

- e. PAC Committee – Paul Dugas – no report.
- f. Mission Valley Community Council – Lynn Mulholland reported that Rob Hutsel will be the speaker at their next meeting on Wednesday, July 18th at 6:30 p.m. She stated that she and Debbie Creasey are Co-Chairs of the MVCC.
- g. San Diego River Coalition – Rob Hutsel, reported that they had a great meeting about expanding the River Trail and the ideas were brought to the River Conservancy to partner completing the Trail from Fashion Valley to the stadium. Lisa Gonzales said the Mayor is on board and the City wants to make this a priority and to make sure safety is emphasized along with design. It is 60% designed and almost fully funded.
- h. Community Planning Chairs – Linda Kaufman & Karen Ruggels – no report.
- i. Parks Subcommittee – Jason Broad said their next meeting will be Thursday, August 2nd. A meeting reminder will be emailed.

5. Miscellaneous Mail – none

J. GOVERNMENTAL STAFF REPORTS –

- 1. Senate Member's Office – no report.
- 2. City Council Office – Lisa Gonzales said 1.7 million has been allocated for construction of a bike path from Ocean Beach to Hotel Circle. She wanted to alert everyone to the Fifth Anniversary of the Mission Valley Library on Saturday, July 21st. With a \$5 donation you can be entered to win a \$500 shopping spree at Westfield Shopping Center. Lisa also gave thanks for sponsorship of the Harry Potter event at the library. It attracted 2,000 kids.

Lisa noted that Avalon Bay has purchased Fashion Walk and they plan to give one million dollars toward traffic improvements at Adrich and Friars.

K. ADJOURNMENT – There being no further business to be brought before the Committee, the meeting was adjourned at 2:04 PM. The next meeting will be August 1, 2007 at 12:00 p.m. at the Mission Valley Library, Community Room.

Respectfully Submitted,

Karen Ruggels
Secretary Pro Tem

PROMENADE @ RIO VISTA TM

PROJECT CHRONOLOGY

PTS # 105158 JO# 426548

Date Response	Action	Description	City Review Time	Applicant
1/23/07	Customer Submits First Cycle			
2/28/07	Initial Assessment Letter Sent		1 month, 7days	
3/19/08	Customer submits 2 nd Cycle			1 year, 19 days
4/4/08	Second Assessment Letter		16 days	
6/17/08	Customer submits 3rd Cycle			2 months, 13 days
7/2/08	Third Assessment Letter	Ready for Hearing	18 days	
7/18/08	60 day Notice Served		16 days	60 days
10/2/08	Planning Commission Hearing		14 days	

<i>Total Staff Time (Average at 30 days per month):</i>	<i>3 months, 8 days</i>
<i>Total Applicant Time (Average at 30 days per month):</i>	<i>1 years, 5 months, 1 day</i>
<i>Actual Total Project Running Time (Years/Months/Days):</i>	<i>1 years, 8 months, 9 days</i>

Project Title: Promenade at Rio Vista	Project No. (For City Use Only)
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Part II - To be completed when property is held by a corporation or partnership

Legal Status (please check):

Corporation Limited Liability -or- General) What State? _____ Corporate Identification No. _____
 Partnership

By signing the Ownership Disclosure Statement, the owner(s) acknowledge that an application for a permit, map or other matter, as identified above, will be filed with the City of San Diego on the subject property with the intent to record an encumbrance against the property. Please list below the names, titles and addresses of all persons who have an interest in the property, recorded or otherwise, and state the type of property interest (e.g., tenants who will benefit from the permit, all corporate officers, and all partners in a partnership who own the property). A signature is required of at least one of the corporate officers or partners who own the property. Attach additional pages if needed. **Note:** The applicant is responsible for notifying the Project Manager of any changes in ownership during the time the application is being processed or considered. Changes in ownership are to be given to the Project Manager at least thirty days prior to any public hearing on the subject property. Failure to provide accurate and current ownership information could result in a delay in the hearing process. **Additional pages attached** Yes No

Corporate/Partnership Name (type or print):
Promenade Acquisition LLC

Owner Tenant/Lessee

Street Address:
2185 Station Village Way

City/State/Zip:
San Diego, CA 92108

Phone No: (619) 688-7900 Fax No: 293-3898 - *Rence Nelson*

Name of Corporate Officer/Partner (type or print):
75% PROMENADE MEMBER LLC

Title (type or print):
SPM Investment

Signature: *[Signature]* Date: 5/22/06

Corporate/Partnership Name (type or print):

Owner Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):
75% PROMENADE APARTMENTS LLC.

