CHRONOLOGY and ANNOTATED BIBLIOGRAPHY

OF

FAIRGROUNDS REVITALIZATION INITIATIVES

Rvsd. JULY 24, 2013
History of the County Fairgrounds

- Annual summer fairs were held periodically at various sites around the County beginning in the late 1800’s

- 1939 – County and Chamber of Commerce initiated acquisition of a permanent site on Old Tully Road.

- October 28, 1940 -- 97 acres of the current Fairgrounds purchased from the Macomber family for $35,000.

- Later acquisitions of surrounding acreage were added – Fairgrounds is about 176 acres for the Fairgrounds proper, and 14 acres for the Tully Road parking lot.

- 1941 -- First County fair held. World War II interrupted the fair until 1946.

- 1941-1950 -- tents and temporary facilities were used to host family entertainment and other community events

- Late 1940’s – sheep and swine buildings built by high school students

- 1950 – concrete grandstand building constructed. In the early days, harness races and stage acts took place in front of the grandstand. Later, motorized racing became the main grandstand activity.

- 1950 -- City of San Jose contributed the replica of the first Capitol State House to the Fairgrounds.

- 1952 -- Exposition Hall (45,000 sq.ft.; $483,000) constructed for the 1952 Fair. Used every weekend of the year for privately promoted events and, during the summer, the annual fair.

- 1956 -- Gateway arch built at the entrance to the Fairgrounds.

- 1957 – Roof added to grandstand building (later destroyed in a storm and not replaced).

- 1960 -- Pavilion building (35,000 sq.ft.; $593,000) built. Used every weekend of the year for privately promoted events and, during the summer, the annual fair.
• 1962 -- Administration building built; small community events building opened in 1965, followed shortly thereafter by a cafeteria.

• Mid-1960s -- Floriculture and livestock buildings were added

• Late-1960’s & early 1970’s -- Gateway building (20,000 sq.ft.) and Fiesta Hall (10,000 sq.ft.) were added. Both continue to be used for privately promoted events and the annual fair.

Entertainment Events at the Fairgrounds

• While the Fairgrounds’ early history was principally dedicated to the fair, an occasional rodeo, and special events around the grandstand, the site became more popular for other activities in the 1960’s. Horse racing was discontinued in the 1950’s.

• 1966 records show the Fairgrounds was used for a Mexican-American Fiesta, picnics and Christmas parties, barbecues, school graduation exercises, religious meetings, political fundraisers, a ski show, a boat show and various theatrical performances.

• By the 1970’s, the Santa Clara County Fairgrounds became “the” South Bay hotspot for large outdoor rock concerts. The creation of Shoreline Amphitheater would later preempt that status, although outdoor concerts continue to be hosted at the fairgrounds to this day.

• Most concerts are associated with the many ethnic festivals that are held at the site as well as the annual fair.

• Auto racing declined in the early 1990’s and was cancelled in 1999.

• At the height of its popularity as a central County site for hosting public and private events, over 1.4 million people per year passed through the Fairgrounds’ front gates.

• With competition from other venues and a deterioration of the fairgrounds infrastructure, these figures declined throughout the 1990’s and in 2003 the figure had dropped to slightly over 850,000.

• In 2004, typical year at the Fairgrounds involved events that ranged from doll, bridal and pet shows, to RV shows, dances, ethnic festivals, antique shows, classic car and motorcycle shows, small music concerts, motocross races, paintball competitions, charitable events, religious festivals, and various other activities.
The 2004 Fairgrounds Revitalization Project EIR estimated the site could host as many as 2.5 million visitors per year with on-site parking for an estimated 5,000 vehicles. At the time, no other comparable location in the Valley could boast such capacity. The new 49’ers Stadium may eclipse the Fairgrounds in this capacity.

**Fairgrounds Management**

- The Fairgrounds declined throughout the 1980’s and 1990’s, both in its physical infrastructure and its revenues from events.
- In 1994, the financial condition declined to the point where the Fair Association filed for bankruptcy.
- In 1995, the Board of Supervisors formed a new governance structure for the Fairgrounds, the Fairgrounds Management Corporation (FMC).
- The FMC is a nonprofit, public benefit corporation, legally separate from the County.
- The FMC Board is composed of 5 members, one appointed by each member of the Board of Supervisors. The executive director of FMC reports to the FMC board.
- Its purpose is to manage and operate the Fairgrounds on behalf of the County, and conduct the entertainment events and the annual County Fair.
- FMC had a ground lease with the County from 1995 to 2000.
- In 1997, the Board acknowledged the need for significant revitalization of the Fairgrounds, and the FMC and the County Executive’s office began planning a revitalization project.


- The FMC issued a request for proposals (RFP) for consultants and selected The A&M Group to prepare the Fairgrounds Revitalization Plan. The Santa Clara County Revitalization Plan, dated May 1998, was accepted by the Board in June 1998. (See: 1998-05-00 Santa Clara County Revitalization Plan, dated May 1998)
- The purpose of the plan, as presented to the Board, was “to provide a blueprint for redeveloping the Fairgrounds into a financially viable
operation while maintaining its historical uses of family recreation and developing a first-class entertainment destination.”

- The Plan called for the Fairgrounds Theater, or concert venue, a new Expo Center, and a community recreation facility, along with infrastructure improvements, and the future disposition of the Tully Road parking lot.

- The original plan for the concert venue was an outdoor amphitheater, similar to Shoreline Amphitheater, but smaller. This proposal met with community resistance, causing the County to change the concept to an enclosed concert theater.

- February 9, 1999, ERA completes a feasibility analysis for development of an Urban Exposition Center (as the community use component of a concert venue project). The Study evaluates the viability of an exposition facility of approximately 100,000 to 150,000 square feet of divisible space to handle consumer shows, community based festivals and local events. (See: 1999-09-02 ERA Feasibility Analysis of Urban Expo Center at SCC Fairgrounds)

- The Revitalization Plan became the basis for the Fairgrounds Revitalization Project, consisting of three elements. The project was the subject of multiple public meetings in 1999 and 2000.

- The County conducted public outreach for these meetings and public hearings through the Supervisor’s office for District 2, and enjoyed broad public support.

- In June 1999, the Board approved the Revitalization Project and authorized the County Executive’s Office to proceed with the preparation of the Environmental Impact Report (EIR).

- In early 2000, the EIR was subject to public review and comment, including public hearings.

- (The County received no negative comments from the City of San Jose, San Jose Chamber of Commerce, the Downtown Business Association, or any other downtown San Jose organization or individual downtown landowners.)

- In a final public hearing, the County Board of Supervisors formally adopted by Resolution on April 18, 2000 the Final Environmental Impact Report (EIR) and approved the Revitalization Project, including the Fairgrounds Theater Project. There were no adverse comments received at this final approval. (See: 1999-12-10 EIR
Fairgrounds Revitalization Project House of Blues December 10, 1999

- Concurrent with the Revitalization Project approval was the Board approval of a Management Agreement between the County and FMC, redefining the relationship between the County and the FMC such that the FMC no longer leased the Fairgrounds, but henceforth managed it on behalf of the County.

- Also as part of the Board’s April 2000 action, the Board approved a long-term Ground Lease between the County and the House of Blues Concerts, Inc. for the development and operation of the new theater.

Fairgrounds Theater Project Process to Select a Theater Developer/Operator

- Throughout 1999, the County’s development consultant conducted discussions and negotiations with several theater operators, including the Anschutz Entertainment Group, Bill Graham Presents (later to become SFX and subsequently purchased by Clear Channel), the San Jose Arena Management Corporation / San Jose Sharks, the ownership group of the Phoenix Suns (Coangelo Group), and Universal Concerts, Inc. (subsequently purchased by House of Blues Concerts, Inc.).

- The purpose was to enter into a letter of intent (processing agreement) with a concert provider for the purpose of negotiating a long-term ground lease under which the provider would develop and operate a theater at the Fairgrounds.

- The processing agreement (letter of intent) was preliminary and not binding because the County would be concurrently negotiating potential terms while pursuing the EIR and project approval.

- Universal Concerts emerged as the entity most qualified and able to enter into such an agreement with the County, and the Board authorized negotiations to proceed. In 1999, Universal Concerts was purchased by House of Blues Concerts, Inc. (HOB).

- The negotiations successfully resulted in a long-term ground lease between the County and HOB that was approved by the Board along with the project approval on April 18, 2000.
• Following this approval, the theater planning and the master plan development proceeded in earnest. HOB gave the County a deposit of $275,000 in prepaid rent, and began the process of theater design financing.

• HOB contracted with a renowned architect and completed the preliminary design and cost estimate for an 8,300-seat concert theater, which was subsequently reduced to 7,100 seats.

• The economic recession, however, resulted in HOB not being able to proceed with the financing, and in September 2001, HOB advised the County that they were unable to make the agreed upon schedule.

• September 10, 2001, ERA updates their feasibility analysis for development of an Urban Exposition Center. The Study concluded the following:

  ▪ Market conclusions of the 1999 study were still valid;
  ▪ It recommended a facility of 150,000 square feet; and,
  ▪ It advises that use would be sensitive to pricing.
    i. Approximately one third of existing and potential users interviewed would be unable to pay higher prices and
    ii. Over 40 percent of those surveyed indicated that they would pay up to 15% more for a higher quality facility,
    iii. 25% indicated that they would be willing to pay over 15% more for a larger, higher quality facility.

(See: 1999-09-02 ERA Feasibility Analysis of Urban Expo Center at SCC Fairgrounds)

• In May 2002, the Board approved a time extension for HOB’s performance, requiring a further deposit of $225,000 if performance was delayed beyond September 2002. At that point, due to the continuing recession and the shrinking of capital markets, HOB advised the County that they would be unable to finance the theater themselves, but would still operate it on behalf of the County.

• In October 2002, the Board of Supervisors reconfirmed their commitment to the Fairgrounds Revitalization and the theater project and authorized the County Executive to pursue alternative means to finance the theater.

• In January 2003, the Board conceptually approved a new financing method that would use tax exempt revenue bonds to be fully supported by the theater operating revenues and would require no public money for the development or the debt service. (The County is not the guarantor, and the project would have to qualify for investment based
on its own revenues.) To ensure viability, the Board authorized the County Executive to undertake an independent feasibility study for the theater.

