ATTACHMENT O

MIDWAY RISING
SAN DIEGO, CALIFORNIA

ECONOMIC OPPORTUNITY REPORT
California Government Code
Section 52201

PURSUANT TO PROPOSED
DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN

THE CITY OF SAN DIEGO
AND
MIDWAY RISING, LLC

City of San Diego, California
October 2026

TABLE OF CONTENTS

Page

I. Introduction 1

II. Costs of the Agreement to the City 13

III. Estimated Value of the Interest to be Conveyed at the Highest and Best Use Permitted Under the General Plan or Zoning 15

IV. Estimated Value of the Interest to be Conveyed at the Use and with the Conditions, Covenants, and Development Costs Required by the Agreement 18

V. Compensation which the Master Developer will be Required to Pay 28

VI. Explanation of the Difference, if any, between the Compensation to be Paid to the City by the Proposed Transaction and the Fair Market Value of the Interest to be Conveyed at the Highest and Best Use 30

VII. Explanation of why the Conveyance of the Interest will Assist with Economic Opportunity 32

VIII. Limiting Conditions 33

I. INTRODUCTION

A. Purpose of Report

This Economic Opportunity Report (Report) was prepared in accordance with Section 52201 of the California Government Code in order to inform the City Council of the City of San Diego (City) and the public of the terms of the City's proposed Disposition and Development Agreement (Agreement) for the lease of certain real property to Midway Rising, LLC (Master Developer). This report is based on the Keyser Marston Associates, Inc. (KMA) review of the final Agreement and relevant attachments and Ground Lease Forms, as of October 14, 2026, supplemented by discussions with City staff. Should the terms and conditions contained in the final Agreement differ from those considered herein, the KMA conclusions presented herein may no longer be valid.

The Agreement details the proposed business terms for the conveyance of 48.5 acres owned by the City generally located at 3220, 3240, 3250, and 3500 Sports Arena Boulevard in the Midway-Pacific Highway Community (Property). The Master Developer intends to lease the Property from the City for the development and operation of a mixed-use development consisting of a minimum 380,000 square foot (SF) multi-purpose entertainment center with a capacity for 16,000 seats, a maximum of 130,000 SF of commercial space, a maximum of 2,254 market-rate residential units, a minimum of 2,000 affordable residential units, a maximum of 7,392 passenger vehicle parking spaces, and 14.62 acres of parks and public spaces (Project).

The proposed development will result in an economic opportunity as defined in Government Code Section 52200.2. This Report describes and specifies information in compliance with Government Code Section 52201(a)(2)(B)(i) through (iv), as follows:

(1) The costs to be incurred by the City under the Agreement;

(2) The estimated value of the interest to be conveyed by the City to the Master Developer pursuant to the proposed Agreement determined at the highest and best use permitted under the General Plan or zoning;

(3) The estimated value of the interest to be conveyed at the proposed use and with the conditions, covenants, and development costs pursuant to the proposed Agreement;

(4) The compensation to be paid to the City pursuant to the proposed transaction;

(5) An explanation of the difference, if any, between the compensation to be paid to the City under the proposed transaction, and the fair market value at the highest and best use consistent with the General Plan; and

(6) An explanation of why the lease of the Property will assist in the creation of economic opportunity.

In preparing this Report, KMA assembled, reviewed, and in some cases independently verified information provided by the Master Developer and the City's consultants. This information included findings contained in the Appraisal Report for the Sports Arena and Related Properties issued by Schneider Valuation Consultants Inc.; development cost and funding projections provided by the Master Developer as of August 18, 2026; and ground lease revenue projections estimated by Jones Lang LaSalle (JLL) as of October 9, 2026. KMA prepared this Report subject to an Independent Registered Municipal Advisor (IRMA) exemption and is not acting as a Municipal Advisor to the City. (See Section VIII, Limiting Conditions, for more detail.)

B. Summary of Findings

KMA was engaged by the City through a subcontract agreement with JLL to analyze the financial terms contained in the proposed Agreement. KMA reviewed the final Agreement negotiated between the City and the Master Developer as of October 14, 2026.

- The estimated cost of the Agreement to the City is $154.9 million.

- The estimated fair market value of the interests to be conveyed at their highest and best use is $75.6 million, based on the appraised as-is fee simple market value of the Property.

- The estimated re-use value of the interests to be conveyed is *negative* $54.0 million.

- The estimated value of the compensation to be received by the City is $23.2 million on a present value basis.

C. Description of Property

The Property is situated in the Midway-Pacific Highway Community bounded by Kurtz Street to the north, Sports Arena Boulevard to the south, Hancock Street to the north and west, and various commercial properties fronting Camino Del Rio West and Rosecrans Street to the east. Surrounding uses include commercial and industrial buildings featuring eating and drinking establishments and retail stores.

The Property is somewhat triangular in shape and consists of open parking area, several commercial buildings built between the 1960s and 2000s, and the Pechanga Arena, a 14,000-seat sports arena, built in 1966. The sports arena was designated as a historical resource by the City's Historic Resources Board (HRB #1525) in 2024.

The existing sports arena is currently leased to "Midway Rising Venue Management, LLC", an affiliate of the Master Developer, under a percentage lease dated July 27, 2023, as amended (Interim Arena Lease). On September 29, 2026, the City Council approved a Second Amendment to the Interim Arena Lease extending its term to December 4, 2031, unless earlier superseded by the Horizontal Ground Lease under the Agreement. The other City-owned parcels included in the Project with existing leases, with the exception of one, have expired. The retail building leases are currently on a "holdover" basis or have agreements in place which allow the City, as the Lessor, to terminate the lease without additional cost, assuming the agreed upon notice time is followed. Additionally, a ground lease with AEG Management SD LLC with Chick-fil-A, Chili's Grill & Bar, and Summit Gasoline as subtenants is set to expire on April 30, 2032. This lease can be terminated by the City as long as a one-year termination notice is issued, and the fair market value of the remaining projected lease income is paid.

In 2021, the City declared the Property "surplus land" and went through a process of disposition in accordance with the Surplus Land Act (SLA) - California Government Code Sections 54220-54234. This designation requires the City to prioritize the disposition of the Property for affordable housing development by requiring a minimum of 25% of units to be restricted for lower-income households. In compliance with the SLA, the City issued a Notice of Availability (NOA) in October 2021 for the long-term ground lease and redevelopment of the Property and eventually selected the Master Developer as the preferred developer with the greatest number of affordable housing units.

D. Proposed Project

The redevelopment of the Property will be guided by a Midway Rising Specific Plan (Specific Plan). The Specific Plan establishes the land use, site planning, building, public space, and landscape design for the proposed Project. Implementation of the Specific Plan will require a Community Plan Amendment, rezone, site development permit, and Vesting Tentative Map. The Specific Plan is proposed to be approved by the City Council in concurrence with the Agreement.

As presented in Table 1, under the proposed Specific Plan, the Project is planned as a mixed-use development with the following major components:

- *Entertainment Center* – A minimum of 380,000-SF multi-purpose entertainment center to replace the existing sports arena. Located on Development Parcels 24 and 25, the 16,000-seat entertainment

center will have a maximum height of 165 feet and host a variety of events including but not limited to concerts, sporting events, and artistic productions. The seat count may be reduced by up to 5% (to no fewer than 15,200 seats), with a corresponding increase in the Ticket Charge so that the City's potential Ticket Charge revenue is unchanged.

- *Commercial Space* - Commercial space for restaurants, shops, and supporting neighborhood retail. The Agreement requires a minimum of 123,500 SF and a maximum of 130,000 SF of retail/commercial space, with up to 6,500 SF of additional floor area subject to City approval. All retail space will be developed as part of mixed-use buildings with market-rate housing.

- *Market-Rate Residential* – The Developer will construct a minimum of 2,250 and a maximum of 2,254 market-rate units.

- *Affordable Residential* – A minimum of 2,000 apartments for households earning up to 80% of Area Median Income (AMI), with a weighted average not to exceed 60% AMI. The affordable residential units will comprise a mix of studio, one-bedroom, two-bedroom, and three-bedroom units.

- *Parking* – A minimum of 6,688 and a maximum of 7,392 passenger vehicle parking spaces, including at least 3,031 zero emissions vehicle parking spaces, with at least 1,615 EV capable spaces, 1,081 EV-ready spaces, and 355 spaces served by EV chargers. In addition, the Project must provide at least 118 short-term bike parking spaces, 1,963 long-term bike parking spaces, and 452 motorcycle parking spaces.

- *Parks and Public Spaces* – 14.62 acres of parks and public spaces in a network of promenades, streetscapes, and residential buffer areas. The parks must provide a minimum of 610 recreational value points, delivered in increments tied to residential certificates of occupancy. The parks will be constructed under the Horizontal Ground Lease and then become part of the Entertainment Center Vertical Ground Lease premises, with the Entertainment Center tenant responsible for management and maintenance of the parks.

The Proposed Project is anticipated to be constructed over three (3) horizontal improvements phases and five (5) vertical development phases (with Vertical Phase 1 including sub-phases 1a and 1b). The Entertainment Center, Affordable Residential, and Market-Rate Residential phases are summarized in the table below. The Commercial Space and Parking components will also be built over five phases.

Phase	Entertainment Center	Affordable Residential	Market-Rate Residential
Phase 1	380,000 SF	500 Units	386 Units
Phase 2	---	400 Units	316 Units
Phase 3	---	340 Units	708 Units
Phase 4	---	480 Units	419 Units
Phase 5	---	280 Units	425 Units
Total	**380,000 SF**	**2,000 Units**	**2,254 Units**

E. Proposed Transaction Terms

The proposed transaction is structured to facilitate delivery of 2,000 affordable units, representing 47% of the total residential units planned for the Property. The City's contributions to this outcome include making City-owned land available through long-term ground leases; establishing affordability, phasing, and delivery requirements through the Agreement; and committing City property tax increment revenue to the proposed Midway Rising EIFD to fund eligible infrastructure necessary for the broader development, including the affordable housing component.

The following summarizes the salient aspects of the proposed Agreement for the ground lease of the Property and development of the Project.

Horizontal Ground Lease

- The City and Master Developer will enter into one horizontal ground lease (Horizontal Ground Lease) for the entire 48.5-acre Property (Ground Lease Premises), for the phased grading and installation of specified horizontal improvements. The Master Developer will construct the horizontal improvements at its sole expense in three Horizontal Improvements Phases, proceeding from the eastern portion of the Property (Phase 1) to the western portion (Phase 3).

- Upon closing of the Horizontal Ground Lease, the Interim Arena Lease will terminate and the existing arena will continue to be operated under the Horizontal Ground Lease until it ceases operation for ticketed events (Existing Arena Closure Date), which is anticipated to occur when the new Entertainment Center opens. Until that date, the Master Developer will pay the City the greater of (a) Existing Arena Percentage Rent (25% to 60% of specified parking, swap meet, naming rights, and telecom revenues) or (b) Existing Arena Minimum Monthly Rent of $70,648 per month in 2026, increasing to $79,515 per month in 2030 and by 3.0% annually thereafter. The Master Developer will also pay the City $3.00 per paid ticket sold to non-Tenant Team events at the existing arena.

- The Master Developer (as Tenant) will pay the City (as Landlord) Base Rent of $100,000 per year for the term of the Horizontal Ground Lease payable on the Commencement Date of the Horizontal Ground Lease and each anniversary thereafter, in addition to the existing arena rent described above.

- The Master Developer will initiate the horizontal improvements for the Entertainment Center parcel (Development Parcels 24 and 25) before the horizontal improvements for all other development parcels.

- Under the Performance Schedule, the Horizontal Ground Lease closing is scheduled to occur no later than June 30, 2028, which may be extended by no more than 60 days in the aggregate at the Mayor's discretion.

- Prior to the Horizontal Ground Lease closing, the Master Developer will pay all workers performing construction or maintenance work prevailing wages. Before the closing of the Horizontal Ground Lease and each Vertical Ground Lease, the City will determine whether payment of prevailing wages is required for work under that lease; the Master Developer or Vertical Developer may request a public works coverage determination from the California Department of Industrial Relations if it disagrees with the City's determination. In addition, if the Master Developer subleases or licenses any portion of the Premises for less than fair market rent, the sublease or license must require the subtenant or user and its contractors to pay prevailing wages for construction or maintenance work.