Title (type or print):
REAL ESTATE INVESTMENT MGT. INC. AGENT

Signature: *[Signature]* Date: 5/22/06

Corporate/Partnership Name (type or print):

Owner Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

Owner Tenant/Lessee

Street Address:

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Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

Owner Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

LaSalle Investment Management Officers List

Title	Name
Executive Vice President	Adam Caskey
Senior Vice President	Allan Marques
Senior Vice President	Allison McFaul
Senior Vice President	Andrew Figus
Executive Vice President	Anthony O'Malley
Senior Vice President	Benjamin Lentz
Assistant Secretary	Bernadette Wertheimer
Vice President	Beth Linn
Senior Vice President	Brian Gorz
Vice President and Treasurer	Brian P. Hake
Senior Vice President	Brian Tague
Senior Vice President	Brian Trahan
Executive Vice President	Bruce Grant
Executive Vice President	C. Allan Swaringen
Vice President	Charles Weatherford
Vice President	Chris Langstaff
Vice President	Christe Cavaness
Senior Vice President	Christina POLITO
Senior Vice President	Christine Akins
Vice President	Christopher Coleman
Executive Vice President	Christopher Wilson
Senior Vice President	Colin MacKellar
Senior Vice President	Colleen Coleman
Vice President	Cynthia Helms
Executive Vice President	Cynthia Parker
Executive Vice President	Daniel Reynolds
Executive Vice President	Daniel Witte
Executive Vice President	Dann Thomasson
Senior Vice President	Darline Scelzo
Vice President	David Schreiber
Executive Vice President	David Craine
Vice President and Compliance Officer	David Doherty
Senior Vice President and Assistant Treasurer	Demetri Rackos
Vice President	Denise Organt
Vice President	Derek Lopez
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Vice President	Diane Wild
Vice President	Edmund Lee
Senior Vice President	Edward Brickley
Vice President	Edwin Siddons
Executive Vice President	Erick Paulson
Senior Vice President	Ernest Fiorante
Vice President	G. Smith
Executive Vice President	George Duke
Senior Vice President	George Noon
Vice President	George Psaras jr.
Secretary	Gordon G. Repp
Secretary	Gordon G. Repp
Vice President	Greg Spafford
Senior Vice President	Gregory Falk
Executive Vice President	Harlan Stanley

LaSalle Investment Management Officers List

ATTACHMENT 9

Title	Name
Vice President	Henry Feibusch
Senior Vice President	Jacques Gordon
Senior Vice President	James Garvey
Senior Vice President	James Hutchinson
Vice President and Assistant Treasurer	James Jasionowski
Senior Vice President	James Ulmer
Senior Vice President	James Strezewski
Vice President	Janet Healy
Vice President	Jeany Lee
Vice President	Jeffrey Boehning
Vice President	Jeffrey Zaleon
Vice President	Jennifer Nelson
Vice President & Treasurer	Joseph J. Romenesko
Senior Vice President	Julie Manning
Senior Vice President	Karen Brennan
Senior Vice President	Kathryn Spritzer
Senior Vice President	Keith Pauley
Vice President	Kelly Laws
Vice President	Kim Palmbush
Executive Vice President and Chief Operating Officer	Kimball C. Woodrow
Senior Vice President	Kristin Schneider
Vice President	Laurence Harris
Executive Vice President	Leo E. Owens
Executive Vice President	Lisa Kaufman
Vice President	Lorraine Hoogewerf
Senior Vice President	Margaret Burns
Vice President	Marguerite McCready
Vice President	Marin Maydon
Vice President	Mark McGruder
Assistant Secretary	Mark J. Ohringer
Senior Vice President	Matthew Reed
Executive Vice President	Matthew Walley
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Executive Vice President, Chief Financial Officer & Assistant Treasurer	Michael Ricketts
Senior Vice President	Michelle McNear
Vice President	Nathan Kane
Vice President	Nathan Zinn
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Executive Vice President	Rebecca Smith
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Vice President	Rita Brannon
Assistant Secretary	Robert K. Hagan
Senior Vice President	Russell Blackwell
Vice President	Scott Mowbray
Vice President	Stacey Fanale

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Title	Name
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Executive Vice President	Stephen Inglis
Senior Vice President	Stephen Adams
Senior Vice President	Stephen Robertson
Executive Vice President	Steve Bolen
Vice President	Steven Schnur
Executive Vice President	Terry Wilson
Senior Vice President	Todd Canter
Senior Vice President	Ty Spearing
Senior Vice President	Wade Judge
Senior Vice President	William Maher
Vice President	William Robb
Vice President	William Swiderski
Executive Vice President	Zelick Altman

JP MORGAN**PROMENADE LIST OF OFFICERS**

<u>TITLE</u>	<u>NAME</u>
President	Benjamin G. Gifford
Vice President and Assistant Secretary	M. Douglas Bisset
Vice President and Assistant Secretary	Kevin J. Faxon
Vice President and Assistant Secretary	Christopher W. Graham
Vice President and Assistant Secretary	Steven M. Greenspan
Vice President and Assistant Secretary	Michael R. Kairis
Vice President and Assistant Secretary	James F. Kennedy
Vice President and Assistant Secretary	Anne S. Pfeiffer
Vice President and Assistant Secretary	David C. Sears
Vice President and Assistant Secretary	Douglas A. Schwartz
Vice President and Assistant Secretary	James M. Walsh



THE PROMENADE

Red Vista

NOTICE PER GOVERNMENT CODE §66452.9/MUNICIPAL CODE §125.0431

July 18, 2008

To the occupant(s) of
2173 Camino Del Este, San Diego, CA 92108:
(address)

The owner of this building, at (address), plans to file a tentative map with the city of San Diego to convert this building to a condominium. You shall be given notice of each hearing for which notice is required pursuant to Sections 66451.3 and 66452.5 of the Government Code, and you have the right to appear and the right to be heard at any such hearing.

