES  
AND SUPPORT

Dear Superintendent:

Subject: Site Approval -- Supercede

The California Department of Education approves the acquisition of and/or use of, for school purposes, the parcel of property described on the attachment. This site meets the California Department of Education's standards for educational adequacy (California Code of Regulations, Title 5, 14001 et seq. and Education Code 17251(c) and (d)). It is the responsibility of the district to complete all of the mitigation measures identified in the documents submitted to the California Department of Education for review.

This letter revises and supercedes the letter issued on March 12, 2008.

The property approved for acquisition and/or use is 11.78 gross acres of which 10.01 are usable for school purposes. This represents 46.78% of the California Department of Education's recommended master plan site size of 21.4 acres as contained in the California Department of Education's Guide to School Site Analysis and Development (2000).

As required by Education Code 17072.12(b) and State Allocation Board Regulation 1859.75(b) for districts requesting state aid in site acquisition, the district has certified to the California Department of Education that there are no district owned sites that are usable for this project.

This supercede letter increases the usable site size by 2.4 acres as requested by the Chula Vista Elementary school district.

The applicant has certified that this project is either exempt from, or has completed, the California Environmental Quality Act (CEQA) process.

The district has met the requirements of Education Code 17213.1 regarding the preparation of a Phase I environmental assessment or a Preliminary Endangerment Assessment (PEA), and/or the completion of a Response Action, and the Department of Toxic Substances Control has issued a

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Chula Vista Elementary  
December 8, 2008  
Page 2

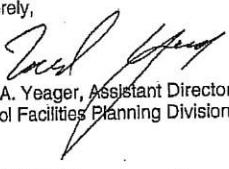
PTN: 68023-24  
Otay Ranch #11

determination letter dated March 14, 2007 indicating that no action or no further action/investigation is required for this site.

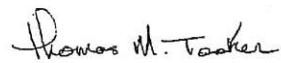
This site approval is valid for a maximum of five (5) years from the date of this approval letter. However, if prior to acquisition and/or initiation of the response action, changes take place within this five-year period which would affect or alter the Department of Education's original approval--including but not limited to, changes in surrounding land uses or CEQA determination, the master plan capacity of the site and changes in code and/or regulation--the site may be subject to reevaluation using the current standards in effect at the time of reevaluation.

Please contact the consultant identified below if you have questions regarding this letter.

Sincerely,

  
Fred A. Yeager, Assistant Director  
School Facilities Planning Division

DP2699/S1802  
cc: OPSC Real Estate

  
Thomas M. Tooker

Thomas M. Tooker, Consultant  
School Facilities Planning Division  
(909)369-6364



Linda S. Adams  
Secretary for  
Environmental Protection



## Department of Toxic Substances Control

Maureen F. Gorsen, Director  
5796 Corporate Avenue  
Cypress, California 90630



Arnold Schwarzenegger  
Governor

November 25, 2008

Mr. Adam D. Pevney, M.S.  
Assistant Vice President  
Brookfield Shea Otay LLC  
12865 Pointe Del Mar, Suite 200  
Del Mar, California 92014

### APPROVAL OF SUPPLEMENTAL SITE INVESTIGATION III REPORT, REGARDING METHANE SOIL GAS AT OTAY RANCH VILLAGE 11: S-1 SCHOOL SITE, AKA WINDING WALK SCHOOL, 1650 EXPLORATION FALLS DRIVE, CHULA VISTA, SAN DIEGO COUNTY (SITE CODE 404767-11)

Dear Mr. Pevney:

The Department of Toxic Substances Control (DTSC) has reviewed the Final Supplemental Site Investigations III (SSI) Report prepared by Geocon, dated and received on November 10, 2008 for the Otay Ranch Village 11: S-1 School site (Site). The SSI was submitted in response to DTSC comments dated October 16, 2008 and discussions held during the August 25, 2008 meeting between Brookfield Shea Otay LLC (Brookfield) and DTSC. The SSI includes background information and documents methane investigation results and activities for differential pressure monitoring of two soil vapor probes at the Site.

The Site is part of a 12-acre property (Property) evaluated by the Chula Vista Elementary School District for Otay Ranch Village 11: S-1 School site. Investigations on the Property revealed that elevated concentration of methane is present in the southern portion of the Property in localized areas at depth from 5 feet to 32 feet below ground surface. Subsequently, the District modified the property boundary to exclude the methane impacted area. The Site consists of 3.3 acres of methane impacted area and is being evaluated by Brookfield in this SSI. Historically, the Property was used for agricultural purposes. During grading activities, fill used onsite was brought from the cut areas in the northeastern portion of the property and adjacent properties. During the Preliminary Environmental Assessment investigation, methane was detected in the southern portion of the Property. Additional investigation was conducted to define the lateral and vertical extent of methane impact and to determine whether methane at the Site is under pressure. The SSI recommends no further monitoring of the Site due to the general downward concentration trend for methane, data indicating

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Mr. Adam D. Pevney  
November 25, 2008  
Page 2

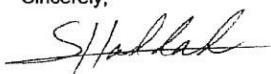
methane is not under pressure and evidence of depletion of methane at the Site.

Based on review of the SSI, neither a release of hazardous material nor the presence of a naturally occurring hazardous material which would pose a threat to public health or the environment under unrestricted land use was indicated at the Site. Therefore, DTSC concurs with the conclusion of the SSI that further environmental investigation of the Site is not required and hereby approves the SSI. In addition, DTSC has identified minor discrepancies in the Report that do not alter the conclusions and recommendations or warrant modification of the Report. Enclosed, please find these discrepancies for reference purposes.

Pursuant to Education Code section 17213.2, subdivision (e), if a previously unidentified release or threatened release of a hazardous material or the presence of a naturally occurring hazardous material is discovered anytime during construction at the Site, Brookfield shall cease all construction activities at the Site and notify DTSC. Additional assessment, investigation or cleanup may be required.

If you have any questions regarding the project, please contact Ms. Angela Ortega, Project Manager, at 714-484-5490 or me at (714) 484-5368.

Sincerely,



Shahir Haddad, P.E.  
Supervising Engineer  
Schools Unit – Cypress Office  
Brownfields and Environmental Restoration Program

Enclosure

cc: Mr. Stephen L. Marsh (via email)  
Luce, Forward, Hamilton & Scipps LLP

Mr. John Sepich (via email)  
Luce, Forward, Hamilton & Scipps LLP

Mr. Jack Keener (via email)  
Geocon

**DTSC COMMENTS**  
**SUPPLEMENTAL SITE INVESTIGATION III- REPORT**  
**OTAY RANCH VILLAGE 11: S-1 SCHOOL SITE**  
**SAN DIEGO COUNTY**

The following DTSC staff reviewed and provided comments herein to the Supplemental Site Investigation III (SSI) Report for the Otay Ranch Village 11: S-1 School Site (Site). Please contact the Project Manager if you have any questions on the comments. Original comments from the DTSC Geological Services Unit (GSU) are available for review in DTSC project files.

**Ms. Alice Campbell**  
Project Geologist  
Department of Toxic Substances Control  
9211 Oakdale Avenue  
Chatsworth, CA 91311-6505  
818-551-2130  
acampbel@dtsc.ca.gov.

**Specific Comments:**

1. Page 6 Methane trends. While GSU disagrees with averaging methane levels at the probes, and with interpolating a straight line through missing data (a break or dotted line would be more appropriate), the overall trends are consistent with a declining source with seasonal peaks related to percolation of rainfall.
2. Page 8, Methane Type and Source. Not all the oxygen decrease can be explained by methane oxidation.  $\text{CH}_4 + 2\text{O}_2 \rightarrow \text{CO}_2 + 2\text{H}_2\text{O}$ , so the amount of  $\text{O}_2$  consumed is only twice the concentration of  $\text{CO}_2$ , but, because water is in a liquid phase, the  $\text{N}_2$  level increases. The remaining oxygen is consumed by reversible oxidation of iron ( $\text{Fe}^- + 1/2 \text{O}_2 \rightarrow \text{FeO}$ ), as was stated in our previous review letter.
3. Page 8, Methane Type and Source. While GSU agrees that methane is being depleted, the real issue is whether the rate of methane generation can exceed the rate of depletion to the extent that the LEL/LCL has been or could be reached.

## **Subject Photos**



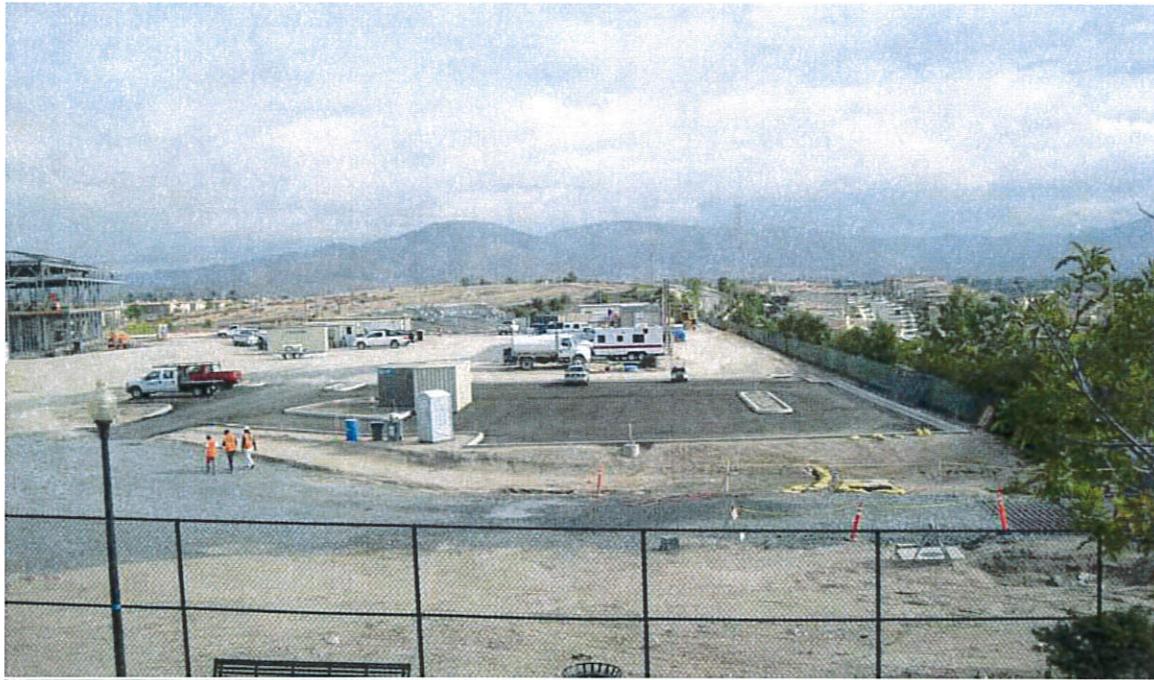
Southwesterly View of subject entrance from Exploration Falls Drive



Northwesterly View of subject from corner of Exploration Falls Dr. & Windingwalk St.



Northeasterly View of Future School  
(taken from adjoining parcel to the west)



Easterly View of southern portion of School Site (school construction on left of photo)



Notherly View of Entrance to Subject off Windingwalk Street



Looking South on Exploration Falls Drive (subject on right)



Looking North on Exploration Falls Drive (subject on left)



Westerly view of Windingwalk Street (subject on right)

**Land Sales Map / Summary Chart**  
**and**  
**Market Data Sheets**

## Comparable Land Sales Map



RESIDENTIAL DETACHED LOT SALES SUMMARY CHART

Data No.	Location/Seller/APN	Buyer	Sales Date	Acres / Units	Use/ Density	Sales Price/ Price-Acre/ Price-Unit	Comments
1	W/S Santa Victoria Road; S/O Birch road, Otay Ranch Village 2, Chula Vista / Otay Ranch / 644-310-09 & 10	Monarch at Tavera	10/17/12	7.1 / 187	MF 26.34	\$10,500,000 / \$1,478,873 / \$56,150	Included 17 completed townhomes & entitlements for 170 stacked flats.
2	Olympic Parkway & Wueste Road, Eastlake, Chula Vista / Integral / 643-040-22 & 23	Colinich	6/9/11	19.63 / 427	MF / 21.75	\$28,000,000 / \$1,426,388 / \$65,574	Property sold in 2007 for \$28M; lender collapsed and sold in 09 for \$16M under an option agreement; buyer remapped and resold the property in this reported sale.
3	999 Morena "Blvd, San Diego / Witherow / 436-330-33	Univ. of San Diego	4/29/11	1.74 / 50	MF / 28.73	\$4,000,000 / \$2,298,850 / \$80,000	In-fil parcel near USD. Property needed demolition. Purchased to construct student housing. Zoned for up to 29 du/ac however no entitlements at time of sale.
4	SWC Ocean Air Drive and Calle Mar De Mariposa, Carmel Valley, San Diego / Pacific Centre Carmel Valley / 307-452-42 & 43	Torrey Garden Hills 1, LLC	2/21/12	11.52 / 384	Condos/ 33.33	\$39,056,654 / \$3,390,335 / \$101,710	Garden Communities (buyer) purchased for development of luxury residential units they are planning on leasing rather than selling.
5	Planning Areas 2 & 4 of La Costa Resort & Spa Master Plan, E/S El Camino Real between Arena Rd and Costa Del Mar Rd in Carlsbad / VRE La Costa LLC / 216-590-18 & 19	N/A	Offers	5.54 / 55-70	Resort Condos/ 9.93-12.63	\$9,000,000 / \$1,624,549 / \$128,571 - \$163,636	Several offers have been made in the \$9,000,000 range for the two planning areas. All offers are conditioned upon approval of entitlements. Broker opined possibility of obtaining between 55 and 70 units on the sites. Taken off market until City General Plan approved.
6	E/S Brandywine Avenue near Mendocino Drive, City of Chula Vista / CVH LLC / 644-010-61 & 62	N/A	Offers Late 2011-Early 2012	11.47 / 104	Condos/ 9.1	\$3,000,000 / \$508,104 / \$55,989	Several offers made in this range per broker who previously had listing on the property. Reportedly the offers were not enough to pay off the lender. The property has been taken off the market.

## Land Sales Comparison No. 1



**Location:** W/S Santa Victoria Road, S/O Birch Road, Otay Ranch Village Two, Chula Vista  
**Thomas Guide:** San Diego County 1311-E-2  
**APN:** 644-310-09 & 10  
**Date of Sale:** 10/17/12  
**Buyer/Seller:** Monarch at Tavera / Otay Ranch (Jim Baldwin)  
**Size:** 7.1 Acres  
**Units/Density:** 187 units / 26.34 dwelling units per acre  
**Sales Price/Per Ac/Per Unit:** \$10,500,000 / \$1,478,873 / \$56,150  
**Land Use:** Multi-family – Apartment Site  
**Condition:** Superpad with 17 completed townhomes  
**Verification:** Gunder Krieger, Colliers International; public record  
**Comments:** Sale included 17 completed townhomes & entitlements for 170 stacked flats. Property stopped construction for years due to recession. Owner leased out completed townhomes and remapped property to stacked flats.

## Land Sales Comparison No. 2



**Location:** Olympic Parkway and Wueste Road, Eastlake, Chula Vista

**Thomas Guide:** San Diego County 1332-A-1

**APN:** 643-040-22 & 23

**Date of Sale:** 6/9/11

**Buyer/Seller:** Colrich / Integral

**Size:** 19.63 Acres

**Units/Density:** 427 units / 21.75 dwelling units per acre

**Sales Price/Per Ac/Per Unit:** \$28,000,000 / \$1,426,388 / \$65,574

**Land Use:** Multi-family – gated mini master plan with 141 carriage row homes; 128 row town homes and 120 triplexes.

**Condition:** Superpad at time of sale – currently under construction

**Verification:** Gunder Krieger, Colliers International; public record

**Comments:** Property sold in 2007 for \$28M; lender collapsed and sold in 2009 for \$16M under option agreement; buyer remapped and resold the property for \$28M in 2011. Multi-family is now under construction. Good views of Lower Otay Reservoir and adjacent to the Olympic Training Center.

### Land Sales Comparison No. 3



(Vicinity of property – Site rears to USD)

<b>Location:</b>	999 Morena Blvd, San Diego
<b>Thomas Guide:</b>	San Diego County 1268 F-3
<b>APN:</b>	436-330-33
<b>Date of Sale:</b>	4/29/11
<b>Buyer/Seller:</b>	University of San Diego (USD) / Witherow
<b>Size:</b>	1.74 Acres
<b>Units/Density:</b>	50 units / 28.73 dwelling units per acre
<b>Sales Price/Per Ac/Per Unit:</b>	\$4,000,000 / \$2,298,850 / \$80,000
<b>Land Use:</b>	Multi-family for student housing
<b>Condition:</b>	In-fill parcel with industrial buildings on site.
<b>Verification:</b>	David Santistevan, Colliers Intl.; public record
<b>Comments:</b>	Demo needed on existing buildings and no entitlements at time of sale. Purchased for student housing due to its proximity to USD.