- The Master Developer and its Transferees will enter into, and comply with, a Project Labor Agreement (PLA) consistent with the Memorandum of Understanding between the Master Developer and the San Diego County Building & Construction Trades Council, dated March 28, 2022.

Entertainment Center Vertical Ground Lease

- The Entertainment Center Vertical Ground Lease will be the first Vertical Ground Lease entered into between the City and a Vertical Developer.

- The Entertainment Center Vertical Lease will have a term of 85 Years.

- Rent under the Entertainment Center Vertical Ground Lease will consist of Ticket Charge Payments and Additional Rent, including Capital Sales Event Payments. The lease does not include a minimum annual rent. No Ticket Charge will accrue until the tenth anniversary of the issuance of the final Certificate of Occupancy for the Entertainment Center (Ticket Charge Payment Start Date).

- The Ticket Charge will be $1.50 per admission ticket sold for the partial Lease Year in which the Ticket Charge Payment Start Date occurs and the following full Lease Year, increasing by 3.0% annually thereafter. The Ticket Charge will be revalued on the first day of Lease Years 56 and 71 to the greater of the scheduled Ticket Charge or the fair market value Ticket Charge for comparable arenas in large U.S. cities, provided that a revalued Ticket Charge may not exceed the scheduled Ticket Charge by more than 17% for Lease Years 56 through 70 and 35% for Lease Years 71 through 85.

- Beginning on the Ticket Charge Payment Start Date, the tenant will pay 25% of each annual Ticket Charge Payment; the remaining 75% will accrue and will not be payable until the tenant achieves a 16.5% levered internal rate of return (IRR) on its equity Capital Investment (IRR Hurdle). Once the IRR Hurdle is achieved, the tenant will apply 100% of annual net cash flow to accrued Ticket Charge Payments until paid in full and thereafter will pay the full Ticket Charge Payment annually.

- Upon each sale or assignment of the lease (Capital Sales Event), proceeds will first pay transaction costs, then provide the tenant a 19% levered IRR on the greater of its Capital Investment (or purchase price, for subsequent sales) or outstanding leasehold debt, and then reimburse qualifying capital improvements. The City will receive 5% of the remaining proceeds, increasing to 10% if the tenant's levered IRR equals or exceeds 30%.

Market-Rate Housing/Retail Development Vertical Ground Leases

- At the completion of horizontal improvement on a specific development parcel, the parcel will be removed from the Ground Lease Premises, and the City will then enter into a Market Rate Housing/ Retail Development Vertical Ground Lease with Vertical Developers to develop vertical improvements.

- Each Market Rate Housing/Retail Development Vertical Lease will have a term of 85 years.

- After each Market Rate Housing/Retail Development Vertical Developer's equity investment is repaid, each Market Rate Housing/Retail Development Vertical Developer will pay the City an annual percentage rent equal to 0.5% in Years 0-55 of the Lease Term and 2.5% in Years 56 to the end of each Market Rate Housing/ Retail Development Vertical Lease Term.

- The percentage rent rate will be reviewed on the first day of Lease Years 56 and 71 and reset to the greater of 2.5% or the fair market rate, subject to maximum rates of 2.93% for Lease Years 56 through 70 and 3.38% for Lease Years 71 through 85.

- The City will receive a base Minimum Rent only after the City first receives $500,000 in annual Percentage Rent across all Market Rate Housing/ Retail Vertical leases.

- The City will receive the greater of the base minimum rent and annual percentage rent.

- The base Minimum Rent figure will increase based on the achieving the following milestones, which will remain in place after each threshold is met:

    - $1,000,000 annual aggregate rent achieved: $1,000,000 minimum annual rent
    - $1,500,000 annual aggregate rent achieved: $1,500,000 minimum annual rent
    - $2,000,000 annual aggregate rent achieved: $2,000,000 minimum annual rent
    - After reaching $2,000,000, the annual Minimum Rent will be recalculated every ten years based on the greater of the prior annual Minimum Rent or 75% of the aggregate percentage rent from the prior year.

- The Master Developer will calculate the aggregate Minimum Annual Rent each Lease Year and allocate it among the Market Rate Housing/Retail Vertical Leases under a Master Rent Administration Agreement, to be entered into concurrently with the closing of the first Market Rate Housing/Retail Vertical Lease.

- The Market Rate Housing/Retail Vertical Leases include the same Capital Sales Event participation structure as the Entertainment Center lease, where the City receives 5% of net proceeds after the tenant achieves a 19% levered IRR, increasing to 10% at a 30% levered IRR.

Affordable Residential

- The Affordable Housing Vertical Lease establishes the City's affordable housing phasing and delivery requirements through the Agreement.

- The Master Developer, through its affordable housing developer partner (collectively, Developers), will construct 2,000 units affordable to lower income households earning up to 80% Area Median Income (AMI) as defined in California Health and Safety Code Section 50079.5. At least 200 of the affordable units will be reserved for permanent supportive housing.

- The Developers will construct multiple phases of affordable housing in locations throughout the Property, not concentrated in one area.

- The Developers will not pay rent to the City under the Affordable Housing Vertical Leases. By making City-owned land available for the affordable housing parcels without ground rent, the City reduces the land cost burden on the affordable housing developments and supports their financial feasibility. This

land contribution is separate from the gap financing the Developers must secure to construct the affordable units.

- The Affordable Housing Lease form has not been finalized; the Agreement requires the parties to negotiate the form within 180 days after the Effective Date, subject to City Council approval, as a condition precedent to opening the Horizontal Ground Lease escrow.

- The Developers will construct the following minimum number of affordable units by the end of each phase, resulting in 2,000 affordable units constructed before the end of Phase 5:

Phase	Minimum Requirement	Cumulative Number of Affordable Units Required
Phase 1	Minimum of 28% of total residential units under development specified in Phase 1	249 Units
Phase 2	Minimum of 30% of total residential units specified in Phases 1 and 2	481 Units
Phase 3	Minimum of 35% of total residential units specified in Phases 1, 2, and 3	928 Units
Phase 4	Minimum of 40% of total residential units specified in Phases 1, 2, 3, and 4, plus any additional units required so that no more than 580 affordable units remain to be constructed in Phase 5	1,420 Units
Phase 5	All required affordable units completed	2,000 Units

- The Developers will develop affordable units consisting of a mix of studio, one-bedroom, two-bedroom, and three-bedroom units with a varying mix of affordability levels as stated in an Affordable Unit Matrix. The Affordable Unit Matrix will provide for at least 2,000 affordable units with a minimum of 500 studio and one-bedroom units, a minimum of 200 two-bedroom units, and a minimum of 200 three-bedroom units.

  The initial Affordable Unit Matrix is presented below.

Area Median Income (AMI)	Studio or One Bedroom	Two Bedroom	Three Bedroom	Total
61% to 80% AMI	70 units	60 units	50 units	180 units
51% - 60% AMI	180 units	100 units	100 units	380 units
31% to 50% AMI	560 units	240 units	170 units	970 units
30% AMI or below	240 units	120 units	90 units	450 units
Manager Units	---	20 units	---	20 units
Total	**1,050 units**	**540 units**	**410 units**	**2,000 units**

- The Developers will update the Affordable Unit Matrix within 30 days after the issuance of the Certificate of Occupancy for each affordable housing project.

- The weighted average affordability level across all affordable units will not exceed 60% AMI.

- The affordability restrictions on the 2,000 affordable units will remain in effect until the later of the expiration of the applicable Affordable Housing Vertical Lease or 55 years from issuance of the final Certificate of Occupancy for the affordable units.

- Affordable units will be constructed and ready for occupancy on generally the same timeline as the market-rate units, subject to the minimum phasing requirements described above and the limited exception for unavailable financing described below.

- Each phase may have up to 10% more or fewer units than planned for that phase, as long as the total number of residential units built on the property does not exceed the amount in the phasing plan and no fewer than 2,000 affordable units are constructed.

- If, in an earlier phase, the Developers builds more affordable units than required for that phase, the extra units can be counted toward the affordable unit requirements in later phases.

- If a Vertical Developer of affordable units in Phase 2 or Phase 3 is unable to secure gap financing, construction of those affordable units may be delayed to the immediately following phase. The Master Developer must deliver an Unavailable Financing Notice documenting that Gap Financing is unavailable or insufficient and that applications were made in available funding rounds during the preceding 24 months, and the City must agree, in its reasonable discretion, that Gap Financing is

unavailable. Market-rate units specified for the immediately following phase may then proceed, but no additional market-rate units may be constructed until all delayed affordable units are constructed.

- The first building permit for the Phase 1 affordable units must be received within 12 months of the building permit for the first market-rate units constructed in Phase 1. If more than one building permit is required to meet the minimum required affordable units in Phase 1, all additional building permits must be received within 24 months of the building permit for the first market-rate units constructed in Phase 1.

- A Certificate of Occupancy for the required affordable units in Phases 2 through 5 must be obtained within 54 months after the issuance of the Certificate of Occupancy for the first market-rate units constructed in the respective phase.

Other Agreement Provisions

- The City has no financial obligation regarding the development under the Agreement, the Horizontal Ground Lease, or any Vertical Ground Lease; the Master Developer will privately finance all initial construction.

- The Master Developer will pay the full cost of a City Project Coordinator position from the Effective Date through the earlier of the last Vertical Ground Lease closing or the 20th anniversary of the Effective Date, estimated by City staff at approximately $5.0 million in total.

- The Master Developer, its contractors, and subcontractors will participate in the City's Business Cooperation Program and allocate all eligible use tax on construction materials and equipment to the City.

Midway Enhanced Infrastructure Financing District

- The City and County intend to pursue establishment of the Midway Rising Enhanced Infrastructure Financing District (EIFD), and formation of a Public Financing Authority (PFA), in order to fund Qualified EIFD Improvements associated with the Project.

- If, within 365 days after the Effective Date, the EIFD is not formed or the EIFD public financing authority has not approved an acquisition agreement with the Master Developer, the Master Developer will have 120 days after City notice to either terminate the Agreement or demonstrate that it can secure alternative financing, subject to City approval, by the Horizontal Ground Lease closing.

- The City will commit 100% of City property tax increment revenue generated by the Project to the Midway Rising EIFD for Qualified EIFD Improvements.

- Midway Rising EIFD revenues will be used to fund the Purchase Price for Qualified EIFD Improvements which represents the primary mechanism for reimbursing the Developer for eligible public infrastructure costs.

II. COSTS OF THE AGREEMENT TO THE CITY

This section identifies the estimated costs of the Agreement to the City, including acquisition costs, third-party consultant costs, administrative costs, and proposed subsidy.

A. Acquisition Costs

The City acquired the Property in 1955. According to City records, the City paid an acquisition price of $285,000. Since 1955, the Property has been subject to a series of ground leases to lessees that have developed and operated the existing sports arena and various commercial land uses. The City has received ground rent payments from these lessees pursuant to these ground leases over the course of its ownership of the Property. City records of ground rental income from the Property are only available for the period 1999 to present. From Fiscal Year (FY) 1999 through September 2025, the City has received cumulative rental income from leases on the Property totaling an estimated $19,287,000. In other words, the City has recouped its original investment in acquisition of the Property many times over, resulting in a net surplus, as opposed to net cost, of approximately $19.0 million, as shown below.

City Acquisition Costs	
Acquisition Costs, 1955	$285,000
Offsetting Revenue from Cumulative Ground Rent, Fiscal Year 1999 – September 2025	($19,287,000)
Net City Acquisition Costs/(Surplus)	**($19,002,000)**
Source: City of San Diego, September 2025	

A more conservative approach to establishing the City's acquisition costs for the Property for purposes of complying with the reporting requirements under Government Code Section 52201(a)(2)(B)(i) would be to rely on the current fair market value at highest and best use. This represents the foregone opportunity value of the Property. This figure, as documented in Section III of this Report, is estimated at $75.6 million, reflecting the appraised value of the Property determined by the City's appraiser Schneider Valuation Consultants, Inc. dated March 7, 2025

B. Other City Costs

Other City costs of the Agreement include the proposed Enhanced Infrastructure Financing District (EIFD) tax increment subsidy, administrative costs, and third-party consultant costs.

- *Midway Rising Enhanced Infrastructure Financing District* - In accordance with the Agreement, the City proposes the establishment of the Midway Rising EIFD to fund necessary infrastructure, site development, and maintenance costs associated with the proposed Project. The City's portion of the EIFD subsidy to fund these costs is estimated at $605.2 million in future value terms or a net present value of $76.9 million, assuming a 6.0% discount rate.