- April 15, 2003, the Board of Supervisors authorized formation of a special purpose financing entity, the Silicon Valley Theater Financing Corp (a non-profit, County controlled entity).

- September 13, 2003, Economics Research Associates, Inc. (ERA), completed feasibility analysis and concluded that the proposed venue would compete successfully in the market based on the following factors:

  - The County would develop and construct the venue and House of Blues Concerts Inc., would promote and operate the new facility under a Management Agreement.
  - The pro forma forecasts 75 concerts in the initial year of operation (2005). The number of concerts ramps up over the next three years to a stabilized rate of 90 concerts annually. Another four holiday events and 20 special events are accounted for annually. The pro forma estimates that with a 69 percent utilization rate, there will be approximately 365,000 total paid admissions in the initial year of operations. By the stabilized year, 2009, the total paid admissions is expected to reach approximately 434,000. The Earnings Before Tax for the first year is expected to be $9.7 million.
  - The concert industry is a large and growing, but volatile, industry that has recently undergone dramatic changes. Some of the trends include:
    i. Major horizontal and vertical consolidation since the Telecommunications Act of 1996. Over the next five years SFX Broadcasting led the industry consolidation. Clear Channel Entertainment acquired SFX Broadcasting in 2000 and is now the largest promoter/operator.
    ii. Since 1996, concert ticket prices have increased faster than inflation, and even more importantly, faster than other entertainment goods.
    iii. The live entertainment industry is dominated by operator/promoters or operators with dedicated promoters. There are increasingly fewer venues with high concert utilization and only a facility operator.
    iv. Artist share of ticket revenue has been increasing as a result of competition among operator/promoters, strong market demand, and perhaps a decline in the number of top-line performers.
  - House of Blues Concerts specializes in constructing, booking, and operating live performance venues and promotes concerts in the
U.S. and Canada. They are the largest promoter/operator on the West Coast of the U.S. and Canada and the second largest promoter/operator in North America. They have over 30 years of industry experience and a distinct and well-known brand.

- The company also has experience operating a similar size facility to the proposed venue - the Universal Amphitheater in Los Angeles.
- Industry leaders such as HOB have greater financial and organizational advantages. They can offer more money to the artists or acts for each night of play and they can offer a greater number of facilities in different sizes in different markets for the artists to play at. Without a major promoter, a facility may not have the industry expertise (talent buyers, industry executives) and organizational resources (financial resources for high artist guarantees, marketing) to draw enough artists and acts.
- The closest business model for the San Jose concert venue is the Universal Amphitheater model -- a mid-sized enclosed concert venue also operated by HOB thereby having the ability to "route" acts from multiple venues.
- Operator/Promoter: The operator/promoter is one of the most important (and increasingly important) factors in the number of events and the successful promotion of those events. House of Blues Concerts currently operates and promotes Universal Amphitheater and will operate and promote the new San Jose venue. House of Blues Concerts has executives and staff who are experienced with the highly efficient and successful operation of a mid-size venue.
- Routing: House of Blues Concerts is able to leverage multiple venues across the U.S., particularly in California when marketing its promotion of artists and acts. The ability to offer artists' nights at multiple venues allows greater flexibility and leverage in negotiating artist guarantees which have been escalating quickly with the consolidation in the industry. House of Blues Concerts will be able to route artists and acts from San Diego through Los Angeles to the new San Jose venue.
- The benefit of Greek Theater programming: House of Blues and Nederlander have recently reached an agreement to jointly promote the Greek Theater as well as Universal Amphitheater in Los Angeles. The new San Jose facility would benefit from a larger pool of acts (approximately 150 compared to 100) that may be financially persuaded to play in the new venue in San Jose in conjunction with a Los Angeles engagement.
- Currently HOB Concerts has small presence in the Bay Area with few promotions: this venue will offer HOB Concerts the opportunity to book the acts into their facility that up till now they have been unable to do. Some acts have "missed" the Bay Area market due to the lack of an appropriate size facility.
- House of Blues Concerts has experience providing live entertainment for Hispanic audiences and just as importantly, they have relationships with top tier Hispanic artists.
- The site for the proposed concert venue is approximately ten (10) acres in size and parking will be provided on an adjacent 30-acre parcel and the cost of land does not need to be financed.
- The site is well located in south San Jose near downtown at the Santa Clara Fairgrounds with excellent regional access.
- There are substantial barriers to entry in most markets for new venues. One of the most important barriers is the high cost of real estate in Santa Clara County. This proposed venue has the advantage of being located on County land. A similar size facility in the market area would require the purchase (or long term lease) of three to five acres of land at approximately $2 million per acre for land. Furthermore, another 20 acres would be necessary for parking for a cost of approximately $40 million or there would be $25 to $30 million in additional costs associated with 2,500 to 3,000 structured parking spaces.
- The concert market for 5,000 to 7,000-seat enclosed venues is a growing niche. Many existing mid-sized venues are very successful, some with operations that have 100 or more concert or other live entertainment performances annually. These venues include the Fox Theater in Detroit (capacity: 5,000), Radio City Music Hall in New York City (capacity: 6,013), and Universal Amphitheater in Los Angeles (capacity: 6,189).
- Briefly summarized, the reasons for continued concert market growth in the 5,000 to 7,000-seat enclosed venue include:
  i. Artist need: Most urban centers have concert venues, but many do not have the right capacities. Some are too small for hot emerging talent, some are too big for many artists or acts to fill, and some are committed to other purposes.
  ii. Audience desire: The baby boomers, a major market for concerts, seek more comfortable concert accommodations. As subsequent generations grow older, they are also likely to seek more comfortable concert accommodations. Most arenas and stadiums were designed for sports rather than concerts and require modifications that diminish aesthetics or sound quality. Outdoor amphitheaters are often uncomfortable and susceptible to inclement weather.
  iii. New mid-sized theaters are flexible: The new venues can shrink to 4,000 or smaller without affecting sound quality or aesthetics allowing maximum flexibility from Broadway musicals to mid-sized concerts.
- While there is a wide range of venues, there are few venues with the same capacity, capability and amenities of the proposed venue. Over the past four decades, there have been few attempts to
develop 5,000- to 7,000-seat enclosed venues because of the prohibitive cost combined with the fragmented nature of the concert business. Trends like the growth of the live performance market, the increase in income (and with it dollars to spend on entertainment) and consolidation in the industry (increasing financial and operational capabilities) all contribute to the potential for new construction of live performance venues. Dodge Theater (capacity: 5,000) and NextStage at Grand Prairie (capacity: 6,333) are two recent examples of new performance venues of similar size to the proposed venue. Universal Amphitheater (capacity: 6,189) is an example of a successful, established venue of that size.

- The Santa Clara County and City of San Jose market area is very conducive for concerts. These features include:
  i. A dense, urban area with a population of approximately 2.4 million within 25 miles; and, 6.2 million within 50-miles.
  ii. Very high-income market with high levels of disposable income.
  iii. Diverse population
  iv. Demonstrated substantially higher concert attendance per capita. For example, Universal Amphitheater was chosen for its similar size and business model. Within the 50-mile market area around Universal Amphitheater, concert attendance was about 158 per 1,000 people. In the same year within the proposed market area for the San Jose venue, concert attendance ran at the rate of 274 per 1,000 people. The Bay Area concert market has about the same number of concerts per year as the 50-mile Universal Amphitheater concert market, but with almost half the number of people.

(See: 2003-09-13 Feasibility Analysis House of Blues Concert Venue, Santa Clara County Fairgrounds September 13, 2003)

- January 26, 2004, the Board of Supervisors considered analysis of Scenario 12.
- April 6, 2004, Board of Supervisors holds Workshop on Fairgrounds Theater Development (See: April 6, 2004 Board Workshop, Power Point Presentation).
- April 9, 2004, San Jose Downtown Association sent letter of opposition to Supervisor Pete McHugh.
- August 2, 2004, City of San Jose and Redevelopment Agency of San Jose file complaint alleging that County breached a May 22, 2001 written Agreement with the City and was required to obtain City
approval prior to approving financing and entering into a Lease with HOB, and further that City does not now approve the HOB project because it is developing a music theater downtown.

- **February 16, 2006**, Summary Judgment City and Redevelopment Agency of San Jose vs. County of Santa Clara in favor of the County and dismissing all complaints. *(See: 2006-02-16 Court Decision Feb 16, 2006 City of San Jose vs. County of Santa Clara House of Blues)*

- **August 29, 2006**, Board of Supervisors declines to authorize transfer of $15 million in funding from the County General Fund to the Silicon Valley Theater Financing Corporation (Corporation) to partially offset the increase in development costs caused by the delay resulting from the City of San Jose lawsuit and terminates the House of Blues Theater Project *(See: 2006-08-20, Item 17 Board of Supervisors, Agenda Item 17 and Minutes)*.

**Post Theater Project (2006-2009)**

- **November 14, 2006**, Report presented to the Board of Supervisors on the physical condition of the Fairgrounds and approval of a transfer of $4,500,000 from the County Executive’s Office Special Programs budget, Fairgrounds Infrastructure Project, to the FMC for the purpose of needed repairs and infrastructure improvements.

- **March 27, 2007**, Board of Supervisors discussion of **Conceptual Land Use Scenarios** and requesting preparation of a Request for Proposals process for developer teams to prepare proposed development scenarios for mixed- and revenue-generating uses of all or part of the Fairgrounds property. Further, on motion and roll call vote, the Board requests preparation of information regarding the establishment of an ad hoc committee to address land-use options for the County Fairgrounds property with the City of San Jose, be referred to the Administration for report to the Board on date uncertain. *(See: 2007-03-27 Board of Supervisors, Agenda Item 10 and Minutes and Power Point Presentation)*.

- **May 22, 2007**, Board directed the administration to issue a Request for Qualifications/ Request for Proposals (RFQ/RFP) for developer teams to propose development scenarios for the County Fairgrounds property, incorporating operational revenue enhancements for public events during the development phase and seeking proposals from both national and local developers, for subsequent evaluation and selection by the Administration and
recommendation to the Board.