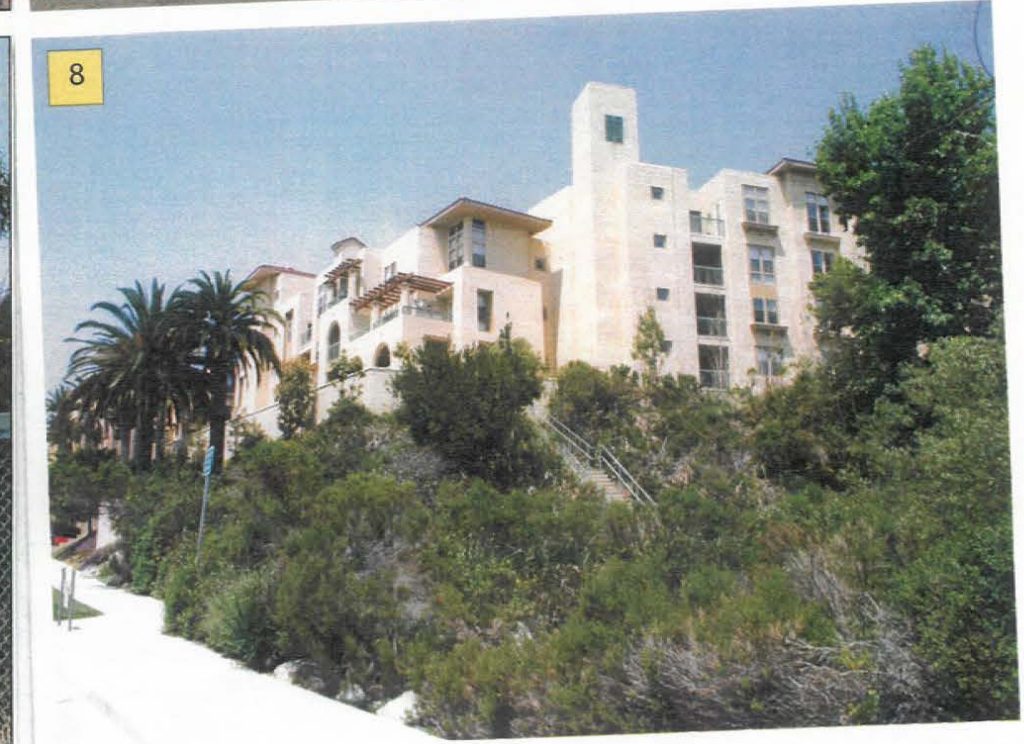
If the City approves the conversion, tenants may be required to vacate the premises following any payment of benefits due pursuant to San Diego Municipal Code section 144.0505.

We will be in further communication with you as the mapping and conversion process continues. In the meantime, please feel free to contact me in the leasing office at (619) 293-3888 with any questions.

Thank you,

A handwritten signature in black ink, appearing to read 'Todd Kerr', written in a cursive style.

Todd Kerr
General Manager



The Promenade at Rio Vista

Condo Conversion / Tentative Map
Page 2

Photographic Survey

PROPERTY CONDITION ASSESSMENT

Prepared for

LaSalle Investment Management



Property Condition Assessment

Promenade at Rio Vista
2185 Station Way
San Diego, California 92108
February 22, 2008

Me

Prepared by

AES Due Diligence, Inc.

Architectural/Environmental/Seismic Due Diligence Consultants
4909 Murphy Canyon Road, Suite 301
San Diego, California 92123

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 Certificate of Occupancy



EXECUTIVE SUMMARY**PROPERTY DESCRIPTION**

The property has six four-story, wood-framed apartment buildings, each with two levels of parking under the building. The plans reviewed indicate that there is a total of 195,512.4 square feet (sf) of gross floor area. The project is situated on a tract of land, indicated to be approximately 15.678 acres. The subject site is located on Station Way which joins Rio San Diego Drive to the north. A San Diego Trolley Station adjoins the site to the south with the San Diego River immediately south of the station. The project is located in the Mission Valley area of the City of San Diego, California. The original improvements were completed in 2002-2004. The structures were built under the 1994 Edition of the Uniform Building code according to the drawings provided for review. The construction documents were completed by McLarand Vasquez & Partners, Inc. The City of San Diego approved occupancy of the buildings as they were completed between 2002 and 2004. This would indicate that the level of compliance with applicable codes and regulations was achieved and the project was approved by City reviewers and inspectors. Copies of the executed Certificates of Occupancy are appended to this assessment.

PROPERTY ISSUES

The improvements are considered to be in good condition and in general compliance with government regulations. Physical deficiencies or other issues requiring repairs identified at the property are noted below.

Physical Deficiencies and Issues					
Category	Checkmark indicates Issue of Concern	Needs Repair	Acceptable	Cost	Page
Site			✓	\$0	17
Building Envelope			✓	\$0	17
Interior Walls, Doors and Finishes			✓	\$0	17
Equipment and Appliances			✓	\$0	17
Mechanical, Electrical and Plumbing			✓	\$0	18
Fire Protection/Life Safety Systems			✓	\$0	18
Total Probable Repair Costs				\$ 0	18
ADA Compliance				-	16
Annual Replacement Reserve Amount (Un-inflated)				N/A	19
Annual Replacement Reserve Amount per sf (Un-inflated)				N/A	19

The improvements are considered to be built of good-quality materials and systems that are common to similar properties of comparable age. If the recommended remedial actions are performed, proper preventive maintenance is routinely performed, and defective items are promptly repaired or replaced, we would expect the remaining useful life of the improvements to be at least 35 years.