- *Administrative Costs* - The City has incurred administrative costs associated with the management of the developer solicitation process and negotiating the terms of the Agreement. The City's administrative costs are estimated at $1,291,000.

- *Third Party Costs* - Additionally, the City has engaged third-party consultants to undertake an appraisal of the Property, developer solicitation, proposal evaluation, and transaction structuring for the proposed Project. The estimated budget for these costs is $1,142,000.

C. Conclusion

In sum, total costs of the Agreement to the City are estimated at $154.9 million. This finding reflects the conservative approach to valuing the City's acquisition costs for the Property based on the foregone opportunity cost equivalent to the Property's current market value. These findings are summarized in the following table.

Total City Costs	
	Acquisition Value as Foregone Opportunity Cost
City Acquisition Cost	$75,600,000
Administrative Costs [(1)]	$1,291,000
Third-Party Consultant Costs [(1)(2)]	$1,142,000
EIFD Tax Increment Subsidy – City Portion [(3)]	$76,900,000
Total Costs of the Agreement to the City	**$154,933,000**

(1) Source: City of San Diego, October 2026.
(2) Includes appraisal and consulting costs for evaluation and negotiation of NOA responses and subsequent evaluation and negotiation of Master Developer proposal.
(3) Reflects Net Present Value (NPV) in 2026; assumes a discount rate of 6.0%.

III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE GENERAL PLAN OR ZONING

This section presents an analysis of the fair market value of the Property at its highest and best use. In appraisal terminology, the highest and best use is the use of the Property that generates the highest property value and is physically possible, financially feasible, and legally permitted. Therefore, value at highest and best use is based solely on the value created and not on whether that use carries out the economic opportunity or affordable housing goals and policies for the City. As described below, KMA finds the fair market value of the Property at its highest and best use to be $75.6 million.

A. Physical and Regulatory Factors affecting Development of the Property

The Property is located in the Commercial-Community (CC-3-6) zoning area. The CC-3-6 zone allows for a diverse mix of uses including community-serving commercial services, retail uses, residential development, and limited industrial uses. Per the Agreement, the Property is to be re-zoned to Residential Mixed Use (RMX-2). The RMX-2 zone allows for a mix of uses with a focus on residential uses. The rezone permits the Master Developer to process any future approvals needed to build out the Project and Specific Plan without further processing a rezone. Beyond the land use requirements addressed in Section I, the Specific Plan requires the Property to be subject to the following designations:

- *Density:* The maximum allowable density is 72 dwelling units per gross acre for the entire Specific Plan Area

- *Structure Height:* The maximum structure height is 105 feet with the following exceptions:
  - Entertainment Center: 165 feet
  - Up to 10% of the Specific Plan area may include structures with a height that exceed 105 feet to a maximum height of 250 feet in any location within the Specific Plan.

- *Parking:* At least 3,031 of the planned 7,040 parking spaces must be zero-emission vehicle parking spaces

B. Property Valuation

City-Commissioned Appraisal

The City contracted independent real estate appraiser Schneider Valuation Consultants, Inc. (Schneider) to prepare an appraisal of the Property. The appraiser estimated the market value of the Property in as-is condition (final appraisal date of value March 7, 2025). The Schneider report utilized the land sales

comparison approach. This analysis determined the Property's highest and best use is a demolition of the existing improvements for redevelopment to a mixed-use development comprising multi-unit residential, retail, office and/or hospitality uses.

The appraiser determined that the land sales comparison approach represents the most appropriate method for the final valuation. The appraisal analyzed comparable land sales of 15 acres or greater in San Diego County, Orange County, and Riverside County. The appraisal identifies qualitative rankings of the comparable sales for physical attributes such as location and site size relative to the Property. The appraisal further acknowledges the SLA affordable housing requirement governing the Property, which was not a factor for the comparable sales. Based on the foregoing, Schneider concluded that buyers would be willing to pay $40 per SF of land for the Property, for an estimated fair market value of $84.5 million.

In addition to the appraiser's evaluation and ranking of comparable sales, the appraiser's valuation considers projected income from the existing arena, retail buildings, and retail pad sites from the execution of the Ground Lease to the anticipated demolition date. Demolition is assumed to occur 24 months after execution of the proposed Ground Lease. The analysis also incorporates demolition costs and the new lessor's obligation to pay the fair market value of the leasehold interest upon cancellation of the existing retail pads leases, scheduled to expire in 2032. The value of the retail building leases is estimated based on projected annual income for the years 2029 through 2032, discounted at a rate of 11%. To address these factors, the appraiser added or (subtracted) the following amounts from their initial comparable land sale finding of $84.5 million.

- *Lease Income Before Demolition:* $5.9 million
- *Demolition of Existing Improvements:* ($9.5 million)
- *Fair Market Value of Retail Pad Leasehold Interest:* ($5.2 million)

On this basis, then, the appraiser concludes the as-is fee simple market value of the Property to be $75.6 million or $36 per SF of land.

KMA Review of Schneider Appraisal

KMA reviewed the Schneider appraisal with respect to the fair market value of the Property and conducted our own limited assessment of value. KMA analyzed eight land sales above 5.0 acres within a 10-mile radius from the Property, since 2022. The comparable sales reviewed by KMA ranged in size from 5 to 20 acres and generally reflected improved commercial properties proposed for demolition and transition to mixed-use (commercial/residential). The sale data reviewed by KMA was also geographically closer than those considered in the appraisal; however, they were generally smaller than the Property. In contrast, the appraisal reviewed land sales ranging from 15 to 65 acres. A large-acreage site such as the

48.5-acre Property will require more site preparation, infrastructure improvement, and absorption timeframe to build out the proposed new land uses. These factors contribute to a higher land value per acre for smaller sites and a lower land value per acre for larger sites, assuming all other variables are held constant.

C. Conclusion

The appraisal incorporates best practices and appropriate professional judgement in valuing the Property in light of its unique characteristics, including physical, regulatory, and market factors. Based on our review, KMA determines that the appraisal's conclusions are reasonable and concludes that the fair market value of the Property, at its highest and best use, is therefore $75.6 million.

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENT

This section explains the principal conditions and covenants which the Master Developer of the Property must meet in order to comply with the Agreement. The Agreement imposes specific covenants, conditions, and development costs designed to ensure that the conveyance of the Property will be carried out in a manner to achieve the City's objectives, standards, and criteria.

Re-use value is defined as the highest price in terms of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the Agreement. Re-use value is defined as the highest price in terms of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the Agreement. The Agreement's affordable housing requirements are among the principal covenants affecting the re-use value of the Property. The Master Developer must deliver 2,000 affordable units, subject to affordability restrictions that remain in effect for the later of the term of the applicable Affordable Housing Vertical Lease or 55 years. These conditions reduce the value supported by the Property relative to an unrestricted use and are reflected in the residual land value analysis presented in this section.

KMA prepared a residual value analysis to estimate the fair re-use value supported by the Project. KMA and JLL reviewed and analyzed the financial pro forma submitted by the Master Developer for the Project as of August 18, 2026. KMA further modified selected market and financial parameters used in the Master Developer pro forma to reflect industry standards and our prior comparable experience. Tables 2 through 6 present the KMA residual land value analysis for the proposed Project.

A. Estimated Development Costs

Table 2 summarizes the estimated development costs for the Project's infrastructure and site development costs. JLL reviewed the assumptions used by Master Developer and found them to be reasonable and within industry standards.

Total infrastructure and site development costs for the Project, excluding acquisition, are estimated at $461.8 million or $219 per SF of site area. Total development costs consist of the following:

- Direct construction costs, such as off-site costs; on-site improvements and landscaping; demolition; the shared parking garage; site amenities; and contingency. Total direct costs are estimated to be $326.5 million, or $155 per SF of site area, including the payment of prevailing wages.

- Indirect costs, such as architecture and engineering; permits and fees; legal and accounting; taxes and insurance; developer fee; construction management; and contingency. Total indirect costs are estimated to be $50.3 million, or 15.4% of direct costs.

- Financing costs, such as loan fees and interest during construction. Total financing costs are estimated at $59.9 million, or 18.3% of direct costs.
- Escalation, estimated at $23.6 million based on an escalation factor of 7.5% for total horizontal costs and 3.0% over a 2.5-year period for parking hard costs.

- Horizontal ground rent of $100,000 per year over an assumed 15-year period.

- Based on these assumptions, total development costs for the proposed Project are estimated at $461.8 million, as shown in the following chart.

Estimated Development Costs	
Direct Costs	$326,516,000
Indirect Costs	$50,268,000
Financing Costs	$59,881,000
Total Costs Excluding Escalation and Horizontal Ground Rent	**$436,665,000**
Escalation	$23,633,000
Horizontal Ground Rent	$1,500,000
Total Development Costs Excluding Acquisition	**$461,798,000**

B. Pad Sale Proceeds and Parking Reimbursements

Table 3 presents an estimate of revenue from pad sales and parking costs reimbursements paid by Vertical Developers to the Master Developer from the commercial, market-rate residential, and affordable residential portions of the Project. The Master Developer's estimate of pad sale revenue and parking cost reimbursements were based on the following parameters.

Commercial

- Pad purchase price of $15.0 million or $115 per SF for the development of 130,000 SF of commercial space.

- Reimbursement to the Master Developer for providing 179 spaces in a shared parking garage estimated at $35,754 per space or $6.4 million.

Market-Rate Residential

- Pad purchase price of $169.1 million or $75,000 per unit for the development of 2,254 units of market-rate residential.

Affordable Residential

- Pad purchase price of $107.3 million or $75,000 per unit for the development of 1,430 affordable units financed with 4% Low Income Housing Tax Credits (Tax Credits). Of this amount, approximately 48% ($51.3 million) will be contributed in the form of a Note from the Master Developer and remaining 52% ($56.0 million) will be a cash payment to the Master Developer.

- Pad purchase price of $28.5 million or $50,000 per unit for the development of 570 affordable units financed with 9% Tax Credits. Total gross sales proceeds ($28.5 million) will be contributed to the Project in the form of a Note from the Master Developer, resulting in no upfront cash payments to the Master Developer.

- Reimbursement to the Master Developer for 728 spaces in a shared parking garage estimated at $61,951 per space or $45.1 million.

JLL found the assumptions used by the Master Developer to estimate pad sale proceeds and shared parking reimbursement to be reasonable relative to industry standards. Based on these assumptions, proceeds from the sale of pads and shared parking reimbursements payable to the Master Developer are estimated at $291.6 million. Assuming a cost of sale at 1% of total gross sales proceeds and shared parking reimbursement, net proceeds are estimated at $288.6 million as shown below.

Revenue from Pad Sales and Shared Parking Reimbursements	
Commercial	
Pad Purchase Price	$15,000,000
Shared Parking Reimbursements	$6,400,000
Market-Rate Residential	
Pad Purchase Price	$169,050,000
Affordable Residential	
Pad Purchase Price	$56,000,000
Shared Parking Reimbursements	$45,100,000
Total Gross Pad Sales and Shared Parking Reimbursements	**$291,550,000**
(Less) Cost of Sale @ 1.0% of Gross Sales and Reimbursements	($2,915,000)
Net Revenue from Pad Sales and Shared Parking Reimbursements	**$288,635,000**

C. Sources and Uses of Funds with EIFD Financing

Sources of Funds with EIFD Financing

Table 4 presents a cash flow projection of the sources proposed to fund the Project's infrastructure and site development costs. These include proceeds from the sale of pads and parking reimbursements, a short-term bridge loan, a construction loan, and equity contribution from the Master Developer.

In addition, the City along with the County of San Diego (County) intend to establish the Midway Rising EIFD and District Public Financing Authority (PFA) to fund the infrastructure improvements necessary for the delivery of affordable housing, public benefits, and the overall redevelopment of the Property. Both the City and County propose to allocate 100% of their portion of property tax increment revenues from the Midway EIFD to both cash fund public facilities and support debt service payments on a series of bond issuances.