The process was to involve creation of a short list of developers, who would be asked to submit Proposals responding to the following minimum elements:

A) A Fixed Scenario with four elements:
   i. Housing development on Umbarger Road.
   ii. Commercial development on Monterey Road.
   iii. Continued public use in the central core area of the Fairgrounds.
   iv. Developer recommendations for the highest and the best use for Tully Road parking lot

B) A "Blank Canvas" Scenario involving all Fairgrounds acreage, which articulates the developer's vision of a development that meets the County's and community's need for continued public use of some of the Fairgrounds property as a gathering place for community festivals and similar events, while also meeting the County's need for new and sustainable long-term revenues.
   i. Continued dedicated area for public use.
   ii. Combination of housing, commercial development, or mixed-use.
   iii. Separate or combined development of the Tully Road parking lot at highest and best use.

(See: 2007-05-22 Board of Supervisors, Agenda Item 36 and Minutes).

- August 30, 2007, Seventeen qualification submittals were received.
- October 2007, All seventeen developers were pre-qualified based upon relevant experience, financial capability, and other criteria. One developer later withdrew, and one combined with another, resulting in fifteen development teams being eligible.
- January 31, 2008, RFP sent to 15 pre-qualified developers inviting detailed development proposals responsive specific RFP criteria for housing, commercial development, mixed-use, and continued public use. Criteria for housing development included the requirement that at least 30% of any affordable rental housing be affordable to persons of very low income, defined as 50% or less of Santa Clara County median income, and that at least 20% of any for-sale housing would be deed-restricted below market rate. (See: 2008-01-31 Request for Proposals SCC Fairgrounds).
April 8, 2008, Six development teams submitted proposals, including:

1. Catellus Development
2. Lennar Proposal SCC Fairground
3. KB Home/Flea Market/First Community Housing
4. SunCal Companies
5. Shea Homes/Shea Properties / ROEM / Housing Authority
6. Wilson Meany Sullivan Stockbridge

Synopsis: Catellus Development Proposal

Project Objective:
- Improve the quality of life for residents in the surrounding area, provide a venue and gathering place for civic and cultural events, and evolve into a pedestrian and transit-oriented mixed-use community that demonstrates the County’s and City’s commitment to responsible and sustainable growth.

Project Components:
- Civic Mixed Use District
  - A County owned and operated, major plaza for civic gatherings with an adjoining County owned 50,000 square foot indoor Community Pavilion for public celebrations, festivals, concerts, exhibits, 4H-Club events and agricultural and trade shows. The Pavilion will include large flexible exposition space as well as smaller rooms that can be reserved and used by community organizations, non-profits, etc. If the County desired to retain the off-track betting use currently operating at the site, the Community Pavilion would be a space that could accommodate it.

  - A 25,000 square foot public market hall for the sale of locally and sustainably-grown foods oriented to the diverse ethnic population of the area, celebrating the agricultural heritage of Santa Clara County and giving life to the central plaza and core of the new community.

  - 70,000 square feet of food and retail oriented uses.
  - A Farmers Market.
  - Upper floor residential.

- A 200,000 square foot community shopping center on the 14-acre, Tully Road parking lot site: The shopping center will be anchored by a large-format grocer and include a variety of...
neighborhood-oriented restaurants and local and national retailers.

- **275,000 - 400,000 square feet of office and employment uses within a Commercial/Institutional office campus** that highlights Clean Tech - Medical - Government uses.

- **Residential:** A diverse mixed-use Residential neighborhood of 2,000 for sale and rental residential units and a five-acre Neighborhood Green. Includes a wide range of housing opportunities including apartments, condominiums, live-work lofts, townhouses, small-lot homes and cottages all suitable for families, young couples, singles and seniors.

- **Below Market Rate Housing:** At least 20 percent of the for-sale homes and 30% of all rental units will be affordable to families and individuals at below market levels.

- **An eight-acre community park** along Umbarger Road.

**Financial Proposal:**

- **Option One**
  - Purchase Price: $100,337,000 based on full market value of the property as entitled for its intended use.
  - Traditional, phased, takedown scenario in which Catellus processes entitlements and then purchases the property in phases, based on a predetermined land price, and installs all required infrastructure as needed by each phase, selling graded building pads to vertical office, retail and residential merchant builders.

- **Option Two**
  - A more entrepreneurial approach in which Catellus pays for the land only upon sale to the developers who would be building the product type (vertical developers). Option Two is the same structure Catellus is using in its very successful partnership with the City of Austin, Texas on the Mueller development and would provide the County with more revenue for the site.
  - Catellus will process entitlements through the City of San Jose and create development and conveyance phases similar to Option One. At each prescribed phase takedown date, Catellus would take title to the phase through a no-cost conveyance and then install all required infrastructure. Catellus will be bound by a fiduciary duty to the County to sell graded building pads at the highest possible values to vertical office, retail and residential merchant builders. Proceeds from such vertical sales, net of repayment of allocated infrastructure cost, a 15% fee payment to Catellus based on a fixed
percentage of the sale price (the "Catellus Fee") and transaction costs, shall be distributed to the County.

- **Purchase Price**: All net proceeds from the vertical land sales, estimated to be $102,361,000 without any market appreciation from today’s depressed values. If property values resume their historical inflationary trends, this number could be significantly higher. For example, if prices appreciate at only three percent (3%), the Purchase Price increases to $121,031,000. At an inflation rate of five percent (5%), the Purchase Price increases to $133,478,000.

In both of the deal structure options, Catellus is proposing to purchase the Fairgrounds land fee simple. Catellus would be open to discussions regarding a ground lease structure on the portions of the project that are rental residential and commercial.

(See: 2008-04-25 Catellus Development Proposal)
(See also: 2008-04-25 Excerpt Catellus Proposal Site Plan and Land Use Table)
Proposal Public Benefits
- 15 acres of new parks
- Community Pavilion and Public Plaza devoted to public gatherings
- Long-term construction jobs plus approximately 2,200 permanent jobs*
  - Approximately 500 units of affordable housing*
  - Neighborhood-serving markets, restaurants and retail
  - Community-based public art program
  - Significant new and ongoing revenue to County

* Preliminary estimate subject to change.

Project Sustainability Goals
- Design and implementation to LEED® ND standards
- LEED® certification for buildings across all product types
- Embodied carbon analysis to achieve lowest possible carbon footprint
- Utilization of renewable energy sources like solar and wind
- Maximization of material recycling in construction
- On-site capture and treatment of storm water
- Diversity of high density land uses to create synergy

Key Team Strengths
- Extensive local experience
- Public/private partnership experts
- Leaders in sustainable development
- Unmatched financial strength
- Deep portfolio of built projects
- True master developer
# Land Use Table

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<td>10.78</td>
<td></td>
<td></td>
<td></td>
<td>121</td>
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<tr>
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<tr>
<td><strong>Subtotal</strong></td>
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<td>15,000</td>
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<td><strong>Southern Neighborhood</strong></td>
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<td>6.44</td>
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<td>Courtyard Flats/Stacked Townhomes</td>
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<td><strong>Subtotal</strong></td>
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<td>0</td>
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<td>0</td>
<td>644</td>
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<td><strong>TOTAL</strong></td>
<td>109.42</td>
<td>320,000</td>
<td>275,000 - 400,000</td>
<td>50,000</td>
<td>1,993</td>
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</table>

Note: Site gross acreage = 150 acres. Net acreage = developable land only and parks minus rights-of-way (109.42 ac).
LAND USE PLAN

- GENERAL COMMERCIAL
- COMBINED RESIDENTIAL / COMMERCIAL
- MEDIUM DENSITY RESIDENTIAL (8 - 16 DU/AC)
- MEDIUM-HIGH DENSITY RESIDENTIAL (12 - 25 DU/AC)
- HIGH DENSITY RESIDENTIAL (25 - 40 DU/AC)
- TRANSIT CORRIDOR RESIDENTIAL (20+ DU/AC)
- PUBLIC-ORIENTED GROUND LEVEL (RETAIL, CIVIC)
- PUBLIC / QUASI PUBLIC
- PUBLIC PARK / OPEN SPACE
URBAN STRUCTURE AND DISTRICTS
Synopsis: Lennar Proposal SCC Fairground

Introduction:
The County Fairgrounds represent a historic link to Santa Clara County's and San Jose's agricultural past. Any plan to adapt this large County asset to more intensive use will need to be attuned the property's legacy. Lennar understands that this will require an extensive and thoughtful outreach effort and that the plan being presented today will undergo a thorough vetting and be altered as a result. What Lennar is presenting today is a starting point: a plan that will create significant financial benefit for the County, provide valuable community amenities, is both vibrant and contextual and importantly adaptable.

As can be seen in the proposal, Lennar is presenting the County with two development alternatives that can be integrated within the existing Fairgrounds boundaries, as well as providing thoughts about alternatives that exist if adjacent lands are acquired. Lennar’s preferred plan is the plan that has been rendered and depicted graphically. That plan integrates substantial public benefits by dedicating over 15 acres of the site to continued Fairgrounds uses, and involves a diverse mix of land uses, from light industrial and office components to a variety of residential options. The alternative plan, while maintaining many of the same elements, integrates additional residential uses over a portion of the Fairgrounds site and substitutes high-density market rate rental for the office component.

Lennar’s proposal responds to the priorities established in the RFP, as well as the City's General Plan and Employment Lands policy and other land use policies by:

- Providing a financial contribution to the County in the amount of $67 Million under the lower density plan and providing an optional higher density program that would result in a contribution of $91.9 Million. These amounts reflect a fee simple transaction. Ground lease payments to the County are indicated in the financial summaries included in the Proposal, Section 5.
- Revitalizing the two main Fairgrounds buildings and the McKinnon Esplanade to retain this valuable community asset.
- Including significant variety in project elements, including light industrial uses along Tully, retail, commercial office along the south side of Tully, recreational amenities for the community that are connected to the Fairgrounds, and a variety of housing types, targeted to a wide segment of the community.
- Creating new recreational facilities, a large community garden and an extensive open space network, which organizes the overall land plan.
Development Vision
Given the size of the Fairgrounds site and the composition of the different teams competing for development rights, the County is sure to see wide variation in approaches. Lennar’s team has looked at a number of different alternatives and carefully considered the implications and the viability of each. There are a number of factors considered: the economic viability of each development component; the question of context and how alternative uses fit within the existing community; the political viability of alternative development plans; and the compatibility of any alternative in relation to the County’s expressed goals in the RFP. The specific development components reviewed by Lennar were: 1) large scale retail; 2) residential uses - both rental and ownership; 3) light industrial; and 4) commercial office uses.