### Land Sales Comparison No. 4



**Location:** SWC Ocean Air Drive and Calle Mar De Mariposa, Carmel Valley, San Diego  
**Thomas Guide:** San Diego County 1208 B-4  
**APN:** 307-452-42 & 43  
**Date of Sale:** 2/21/12  
**Buyer/Seller:** Torrey Garden Hills 1, LLC / Pacific Centre Carmel  
**Size:** 11.52 Acres  
**Units/Density:** 384 units / 33.33 dwelling units per acre  
**Sales Price/Per Ac/Per Unit:** \$39,056,654 / \$3,390,335 / \$101,710  
**Land Use:** Multi-family for luxury rental units  
**Condition:** Sold in superpad condition. Property under construction.  
**Verification:** David Santistevan, Colliers Intl.; public record  
**Comments:** Originally condo project but buyer is planning on renting rather than selling. In Carmel Valley where average home price is over \$700,000 as compared to San Diego's average of \$350,000.

## Land Sales Comparison No. 5



**Location:** Planning Areas 2 & 4 of La Costa Reesort & Spa Master Plan; E/S El Camino Real between Arena Road and Costa Del Mar Road in Carlsbad, San Diego County

**Thomas Guide:** San Diego County 1147 E-1

**APN:** 216-590-18 & 19

**Date of Sale:** Offers in Early 2012

**Buyer/Seller:** N/A / VRE La Costa LLC

**Size:** 5.54 Acres

**Units/Density:** 55-70 units / 9.93 – 12.63 dwelling units per acre

**Sales Price/Per Ac/Per Unit:** \$9,000,000 / \$1,624,549 / \$128,571 - \$163,636

**Land Use:** Resort Condos – being re-zoned

**Condition:** Superpads.

**Verification:** David Landes, LandAdvisors, broker; public record

**Comments:** Originally resort condo project but seller is rezoning to a wider multi-family use. Carlsbad currently undergoing general plan update and has stopped zone changes until the general plan is complete. Seller took off market until zoning can be completed.

## Land Sales Comparison No. 6



**Location:** Brandywine Avenue near Mendocino Drive, City of Chula Vista

**Thomas Guide:** San Diego County 1330 H-4

**APN:** 644-010-61 & 62

**Date of Sale:** Offers in late 2011 and early 2012

**Buyer/Seller:** N/A / CVHI LLC

**Size:** 11.47 Acres

**Units/Density:** 104 / 9.1 dwelling units per acre

**Sales Price/Per Ac/Per Unit:** \$3,000,000 / \$508,104 / \$55,989

**Land Use:** Multi-Family

**Condition:** Sloping raw lands.

**Verification:** Scott Goligoski, Chaparral, broker; public record

**Comments:** Property went back to lender. Several offers near this amount per broker however they weren't enough to pay off lender. Property taken off market as lender reviews their options on the property.

# **Discounted Cash Flow Analysis for**

## **Market Data No. 1**

### Data No. 1 Discounted Cash Flow

MONTH	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	TOTAL
No. Homes Sold													
INCOME:													
Retail Sales	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$5,100,000
<b>TOTAL INCOME</b>	<b>\$425,000</b>	<b>\$5,100,000</b>											
EXPENSES:													
Marketing & Carrying Expenses (3% Profit (8%)	(\$34,000) (\$42,500)	(\$408,000) (\$510,000)											
<b>TOTAL EXPENSES</b>	<b>(\$76,500)</b>	<b>(\$918,000)</b>											
NET CASH FLOW Discount Factor (15%)	\$348,500 0.89877	\$348,500 0.9755	\$348,500 0.8634	\$348,500 0.9515	\$348,500 0.69398	\$348,500 0.52822	\$348,500 0.9167	\$348,500 0.89342	\$348,500 0.90534	\$348,500 0.88382	\$348,500 0.8723	\$348,500 0.86165	\$4,182,000
<b>DISCOUNTED CASH FLOW</b>	<b>\$344,198</b>	<b>\$339,848</b>	<b>\$335,751</b>	<b>\$331,808</b>	<b>\$327,512</b>	<b>\$323,469</b>	<b>\$319,476</b>	<b>\$315,531</b>	<b>\$311,636</b>	<b>\$307,789</b>	<b>\$303,989</b>	<b>\$300,236</b>	<b>\$3,861,140</b>
<b>CUMULATIVE DISCOUNTED CASH FLOW</b>	<b>\$344,198</b>	<b>\$1,019,897</b>	<b>\$1,151,803</b>	<b>\$1,679,016</b>	<b>\$2,002,484</b>	<b>\$2,321,980</b>	<b>\$2,637,491</b>	<b>\$2,948,127</b>	<b>\$3,256,916</b>	<b>\$3,560,904</b>	<b>\$3,861,140</b>	<b>\$3,861,140</b>	

## **Appraiser's Qualifications**

## **QUALIFICATIONS OF KITTY S. SIINO, MAI**

### **Education**

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

### **Employment**

1988 - Present:

**Self-Employed Real Estate Appraiser – Kitty Siino & Associates Inc.**

Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos and City of Moreno Valley.

1986-1988:

**Project Manager of Development for Ferguson Partners, Irvine, California.** Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

**Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California.** Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

**Investment Counselor, Newport Equity Funds, Newport Beach, California.** Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

#### **Licenses**

Real Estate Sales Person, State of California, 1980

Certified General Appraiser, State of California (#AG004793)

#### **Organizations**

MAI #11145 - The Appraisal Institute

#### **Public Financing**

CASTOFF Meetings, 2006, 2007, 2008, 2009 and 2010

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011.

# SITE ACQUISITION REVIEW

School District: \_\_\_\_\_ Chula Vista \_\_\_\_\_ County: \_\_\_\_\_ San Diego \_\_\_\_\_  
 Site Name: \_\_\_\_\_ Otay Village #11 \_\_\_\_\_ Application No.: \_\_\_\_\_ 50/68023-01-001  
 Site Location/Address: \_\_\_\_\_ 1650 Exploration Falls Drive, Chula Vista, CA \_\_\_\_\_  
 OPSC Received Date: \_\_\_\_\_ May 30, 2013 \_\_\_\_\_ Projected SAB Date: \_\_\_\_\_ December 6, 2017 \_\_\_\_\_

**Site Approval by the CDE (SFPD Form 4.09):**

Master Plan Site Size:	21.4	(CDE Letter)
Recommended Site Size:	13.5	
Existing useable acres:	-	
Proposed net useable acres:	10.01	

Gross acres approved for acquisition **11.78**

Final CDE Site Approval Letter issued on: **December 8, 2008** and states that:

The district has met the requirements of Education Code 17213.1 regarding the preparation of a Phase I environmental site assessment or a Preliminary Endangerment Assessment(PEA), and/or the completion of a Response Action, and the Department of Toxic Substances Control has issued a determination letter dated March 14, 2007 indicating that no action or no further action is required for this site.

Is the apportionment reduced because the site exceeds the master plan site acreage approved by CDE? **NO**

**Property Appraisal**

Original appraisal valuation date **12/17/12**

Appraisal update made on \_\_\_\_\_

Property Valued at **\$ 8,800,000.00**

Acreage appraised **11.85**

Price per Acre: **\$ 879,120.88**

**Recommended Cost Breakdowns:** ..... **At 100%** ..... **At 50%** ....

- Lesser of actual cost or appraised value **\$ 3,159,452.00** **\$ 1,579,726.00**
- Eligible relocation costs **\$ -**
- 4% of actual cost/appraised value **\$ 126,378.08** **\$ 63,189.04**
- DTSC Fees (review & approval of POESA/PEA) **\$ -**
- Hazardous waste removal costs **\$ -**

**Total Recommended Apportionment:** *11/29/17* **\$ 3,285,830** **\$ 1,642,915**

Review prepared by

*Erin Cunneen*

Date

**11/29/2017**

Supervisor's Concurrence

*John*

Date

**11/29/17**



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

JACK O'CONNELL  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

CHULA VISTA ELEMENTARY  
SCHOOL DISTRICT

DEC 15 2008

SUPERINTENDENT'S OFFICE

December 8, 2008  
B29h  
Caud Jr

Chula Vista Elementary  
84 East J St.  
Chula Vista, CA 91910

Project Tracking No: 68023-24

Re: Otay Ranch #11

County: San Diego

Acres: 11.78

Grade Level: K - 6

CHULA VISTA ELEMENTARY  
SCHOOL DISTRICT

DEC 15 2008

BUSINESS SERVICES  
AND SUPPORT

Dear Superintendent:

Subject: Site Approval -- Supercede

The California Department of Education approves the acquisition of and/or use of, for school purposes, the parcel of property described on the attachment. This site meets the California Department of Education's standards for educational adequacy (California Code of Regulations, Title 5, 14001 et seq. and Education Code 17251(c) and (d)). It is the responsibility of the district to complete all of the mitigation measures identified in the documents submitted to the California Department of Education for review.

This letter revises and supercedes the letter issued on March 12, 2008.

The property approved for acquisition and/or use is 11.78 gross acres of which 10.01 are usable for school purposes. This represents 46.78% of the California Department of Education's recommended master plan site size of 21.4 acres as contained in the California Department of Education's Guide to School Site Analysis and Development (2000).

As required by Education Code 17072.12(b) and State Allocation Board Regulation 1859.75(b) for districts requesting state aid in site acquisition, the district has certified to the California Department of Education that there are no district owned sites that are usable for this project.

This supercede letter increases the usable site size by 2.4 acres as requested by the Chula Vista Elementary school district.

The applicant has certified that this project is either exempt from, or has completed, the California Environmental Quality Act (CEQA) process.

The district has met the requirements of Education Code 17213.1 regarding the preparation of a Phase 1 environmental assessment or a Preliminary Endangerment Assessment (PEA), and/or the completion of a Response Action, and the Department of Toxic Substances Control has issued a

Chula Vista Elementary  
December 8, 2008  
Page 2

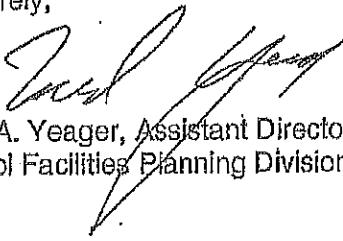
PTN: 68023-24  
Otay Ranch #11

determination letter dated March 14, 2007 indicating that no action or no further action/investigation is required for this site.

This site approval is valid for a maximum of five (5) years from the date of this approval letter. However, if prior to acquisition and/or initiation of the response action, changes take place within this five-year period which would affect or alter the Department of Education's original approval--including but not limited to, changes in surrounding land uses or CEQA determination, the master plan capacity of the site and changes in code and/or regulation--the site may be subject to reevaluation using the current standards in effect at the time of reevaluation.

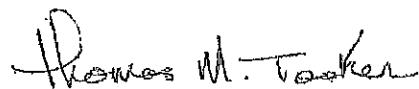
Please contact the consultant identified below if you have questions regarding this letter.

Sincerely,



Fred A. Yeager, Assistant Director  
School Facilities Planning Division

DP2699/S1802  
cc: OPSC Real Estate



Thomas M. Tooker  
Thomas M. Tooker, Consultant  
School Facilities Planning Division  
(909)369-6364



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

1430 N STREET  
SACRAMENTO, CA  
95814-5901

Chula Vista Elementary  
84 East J St.  
Chula Vista, CA 91910

March 12, 2008

*Susan, congratulations!*  
JACK O'CONNELL

State Superintendent of  
Public Instruction  
PHONE: (916) 319-0800

CHULA VISTA ELEMENTARY  
SCHOOL DISTRICT

APR 08 2008

SUPERINTENDENT'S OFFICE  
G.V. ELEMENTARY SCHOOL DIST.  
RECEIVED

APR 14 2008

FACILITIES DEPARTMENT

Project Tracking No: 68023-24

Re: Otay Ranch #11

County: San Diego

Acres: 8.58

Grade Level: K - 6

Dear Superintendent:

Subject: Final Site Approval

The California Department of Education approves the acquisition of and/or use of, for school purposes, the parcel of property described on the attachment. This site meets the California Department of Education's standards for educational adequacy (California Code of Regulations, Title 5, 14001 et seq. and Education Code 17251(c) and (d)). It is the responsibility of the district to complete all of the mitigation measures identified in the documents submitted to the California Department of Education for review.

The property approved for acquisition and/or use is 8.58 gross acres of which 7.61 are usable for school purposes. This represents 35.56% of the California Department of Education's recommended master plan site size of 21.4 acres as contained in the California Department of Education's Guide to School Site Analysis and Development (2000).

As required by Education Code 17072.12(b) and State Allocation Board Regulation 1859.75(b) for districts requesting state aid in site acquisition, the district has certified to the California Department of Education that there are no district owned sites that are usable for this project.

The district intends to acquire an additional 3.2 gross acres, of which 2.4 will be usable for school purposes upon approval of the Department of Toxic Substances Control (DTSC). If the DTSC approval is received prior to the district submitting its funding request to the Office of Public School Construction, a supercede letter will be issued reflecting the additional acres. If DTSC approval is obtained after submission to the OPSC, a separate CDE approval for the additional acres will be issued.

The applicant has certified that this project is either exempt from, or has completed, the California Environmental Quality Act (CEQA) process.

APR 08 REC'D

BUSINESS SERVICES & SUPPORT

Chula Vista Elementary  
March 12, 2008  
Page 2

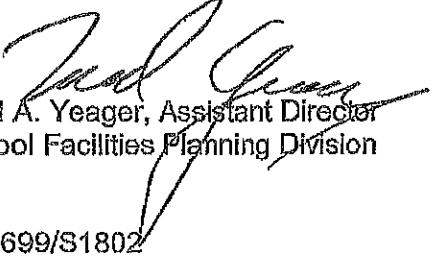
PTN: 68023-24  
Otay Ranch #11

The district has met the requirements of Education Code 17213.1 regarding the preparation of a Phase I environmental assessment or a Preliminary Endangerment Assessment (PEA), and/or the completion of a Response Action, and the Department of Toxic Substances Control has issued a determination letter dated March 14, 2007 indicating that no action or no further action/investigation is required for this site.

This site approval is valid for a maximum of five (5) years from the date of this approval letter. However, if prior to acquisition and/or initiation of the response action, changes take place within this five-year period which would affect or alter the Department of Education's original approval--including but not limited to, changes in surrounding land uses or CEQA determination, the master plan capacity of the site and changes in code and/or regulation--the site may be subject to reevaluation using the current standards in effect at the time of reevaluation.

Please contact the consultant identified below if you have questions regarding this letter.

Sincerely,

  
Fred A. Yeager, Assistant Director  
School Facilities Planning Division

DP2699/S1802  
cc: OPSC Real Estate

  
Thomas M. Tooker  
School Facilities Planning Division  
(909)369-6364



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

March 13, 2013

Chula Vista Elementary  
84 East J St.  
Chula Vista, CA 91910

Project Tracking No: 68023-24  
Re: Otay Ranch #11  
County: San Diego  
Square Feet: 70,775  
Grade Level: K - 6

Dear Superintendent:

Subject: Final Plan Approval - New School

The California Department of Education approves the plans with the title sheet date of August 20, 2012, for the above referenced project. The plans were received on March 7, 2013. The plans meet the California Department of Education's standards for educational adequacy (California Code of Regulations, Title 5, et seq. and Education Code 17251(c) and (d)).

It is the responsibility of the school district to meet all requirements concerning toilet facilities, drinking water supply, sewage disposal, food service facilities and other plan elements having primary health and safety implications. The plans should be reviewed by the local health agency having jurisdiction and a written approval should be secured and filed in the school district's records. If the approved project involves work on an existing school building, it is the responsibility of the school district to meet all Federal, State and local requirements relating to the identification, remediation and/or removal of hazardous levels of lead and asbestos containing materials before or during construction. It is the responsibility of the district to complete all of the mitigation measures identified in the documents submitted to the California Department of Education for review.

The school site for this project is 10.01 usable acres. This represents 74.15% of the California Department of Education's recommended site size of 13.5 acres, as contained in the California Department of Education's "Guide to School Site Analysis and Development(2000)," for the current CBEDS enrollment of the site and the student capacity added by this project as calculated pursuant to SAB Regulation 1859.83(d).

The California Department of Education's recommended acres for the master plan capacity of the site is 13.8 acres, to be used for purposes of requesting funding from the State Allocation Board pursuant to SAB Regulations 1859.73, related to multi-story construction, and 1859.76(a)11, related to parking structures. This site is 72.54% of the California Department of Education's recommended master plan site size.

The project as approved consists of:

TEACHING STATIONS	GRADE LEVEL	ROOMS	STUDENTS
Classrooms	1 - 6	26	650
Kindergartens	Kindergarten	4	100
Non-severe Special Education	Special Education	2	26
	Non-Severe		

Based on the standards specified in Education Code 17071.25 and the number of teaching stations in the project, the student capacity of this project is 776.

CORE FACILITIES:

Administration	Custodial	Kitchen
Library	Mechanical	Multi-Purpose
Platform	Resource Specialist Prog	Small Group Instruction
Storage	Subsidiary Facilities	Teacher Work Room
Toilets		

1. Thank you for providing final plans and updated information on the project and responding to the questions in our letter dated February 21, 2013.
2. We remain concerned about traffic flow and pedestrian safety at the main driveway. We appreciate your detailed review and ask that District staff monitor this location to ensure safety for all.

The district has certified that this project is either exempt from, or has completed, the California Environmental Quality Act (CEQA) process.

The district has met the requirements of Education Code 17213.1 regarding the preparation of a Phase I environmental assessment or a Preliminary Endangerment Assessment (PEA), and/or the completion of a Response Action, and the Department of Toxic Substances Control has issued a determination letter dated November 25, 2008 indicating that no action or no further action is required for this site.