Under current projections, the bonds are estimated to be issued every three years over a 12-year period between FY 2038 and FY 2050. Pursuant to an EIFD Acquisition Agreement anticipated to be entered into between the Master Developer and the PFA following formation of the Midway EIFD (Acquisition Agreement), the PFA will reimburse the Master Developer for their eligible Qualified EIFD Improvements costs from EIFD-generated tax increment and net bond proceeds. Under the Acquisition Agreement, the purchase price for Qualified EIFD Improvements is anticipated to consist of

reimbursement of the actual costs of constructing the improvements (currently estimated at $462 million in 2026 dollars), plus a Master Developer Cost of Capital accruing at not more than 3.0% compounded annually, not to exceed the total EIFD funding sources available.

KMA and JLL reviewed and analyzed the tax increment projections submitted by the Master Developer for the Project as of August 18, 2026. KMA has modified selected market and financial parameters used in these projections based on our prior experience with comparable EIFD proposals. The resulting projections indicate that the Master Developer will receive 100% reimbursement of the actual costs of the eligible EIFD improvements, and the Master Developer Cost of Capital, by the final year of the EIFD term.

On this basis, then, the KMA financial pro forma model conservatively assumes that approximately 100% of EIFD-generated tax increment and net bond proceeds will be contributed to the Master Developer in accordance with the Agreement.

The following table provides a summary of the proposed sources of funds for the Project's development costs funded by the Master Developer, expressed on both a future dollar and present value basis.

Sources of Funds with EIFD Financing (1)		
	Future Value	Net Present Value (2)
Master Developer Funding		
Pad Sale and Parking Reimbursement Revenue	$288,635,000	$129,411,000
Construction Loan	$254,525,000	$140,124,000
Equity Contribution	$216,022,000	$145,184,000
Bridge Loan	$100,000,000	$78,791,000
Subtotal Master Developer Funding	$859,182,000	$493,510,000
EIFD Reimbursements		
EIFD Bond Funding	$171,937,000	$59,366,000
EIFD Revenue after Debt Service	$829,151,000	$80,201,000
Subtotal EIFD Reimbursements	$1,001,088,000	$139,567,000
Total Sources of Funds	**$1,860,270,000**	**$633,077,000**

(1) Reflects sources of funds FY 2021 thru FY 2082.
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.

Uses of Funds with EIFD Financing

Table 4 also provides a cash flow projection of the Master Developer's uses of funds toward Project costs, including repayment of the bridge loan, construction loan, and equity contribution. The following table provides a summary of the Master Developer's total uses of funds on both a future dollar and present value basis.

Uses of Funds with EIFD Financing [1]		
	Future Value	Net Present Value [2]
Project Costs	$462,281,000	$312,648,000
Bridge Loan Repayment	$185,312,000	$82,702,000
Construction Loan Repayment	$254,525,000	$119,348,000
Repayment of Equity Contribution	$216,022,000	$64,342,000
Total Uses of Funds	**$1,118,140,000**	**$579,040,000**

(1) Reflects uses of funds FY 2021 thru FY 2082.
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.

Total Project Cash Flow

Project cash flow is estimated as the difference between the stream of total sources of funds and total uses of funds. As shown below, under the EIFD financing scenario, the comparison of total funding sources vs. total development costs yields a total funding surplus of $742.1 million on a future value basis or $54.0 million in present value terms. This funding surplus represents the Master Developer's profit.

Project Cash Flow with EIFD Financing [1]		
	Future Value	Net Present Value
Sources of Funds	$1,860,270,000	$633,077,000
Uses of Funds	($1,118,140,000)	($579,040,000)
Net Project Cash Flow	**$742,130,000**	**$54,037,000**

(1) Reflects cash flow FY 2021 thru FY 2082.
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.

Leveraged Internal Rate of Return with EIFD Financing

Based on the projected sources and uses of funds**,** KMA estimates that the Master Developer will achieve a Leveraged Internal Rate of Return (IRR) of approximately 5.1%. A Leveraged IRR is used as a metric to determine the effective annualized compounded return rate to the Master Developer, after taking into consideration all of the Master Developer's financial obligations and potential revenue sources. Both KMA and JLL find the 5.1% Leveraged IRR outcome to be substantially below industry standards. In KMA's view, the minimum industry target for a Leveraged IRR for a project of this type – a complex, mixed-use, multi-year land development project in an urban infill setting -- is in the mid to high teens. In other words, under current projections, inclusive of the EIFD subsidy contribution, the Master Developer is not forecast to achieve an industry standard return on a long-term basis, indicating that the EIFD subsidy is not excessive.

D. Sources and Uses of Funds without EIFD Financing

Sources of Funds without EIFD Financing

To determine the economic return to the Master Developer without the EIFD subsidy contribution, KMA prepared projections of cash flow to the Master Developer without the bridge loan and the EIFD subsidy. As presented in Table 5 and summarized below, total sources of funds for the Project's development costs funded by the Master Developer without the EIFD subsidy are estimated to total $753.4 million on a future value basis and $444.5 million in present value basis.

Sources of Funds without EIFD Financing (1)		
	Future Value	Net Present Value (2)
Master Developer Funding		
Pad Sale and Parking Reimbursement Revenue	$288,635,000	$129,411,000
Construction Loan	$254,525,000	$140,124,000
Equity Contribution	$210,203,000	$174,919,000
Subtotal Master Developer Funding	$753,363,000	$444,454,000
EIFD Reimbursements		
EIFD Bridge Loan	$0	$0
EIFD Bond Funding	$0	$0
EIFD Revenue after Debt Service	$0	$0
Subtotal EIFD Reimbursements	$0	$0
Total Sources of Funds	**$753,363,000**	**$444,454,000**

(1) Reflects sources of funds without EIFD financing FY 2021 thru FY 2082.
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.

Uses of Funds without EIFD Financing

Table 5 also provides a cash flow projection of the Master Developer's uses of funds for the scenario without EIFD financing. This excludes financing costs associated with the EIFD bond issuance and the EIFD bridge loan repayment. The following table provides a summary of the Master Developer's total uses of funds without EIFD financing on both a future dollar and present value basis.

Uses of Funds without EIFD Financing [1]		
	Future Value	Net Present Value [2]
Project Costs	$457,021,000	$310,142,000
Bridge Loan Repayment	$0	$0
Construction Loan Repayment	$254,525,000	$119,348,000
Repayment of Equity Contribution	$41,817,000	$14,964,000
Total Uses of Funds	**$753,363,000**	**$444,454,000**
(1) Reflects uses of funds without EIFD financing FY 2021 thru FY 2082.		
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.		

Total Project Cash Flow

Project cash flow is estimated as the difference between the stream of total sources of funds and total uses of funds. As shown below, under the no EIFD financing scenario, the comparison of total funding sources vs. total development costs yields net project cash flow of $0 in future dollars and $0 on a present value basis, respectively.

Project Cash Flow without EIFD Financing [1]		
	Future Value	Net Present Value [2]
Sources of Funds	$753,363,000	$444,454,000
(Less) Uses of Funds	($753,363,000)	($444,454,000)
Net Project Cash Flow	**$0**	**$0**
(1) Reflects project cash flow without EIFD financing FY 2021 thru FY 2082.		
(2) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.		

Leveraged Internal Rate of Return without EIFD Financing

Based on the projected sources and uses presented above**,** KMA estimates that without the EIFD subsidy the Master Developer's Leveraged Internal Rate of Return (IRR) would be reduced to approximately *negative 9.4%*. A negative IRR metric indicates that the Master Developer would not achieve a target return on their investment nor 100% return of their original investment. Based on the projected Leveraged IRR, KMA concludes that but for the EIFD subsidy, redevelopment of the Property would be infeasible, and the private development sector would be unlikely to proceed. In sum, the EIFD contribution as proposed will enhance the Project's feasibility but will not generate an excessive return to the Master Developer.

E. Residual Land Value

Table 6 presents the KMA estimate of residual land value for the Property subject to the conditions, covenants, and development costs required by the Agreement. The residual land value supported by the Project is estimated as the maximum supportable land price that a developer could afford to pay for this development opportunity while achieving a target industry return on investment. KMA has used the Master Developer's projected leveraged IRR of 5.1% for the scenario with EIFD financing as the target industry return. As noted previously, this return outcome is substantially below industry standards for a complex, mixed-use, multi-year land development project of this type. However, inasmuch as the Master Developer is willing to proceed with the Project under the terms of the Agreement, KMA has relied on this return outcome as a minimum industry target for purposes of determining the residual land value supported by the Project.

As shown below, on a present value basis, the comparison of total funding sources (without EIFD financing) and total development costs including Master Developer profit of $54.0 million yields a residual value for the Property of *negative* $54.0 million.

Residual Land Value		
	With EIFD Financing	**Without EIFD Financing**
	Net Present Value (1)	**Net Present Value** (1)
Sources of Funds	$633,077,000	$444,454,000
(Less) Uses of Funds	($579,040,000)	($444.454,000)
Net Project Cash Flow	**$54,037,000**	**$0**
(Less) Target Break-Even Profit (2)		($54,037,000)
Residual Land Value		**($54,037,000)**
(1) Reflects Net Present Value in 2026 dollars, assuming a discount rate of 6.0%.		
(2) Reflects surplus/(shortfall) in order to achieve target break-even profit.		

F. Conclusion

Based on the foregoing analysis, KMA concludes that re-use value of the Property is *negative* $54.0 million.

V. COMPENSATION WHICH THE MASTER DEVELOPER WILL BE REQUIRED TO PAY

This section summarizes the total compensation to be paid to the City.

A. Master Developer Compensation to City

Table 7 presents JLL's projection of Horizontal Ground Rent, Vertical Ground Rent, and fee charges from the Entertainment Center. The ground lease projections illustrate the following payment streams to the City:

- *Horizontal Ground Rent* - $100,000 paid annually by the Master Developer to the City over the term of the Horizontal Ground Lease, assumed to reflect a 15-year period commencing upon execution of the Horizontal Ground Lease.

- *Market-Rate Residential/Retail Vertical Ground Rent* – City participation in rent from the Project's commercial and market-rate residential components will begin after the Developer's initial equity is repaid. The City will participate in0.5% of Modified Gross Revenue during Lease Years 0 – 55 and 2.5% of Modified Gross Revenue during Lease Years 56 – 85, subject to review on the first day of Lease Years 56 and 71. The City will also receive Minimum Annual Rent of $500,000 to $2.0 million, which takes effect as aggregate Percentage Rent across all Market Rate Housing/Retail Leases reaches each threshold.

- *Entertainment Center Ticket Charge* – A Ticket Charge of $1.50 per admission ticket sold beginning on the Ticket Charge Payment Start Date (the tenth anniversary of the final Certificate of Occupancy for the Entertainment Center), increasing by 3.0% annually, with market revaluations on the first day of Lease Years 56 and 71. The tenant will pay 25% of each annual Ticket Charge Payment; the remaining 75% will accrue without interest and will not become payable until the tenant achieves a 16.5% levered IRR on its Capital Investment. JLL projects Ticket Charge revenue to the City of $114.5 million in future value terms, or $3.0 million on a present value basis.

- *Affordable Housing Vertical Ground Rent* – No ground rent will be payable to the City under the Affordable Housing Vertical Leases. In contrast to the other Vertical Ground Leases, the City is forgoing ground rent on the affordable housing parcels in order to facilitate production of the Project's 2,000 affordable units.

The following chart summarizes the estimated compensation to be paid to the City both on a future dollar and present value basis.

Compensation Paid to the City		
	Future Value	Net Present Value (1)
Compensation Paid by Master Developer:		
Horizontal Ground Rent	$1,500,000	$764,000
Other Compensation:		
Vertical Ground Rent	$780,274,000	$19,402,000
Entertainment Center Fee Charges	$114,505,000	$3,027,000
Total Compensation to City	**$896,279,000**	**$23,193,000**

(1) Reflects Net Present Value in 2026 dollars, assuming discount rates of 5.0% for market-rate residential ground rent and 7.5% for horizontal ground rent, retail ground rent, and Entertainment Center ticket charges.

B. Conclusion

On this basis then, KMA concludes that the compensation paid to the City from the Master Developer and Vertical Developers for the interests to be conveyed over the term of the Ground Lease is $23.2 million on a present value basis. It should be noted that the estimated compensation paid to the City does not include the value of reversion of the Property to the City when the Horizontal Ground Lease and subsequent Vertical Ground Leases expire.

VI. EXPLANATION OF THE DIFFERENCE, IF ANY, BETWEEN THE COMPENSATION TO BE PAID TO THE CITY BY THE PROPOSED TRANSACTION AND THE FAIR MARKET VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE

The fair market value of the interest to be conveyed at its highest and best use is estimated to be $75.6 million.

