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August 31, 2011

To: City of Oakland – CEDA, Redevelopment Agency

Attn: Doug Cole

Project: Seminary Point (Foothill & Seminary), Oakland

Subject: Submittal for ENA Item 2.2.c – Letters of Intent from Key Retail Tenants

Attached please find the documents related to the detailed letters of intent for the anchor tenants of the Seminary Point project. These documents are intended to satisfy the intent of item 2.2.c in the Exclusive Negotiating Agreement (ENA) regarding the market research and project marketing.

Date	Description	# of Pages
June 15, 2011	Colliers International, Proposal to Locate a Walgreen's at Seminary Point, 2521 Seminary Avenue, Oakland, California, 94605; Letter of Intent between Sunfield Development and Walgreen Co.	4
August 22, 2011	Colliers International, Proposal to Locate a UPS Store at Seminary Point, 2521 Seminary Avenue, Oakland, California, 94605; Letter of Intent between Sunfield Development and The UPS Store	10
August 22, 2011	Colliers International, Proposal to Locate a Subway Restaurant at Seminary Point, 2521 Seminary Avenue, Oakland, California, 94605; Letter of Intent between Sunfield Development and Subway Real Estate LLC	7

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June 15, 2011

Mr. Todd Frank  
Senior Real Estate Manager  
WALGREEN'S CO. CORPORATE OFFICES  
106 Wilmot Road  
Deerfield, IL 60015

RE: PROPOSAL TO LOCATE A WALGREEN'S AT SEMINARY POINT, 2521 SEMINARY AVENUE, OAKLAND,  
CALIFORNIA 94605

Dear Todd:

Sunfield Development has authorized me to send you the following Letter of Intent for the above-referenced development. They are interested in proceeding based on the following terms and conditions:

**LANDLORD:** Sunfield Development, LLC

**TENANT:** Walgreen Co., an Illinois corporation

**PREMISES:** A retail space with dimensions of approximately 150 x 95 located at 2521 Seminary Avenue, Oakland, California (as shown on the attached brochure). The space will be built in compliance with Tenant's current plans and specifications submitted to Landlord.

**USE:** Tenant wishes to open a Walgreens drug store with a prescription pharmacy or any other legal use.

**INITIAL TERM:** The initial term of the Lease shall be for twenty (20) years from the commencement date ("Initial Term"), as defined below.

**OPTION PERIODS:** Tenant shall be granted five (5) ten (10) year options under the same terms and conditions as the Initial Term, with the options exercisable by Tenant with one hundred eighty (180) days' written notice. Options shall have cancellations rather than extensions, to be further defined in the Lease.

**FIXED MINIMUM RENT:** Primary Term: Years 01 – 20: Annual Rent of \$375,000.00 NNN.

**OPTION RENT:** Beginning at Year 21, all option periods at ten (10) year intervals shall be increased by ten percent (10%).

**TAXES, INSURANCE  
AND COMMON AREA  
MAINTENANCE EXPENSES:** Tenant to pay its pro rata share of Landlord's actual out-of-pocket costs for real estate taxes, insurance and Common Area Maintenance ("NNN Charges"). Landlord's estimate of the first (1<sup>st</sup>) year's NNN



Charges is approximately \$0.85 per square foot, per month. The common Area Maintenance will also include a ten percent (10%) administration fee. There will not be a cap on NNN Charges. Tenant shall be entitled to a reasonable audit right.

**DELIVERY DATE:**

Delivery of Tenant's space is estimated to be approximately October 1, 2012.

**RENT COMMENCEMENT:**

Tenant shall pay rent, common area maintenance, taxes and insurance upon delivery by Landlord and upon possession by Tenant.

**ASSIGNMENT & SUBLETTING:**

Tenant shall have the right to assign the Lease, or sublet all, or part, of the Premises will be as long as Tenant is allowed a Business License as required by the City of Oakland. In the event of such assignment, Tenant shall not be relieved of responsibilities and obligations under the Lease. To be negotiated fully in the Lease.

**CONDITION OF PREMISES:**

Landlord shall deliver the Premises to Tenant in a "turnkey" condition, per "Exhibit C" and "Exhibit D" attached. The Premises will be in sound condition and in compliance with all applicable federal, state and local codes.

The structural elements, roof and building systems of the Building will be seismically and otherwise sound, and will meet all applicable federal, state, and local codes including handicapped accessibility standards. Landlord will disclose any known conditions including, but not limited to, environmental contamination, restrictions on utilities, or exclusive use restrictions, that would adversely affect Tenant's store design, permitting, construction or use of the Premises.

**HAZARDOUS MATERIALS:**

To be negotiated in the Lease.

**ADA REQUIREMENTS:**

The Project will be built in compliance with ADA.

**CERTIFICATE OF COMPLIANCE:**

Tenant shall apply and secure all required permits and shall be compliant with all local approvals and ordinances. Landlord to deliver space in a turnkey condition based on Tenant's plans and specifications.

**ACKNOWLEDGMENT:**

The parties further agree and acknowledge the following broker representation:

- A) Broker makes no representations or warranties with respect to the physical and environmental condition of the Premises, including an environmental assessment of the Premises. The Premises is within a Special Studies Zone as designated under the Alquist-Priolo Special Studies Zone Act (Earthquake Zones), Sections 2621 - 2630, inclusive, of the California Public Resources Code or a HUD Flood Zone, as set forth in the U.S. Department of Housing and Urban Development "Special Flood Zone Area Maps", as applicable.



B) The parties release Broker from any and all liabilities arising out of, or in connection with, the physical and environmental condition of the Premises, including, without limitation, the existence of any hazardous or toxic materials.

**RADIUS CLAUSE:**

None.

**SIGNS & AWNINGS:**

Tenant will comply with the approved Project Signage Criteria approved by Landlord and the City of Oakland.

Tenant may install signs in and on the Premises to the maximum extent permitted by local law and in accordance with Landlord's sign criteria attached hereto. Landlord will have the right to approve signage and awnings permanently mounted on the exterior of the Premises, however, Landlord will not unreasonably withhold its approval.