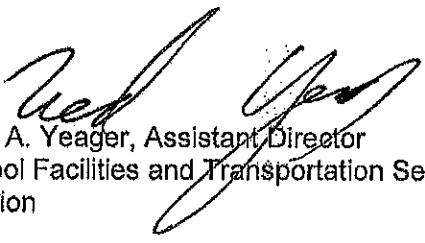
For projects to be funded under the Leroy F. Greene School Facility Act of 1998, funding requests to the State Allocation Board must be submitted within two (2) years of the date of this letter. If the district is not seeking financial assistance from the State Allocation Board, the project must commence construction within two (2) years of the date of this letter. Regardless of the funding source, if, prior to construction, changes are made to the plans that would affect or alter the California Department of Education's original approval (including but not limited to changes in surrounding land uses, the master plan capacity of the project, changes in code and/or regulation, or a subsequent CEQA determination), the plan may be subject to reevaluation using the most recent standards.

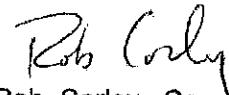
Chula Vista Elementary  
March 13, 2013  
Page 3

PTN: 68023-24  
Otay Ranch #11

Please contact the consultant identified below if you have questions regarding this letter.

Sincerely,

  
Fred A. Yeager, Assistant Director  
School Facilities and Transportation Services  
Division

  
Rob Corley, Consultant  
School Facilities and Transportation Services  
Division  
(916)445-5666

DP2699/P2086  
cc: Architect



State of California • Arnold Schwarzenegger, Governor  
State and Consumer Services Agency

**DEPARTMENT OF GENERAL SERVICES**  
**Division of the State Architect – San Diego Office**

**4/30/2008 - APPROVAL OF PLAN(S)**

MR. Lowell J. Billings, Supt.  
CHULA VISTA ELEMENTARY SCHOOL DISTRICT  
84 EAST J  
CHULA VISTA 91910

EXTENSION GRANTED

**APR 30 2011**

*Karen Gibb / for*  
CHESTER "CHET" WIDOM, FAIA  
STATE ARCHITECT

**Project:** OTAY RANCH VILLAGE # 11 ELEMENTARY SCHOOL

**Total Scope of Project:** Construction of 1 - Admin. Bldg(100), 1 - M.P. Bldg(200), 3 - C.R. Bldg/s(300,400,500) , 1 - Lunch Shelter, 2 - Shade Structure/s, 2 - Enclosure/s[Utility/Trash], 2 - Covered Walkways, Retaining Wall, Sitework.

Increment #: 0  
Application #: 04-108815  
File #: 37-13

1st Extension  
 2nd Extension  
 Final Extension

Drawings and specifications for the subject project have been examined and stamped by the Division of the State Architect (DSA) for identification on 4/30/2008. This letter constitutes the "written approval of the plans as to safety of design and construction" required before letting any contract for construction, and applies only to the work shown on these drawings and specifications. The date of this letter is the DSA approval date.

Approval is limited to the particular location shown on the drawings and is conditioned on construction starting within one year from the stamped date. The inspector must be approved and the contract information, including the construction start date, must be given to DSA prior to start of construction.

DSA does not review drawings and specifications for compliance with Parts 3 (California Electrical Code), 4 (California Mechanical Code), and 5 (California Plumbing Code) of Title 24. It is the responsibility of the professional consultants named on the application to verify this compliance.

Please refer only to the boxes checked below which indicate applicable conditions specific to this project:

- Buildings constructed in accordance with approved drawings and specifications will meet minimum required standard given in Title 24, California Code of Regulations, for structural, and fire and life safety.
- Due to the nature of the building(s), certain precautions considered necessary to assure long service have not been required. In the condition as built, the building(s) will meet minimum required standards for structural, and fire and life safety. The owner must observe and correct deterioration in the building in order to maintain it in a safe condition.
- Your attention is drawn to the fact that this application was submitted under the provisions of Sections 39140/81130 of the Education Code which permit repairs or replacement of a fire damaged building to be made in accordance with the drawings and specifications previously approved by this office. The drawings and specifications approved for the reconstruction of this building conform to the drawings and specifications approved under application # \_\_\_\_\_.
- These drawings and specifications meet the rules, regulations, and building standards in effect at the time of the original approval and do not necessarily comply with rules, regulations, or building standards currently in effect.
- Due to the nature of the poles, certain precautions considered necessary to assure long service have not been insisted upon. In their condition as built, they will meet minimum required safety standards; however, your attention is directed to the comparatively short life of wood poles. It will be the responsibility of the owner to maintain them in a safe condition.

Application #: 04-108815

File #: 37-13

- Bleachers or grandstands constructed in accordance with approved drawings and specifications will meet minimum required standards for structural, and fire and life safety. The owner should provide for and require periodic safety inspections throughout the period of use to ensure framing and other parts have not been damaged or removed. On bleachers or grandstands having bolts, locking or safety devices, the owner shall require that all such components be properly tightened or locked prior to each use.
- This approval is for the part shown only since the drawings and specifications for the proposed work include only the portion of the building to be partially constructed on the subject site. It is understood that a separate application will be subsequently filed, together with drawings and specifications showing a plot plan and details of work necessary for completion. A contract for completion shall not be let before the written approval of such drawings has been obtained from the Department of General Services.
- The building(s) was designed to support a snow load of \_\_\_\_\_ pounds per square foot of roof area. Snow removal must be considered if the amount of snow exceeds that for which the building(s) was designed.
- This constitutes the written approval certifying that the drawings and specifications are in compliance with State regulations for the accommodation of the disabled which are required before letting any contract for construction. (See Section 4454, Government Code.)
- Your application for the construction of a relocatable building submitted under the provisions of Section 17293 of the Education Code is hereby approved. This approval certifies that the drawings and specifications are in compliance with state regulations for accommodation of the disabled, structural safety, and fire and life safety. This approval applies only to the drawings and specifications for the foundation system, anchorage of the overhead nonstructural elements, and site work related to this project. Documentation has been received indicating that the building was constructed after December 19, 1979, and bears a commercial coach insignia of approval from the Department of Housing and Community Development (HCD). Confirmation that the construction of the HCD building conforms to the appropriate state regulations is done by others. (See Section 17307, Education Code and Section 4454, Government Code.)
- Deferred Approval(s) Items:  
Fire Sprinkler System, Elevator guide rail.

This Project has been classified as **CLASS 1**. An Inspector who is certified by DSA to inspect this class of project must be approved by DSA prior to start of construction.

Please refer to the above application number in all correspondence, reports, etc., in connection with this project.

Sincerely,



Digitally signed by CHRIS CHRISTAKOS  
DN: st=California, l=San Diego, o=California  
Department of General Services, ou=Division of the  
State Archivist, ou=www.safelink.com/repository/CPS  
Incorp. by Ref, LIAB.LTDC99, ou=Registered  
Engineer License Number - 83359, ou=Supervising  
Structural Engineer, cn=CHRIS CHRISTAKOS,  
email=chris.christakos@dfa.ca.gov  
Date: 2008-05-08 13:17:30 -07'00'

for David F. Thorman, AIA  
State Architect

  
cc:  
Architect

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Office of Public School Construction Application Number: 50/68023-01-001

**GENERAL INFORMATION**

Grantee Name: Chula Vista Elementary

School Name: Otay Village #11 (Named Enrique S. Camarena Elementary)

Grant Amount: \$12,954,028.00 of which \$0 is Financial Hardship Assistance.

Authority: Proposition 51

SFP Program Funding Source: New Construction

Future Priority Funding Rounds: November 8, 2017 – December 7, 2017;  
May 9, 2018 – June 7, 2018

**PROJECT DESCRIPTION**

Type of Work: New Construction

New School or Addition to an Existing Site: New School

Number of Classrooms: 30

Financial Hardship Approval Date: Not Applicable

Financial Hardship Status is valid until: Not Applicable

Agreement includes Grants for: Site Acquisition (Site Acquisition; Department of Toxic Substances Control fees and hazardous waste removal; etc.)

Agreement includes Grants for: Site Development (Site Development, if appropriate)

Other Facilities being newly constructed, modernized, replaced, or rehabilitated:

Administration, Library, Platform, Storage, Toilets, Custodial, Mechanical, Resource Specialist Program, Subsidiary Facilities, Kitchen, Multi-Purpose, Small Group Instruction, Teacher Work Room

Square Footage being replaced: Not Applicable Toilet Area sq. ft.

Not Applicable Other Area sq. ft. (all non-toilet area)

(include for Facility Hardship replacement or Seismic Mitigation Program replacement projects)  
For purposes of Facility Hardship and Seismic Mitigation Program projects, shower/locker area is considered "toilet area."

Approved rehabilitation cost estimate: Not Applicable

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Office of Public School Construction Application Number: 50/68023-01-001

(include for Facility Hardship rehabilitation or Seismic Mitigation Program rehabilitation projects)

This project scope and resulting funding determination relied on the following documentation and state agency approvals:

- The Funding Application (Form SAB 50-04), executed by the District Representative on **November 29, 2017**
- **Not Applicable** The Application for Charter School Preliminary Apportionment (Form SAB 50-09), executed by the District Representative on XXXXX
- **Not Applicable** The Application for Career Technical Education Facilities Funding (Form SAB 50-10), executed by the District Representative on XXXXX
- Site Approval letter from the California Department of Education dated **December 8, 2008**
- Plan Approval letter from the California Department of Education dated **March 13, 2013**
- Division of the State Architect Approval letter(s) dated **April 30, 2008** for DSA Application Number(s) **04-108815**
- **Not Applicable** Financial Hardship Approval Letter from the Office of Public School Construction dated XXXXX
- **Not Applicable** Bridge Financing Approval Letter from the Office of Public School Construction dated XXXXX
- **Not Applicable** The industry specialist report prepared by (insert name of specialist or firm), dated XXXXX that details the minimum work necessary to mitigate the (health and safety or seismic) threat in this (rehabilitation or replacement) application
- **Not Applicable** Written concurrence dated XXXX from (enter name of governmental agency) agreeing with the (health and safety or seismic) threat and the minimum work to mitigate the threat in the industry specialist report

A copy of the documentation listed here is available as part of the project file maintained by OPSC, and is also retained by the District for purposes of the project audit.

Grants are to be used in accordance with the provisions contained in the Leroy F. Greene School Facilities Act of 1998 (Education Code, Title 2, Division 2, Part 10, Chapter 12.5, commencing with Section 17070.10) and this Agreement.

The Grantee shall not make any change to the Project that would require a Change of Scope, without the State Allocation Board first approving the change to the Project.

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Office of Public School Construction Application Number: 50/68023-01-001

**TERMS AND CONDITIONS OF GRANT**

**A. Definitions**

Terms not defined below shall have the same meaning as set forth in SFP Regulation Section 1859.2.

"Act" means the Leroy F. Greene School Facilities Act of 1998 (Education Code, Title 1, Division 1, Part 10, Chapter 12.5, commencing with Section 17070.10).

"Agreement" means a contract to do or not to do a certain thing and refers to this Grant Agreement.

"Application" means a request pursuant to the Act to receive funding for a school project.

"Apportionment" shall have the meaning set forth in Education Code Section 17070.15(a).

"Audit report" means the annual compliance reviews and fiscal reviews of the Grantee's finances, in accordance with the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

"Board" means the State Allocation Board as established by Section 15490 of the Government Code.

"Capital Outlay," for the purposes of the Grantee using Savings, pursuant to School Facility Program Regulation Section 1859.103, means capital assets in accordance with Section G of this Agreement.

"Change of Scope" means the addition or deletion of any work that would change the approved Grant amount for the Project or require updated state agency approval(s). This includes, but is not limited to, changes to site acquisition acres, or buildings, including but not limited to classrooms, multipurpose rooms, gymnasiums, administration buildings, restrooms, and libraries/media centers, and any changes to the size of those buildings, the type of building (e.g. portable, modular, or permanent), or the location on the school site of those buildings.

"Charter School Agreements" mean a memorandum of understanding, a funding agreement, and a use agreement as established by the California School Finance Authority.

"Classroom" means a teaching station that has the same meaning as the term used in Education Code Section 17071.25(a)(1).

"Expenditure Report" means the Form SAB 50-06 *Expenditure Report* and all required supplementary documentation, including but not limited to a detailed listing of project expenditures organized by fund source and provided at an object-code-level of accounting detail, pursuant to the California School Accounting Manual, that shall include fields to identify information including, but not limited to dates, payees, warrant numbers, and the description and purpose of the expenditures as described in California Code of Regulations, Title 2, Regulation Section 1859.104.

"Financial Hardship" means State funding for all or a portion of the Grantee's matching share required by School Facility Program Regulation Section 1859.77.1 or 1859.79.

"Funding Application" means the Form SAB 50-04, *Application for Funding*, or the Form SAB 50-09, *Application for Charter School Preliminary Apportionment*, or the Form SAB 50-10, *Application for Career Technical Education Facilities Funding*, and all required supplementary documentation pursuant to the Act and California Code of Regulations, Title 2, Regulation Sections 1859.70, 1859.161 or 1859.191, as applicable.

"Fund Release Application" means the Form SAB 50-05, *Fund Release Authorization*, and all required supplementary documentation, which includes but is not limited to this Agreement, pursuant to the Act and the Regulations.

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Office of Public School Construction Application Number: 50/68023-01-001

"Grants" means all eligible program grants provided by the Board to the Grantee in this Agreement.  
"Grantee" means the school district (as defined in California Code of Regulations, Title 2, Regulation Section 1859.2), charter school, or joint powers authority, as applicable, whose representative has signed this Agreement for Grants.

"Grantee Representative" means the authorized representative of a school district (as defined in California Code of Regulations, Title 2, Regulation Section 1859.2), charter school, or joint powers authority, as applicable, who signed this Agreement for Grants.

"Hazardous Material/Waste Removal Fund" shall mean the fund established pursuant to California Code of Regulations, Title 2, Regulation Section 1859.163.3(b).

"In Escrow, Governmental Entities" means the approval and signature of instrument(s) that will convey a specified school parcel or site from the public/government entity including the federal government for a determinable sum, and for a determinable date of acquisition which may be based on the Grantee's receipt of funding from the Board.

"In Escrow, Non-Governmental Entities" means the deposit of signed instrument(s) and/or funds with instructions with a title company or escrow agent to carry out the provisions of an agreement or contract to acquire a specified school parcel or site for a determinable sum, and for a determinable date of acquisition which may be based on the Grantee's receipt of funding from the Board.

"Ineligible Expenditure" means an expenditure of Grants not in accordance with this Agreement or the applicable laws and regulations governing the use of Grants.

"Local auditor" means an auditor hired at the Grantee's expense who conducts annual compliance reviews and fiscal reviews of the Grantee's finances, in accordance with the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

"Material Inaccuracy" means a finding of falsely certified eligibility or Funding Application related information submitted by Grantees, architects, or other design professionals that allowed the Grantee an advantage in the funding process. For penalties associated with Material Inaccuracy findings, see Education Code Section 17070.51.

"Modernization" means projects that are eligible for Grants based on Education Code Title 1, Division 1, Part 10, Chapter 12.5, Articles 6 (commencing with Section 17073.10) and 7 (commencing with Section 17074.10).

"Most Vulnerable Category 2 Buildings" means the building meets the criteria outlined in Section 1859.82(a)(1)(C) and is one of the following building types:

C1 – Concrete Moment Frame

C1B – Reinforced Concrete Cantilever Columns with Flexible Diaphragms

C2A - Concrete Shear Wall with Flexible Diaphragms

C3A – Concrete Frame with Infill Masonry Shear Walls and Flexible Diaphragms

PC1 – Precast/Tilt-up Concrete Shear Wall with Flexible Diaphragms

PC1A – Precast/Tilt-up Concrete Shear Wall with Rigid Diaphragms

PC2 – Precast Concrete Frame without Concrete Shear Walls and with Rigid Diaphragms

URM – Unreinforced Masonry Bearing Wall with Flexible Diaphragms

RM1 – Reinforced Masonry Bearing Wall with Flexible Diaphragms

URMA – Unreinforced Masonry Bearing Wall with Rigid Diaphragms

S1B – Steel Cantilever Columns with Flexible Diaphragms

S3 – Steel Light Frame Metal Siding and/or Rod Bracing, or

M – Mixed construction containing at least one of the above structure types.

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Office of Public School Construction Application Number: 50/68023-01-001

"New Construction" means projects that are eligible for Grants based on Education Code Title 1, Division 1, Part 10, Chapter 12.5, Articles 3 (commencing with Section 17071.75), 4 (commencing with Section 17072.10), and 5 (commencing with Section 17072.20).

"Occupancy" means the point at which pupils occupy a classroom as evident by district documents such as the school board's adopted calendar, classroom attendance rosters, fire marshal approval of the classroom, etc.

"Office of Public School Construction (OPSC)" means the office within the California Department of General Services that assists the Board as necessary and administers the Act on behalf of the Director of General Services.

"Other Sources of Funds" means cash, the Grantee's matching funds, or in-kind contributions that are required or used to complete the project beyond the Grants provided by this Agreement.

"Preliminary Funding Application" means the Form SAB 50-09, *Application for Charter School Preliminary Apportionment*, and all required supplementary documentation pursuant to the Act and the Regulations.

"Project" means the purposes for which the Grantee has applied for the Grants detailed in this Agreement.

"Regulations" means the School Facility Program regulations (California Code of Regulations, Title 2, Division 2, Chapter 3, Subchapter 4, Group 1, Subgroup 5.5, commencing with Regulation Section 1859).