The compensation to be paid to the City pursuant to the Agreement over the term of the Ground Lease is projected to be $23.2 million (present value in 2026).

Factors affecting the difference in compensation to the City ($23.2 million) and the fair market value of the interest to be conveyed at highest and best use ($75.6 million) include:

- The Project will be developed on a long-term ground lease as opposed to fee simple ownership. The Property will revert to the City at the conclusion of the lease term.

- The Master Developer will be obligated to dedicate a significant portion of the Property to development of a 16,000-seat entertainment center and associated parking.

- The Project will be developed subject to a PLA and prevailing wage requirement on all components.

- The Project will create public open spaces to enhance and serve the immediate neighborhood and the community at large.

- The Master Developer will be obligated to develop 2,000 affordable housing units at affordability levels not to exceed 80% AMI, with an average income level not exceeding 60% AMI. This requirement represents 47% of total housing units allowed on the Property, substantially higher than the SLA obligation of 25% that all respondents to the City's NOA would have been required to provide. These housing units will be subject to land use restrictions and long-term affordability covenants.

- The City will make the affordable housing parcels available through long-term Affordable Housing Vertical Leases with no ground rent payable to the City. The forgone ground rent on these parcels contributes to the difference between the compensation to the City and the fair market value of the Property and supports the feasibility of the affordable housing component. This land contribution is separate from the financing required to construct the affordable units, described below.

- The affordable housing developments within the Project are proposed to receive subsidies from the Federal LIHTC program and other State affordable housing loans and grants. These funding sources impose specific covenants and restrictions on development and operation of the affordable housing components.

- The Project will facilitate the construction of on-and off-site infrastructure and facilities to serve the development and the community at large.

- The Entertainment Center Vertical Ground Lease does not include a minimum annual rent. Ticket Charges will not commence until the tenth anniversary of the final Certificate of Occupancy for the Entertainment Center, and 75% of each annual Ticket Charge Payment will be deferred until the tenant achieves a 16.5% levered IRR.

VII. EXPLANATION OF WHY THE CONVEYANCE OF INTEREST WILL ASSIST WITH ECONOMIC OPPORTUNITY

The Property, in its current condition, represents an underutilized use of City-owned property. Redevelopment of the Property will provide significant and measurable public benefits to the City, consistent with the definition of "economic opportunity" set forth in California Government Code Section 52200.2 as described below.

- **Employment Generation:** The Project will generate direct employment during the construction process and create permanent third-party services, vendor, and operations employment upon completion. In total, this development is projected to create 19,320 construction jobs and 980 new permanent jobs in the City.

- **Tax Revenues:** Employment spending during the construction period will generate temporary sales tax revenue to the City. The City will also benefit from long-term sales tax revenues generated by the entertainment center, commercial component, and residential household spending. Additional revenues will come from incremental property taxes that will be generated within the Midway–Pacific Highway Community planning area, excluding the proposed EIFD area.

- **Affordable Housing:** The Project will deliver affordable family housing for households ranging from Extremely Low to Low-income levels, including at least 200 units reserved for permanent supportive housing. Delivery of these units is facilitated by the City's contribution of land through long-term ground leases.

- **Entertainment Center:** The Project will deliver a 16,000-seat venue attracting events for San Diegans and visitors from outside the City.

- **Parks and Public Space:** The Project will deliver parks and open space on a site that currently lacks this amenity.

- **Mobility:** The Project will deliver on-site street improvements, linear parks, bus rapid transit (BRT) facilities, and an event/employee shuttle service. It will also deliver off-site infrastructure improvements, including street, roundabout, intersection, traffic signal, and bridge improvements.

VIII. LIMITING CONDITIONS

The estimates of re-use value and fair market value at the highest and best use contained in this Economic Opportunity Report assume compliance with the following assumptions:

1. The title of the Property is good and marketable; no title search has been made, nor have we attempted to determine the ownership of the Property. The value estimates are given without regard to any questions of title, boundaries, encumbrances, liens, or encroachments. It is assumed that all assessments, if any, are paid.

2. Information provided by such local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others was considered in light of its source, and checked by secondary means.

3. If an unforeseen change occurs in the economy, the conclusions herein may no longer be valid.

4. Both parties are well informed and well advised and each is acting prudently in what he/she considers to be of his/her own best interest.

5. KMA is not advising or recommending any action be taken by the City or County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).

6. KMA is not acting as a Municipal Advisor to the City or County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City or County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.

7. The City or County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including their own Municipal Advisors, that they deem appropriate before acting on the information and material.

TABLE 1

PROJECT DESCRIPTION
MIDWAY RISING
CITY OF SAN DIEGO

I.	**Site Area**			
A.	Entertainment Center	4.7	Acres	9.7%
B.	Retail/Entertainment	3.1	Acres	6.4%
C.	Residential	17.0	Acres	35.0%
D.	Parking Garages	2.8	Acres	5.8%
E.	Circulation	6.3	Acres	12.9%
F	Parks/Public Space	14.6	Acres	30.1%
G.	Total Site Area	48.5	Acres	100.0%
II.	**Gross Building Area (GBA)**			
A.	Entertainment Center	380,550	SF	
B.	Retail/Entertainment			
	Retail	50,000	SF	38.5%
	Restaurant	80,000	SF	61.5%
	Total Retail/Entertainment	130,000	SF	100.0%
C.	Market-Rate Residential			
	Net Rentable Area	1,711,725	SF	74.1%
	Common Area/Circulation	599,345	SF	25.9%
	Total Market -Rate Residential	2,311,070	SF	100.0%
D.	Affordable Residential			
	Net Rentable Area	1,548,168	SF	71.1%
	Common Area/Circulation	628,891	SF	28.9%
	Total Affordable Residential	2,177,059	SF	100.0%
E.	Subtotal Non-Parking GBA	4,998,679	SF	
F.	Parking Garages GBA	905,062	SF	
G.	Grand Total Gross Building Area	5,903,741	SF	
III.	**Construction Type**	Type I		
IV.	**Number of Stories**	8	Stories	
V.	**Number of Units**	# Units		Average Unit Size
A.	Market-Rate Residential	2,254	Units	759 SF
B.	Affordable Residential	2,000	Units	774 SF
C.	Total Units	4,254	Units	766 SF

TABLE 1

PROJECT DESCRIPTION
MIDWAY RISING
CITY OF SAN DIEGO

					Percent of Total
VI.	**Affordability Mix**				
	A. Market-Rate Residential	2,254	Units		53.0%
	B. Affordable Residential				
	30% AMI	450	Units	22.5%	
	50% AMI	970	Units	48.5%	
	60% AMI	380	Units	19.0%	
	80% AMI	180	Units	9.0%	
	Manager	20	Units	1.0%	
	Total Affordable Units	2,000	Units	100.0%	47.0%
	C. Total Units	4,254	Units		100.0%

		Number of Spaces		Parking Ratio
VIII.	**Parking**			
	A. Number of Spaces			
	Event	2,100	Spaces	
	Retail/Entertainment	390	Spaces	3.0 Spaces /1,000 SF GBA
	Residential			
	Market-Rate Residential	2,771	Spaces	1.23 Spaces /Market-Rate Unit
	Affordable Residential	1,779	Spaces	0.89 Spaces /Affordable Unit
	Total Residential	4,550	Spaces	1.07 Spaces /Unit
	Total Spaces	7,040	Spaces	
	B. Parking Type			
	On-Site Parking			
	Retail/Entertainment	211	Spaces	
	Residential	3,822	Spaces	
	Total On-Site Parking	4,033	Spaces	
	Shared Parking Garage			
	Event	2,100	Spaces	
	Retail/Entertainment	179	Spaces	
	Residential	728	Spaces	
	Total Shared Parking Garage	3,007	Spaces	
	Total Spaces	7,040	Spaces	

TABLE 2

ESTIMATED DEVELOPMENT COSTS - MASTER DEVELOPER [1]
MIDWAY RISING
CITY OF SAN DIEGO

		Totals		Comments
I.	**Direct Costs** [2][3]			
	Off-Site Costs	$26,819,000	$13	Per SF Site Area
	On-Site Costs	$107,662,000	$51	Per SF Site Area
	Demolition	$26,511,000	$13	Per SF Site Area
	Parking - Shared Parking Garage	$146,703,000	$48,787	Per Space
	Shell Construction	$0	$0	Per SF GBA
	FF&E/Amenities	$6,000,000	$3	Per SF Site Area
	Contingency	$12,821,000	4.1%	of Above Directs
	Total Direct Costs	$326,516,000	$155	Per SF Site Area
II.	**Indirect Costs**			
	Architecture & Engineering	$38,347,000	11.7%	of Directs
	Permits & Fees [4]	$1,621,000	$1	Per SF Site Area
	Legal & Accounting	$500,000	0.2%	of Directs
	Taxes & Insurance	$3,242,000	1.0%	of Directs
	Developer Fee	$5,187,000	1.6%	of Directs
	Construction Management	$390,000	0.1%	of Directs
	Marketing	$0		Allowance
	Contingency	$981,000	2.0%	of Indirects
	Total Indirect Costs	$50,268,000	15.4%	of Directs
III.	**Financing Costs**			
	Loan Fees	$7,848,000	2.4%	of Directs
	Interest During Construction	$52,033,000	15.9%	of Directs
	Total Financing Costs	$59,881,000	18.3%	of Directs
IV.	**Total Costs Excluding Escalation** [5]	**$436,665,000**	**$207**	**Per SF Site Area**
V.	Escalation [6]	$23,633,000	5.4%	of Total Costs
VI.	**Total Costs with Escalation** [5]	**$460,298,000**	**$218**	**Per SF Site Area**
VII.	Horizontal Ground Rent	$1,500,000	0.3%	of Total Costs
VIII.	**Total Costs** [5]	**$461,798,000**	**$219**	**Per SF Site Area**

(1) Based on Master Developer pro forma dated August 18, 2026.

(2) Includes General Conditions and Contractor Fee.

(3) Includes payment of prevailing wages.

(4) Estimate; not verified by KMA or the City of San Diego.

(5) Excludes land acquisition costs.

(6) Reflects 7.5% of total horizontal costs (excluding owner's contingency) and 3.0% annual escalation of parking hard costs over a 2.5-year period.

TABLE 3

GROSS PAD SALES AND SHARED PARKING REIMBURSEMENT - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

I.	**Entertainment Center**	380,550 SF	$0 /SF		$0
II.	**Retail / Entertainment**				
	A. Residual Pad Purchase Price	130,000 SF	$115 /SF		$15,000,000
	B. Shared Parking Reimbursement	179 Spaces	$35,754 /Space		$6,400,000
III.	**Market-Rate Residential**				
	A. Residual Pad Purchase Price	2,254 Units	$75,000 /Unit		$169,050,000

IV. Affordable Residential

A. Residual Pad Purchase Price

Phase	Number of Units	Tax Credit Program	Acquisition of Infrastructure Allocation Per Unit	Acquisition of Infrastructure Allocation Total	(Less) Acquisition Value Contribution [1]	Project Paid Infrastructure [2]
1A	160	4%	$75,000	$12,000,000	($6,000,000)	$6,000,000
1B	100	9%	$50,000	$5,000,000	($5,000,000)	$0
1C	140	4%	$75,000	$10,500,000	($5,250,000)	$5,250,000
1D	100	9%	$50,000	$5,000,000	($5,000,000)	$0
2A	140	4%	$75,000	$10,500,000	($5,250,000)	$5,250,000
2B	160	4%	$75,000	$12,000,000	($6,000,000)	$6,000,000
2C	100	9%	$50,000	$5,000,000	($5,000,000)	$0
3A	120	4%	$75,000	$9,000,000	($4,500,000)	$4,500,000
3B	120	4%	$75,000	$9,000,000	($4,500,000)	$4,500,000
3C	100	9%	$50,000	$5,000,000	($5,000,000)	$0
4A	160	4%	$75,000	$12,000,000	($6,000,000)	$6,000,000
4B	130	4%	$75,000	$9,750,000	($4,875,000)	$4,875,000
4C	190	4%	$75,000	$14,250,000	($7,375,000)	$6,875,000
5A	100	9%	$50,000	$5,000,000	($5,000,000)	$0
5B	110	4%	$75,000	$8,250,000	($1,500,000)	$6,750,000
5C	70	9%	$50,000	$3,500,000	($3,500,000)	$0
Total	2,000			$135,750,000	($79,750,000)	$56,000,000

	B. Shared Parking Reimbursement	728 Spaces	$61,951 /Space		$45,100,000
V.	**Total Revenues - Pad Sales, Shared Parking, and Infrastructure**				**$291,550,000**
VI.	**(Less) Cost of Sale @**	1.0% of Total Revenues			**($2,915,000)**
VII.	**Total Net Sales Proceeds - Master Developer**				**$288,635,000**

(1) Assumes Acquisition Value Contribution in the form of a Note from the Master Developer.