Program Components and Considerations

Retail Uses
After a series of conversations with commercial developers and commercial brokers with direct experience in the south San Jose market, Lennar concluded that some amount of commercial / office / retail would be viable at the Fairgrounds. The challenge became finding viable locations on the site for these elements. The Tully Road parking lot is fixed in size and has limited potential as a retail location. Given the program that most large-box retailers demand the 14 acre site would be viable for only a handful of operators. Other locations for retail include the southern edge of Tully, but doing anything on a large scale would entail removing the existing Fairgrounds uses. Monterey, is a less viable location due to its limited frontage. Given these constraints, Lennar’s plan does not include a large retail component. Lennar has sited four retail pads (31,000 square feet) along the southern Tully Road frontage and do expect those to be highly viable when the entire project is built out - there will be great synergies with the adjacent light industrial and office uses, as well as with the recreational uses, the residential traffic and the on-going Fairgrounds events. In addition, 16,000 square feet of retail will be integrated into the two 100 unit affordable rental components along Monterey. As is discussed below, the options for retail would be greatly increased if adjacent lands are acquired or traded.

Office and Light Industrial
Lennar’s preferred proposal includes both a light industrial component as well as an office component. The light industrial uses are concentrated on the Tully parking lot, which is consistent with the City’s desire to see expanded light industrial in this location, and the office component is located on Old Tully Road. Based on Lennar’s discussions with brokers and developers (in particular, Opus West, who provided a letter of interest for these components) demand is very high for light industrial uses. The
existing supply is very constrained and vacancies for this product type are currently approximately 7%. Given the high levels of entrepreneurship in the San Jose market, Opus West was also very enthusiastic about including an office component in the overall plan. Access to main transit corridors and, when built out, the adjacency to open space, retail and housing, will create high levels of interest in this location. Professionals and medical offices were expected to be high users.

**Residential**
Residential uses are by far the highest and best use from a land value standpoint, and residential uses feature prominently in our land plan. As is discussed further in Section 4 of the Proposal, Lennar’s proposal assumes a residential mix of both for-sale homes, and two stand-alone affordable housing developments. The for sale component includes four product types for variation, which will help facilitate sales: small lot single family detached; a motor court product, which is also detached, and a denser product; townhomes; and stacked flats. Based on Lennar’s land residual analysis, townhome units generate the highest land value and were favored over other product types. Market rate rental is also viable at higher densities. Lennar’s alternative scheme assumes a higher intensity of uses and substitutes market rate rental for office component to generate additional land value.

**Political Considerations**
Lennar’s plan is responsive to the needs of the County for revenue generation and is compatible with the larger land-use vision of City of San Jose. The likelihood of entitlement success is increased by the plan’s attention to the City's General Plan and Employment Lands policy. It includes a variety of uses and blends open space and recreational uses to achieve a comprehensive land plan. The visual linkages through the open space from Tully (through the restored and retained arch), from Monterey through main plaza, or from Umbarger through the linear park that spans the site, fully integrate the new development into the greater whole. The program components have also been carefully considered and the linkages between the improved Fairgrounds, the recreational space and community gardens, and the retail uses (restaurants) will greatly enliven this portion of the newly revitalized Fairgrounds. Lennar has been in contact with the Pacific Coast Farmer’s Market Association and they are very excited about bringing a farmer’s market to the Fairgrounds or another portion of the site. Lennar sees some very exciting opportunities for educational linkages between the Farmers Market and the Franklin School.

One of the key assumptions Lennar has made is that many of the Fairgrounds uses are retained. While the annual County Fair is a drain on County resources, the Fairgrounds do provide an important community
resource for on-going public and private events. The introduction of new residents and employees, and the planned improvements to the Fairgrounds, will increase the appeal of the Fairgrounds and may increase demand for the retained Fairgrounds buildings. Lennar's proposal also includes the installation of photovoltaic panels on the roofs and a portion of the Fairgrounds parking lot. This alternative energy will significantly reduce utility costs for the Fairgrounds, which will be an on-going form of financial assistance.

Alternative Development Options
Lennar's approach has assumed the Fairgrounds boundaries as a constraint. This presented a number of challenges, many of which could be mitigated or eliminated if the development site were altered by the acquisition of immediately adjoining sites. The base land plan presented is one of many iterations that the team has explored and represents our best thinking at the moment about how to balance the County's desire for long term income and maximal land value, while recognizing the current market constraints and likely City approval parameters. However, Lennar believes that the plan will be better refined once Lennar is selected and a closer dialogue with the County is established. Some ideas as to how the plan might be adjusted, depending on County priorities, are as follows:

A. Increase Opportunities for Long Term Income Through Lease Payments

1. Land Swap with Franklin School:
After consultation with the Franklin-McKinley School District, it is clear that there is a strong opportunity to include the Franklin Elementary School site as part of an overall master plan solution. School district officials indicate that Franklin School, located adjacent to the Fairgrounds on Tully Road, is in great need of overall repair and that Tully Road is not the ideal location for a local elementary school. The District is therefore very open to the idea of swapping land with the County, and relocating the school away from Tully on a less busy part of the Fairgrounds site. This move would allow additional retail/commercial uses to be appropriately placed on Tully, thus increasing the amount of land that could be retained by the County and redeveloped under a ground lease arrangement. Construction of a new school within the proposed residential neighborhood on the Fairgrounds site will provide value enhancement to the residential resulting in improved marketability to new residences. Additionally, the school relocation would enhance the existing and new community by retaining important on-site community/neighborhood services provided at Franklin School such as Head Start and First Five.
2. Shift Balance of Residential Uses to include Market Rate Rental:
At present, fee simple for sale homes is the residential use that currently yields the highest land value for the County. However, this use does not allow the County to participate in future increases in the value of the property as a ground lease would. Under Lennar’s proposed alternative land plan, a portion of the Fairgrounds would developed as additional for-sale housing, and the office and stacked flats that are across the Street from the Fairgrounds, would become high density market rate apartments. This would intensify residential densities and create additional land value and ground lease revenues for the County. If selected, the team will work with the County to establish the amount of market rate rental uses that best fits with the County’s desire to balance long term income stream with immediate highest values.

B. Maximize Value by Increasing Intensity of Uses on Site

1. Share Open Space with Franklin School:
The Franklin - McKinley School District is open to the idea of sharing open space in a way that would make more County land available for development, thus increasing revenue generating opportunities.

2. Eliminate All Fairgrounds Operations:
While Lennar’s current plan carves our approximately 15 acres to retain the Fairgrounds, all or a portion of the site could be redeveloped as additional commercial or residential. This option will provide the greatest value if combined with relocation of Franklin School, because it would provide more than 20 acres of prime retail land located along Tully, which is an optimal size for a regional retail operation.

3. Replace Office Condos with Additional Residential:
At higher densities (50 units per acre), market rate apartments generate land values that far exceed the values attributable to the office components currently integrated into the preferred plan. Substituting high density residential for these office uses would generate additional land value and would be financeable under a ground lease structure. The financial implications of this option, combined with the partial development of the Fairgrounds, is discussed in Sections 4 and 5 of the Proposal.

4. Establish “Micro-Retail” Center:
Lennar’s plan designates the Tully Road parking lot for light industrial uses. Industrial uses could potentially be developed on a long-term ground lease. However, the underlying value of the real estate would be negatively impacted. One alternative explored by Lennar and which would require additional due diligence, is the idea of an indoor micro-retail market place. The concept would be to provide small (150 to 200 square
foot) leasable spaces for a wide array of vendors, most of whom would be local operators. This type of use has the potential to generate on-going ground lease revenues for the County, and provide a possible option for vendors being displaced from the Flea Market. This retail concept is of great interest to local Hispanic and Vietnamese businesses.

Financial Plan

One of the most important goals for the redevelopment of the Fairgrounds is revenue generation, both up-front capital from land transferred in fee, as well as on-going revenues from ground lease rent. Because there are many options available Lennar has modeled the financial implications of two alternative development approaches. The first option is reflected in Lennar's site plan and other proposal graphics. This option emphasizes variation in uses and retains the two primary Fairgrounds buildings. Under this scheme, the portion of the site adjacent to Old Tully Road has been designated for commercial / office uses (please refer to the site plan). Lennar carefully considered many options for this portion of the site and given that it does not have frontage on either of the two major streets, and because of a desire to vary development components, Lennar elected to place office uses in this location. An alternative scheme which substitutes high density market rate rental in this location, and converts portions of the Fairgrounds site to residential uses, generating substantially greater land value. This alternative option has the two - fold benefit of increasing overall land value, but of also integrating a use that is financially feasible on leased land.
<table>
<thead>
<tr>
<th>PROPOSAL ELEMENTS</th>
<th>Lower Density Alt (in acres)</th>
<th>Higher Density Alt (in acres)</th>
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<tbody>
<tr>
<td>Fairgrounds Renovation and Open Space</td>
<td>15.47</td>
<td>9.18</td>
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<tr>
<td>Light Industrial / Office</td>
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<td>14.00</td>
</tr>
<tr>
<td>For-Sale Homes</td>
<td></td>
<td></td>
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<tr>
<td>Townhomes</td>
<td>28.24</td>
<td>28.24</td>
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<tr>
<td>Single Family Detached</td>
<td>12.37</td>
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<td>Motor Court</td>
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<td>Stacked Flats</td>
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<td>Recreational Facilities</td>
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<td>Other Open Space</td>
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<tr>
<td>Total</td>
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<tr>
<td>Total Contribution to County (assuming fee simple transaction)</td>
<td>$67 Million</td>
<td>$91.9 Million</td>
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See also: 2008-04-25 Excerpt from Lennar Proposal 2008 - Land Use and Site Plans
NOTES

1. Monterey Industrial Area Gateway Building and Plaza
2. Re-aligned Intersection
3. Public Plaza with Historical Train Cars
4. Re-Aligned Old Tully Rd.
5. Office Condo Shared Parking Lot
6. Bioretention Area
7. Shared Fairgrounds Parking Lot
8. New 10K Open Air Pavilion
9. Fairgrounds/Farmer's Market Location
10. Solar PV Panels over Parking Lot
11. 7th Street Swale and Bike/Pedestrian Trail
12. Play Fields
13. Community Garden
14. Mixed-Use Neighborhood Serving Retail
15. Monterey Gateway
16. Office Condo and Plaza
17. Greenway Park
18. Neighborhood Pool and Park
19. Future Chavez Market and Retail Center
20. Umbarger Gateway
21. Neighborhood Green