**CONFIDENTIALITY:**

The Parties will maintain all confidential information in confidence and will not disclose such information to any other party without written consent. Confidential Information may be released to the parties' employees, partners, consultants and lenders who have a reasonable need for such Confidential Information, provided that such individuals agree to maintain the confidential nature of the information.

**COMMISSION:**

Landlord and Tenant hereby represent that they have not engaged any other real estate broker, and that no commissions or finder's fees are due other than to Colliers International. Landlord shall be responsible for a commission according to the Colliers schedule.

**CONTINGENCY:**

The transaction contemplated herein is subject to approval by the Walgreens Real Estate Committee on or before September 15, 2011.

**DISCLOSURES, EXPERT  
MATTERS AND  
RESPONSIBILITIES OF  
PARTIES:**

Attached to this Proposal is the "Disclosures, Expert Matters and Responsibilities of Parties" form, which Colliers International requires in any real estate transaction.

**EXPIRATION:**

This Proposal shall remain in effect until 5:00 p.m. on Friday, June 17, 2011.

This non-binding Proposal is intended solely as a preliminary expression of general intent and interest and is to be used for general discussion purposes only. It is neither an offer, acceptance nor contract. The parties hereby agree that this non-binding Proposal does not create agreement, obligations, rights, duties, or otherwise by either party to negotiate a lease agreement and/or to contribute or further discuss or negotiate a lease agreement. The parties shall have no contractual duties to one another, and the parties expressly agree and acknowledge that no implied covenants attach to this non-binding Proposal, including but not limited to the implied covenant of good faith and fair dealing. Only upon the full and final execution and delivery of a lease agreement will any obligations attach

Mr. Todd Frank  
WALGREEN'S CO. CORPORATE OFFICES  
June 13, 2011  
Page 4



with respect to the lease agreement outlined in this non-binding Proposal. Without limiting the foregoing the parties may (i) negotiate with other parties with respect to the real property and any other subject matter of this non-binding Proposal; (ii) enter into a formal agreement with another party with respect to the real property and any other subject matter of this non-binding Proposal; (iii) propose different or additional terms that those contained in this non-binding Proposal; and (iv) unilaterally terminate all negotiations with the other party with respect to the subject matter of this non-binding Proposal without liability of any kind whatsoever, and without explanation, cause or reason. Any party who takes any actions in reliance on this non-binding Proposal does so at their own costs, expense, risk and peril. This non-binding Proposal shall at all times remain, regardless of statements, writings, conduct, or otherwise, non-binding, unless and until the parties fully execute and deliver a formal lease agreement.

After you have had an opportunity to review the above terms and conditions and have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

COLLIERS PARRISH INTERNATIONAL, INC.,  
dba COLLIERS INTERNATIONAL

Sandra Weck  
Senior Vice President  
Retail Properties  
(925) 227-6230  
E-Mail: [sweck@colliersparrish.com](mailto:sweck@colliersparrish.com)  
California Department of Real Estate Licence No. 00861536

SLW(Walgreens 06.13.11\pcfn613-e)\jl

cc: Ms. Reesa Tansey, COLLIERS INTERNATIONAL

**ACKNOWLEDGED AND AGREED:**

**TENANT:**

Walgreen Co., an Illinois corporation

BY:

TITLE: SA. P.E. MGR.

DATE: 6/27/2011

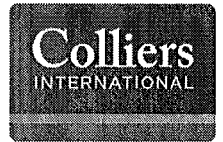
**LANDLORD:**

Sunfield Development, LLC

BY:

TITLE: CEO

DATE: 6/20/11



August 22, 2011

Mr. Vik Bhaila  
Area Manager  
THE UPS STORE  
1325 Howard Avenue  
Burlingame, CA 94010

**RE: PROPOSAL TO LOCATE A UPS STORE AT SEMINARY POINT, 2521 SEMINARY AVENUE, OAKLAND, CALIFORNIA 94605**

Dear Vik:

Sunfield Development has authorized me to send you the following Letter of Intent based on your Letter of Interest, dated June 3, 2010, for the above mentioned development. They are interested in proceeding based on the following terms and conditions:

**LANDLORD:** Seminary Point, LLC

**TENANT:** The UPS Store

**PREMISES:** Approximately 1,200 square feet located at 2521 Seminary Avenue, Oakland, California. The exact location on the attached site plan to be determined.

**EXCLUSIVE USE:** Tenant wishes to open a UPS retail store. Tenant wishes an exclusive for (please complete).

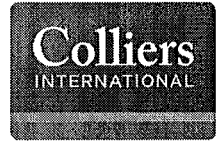
**INITIAL TERM:** The initial term of the Lease shall be for ten (10) years from the commencement date ("Initial Term"), as defined below.

**OPTION PERIOD(S):** Tenant shall be granted two (2), five (5) year options under the same terms and conditions as the Initial Term, with the options exercisable by Tenant with one hundred eighty (180) days' written notice.

**FIXED MINIMUM RENT:**

<u>Primary Term:</u>	Year 1:	\$2.50 per square foot, per month, NNN
	Year 2:	\$2.58 per square foot, per month, NNN
	Year 3:	\$2.65 per square foot, per month, NNN
	Year 4:	\$2.73 per square foot, per month, NNN
	Year 5:	\$2.81 per square foot, per month, NNN
	Year 6:	\$2.90 per square foot, per month, NNN
	Year 7:	\$2.99 per square foot, per month, NNN
	Year 8:	\$3.07 per square foot, per month, NNN
	Year 9:	\$3.17 per square foot, per month, NNN
	Year 10:	\$3.26 per square foot, per month, NNN

Options 1 & 2: Same terms and conditions as the previous ten (10) years, which includes an annual increase in rent of 3%.



***TAXES/INSURANCE AND  
COMMON AREA MAINTENANCE  
EXPENSES:***

Tenant to pay its pro rata share of Landlord's actual out-of-pocket costs for real estate taxes, insurance and Common Area Maintenance ("NNN Charges"). Landlord's estimate of the first (1<sup>st</sup>) year's NNN Charges is approximately \$0.58 per square foot, per month. The Common Area Maintenance will also include a ten percent (10%) administration fee. There will not be a cap on NNN Charges. Tenant shall be entitled to a reasonable audit right.