MAINTENANCE

Based upon our on-site observations and our discussions with the Property Manager, it is our opinion that the routine and preventative maintenance procedures are considered to be above average for a property of this size, type and age. Continuation of the current routine maintenance procedures and execution of enhanced maintenance procedures are considered to be necessary to preserve the integrity of the property components as the development continues to age.

CODE COMPLIANCE

We reviewed the building records at the San Diego Building and Fire Departments requesting information on any outstanding code violations. No open code violations were noted. At the time of our site visit we noted no conditions that could be considered code compliance or life safety issues.

ADA TITLE III COMPLIANCE

The improvements were designed and constructed subsequent to the implementation of the Americans with Disabilities Act (ADA). The project currently provides barrier free features such as site and building access and restrooms that are considered to be in general compliance with ADA requirements. A parking count provided by the Owner indicates a total of 1,852 parking spaces, with 52 spaces designated for handicapped usage, including seven van-accessible spaces. Currently, 29 spaces would be required for ADA compliance.

CONCLUSIONS

Based upon our on-site observations, our review of the available project documents, and our discussions with the on-site personnel, it is our opinion (except as noted otherwise) that the project is in good condition. The building systems and property components have benefited from good engineering practices and the routine and preventative maintenance procedures have generally preserved the integrity of the property and, in some cases, extended the useful service life of several building components. No further action is recommended.

IDENTIFICATION

Subject Site: Promenade at Rio Vista


Location: 2185 Station Way
San Diego, California 92108

Observation Date: February 19, 2008

Weather: On the day of our site visit, it was raining lightly. The sky was overcast. The temperature was approximately 60 degrees F, with measurable rainfall within the prior 72 hours.

Observed By: Robert Presta, Licensed Architect

Assessment Prepared By: Robert Presta, Licensed Architect



Assessment Reviewed By: Richard E. Darwicki, P.E.
Registered Professional Engineer

Site Contact: Mr. Doug Gardner, Maintenance Supervisor
619-688-7900

Client: LaSalle Investment Management

Reliance: This Report is for the exclusive use of LaSalle Investment Management. No other party shall have the right to rely on any service provided by AES Due Diligence, Inc. without prior written consent.

II OBJECTIVE

Objective

The purpose of this Assessment is to provide a description of the property improvements and an evaluation of their general physical condition for the Lender. The Assessment identifies physical deficiencies and, for each, provides a recommended action and a corresponding estimate of probable cost. Our professional opinion of the property's compliance with applicable building codes and federal accessibility regulations is also included. This Assessment has been prepared according to the accepted Proposal for Professional Services between LaSalle Investment Management (Client) and AES Due Diligence, Inc. (AES). This Assessment is based on observations made during a walk-through survey of the property, readily available documents and public records pertaining to the property, information provided by interested parties, and interviews.

Interviews

- Mr. Doug Gardner, Maintenance Supervisor
- Ms. Julie Lumpkin, Area Supervisor

Readily Available Documents

Architectural and Structural drawings were provided for review. The Architect of Record is McLarand, Vasquez & Partners.

Public Records

Inquiries were made to determine the existence of the following public records and their availability:

- Recorded violations of the San Diego Building and Fire Codes.
- The most current Certificate of Occupancy for the property.
- The FEMA Flood Insurance Rate Map covering the property.

III PROPERTY DESCRIPTION

The property has six four-story, wood-framed apartment buildings, each with two levels of parking under the building. The plans reviewed indicate that there is a total of 195,512.4 square feet (sf) of gross floor area. The project is situated on a tract of land, indicated to be approximately 15.678 acres. The subject site is located on Station Way which joins Rio San Diego Drive to the north. A San Diego Trolley Station adjoins the site to the south with the San Diego River immediately south of the station. The project is located in the Mission Valley area of the City of San Diego, California. The original improvements were completed in 2002-2004.

The improvements are considered to be constructed of systems, components and materials that are common to many similar quality properties. The principal systems, components and materials are briefly described in this section.

A discussion of deficiencies can be found in Section VI of this Assessment.

SITE

Area	The site size is indicated to be approximately 15.678 acres. AES considers the provided area to be reasonably accurate. A current as-built survey is recommended to verify the site size and identify easements, encroachments and encumbrances, if any exist.
Access	Vehicular access to the site is provided by three driveways, from Rio San Diego Drive and Camino Del Este. Surface parking is provided in the central portion of the site and under the structure of the buildings.
Pavement/Parking	The parking area is paved with asphaltic concrete. A parking count provided indicates that there are a total of 1,852 parking spaces on site with 52 spaces reserved for the disabled, including seven van-accessible spaces.
Walks	Sidewalks are concrete.
Retaining Walls	No retaining walls were identified.
Landscape/Irrigation	Landscaping is provided on site, including lawns, trees, shrubs, and groundcover. A landscape irrigation system with an automatic timing device is provided. The automatic sprinkler system could not be observed in operation. The improvements are occupied and it is known that this system has been properly maintained.

Drainage/Flood Plain

The project is provided with a storm drainage system with inlets located throughout the property. The site is provided with surface drainage to on-site catch basins or curb inlets, with flow to a network of underground drainage pipes in city streets. The day of our site visit it was raining and, after traversing the site, AES did not notice any areas of water ponding or any other indications of insufficient drainage.