LEGEND

- Multi-Family: 488 Units
- Townhouse: 769 Units
- Single-Family: 223 Units
(123 Single-Family-100 Courtyard Units)
1480 Total Units
- Fairground Buildings
- Light Industrial: 175K Sq. Ft.
- Office Condo: 95K Sq. Ft.
- Retail/Restaurant: 48K Sq. FT.
- Park and Open Space

SANTA CLARA FAIRGROUNDS
LENNAR-BRIDGE-BUILD-DKB
April 25, 2008
SITE PLAN/STATISTICS
<table>
<thead>
<tr>
<th>Identification of Uses: PROPOSAL RESPONSE (ALT A)</th>
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<tr>
<td>Disposition Type</td>
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<tr>
<td>A</td>
</tr>
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</tr>
<tr>
<td>I</td>
</tr>
<tr>
<td>J</td>
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<tr>
<td>TOTAL</td>
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Identification of Uses: REVENUE MAXIMIZING ALTERNATIVE (ALT B)

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<tr>
<th>Code</th>
<th>Description</th>
<th>Disposition Type</th>
<th>Use</th>
<th>Site Acreage</th>
<th>Building SF /Stories</th>
<th>Quantity</th>
<th>Ownership / Rental</th>
<th># BMR units / %</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Fairgrounds Buildings/Open Space/Parking</td>
<td>Retained by County</td>
<td>Civic</td>
<td>9.18</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<td>B</td>
<td>High Density Multifamily Rental</td>
<td>Ground Lease</td>
<td>Residential</td>
<td>13.80</td>
<td>approx 800,000/4-stories</td>
<td>690</td>
<td>Rental</td>
<td>69/ 10%</td>
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<td>C</td>
<td>Stacked Flat For-Sale</td>
<td>Fee Simple</td>
<td>Residential</td>
<td>4.76</td>
<td>304,294 3-stories</td>
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<td>Ownership</td>
<td>58/ 20%</td>
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<td>Light Industrial</td>
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<td>E</td>
<td>For-sale Townhomes</td>
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<td>Residential</td>
<td>28.24</td>
<td>1,129,300 3-story</td>
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<td>154/ 20%</td>
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<td>F</td>
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<td>224,482 2-story</td>
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<td>Ownership</td>
<td>25/ 20%</td>
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<td>G</td>
<td>For-sale Single Family Motor Court</td>
<td>Fee Simple</td>
<td>Residential</td>
<td>4.78</td>
<td>164,452 2-story</td>
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<td>Ownership</td>
<td>17/ 20%</td>
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<tr>
<td>H</td>
<td>Affordable Rental</td>
<td>Ground Lease</td>
<td>Residential</td>
<td>4.00</td>
<td>186,400 3-story</td>
<td>200</td>
<td>Rental</td>
<td>200 units/100%</td>
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<td>I</td>
<td>Restaurant/Retail/Cafe/Service/Other</td>
<td>Ground Lease</td>
<td>Retail</td>
<td>1.00</td>
<td>31,000 1-story</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<td>J</td>
<td>Public Roads &amp; Paths</td>
<td>Dedicated to the City</td>
<td>n/a</td>
<td>37.70</td>
<td>n/a</td>
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<td>n/a</td>
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<td>K</td>
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<td>Public</td>
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<td>n/a</td>
<td>n/a</td>
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<tr>
<td>L</td>
<td>Private Open Space</td>
<td>Fee Simple by HOA</td>
<td>Private</td>
<td>2.32</td>
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<td>n/a</td>
<td>n/a</td>
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<td></td>
<td><strong>TOTAL</strong></td>
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<td>150.00</td>
<td>2,170</td>
<td>523</td>
<td><strong>24%</strong></td>
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* The 30% affordability requirement for rental components is being satisfied by these included 69 units, plus the 200 units of stand-alone affordable rental.
Synopsis: KB Home/Flea Market/First Community Housing

The Goals and Vision:
- Add quality local goods & services as part of new retail shopping associated with the Flea Market, new homes and adjacent community -goods & services that are needed, currently lacking or inconveniently located at an unacceptable distance from the immediate community.
- Contribute both property taxes and sales taxes to Santa Clara County.
- Provide a complementary but different shopping experience to existing retail in the trade area.

Time Line:
Two years to entitlements – One year to land development
- Selection of Development Team Week 0
- Meet with Planning Department Week 1
- Submit Zoning Application Week 6
- Initiate EIR Week 7
- Certify EIR and adopt zoning Week 72
- File PD Permit and Tentative Map Week 80
- Approval of PD permit and Tentative map Week 104 (2 yrs from selection)
- Prepare Backbone Improvement Plans Week 116
- Prepare On-site Improvement Plans Week 126 and FM
- Start development Week 146 (demo and grading)
- Plan Check Week 156 (3 yrs from selection)

Financial Proposal:
- Approximately 53.5 acres will be purchased from the County for $154,500,000.
- The County will retain land ownership to 94 acres including the Fairgrounds for public benefit and future opportunities.
- $50 million of Leasehold improvements on County property with no cost to County.
- 18 acres will be leased and developed as 200,000 sf of retail/commercial space resulting in $48.7 million in revenue over 30 years.
- 55 acres of the property will be leased by San Jose Flea Market (TFM, Inc.) and managed for the County providing $57,800,000 in revenue to the County over the next 30 years.
- $12+ million will be dedicated to develop 9.5 acres of new parks, public plazas, new community event buildings, recreational facilities and related accessories to improve Fairground's property.
- Signature new “Pavilion” recreational structure.
- 6 acres of property will be leased from the County and will be developed by FCH to construct affordable for-rent housing and to provide ground lease revenue to the County over the next 55 years.

<table>
<thead>
<tr>
<th>Community Gathering Spaces</th>
<th>Acres</th>
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<tbody>
<tr>
<td>Vendors / Events / Landscape / Admin.</td>
<td>26 +/-</td>
</tr>
<tr>
<td>Parking</td>
<td>29 +/-</td>
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<tr>
<td>Shared-Use Events Area</td>
<td>5 +/-</td>
</tr>
<tr>
<td>Recreational Community Park</td>
<td>4 +/-</td>
</tr>
<tr>
<td>Linear Park / Pedestrian Greenway</td>
<td>0.5 +/-</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>64.5 +/-</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Retail</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Site ‘A’ (approx. 140,000 s.f. +/-)</td>
<td>14 +/-</td>
</tr>
<tr>
<td>Retail Site ‘B’ (approx. 40,000 s.f. +/-)</td>
<td>4 +/-</td>
</tr>
<tr>
<td><strong>18 +/-</strong></td>
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<table>
<thead>
<tr>
<th>Residential Housing</th>
<th>Acres</th>
<th>Homes</th>
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<tbody>
<tr>
<td>Single Family Detached @ 9 du/ac</td>
<td>13 +/-</td>
<td>117 11%</td>
</tr>
<tr>
<td>Single Family Detached @ 12 du/ac</td>
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**PROJECT TOTALS:** 150.0
See:
2008-04-25 KB Home-Flea Market-First Community Home Proposal
See also:
2008-06-16 Excerpts from KB Home-Flea Market
KB Home/Flea Market/First Community Housing

Presentation for

Santa Clara County Fairgrounds Development
Synopsis: SunCal Companies

Introduction
Vibrant shops, community gathering places, tree-lined streets, abundant parks, and new homes. All of this, and more, make up SunCal's proposed community for the Santa Clara County Fairgrounds development site.

A new school and community center sit at the heart of the community, with homes, shops and parks designed to create a walkable neighborhood. Children can walk to their school or a playground, and residents can walk to a neighborhood grocery store, to pick up their morning cup of coffee or utilize the community's recreation center. This is the vision for a new community, where new, quality-built homes are available for residents of all income levels.

Commitment to Community Engagement
With SunCal, listening matters. SunCal's master planning philosophy relies on involving the community in the planning process. We would typically go through an inclusive planning process to develop a master plan that meets the needs of the community and local government. For purposes of the project description, SunCal has done our best, in advance of community engagement, to attempt to develop a master plan for the Fairgrounds project. Community input will further refine, inform and shape a final master plan.

Land Use Overview
Elementary School, Recreation and Community Center
Great neighborhoods have great schools. The focal point of our land plan is a new proposed school and community center on an 18.3 acre site that will be home to a new elementary school, 11 acres of parks, playgrounds and ball fields, and a new joint use community and recreation center that will serve current and future residents of the area. Our vision for this site is that it becomes a hub for the community. A place where students go to school, where families go to play on the weekends, where activities for senior Citizens are held, and a place where youth can go for afterschool activities.

Our proposed school site sits at the heart of the project. Our project team met with the Franklin-McKinley School District prior to submitting our RFQ. Based on our discussion of District needs and priorities, and our teams' familiarity and experience in working with the District, we understand that the current Franklin School has significant facilities and infrastructure needs. Additionally, its location on Tully Road presents a constant safety challenge for parents picking up and dropping off their children and for students who walk to school. The frontage along Tully is more appropriate for a commercial use. Thus, we're proposing to relocate the school to the
center of the community, surrounding it with residential uses. At the same time, SunCal proposes a series of pedestrian/bicycle trails and paseos to provide improved connectivity with the existing neighborhood, ensuring existing and future residents will have safe, convenient access to the school.

Our proposal envisions joint-uses between the District and the City of San Jose with regards to playgrounds and ball fields as well as the small community center proposed. In terms of scope, we envision a 5,000 to 10,000 square foot community center. In other SunCal communities, we’ve used these recreation centers to provide: workout rooms, locker rooms, community meeting spaces, programming offices, lap pools, family pools, and barbecue areas. We’ve depicted such a center on our site plan. A center could also be used to offer multi-purpose functionality for the school (plays, performances, adult education) and programming for the City; County, School District and other nonprofits.

The relocation of the existing school would also accommodate more appropriate higher intensity uses along Tully Road. The existing school site also contains a very small (1/4 acre) corporation yard. SunCal would propose working with the County and School District to either locate the corporation yard/bus parking in the rear of the proposed Neighborhood Retail center or on other County or School District land.