***DELIVERY DATE:***

Delivery of Tenant's space is estimated to be June 1, 2012.

***SECURITY DEPOSIT:***

A minimum of one (1) month's rent upon Lease execution. Business Financial Statement to be submitted to Landlord.

***ADVANCED RENT:***

One (1) month's rent and estimated NNN Charges upon execution of the Lease for the first (1<sup>st</sup>) month's rent.

***RENT COMMENCEMENT:***

Tenant will not pay rent, Common Area Maintenance, taxes and insurance until the date that is the earlier of: (a) the date Tenant opens for business at the Premises; or (b) ninety (90) days after Delivery Date.

***ASSIGNMENT & SUBLETTING:***

Tenant shall have the right to assign the Lease, or sublet all, or part, of the Premises with the prior consent of Landlord. In the event of such assignment, Tenant shall not be relieved of responsibilities and obligations under the Lease. To be negotiated fully in the Lease.

***CONDITION OF PREMISES:***

Landlord shall deliver the Premises to Tenant in a "vanilla shell" condition as per the attached Exhibit. The Premises will be in sound condition and in compliance with all applicable federal, state and local codes.

The structural elements, roof and building systems of the building will be seismically and otherwise sound and will meet all applicable federal, state, and local codes including handicapped accessibility standards. Landlord will disclose any known conditions including, but not limited to, environmental contamination, restrictions on utilities, or exclusive use restrictions, that would adversely affect Tenant's store design, permitting, construction or use of the Premises.

***TENANT IMPROVEMENT  
ALLOWANCE:***

Landlord shall provide Tenant with a Tenant Improvement Allowance in the amount of Fifteen and No/100 Dollars (\$15.00) per square foot for the construction of tenant improvements. Said allowance shall be due and payable to Tenant within thirty (30) days after Tenant's written notification of (i) the completion of Tenant's improvements, (ii) presentation to Landlord of Final Unconditional lien releases, (iii) receipt of Certificate of Occupancy, (iv) complete breakdown of Tenant's construction costs (including of invoices) and (v) Tenant opening for business.

***HAZARDOUS MATERIALS:***

To be negotiated in the Lease.



**ADA REQUIREMENTS:**

The Project will be built in compliance with ADA.

**CERTIFICATE OF COMPLIANCE:**

Tenant shall apply and secure all required permits and shall be compliant with all local approvals and ordinances. Tenant will pay for fees in order to build-out tenant improvements in order to conduct business.

**ACKNOWLEDGMENT:**

The parties further agree and acknowledge the following broker representation:

- A) Broker makes no representations or warranties with respect to the physical and environmental condition of the Premises, including an environmental assessment of the Premises. The Premises is within a Special Studies Zone as designated under the Alquist-Priolo Special Studies Zone Act (Earthquake Zones), Sections 2621 - 2630, inclusive, of the California Public Resources Code or a HUD Flood Zone, as set forth in the U.S. Department of Housing and Urban Development "Special Flood Zone Area Maps", as applicable.
- B) The parties release Broker from any and all liabilities arising out of, or in connection with, the physical and environmental condition of the Premises, including, without limitation, the existence of any hazardous or toxic materials.

**RADIUS CLAUSE:**

None.

**SIGNS & AWNINGS:**

Tenant will comply with the approved Project Signage Criteria to be provided at a later date upon approval by Landlord and the City of Oakland.

Tenant may install signs in and on the Premises to the maximum extent permitted by local law and in accordance with Landlord's sign criteria attached hereto. Landlord will have the right to approve signage and awnings permanently mounted on the exterior of the Premises, however, Landlord will not unreasonably withhold its approval.

**FINANCIAL WORTH:**

*(Please complete the additional information on the "Basic Lease Information Form" attached.)*

Landlord's acceptance of this Proposal is subject to Landlord's sole and absolute discretion as is predicated upon Tenant's substantiating and acceptable financial worth and business experience. Colliers International shall not be responsible for the credit worthiness of the Tenant. Colliers will endeavor to obtain customary financial information for Landlord so that Landlord may decide whether Tenant is credit worthy. Landlord should advise Colliers as to any additional financial information Landlord needs in order to decide to accept or reject Tenant. The decision whether to accept or reject Tenant from a credit viewpoint is solely that of Landlord and not of Colliers International. If Landlord accepts Tenant, the payment or non-payment of commission shall not be related to the success of Tenant.





If Landlord accepts Tenant, the payment of non-payment of commission shall not be related to the success of Tenant.

***CONFIDENTIALITY:***

The Parties will maintain all confidential information in confidence and will not disclose such information to any other party without written consent. Confidential Information may be released to the parties' employees, partners, consultants and lenders who have a reasonable need for such Confidential Information, provided that such individuals agree to maintain the confidential nature of the information.

***COMMISSION:***

Landlord and Tenant hereby represent that they have not engaged any other real estate broker, and that no commissions or finder's fees are due other than to Colliers International. Landlord shall be responsible for a commission according to the Colliers schedule, and said commission shall be split on a 50/50 basis between the Brokers.

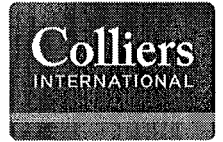
***DUAL AGENCY:***

Landlord and Tenant hereby acknowledge that Colliers International represents both parties in this transaction, acting in a Dual Agency capacity, and Landlord and Tenant consent thereto. Dual Agency Agreement is attached hereto and made a part hereof.

***DISCLOSURES, EXPERT  
MATTERS AND  
RESPONSIBILITIES OF  
PARTIES:***

Attached to this Proposal is the "Disclosures, Expert Matters and Responsibilities of Parties" form, which Colliers International requires in any real estate transaction.