"Relocation/DTSC Fee Fund" shall mean the fund established pursuant to Regulation Section 1859.163.3, in order to set aside funding at the time Preliminary Charter School Apportionments are approved by the Board for relocation expenses and/or DTSC fees that will be provided at the Final Charter School Apportionment upon submission of actual costs.

"Savings" means Grants not used by the Grantee for the Project, pursuant to Regulation Section 1859.103, achieved by the Grantee's efficient and prudent expenditure of Grants.

"School District" shall have the meaning set forth in Education Code Sections 17070.15(m) and 17073.25.

"School Facility Program (SFP)" means the programs implemented under the Act.

"State" means the state of California.

"Unfunded List (Lack of AB 55 Loans)" means an information list of unfunded projects that was created due to the state's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans) to fund school construction project as declared in the Department of Finance Budget Letter #33 issued on December 18, 2008.

(Authority: SFP Regulation 1859.2)

## B. Term of Grant Agreement

The Grantee and the Executive Officer, or designee, of the Office of Public School Construction shall be the parties to this Agreement. This Agreement must be entered into by both parties prior to, and as a condition of, the release of any funding for the Project. This Agreement becomes effective on the date the Board approves the Project for placement on the Unfunded List (Lack of AB 55 Loans). This Agreement terminates once (1) all Grants and the Grantee's matching funds, including interest generated by the Grants, is expended, and when all of the Parties' obligations under this Grant Agreement are fully satisfied, or (2) if the Board rescinds the unfunded approval or apportionment, or (3) if the Grantee withdraws its Funding Application.

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Office of Public School Construction Application Number: 50/68023-01-001

### C. Project Execution

1. The Board hereby awards to the Grantee a sum of money (Grants) **\$ 12,954,028.00** in consideration of and on condition that the sum be expended in carrying out the purposes as set forth in the description of the Project in this Agreement and its attachments and under the Terms and Conditions set forth in this Agreement. Grants may also be expended for the purposes of a future high priority Capital Outlay project as the result of Savings, or for the purposes of reimbursement, pursuant to SFP Regulation Section 1859.90.4.

*(Authority: New Construction: Education Code Sections 17072.20 and 17070.63; New Construction and Modernization: SFP Regulations Article 8 commencing with Section 1859.70; Charter School Facilities Program: Article 14 commencing with Section 1859.160; Career Technical Education Facilities Program: Article 16 commencing with Section 1859.190)*

2. Prior to the release of any funding for the Project, Office of Public School Construction staff has completed the following steps to finalize the Project funding amount outlined in this Agreement, as necessary:
  - i. The Funding Application was accepted on **May 30, 2013** and deemed to meet the definition of an Approved Application. The Grantee was provided written notification of any deficiencies and given 24 hours to remedy the identified deficiency(s) in order to retain the date upon which it was received.
  - ii. Upon confirmation of an Approved Application, Office of Public School Construction staff reviewed the Funding Application for compliance with School Facility Program Regulations and verified eligibility for all available program grants. The Grantee was provided written notification of all deficiencies and/or changes necessary and given 15 calendar days to respond and remedy the identified deficiencies and/or changes necessary.
  - iii. Upon review of the submitted corrections, Office of Public School Construction staff provided the Grantee written notification of any final deficiencies and required a response within four business days.
  - iv. Upon receipt of the final amendments to the Funding Application, the Office of Public School Construction staff and the Grantee agreed that the Project was ready for presentation to the Board for placement on the Unfunded List (Lack of AB 55 Loans).
3. Grantee certifies that the Project complies with all laws and regulations applicable to the Project.

*(Authority: Form SAB 50-04 certifications)*

Office of Public School Construction Application Number: 50/68023-01-001

4. Grantee certifies that the Project complies with all labor and public contract laws, as applicable, including, but not limited to:
  - i. Public Contract Code Section 20111.6, as added by Chapter 808, Statutes of 2012 (Assembly Bill 1565), which became effective on September 30, 2012. Beginning January 1, 2014 through December 31, 2018, new contracting requirements are effective for school districts with an average daily attendance of 2,500 or more for construction projects with estimated expenditures of at least \$1,000,000 that will be funded through the SFP or any future state school bonds. These new Public Contract Code requirements require a standardized prequalification questionnaire and financial statement to be verified under oath from all bidders.
  - ii. Labor Code Section 1773.3, as amended by Senate Bill 854, Chapter 28, Statutes of 2014, which requires school districts that have School Facility Program projects with an initial public works contract awarded on or after January 1, 2012, to notify the Department of Industrial Relations (DIR). The DIR must provide prevailing wage monitoring services for all such projects, except in the cases of: (1) the district operates a DIR-approved internal wage monitoring program; or (2) the district has entered into a collective bargaining agreement that includes the requirements specified in Labor Code section 1771.4(b)(2).
  - iii. Chapter 378, Statutes of 2011 (Assembly Bill 436), which required the Department of Industrial Relations to monitor and enforce prevailing wage requirements for every State bond funded project, including School Facility Program projects, pursuant to Labor Code Section 1771.7 for projects in which the initial public works construction contract was awarded before January 1, 2012. The Project must have also been apportioned from either Proposition 47 or 55 and the construction phase of the Project commenced on or after April 1, 2003.
  - iv. Chapter 868 Statutes of 2002 (Assembly Bill 1506), which made projects funded from either Proposition 47 (2002) or Proposition 55 (2004) with a notice to proceed date on or after April 1, 2003 subject to Labor Compliance Program requirements as outlined in Labor Code Section 1771.5.

Project Execution Signature

All laws and regulations noted in Sections (i), (ii), (iii), and (iv) above have been, and will be, followed, as applicable.

X

*David Langford*

Date

*2/20/18*

(Authority: Form SAB 50-04 certifications)

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Office of Public School Construction Application Number: 50/68023-01-001

**D. Receiving Board Approval**

1. Grantee must have (1) title, (2) leasehold, or (3) other interest to Project lands. Title may include an order for pre-judgement possession issued by a court in an eminent domain proceeding.

*(Authority: Education Code Section 17070.70; SFP Regulation Sections 1859.74 and 1859.74.1)*

2. Grantee understands and agrees that the Grants, combined with local funds, shall be sufficient to complete the Project.

*(Authority: Education Code Section 17070.63(a))*

3. The Grantee has established a "Restricted Maintenance Account" for the exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Section 17070.75 and 17070.77 (refer to Regulation Sections 1859.100 through 1859.102).

*(Authority: SFP Regulation Section 1859.100 and Form SAB 50-04 certifications)*

4. The Grantee has or will comply with Education Code Section 17076.11 regarding at least a three (3) percent expenditure goal for disabled veteran business enterprises.

*(Authority: Form SAB 50-04 certifications)*

5. The Grantee understands and agrees that (1) Grants required to be adjusted for site acquisition for both New Construction and Charter School Facilities Program projects, and (2) Grants not used by the Grantee that failed to meet substantial progress and (3) unspent Financial Hardship Grants, (4) unspent Charter School Facilities Program Grants, or (5) unspent Career Technical Education Facilities Program Grants must be returned to the state school facilities fund from which the Grants were apportioned as a result of an audit, pursuant to Education Code Section 17076.10 and Education Code Section 41024, as applicable.

6. The Grantee understands and agrees that, if it does not remit the amount of Ineligible Expenditures identified in the audit report within 120 days of being invoiced by the California Department of Education, and if no repayment plan has been approved pursuant to paragraph (d) of Section 41024 of the Education Code, then the Controller shall deduct the total amount of any Ineligible Expenditures from apportionments pursuant to paragraph (d) of Section 41024 of the Education Code. The Grantee may request a payment plan pursuant to paragraph (d) of Section 41024 of the Education Code.

7. If the Grants will be used for the construction or modernization of school facilities on leased land, the Grantee has entered into a lease agreement for the leased property that meets the requirements of School Facility Program Regulation Section 1859.22.

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8. The Grantee has established a facilities inspection system to ensure that each of its schools is maintained in good repair.

*[Authority: Education Code Section 17070.75(f)]*

9. The statutorily-required Grantee matching funds have either been expended by the Grantee, have been deposited by the Grantee in the county fund, or will be expended by the Grantee prior to notice of completion of the project.

*(Authority: Education Code Sections 17072.30, 17074.16, 17078.72(g)(1), 17078.54(d), and 17075.10(b)(2); Form SAB 50-04 certifications)*

10. The Grantee has considered the feasibility of using designs and materials for the new construction or modernization project that promote the efficient use of energy and water, maximum use of natural light and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to teaching and learning, and the other characteristics of high performance schools.

*(Authority: Education Code Section 17070.96)*

11. Financial Hardship Review Process **Not Applicable**

- i. If the Grantee has requested Financial Hardship Grants, the Financial Hardship approval from the Office of Public School Construction was valid (Financial Hardship approvals are valid for 180 days) on the date the Approved Funding Application was received by the Office of Public School Construction.

*[Authority: SFP Regulation Section 1859.81(e)]*

ii.

- a) If the Grantee has requested Financial Hardship Grants and has a bridge financing debt instrument in place, or will have a bridge financing debt instrument in place in the future in order to move the Project forward until Grants become available, then the Grantee agrees that it has received, or will receive, bridge-financing approval from the Office of Public School Construction.
  - b) The Grantee also agrees to retire all bridge financing debt within 60 calendar days of receiving Grants. Failure to retire all bridge financing debt within 60 calendar days of receiving Grants will result in the amount of the Financial Hardship Grants in this Agreement being reduced by the amount of the bridge financing that was not retired.

- iii. If the Project remained on the Unfunded List (Lack of AB 55 Loans) for more than 180 days, the Grantee understands and agrees that the Office of Public School Construction shall conduct a review to determine if the Grantee has additional funds available to contribute to the Grantee's matching funds.

*[Authority: SFP Regulation Section 1859.81(e) and (f)]*

- iv. If the additional Office of Public School Construction review, pursuant to Section (iii) above, determined that the amount of the Financial Hardship Grant required an adjustment, pursuant to Financial Hardship rules detailed in SFP Regulation Section 1859.81, the amount of the Grants detailed in this Agreement will be amended.

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*[Authority: SFP Regulation Section 1859.81(a)]*

12. [Instructions: The following sections only apply to the program, or other circumstance, that is detailed in this Agreement.]

*New Construction:*

i. The Grantee has received approval of the site and the plans from the California Department of Education and the Division of the State Architect. Plan approval is not required if request is for separate design Apportionment.

*(Authority: SFP Regulation Section 1859.81.1)*

ii. The Grantee agrees to submit Project Information Worksheets pursuant to School Facility Program Regulation Section 1859.104.

*Seismic Mitigation Program Replacement or Facility Hardship Replacement Not Applicable:*

The Grantee agrees that the scope of this Project is the minimum work necessary to obtain approval by the Division of the State Architect and/or the federal, state, or local governmental entity with authority over of the work being performed to mitigate the

(health and safety or seismic) threat.

The Project must have an industry specialist report to substantiate the \_\_\_\_\_ (health and safety or seismic) threat and that details the minimum work necessary to mitigate the threat.

The Project must have concurrence by an appropriate governmental agency agreeing with the \_\_\_\_\_ (health and safety or seismic) threat and the minimum work necessary to mitigate the threat.

The Project must have the approval letter from DSA verifying that the building(s) in the Project qualify as one of the "Most Vulnerable Category 2 Buildings".

*Site Acquisition:* The Grantee has complied with Sections 1859.74 through 1859.75.1, as appropriate. The Grantee shall provide all applicable county assessor parcel numbers for the land being acquired for the Project. Grantee understands and agrees that Grants for site acquisition (i.e. site purchase, hazardous materials mitigation, relocation, etc.) as described in Section F (Accounting for Spent Funds) of this Agreement are limited to actual eligible expenditures. Therefore, the audit report may result in an adjustment (increase or decrease) to the Grant amount based on the final approved expenditures related to site acquisition separate and apart from all other Grants.

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*Modernization of Portable Classrooms* **Not Applicable**: If this Agreement includes the modernization of portable classrooms eligible for an additional Apportionment pursuant to Education Code Section 17073.15, the Grantee certifies that either:

- i. The Grants will be used to replace the portable classrooms and permanently remove the displaced portables from the classroom use within six months of the filing of the Notice of Completion for the project; or,
- ii. It has provided documentation to the Office of Public School Construction which indicates that modernizing the portable classrooms eligible for an additional Apportionment is better use of public resources than the replacement of these facilities.

(Authority: SFP Regulation Section 1859.78.8)

*Modernization or Charter School Facilities Program Rehabilitation* **Not Applicable**: If this Agreement includes the modernization or Charter School Facilities Program Rehabilitation funding, the Grantee has received approval of the plans for the project from the California Department of Education and the Division of the State Architect. Plan approval is not required if request is for separate design Apportionment or advance release of funds for design from a Preliminary Charter School Apportionment.

(Authority: Modernization: SFP Regulation Section 1859.81.1; Charter: SFP Regulation Section 1859.163)

*Seismic Mitigation Program Rehabilitation or Facility Hardship Rehabilitation* **Not Applicable**:

The Grantee agrees that the scope of this Project is the minimum work necessary to obtain approval by the Division of the State Architect and/or the federal, state, or local governmental entity with authority over of the work being performed to mitigate the

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(health and safety or seismic) threat.

The Project must have an industry specialist report to substantiate the \_\_\_\_\_ (health and safety or seismic) threat and that details the minimum work necessary to mitigate the threat..

The Project must have concurrence by an appropriate governmental agency agreeing with the \_\_\_\_\_ (health and safety or seismic) threat and the minimum work necessary to mitigate the threat.

The Project must have the approval letter from DSA verifying that the building(s) in the Project qualify as one of the "Most Vulnerable Category 2 Buildings".

The Project must have the approval letter from DSA indicating that the work in the project plans is the minimum work required to mitigate the \_\_\_\_\_ (health and safety or seismic) threat, which includes any other work triggered by the

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(health and safety or seismic) mitigation work and that is required in order to obtain DSA approval.

***Charter Not Applicable:***

- i. Facilities to be rehabilitated under the Charter School Facilities Program previously funded with School Facility Program funds meet the requirements of Regulation Section 1859.163.
- ii. The Grantee agrees to submit Project Information Worksheets pursuant to School Facility Program Regulation Section 1859.104.

***Charter- Preliminary Charter School Apportionment Not Applicable:***

- i. The Grantee agrees that failure to submit a Final Charter School Apportionment within the timelines prescribed for a Preliminary Charter School Apportionment (four years with a possible one year extension subject to Board approval) shall be cause for rescission of the Preliminary Charter School Apportionment; and,  
*(Authority: SFP Regulation Section 1859.166)*

- ii. The Grantee agrees that when the Preliminary Charter School Apportionment is converted to a Final Charter School Apportionment, the funding available for the Final Charter School Apportionment is subject to the provisions of Section 1859.167; and,  
*(Authority: SFP Regulation Section 1859.167)*

- iii. The Grantee agrees that the California School Finance Authority must determine that the Grantee is financially sound at the time of the Preliminary Charter School Apportionment, advance release of design and/or site funds, and at the time of conversion to a Final Charter School Apportionment or the Preliminary Charter School Apportionment will be rescinded; and,  
*(Authority: SFP Regulation Section 1859.163)*

- iv. The Grantee agrees that in addition to this grant agreement, the Grantee must also enter into the Charter School Agreements.  
*(Authority: SFP Regulation Section 1859.90.2)*

***Career Technical Education Facilities Program Not Applicable:***

The Grantee has complied with the Career Technical Education Facilities Program (CTEFP) eligibility criteria as outlined in Section 1859.192; and,

For Projects that received an Apportionment pursuant to SFP Regulation Section 1859.193(d) (CTEFP reservation of funds):

- i. The Grantee understands and agrees that by reserving funds in advance of obtaining the necessary approvals from California Department of Education and the Division of the State Architect, the Grantee must submit the necessary approvals and/or plans and specifications within one year of Apportionment; otherwise the Apportionment will be rescinded without further Board action.

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ii. Upon approval for placement on the Unfunded List (Lack of AB 55 Loans), the Grantee will receive a template of the Project Grant Agreement. OPSC will provide the Grantee the final Grant Agreement for the Project upon receipt of the necessary approvals from the Division of the State Architect and California Department of Education

iii. The Grantee understands and agrees that the executed the Grant Agreement must be submitted prior to fund release.

*(Authority: SFP Regulation Section 1859.197)*

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#### **E. Receiving an Apportionment and Receiving Funds**

The Grantee and the Executive Officer, or designee, of the Office of Public School Construction shall enter into this Agreement prior to, and as a condition of, the release of any funding for the Project.

*(Authority: proposed SFP Regulation Sections 1859.90 and 1859.90.2)*

Additionally:

1. The Grantee understands and agrees that, pursuant to School Facility Program Regulation Sections 1859.90.2 and 1859.90.3:
  - i. The Grantee shall participate in the priority funding process by submitting a valid priority funding request during a 30-day filing period after being placed on the Unfunded List (Lack of AB 55 Loans) in order to receive an Apportionment in accordance with Regulation Section 1859.90.3.
  - ii. Failure to submit a valid request within the filing period or failure to submit a valid *Fund Release Authorization* (Form SAB 50-05) after the Board approves an Apportionment shall result in an occurrence of non-participation.
  - iii. The Grantee understands and agrees that Grants may not be available for this Project after the Grantee has submitted a valid priority funding request. When the Grantee submits a valid priority funding request and Grants are not available, the Grantee shall not be charged with an occurrence of non-participation.
  - iv. After the second occurrence of non-participation, the funding for the Project shall be rescinded without further action by the Board.
2. Any Grants provided to Grantee under this Agreement will be disbursed upon receipt of a complete Fund Release Application, and shall not exceed \$ 12,954,028.00 except for site-related exceptions.