(2) Reflect cash payments to Master Developer.

TABLE 4

SOURCES AND USES OF FUNDS - MULTI-YEAR CASH FLOW - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

		A	B	C	D	E	F	G	H
		SOURCES OF FUNDS							
						Construction Loan			
	YEAR [1]	Total Pad Sale Revenue	EIFD Bond Funding	EIFD Revenue after Debt Service	Bridge Loan	Construction Funding	Interest Reserve	TOTAL SOURCES OF FUNDS	Developer Equity Contribution
0	2021	-	-	-	-	-	-	-	$30,250
1	2021 - 2022	-	-	-	-	-	-	-	$1,282,875
2	2022 - 2023	-	-	-	-	-	-	-	$4,718,542
3	2023 - 2024	-	-	-	-	-	-	-	$4,780,000
4	2024 - 2025	-	-	-	-	-	-	-	$4,780,000
5	2025 - 2026	-	-	-	-	-	-	-	$4,600,833
6	2026 - 2027	-	-	-	-	-	-	-	$5,437,500
7	2027 - 2028	-	-	-	-	-	-	-	$5,437,500
8	2028 - 2029	-	-	$0	-	-	-	-	$55,041,542
9	2029 - 2030	-	-	$0	$90,664,072	-	$0	$90,664,072	-
10	2030 - 2031	-	-	$0	$9,335,928	$19,564,266	$418,417	$29,318,611	$26,998,769
11	2031 - 2032	$8,474,400	-	$0	-	$28,360,885	$1,974,729	$38,810,014	-
12	2032 - 2033	$27,529,425	-	$206,555	-	$1,900,000	$2,128,074	$31,764,053	$0
13	2033 - 2034	$19,247,885	-	$839,789	-	$1,900,000	$62,430	$22,050,104	$0
14	2034 - 2035	-	-	$1,359,540	-	$22,697,824	$509,139	$24,566,503	40,933,326
15	2035 - 2036	$23,184,563	-	$1,727,832	-	$51,687,834	$2,984,643	$79,584,872	$1,231,001
16	2036 - 2037	$19,247,885	-	$2,415,761	-	$21,673,665	$3,808,287	$47,145,597	$1,268,573
17	2037 - 2038	-	$33,543,837	$2,331,390	-	$19,088,456	$5,499,166	$60,462,848	-
18	2038 - 2039	-	-	$1,139,624	-	$13,509,640	$7,219,098	$21,868,362	$498,876
19	2039 - 2040	$57,394,013	-	$1,531,968	-	$12,470,437	$6,187,897	$77,584,315	$749,699
20	2040 - 2041	$15,398,308	$21,709,914	$1,995,341	-	$9,639,428	$4,595,286	$53,338,276	-
21	2041 - 2042	-	-	$1,931,037	-	-	$5,243,642	$7,174,679	$472,129
22	2042 - 2043	-	-	$2,305,507	-	-	$5,646,466	$7,951,973	$407,993
23	2043 - 2044	$65,238,144	$15,500,260	$2,416,966	-	-	$2,707,912	$85,863,283	$53,691,977
24	2044 - 2045	-	-	$4,082,195	-	-	$1,292,103	$5,374,298	$3,660,128
25	2045 - 2046	-	-	$7,907,175	-	-	$1,391,364	$9,298,539	-
26	2046 - 2047	$36,879,975	$68,180,213	$7,088,255	-	-	$364,232	$112,512,675	-
27	2047 - 2048	$16,039,904	-	$4,862,754	-	-	-	$20,902,658	-
28	2048 - 2049	-	-	$6,035,397	-	-	-	$6,035,397	-
29	2049 - 2050	-	$33,003,010	$6,460,678	-	-	-	$39,463,688	-
30	2050 - 2051	-	-	$5,786,661	-	-	-	$5,786,661	-
31	2051 - 2052	-	-	$6,467,348	-	-	-	$6,467,348	-
32	2052 - 2053	-	-	$7,174,711	-	-	-	$7,174,711	-
33	2053 - 2054	-	-	$7,910,500	-	-	-	$7,910,500	-
34	2054 - 2055	-	-	$8,676,902	-	-	-	$8,676,902	-
35	2055 - 2056	-	-	$9,471,729	-	-	-	$9,471,729	-
36	2056 - 2057	-	-	$10,300,449	-	-	-	$10,300,449	-
37	2057 - 2058	-	-	$11,163,060	-	-	-	$11,163,060	-
38	2058 - 2059	-	-	$12,058,471	-	-	-	$12,058,471	-
39	2059 - 2060	-	-	$12,992,147	-	-	-	$12,992,147	-
40	2060 - 2061	-	-	$13,962,995	-	-	-	$13,962,995	-
41	2061 - 2062	-	-	$14,973,202	-	-	-	$14,973,202	-
42	2062 - 2063	-	-	$16,022,768	-	-	-	$16,022,768	-
43	2063 - 2064	-	-	$17,113,879	-	-	-	$17,113,879	-
44	2064 - 2065	-	-	$18,249,815	-	-	-	$18,249,815	-
45	2065 - 2066	-	-	$19,429,483	-	-	-	$19,429,483	-
46	2066 - 2067	-	-	$20,656,163	-	-	-	$20,656,163	-
47	2067 - 2068	-	-	$22,656,639	-	-	-	$22,656,639	-
48	2068 - 2069	-	-	$25,433,098	-	-	-	$25,433,098	-
49	2069 - 2070	-	-	$26,816,119	-	-	-	$26,816,119	-
50	2070 - 2071	-	-	$28,723,158	-	-	-	$28,723,158	-
51	2071 - 2072	-	-	$31,154,215	-	-	-	$31,154,215	-
52	2072 - 2073	-	-	$32,706,698	-	-	-	$32,706,698	-
53	2073 - 2074	-	-	$34,655,822	-	-	-	$34,655,822	-
54	2074 - 2075	-	-	$37,003,775	-	-	-	$37,003,775	-
55	2075 - 2076	-	-	$38,750,865	-	-	-	$38,750,865	-
56	2076 - 2077	-	-	$42,037,406	-	-	-	$42,037,406	-
57	2077 - 2078	-	-	$46,868,866	-	-	-	$46,868,866	-
58	2078 - 2079	-	-	$48,834,615	-	-	-	$48,834,615	-
59	2079 - 2080	-	-	$51,592,014	-	-	-	$51,592,014	-
60	2080 - 2081	-	-	$55,139,970	-	-	-	$55,139,970	-
61	2081 - 2082	-	-	$37,729,371	-	-	-	$37,729,371	-
Total		**$288,635,000**	**$171,937,000**	**$829,151,000**	**$100,000,000**	**$202,492,000**	**$52,033,000**	**$1,644,248,000**	**$216,022,000**
Net Present Value (NPV) @ [2] 6.0%		**$129,411,000**	**$59,366,000**	**$80,201,000**	**$78,791,000**	**$116,141,000**	**$23,983,000**	**$487,893,000**	**$145,184,000**

(1) Each year begins 11/1 and ends 10/31.
(2) Reflects Net Present Value (NPV) in 2026 dollars.

TABLE 4 (CONT'D.)

SOURCES AND USES OF FUNDS - MULTI-YEAR CASH FLOW - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

		I	J	K	L	M	N	O = (G + M)
		USES OF FUNDS						
				Construction Loan				
	YEAR [1]	Total Project Costs	Bridge Loan Repayment	Cash Flow Sweep	Loan Repayment	TOTAL USES OF FUNDS	Repayment of Developer Equity Contribution	TOTAL PROJECT CASH FLOW
0	2021	($30,250)	-	-	-	($30,250)	-	($30,250)
1	2021 - 2022	($1,282,875)	-	-	-	($1,282,875)	-	($1,282,875)
2	2022 - 2023	($4,718,542)	-	-	-	($4,718,542)	-	($4,718,542)
3	2023 - 2024	($4,780,000)	-	-	-	($4,780,000)	-	($4,780,000)
4	2024 - 2025	($4,780,000)	-	-	-	($4,780,000)	-	($4,780,000)
5	2025 - 2026	($4,600,833)	-	-	-	($4,600,833)	-	($4,600,833)
6	2026 - 2027	($5,437,500)	-	-	-	($5,437,500)	-	($5,437,500)
7	2027 - 2028	($5,437,500)	-	-	-	($5,437,500)	-	($5,437,500)
8	2028 - 2029	($55,041,542)	-	-	-	($55,041,542)	-	($55,041,542)
9	2029 - 2030	($88,864,072)	($197,833)	-	-	($89,061,906)	($1,602,167)	$1,602,167
10	2030 - 2031	($55,959,380)	($358,000)	-	-	($56,317,380)	-	($26,998,769)
11	2031 - 2032	($28,535,614)	($510,833)	($8,474,400)	-	($37,520,848)	($1,289,167)	$1,289,167
12	2032 - 2033	($2,228,074)	($1,163,500)	($27,529,425)	-	($30,920,999)	($843,055)	$843,055
13	2033 - 2034	($162,430)	($2,775,922)	($18,393,463)	-	($21,331,815)	($718,289)	$718,289
14	2034 - 2035	($21,361,829)	($44,138,000)	-	-	($65,499,829)	-	($40,933,326)
15	2035 - 2036	($54,772,477)	($2,858,833)	($23,184,563)	-	($80,815,873)	-	($1,231,001)
16	2036 - 2037	($25,581,952)	($3,584,333)	($19,247,885)	-	($48,414,170)	-	($1,268,573)
17	2037 - 2038	($24,977,266)	($20,881,222)	-	-	($45,858,488)	($14,604,360)	$14,604,360
18	2038 - 2039	($20,828,738)	($1,538,500)	-	-	($22,367,238)	-	($498,876)
19	2039 - 2040	($18,758,334)	($2,181,667)	($57,394,013)	-	($78,334,013)	-	($749,699)
20	2040 - 2041	($14,772,263)	($16,350,444)	($15,398,308)	-	($46,521,015)	($6,817,261)	$6,817,261
21	2041 - 2042	($5,343,642)	($2,303,167)	-	-	($7,646,809)	-	($472,129)
22	2042 - 2043	($5,746,466)	($2,613,500)	-	-	($8,359,966)	-	($407,993)
23	2043 - 2044	($3,487,742)	($71,031,513)	($65,036,005)	-	($139,555,260)	-	($53,691,977)
24	2044 - 2045	($1,292,103)	($7,742,323)	-	-	($9,034,426)	-	($3,660,128)
25	2045 - 2046	($1,391,364)	($5,082,818)	-	-	($6,474,182)	($2,824,357)	$2,824,357
26	2046 - 2047	($1,204,023)	-	($19,867,259)	-	($21,071,282)	($91,441,393)	$91,441,393
27	2047 - 2048	-	-	-	-	-	($20,902,658)	$20,902,658
28	2048 - 2049	-	-	-	-	-	($6,035,397)	$6,035,397
29	2049 - 2050	($904,363)	-	-	-	($904,363)	($38,559,325)	$38,559,325
30	2050 - 2051	-	-	-	-	-	($5,786,661)	$5,786,661
31	2051 - 2052	-	-	-	-	-	($6,467,348)	$6,467,348
32	2052 - 2053	-	-	-	-	-	($7,174,711)	$7,174,711
33	2053 - 2054	-	-	-	-	-	($7,910,500)	$7,910,500
34	2054 - 2055	-	-	-	-	-	($3,044,868)	$8,676,902
35	2055 - 2056	-	-	-	-	-	$0	$9,471,729
36	2056 - 2057	-	-	-	-	-	$0	$10,300,449
37	2057 - 2058	-	-	-	-	-	$0	$11,163,060
38	2058 - 2059	-	-	-	-	-	$0	$12,058,471
39	2059 - 2060	-	-	-	-	-	$0	$12,992,147
40	2060 - 2061	-	-	-	-	-	$0	$13,962,995
41	2061 - 2062	-	-	-	-	-	$0	$14,973,202
42	2062 - 2063	-	-	-	-	-	$0	$16,022,768
43	2063 - 2064	-	-	-	-	-	$0	$17,113,879
44	2064 - 2065	-	-	-	-	-	$0	$18,249,815
45	2065 - 2066	-	-	-	-	-	$0	$19,429,483
46	2066 - 2067	-	-	-	-	-	$0	$20,656,163
47	2067 - 2068	-	-	-	-	-	$0	$22,656,639
48	2068 - 2069	-	-	-	-	-	$0	$25,433,098
49	2069 - 2070	-	-	-	-	-	$0	$26,816,119
50	2070 - 2071	-	-	-	-	-	$0	$28,723,158
51	2071 - 2072	-	-	-	-	-	$0	$31,154,215
52	2072 - 2073	-	-	-	-	-	$0	$32,706,698
53	2073 - 2074	-	-	-	-	-	$0	$34,655,822
54	2074 - 2075	-	-	-	-	-	$0	$37,003,775
55	2075 - 2076	-	-	-	-	-	$0	$38,750,865
56	2076 - 2077	-	-	-	-	-	$0	$42,037,406
57	2077 - 2078	-	-	-	-	-	$0	$46,868,866
58	2078 - 2079	-	-	-	-	-	$0	$48,834,615
59	2079 - 2080	-	-	-	-	-	$0	$51,592,014
60	2080 - 2081	-	-	-	-	-	$0	$55,139,970
61	2081 - 2082	-	-	-	-	-	$0	37,729,371
Total		**($462,281,000)**	**($185,312,000)**	**($254,525,000)**	**$0**	**($902,119,000)**	**($216,022,000)**	**$742,129,000**
Net Present Value (NPV) @ [2] 6.0%		**($312,648,000)**	**($82,702,000)**	**($119,348,000)**	**$0**	**($514,699,000)**	**($64,342,000)**	**($26,806,000)**