The property is located within Flood Zone X (Former Zones B, C, and D). Data supplied to AES in the FEMA Flood Insurance Rate Map, Community and Panel number 060295-1619F, dated June 19, 1997. AES has obtained this information from Factual Data Flood, a company that is deemed to be reliable. However, AES recommends that the Owner consult with the local governing agency, their insurance company, and counsel to verify if Flood Hazard Insurance is required.

Seismicity

The property is located in Seismic Zone 4. A Seismic Evaluation has not been requested.

Lighting

Exterior lighting is provided by Pole-mounted and building-mounted photo cell activated high-intensity discharge (HID) lighting fixtures.

The subject site was not observed at night. The observed arrangement of area lighting fixtures appeared to be adequate.

Fences

Metal fencing on a concrete base is provided on site adjacent to the trolley tracks.

Signs

Monument-type lighted signage identifying the name of the property is provided.

Utilities

Water – City of San Diego
Sewer – City of San Diego
Electricity – San Diego Gas and Electric Company
Gas – San Diego Gas and Electric Company

Site Amenities

Recreation facilities within the project consist of two resort style swimming pools with spas, barbeques and social areas; two fitness centers with top quality workout equipment, two clubrooms with full kitchens, wide screen televisions and billiard tables and a private movie theater. With the San Diego Trolley having a stop directly at the subject site, there is access to many of San Diego's attractions without using a personal vehicle.

BUILDING ENVELOPE

Area The total gross floor area of the buildings is indicated by the Owner to be 195,512.4 square feet. AES considers the reported areas to be reasonably accurate.

479 One-bedroom Apartments
491 Two-bedroom Apartments
Total: 970 Apartments

The addresses for the buildings on site are as follows: 2195 Station Way, Building 1, completed October 29, 2002; 2185 Station Way, Building 2, completed May 9, 2003; 8555 Station Building Lane, Building 3, completed November 17, 2003; 2173 Camino Del Este, completed August 30, 2004; 8405 Rio San Diego Drive, completed August 30, 2004 and 8685 Rio San Diego Drive, completed April 14, 2004. Copies of the C of Os are appended to this Report.

Foundation Concrete grade beams and interior pad footings are typically provided for these types of buildings. Perimeter footings are continuous reinforced concrete.

We did not observe any evidence indicating that the foundations were not performing adequately, and no foundation problems were reported.

Structural Frame The basic structures consist of load-bearing wood frame construction on 16" or 24" centers, conventional wood-framed upper floor and dimensional lumber materials used to form a roof framing system, with a plywood sheathing. The upper floor levels are supported conventional wood joists, plywood sheathing with a gypsum concrete underlayment. Lateral force resisting systems within the structure typically consist of plywood shear walls from the top floor to the foundation level.

According to Mr. Gardner there were no problems with the structural framing systems. Based on our observation of the limited portions of the structural framing members that were exposed to view, there were no apparent indications of inadequacy in the structural framing systems.

Based on no apparent signs of detrimental movement in the structural framing systems, and that no deficiencies in the structural systems were reported, AES considers the structural systems to be adequately performing.

Floors	A reinforced concrete first-floor structural slab is provided over the semi-subterranean parking garage. The floor slab thickness is not known. Wood framed floors with lightweight concrete slabs are used at upper levels.
Exterior Walls	The exterior walls of the buildings are wood framed with stucco utilized as a surfacing material. There were no reports of leakage through the walls or roofs and none was noted during our walk-thru of the project. Regarding the building skin, windows and entrances, the sealants and details intended to keep the interior weather proof and in efficient operating condition appear to be adequate for the task.
Roofs	<p>The roofing consists of gradient sloped, built-up bituminous roofing systems with a mineralized capsheet as a surfacing material. The roofing materials at the pitched portions of the roofs consist of overlapping concrete tiles mechanically fastened to the roof over an underlayment of tar impregnated roofing felt. Entries are recessed from the exterior planes of the buildings.</p> <p>Roof drainage is provided by internal roof drains and overflow drains.</p> <p>The roofing systems were reported by Mr. Gardner to have been originally installed between 2002 and 2004 as the project was constructed. The roofing appeared to be in good condition. Mr. Gardner indicated that there are no active roof leaks.</p> <p>With proper maintenance, AES estimates approximately 14 years of remaining useful life for the roof systems.</p>
Windows	Windows at the project are typically tinted, dual-glazed aluminum framed, sliding units.
Roof Access	Access is provided to the roof by an interior ladder to roof hatches.

INTERIOR WALLS, DOORS AND FINISHES

Walls/Ceilings	<p>Demising walls constructed of wood studs and gypsum board from the floor of the tenant space to the floor above or roof structure.</p> <p>Lease space partitions are constructed of wood studs and gypsum board.</p>
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Typical wall finishes within the lease spaces consist of paint or vinyl wall coverings. Typical wall finishes in the restroom areas consist of paint or vinyl wall coverings.

Ceiling heights are estimated to be nine feet in the bedrooms and as high as 14 feet in the living rooms.

Ceilings are composed of gypsum board and are typically finished with a painted textured surface. Painted gypsum board ceilings are provided at mechanical and toilet rooms.