*(Authority: Education Code Sections 17072.13, 17072.14, and 17072.18)*

3. Supplementary documentation submitted with, or prior to, a Fund Release Application must include this Agreement as well as documentation that proves the following:
  - i. The Grantee has entered into a binding contract(s) for at least 50 percent of the construction included in the plans and specification applicable to this Project.
  - ii. Notice to Proceed dates.
  - iii. For Career Tech projects where the Grantee received an Apportionment without needing Division of State Architect approval, evidence of Division of the State Architect approval date.

*(Authority: Form SAB 50-05 certifications)*

4. If the Office of Public School Construction finds that the Fund Release Application is incomplete, inadequate or inaccurate, it will notify the Grantee that the Grantee has ten (10) business days to address the issue(s). If the issue(s) has not been addressed after ten (10) business days, the Office of Public School Construction will consider the submittal to be invalid and the request will be returned to the Grantee. The Grantee will retain the opportunity to submit a valid Fund Release Application within 90 days of Apportionment.

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However, if the Grantee does not submit a valid Fund Release Application within 90 days of the Apportionment the Grantee will receive a non-participation occurrence as described in (1.)(ii) above. The Grantee will not receive Grants at that time. Furthermore, any penalties imposed on the Grantee by a contractor, or other consequence, because of delays in payment will be paid by the Grantee and is not reimbursable under this Agreement.

*(Authority: proposed amendment to School Facility Program Regulations)*

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**F. Accounting for Spent Funds**

1. For purposes of completing the Expenditure Reports required pursuant to Education Code Section 17076.10, over the course of the project, the Grantee shall maintain a general ledger at a Project-specific level that includes fund, resource, project year, goal, function, and object codes for all expenditures for the Project, including furniture and equipment, as they are described in the *California School Accounting Manual, Procedure 301: Overview of the Standardized Accounting Code Structure and Procedure 345: Illustrations Using Account Code Structure*.

(Authority: *Education Code Section 17076.10*)

2. Annual Expenditure Reports

Pursuant to Education Code 17076.10, beginning 12 months from the first fund release, and continuing annually for a period of up to three years after the final fund release, as described in SFP Regulation Section 1859.104, the Grantee shall submit an Expenditure Report to the Office of Public School Construction.

3. Substantial Progress Compliance Reviews

- i. Pursuant to Education Code Section 17076.10, the Grantee shall be subject to a substantial progress review by the Office of Public School Construction under this Agreement with respect to all matters connected with this Agreement. The Grantee shall provide substantial progress documentation 18 months from the latest fund release. The Office of Public School Construction will consider the requirements of substantial progress met if the Grantee submits its Expenditure Report for a completed project up to 18 months from the latest fund release. The Office of Public School Construction must notify the Grantee within 60 days of receiving the documentation if a review and analysis of the information will be conducted.

(Authority: *SFP Regulation Section 1859.105*)

- ii. For Grantees That Have Received Grants for Construction:

The substantial progress documentation required shall include evidence that either 75 percent of the site development work is complete, or 90 percent of the building work is under contract, or 50 percent of all construction activities are complete.

(Authority: *School Facility Program Regulation Section 1859.105*)

The documentation that the Grantee shall provide shall include, but is not limited to:

- a) The fund source indicated, for each project cost,
- b) Assessor's parcel number, for site acquisition costs,
- c) Qualification Appraisal(s) for Architect/Engineer/Construction Manager,
- d) Architect/Engineer/Construction Management Agreement(s),
- e) Evidence the Grantee has met Disabled Veteran Business Enterprise contractual requirements,
- f) Construction Contract Agreements to date,
- g) Construction Bid Summaries,
- h) Construction Delivery Method,

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- i) Project expenditures, to date, submitted on Detailed Listing of Project Expenditures (DLOPE) worksheet or in an equivalent format [the Office of Public School Construction will review expenditure totals for purposes of determining compliance with substantial progress requirements but will not review expenditures to determine eligibility under the program (this will be done by the local auditor)],
- j) General ledger report that details project expenditures to date
- k) Submittal of written policy and procedures that documents processes for accounting of School Facility Program project activities.
- l) Construction schedule of values or Continuation Sheet
- m) Project cost estimate

(Authority: *Education Code Section 17071.10 and SFP Regulation Section 1859.105*)

iii. For Grantees That Have Received Advanced Financial Hardship Site Grants or Environmental Hardship Grants **Not Applicable**:

The documentation that the Grantee shall provide if requested by the Office of Public School Construction shall include, but is not limited to:

- a) The final site appraisal,
- b) The California Department of Education final approval letter, evidence of the completion of any and all California Environmental Quality Act requirements
- c) Final escrow instructions or evidence the Grantee has filed condemnation proceedings including intent to request an order of possession of the site, as applicable.

(Authority: *SFP Regulation Section 1859.105 or 1859.105.1, as applicable*)

iv. For Grantees That Have Received Advanced Financial Hardship Grants for Design **Not Applicable**:

The documentation that the Grantee shall provide if requested by the Office of Public School Construction shall include, but is not limited to:

- a) An Approved New Construction or Modernization Adjusted Grant Application; or,
- b) A certification that the final building plans have been submitted to and accepted by the Division of the State Architect for review and approval.

(Authority: *SFP Regulation Section 1859.105*)

v.

- a) Should the Office of Public School Construction determine that the Grantee has not made substantial progress as described in (F)(3)(i), (ii), (iii), and (iv), it will inform the Grantee of its findings and require the Grantee to submit a final expenditure report within 60 days of notification, pursuant to SFP Regulation Section 1859.105. If no Grants have been expended by the Grantee, then the Office of Public School Construction will recommend to the Board that the project be rescinded.
- b) If Grants have been expended by the Grantee, then
  - I. The Project shall be subject to an audit pursuant to Section 41024 of the Education Code and the applicable provisions outlined in Section (F)(4) of

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this Agreement. The audit shall identify Grants expended in accordance with program requirements and the amount of any unspent Grants and the amount of any Ineligible Expenditures.

- II. Once the amount of unspent Grants has been determined in the audit report described in (i) to be repaid and the Grantee repays the Grants, the Office of Public School Construction shall take an item to the State Allocation Board make a corresponding baseline eligibility adjustment, when applicable.

*(Authority: SFP Regulation Section 1859.105)*

#### 4. Final Project Audit

The Grantee understands and agrees to the following:

- i. Upon Project completion pursuant to SFP Regulation Section 1859.104, the Office of Public School Construction may notify the Grantee, the Grantee's County Office of Education, and the State Controller's Office that the Grantee is subject to an audit of the Project by a local auditor that is in accordance with the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. The Grantee shall retain all financial accounts, documents, and records necessary for an audit pursuant to Education Code Section 41024(a)(4) and shall provide Project documentation, if requested by the local auditor.

*[Authority: proposed amendment to School Facility Program Regulation Section 1859.104(a)]*

- ii. Project documentation that the Grantee shall provide when requested by the local auditor, for the purposes of the audits described in Education Code Section 41024, shall include, but is not limited to:
  - a) Proof of acreage purchased
  - b) Proof of site costs and adjusted site grants, where applicable
  - c) Copy of Form SAB 50-04
  - d) Copy of SAB Board item(s) (Approval of project Apportionment)
  - e) DSA Approval Letter
  - f) Final CDE Approval Letter
  - g) Architect Final Billing
  - h) Proof of Routine Restricted Maintenance Account Deposit or documentation demonstrating district's facilities are maintained in good repair
  - i) Project-specific accounting records, such as a general ledger, as described in Spending Funds (Section F, paragraph 1), for all sources of funding
  - j) Final construction billing and invoices,
  - k) Any and all change orders
  - l) Proof of date of Occupancy
  - m) If the Grantee's matching funds have already been expended for this Project or have been deposited in the County School Facility Fund, the Grantee shall provide accounting records, such as a general ledger, for all sources of funding, verifying those previous expenditures or deposits. If the matching funds have been or will be spent from a Certificate of Participation (COP), then the Grantee

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shall indicate the fund that the proceeds from the COP were originally deposited into or will be deposited into. The Grantee shall also include a copy of the COP booklet. Providing the official notice of intent to sell bonds may be provided to prove that the Grantee will expend the Grants prior to the time the project is completed, as described complete pursuant to SFP Regulation Section 1859.104. If the Grantee has funds from another source not listed here, the Grantee shall provide the accounting records, such as a general ledger verifying the expenditures and deposits.

*(Authority: Education Code Section 17076.10 and SFP Regulation Section 1859.106)*

- iii. During the local auditor's audit and/or upon completion of the audit report, the Grantee understands and agrees that its Expenditure Report is final and may not be subsequently adjusted or amended.
- iv. The Grantee understands and agrees that:
  - (a) Should the audit report determine that the Grantee spent Grants on Ineligible Expenditures, the local auditor will inform the California Department of Education of the amount of the Ineligible Expenditure. The amount to be remitted will be limited to the proportionate percentage of Grants and Financial Hardship Grants. Grantees will not be required to provide the state with payments related to the amount of their matching funds. Ineligible Expenditures funded by Grants will not be considered Savings.
  - (b) The Grantee may appeal the finding of any Ineligible Expenditures, as described in Education Code Section 41024(d).
  - (c) The California Department of Education will recover Grants spent on Ineligible Expenditures, pursuant to Education Code Section 41024(d)(1).
  - (d) The Grantee may request a repayment plan from the California Department of Education related to the recovery of Grants described in (c).
  - (e) In order to recover funds as part of a repayment plan described in (d), the California Department of Education will notify the State Controller of the repayment plan and the State Controller will withhold funds from the Grantee's principal apportionment or Education Protection Account payments, pursuant to Education Code Section 41024(d).

*(Authority: Education Code Sections 17070.63(c), 17076.10, and 41024; SFP Regulation Section 1859.106)*

- v. The Grantee shall provide its Expenditure Report for a Project deemed complete pursuant to SFP Regulation Section 1859.104, and any and all audit reports, including the audits of Savings, to the Office of Public School Construction.
- (Authority: Education Code Section 17076.10)*
- vi. The Grantee shall also provide site access to the local auditor to determine if the project work is in accordance with the Board-approved project scope, including a final inspection for a Project deemed complete pursuant to SFP Regulation Section 1859.104.

*(Authority: Education Code Section 17076.10)*

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5. Savings Audit(s)

Grantees may retain Savings for expenditure for other high priority Capital Outlay with the exception of when Savings are generated:

- (1) in the Charter School Facilities Program, or
- (2) in the Career Technical education Facilities Program, or
- (3) in advance of a site adjustment, or
- (4) for Financial Hardship Grants.

*(Authority: Education Code Section 17070.63 and SFP Regulation Section 1859.103)*

If the Grantee uses Savings to contribute to the Grantee's matching share on other SFP projects, then those SFP projects may only be funded from the same program (e.g. New Construction, Modernization), that this Project is funded from.

*(Authority: SFP Regulation Section 1859.103)*

The Grantee understands and agrees to the following:

- i. Upon the Grantee declaring Savings pursuant to SFP Regulation Section 1859.103, the Office of Public School Construction may notify the Grantee, the Grantee's County Office of Education, and the State Controller's Office, that the Grantee is subject to annual audits of the Savings by a local auditor that is in accordance with the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting until the Grantee has expended all Savings. The Grantee shall retain all financial accounts, documents, and records necessary for an audit pursuant to Education Code Section 41024(a)(4) and shall provide documentation related to the use of Savings, when requested by the local auditor.

*[Authority: proposed amendment to School Facility Program Regulation Section 1859.104(a)]*

- ii. Savings documentation that the Grantee shall provide when requested by the local auditor, for the purposes of the audits described in Education Code Section 41024, shall include, but is not limited to:
  - a) The Grantee's final expenditure report submitted to the Office of Public School Construction, and
  - b) Project-specific accounting records, such as a general ledger, as described in Spending Funds (Section F, paragraph 1), and
  - c) General ledger report verifying that the Savings has been deposited to county school facilities fund and detail verifying the expenditure of the funds for high priority Capital Outlay, and
  - d) Construction billing and related invoices.

*(Authority: Education Code Section 17076.10 and SFP Regulation Section 1859.106)*

- iii. The Grantee understands and agrees that its Savings expenditure reports submitted to the local auditor are final and may not be subsequently adjusted or amended.

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iv. The Grantee understands and agrees that:

- (a) Should the audit report determine that the Grantee spent Savings on Ineligible Expenditures, the local auditor will inform the California Department of Education of the amount of the Ineligible Expenditure. The amount to be remitted will be limited to the Savings. Grantees will not be required to provide the state with payments related to the amount of their matching funds.
- (b) The Grantee may appeal the finding of any Ineligible Expenditures, as described in Education Code Section 41024(d).
- (c) The California Department of Education will recover Grants spent on Ineligible Expenditures, pursuant to Education Code Section 41024(d)(1).
- (d) The Grantee may request a repayment plan from the California Department of Education related to the recovery of Grants described in (c).
- (e) In order to recover funds as part of a repayment plan described in (d), the California Department of Education will notify the State Controller of the repayment plan and the State Controller will withhold funds from the Grantee's principal apportionment or Education Protection Account payments, pursuant to Education Code Section 41024(d).

*(Authority: Education Code Sections 17070.63(c), 17076.10, and 41024; SFP Regulation Section 1859.106)*

v. The Grantee shall provide its Savings expenditure reports, and any and all audit reports, to the Office of Public School Construction, pursuant to Education Code Section 17076.10.

vi. The Grantee shall also provide site access to the local auditor to determine if the project work is in accordance with eligible uses of Savings.

*(Authority: Education Code Section 17076.10)*

6. Site Adjustments

Should the audit report determine that the amount of Grants received for site acquisition requires adjustment, then, upon receipt of the audit, the Office of Public School Construction will present the Project to the State Allocation Board for an adjustment to the Apportionment, in accordance with Education Code Section 41024 (c)(2).

7. Charter School Facilities Program and Career Technical Education Facilities Program Unspent Grants, plus Interest Not Applicable

Should the audit report determine that the Grantee completed either the Charter Schools Facilities Program Project or the Career Technical Education Facilities Program Project without using all the Grants provided for eligible expenditures, the Office of Public School Construction will present the Project to the State Allocation Board for an adjustment to the Apportionment, in accordance with Education Code Section 41024 (c)(2).

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8. Financial Hardship **Not Applicable**

Should the audit report determine that there are unspent Financial Hardship Grants, then the Grantee agrees to either (1) repay the unspent Financial Hardship Grants pursuant to Education Code Section 41024(c)(2) or (2) use the unspent Financial Hardship Grants on a future project(s), provided the Grantee qualifies for Financial Hardship Grants when it applies for funding for the future project(s).

- i. Upon receipt of the audit report, the Office of Public School Construction will notify the Grantee to determine whether the Grantee will repay the unspent Financial Hardship Grants immediately or use them for a future project(s). The Grantee will have 30 days to respond to the request.
- ii. If the Grantee intends to use unspent Financial Hardship Grants on a future project(s), it must do so within three years of the audit report's determination that not all Financial Hardship Grants were expended for this Project or from the date that Savings was declared by the Grantee, whichever comes first. Failure to use unspent Financial Hardship Grants on a future project(s) within that time will result in the Grantee repaying the unspent amount plus interest.

*(Authority: Education Code Section 41024 and SFP Regulation Section 1859.81)*

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**G. Advisory Listing Detailing Common Eligible Project Expenditures**

Project expenditures not listed in this document will not be considered eligible for funding under the School Facility Program.\*

Project expenditures will only be considered eligible if:

- The expenditures are within the Project scope that was approved by the State Allocation Board
- The expenditures are substantiated with contracts, invoices, final billings, and verification of payment  
*(Authority: Education Code Section 41024)*
- The expenditures are expended or encumbered prior to the time a project is deemed complete, pursuant to SFP Regulation Section 1859.104  
*(Authority: Education Code Section 17076.10)*

The Grantee may seek written clarification from OPSC for items not included in the lists of eligible and ineligible project expenditures. The local auditor may use the written response from OPSC to guide the audit of the project expenditures.

\*Project expenditures not listed in the following tables may be considered if those expenditures are reasonable and appropriate site development work pursuant to SFP Regulation Section 1859.76.

*(Authority: SFP Regulation Section 1859.76)*

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**1. New Construction - Separate Apportionment for Design Costs  
Or Adjusted Grant  
Charter Schools Facilities Program - Separate Apportionment for Design Costs  
Or Adjusted Grant  
Common Eligible Project Expenditures**

DESIGN COSTS		
	Type of Expenditure	Authority
a.	Advertising for Construction Bids	Ed. Code Section 17072.35
b.	Architect's Fee for Plans	
c.	CDE Plan Check or Site Review Fee	
d.	California Environmental Quality Act (CEQA) Associated Costs	SFP Reg. Section 1859.105
e.	Consultant Fees – specific to SFP project(s) (prorate if necessary)	Ed. Code Section 17072.35*
f.	Division of the State Architect (DSA) Plan Check Fee	Ed. Code Section 17072.35
g.	Energy Analysis Fee	
h.	Legal Fees associated with: <ul style="list-style-type: none"><li>• The review of the SFP project-related lease agreements.</li><li>• The review of the SFP project-related contracts between districts and contractors, architects, construction managers or engineers.</li><li>• The review of the SFP project-related bid documents and bid responses.</li></ul>	Ed. Code Section 17072.35*
i.	Local Agency Plan Check Fees	
j.	Preliminary Site Tests	Ed. Code Section 17072.35
k.	Engineering Fees	

\*These costs are recognized as components of allowable costs pursuant to EC Section 17072.35, and may be included as allowable expenditures under the New Construction program.