This non-binding Proposal is intended solely as a preliminary expression of general intent and interest and is to be used for general discussion purposes only. It is neither an offer, acceptance nor contract. The parties hereby agree that this non-binding Proposal does not create agreement, obligations, rights, duties, or otherwise by either party to negotiate a lease agreement and/or to contribute or further discuss or negotiate a lease agreement. The parties shall have no contractual duties to one another, and the parties expressly agree and acknowledge that no implied covenants attach to this non-binding Proposal, including but not limited to the implied covenant of good faith and fair dealing. Only upon the full and final execution and delivery of a lease agreement will any obligations attach with respect to the lease agreement outlined in this non-binding Proposal. Without limiting the foregoing the parties may (i) negotiate with other parties with respect to the real property and any other subject matter of this non-binding Proposal; (ii) enter into a formal agreement with another party with respect to the real property and any other subject matter of this non-binding Proposal; (iii) propose different or additional terms that those contained in this non-binding Proposal; and (iv) unilaterally terminate all negotiations with the other party with respect to the subject matter of this non-binding Proposal without liability of any kind whatsoever, and without explanation, cause or reason. Any party who takes any actions in reliance on this non-binding Proposal does so at their own costs, expense, risk and peril. This non-binding Proposal shall at all times remain, regardless of statements, writings, conduct, or otherwise, non-binding, unless and until the parties fully execute and deliver a formal lease agreement.



After you have had an opportunity to review the above terms and conditions and have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

**COLLIERS PARRISH INTERNATIONAL, INC.,  
dba COLLIERS INTERNATIONAL**

A handwritten signature in cursive script, appearing to read "Sandra Weck".

Sandra Weck  
Senior Vice President  
Retail Properties  
(925) 227-6230  
E-Mail: [sweck@colliersparrish.com](mailto:sweck@colliersparrish.com)  
California Department of Real Estate Licence No. 00861536

SLW/Seminary Point(prbha822-e)lc

cc: Reesa Tansey, COLLIERS INTERNATIONAL

**ACKNOWLEDGED AND AGREED:**

**TENANT:**

**The UPS Store**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**LANDLORD:**

**Seminary Point, LLC**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_



## **DISCLOSURES, EXPERT MATTERS AND RESPONSIBILITIES OF PARTIES**

The following is intended to describe the responsibilities undertaken by Colliers Parrish International, Inc., dba Colliers International (Broker) and by Client with regard to disclosure issues and expert matters as described below:

**EXPERT MATTERS:** There are a number of potentially significant matters related to commercial properties, which may be material to a particular transaction, the evaluation of which would require specialized expertise which is beyond the expertise and/or responsibility of the Broker ("Expert Matters"). Broker recommends that parties to a potential lease transaction obtain the advice of qualified professionals and experts prior to the consummation of any transaction. Parties to a lease transaction should not and will not rely on Broker with regard to Expert Matters, but instead will rely entirely on their own investigation and those of qualified professionals and experts.

Expert Matters may include, but are not limited to, the following: the use, generation, storage or presence of hazardous or toxic substances and underground storage tanks; natural hazards, such as fire, flood, or earthquake; building safety and structural integrity of roof, walls, and foundations or any improvements located on the Property; operation or condition of mechanical, plumbing, utility or life safety systems; mold, fungus, water damage, or effects of moisture; compliance with Americans with Disabilities Act (ADA); compliance with building and fire codes; tax, accounting, or legal effects or consequences of the proposed transaction; survey, linear or area measurements of the Property; availability of utilities and utility connections, adequacy, availability and condition of sewer lines and/or connections, public transportation, or other infrastructure; zoning and permitted land uses; insurance policies and premiums; architectural design or engineering; geotechnical/soil condition; termites or other pests or rodents; statements of income and expense or other financial statements; the financial soundness of a prospective tenant or subtenant; condition of title; or existing taxes, assessments or liens.

Broker has no responsibility to, has not made and will not make an independent investigation or determination with respect to any Expert Matters. Any information communicated by Broker regarding any of the Expert Matters arises from third party sources and has not been and will not be independently verified by Broker.

**DISCLOSURES:** Owners of real estate must comply with California law for the disclosure of any and all known material facts concerning their property to prospective tenants or buyers. To meet this requirement, Broker recommends that Owners of real estate obtain legal advice from a qualified legal professional. Broker shall have no responsibility for property disclosures beyond the delivery and/or disclosure of information provided by the Owner or known to the Broker. Parties to a lease transaction should not and will not rely on Broker with regard to matters of disclosure required by Owners, but instead will rely entirely on their own investigation and that of qualified professionals and experts.

Matters requiring disclosure may include, but are not limited to, the following: Natural Hazard Disclosures (including whether or not the property is located in a flood hazard area, fire hazard severity zone, forest fire risk area, earthquake fault zone, or a seismic hazard zone), toxic mold disclosures, known material defects, presence or proximity to hazardous materials, compliance with the Americans with Disabilities Act (ADA), compliance with zoning laws, and whether or not the property is located in a special tax zone (such as a Mello-Roos Community Facilities District) or a special assessment district.

### **Received & Acknowledged:**

Colliers Parrish International, Inc., dba Colliers International - Sandra Weck  
California Department of Real Estate License No. 00861536

\_\_\_\_\_  
Date

Colliers Parrish International, Inc., dba Colliers International - Reesa Tansey  
California Department of Real Estate License No. \_\_\_\_\_

\_\_\_\_\_  
Date

**Client:** Seminary Point, LLC

\_\_\_\_\_  
Date

■ Client and Broker agree that the foregoing shall be an Addendum to the Letter of Intent to Lease, dated August 22, 2011, for the premises located at 2521 Seminary Avenue, Oakland, California (the "Premises"), and that the specific provisions set forth herein shall control over and supersede any inconsistent provisions contained in another form of agreement which is contemporaneously entered into by these parties relating to the Property.



## DUAL AGENCY AGREEMENT

Seller/Owner/Lessor/Landlord: Seminary Point, LLC

Seller/Owner/Lessor/Landlord's Agent: Colliers Parrish International, Inc., dba Colliers International - Sandra Weck  
California Department of Real Estate License No. 00861536

Colliers Parrish International, Inc., dba Colliers International - Reesa Tansey  
California Department of Real Estate License No.

Buyer/Lessee/Tenant: The UPS Store

Buyer/Lessee/Tenant's Agent: Colliers Parrish International, Inc., dba Colliers International - Sandra Weck  
California Department of Real Estate License No. 00861536

Colliers Parrish International, Inc., dba Colliers International - Reesa Tansey  
California Department of Real Estate License No.