Leveraged Internal Rate of Return to Master Developer 5.1%

(1) Each year begins 11/1 and ends 10/31.

(2) Reflects Net Present Value (NPV) in 2026 dollars.

TABLE 5

SOURCES AND USES OF FUNDS - MULTI-YEAR CASH FLOW - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

		A	B	C	D	E	F	G	H
		SOURCES OF FUNDS							
						Construction Loan			
	YEAR [1]	**Total Pad Sale Revenue**	**EIFD Bond Funding**	**EIFD Revenue after Debt Service**	**Bridge Loan**	**Construction Funding**	**Interest Reserve**	**TOTAL SOURCES OF FUNDS**	**Developer Equity Contribution**
0	2021	-	-	-	-	-	-	-	$30,250
1	2021 - 2022	-	-	-	-	-	-	-	$1,282,875
2	2022 - 2023	-	-	-	-	-	-	-	$4,718,542
3	2023 - 2024	-	-	-	-	-	-	-	$4,780,000
4	2024 - 2025	-	-	-	-	-	-	-	$4,780,000
5	2025 - 2026	-	-	-	-	-	-	-	$4,600,833
6	2026 - 2027	-	-	-	-	-	-	-	$5,437,500
7	2027 - 2028	-	-	-	-	-	-	-	$5,437,500
8	2028 - 2029	-	-	-	-	-	-	-	$53,691,542
9	2029 - 2030	-	-	-	-	-	-	-	88,864,235
10	2030 - 2031	-	-	-	-	$19,564,266	$418,417	$19,982,683	$35,979,785
11	2031 - 2032	$8,474,400	-	-	-	$28,360,885	$1,974,729	$38,810,014	-
12	2032 - 2033	$27,529,425	-	-	-	$1,900,000	$2,128,074	$31,557,499	-
13	2033 - 2034	$19,247,885	-	-	-	$1,900,000	$62,430	$21,210,315	-
14	2034 - 2035	-	-	-	-	$22,697,824	$509,139	$23,206,963	-
15	2035 - 2036	$23,184,563	-	-	-	$51,687,834	$2,984,643	$77,857,040	$100,000
16	2036 - 2037	$19,247,885	-	-	-	$21,673,665	$3,808,287	$44,729,836	$100,000
17	2037 - 2038	-	-	-	-	$19,088,456	$5,499,166	$24,587,622	-
18	2038 - 2039	-	-	-	-	$13,509,640	$7,219,098	$20,728,738	$100,000
19	2039 - 2040	$57,394,013	-	-	-	$12,470,437	$6,187,897	$76,052,347	$100,000
20	2040 - 2041	$15,398,308	-	-	-	$9,639,428	$4,595,286	$29,633,021	-
21	2041 - 2042	-	-	-	-	-	$5,243,642	$5,243,642	$100,000
22	2042 - 2043	-	-	-	-	-	$5,646,466	$5,646,466	$100,000
23	2043 - 2044	$65,238,144	-	-	-	-	$2,707,912	$67,946,057	-
24	2044 - 2045	-	-	-	-	-	$1,292,103	$1,292,103	-
25	2045 - 2046	-	-	-	-	-	$1,391,364	$1,391,364	-
26	2046 - 2047	$36,879,975	-	-	-	-	$364,232	$37,244,207	-
27	2047 - 2048	$16,039,904	-	-	-	-	-	$16,039,904	-
28	2048 - 2049	-	-	-	-	-	-	-	-
29	2049 - 2050	-	-	-	-	-	-	-	-
30	2050 - 2051	-	-	-	-	-	-	-	-
31	2051 - 2052	-	-	-	-	-	-	-	-
32	2052 - 2053	-	-	-	-	-	-	-	-
33	2053 - 2054	-	-	-	-	-	-	-	-
34	2054 - 2055	-	-	-	-	-	-	-	-
35	2055 - 2056	-	-	-	-	-	-	-	-
36	2056 - 2057	-	-	-	-	-	-	-	-
37	2057 - 2058	-	-	-	-	-	-	-	-
38	2058 - 2059	-	-	-	-	-	-	-	-
39	2059 - 2060	-	-	-	-	-	-	-	-
40	2060 - 2061	-	-	-	-	-	-	-	-
41	2061 - 2062	-	-	-	-	-	-	-	-
42	2062 - 2063	-	-	-	-	-	-	-	-
43	2063 - 2064	-	-	-	-	-	-	-	-
44	2064 - 2065	-	-	-	-	-	-	-	-
45	2065 - 2066	-	-	-	-	-	-	-	-
46	2066 - 2067	-	-	-	-	-	-	-	-
47	2067 - 2068	-	-	-	-	-	-	-	-
48	2068 - 2069	-	-	-	-	-	-	-	-
49	2069 - 2070	-	-	-	-	-	-	-	-
50	2070 - 2071	-	-	-	-	-	-	-	-
51	2071 - 2072	-	-	-	-	-	-	-	-
52	2072 - 2073	-	-	-	-	-	-	-	-
53	2073 - 2074	-	-	-	-	-	-	-	-
54	2074 - 2075	-	-	-	-	-	-	-	-
55	2075 - 2076	-	-	-	-	-	-	-	-
56	2076 - 2077	-	-	-	-	-	-	-	-
57	2077 - 2078	-	-	-	-	-	-	-	-
58	2078 - 2079	-	-	-	-	-	-	-	-
59	2079 - 2080	-	-	-	-	-	-	-	-
60	2080 - 2081	-	-	-	-	-	-	-	-
61	2081 - 2082	-	-	-	-	-	-	-	-
Total		**$288,635,000**	**$0**	**$0**	**$0**	**$202,492,000**	**$52,033,000**	**$543,160,000**	**$210,203,000**
Net Present Value (NPV) @ [2] **6.0%**		**$129,411,000**	**$0**	**$0**	**$0**	**$116,141,000**	**$23,983,000**	**$269,535,000**	**$174,919,000**

(1) Each year begins 11/1 and ends 10/31.
(2) Reflects Net Present Value (NPV) in 2026 dollars.

TABLE 5 (CONT'D.)

SOURCES AND USES OF FUNDS - MULTI-YEAR CASH FLOW - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

		I	J	K	L	M	N	O = (G + M)
		USES OF FUNDS						
				Construction Loan				
	YEAR [1]	**Total Project Costs**	**Bridge Loan Repayment**	**Cash Flow Sweep**	**Loan Repayment**	**TOTAL USES OF FUNDS**	**Repayment of Developer Equity Contribution**	**TOTAL PROJECT CASH FLOW**
0	2021	($30,250)	-	-	-	($30,250)	-	($30,250)
1	2021 - 2022	($1,282,875)	-	-	-	($1,282,875)	-	($1,282,875)
2	2022 - 2023	($4,718,542)	-	-	-	($4,718,542)	-	($4,718,542)
3	2023 - 2024	($4,780,000)	-	-	-	($4,780,000)	-	($4,780,000)
4	2024 - 2025	($4,780,000)	-	-	-	($4,780,000)	-	($4,780,000)
5	2025 - 2026	($4,600,833)	-	-	-	($4,600,833)	-	($4,600,833)
6	2026 - 2027	($5,437,500)	-	-	-	($5,437,500)	-	($5,437,500)
7	2027 - 2028	($5,437,500)	-	-	-	($5,437,500)	-	($5,437,500)
8	2028 - 2029	($53,691,542)	-	-	-	($53,691,542)	-	($53,691,542)
9	2029 - 2030	($88,864,235)	-	-	-	($88,864,235)	-	($88,864,235)
10	2030 - 2031	($55,962,468)	-	-	-	($55,962,468)	-	($35,979,785)
11	2031 - 2032	($28,539,000)	-	($8,474,400)	-	($37,013,400)	($1,796,614)	$1,796,614
12	2032 - 2033	($2,231,719)	-	($27,529,425)	-	($29,761,144)	($1,796,354)	$1,796,354
13	2033 - 2034	($162,430)	-	($18,393,463)	-	($18,555,893)	($2,654,422)	$2,654,422
14	2034 - 2035	($21,361,829)	-	-	-	($21,361,829)	($1,845,133)	$1,845,133
15	2035 - 2036	($54,772,477)	-	($23,184,563)	-	($77,957,040)	-	($100,000)
16	2036 - 2037	($25,581,952)	-	($19,247,885)	-	($44,829,836)	-	($100,000)
17	2037 - 2038	($24,304,822)	-	-	-	($24,304,822)	($282,800)	$282,800
18	2038 - 2039	($20,828,738)	-	-	-	($20,828,738)	-	($100,000)
19	2039 - 2040	($18,758,334)	-	($57,394,013)	-	($76,152,347)	-	($100,000)
20	2040 - 2041	($14,048,114)	-	($15,398,308)	-	(29,446,421)	($186,600)	$186,600
21	2041 - 2042	($5,343,642)	-	-	-	($5,343,642)	-	($100,000)
22	2042 - 2043	($5,746,466)	-	-	-	($5,746,466)	-	($100,000)
23	2043 - 2044	($2,707,912)	-	($65,036,005)	-	($67,743,918)	($202,139)	$202,139
24	2044 - 2045	($1,292,103)	-	-	-	($1,292,103)	-	-
25	2045 - 2046	($1,391,364)	-	-	-	($1,391,364)	-	-
26	2046 - 2047	($364,232)	-	($19,867,259)	-	($20,231,491)	($17,012,716)	$17,012,716
27	2047 - 2048	-	-	-	-	-	($16,039,904)	$16,039,904
28	2048 - 2049	-	-	-	-	-	-	-
29	2049 - 2050	-	-	-	-	-	-	-
30	2050 - 2051	-	-	-	-	-	-	-
31	2051 - 2052	-	-	-	-	-	-	-
32	2052 - 2053	-	-	-	-	-	-	-
33	2053 - 2054	-	-	-	-	-	-	-
34	2054 - 2055	-	-	-	-	-	-	-
35	2055 - 2056	-	-	-	-	-	-	-
36	2056 - 2057	-	-	-	-	-	-	-
37	2057 - 2058	-	-	-	-	-	-	-
38	2058 - 2059	-	-	-	-	-	-	-
39	2059 - 2060	-	-	-	-	-	-	-
40	2060 - 2061	-	-	-	-	-	-	-
41	2061 - 2062	-	-	-	-	-	-	-
42	2062 - 2063	-	-	-	-	-	-	-
43	2063 - 2064	-	-	-	-	-	-	-
44	2064 - 2065	-	-	-	-	-	-	-
45	2065 - 2066	-	-	-	-	-	-	-
46	2066 - 2067	-	-	-	-	-	-	-
47	2067 - 2068	-	-	-	-	-	-	-
48	2068 - 2069	-	-	-	-	-	-	-
49	2069 - 2070	-	-	-	-	-	-	-
50	2070 - 2071	-	-	-	-	-	-	-
51	2071 - 2072	-	-	-	-	-	-	-
52	2072 - 2073	-	-	-	-	-	-	-
53	2073 - 2074	-	-	-	-	-	-	-
54	2074 - 2075	-	-	-	-	-	-	-
55	2075 - 2076	-	-	-	-	-	-	-
56	2076 - 2077	-	-	-	-	-	-	-
57	2077 - 2078	-	-	-	-	-	-	-
58	2078 - 2079	-	-	-	-	-	-	-
59	2079 - 2080	-	-	-	-	-	-	-
60	2080 - 2081	-	-	-	-	-	-	-
61	2081 - 2082	-	-	-	-	-	-	-
Total		**($457,021,000)**	**$0**	**($254,525,000)**	**$0**	**($711,546,000)**	**($41,817,000)**	**($168,386,000)**
Net Present Value (NPV) @ [2]	**6.0%**	**($310,142,000)**	**$0**	**($119,348,000)**	**$0**	**($429,490,000)**	**($14,964,000)**	**($159,955,000)**

Leveraged Internal Rate of Return to Master Developer **-9.4%**

(1) Each year begins 11/1 and ends 10/31.