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**2. New Construction - Separate Apportionment for Site Acquisition Costs  
Charter Schools Facilities Program - Separate Apportionment for Site Acquisition  
Costs  
Common Eligible Project Expenditures**

	Type of Expenditure	Authority
Site Acquisition		
a.	Purchase Price of Property – provided site was not previously funded under Lease-Purchase Program or School Facility Program. Eligible purchase expenditure is the lesser of the appraised value (submitted within six months of a complete Form SAB 50-04) or actual site cost.	Ed. Code Sections 17072.12, 17072.35 & SFP Reg. Section 1859.74
Site (Other) (4 % Allowance)		
b.	Appraisal Fees	Ed. Code Section 17072.35 & SFP Reg. Sections 1859.74, 1859.74(2) or 1859.74(3), as appropriate
c.	Escrow Fees	
d.	Legal Fees associated with: <ul style="list-style-type: none"><li>• The review of site acquisition documents</li><li>• Site condemnation or relocation proceedings.</li><li>• The review of the SFP project-related lease agreements.</li></ul>	
e.	Litigation costs not to exceed the total SFP project funding Apportionment.	
f.	Preparation of POESA and PEA when required by the Department of Toxic Substances Control.	
g.	Survey Costs	
DTSC Fees		

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	Type of Expenditure	Authority
h.	DTSC Phase One Environmental Site Assessment (POESA) fees, Preliminary Environmental/ Endangerment Assessment (PEA) fees, and Response Action costs paid to the Department of Toxic Substances Control.	Ed. Code Sections 17072.13 & 17072.35
Hazardous Waste Removal		
i.	CEQA expenditures as long as they are not for services rendered by district personnel.	
j.	<p>Hazardous waste removal costs - only when associated with a Department of Toxic Substances Control issued determination of a need for a Remedial Action Plan, Removal Action Work Plan or Supplemental Site Investigation Plan to address necessary cleanup. Including:</p> <ul style="list-style-type: none"> <li>• Expenses for Remedial Action Plan and/or Removal Action Work Plan if acted upon.</li> <li>• Expenses for public participation if Remedial Action Plan and/or Removal Action Work Plan acted upon.</li> <li>• Expenses for Supplemental Site Investigation with a Remedial Action Plan and/or Removal Action Work Plan</li> <li>• Expenses for Voluntary Cleanup Agreement and/or School Cleanup Agreement</li> </ul>	Ed. Code Sections 17072.13 & 17072.35
Relocation Assistance		
k.	<p>Relocation Assistance – as long as expenditures conform to Title 25, CCR, Section 6000. This includes expenditures for the following:</p> <ul style="list-style-type: none"> <li>• Residential Tenant Occupant Moving expenses</li> <li>• Rental Assistance – payment not to exceed \$5,250</li> </ul>	Ed. Code Sections 17072.13, 17072.35 & CA Code of Reg., Title 25, Section 6000

Office of Public School Construction Application Number: 50/68023-01-001

	Type of Expenditure	Authority
	<p>Last Resort Housing</p> <ul style="list-style-type: none"><li>• Residential Owner Occupant Moving expenses</li><li>• Replacement Housing – Not to exceed \$25,500</li><li>• Business</li><li>• Moving expenses – In addition, a displaced business owner may file a claim for the following:</li></ul> <p>The cost directly related to modifying machinery, equipment, or other personal property to adopt it to the new site.</p> <p>The cost of any license, permit, or certification to reestablish a business at a new location</p> <p>The reasonable cost of any professional services necessary for planning the move, moving the property, or installation of property at the replacement site.</p> <p>When an item is not moved but replaced with a comparable item, reimbursement shall be the lesser of replacement cost or estimated cost of moving by professional mover.</p> <ul style="list-style-type: none"><li>• Losses of Tangible Personal Property</li><li>• Searching for a Replacement Site</li><li>• Re-establishment Expenses</li><li>• In Lieu Payments - Any displaced person who moves or discontinues their business may elect to receive a fixed relocation payment "in lieu" of moving, losses of tangible property, searching, and reestablishment costs.</li></ul>	

Office of Public School Construction Application Number: 50/68023-01-001

**3. New Construction - Adjusted Grant  
Charter Schools Facilities Program - Adjusted Grant  
Common Eligible Project Expenditures**

CONSTRUCTION COSTS		
	Type of Expenditure	Authority
a.	Construction Management Fees	
b.	Building Construction Costs – Including: <ul style="list-style-type: none"><li>• Foundations</li><li>• Structures</li><li>• Exterior &amp; Interior Finishes</li><li>• Fittings &amp; Fixtures</li><li>• Plumbing</li><li>• Electrical</li><li>• Mechanical</li><li>• Shade Structures</li><li>• Solar or Alternative Energy Source Components</li></ul>	Ed. Code Section 17072.35
c.	Construction Security (Campus Security and administrative overhead – not eligible)	Ed. Code Section 17072.35*
d.	Construction Tests	Ed. Code Section 17072.35
e.	Costs incurred to initiate, enforce and maintain a LCP, which may include school district “third party providers” costs, district’s own Force Account labor costs, or construction manager costs.	Labor Code Section 1771.1(a) & (b) & SFP Reg. Section 1859.79.2
f.	Force Account Labor – complies with the Public Contract Code and is specific to the project, adhering to the following criteria outlined in Section 20114: <ul style="list-style-type: none"><li>• For school districts with an average daily attendance less than 35,000, the total number of hours on the job does not exceed 350 hours</li><li>• For school districts with an average daily attendance of 35,000 or greater, the total number of hours on the job does not exceed 750 hours or when the cost of</li></ul>	PCC Section 201114

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CONSTRUCTION COSTS		
	Type of Expenditure	Authority
	<p>material does not exceed \$21,000.</p> <ul style="list-style-type: none"> <li>Must be work that involves a skilled trade.</li> </ul> <p>To be eligible must be supported by time cards or time logs.</p>	
g.**	<p>General Site Development within school property lines (Including but not limited to):</p> <ul style="list-style-type: none"> <li>Finish Grading</li> <li>Roads and Driveways</li> <li>Sidewalks, stairs, &amp; Ramps</li> <li>Parking Area</li> <li>Curbs and Gutters</li> <li>Turfed/Paved Play Area</li> <li>Playground Equipment</li> <li>Surface Drains &amp; Play Area</li> <li>V-Gutters at Parking Lot</li> <li>Landscaping &amp; Irrigation System</li> <li>Site Lighting</li> <li>Fencing &amp; Outdoor Walls</li> </ul>	SFP Reg. Section 1859.76(d)
h.	Inspections – For services provided during construction of project.	Ed. Code Section 17072.35
i.**	<p>Off-Site Development costs on up to two immediately adjacent sides of the site (see SFP Regulation Section 1859.76(b) for detail).</p> <p>Including:</p> <ul style="list-style-type: none"> <li>Curbs &amp; Gutters</li> <li>Sidewalks</li> <li>Street Light, Planting Areas, Street Signs, Traffic Signals, Etc., Mandated by Local Ordinances</li> <li>Special District Fees</li> <li>Storm Drains to Point of Connection</li> <li>Safety Paths</li> </ul>	SFP Reg. Section 1859.76(b)
j.**	Service Site Development costs within school	SFP Reg. Section

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CONSTRUCTION COSTS		
	Type of Expenditure	Authority
	<p>property lines (see SFP Regulation Section 1859.76(a) for detail). Including:</p> <ul style="list-style-type: none"><li>• Site Clearance</li><li>• Demolition</li><li>• Rerouting Utility Lines</li><li>• Rough Grading</li><li>• Soil Compaction</li><li>• Storm Drains</li><li>• Erosion Control</li><li>• Outside Stairs &amp; Retaining Walls</li><li>• Relocation of Existing Portables</li><li>• Fire Code Requirements</li><li>• Multi-Level Parking</li></ul>	1859.76(a)
k.**	<p>Utility Service costs associated with the CDE approved site size that are necessary to serve the master planned capacity of the site (see SFP Regulation Section 1859.76(c) for more information) as follows:</p> <ul style="list-style-type: none"><li>• Water</li><li>• Sewage</li><li>• Gas</li><li>• Electric</li><li>• Communication systems</li></ul>	SFP Reg. Section 1859.76(c)
I.	<p>Furniture and Equipment that meet all of the criteria as described in Government Code Section 16727 and the California School Accounting Manual (CSAM), Procedure 770 as follows:</p> <ul style="list-style-type: none"><li>• Lasts more than two years.</li><li>• It is typically repaired rather than replaced.</li><li>• It is an independent unit (rather than being incorporated into another unit item).</li><li>• The cost of tagging and inventory is a small percentage of the item cost.</li><li>• Not operational or administrative costs.</li></ul>	Ed. Code Section 17072.35 & CSAM Procedure 770

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CONSTRUCTION COSTS		
	Type of Expenditure	Authority
	<p>It exceeds the minimum dollar value of capitalization threshold established by the local educational agency, but in no case should the threshold be less than \$5,000. The following types of furniture and equipment are examples that would be eligible if they met the criteria for CSAM Procedure 770:</p> <ul style="list-style-type: none"><li>• Projectors</li><li>• Smart Boards</li><li>• Freezers</li><li>• Refrigerators</li><li>• Stoves</li><li>• Exercise equipment – Only if available for use by all students</li></ul>	
m.	Furniture and Equipment: <ul style="list-style-type: none"><li>• Desks</li><li>• Chairs</li><li>• Built-in Storage</li><li>• Cabinets</li><li>• Window Coverings</li><li>• White/Chalk Boards</li><li>• Library Books</li></ul>	Ed. Code Section 17072.35
n.	Demolition Costs	Ed. Code Section 17072.35
o.	Interim Housing – only eligible if new construction additions are to an existing site where classrooms temporarily are inaccessible or unsafe to house students during construction.	Ed. Code Section 17072.35*

\*These costs are recognized as components of allowable costs pursuant to EC Section 17072.35, and may be included as allowable expenditures under the New Construction program.

\*\*Eligible expenditures in these sections may exceed the amounts requested on the Funding Application.

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**H. Advisory Listing Detailing Common Ineligible Project Expenditures**

The following tables are intended to provide advisory listings of common, but not exhaustive, ineligible Project expenditures.

In addition to the ineligible Project expenditures listed on the following tables, any costs associated with the Grantee's local debt issuance or interest on the Grantee's local bond(s) are also ineligible Project expenditures.

The Grantee may seek written clarification from OPSC for items not included in the lists of eligible and ineligible project expenditures. The local auditor may use the written response from OPSC to guide the audit of the project expenditures.

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1. **New Construction – Separate Apportionment for Design Costs  
Or Adjusted Grant**  
**Charter Schools Facilities Program – Separate Apportionment for Design Costs  
Or Adjusted Grant**  
**Common Ineligible Project Expenditures**

DESIGN COSTS		
	Type of Ineligible Expenditure	Authority
a.	Legal Fees not attributable to the project	
b.	For projects that received Design funds only any site and/or construction related expenditures are not eligible	Ed Code Section 17072.35

2. **New Construction – Separate Apportionment for Site Acquisition Costs  
Charter Schools Facilities Program – Separate Apportionment for Site Acquisition Costs**  
**Common Ineligible Project Expenditures**

CONSTRUCTION COSTS		
	Type of Expenditure	Authority
a.	Relocation costs not considered reasonable such as: goodwill not court ordered; the difference between the salvage value and new value of furniture and equipment costs, if the business vendor retains the furniture and equipment.	
b.	For projects that received site funds only (did not receive construction funds) any construction related expenditures are not eligible.	Ed Code Section 17072.35

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**3. New Construction – Adjusted Grant  
Charter Schools Facilities Program – Adjusted Grant  
Common Ineligible Project Expenditures**

CONSTRUCTION COSTS		
	Type of Ineligible Expenditure	Authority
a.	Administrative and overhead costs including indirect costs for general management.	
b.	Campus supervision going beyond construction site security (such as campus security and administrative overhead).	
c.	Repair of damages incurred during construction are not eligible	Ed Code Section 17072.35
d.	Expenditures associated with Facility Hardship SAB approvals which were not constructed as originally approved (see Regulation Section 1859.82).	
e.	Operational costs (such as service contracts and maintenance expenses or commissioning).	
f.	Supplies as described in the California School Accounting Manual (CSAM), Procedure 770.	
g.	Items not considered Furniture and Equipment because they are considered operational or supplies in nature, including: <ul style="list-style-type: none"><li>• Computers</li><li>• Printers</li><li>• Computer Carts</li><li>• Teacher and student text books.</li><li>• Athletic Team supplies/training equipment/uniforms.</li><li>• Classroom supplies/consumables Bunsen Burners, test tubes, chemicals, mechanic wrenches, etc.</li><li>• Golf Carts</li><li>• Trailers</li><li>• Trucks/Tractors and cars</li><li>• Landscape equipment</li></ul>	Ed Code Section 17072.35 & CSAM Procedure 770

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CONSTRUCTION COSTS		
	Type of Ineligible Expenditure	Authority
	<p>Mowers, etc.</p> <ul style="list-style-type: none"><li>• School maintenance equipment</li><li>• Floor polisher/scrubber, etc.</li><li>• Cleaning &amp; janitorial supplies</li><li>• Band equipment/Uniforms</li><li>• Mascot Uniforms</li></ul>	

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Office of Public School Construction Application Number: 50/68023-01-001

**I. Record Retention**

Grantee shall maintain satisfactory financial accounts, documents, and records for the Project, at a Project-specific level of detail. Grantee shall also retain such financial accounts, documents, and records necessary for an audit, pursuant to Education Code Section 41024(a)(4).

Financial accounts, documents, and records may be retained electronically.

*(Authority: Government Code Section 12275(a) and (b), and Education Code Section 41024)*

**J. Material Inaccuracy**

If a failure by the Grantee to comply with the terms of this Agreement, or an audit report determination that the Grantee has violated applicable state or federal law as it relates to this Project, stems from falsely certified information on the Funding Application or Fund Release Application (including certifications made by architects or other design professionals), then Material Inaccuracy findings and penalties, as described in Education Code 17070.51 and SFP Regulation Section 1859.104.1, may apply.

**K. Conflict of Interest**

All Grantees are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code, Section 1090 and Public Contract Code, Sections 10410 and 10411, for State conflict of interest requirements.

1. Employees of the Grantee: Employees of the Grantee shall comply with all applicable provisions of law pertaining to conflicts of interest, including, but not limited to any applicable conflict of interest provisions of the California Political Reform Act, Cal. Gov't Code § 87100 et seq.
2. Employees and Consultants to the Grantee: Individuals working on behalf of the Grantee may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

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Office of Public School Construction Application Number: 50/68023-01-001

**L. Severability**

If any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

**M. Disputes**

1. Any claim that the Grantee may have regarding performance of this agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the Office of Public School Construction. The Office of Public School Construction and Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.
2. Any claim that the Grantee may have regarding the audit report's project expenditure determination shall be adjudicated by the Education Audit Appeals Panel, consistent with Education Code Section 41344.

**N. Electronic Filing**

Any communication under this Grant Agreement shall be in writing and may be transmitted by electronic means. Communication sent electronically will be effective on the date of transmission.

**O. Supplement, Not Supplant**

The terms and conditions of this Agreement are intended to supplement, not supplant, the laws and regulations that apply to this Project. The Grantee understands and agrees to adhere to all laws and regulations that apply to this Project, even if those laws and regulations are not specifically cited in this Agreement.

**P. Exact Duplicate**

This Agreement is an exact duplicate (verbatim) of the Agreement provided by the Office of Public School Construction. In the event a conflict should exist, the language in the Agreement provided by the Office of Public School Construction will prevail.