Premises: 2521 Seminary Avenue, Oakland, California

As agreed by the parties to the sale or lease transaction, Colliers International and the Agent(s) identified above (Colliers and the identified agent(s) are referred to collectively as "Agent") are serving in a dual agency capacity, representing both the Seller/Owner/Lessor/Landlord and the Buyer/Lessee/Tenant for the sale or lease of the Premises. The undersigned parties acknowledge that they were informed of the possibility of this type of representation and that they are authorized to execute this Dual Agency Agreement on behalf of the above named Seller/Owner/Lessor/Landlord and Buyer/Lessee/Tenant.

The Seller/Owner/Lessor/Landlord and Buyer/Lessee/Tenant consent to and authorize Colliers International to engage in this dual agency, with the understanding that Agent will handle these responsibilities in the manner described in this agreement:

In the negotiation of a sale or lease, Agent shall not disclose the best terms upon which Buyer/Lessee/Tenant is willing to purchase or lease the Premises, unless authorized to do so by the Buyer/Lessee/Tenant. Similarly, Agent shall not disclose the best terms upon which the Seller/Owner/Lessor/Landlord is willing to sell or lease the Premises, unless authorized to do so by the Seller/Owner/Lessor/Landlord.

It is acknowledged and agreed that Agent's disclosure responsibilities to Buyer/Lessee/Tenant will be met by Agent's disclosure to Buyer/Lessee/Tenant of all material facts provided by Seller/Owner/Lessor/Landlord or known by Agent and that Agent has not undertaken to investigate the Premises or to verify the accuracy of the information provided by Seller/Owner/Lessor/Landlord. Both Seller/Owner/Lessor/Landlord and Buyer/Lessee/Tenant acknowledge that Expert Matters are to be addressed by the parties and not by Agent.

Each of the undersigned parties acknowledges the above understanding and consent to Agent's service as a dual agent on behalf of both Seller/Owner/Lessor/Landlord and Buyer/Lessee/Tenant.

Seller/Owner/Lessor/Landlord: \_\_\_\_\_

Date: \_\_\_\_\_

Buyer/Lessee/Tenant: \_\_\_\_\_

Date: \_\_\_\_\_



## **Basic Lease Information Form**

The following information is requested in order for the Landlord to properly prepare a draft lease document for Tenant to review.

Full Name of Tenant: The UPS Store

State of Incorporation or  
Type of Ownership: a California [corporation]

Tenant's Address for Notices: c/o Vik Bhaila, Area Manager  
1325 Howard Avenue  
Burlingame, CA 94010

Until Tenant takes  
possession of the Premises: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

After Tenant takes  
possession of the Premises: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Full Name and Title of authorized  
decision maker who will sign the  
lease document: \_\_\_\_\_

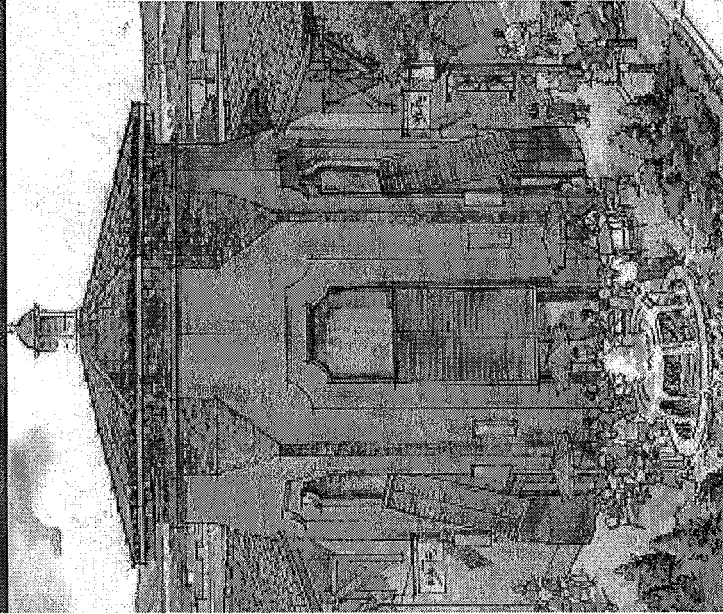
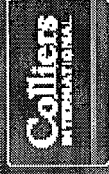
Tenant's Current Telephone Number: (650) 341-2744

Tenant's Current E-Mail Address: jbhaila@theupsstore.com

FOR LEASE

Oakland, California  
Seminary Point

FOOTHILL BOULEVARD, SEMINARY AVENUE & BANCROFT AVENUE



## Oakland's Newest Neighborhood Retail Center

- > ±34,500 total square feet available
- > Units available from a minimum of ±1,200 to a maximum of ±17,000 square feet

### Property Features

- > Dense neighborhood population
- > Bordered by three major street arteries with major traffic counts:  
Foothill Boulevard, Seminary Avenue and Bancroft Avenue
- > Easy access from Highway 13, Interstate 580 and public transportation

### Demographics

Category	1 Mile	3 Miles	5 Miles
Population	45,081	235,595	438,295
Average Household Income	\$55,885	\$67,174	\$78,596

The information furnished has been obtained from sources we deem reliable and is submitted subject to errors, omissions and changes. Although Colliers International has no reason to doubt its accuracy, we do not guarantee it. All information should be verified by the recipient prior to lease, purchase, exchange, or execution of legal documents. © 2010 Colliers International

OPENING IN 2012  
NOW LEASING!