Doors

The main entry doors to the units consist of solid core wood doors in wood frames that are provided with appropriate weather stripping and thresholds. The interior doors of the units are typically from hollow core wood with a painted surface in wood frames.

Balconies/Patios

There are exterior balconies provided at the buildings. The balcony railings are comprised primarily of welded steel or aluminum members with a painted surface. The balcony flooring is exposed concrete, sloped to drain. There are patios provided for each unit at the lower level of the building. The patios are from exposed slab-on-grade concrete, sloped to drain away from the structure.

Floor Covering

The floors in the living areas of the units are typically from residential grade carpeting and pad. The kitchen areas are provided with vinyl floor covering. The floors in the kitchen areas of the units are typically from residential grade sheet vinyl, or vinyl squares. Sealed or unfinished concrete is provided in mechanical and storage areas.

Stairs

Stairs within the building interiors are steel framed with concrete treads.

EQUIPMENT

Conveyance Systems

There are a total of 19 elevators within the building complex that serve all levels of the residential portions of the building and both levels of parking. The hydraulic elevators are for passenger service. The Dover elevators are rated at 3,500 pounds capacity and have six stops. The hoistway entrance is equipped with a side-opening door. Cab finishes consist of stainless steel wall panels, vinyl tile flooring and suspended ceilings with light fixtures. Current elevator permit are posted in some of the cabs. Mr.

Gardner indicated that applications have already been made for the elevators that have posted permits that are out of date. The inspection process for the elevators has been historically behind the due date in San Diego (and other parts of the state) because of the work loads of the inspecting agencies. The elevators we utilized in each building during the site visit appeared to be working properly.

MECHANICAL, ELECTRICAL AND PLUMBING SYSTEMS

Heating, Ventilation and Air Conditioning

The HVAC systems in the buildings consist of an hydronic heat source (boiler units at each building with storage tanks) and an electric air conditioner unit to provide heating and cooling through a fan coil unit in each apartment, with both hot and cold coils that can be used as needed and distributed through each apartment. A time demand meter is installed on each boiler unit allowing for more efficient operation when the demand for hot water is low. Each apartment is separately metered for electricity, with the potential for separate water meters in each unit. Piping is present in a closet in each unit to accomplish that, but not the actual meters. There is a maintenance contract to maintain the boilers and HVAC units on a regularly scheduled basis. The HVAC units range from four to six years of age and were in compliance with energy savings standards in effect at the time of manufacture.

The buildings have air distribution devices integrated with the ceilings and sheet metal supply/return plenums. The ducts are typically of sheet metal or flexible fiberglass. Temperature control is provided by wall mounted electric thermostats. The HVAC equipment is generally considered to be in good condition with no immediate replacements deemed necessary.

Mr. Gardner represented the age of the HVAC equipment to be varying between approximately 4-6 years old.

The current building code requires that flexible natural gas line connections be provided to roof mounted gas-fueled HVAC units. Older units may still have rigid connections and are not required by code to be retrofitted (unless the unit is replaced). The Owner as part of an ongoing preventative maintenance program may want to consider replacement of the rigid lines with flexible lines as time and finances allow, although not required by code.

Although it is not a requirement to provide hold-downs or straps on older units, we consider that it would be prudent as time and finances allow, to update restraints on older units, especially in seismically active areas such as Southern California.

Seismic restraints for HVAC equipment are difficult if not impossible to detect unless they are the types with visible straps or bolts exposed on the exterior of the unit cabinet. There are other types of seismic restraints that are visible only by disassembling the units. We recommend that during the normal maintenance cycle of the units when they are partially disassembled, the HVAC maintenance company clarify if the current units are seismically restrained.

Recirculating type exhaust fans ventilate the toilet rooms and kitchens.

Plumbing Systems

Underground utilities are typically provided from adjacent streets. The property has a central water meter. Piping is within the individual units to allow for separate meters. Sanitary sewer lines are provided on site. The property has a central gas meter. Earthquake safety valves are provided. The fire service lines are provided with detector check assemblies set above grade. The visible water piping in the parking garages we observed was of copper tubing. The main services to the buildings are equipped with a backflow protection device. The water pressure at the highest fixture appears adequate. The visible sewer piping in the parking garages is of hubless cast iron pipe with metal-banded fittings.

There are 24 commercial quality natural gas boiler units for domestic water heating noted on the roofs of the buildings. Each two boilers are equipped with a storage tank with a capacity of 350 gallons. The boiler units are provided and maintained by the Owner.

The water closets, urinals, and lavatories are typically residential quality fixtures. No toilet partitions are installed in the restrooms. Metal tubs with ceramic tile surrounds are provided in each standard unit. The larger units come with fiberglass Roman Style tubs. Shower heads are provided above the tubs. The water closets are low flush tank type units with china bowls and tanks. The lavatories are typically mounted in cabinet countertops and have single lever faucets. The water closets and lavatories are typically residential quality fixtures. The plumbing fixtures are generally considered to be in good condition with no immediate replacements deemed necessary.

Electrical

Utility-company-owned transformers provide 120/208-volt, 3-phase, 4-wire, electrical service. The main switchgear and meter is located in the main electrical room at the ground floor of each building. Proper exit provisions are provided. The areas were free of debris. Interior dry-type transformers are not installed as power is provided to the main electrical panel from an exterior transformer at 120/208-volts. Exterior wet-type electrical transformers are utilized to convert service line voltage to 120/208-volts. Power provided typically was from 2,000 and 3000-ampere switchboards.