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Office of Public School Construction Application Number: 50/68023-01-001

**SIGNATURES**

**The statements set forth in this Agreement are true and correct to the best of my knowledge and belief. IN WITNESS WHEREOF, this Agreement has been executed by the parties.**

NAME OF GRANTEE REPRESENTATIVE (PRINT)	PHONE NUMBER
OSCAR ESQUIVEL	619 425-9600
SIGNATURE OF GRANTEE REPRESENTATIVE	DATE
	2/20/2018
SIGNATURE OF EXECUTIVE OFFICER OF THE OFFICE OF PUBLIC SCHOOL CONSTRUCTION, OR DESIGNEE	DATE
	3/20/18



STATE OF CALIFORNIA  
**APPLICATION FOR FUNDING**  
**SCHOOL FACILITY PROGRAM**

SAB 50-04 (REV 06/17)

STATE ALLOCATION BOARD  
 OFFICE OF PUBLIC SCHOOL CONSTRUCTION

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**5. New Construction Additional Grant Request—New Construction Only**

- a. Therapy: Toilets (sq. ft.) \_\_\_\_\_
- b. Multilevel Construction (CRS): Other (sq. ft.) 30
- c.  Project Assistance
- d. Site Acquisition:
  - (1) 50 percent Actual Cost: \$ 1,579,726
  - (2) 50 percent Appraised Value: \$ 4,400,000
  - (3) 50 percent Relocation Cost: \$ 63,189
  - (4) 2 percent (min. \$25,000): \$ 63,189
  - (5) 50 percent DTSC Fee: \$ 63,189
- e. 50 percent hazardous waste removal:  Response Action (RA)
- f. Site Development
  - 50 percent Service-Site: \$ 976,540
  - 50 percent Off-Site: \$ 68,486
  - 50 percent Utilities: \$ 39,970
  - General Site
- g. Facility Hardship Section 1859.82(a) or (b)
  - Toilet (sq. ft.): \_\_\_\_\_
  - Other (sq. ft.): \_\_\_\_\_
- h.  Seismic Rehabilitation [Section 1859.82(a)]
- i. Replacement area
  - Toilet (sq. ft.): \_\_\_\_\_
  - Other (sq. ft.): \_\_\_\_\_
- j.  Energy Efficiency: \_\_\_\_\_ %
- k.  Automatic Fire Detection/Alarm System
- Automatic Sprinkler System
- l.  High Performance Incentive (Indicate Points): \_\_\_\_\_

**6. Modernization Additional Grant Request**

- a.  Project Assistance
- b.  Energy Efficiency: \_\_\_\_\_ %
- c.  Site Development—60 percent utilities: \$ 63,189
- d.  Automatic Fire Detection/Alarm System
- e.  High Performance Incentive (Indicate Points): \_\_\_\_\_

**7. Excessive Cost Hardship Request**

**New Construction Only**

- Geographic Percent Factor: \_\_\_\_\_ %
- New School Project [Section 1859.83(c)(1)]
- New School Project [Section 1859.83(c)(2)]
- Small Size Project
- Urban/Security/Impacted Site;

If a new site, \$ \_\_\_\_\_ per Useable Acre [Section 1859.83(d)(2)(C)]

**Modernization Only**

- Rehabilitation/Mitigation [Section 1859.83(e)]: \$ \_\_\_\_\_ %
- Geographic Percent Factor: \_\_\_\_\_ %
- Small Size Project
- Urban/Security/Impacted site
- Accessibility/Fire Code
  - 3 percent of base grant; or,
  - 60 percent of minimum work
- Number of 2-Stop Elevators: \_\_\_\_\_
- Number of Additional Stops: \_\_\_\_\_

**8. Charter School Facilities Program Rehabilitation Additional Grant and Excessive Cost Hardship Request**

**Additional Grant Request**

- a.  High Performance Incentive (Indicate Points): \_\_\_\_\_

**Excessive Cost Hardship Request**

- b.  Geographic Percent Factor: \_\_\_\_\_ %
- c.  Small Size Project
- d.  Urban/Security/Impacted site
- e.  Accessibility/Fire Code
  - 3 percent of base grant; or,
  - 50 percent of minimum work
- Number of 2-Stop Elevators: \_\_\_\_\_
- Number of Additional Stops: \_\_\_\_\_

**9. Project Priority Funding Order—New Construction Only**

Priority order of this application in relation to other new construction applications submitted by the district at the same time: # \_\_\_\_\_

Project meets:

- Density requirement pursuant to Section 1859.92(c)(3).
- Stock plans requirement pursuant to Section 1859.92(c)(4).
- Energy efficiency requirement pursuant to Section 1859.92(c)(6).

**10. Prior Approval Under the LPP**

New Construction: 22/\_\_\_\_\_  
 Modernization: 77/\_\_\_\_\_

**11. Prior Apportionment Under the SFP**

Site/Design—New Construction: 50/\_\_\_\_\_  
 Design—Modernization: 57/\_\_\_\_\_

**12. Preliminary Apportionment to Final Apportionment**

Preliminary Apportionment Application Number: # \_\_\_\_\_

**13. Alternative Developer Fee—New Construction Only**

Alternative developer fee collected and reportable pursuant to Regulation Section 1859.77: \$ \_\_\_\_\_

STATE OF CALIFORNIA  
**APPLICATION FOR FUNDING**  
SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 06/17)

STATE ALLOCATION BOARD  
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

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**14. Adjustment to New Construction Baseline Eligibility**

a. Classroom(s) provided:

Additional	Replacement
K-6:	K-6
7-8:	7-8
9-12:	9-12
Non-Severe:	Non-Severe
Severe:	Severe

Construction Contract(s) for the project signed on:

**15. Pending Reorganization Election—New Construction Only**

Yes  No

**16. Joint-Use Facility/Leased Property**

- Joint-Use Facility
- Leased Property

**17. Project Progress Dates**

a. Construction Contract(s) awarded on:

October 18, 2011

(If the space provided is not sufficient for all applicable contract dates, please list all dates on a separate attachment to this form.)

b. Notice(s) to Proceed issued on:

April 11, 2012

c. If the Construction Contract(s) was awarded prior to January 1, 2012, have you initiated and enforced an LCP approved by the DIR pursuant to Labor Code Section 1771.7 for this project?

Yes  No

**18. Prevailing Wage Monitoring and Enforcement Costs**

If the Construction Contract(s) was awarded on January 1, 2012 through June 19, 2014, please indicate which monitoring requirement was or is being used, pursuant to Labor Code Section 1771.3 in effect on January 1, 2012 through June 19, 2014:

- DIR Public Works administration and enforcement
- DIR approved District LCP
- Collective bargaining agreement, pursuant to Labor Code Section 1771.3(b)(3) in effect on January 1, 2012 through June 19, 2014

**19. Construction Delivery Method**

- Design-Bid-Build
- Design-Build
- Developer Built
- Lease Lease-Back
- Energy Performance Contract
- This project includes or will include piggyback contract(s) as defined in Section 1859.2
- Other: CM Multi Prime

**20. Career Technical Education Funds Request**

Will CTE Funds be requested for classroom(s) included in the plans and specifications for this project?

Yes  No

Number of CTE classroom(s):

**21. Overcrowding Relief Grant Narrative**

**22. Architect of Record or Licensed Architect Certification**

I certify as the architect of record for the project or as a licensed architect that:

- The P&S for this project were submitted to the OPSC by electronic medium (i.e., CD-ROM, zip disk or diskette) or as an alternative, if the request is for a modernization Grant, the P&S were submitted in hard copy to the OPSC.
- Any portion of the P&S requiring review and approval by the Division of the State Architect (DSA) were approved by the DSA on April 30, 2011 (enter DSA approval date).
- Any portion of the P&S not requiring review and approval by the DSA meets the requirements of the California Code of Regulations, Title 24, including any handicapped access and fire code requirements.
- If the request is for a Modernization or Charter School Facilities Program Rehabilitation Grant, the P&S include the demolition of more classrooms than those to be constructed in the project, the difference is N/A classroom(s). (Indicate N/A if there are none.)
- If the request is for a Modernization or Charter School Facilities Program Rehabilitation Grant, the P&S include the construction of more classrooms than those to be demolished in the project, the difference is N/A classroom(s). (Indicate N/A if there are none.)

ARCHITECT OF RECORD OR LICENSED ARCHITECT (PRINT NAME)

Roger Clarke

SIGNATURE



DATE

12/1/17

**23. Architect of Record or Design Professional Certification**

I certify as the architect of record for the project or the appropriate design professional, that:

- If the request is for a New Construction Grant, not including the ORG, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S including deferred items (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less site acquisition costs and the High Performance Base Incentive Grant. This cost estimate does not include site acquisition, planning, tests, inspection, or furniture and equipment and is available at the district for review by the OPSC.
- If the request is for a Modernization or Charter School Facilities Program Rehabilitation Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S, including deferred items and interim housing (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less the High Performance Base Incentive Grant. This cost estimate does not include planning, tests, inspection or furniture and equipment and is available at the district for review by the OPSC.

ARCHITECT OF RECORD OR DESIGN PROFESSIONAL (PRINT NAME)

Roger Clarke

SIGNATURE



DATE

12/1/17

STATE OF CALIFORNIA  
**APPLICATION FOR FUNDING**  
**SCHOOL FACILITY PROGRAM**

SAB 50-04 (REV 06/17)

STATE ALLOCATION BOARD  
 OFFICE OF PUBLIC SCHOOL CONSTRUCTION

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The school district named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et seq., of the Education Code and the Regulations thereto.

SCHOOL DISTRICT Chula Vista Elementary School District	APPLICATION NUMBER 50/68023-01-001
SCHOOL NAME Otay Village #11 (named Enrique S. Camarena Elementary)	PROJECT TRACKING NUMBER 68023-024
COUNTY San Diego County	DISTRICT REPRESENTATIVE'S E-MAIL ADDRESS Oscar.Esquivel@cvesd.org
HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (IF APPLICABLE) Olympian HS	

**1. Type of Application—Check Only One**

**New Construction**  
 New Construction (Final Apportionment)  
 New Construction (Final Charter School Apportionment)  
 New Construction (Overcrowding Relief Grant)  
 Rehabilitation (Final Charter School Apportionment)  
 Modernization  
 Modernization of California Schools for Deaf/Blind

**Separate Apportionment**

Site Only—New Construction [Section 1859.81.1]  
 Site Only (District owned)—New Construction [Section 1859.81.2]  
 Site Only—Environmental Hardship [Section 1859.75.1]  
 Design Only—New Construction [Section 1859.81.1]  
 Design Only—New Construction with High Performance  
 Design Only—Modernization  
 Design Only—Modernization with High Performance  
 Design Only—Modernization of California Schools for Deaf/Blind  
 Facility Hardship [Section 1859.82(a)]  
 Seismic Replacement  
 Seismic Rehabilitation  
 Facility Hardship [Section 1859.82(b)]  
 Rehabilitation [Section 1859.83(e)]  
 Advance Funding for Evaluation and RA

**2. Type of Project**

a.  Elementary School  
 Middle School  
 High School

Total Pupils Assigned:

K-6: 750  
 7-8: \_\_\_\_\_  
 9-12: \_\_\_\_\_  
 Non-Severe: \_\_\_\_\_  
 Severe: \_\_\_\_\_

b.  50 Years or Older Building Funding (Modernization Only)

Total Eligible Classrooms/Square Footage: \_\_\_\_\_  
 Classroom/Square Footage at Least 50 Years Old: \_\_\_\_\_  
 Ratio of 50 Years Old Classrooms/Square Footage: \_\_\_\_\_ %  
 From 2a above, how many are 50 Year or Older Pupil Grants?  
 K-6: \_\_\_\_\_  
 7-8: \_\_\_\_\_  
 9-12: \_\_\_\_\_  
 Non-Severe: \_\_\_\_\_  
 Severe: \_\_\_\_\_

c. Included in 2a above, how many pupils are generated by the Alternative Enrollment Projection? (New Construction Only)

K-6: \_\_\_\_\_  
 7-8: \_\_\_\_\_  
 9-12: \_\_\_\_\_  
 Non-Severe: \_\_\_\_\_  
 Severe: \_\_\_\_\_

d. Is this a 6-8 school?  Yes  No

If you answered yes, how many K-6 pupils reported above are sixth graders?

Is this an Alternative Education School?  Yes  No

e. Is this a use of grant request pursuant to Section 1859.77.2?  Yes  No  
 Is this request pursuant to Section 1859.77.2(c)?  Yes  No

If yes, enter date of successful bond election: \_\_\_\_\_

Is this a use of grant request pursuant to Section 1859.77.3?  Yes  No

Is this request pursuant to Section 1859.77.3(c)?  Yes  No  
 If yes, enter date of successful bond election: \_\_\_\_\_

f.  Facility Hardship (no pupils assigned)  
 g. Charter School Facilities Program Rehabilitation Request:

Toilets (sq. ft.) \_\_\_\_\_  
 Other (sq. ft.) \_\_\_\_\_

h. Project to be located on:

Leased Site  
 New Site  
 Existing Site with Additional Acreage Acquired  
 Existing Site with No Additional Acreage Acquired

i. ORG Projects Only

NAME OF ELIGIBLE SCHOOL SITE(S)	NUMBER OF PORTABLES BEING REPLACED	NUMBER OF SITE SPECIFIC ELIGIBLE PUPILS BEING REQUESTED
<b>Total</b>		30

**3. Number of Classrooms:**

Master Plan Acreage Site Size (Useable): 21.4  
 Recommended Site Size (Useable): 18.5  
 Existing Acres (Useable):  
 Proposed Acres (Useable): 10.01

**4. Type of Financial Hardship Request**

Submittal pending OPSC approval pursuant to Section 1859.81(h)  
 Submittal with school board resolution, pursuant to Section 1859.95.1  
 (Insufficient Bond Authority)

STATE OF CALIFORNIA  
**APPLICATION FOR FUNDING**  
 SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 06/17)

STATE ALLOCATION BOARD  
 OFFICE OF PUBLIC SCHOOL CONSTRUCTION

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**5. New Construction Additional Grant Request—New Construction Only**

a. Therapy: Toilets (sq. ft.) \_\_\_\_\_  
 Other (sq. ft.) \_\_\_\_\_  
 30

b. Multilevel Construction (CRS): \_\_\_\_\_

c.  Project Assistance

d. Site Acquisition:

(1) 50 percent Actual Cost: \$ 1,579,726  
 (2) 50 percent Appraised Value: \$ 4,400,000  
 (3) 50 percent Relocation Cost: \$ \_\_\_\_\_  
 (4) 2 percent (min. \$25,000): \$ 63,189  
 (5) 50 percent DTSC Fee: \$ \_\_\_\_\_

e. 50 percent hazardous waste removal: \$ \_\_\_\_\_  
 Response Action (RA)

f. Site Development

50 percent Service-Site: \$ 976,540  
 50 percent Off-Site: \$ 68,486  
 50 percent Utilities: \$ 39,970  
 General Site

g. Facility Hardship Section 1859.82(a) or (b)

Toilet (sq. ft.): \_\_\_\_\_  
 Other (sq. ft.): \_\_\_\_\_

h.  Seismic Rehabilitation [Section 1859.82(a)] \$ \_\_\_\_\_

i. Replacement area

Toilet (sq. ft.): \_\_\_\_\_  
 Other (sq. ft.): \_\_\_\_\_

j.  Energy Efficiency: \_\_\_\_\_ %

k.  Automatic Fire Detection/Alarm System  
 Automatic Sprinkler System

l.  High Performance Incentive (Indicate Points): \_\_\_\_\_

**6. Modernization Additional Grant Request**

a.  Project Assistance  
 b.  Energy Efficiency: \_\_\_\_\_ %  
 c.  Site Development—60 percent utilities: \$ \_\_\_\_\_  
 d.  Automatic Fire Detection/Alarm System  
 e.  High Performance Incentive (Indicate Points): \_\_\_\_\_

**7. Excessive Cost Hardship Request**

**New Construction Only**

Geographic Percent Factor: \_\_\_\_\_ %  
 New School Project [Section 1859.83(c)(1)]  
 New School Project [Section 1859.83(c)(2)]  
 Small Size Project  
 Urban/Security/Impacted Site;  
 If a new site, \$ \_\_\_\_\_ per Useable Acre [Section 1859.83(d)(2)(C)]

**Modernization Only**

Rehabilitation/Mitigation [Section 1859.83(e)]: \$ \_\_\_\_\_ %  
 Geographic Percent Factor: \_\_\_\_\_ %  
 Small Size Project  
 Urban/Security/Impacted site  
 Accessibility/Fire Code  
 3 percent of base grant; or,  
 60 percent of minimum work  
 Number of 2-Stop Elevators: \_\_\_\_\_  
 Number of Additional Stops: \_\_\_\_\_

**8. Charter School Facilities Program Rehabilitation Additional Grant and Excessive Cost Hardship Request**

**Additional Grant Request**

High Performance Incentive (Indicate Points): \_\_\_\_\_

**Excessive Cost Hardship Request**

b.  Geographic Percent Factor: \_\_\_\_\_ %  
 c.  Small Size Project  
 d.  Urban/Security/Impacted site  
 e.  Accessibility/Fire Code  
 3 percent of base grant; or,  
 50 percent of minimum work  
 Number of 2-Stop Elevators: \_\_\_\_\_  
 Number of Additional Stops: \_\_\_\_\_

**9. Project Priority Funding Order—New Construction Only**

Priority order of this application in relation to other new construction applications submitted by the district at the same time: # \_\_\_\_\_

Project meets:

Density requirement pursuant to Section 1859.92(c)(3).  
 Stock plans requirement pursuant to Section 1859.92(c)(4).  
 Energy efficiency requirement pursuant to Section 1859.92(c)(6).