REESA TANSEY  
+1 510 433 5808  
reesa.tansey@colliers.com  
CA License No. 01730076

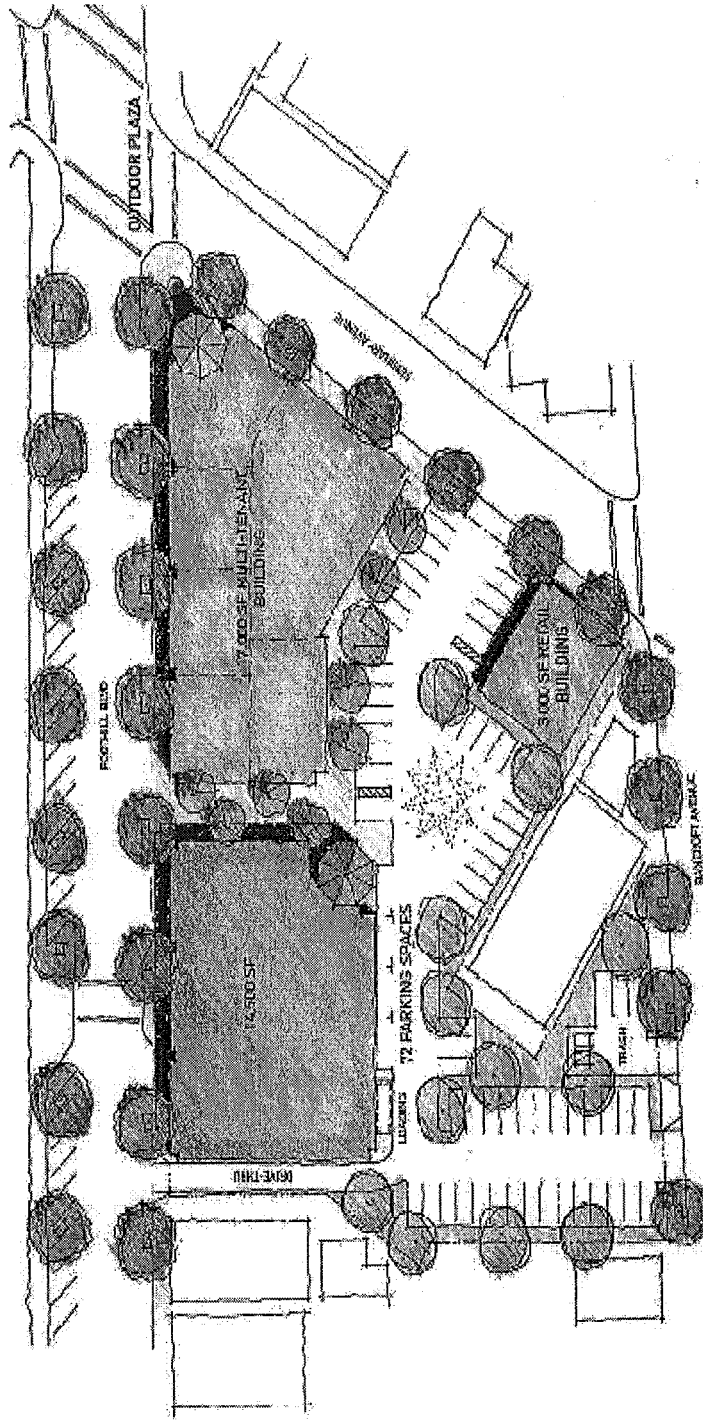
SANDRA WECK  
+1 925 227 6230  
sandra.weck@colliers.com  
CA License No. 00861536

COLLIERS INTERNATIONAL  
1999 Harrison Street, Suite 1750  
Oakland, CA 94612  
www.colliersparish.com

FOR LEASE

## Seminary Point

FOOTHILL BOULEVARD, SEMINARY AVENUE & BANCROFT AVENUE > OAKLAND, CA 94605



**OPENING IN 2012  
NOW LEASING!**

REESA TANSEY  
+1 510 433 5808  
reesa.tansey@colliers.com  
CA License No. D1730076

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Sandra Weck  
Senior Vice President  
California DRE License No. 00861536  
sandra.weck@colliers.com

5050 Hopyard Road, Suite 180  
Pleasanton, CA 94588  
www.colliers.com

MAIN +1 925 463 2300  
DIRECT +1 925 227 6230  
FAX +1 925 463 0747



August 22, 2011

Mr. Al Hibbard  
General Manager  
SALES DEVELOPMENT 57BA INC.  
15 Crow Canyon Court, Suite 210  
San Ramon, CA 94583

**RE: PROPOSAL TO LOCATE A SUBWAY RESTAURANT AT SEMINARY POINT, 2521 SEMINARY AVENUE, OAKLAND, CALIFORNIA 94605**

Dear Al:

Sunfield Development has authorized me to send you the following Letter of Intent based on your Letter of Interest, dated June 4, 2010, for the above mentioned development. They are interested in proceeding based on the following terms and conditions:

**LANDLORD:** Seminary Point, LLC

**TENANT:** Sales Development 57BA Inc., dba Subway Real Estate LLC

**PREMISES:** Approximately 1,000 square feet located at 2521 Seminary Avenue, Oakland, California. The exact location in the multi-tenant building on the attached site plan to be determined.

**EXCLUSIVE USE:** Tenant wishes to open a Subway sandwich restaurant. Tenant wishes an exclusive for making sandwiches as per the menu in a Subway sandwich restaurant.

**INITIAL TERM:** The initial term of the Lease shall be for ten (10) years from the commencement date ("Initial Term"), as defined below.

**OPTION PERIOD(S):** Tenant shall be granted two (2), five (5) year options under the same terms and conditions as the Initial Term, with the options exercisable by Tenant with one hundred eighty (180) days' written notice.

**FIXED MINIMUM RENT:**

<u>Primary Term:</u>	Year 1:	\$2.50 per square foot, per month, NNN
	Year 2:	\$2.58 per square foot, per month, NNN
	Year 3:	\$2.65 per square foot, per month, NNN
	Year 4:	\$2.73 per square foot, per month, NNN
	Year 5:	\$2.81 per square foot, per month, NNN
	Year 6:	\$2.90 per square foot, per month, NNN
	Year 7:	\$2.99 per square foot, per month, NNN
	Year 8:	\$3.07 per square foot, per month, NNN
	Year 9:	\$3.17 per square foot, per month, NNN
	Year 10:	\$3.26 per square foot, per month, NNN





Options 1 & 2: Same terms and conditions as the previous ten (10) years, which includes an annual increase in rent of 3%.