Residential/Commercial Mixed-Use
A cornerstone component of SunCal's proposal is integrating a mix of uses across the site. This is especially true along Monterey Road and Tully Roads where we envision a vibrant mix of office, retail and residential. Our total mixed-use component consists of 89,000 to 94,000 square feet of retail, with 25,000 square feet of office space and 450 residential units. All of the Retail have parking capacity that exceeds City of San Jose requirements to both make the space more marketable to potential tenants (increasing potential land lease value to the County) but to also reduce potential parking conflicts with future residents.

We are proposing six mixed-use clusters throughout the project site. Each cluster will feature enhanced architectural design elements, with buildings pulled out to the sidewalks, businesses oriented towards the sidewalks, with retail uses on the ground floors and either office or residential uses above the retail. Further, sites will be designed to encourage pedestrian and bicycle access to the site from existing neighborhoods and the rest of the proposed community.

While we have a large amount of square footage dedicated to retail, we've designed our retail plan with an eye towards attracting local business by decreasing our plan's, dependency on large format chain retailers in favor
of smaller format, locally owned businesses who will serve both the existing neighborhoods and the new community. We are fully committed to meeting the requirement that 20% of the new commercial and retail businesses are locally owned and/or operated. In fact, we hope to exceed that threshold.

**Mixed-Use Cluster A**
This cluster will have frontage on both Old Tully Rd., and one of the two gateway entrances, "Main Street," into the site. The total site encompasses 1.7 acres, providing 13,800 square feet of neighborhood retail and 22 market-rate rental apartments. The retail uses envisioned for this cluster could include small format restaurants; coffee shops, soft goods or neighborhood services such as dry cleaners or gift shops.

**Mixed-Use Cluster B**
Located on Old Tully Rd. and Main Street, this 4-acre site will consist of 5-10,000 square feet of retail space with 120 family rental apartments above the retail. Potential retail uses of this cluster could include: small format restaurants, coffee shops, soft goods or neighborhood services such as dry cleaners and gift shops.

The family apartments will range from one to three bedrooms and will meet the County’s criteria for affordable housing for persons below 50% 'of area median income. SunCal's affordable housing partner, Charities Housing has an extensive track record of producing affordable housing with superior design and architectural elements-ensuring high quality and integration with the entire community.

**Mixed-Use Cluster C**
Situated on 3.3 acres adjacent to Tully Rd. and straddling one of the community’s secondary entrances, this cluster will house 30,000 square feet of neighborhood retail, with 28 market-rate, rental apartments above the retail.

Retail uses include: small format restaurants, coffee shops, soft goods or neighborhood services such as dry cleaners or gift shops. The apartments will range in size from one to two bedrooms. Surface parking, tucked behind the buildings, will be provided for residents, employees and customers.

**Mixed-Use Cluster D**
Located on Tuly Rd., this 2.7 acre site will consist of a 150-unit SRO (Single Room Occupancy) development along with approximately 5,000 square feet of neighborhood retail.
The SRO meets a critical housing need in Santa Clara County. It is strategically located in very close proximity to existing County health and human services and proposed VTA bus connections, providing an ideal location for those residents who may need to take advantage of the social services offered by the County and public transportation. As with our other affordable housing proposals, this project will be led by our partner, Charities Housing.

**Mixed-Use Cluster E**
Fronting Monterey Road, and forming one side of the Monterey gateway into the community, this 4.2 acre cluster will feature a mix of retail and office space. As with the other proposed clusters, the buildings will be pulled towards the sidewalks, providing a "hard line" interface with the street so businesses are oriented towards the sidewalk. The ground level retail envisions 30,000 square feet of retail, with uses such as a small specialty grocer or other minor anchor tenant complemented by neighborhood shops such as deli/cafes, restaurants and service shops. The 25,000 square foot office component above the retail will house local service and boutique types of offices such as Doctors, CPAs, and Real Estate.

**Mixed-Use Cluster F**
This cluster will also have frontage along Monterey Road and will form the other side of the Monterey gateway into the community. The cluster will cover 3.7 acres and will house 5,000 square feet of neighborhood serving retail and 125 units of family rental units reserved for families who meet the County’s income requirement of below 50% of area median income. As with our other affordable housing components, Charities Housing will develop the residential project with a keen eye towards high architectural and design standards. The family units will consist of a mix of one, two and three bedroom apartments.

**Neighborhood Retail**
Situated on the 14-acre parking lot across from the Fairgrounds site, is our proposed 127,400 neighborhood retail center. On this site we envision a lively center with a specialty grocery store (specific outreach for tenants would focus on a locally-owned business) anchor tenant surrounded by specialty shops, a drug store and restaurants which will serve both the existing and new communities. Given the site’s adjacencies to the VTA corporation yard and existing commercial uses, our proposed neighborhood retail center will provide an appropriate neighboring use and present a strong commercial presence to a revitalized Old Tully Road. The neighborhood retail center has parking capacity that exceeds City of San Jose requirements to both make the space more marketable to potential tenants (increasing potential land lease value to the County) but to also reduce potential parking conflicts with future residents.
Residential
Complementing our residential/commercial mixed-use clusters will be residential clusters offering a diverse mix of housing types and densities, appealing to a wide range of income levels. The residential clusters will surround the elementary school and community recreation area providing an intimate neighborhood feel. We will create walkable neighborhoods, featuring tree-lined streets with pedestrian and bicycle paseos that connect clusters to one another, to the school area and to the retail areas. Our homes will feature varied lot designs and orientations that create a unique feel to each street-- the complete opposite of traditional cookie-cutter development. This all leads to more active, diverse neighborhoods with a true sense of community.

Single Family Detached (SFD)
SunCal proposes approximately 500 SFD units. We are proposing multiple separate SFD residential clusters on the development site with a diverse product range from "zero lot" configurations to "garden clusters" to small lots with private yards creating distinct neighborhoods that can accommodate a variety of buyers and lifestyles. Home sizes for the clusters will range from 1,050 to 2,600 square feet.

Single Family Attached (SFA)
Ranging in density from approximately 24.0 to '35.0 units per acre (28.0 QUA average), SunCal is proposing a diverse mix of product 'types including town homes, stacked townhomes and stacked flats. SunCal proposes approximately 900 SFA units.

Parks & Open Space
SunCal understands that publically accessible parks and open space improve the quality of life for local residents. Our development proposal is built around a centrally located park and community center offering a 14.3-acre fully improved park adjacent to the new proposed elementary school, sufficient in size to accommodate four distinct baseball and soccer fields, playgrounds, a potential walking track, and a fully accessible recreation center. As part of the entitlement and community outreach process, SunCal will work with all stakeholders to define a set of community uses for this space. We’re also proposing a 2.1 acre linear park at the eastern edge of the property, which will connect an existing linear trail from the adjacent housing project, the pedestrian cut-through access at Baltic Avenue to the rest of our development site, providing pedestrian friendly access to the new community’s school, shops, parks and other amenities. In addition to the central park and recreation area, and the linear park, we’re proposing 6.6 acres of active open space on land retained by the County to host community celebrations, weekend farmer’s markets and other activities. Throughout our mixed-use and residential clusters, we
have additional parks, village greens, and paseos. Within the single-family clusters there is an additional 1.4 acres of parks and open space. Upon working with the City of San Jose’s planning department through the entitlement process, our plans for our multi-family housing will be further refined to determine what amenities (improved parks, community greens, clubhouses, etc.) are provided on site.

**County-Retained Land (Community Use & County Operations)**

In an effort to ensure a continued community gathering place and focus of community pride at the Fairgrounds site, and to protect existing on-going revenue for the County, SunCal proposes that the County retain a 12.3 acre portion covering the northwestern corner of the site.

As part of our due diligence process, we investigated the facilities that generated the most community use at the Fairgrounds. As such, we’re recommending that the Fiesta Hall, which is the building most frequently used by the community remain. We believe the Fiesta Hall can be renovated, and the Fiesta Green, immediately adjacent to the Hall, enhanced to become a valuable community asset. Combining the Fiesta Green with the northwestern corner of site, the County will have 6.6 acres of open space where we envision a lively venue capable of hosting small community festivals, weekend farmer’s markets, weddings and other community celebrations.

In addition to creating great public gathering spaces, we recognize the value in protecting on-going revenue to the County. Thus, we propose that the current Off-Track Betting (OTB) facility, which we understand generates $750,000 in net revenue remain on site. The parking lot next to the OTB site can also function as a Park & Ride lot for shuttle service to the nearby VTA Curtner Light Rail station discussed above.

**Transit Oriented Development**

Strategically located along existing VTA bus routes, the County Fairgrounds development site lends itself to provide residents and consumers with public transportation alternatives. By orienting our homes and shops towards Tully and Monterey, our proposal provides convenient access to bus service. We’re proposing a park and ride lot on the north end of the property and envision a shuttle service that will connect the new community to VTA light rail service at the Curtner station which is approximately one mile from the development site.

Additionally, our heavy emphasis on mixed-use development provides residents with abundant opportunities to shop, dine and access neighborhood-based services such as specialty grocery stores, restaurants, cafes, and dry cleaning, all within walking distance of their homes.
**Affordable Housing**

SunCal's is committed to providing a significant level of affordable housing as part of its development proposal. Our affordable housing component offers a diverse range of product type that will serve the needs of a diverse income range. Our proposal offers for sale, deed-restricted affordable units; rental family apartments; and SRO units serving those residents in greatest need of economic assistance for housing. Our entire affordable housing component is integrated with the rest of our mixed-use development concept. All of our affordable housing meets the County RFP requirements for for-sale housing and dramatically exceeds the requirement for affordable rental housing. We are proposing a total of 400 affordable rental units, (out of a total of 450 rental units) be affordable to persons of "very low income" as specified in the RFP document. Additionally, we're proposing that 20% of our for-sale housing product, 286 homes, be “deed restricted below market rate” for-sale housing units.

With regards to our for-sale affordable homes, we're proposing 286 stacked flat units spread throughout our SFA Residential clusters. We will model our affordable ownership program on the City of San Jose's successful Teacher Housing Program; where "silent second" mortgages are used to assist homebuyers in purchasing their homes. If selected, SunCal intends on working with the City's Housing Department and the County's Office of Affordable Housing to successfully design and implement the program.