(2) Reflects Net Present Value (NPV) in 2026 dollars.

TABLE 6

RESIDUAL LAND VALUE - MASTER DEVELOPER
MIDWAY RISING
CITY OF SAN DIEGO

	With EIFD Financing Net Present Value [1]	Without EIFD Financing Net Present Value [1]
A. Sources of Funds		
Pad Sale and Parking Reimbursement Revenue	$129,411,000	$129,411,000
EIFD Bond Proceeds	$59,366,000	$0
EIFD Revenue After Debt Service	$80,201,000	$0
Bridge Loan	$78,791,000	$0
Construction Loan	$140,124,000	$140,124,000
Equity Contribution	$145,184,000	$174,919,000
Total Sources of Funds	$633,077,000	$444,454,000
B. Uses of Funds		
Project Costs	($312,648,000)	($310,142,000)
Bridge Loan Repayment	($82,702,000)	$0
Construction Loan Repayment	($119,348,000)	($119,348,000)
Repayment of Equity Contribution	($64,342,000)	($14,964,000)
Total Uses of Funds	($579,040,000)	($444,454,000)
C. Master Developer Profit	**$54,037,000**	**$0**
Leveraged Internal Rate of Return	*5.1%*	*-9.4%*
D. (Less) Adjustment Required to Achieve Break-even Profit		($54,037,000)
E. Residual Land Value		**($54,037,000)**

(1) Reflects Net Present Value (NPV) in 2026 dollars. Assumes a discount rate of 6.0%.

TABLE 7

ESTIMATED COMPENSATION TO CITY
MIDWAY RISING
CITY OF SAN DIEGO

YEAR	LEASE YEAR	HORIZONTAL GROUND RENT	VERTICAL GROUND RENT		TICKET CHARGE FEES	TOTAL GROUND RENT AND TICKET CHARGE FEES
		Horizontal Improvements	Market-Rate Residential	Retail	Entertainment Center	
2026		$0	$0	$0	$0	$0
2027		$0	$0	$0	$0	$0
2028		$0	$0	$0	$0	$0
2029	1	$100,000	$0	$0	$0	$100,000
2030	2	$100,000	$0	$0	$0	$100,000
2031	3	$100,000	$0	$0	$0	$100,000
2032	4	$100,000	$0	$0	$0	$100,000
2033	5	$100,000	$0	$0	$0	$100,000
2034	6	$100,000	$0	$0	$0	$100,000
2035	7	$100,000	$0	$0	$0	$100,000
2036	8	$100,000	$0	$0	$0	$100,000
2037	9	$100,000	$85,161	$0	$0	$185,161
2038	10	$100,000	$87,716	$0	$0	$187,716
2039	11	$100,000	$90,347	$0	$0	$190,347
2040	12	$100,000	$169,837	$0	$0	$269,837
2041	13	$100,000	$174,932	$0	$0	$274,932
2042	14	$100,000	$180,180	$0	$420,000	$700,180
2043	15	$100,000	$185,585	$0	$432,600	$718,185
2044	16	$0	$191,153	$0	$445,578	$636,731
2045	17	$0	$392,581	$0	$458,945	$851,527
2046	18	$0	$484,082	$0	$472,714	$956,796
2047	19	$0	$535,577	$53,474	$486,895	$1,075,946
2048	20	$0	$551,645	$55,078	$501,502	$1,108,224
2049	21	$0	$568,194	$56,730	$516,547	$1,141,471
2050	22	$0	$585,240	$58,432	$532,043	$1,175,715
2051	23	$0	$602,797	$60,185	$548,005	$1,210,987
2052	24	$0	$764,937	$61,991	$564,445	$1,391,373
2053	25	$0	$787,885	$63,850	$581,378	$1,433,114
2054	26	$0	$811,522	$65,766	$598,820	$1,476,107
2055	27	$0	$835,867	$67,739	$616,784	$1,520,390
2056	28	$0	$860,943	$69,771	$635,288	$1,566,002
2057	29	$0	$886,772	$71,864	$654,346	$1,612,982
2058	30	$0	$913,375	$74,020	$673,977	$1,661,372
2059	31	$0	$940,776	$76,241	$694,196	$1,711,213
2060	32	$0	$968,999	$78,528	$715,022	$1,762,549
2061	33	$0	$998,069	$80,884	$736,473	$1,815,426
2062	34	$0	$1,028,011	$83,310	$758,567	$1,869,888
2063	35	$0	$1,058,852	$85,810	$781,324	$1,925,985
2064	36	$0	$1,090,617	$88,384	$804,763	$1,983,765
2065	37	$0	$1,123,336	$91,036	$828,906	$2,043,277
2066	38	$0	$1,157,036	$93,767	$853,774	$2,104,576
2067	39	$0	$1,191,747	$96,580	$879,387	$2,167,713
2068	40	$0	$1,227,499	$99,477	$905,768	$2,232,744
2069	41	$0	$1,264,324	$102,461	$932,941	$2,299,727
2070	42	$0	$1,302,254	$105,535	$960,930	$2,368,719
2071	43	$0	$1,341,321	$108,701	$989,758	$2,439,780
2072	44	$0	$1,381,561	$111,962	$1,019,450	$2,512,974
2073	45	$0	$1,423,008	$115,321	$1,050,034	$2,588,363
2074	46	$0	$1,465,698	$118,781	$1,081,535	$2,666,014
2075	47	$0	$1,509,669	$122,344	$1,113,981	$2,745,994
2076	48	$0	$1,554,959	$126,014	$1,147,400	$2,828,374
2077	49	$0	$1,601,608	$129,795	$1,181,822	$2,913,225
2078	50	$0	$1,649,656	$133,689	$1,217,277	$3,000,622
2079	51	$0	$1,699,146	$137,699	$1,253,795	$3,090,641
2080	52	$0	$1,750,120	$141,830	$1,291,409	$3,183,360
2081	53	$0	$1,802,624	$146,085	$1,330,151	$3,278,861

TABLE 7

ESTIMATED COMPENSATION TO CITY
MIDWAY RISING
CITY OF SAN DIEGO

YEAR	LEASE YEAR	HORIZONTAL GROUND RENT	VERTICAL GROUND RENT		TICKET CHARGE FEES	TOTAL GROUND RENT AND TICKET CHARGE FEES
		Horizontal Improvements	Market-Rate Residential	Retail	Entertainment Center	
2082	54	$0	$1,856,703	$150,468	$1,370,056	$3,377,226
2083	55	$0	$1,912,404	$154,982	$1,411,158	$3,478,543
2084	56	$0	$1,969,776	$159,631	$1,453,492	$3,582,899
2085	57	$0	$2,028,869	$164,420	$1,497,097	$3,690,386
2086	58	$0	$2,089,735	$169,353	$1,542,010	$3,801,098
2087	59	$0	$2,152,427	$174,433	$1,588,270	$3,915,131
2088	60	$0	$3,755,152	$179,666	$1,635,918	$5,570,737
2089	61	$0	$3,867,807	$925,282	$1,684,996	$6,478,085
2090	62	$0	$3,983,841	$953,041	$1,735,546	$6,672,428
2091	63	$0	$5,490,116	$981,632	$1,787,612	$8,259,360
2092	64	$0	$5,654,819	$1,011,081	$1,841,241	$8,507,141
2093	65	$0	$5,824,464	$1,041,413	$1,896,478	$8,762,355
2094	66	$0	$5,999,198	$1,072,656	$1,953,372	$9,025,225
2095	67	$0	$9,610,787	$1,104,835	$2,011,973	$12,727,596
2096	68	$0	$9,899,111	$1,137,981	$2,072,332	$13,109,424
2097	69	$0	$10,196,084	$1,172,120	$2,134,502	$13,502,706
2098	70	$0	$10,501,966	$1,207,284	$2,198,537	$13,907,787
2099	71	$0	$13,032,480	$1,243,502	$2,264,494	$16,540,476
2100	72	$0	$13,423,455	$1,280,807	$2,332,428	$17,036,690
2101	73	$0	$13,826,158	$1,319,231	$2,402,401	$17,547,791
2102	74	$0	$16,767,057	$1,358,808	$2,474,473	$20,600,339
2103	75	$0	$17,270,069	$1,399,573	$2,548,708	$21,218,349
2104	76	$0	$17,788,171	$1,441,560	$2,625,169	$21,854,900
2105	77	$0	$18,321,816	$1,484,807	$2,703,924	$22,510,547
2106	78	$0	$18,871,471	$1,529,351	$2,785,042	$23,185,863
2107	79	$0	$19,437,615	$1,575,231	$2,868,593	$23,881,439
2108	80	$0	$20,020,743	$1,622,488	$2,954,651	$24,597,882
2109	81	$0	$20,621,366	$1,671,163	$3,043,290	$25,335,818
2110	82	$0	$21,240,007	$1,721,298	$3,134,589	$26,095,893
2111	83	$0	$21,877,207	$1,772,937	$3,228,626	$26,878,770
2112	84	$0	$22,533,523	$1,826,125	$3,325,485	$27,685,133
2113	85	$0	$23,209,529	$1,880,908	$3,425,250	$28,515,687
2114	86	$0	$23,905,815	$1,937,336	$3,528,007	$29,371,158
2115	87	$0	$24,622,989	$1,995,456	$3,633,847	$30,252,292
2116	88	$0	$25,361,679	$2,055,319	$3,742,863	$31,159,861
2117	89	$0	$26,122,529	$2,116,979	$0	$28,239,508
2118	90	$0	$22,239,331	$2,180,488	$0	$24,419,819
2119	91	$0	$22,906,510	$0	$0	$22,906,510
2120	92	$0	$23,593,706	$0	$0	$23,593,706
2121	93	$0	$20,093,981	$0	$0	$20,093,981
2122	94	$0	$20,696,801	$0	$0	$20,696,801
2123	95	$0	$21,317,705	$0	$0	$21,317,705
2124	96	$0	$21,957,236	$0	$0	$21,957,236
2125	97	$0	$12,204,170	$0	$0	$12,204,170
2126	98	$0	$12,570,295	$0	$0	$12,570,295
2127	99	$0	$12,947,404	$0	$0	$12,947,404
2128	100	$0	$13,335,826	$0	$0	$13,335,826
2129	101	$0	$7,014,038	$0	$0	$7,014,038
2130	102	$0	$7,224,459	$0	$0	$7,224,459
2131	103	$0	$7,441,193	$0	$0	$7,441,193
Total		**$1,500,000**	**$731,867,000**	**$48,407,000**	**$114,505,000**	**$896,279,000**
NPV[(1)] @		**7.5% $764,000**	**5.0% $19,001,000**	**7.5% $401,000**	**7.5% $3,027,000**	**$23,193,000**

(1) Reflects Net Present Value (NPV) in 2026 dollars.