**TAXES/INSURANCE AND  
COMMON AREA MAINTENANCE  
EXPENSES:**

Tenant to pay its pro rata share of Landlord's actual out-of-pocket costs for real estate taxes, insurance and Common Area Maintenance ("NNN Charges"). Landlord's estimate of the first (1<sup>st</sup>) year's NNN Charges is approximately \$0.58 per square foot, per month. The Common Area Maintenance will also include a ten percent (10%) administration fee. There will not be a cap on NNN Charges. Tenant shall be entitled to a reasonable audit right.

**DELIVERY DATE:**

Delivery of Tenant's space is estimated to be June 1, 2012.

**SECURITY DEPOSIT:**

One (1) month's rent upon Lease execution.

**ADVANCED RENT:**

One (1) month's rent and estimated NNN Charges upon execution of the Lease for the first (1<sup>st</sup>) month's rent.

**RENT COMMENCEMENT:**

Tenant will not pay rent, Common Area Maintenance, taxes and insurance until the date that is the earlier of: (a) the date Tenant opens for business at the Premises; or (b) ninety (90) days after Delivery Date.

**ASSIGNMENT & SUBLETTING:**

Tenant shall have the right to assign the Lease, or sublet all, or part, of the Premises with the prior consent of Landlord. In the event of such assignment, Tenant shall not be relieved of responsibilities and obligations under the Lease. To be negotiated fully in the Lease.

**CONDITION OF PREMISES:**

Landlord shall deliver the Premises to Tenant in a "vanilla shell" condition as per the attached Exhibit. The Premises will be in sound condition and in compliance with all applicable federal, state and local codes.

The structural elements, roof and building systems of the building will be seismically and otherwise sound and will meet all applicable federal, state, and local codes including handicapped accessibility standards. Landlord will disclose any known conditions including, but not limited to, environmental contamination, restrictions on utilities, or exclusive use restrictions, that would adversely affect Tenant's store design, permitting, construction or use of the Premises.

**TENANT IMPROVEMENT  
ALLOWANCE:**

Landlord shall provide Tenant with a Tenant Improvement Allowance in the amount of Fifteen and No/100 Dollars (\$15.00) per square foot for the construction of tenant improvements. Said allowance shall be due and payable to Tenant within thirty (30) days after Tenant's written notification of (i) the completion of Tenant's improvements, (ii) presentation to Landlord of Final Unconditional lien releases, (iii) receipt of Certificate of Occupancy, (iv) complete breakdown of



Tenant's construction costs (including of invoices) and (v) Tenant opening for business.

**HAZARDOUS MATERIALS:**

To be negotiated in the Lease.

**ADA REQUIREMENTS:**

Project built in compliance with ADA.

**CERTIFICATE OF COMPLIANCE:**

Tenant shall apply and secure all required permits and shall be compliant with all local approvals and ordinances. Tenant will pay for fees in order to build-out tenant improvements in order to conduct business.

**ACKNOWLEDGMENT:**

The parties further agree and acknowledge the following broker representation:

- A) Broker makes no representations or warranties with respect to the physical and environmental condition of the Premises, including an environmental assessment of the Premises. The Premises is within a Special Studies Zone as designated under the Alquist-Priolo Special Studies Zone Act (Earthquake Zones), Sections 2621 - 2630, inclusive, of the California Public Resources' Code or a HUD Flood Zone, as set forth in the U.S. Department of Housing and Urban Development "Special Flood Zone Area Maps", as applicable.
- B) The parties release Broker from any and all liabilities arising out of, or in connection with, the physical and environmental condition of the Premises, including, without limitation, the existence of any hazardous or toxic materials.

**RADIUS CLAUSE:**

None.

**SIGNS & AWNINGS:**

Tenant will comply with the approved Project Signage Criteria to be provided at a later date upon approval by Landlord and the City of Oakland.

Tenant may install signs in and on the Premises to the maximum extent permitted by local law and in accordance with Landlord's sign criteria attached hereto. Landlord will have the right to approve signage and awnings permanently mounted on the exterior of the Premises, however, Landlord will not unreasonably withhold its approval.

**FINANCIAL WORTH:**

*(Please complete the additional information on the "Basic Lease Information Form" attached.)*

Landlord's acceptance of this Proposal is subject to Landlord's sole and absolute discretion as is predicated upon Tenant's substantiating and acceptable financial worth and business experience. Colliers International shall not be responsible for the credit worthiness of the Tenant. Colliers will endeavor to obtain customary financial information for Landlord so that Landlord may decide whether Tenant is credit worthy. Landlord should advise Colliers as to any additional financial information Landlord needs in order to decide to accept or



reject Tenant. The decision whether to accept or reject Tenant from a credit viewpoint is solely that of Landlord and not of Colliers International. If Landlord accepts Tenant, the payment or non-payment of commission shall not be related to the success of Tenant. If Landlord accepts Tenant, the payment of non-payment of commission shall not be related to the success of Tenant.

***CONFIDENTIALITY:***

The Parties will maintain all confidential information in confidence and will not disclose such information to any other party without written consent. Confidential Information may be released to the parties' employees, partners, consultants and lenders who have a reasonable need for such Confidential Information, provided that such individuals agree to maintain the confidential nature of the information.

***COMMISSION:***

Landlord and Tenant hereby represent that they have not engaged any other real estate broker, and that no commissions or finder's fees are due other than to Colliers International and \_\_\_\_\_. Landlord shall be responsible for a commission according to the Colliers schedule, and said commission shall be split on a 50/50 basis between the Brokers.

***DISCLOSURES, EXPERT  
MATTERS AND  
RESPONSIBILITIES OF  
PARTIES:***

Attached to this Proposal is the "Disclosures, Expert Matters and Responsibilities of Parties" form, which Colliers International requires in any real estate transaction.