In addition to our affordable home ownership program, we're proposing 250 affordable rental Family Apartments, developed by our affordable housing development partner, Charities Housing. Located within our various mixed-use clusters, these units will be located over retail uses. All family apartment units will be located on parcels whose ownership will be retained by the County and ground leased to generate long-term, ongoing revenue for the County.

**Single Room Occupancy (SRO)** will make-up the final component of our affordable housing program. Located over retail usages, and adjacent to public transportation and County services, we believe this is an excellent opportunity to build a housing product that is desperately needed in Santa Clara County and is traditionally among the most difficult to both finance and locate. Our 150-unit SRO project, developed in partnership with Charities Housing, will feature enhanced architectural design elements—ensuring an attractive interface with the surrounding community. As with our Family Apartments, the SRO development will be located on parcels where the County will retain ownership utilizing land leases to generate long-term, ongoing revenue for the County.
Schedule for Entitlement and Closing
Sun Cal believes that the entitlement schedule provided by the County in the RFP is very aggressive. SunCal Companies can commit to this schedule, however, accomplishing this schedule would require tremendous cooperation by the City in processing the General Plan Change, Planned Development Zonings and a myriad of permits simultaneously with processing the mandated CEQA study. While it is possible to have some of these entitlement processes occur concurrently, it would require a very public commitment on the part of the City for this project to be a priority for planning.

Financial Proposal:

- SunCal is offering $135.25 million with close of escrow at final City entitlement for all lands associated with for sale residential product including those with affordability restrictions.

- **Mixed Use Retail**
  In addition, SunCal is offering (for approximately 9.2 acres) mixed use retail an annualized land lease value is $80,000 an acre per year. Appropriate escalators and potential participation would be subject to further negotiation.

- **Neighborhood Retail**
  In addition, SunCal is offering (for approximately 14 acres) the Tully parking lot an annualized land lease value is $80,000 an acre per year. Appropriate escalators and potential participation would be subject to further negotiation.

- **Mixed Use/Affordable Land Lease**
  In addition, Charities Housing will secure $20 million up front from the financing sources identified in the pro forma and invest the funds for the sole purpose of paying the ground lease payment to the County. The County will receive an annual payment of $1 million over the life of the 75 year lease. This equals to a 5% return on the investment. Charities Housing recognizes that any investments we make we could have a series of years with negative returns or with returns less than 5% and thus need to draw down the principal in order to make the proposed ground lease payment. However, we are confident that over the long run the principal would be protected with higher returns and the County is assured of receiving the proposed ground lease payment.

  In addition, Charities Housing is proposing to split with the County half of the residual receipt available to the property
owner. We have included a preliminary 10 year cash flow projection for each property type. The total residual receipt annual payment due to the County could range between $17,959 and $20,220, with an annual average of approximately $19,323.

Ten Year Values
Analysis Tables for this offer and an alternative scenario discussed below are included in the full proposal.

Alternative Scenario Offers
1. Investment of Purchase Funds
SunCal has proposed a fee simple purchase offer to the County. While our pro forma provides for lump sum purchase of certain portions of the Fairgrounds site, we also recognize that ongoing revenue is a desire of the County. SunCal would suggest that a structure could be put in place to provide for some type of investment strategy whereby the "cash" offered could be restructured to provide for ongoing revenue to the County. A myriad of mechanisms would be available to the County and SunCal would commit to bring our considerable experience and contacts in the financial market to bear to provide the County with a detailed analysis of options that could be considered. Mechanisms such as a simple annuity or the creation of a non-profit foundation whose sole benefactor would be the County are just two examples that could be considered.

Our total purchase price could generate approximately $8 million annually if an investment mechanism was structured with conservatively assuming a 6% return on the investment which is a conservative. We have provided a Scenario 2 analysis which presents the change in annual revenue if this type of scenario was pursued.

2. Altering Affordable Housing Mix
Our proposal meets the County's requirement for 20% of for sale housing being "below market rate" and our proposal dramatically exceeds the County's requirement that 30% of all proposed rental housing units be for persons of "very low income." Alternatively, if the County was amenable to allow some portion of our "oversupply" of rental affordable units to count toward the for sale affordability requirement, the net purchase price to the County could increase. A one to one swap for 150 affordable rental units, for example, would actually reduce our overall residential unit count by
approximately 11 but could yield a increase in net purchase price increase to the County of approximately $5 million.

3. **Alternative Land Plan, Franklin School**
   While SunCal and Charities Housing are convinced that our submitted land plan is the best possible mixed use transit oriented land plan given the time constraints and lack of community involvement, it does hinge upon the successful negotiation of relocation of Franklin School. On the other hand, if the school relocation becomes infeasible, SunCal and Charities Housing believe that we could present a very similar financial offer to the County for an alternative land plan which does not relocate Franklin School.

4. **Alternative Land Plan, Satellite Wagering**
   Similarly, our preferred alternative land plan includes retaining the Satellite Wagering facility on County retained land. Given the potential revenue stream to the County, we propose retaining this facility. The alternative land plan does not accommodate the Satellite Wagering facility and once again SunCal and Charities Housing believe that we could present a very similar financial offer to the County for the alternative land plan which does not retain the Satellite Wagering facility.

5. **Reduced Land Scenarios**
   SunCal recognizes that the County may decide to dispose of less total acreage than what SunCal's overall land plan calls for. While we would want to maintain the full acreage for the Charities Housing affordable housing opportunities, SunCal would be willing to negotiate with the County a reduced scale land plan which calls for fewer acres dedicated to for-sale housing. While this scenario would likely necessitate the retention of Franklin School at its current site, we are fully confident that an exciting land plan would be achievable and that we would be able to offer the County a similar financial package on a per acre basis with one caveat. A significant reduction in acreage would reduce the potential for spreading infrastructure costs throughout the site and would reduce some economies of scale in general construction costs.

6. **Retail separation**
   SunCal understands that the County is attempting to find a proposal or proposals which would provide for the highest financial return to the County while meeting the other County
goals. Recognizing this, SunCal would be willing to separate some or all of the retail components (most easily the 14 acre Tully parking lot) to a separate developer who may have a superior financial proposal to the County.

7. **Increased Densities**
   As mentioned previously, our land plan and offer attempted to balance sometime competing goals. The current market conditions do not lend themselves to the inclusion of a significant amount of higher density (podium) housing if financial returns to the County are a priority. Sun Cal would be willing to consider increasing densities as the market rebounds and we were able to commit to similar or acceptable land values to the County. Our land plan does have a number of areas where densities could easily be increased if so desired.

8. **Joint Venture on retail and market rate mixed use components**
   Again in an attempt to meet the criteria of the RFP, SunCal has submitted a land lease scenario for all uses that are not for sale residential product. As an alternative to a land lease the developer will also consider a joint venture "JV" on the commercial parcels with the County. The joint venture would be structured the same as with any private sector land owner. The land value would be established by a third party appraisal of which the land owner would receive an 8% preferred return on that amount and 50% ownership interest in the commercial center.

   Once the centers are stabilized, if the County so desired, the JV could refinance the centers with long term fixed debt and return as a distribution to the County the value of the land while still keeping the 50% ownership of the shopping center, giving them additional long term income in perpetuity. This method may be more preferable on some of the sites to the County when you add into the equation that some of the desired tenants will not go in a center that is on leased land.

See Also: Excerpts SunCal Proposal

www.sccgov.org/fairgrounds
### Santa Clara County Fairgrounds Development Scenario A (with school)
23-Apr-08

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## Scenario 1 Straight Land purchase

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Synopsis: Wilson Meany

Project Vision
Our vision for The Fairgrounds represents an attempt to establish a strong sense of community rather than an isolated aggregation of projects, by emphasizing neighborhoods rather than subdivisions, a main street rather than a shopping center and a mixed-use commercial district rather than a business park. A successfully integrated town center has elements from the community integrated naturally throughout and so will our development. The Fairgrounds project will seek out individual's to add elements of significance designed specifically to celebrate the diversity of San Jose's people and background. Fostering community pride and cultivating ethnic, cultural and socio-economic diversity. As described in detail in our proposal, the Developer's vision for the Santa Clara County Fairgrounds is to create a district-scale mixed use project of regional significance, including:

1. A balance of residential, commercial, retail, civic, public use, open space and parkway districts.
2. An exciting array of retail shopping opportunities, including both national brands and local entrepreneurs.
3. A diverse offering of housing in a range of prices, and levels of ownership options.
4. A development that will serve as a model for responsible urban planning and environmental sustainability.
5. A pedestrian-oriented environment with grand public spaces.

The Developers recognize that over the years the Fairgrounds has been a special place for many in San Jose's community, be it spending an afternoon at the annual Fair, attending a Wedding Reception, a Quinceanera or attending one of the many trade shows held on the grounds. This legacy will be remembered through sensitive development of the project's style and also a overall public art Master Plan designed to “tell the story” of the site in public areas such as parks, trails, sidewalks, streets and parkways.

Project Description
Retail/Office
Our vision contemplates an approximately 1.2 million square foot Regional Center including large format retailer totaling 460,000 square feet, shops totaling 200,000 square feet and restaurants totaling 90,000 square feet. We envision this component as being integrated with 200 units of second level housing in a "Main Street" format. Furthermore, this component will also incorporate a 230,000 square
foot mid-rise office building. This area will be serviced by 1,500 stalls, at grade parking and 3,250 stalls in a structured parking garage.

**Lifestyle Center and Expo Hall**
To compliment the Regional Center and extend the daily life of this active urban environment we have incorporated a 750,000 square foot Lifestyle Center. Within the Lifestyle Center it is our intention to maintain the existing 50,000 square foot Expo Hall. We will collaborate with the County for this space to continue its uses for community events that have been conducted for the past 50 years. Also within the lifestyle component we envision a 125,000 square foot theater complex, 185,000 square feet of shops and 50,000 square feet of restaurants. It is our vision to incorporate 100 Residential Units as well as a 230,000 square foot mid-rise office building in the Lifestyle Center area of the project. This area will be serviced by a 3,200 stall structured parking garage.

**Mercado**
Adjacent to the Lifestyle Center and Regional Center and at the Focal Point of the project we envision a 150,000 square foot upscale Mercado featuring the very best local tenants in a multi cultural merchandising mix, drawing from the blend of ethnicities that create the community of San Jose.