Electrical power is distributed from main switchboards through wiring in conduits to various panel-boards of circuit breakers for the power and lighting circuits. Copper wiring is typical for these types of buildings.

The typical apartment unit lighting consists mainly of surface mounted fluorescent fixtures with standard lamps and ballasts in the kitchen areas. The general lighting is controlled by wall switches or timers. The toilet room lighting consists mainly of surface mounted 120-volt fixtures with standard lamps and ballasts and incandescent make-up lighting. The fluorescent fixtures have plastic diffusers and appear to provide adequate illumination. The duplex outlets at the countertops have GFCI protection as required. The living areas and bedrooms do not have permanent lighting fixtures. The dining areas, kitchens and bathrooms have fixtures that appear to provide adequate illumination. Some ceiling fans, table lamps and recessed incandescent or fluorescent downlights were also noted in parts of the buildings. The duplex outlets at the bathroom sinks have GFCI protection as required.

FIRE PROTECTION AND LIFE SAFETY

Alarms

A central fire alarm system is provided. The system includes elevator recall, horns, strobes, flow switches, tamper switches, and an exterior alarm bell and an alarm panel with a back-up battery. No on-site monitoring of the alarm system was evident. The alarm system is monitored by an off-site agency that calls the local fire department on a level one alarm.

Standpipes and Fire Sprinklers

The buildings are completely fire sprinklered with a wet system. The system utilizes street pressure for operation. There is a double check valve installed on the main fire water supply line. No post indicator valves were noted. There is a fire department pumper connection provided at the detector check assembly. There are fire department hose connections in the stairwells.

Fire extinguishers are installed within the improvements. The inspection tags are current. There are lighted exit signs installed within the building. The exit signs have battery back-up packs. There is a system of on-site fire hydrants that serves the property. The buildings are not equipped with emergency generators.

Our investigation noted the presence of fire suppression sprinklers within the building structures. There has been a national recall of various sprinkler heads due to a degradation failure of the O-rings. Central Sprinkler Company (CSC), the manufacturer of the sprinkler heads that have been known to fail, is providing free of charge, replacement sprinkler heads and the labor to replace the defective heads.

Because of this recall, we recommend that Owners contact the company that inspects and services their fire sprinkler system to confirm the type of heads used to protect their property and to determine if the installed sprinkler heads are part of this voluntary recall. Additional information on the recall, including the model numbers of the heads recalled and the procedure for filing a claim can be obtained at <http://www.sprinklerreplacement.com/>, or by calling 1-800-871-3492.

Emergency Systems

As the buildings are equipped with an audible alarm system, the addition of visual alarms are required under ADA regulations. The necessary audio alarms and strobe lights have been installed in the buildings corridors. There are emergency lights with battery packs installed within the improvements. The buildings are not equipped with emergency generators.

Sound Transmission Class

According to the drawings reviewed the sound transmission ratings for the apartments range from an STC of 55 to 59, which are in compliance with the California Building Code Section 1208 which states that "All such separation walls and floor-ceiling assemblies shall provide and airborne sound insulation equal to that required to meet a sound transmission class (STC) of 50 (45 if field tested).

IV LOCAL REGULATORY COMPLIANCE

The property is within the jurisdiction of the City of San Diego. Based on our inquiries with administrative departments, we have ascertained the following regarding compliance with applicable local government regulations:

Building Code Violations

The available government records do not indicate current citations for violation of the building or fire codes. The improvements are typically inspected by the local fire department when renovations are completed. The 1994 California Building Code with amendments by the City of San Diego was in effect at the time of the construction drawings.

Certificate of Occupancy

The Certificates of Occupancy for the buildings and completion dates are as follows: 2195 Station Way, Building 1, October 29, 2002; 2185 Station Way, Building 2, May 9, 2003; 8555 Station Building Lane, Building 3, November 17, 2003; 2173 Camino Del Este, August 30, 2004; 8405 Rio San Diego Drive, August 30, 2004 and 8685 Rio San Diego Drive, April 14, 2004. Copies of the C of Os are appended to this Report.

Zoning

The property was originally designated as Zone Mission Valley Planned District MV-M/SP. Its current designation is Mission Valley Planned District MV-M/SP for Commercial and residential use. The current land use appears to be Commercial and residential, which conforms to those permitted uses for this Zone designation. There are a total of 1,852 parking spaces on site. The parking appeared to be adequate the day of our site visit and appears to have met the off-street parking requirements in effect at the time of construction.

V ADA/FHAA COMPLIANCE

Title III of the Americans with Disabilities Act (ADA) covers privately owned facilities defined as being either a Place of Public Accommodation or a Commercial Facility. Title III requires the removal of architectural and communication barriers from Places of Public Accommodation constructed and occupied prior to January 26, 1993. It further requires that all nonresidential buildings designed or constructed for first occupancy after that date be readily accessible according to the ADA Accessibility Guidelines.

Regarding applicability of Title III to the subject property, it is AES's opinion that the property is considered to be a place of public accommodation or commercial facility (or contains areas defined as a place of public accommodation or commercial facility) and, therefore, compliance with the ADA is required when it is readily achievable.