**10. Prior Approval Under the LPP**

New Construction: 22/  
 Modernization: 77/

**11. Prior Apportionment Under the SFP**

Site/Design—New Construction: 50/  
 Design—Modernization: 57/

**12. Preliminary Apportionment to Final Apportionment**

Preliminary Apportionment Application Number: # \_\_\_\_\_

**13. Alternative Developer Fee—New Construction Only**

Alternative developer fee collected and reportable pursuant to  
 Regulation Section 1859.77: \$ \_\_\_\_\_

**24. Certification**

I certify, as the District Representative, that the information reported on this form, with the exception of items 22 and 23, is true and correct and that:

- I am an authorized representative of the district as authorized by the governing board of the district; and,
- A resolution or other appropriate documentation supporting this application under Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et. seq., of the Education Code was adopted by the school district's governing board or the designee of the Superintendent of Public Instruction on, October 18, 2011; and,
- The district has established a "Restricted Maintenance Account" for exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Section 17070.75 and 17070.77 (refer to Sections 1859.100 through 1859.102); and,
- The district has considered the feasibility of the joint use of land and facilities with other governmental agencies in order to minimize school facility costs; and,
- If this funding request is for the modernization of portable classrooms eligible for an additional apportionment pursuant to Education Code Section 17073.15, the district certifies that (check the applicable box below):
  - 1. The state modernization funds will be used to replace the portable classrooms and permanently remove the displaced portables from the classroom use within six months of the filing of the Notice of Completion for the project; or,
  - 2. It has provided documentation to the Office of Public School Construction which indicates that modernizing the portable classrooms eligible for an additional apportionment is better use of public resources than the replacement of these facilities.
- Facilities to be rehabilitated under the Charter School Facilities Program previously funded with School Facility Program State funds meet the requirements of Section 1859.163.6; and,
- All contracts entered on or after November 4, 1998 for the service of any architect structural engineer or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5, of Title 1, of the Government Code; and,
- If this request is for new construction funding, the district has received approval of the site and the plans from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- If this request is for modernization or Charter School Facilities Program Rehabilitation funding, the district has received approval of the plans for the project from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- The district has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- This district has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,
- The district matching funds required pursuant to Sections 1859.77.1 or 1859.79 has either been expended by the district, deposited in the County School Facility Fund or will be expended by the district prior to the notice of completion for the project; and,
- The district has received the necessary approval of the plans and specifications from the Division of the State Architect unless the request is for a separate site and/or design apportionment; and,

- If the district is requesting site acquisition funds as part of this application, the district has complied with Sections 1859.74 through 1859.75.1 as appropriate; and,
- With the exception of an apportionment made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105); and,
- If the apportionment for this project was made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 12 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105.1); and,
- The district understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Section 1859.90); and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief; and,
- All school facilities purchased or newly constructed under the project for use by pupils who are individuals with exceptional needs, as defined in Education Code Section 56026, shall be designed and located on the school site so as to maximize interaction between those individuals with exceptional needs and other pupils as appropriate to the needs of both; and,
- This form is an exact duplicate (verbatim) of the form provided by the OPSC. In the event a conflict should exist, the language in the OPSC form will prevail; and,
- The district understands that some or all of the State funding for the project must be returned to the State as a result of an audit pursuant to Sections 1859.105, 1859.105.1, 1859.106; and,
- The district has complied with the provisions of Sections 1859.76 and 1859.79.2 and that the portion of the project funded by the State does not contain work specifically prohibited in those Sections; and,
- If the SFP grants will be used for the construction or modernization of school facilities on leased land, the district has entered into a lease agreement for the leased property that meets the requirements of Section 1859.22; and,
- If the application contains a "Use of New Construction Grant" request, the district has adopted a school board resolution and housing plan at a public hearing at a regularly scheduled meeting of the governing board on \_\_\_\_\_ as specified in Sections 1859.77.2, or 1859.77.3, as appropriate. The district's approved housing plan is as indicated (check all that apply):
  - 1. The district will construct or acquire facilities for housing the pupils with funding not otherwise available to the SFP as a district match within five years of project approval by the SAB and the district must identify the source of the funds. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
  - 2. The district will utilize higher district loading standards providing the loading standards are within the approved district's teacher contract and do not exceed 33:1 per classroom. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
  - 3. The pupils requested from a different grade level will be housed in classrooms at an existing school in the district which will have its grade level changed, to the grade level requested, at the completion of the proposed SFP project. [Applicable for Sections 1859.77.2(b) and 1859.77.3(b)]

STATE OF CALIFORNIA  
**APPLICATION FOR FUNDING**  
**SCHOOL FACILITY PROGRAM**

SAB 50-04 (REV 06/17)

STATE ALLOCATION BOARD  
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

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- If the district requested additional funding for fire code requirements pursuant to Sections 1859.71.2 or 1859.78.4, the district will include the automatic fire detection/alarm system and/or automatic sprinkler system in the project prior to completion of the project; and,
- The district has consulted with the career technical advisory committee established pursuant to Education Code Section 8070 and the need for vocational and career technical facilities is being adequately met in accordance with Education Code Sections 51224, 51225.3(b), and 51228(b), and 52336.1; and,
- If the district is requesting an Additional Grant for Energy Efficiency pursuant to Sections 1859.71.3 or 1859.78.5, the increased costs for the energy efficiency components in the project exceeds the amount of funding otherwise available to the district; and,
- If this application is submitted after January 1, 2004 for modernization funding, the district has considered the potential for the presence of lead-containing materials in the modernization project and will follow all relevant federal, state, and local standards for the management of any identified lead; and,
- The district has initiated and enforced an LCP that has been approved by the DIR, pursuant to Labor Code Section 1771.7, if the project is funded from Propositions 47 or 55 and the Notice to Proceed for the construction phase of the project is issued on or after April 1, 2003 and before January 1, 2012; and,
- The district has contracted with the DIR for prevailing wage monitoring and enforcement pursuant to Labor Code Section 1771.3(a) in effect on January 1, 2012 through June 19, 2014, if the construction contract was awarded on January 1, 2012 through June 19, 2014 and the district has not obtained a waiver for the requirement, pursuant to Labor Code Section 1771.3(b) in effect on January 1, 2012 through June 19, 2014. The district understands that if it fails to meet this requirement, it will be required to repay all state bond funds received including interest; and,
- Beginning with the 2005/2006 fiscal year, the district has complied with Education Code Section 17070.75(e) by establishing a facilities inspection system to ensure that each of its schools is maintained in good repair; and,
- If this application is submitted pursuant to Section 1859.180, the district certifies that within six months of occupancy of the permanent classrooms, it will remove the replaced portables from the eligible school site and K-12 grade classroom use with the exception of schools described in Education Code Section 17079.30(c); and,
- The district has considered the feasibility of using designs and materials for the new construction or modernization project that promote the efficient use of energy and water, maximum use of natural light and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to teaching and learning, and the other characteristics of high performance schools; and,
- If the district is requesting an additional grant for high performance incentive funding, the school district governing board must have a resolution on file that demonstrates support for the high performance incentive grant request and the intent to incorporate high performance features in future facilities projects; and,
- If this application is submitted when there is Insufficient Bond Authority, the district has adopted a school board resolution pursuant to Section 1859.95.1; and,

NAME OF DISTRICT REPRESENTATIVE (PRINT)	PHONE NUMBER
Oscar Esquivel	(619) 425-9600
SIGNATURE OF DISTRICT REPRESENTATIVE	DATE
	11/29/17

## SCHOOL FACILITY PROGRAM

Application: 50/68023-01-001

County: SAN DIEGO District: CHULA VISTA ELEMENTARY  
Site: OTAY VILLAGE #11

-- HOLD STATUS -- -- MISC. STATUS --  
ART: N Fin Hrdship: N State Share: 50  
PM: N Appeals: N  
PVT: N Accounting: N  
Real Estate: N Audit: N

Category	Apportionment	Expenditure	Balance
New Construction	8,328,000.00	8,328,000.00	0.00
Modernization	0.00	0.00	0.00
SDC Non Severe	0.00	0.00	0.00
SDC Severe	0.00	0.00	0.00
SDC Therapy	0.00	0.00	0.00
Secondary SDC Non Severe	0.00	0.00	0.00
Secondary SDC Severe	0.00	0.00	0.00
Secondary SDC Therapy	0.00	0.00	0.00
Multi Level Const.	999,360.00	999,360.00	0.00
Site Acquisition	1,579,726.00	1,579,726.00	0.00
Site Relocation	0.00	0.00	0.00
Toxic	0.00	0.00	0.00
Site Other	63,189.00	63,189.00	0.00
Service Site	976,540.00	976,540.00	0.00
General Site	749,507.00	749,507.00	0.00
Offsite	68,486.00	68,486.00	0.00
Utilities	39,970.00	39,970.00	0.00
Facility Hardship Toilet	0.00	0.00	0.00
Facility Hardship Other	0.00	0.00	0.00
Geographic Index	0.00	0.00	0.00
Small School	0.00	0.00	0.00
New School	0.00	0.00	0.00
Rehabilitation	0.00	0.00	0.00
Urban Security	0.00	0.00	0.00
Fire Code Compliance	0.00	0.00	0.00
Elevator 2 Stop	0.00	0.00	0.00
Elevator Add. Stop	0.00	0.00	0.00
Financial Hardship	0.00	0.00	0.00
Alternate Dev. Fee	0.00	0.00	0.00
SDC Therapy Toilet	0.00	0.00	0.00
Project Assistance	0.00	0.00	0.00
Site DTSC Fee	0.00	0.00	0.00
Site Hazardous Removal	0.00	0.00	0.00
Replacement Area Toilet	0.00	0.00	0.00
Replacement Area Other	0.00	0.00	0.00
Fire Detection/Alarm	9,750.00	9,750.00	0.00
Fire Sprinklers	139,500.00	139,500.00	0.00
Energy	0.00	0.00	0.00
High Performance	0.00	0.00	0.00
50 Year Old Modernization	0.00	0.00	0.00
Labor Compliance Program	0.00	0.00	0.00
Prevailing Wage Monitoring	0.00	0.00	0.00
Inflation Adjustment	0.00	0.00	0.00
Excessive Hazmat Removal	0.00	0.00	0.00
Joint Use Extra Cost	0.00	0.00	0.00
CSFA Lease Amount	0.00	0.00	0.00
CTE Equipment	0.00	0.00	0.00
CTE Loan	0.00	0.00	0.00
<b>STATE TOTAL</b>	<b>12,954,028.00</b>	<b>12,954,028.00</b>	<b>0.00</b>
<b>DISTRICT CONTRIBUTION</b>	<b>12,954,028.00</b>		
<b>PROJECT TOTAL</b>	<b>25,908,056.00</b>		
ACCOUNTS RECEIVABLE		0.00	
INTEREST		0.00	

#### ACCOUNTS RECEIVABLE

INTEREST 0.00

Date:03/27/19

Page:project

SCHOOL FACILITY PROGRAM

Application: 50/68023-01-001

County: SAN DIEGO District: CHULA VISTA ELEMENTARY  
Site: OTAY VILLAGE #11

-- HOLD STATUS -- -- MISC. STATUS --  
ART: N Fin Hrdship: N State Share: 50  
PM: N Appeals: N  
PVT: N Accounting: N  
Real Estate: N Audit: N

Category	Apportionment	Expenditure	Balance
Fund	Apportionment	Expenditure	Balance
Fund 051-500	12,954,028.00	12,954,028.00	0.00
TOTAL	12,954,028.00	12,954,028.00	0.00

SCHOOL FACILITY PROGRAM  
APPLICATION TRANSACTIONDETAIL  
Application: 50/68023-01-001

County: SAN DIEGO District: CHULA VISTA ELEMENTARY  
Site: OTAY VILLAGE #11

-- HOLD STATUS -- -- MISC. STATUS --

ART: N Fin Hrdship: N State Share: 50  
PM: N Appeals: N  
PVT: N Accounting: N  
Real Estate: N Audit: N

Trans Type	Trans Sequence	Document Date	Bond Fund	Apportionment Amount	Expenditure Amount	Comment	Keyed Date	Keyed By
UNFUNDED	G	12/06/2017	123-123	Not applicable		12/08/2017	rmoy	
RESO	G	03/21/2018	051-500	12,954,028.00		03/23/2018	eagpalo	
UNFUNDED	G	03/21/2018	123-123	Not applicable		951-500	03/23/2018	eagpalo
CLAIM SC	00000241	05/18/2018	051-500		12,954,028.00	05/14/2018	suxu	
WARRANT	00000241	06/01/2018	051-500	Not applicable		02/20/2019	rmoy	
				12,954,028.00	12,954,028.00			

LEASE-PURCHASE PROJECT NUMBER(S): NONE

**SCHOOL DISTRICT DATA**

**Application No:** 50/68023-01-001  
**School District:** Chula Vista Elementary  
**High School Attendance Area:** Olympian

**County:** San Diego  
**School Name:** Otay Village #11

**PROJECT DATA**

**Type of Project:** Elementary School  
 K-6: 750  
 7-8:  
 9-12:  
**Non-Severe:**  
**Severe:**  
**Application Filing Basis:** High School Attendance Area  
**Number of Classrooms:** 30  
**Master Acres:** 21.4  
**Existing Acres:**  
**Proposed Acres:** 10.01  
**Recommended Acres:** 13.5  
**Facility Hardship (a):** No  
**Financial Hardship Requested:** No  
**Alternative Education School:** No  
**Addition to Existing Site:** No

**ADJUSTED GRANT DATA**

<b>New Construction Grant</b>	\$	8,328,000.00
<b>Fire Detection Alarm</b>		9,750.00
<b>Sprinkler System</b>		139,500.00
<b>Multi-Level Constr.</b>	32Crs.	999,360.00
<b>Site Acquisition</b>		1,642,915.00
<b>Service Site</b>		976,540.00
<b>Off-Site</b>		68,486.00
<b>Utilities</b>		39,970.00
<b>General Site</b>		749,507.00
<b>Total State Share (50%)</b>	\$	12,954,028.00
<b>District Share (50%)</b>		12,954,028.00
<b>Total Project Cost</b>	\$	<b>25,908,056.00</b>

**PROJECT FINANCING**

**State Share**  
**This Project** \$ 12,954,028.00  
**District Share**  
**Cash Contribution** 12,954,028.00  
**Financial Hardship**  
**Total Project Cost** \$ **25,908,056.00**

**HISTORY OF PROJECT COST AND APPORTIONMENT**

	Fund Code	Proposition	Previously Authorized	Authorized This Action	Unfunded Approval This Action
<b>State Share</b>					
<b>New Construction/Add. Grant</b>	951-500	51	\$	\$ 12,954,028.00	\$ 12,954,028.00
<b>District Share</b>					
<b>Cash Contribution</b>				12,954,028.00	
<b>Total</b>			\$	\$ <b>25,908,056.00</b>	\$ <b>12,954,028.00</b>

**Funding Source:** Proposition 51 Bonds/2016-Nov.

Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List. This approval does not constitute a guarantee or commitment of future State funding.

The District shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

The District is responsible for ensuring that the project is compliant with Prevailing Wage Monitoring and/or Labor Compliance Program requirements at the time construction contracts are executed and/or construction commenced.

Based on the Board's action on June 5, 2017, this project is subject to the Grant Agreement submittal pursuant to School Facility Program Regulation Section 1859.90.4.

STATE OF CALIFORNIA  
**EXPENDITURE REPORT**  
SCHOOL FACILITY PROGRAM  
SAB 50-06 (REV 12/10)

RECEIVED  
OFFICE OF PUBLIC  
SCHOOL CONSTRUCTION

STATE ALLOCATION BOARD  
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

2019 MAR -1 PM 12:35

AF  
3/1/19  
Page 2 of 2

SCHOOL DISTRICT Chula Vista Elementary School District	COUNTY San Diego MAIL ROOM	APPLICATION NUMBER 50/68023-01-001
BUSINESS ADDRESS/CITY 84 East J Street		REPORT NUMBER 1
SCHOOL NAME Otay Village 11	DSA NUMBER 04-114470	CDS NUMBER 39-68023
PREPARER'S NAME (TYPED) Bernadette Faustino	PREPARER'S TITLE (TYPED) Accounting Manager	TELEPHONE NUMBER/E-MAIL ADDRESS 619-425-9600 Bernadette.faustino@cvesd.org
DISTRICT REPRESENTATIVE NAME (TYPED) Oscar Esquivel	DISTRICT REPRESENTATIVE TITLE (TYPED) Deputy Superintendent	TELEPHONE NUMBER/E-MAIL ADDRESS 619-425-9600 Oscar.esquivel@cvesd.org

1. Percent of Project Complete: 100%  
2. Notice to Proceed Issue Date: April 11, 2012  
3. Notice of Completion Date: August 14, 2013

	4. Previous Report	5. Report Period	6. Total to Date
District Funds or Joint-Use Partner(s) Contribution	\$0	15,016,348.00	15,016,348.00
State Funds	\$0	12,954,028.00	12,954,028.00
Interest Earned	\$0		
Project Expenditures	\$0	27,970,376.00	27,970,376.00

7. If applicable, list the amount of savings from this financial hardship project that will be used to reduce the grant of a future School Facility Program financial hardship project which has not yet been apportioned. Attach written declaration of savings pursuant to Section 1859.103.

Project Number \_\_\_\_\_ Amount of Savings \$ \_\_\_\_\_  
Project Number \_\_\_\_\_ Amount of Savings \$ \_\_\_\_\_

I certify, as the District Representative, that the information reported on this form is true and correct and that:

- I am designated as an authorized district representative by the governing board of the district; and,
- under penalty of perjury, under the laws of the State of California, the foregoing statements are true and correct, and that the Public Contract Code was adhered to in the construction of this project; and,
- this form is an exact duplicate (verbatim) of the form provided by Office of Public School Construction. In the event a conflict should exist, then the language in the OPSC form will prevail.

1-2-19  
SIGNATURE OF DISTRICT REPRESENTATIVE *Oscar Esquivel* DATE *2/8/19*

## EXPENDITURE WORKSHEET

DETAILED LISTING OF PROJECT EXPENDITURES  
PAGE 1 - CONSTRUCTION

PAGE 4 - CONSTRUCTION

## SCHOOL FACILITY PROGRAM

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