**Residential**
Also within the main site's Master Plan we envision an 18.4 acre Residential Site consisting of an overall average of 30-40 dwelling units per acre totaling approximately 700 units. The exact mix and density is subject to change based upon a reevaluation of the economics closer to commencement of the project. However, we envision an appropriate density being comprised of a detached component of 10-15 DUA, townhouses at 13-22 DUA and stacked flats of 40-60 DUA. Again, this is subject to change based upon realities in the market that begin to define themselves in the next several months. Within the residential component approximately 5 acres of parks would be constructed, meeting San Jose city standards and adding to the character of the neighborhood.

**Below Market Rate Housing**
On the 14 acre site north of the main site we envision the affordable housing component utilizing the south 7 acres and a Neighborhood Retail Center featuring daily needs, convenience and other neighborhood serving uses.
The affordable component of 7 acres could potentially incorporate a density of 30 units to the acre comprised of 210 units. The City's park requirements would be met with ample open space provided for in this residential area. The 7 acre neighborhood Retail Center would be approximately 100,000 square feet. Samples of the scale of anticipated development are shown in the accompanying illustrations.

**School**
Finally, the Master Plan anticipates forming a strategic relationship with the Franklin McKinley School to "swap" their land on Tully Road and build a brand new school on Umbarger Rd. on the back of the site. The new school zone would be surrounded by uses that would be a vast improvement upon the school's current situation, the children would be able to go from school to playing soccer in the fields, to meeting up with their parents at the Farmers Market in the Mercado and walking home through the pathways connecting the districts. The Fairgrounds Development will add to the vibrancy of their life and bring community spirit and pride right to their doorstep.

Having an existing school is also an advantage for the new development because it brings vital elements to any successful Town Center. Hopefully our project can foster and promote existing networks and community bonds and help them grow stronger. Also with the new school a new after school Recreation Center could be built and connected to Franklin McKinley. Perhaps this could occur in a partnership with the City of San Jose to be used for community programs promoting health and wellness in the school for the children and after school for the community.

**Program Design Summary**
The organization of the project is based upon a series of city blocks which accommodate a variety of sizes of development, and change according to location. Some areas are appropriate for smaller shops and offices, while other areas lend themselves to larger footprint retail spaces, including major anchors, medium size shops, local, neighborhood shops and mixed-use residential- above retail uses. Conceptually, highlights of the development plan can be summarized in the following ten components:
1. The "Mercado", created as a public amenity, situated as the focal point for the commercial core of the project.
2. The Master Plan shall incorporate public open space and parks to mitigate congestion and provide relief and recreation (in addition to providing private and usable open space per San Jose code.)
3. We plan to expand and improve upon the existing bikeway and path connections to parks and recreation facilities to and from the site.
4. Locate parks as focal points in the residential portion of the master plan while creating a sense of invitation and comfort to a diversity of users.

5. The mix of small and large scale commercial and retail districts with a diverse mix of housing choices, combined with a community school and the Expo Hall will reinforce a strong sense of life, culture and a unique sense of place in San Jose.

6. Parking accessed from areas which do not diminish the pedestrian-oriented character of the project and organized as a 'park once' system.

7. Coordination with the Franklin McKinley School District to not only mitigate any negative impacts on the operations of Franklin School but to improve upon the state of the existing condition of the school and include Franklin School in the overall process.

8. Care in creating appropriate architectural scale, massing, setbacks and materials to reinforce the coherence of streets and establish a significant and true Town Center integrated within the fabric of San Jose.

9. Working with and including the uses of public transportation links such as the Curtner Avenue light rail station and other transportation hubs.

10. Promoting the use of bicycles, walking, car sharing, and walking as other modes of transportation.

The 164 acre plan area will be designed as a master planned mixed-use project including: residential, public open space, retail, existing public uses, entertainment uses and outdoor recreation environments for all. The project will consist of approximately 1,210 residential units of varied densities; 460,000 square feet of office, 1,672,000 square feet of retail, and approximately 10 acres of public open space. All uses will be designed to be compatible with the site context in terms of scale and adjacency of uses, and will use high quality design feature to enhance the surrounding.

**Program Summary**

- Commercial/Mixed Use Site 1 ± 45.4 Acres
- Commercial/Mixed Use Site 2 ± 49.7 Acres
- Commercial/Mixed Use Site 3 ± 15.2 Acres
- Commercial Site ± 7 Acres
- Residential Site 1 ± 7 Acres
- Residential Site 2 ± 18.9 Acres
- Public Use/ Charter School/ Franklin McKinley School ± 14 Acres
- Possible Streets ± 14.3 Acres
- TOTAL ± 171.5 Acres
Non-County lands
Franklin McKinley School     (± 14 Acres)
Site NAP        (± 7 Acres)

Actual SCCFG’s Site      ± 150 Acres

Financial Proposal:
Purchase Price: $48.8 Million plus ground lease payments starting at $2.79 Million annually and ramping up to a $11.16 Million per year by year 4. See 10 Year Revenue Estimate

ASSUMPTIONS
- Total land approximately 150 acres
- Approximate area of Affordable Housing 7 acres
- Land value attributed to Affordable Housing $1M/acre
- Approximate area of other Residential Land 18.9/ac
- Approximate value attributed to Residential land $2M/ac
- Approximate value attributed to office land $2M/ac
- Approximate area of remaining commercial land 124 ac
- Approximate value attributed to commercial land $1.5M/ac
- Proposed return land value commencing at stabilization 6%

April 25, 2008
See also: Excerpts Land Use Site Plans and 10 Year Financial
II. SITE PLAN

TABULATION

- RESIDENTIAL SITE: 25.9 ACRES (1,128,200 SF)
- COMMERCIAL SITE: 117.3 ACRES (5,109,590 SF)
- PUBLIC USE: 14 ACRES (609,840 SF)
- POSSIBLE STREETS: 14.3 ACRES (622,900 SF)

TOTAL: 171.5 ACRES (7,470,530 SF)
EXISTING COMMERCIAL DEVELOPMENT

THE FAIRGROUNDS
SAN JOSE, CALIFORNIA
MASTER SITE PLAN
MANARINO REALTY
LEGEND

1. **TOWN SQUARE MERCADO**
   - Small Shops
   - Community Plazas
   - Outdoor Sales and Dining

2. **MAIN STREET GATEWAY**
   - Mixed Use Retail / Housing
   - Outdoor Dining Plazas
   - Retail Shops

3. **RAILROAD MUSEUM**
   - Major Focal Point
   - Community Plaza

4. **REGIONAL RETAIL CENTER**
   - Large Format Stores
   - Shops
   - Restaurants

5. **MIXED USE RETAIL / OFFICE**
   - Ground Floor Retail Shops / Restaurants
   - Mid-Rise Office

6. **MIXED USE RETAIL / HOUSING**
   - Ground Floor Retail Shops / Restaurants
   - Apartments / Flats above Retail

7. **RESIDENTIAL**
   - Apartments
   - Flats

8. **PARKING STRUCTURES**

9. **NEIGHBORHOOD RETAIL CENTER**

10. **LIFESTYLE CENTER**
    - Theater
    - Shops
    - Restaurants
    - BookStore
    - Community Plaza / Fountains

11. **EXPO HALL**
    - Remodel Existing Hall
    - Community Plaza
    - Fountains

12. **SCHOOL**
    - Classrooms
    - Outdoor Play Fields
## ESTIMATED FINANCIAL PROPOSAL SUMMARY

### 10 YEAR/CASH FLOW

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June 13 and 16, 2008, Initial interviews were conducted on June 13 and 16, 2008.

July 18, 2008, Held final interviews with the short-listed firms.

October 22, 2008, Board held a workshop to consider a report regarding the Fairgrounds Development Community Outreach Plan, a program to inform the community about the public use component of the Fairgrounds. Public comment included the following:

- Support of open space and opposition to residential, commercial, and retail development and associated traffic impacts.
- One commenter advises that high-density, low-income housing projects negatively impact the educational system which, she states, is already at full capacity.
- Support for continued public use of the Fairgrounds property for sports and recreational activities, including square dancing, soccer, paintball, and motor/cross racing; cultural events and community gatherings; a community park with campground and picnic area; a poetry garden; dog shows and other events sponsored by dog training clubs; 4-H Club activities; weekly open markets; religious celebrations; motorcycle, vehicle, and boat exhibitions; antique shows; preservation of the Fairgrounds property as a historical landmark; various hobby interests; activities sponsored by the Boy Scouts and Girl Scouts of America; horse racing; outdoor concerts; home and garden shows; school programs; and, community meetings.
- Need for improved public outreach efforts, including support for the establishment of a Citizens’ Advisory Task Force to collaborate with the County regarding the Fairgrounds Development Project.
- Concern regarding the lack of public input in the developer selection process.
- Need for comprehensive planning efforts.

(See: 2008-10-22 BOS Workshop Fairgrounds Development Outreach Power Point Oct 22, 2008)
(See: 2008-10-22 BOS - Minutes Workshop on Fairgrounds Outreach Plan.pdf)

December 16, 2008, Board approves Exclusive Negotiating Agreement (ENA) with Catellus Development Group as Master Developer.
(See: 2008-12-16 BOS Transmittal Approving Catellus ENA)
(See: 2010-06-16 2009 FAIRGROUNDS COMMUNITY OUTREACH SUMMARY OF COMMENTS provided to District 2 Supervisor 6-16-2010 final)

April 2009, Letter from Catellus terminating ENA, citing downturns in the economy.

June 9, 2009, Board of Supervisors adopts resolution rescinding determination of the Fairgrounds as surplus property.  
(See: 2009-06-09 BOS Resolution Rescinding Surplus Designation for Fairgrounds June 9, 2009)

June 9, 2009, Board approve proposal by Supervisor District 2 to create Ad Hoc Advisory Committee Chaired by Supervisor District 2 to review previous plans and development efforts and make recommendation to the Board.  
(See: 2009-06-09 BOS Transmittal from Supervisor District 2 appointing AdHoc Committee)

March 14, 2013, FGOC requests that the Administration suggest a process for examining ways to improve use of the Fairgrounds.

More information can be found at: 
(www.sccgov.org/fairgrounds)