The improvements and site elements were summarily reviewed by visual observation only. Observations were made to identify high priority barriers to accessibility such as parking, building and restroom access. A comprehensive ADA study would be considered prudent if knowledge of all barriers to accessibility is required.

The buildings were constructed subsequent to the ADA and FHAA and appear to be in general compliance with both. Access is provided to all residential floors and each level of the parking garage in every building. Disabled accessible parking is provided in each parking garage and on the surface in the commercial areas of the site. Compliance with the requirements of the FHAA is required for all housing constructed for first occupancy after March 13, 1991 and applies to all multifamily housing of 4 or more units. The buildings appear to be in general compliance with the FHAA and ADA.

VI PROBABLE REPAIR COSTS

We observed the site improvements, the exterior construction materials, major building equipment, common-use areas and representative interior areas. The following spaces were entered to observe a representative sampling of typical conditions: mechanical rooms, toilet rooms, and office areas. AES visited Units 1411, 1412, 2303, 2316, 3227, 3305, 4307, 4308, 5306, 5336, 6220 and 6228..

Based on our observations and discussions with the property's management, we consider the materials and the building systems to be appropriate for the improvements, functioning adequately, and to be in good condition, except for the following physical deficiencies. Deficiencies that are considered to cost less than \$2,000 and those that may be remedied by routine maintenance, miscellaneous minor repairs, or normal operating maintenance are excluded from the list.

Life safety and code issues are included regardless of the probable cost. Minimal conditions that do not present a significant physical deficiency are also excluded. A general listing of observed conditions that have been excluded is provided at the end of this section. The total probable costs indicated have been rounded off to the nearest hundred dollars.

Site

Deficiencies: None

Subtotal - Site **\$0**

Building Envelope

Deficiencies: None

Subtotal - Building Envelope **\$0**

Interior Walls, Doors and Finishes

Deficiencies: None

Subtotal - Interior Walls, Doors and Finishes **\$0**

Equipment and Appliances

Deficiencies: None

Subtotal - Equipment and Appliances **\$0**

Mechanical, Electrical and Plumbing Systems

Deficiencies: None

Subtotal - Mechanical, Electrical and Plumbing Systems **\$0**

Fire Protection/Life Safety Systems

Deficiencies: None

Subtotal - Fire Protection/Life Safety Systems **\$0**

Total Probable Repair Cost **\$ 0**

Other Items: A general listing of observed conditions that have been excluded above and are considered to be minimal conditions that did not present a significant physical deficiency are as follows:

- The project is currently in the process of repairing or replacing the decorative boxes built from foam on the buildings exteriors. The cost is being absorbed by the original contractor.

VII REPLACEMENT RESERVE ANALYSIS

The Replacement Reserve table included in this Section is an analysis of the probable cost for normally anticipated replacement for the major components of the improvements during the term shown in the table. The expenditures in the Replacement Reserve are considered to be capital expenses and do not include damage-related, routine or minor operating maintenance expenses. Items that have an indeterminable remaining useful life but have reasonable potential for failure during the forecast period of the Replacement Reserve Analysis may be included. The analysis excludes the costs for replacement of components or systems estimated to expire after the forecast period and costs that may be incurred due to accidents, fire and natural events such as floods, wind storms or seismic activity.

A Reserve Analysis has not been requested as there is no new loan in process.

VIII SCOPE AND LIMITATIONS

Procedures

This document is a Property Condition Assessment for the improvements located at 2185 Station Way, San Diego, California 92108, performed in general accordance with ASTM Designation E 2018-01, *Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process* and following the Scope of Work outlined in AES Due Diligence Inc.'s proposal. AES performed a walk-through survey of the subject property to make representative observations of the general condition of the various components of the improvements. The walk-through survey consisted of non-intrusive visual observations (unless otherwise noted) of readily accessible and easily visible components and systems. During our site visit, we did not gain access to or observe all areas, operate any specific equipment, inspect specific structural connections, perform any tests or measure the improvements. Representative observations (typical sampling) were made of repetitive systems, components and areas. Our observations were limited to items and conditions that could be clearly seen from the ground or safely accessible surfaces and were made without the use of visual aids or removal of materials.

The representations regarding compliance with government laws, codes or regulations are based on normal inquiries with government agencies or departments having reasonably ascertainable information that is readily available.

Limitations

The information and opinions contained in this Assessment are not based on a comprehensive engineering study or an exhaustive technical review. AES did not remove any materials to inspect concealed materials or conditions.

AES's professional services and this resultant Assessment represent our professional experience and judgment regarding the condition of the subject property and are not intended, and should not be construed, to warrant or guarantee the present or future performance of any building components, systems or other property conditions.

The scope of services provided by AES for the development of this Assessment does not include designing or preparing specifications for the systems, components, materials or procedures necessary for performing the repairs or modifications that may be recommended in this Assessment. AES's probable repair costs are based on approximate quantities and costs, or furnished information that is presumed to be accurate. A detailed survey of quantities for developing the probable costs was not included in the scope of AES's services. The probable costs stated to repair physical deficiencies or correct issues identified in this Assessment are average amounts that we consider to be probable for the marketplace as performed by contracted services.

The stated probable costs do not constitute a warranty or a representation that all items that may need repair or other attention are included. The actual cost of repairs may vary from the probable costs provided by AES.