This non-binding Proposal is intended solely as a preliminary expression of general intent and interest and is to be used for general discussion purposes only. It is neither an offer, acceptance nor contract. The parties hereby agree that this non-binding Proposal does not create agreement, obligations, rights, duties, or otherwise by either party to negotiate a lease agreement and/or to contribute or further discuss or negotiate a lease agreement. The parties shall have no contractual duties to one another, and the parties expressly agree and acknowledge that no implied covenants attach to this non-binding Proposal, including but not limited to the implied covenant of good faith and fair dealing. Only upon the full and final execution and delivery of a lease agreement will any obligations attach with respect to the lease agreement outlined in this non-binding Proposal. Without limiting the foregoing the parties may (i) negotiate with other parties with respect to the real property and any other subject matter of this non-binding Proposal; (ii) enter into a formal agreement with another party with respect to the real property and any other subject matter of this non-binding Proposal; (iii) propose different or additional terms that those contained in this non-binding Proposal; and (iv) unilaterally terminate all negotiations with the other party with respect to the subject matter of this non-binding Proposal without liability of any kind whatsoever, and without explanation, cause or reason. Any party who takes any actions in reliance on this non-binding Proposal does so at their own costs, expense, risk and peril. This non-binding Proposal shall at all times remain, regardless of statements, writings, conduct, or otherwise, non-binding, unless and until the parties fully execute and deliver a formal lease agreement.

Mr. Al Hibbard  
General Manager  
SALES DEVELOPMENT 57BA INC.  
August 22, 2011  
Page 5



After you have had an opportunity to review the above terms and conditions and have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

**COLLIERS PARRISH INTERNATIONAL, INC.,  
dba COLLIERS INTERNATIONAL**

A handwritten signature in cursive script, appearing to read "Sandra Weck".

Sandra Weck  
Senior Vice President  
Retail Properties  
(925) 227-6230  
E-Mail: [sweck@colliersparrish.com](mailto:sweck@colliersparrish.com)  
*California Department of Real Estate Licence No. 00861536*

SLW(Seminary Point\prhib822-e)em

**ACKNOWLEDGED AND AGREED:**

**TENANT:**

**Sales Development 57BA Inc.,  
Subway Real Estate LLC**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**LANDLORD:**

**Seminary Point, LLC**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

## **DISCLOSURES, EXPERT MATTERS AND RESPONSIBILITIES OF PARTIES**

The following is intended to describe the responsibilities undertaken by Colliers Parrish International, Inc., dba Colliers International (Broker) and by Client with regard to disclosure issues and expert matters as described below:

**EXPERT MATTERS:** There are a number of potentially significant matters related to commercial properties, which may be material to a particular transaction, the evaluation of which would require specialized expertise which is beyond the expertise and/or responsibility of the Broker ("Expert Matters"). Broker recommends that parties to a potential lease transaction obtain the advice of qualified professionals and experts prior to the consummation of any transaction. Parties to a lease transaction should not and will not rely on Broker with regard to Expert Matters, but instead will rely entirely on their own investigation and those of qualified professionals and experts.

Expert Matters may include, but are not limited to, the following: the use, generation, storage or presence of hazardous or toxic substances and underground storage tanks; natural hazards, such as fire, flood, or earthquake; building safety and structural integrity of roof, walls, and foundations or any improvements located on the Property; operation or condition of mechanical, plumbing, utility or life safety systems; mold, fungus, water damage, or effects of moisture; compliance with Americans with Disabilities Act (ADA); compliance with building and fire codes; tax, accounting, or legal effects or consequences of the proposed transaction; survey, linear or area measurements of the Property; availability of utilities and utility connections, adequacy, availability and condition of sewer lines and/or connections, public transportation, or other infrastructure; zoning and permitted land uses; insurance policies and premiums; architectural design or engineering; geotechnical/soil condition; termites or other pests or rodents; statements of income and expense or other financial statements; the financial soundness of a prospective tenant or subtenant; condition of title; or existing taxes, assessments or liens.

Broker has no responsibility to, has not made and will not make an independent investigation or determination with respect to any Expert Matters. Any information communicated by Broker regarding any of the Expert Matters arises from third party sources and has not been and will not be independently verified by Broker.

**DISCLOSURES:** Owners of real estate must comply with California law for the disclosure of any and all known material facts concerning their property to prospective tenants or buyers. To meet this requirement, Broker recommends that Owners of real estate obtain legal advice from a qualified legal professional. Broker shall have no responsibility for property disclosures beyond the delivery and/or disclosure of information provided by the Owner or known to the Broker. Parties to a lease transaction should not and will not rely on Broker with regard to matters of disclosure required by Owners, but instead will rely entirely on their own investigation and that of qualified professionals and experts.

Matters requiring disclosure may include, but are not limited to, the following: Natural Hazard Disclosures (including whether or not the property is located in a flood hazard area, fire hazard severity zone, forest fire risk area, earthquake fault zone, or a seismic hazard zone), toxic mold disclosures, known material defects, presence or proximity to hazardous materials, compliance with the Americans with Disabilities Act (ADA), compliance with zoning laws, and whether or not the property is located in a special tax zone (such as a Mello-Roos Community Facilities District) or a special assessment district.

### **Received & Acknowledged:**

\_\_\_\_\_  
Colliers Parrish International, Inc., dba Colliers International - Sandra Weck  
California Department of Real Estate License No. 00861536

\_\_\_\_\_  
Date

**Client:**      Seminary Point, LLC

\_\_\_\_\_  
Date

■ Client and Broker agree that the foregoing shall be an Addendum to the Letter of Intent to Lease, dated August 22, 2011, for the premises located at 2521 Seminary Avenue, Oakland, California (the "Premises"), and that the specific provisions set forth herein shall control over and supersede any inconsistent provisions contained in another form of agreement which is contemporaneously entered into by these parties relating to the Property.

## **Basic Lease Information Form**

The following information is requested in order for the Landlord to properly prepare a draft lease document for Tenant to review.

Full Name of Tenant: Subway Real Estate LLC, dba Subway Real Estate LLC

State of Incorporation or  
Type of Ownership:

a California [corporation]

Tenant's Address for Notices:

15 Crow Canyon Court, Suite 210  
San Ramon, CA 94583

Until Tenant takes  
possession of the Premises:

After Tenant takes  
possession of the Premises:

Full Name and Title of authorized  
decision maker who will sign the  
lease document:

Al Hibbard

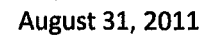
Tenant's Current Telephone Number:

(925) 838-5666 xt. 101

Tenant's Current E-Mail Address:

alsubway@consent.net

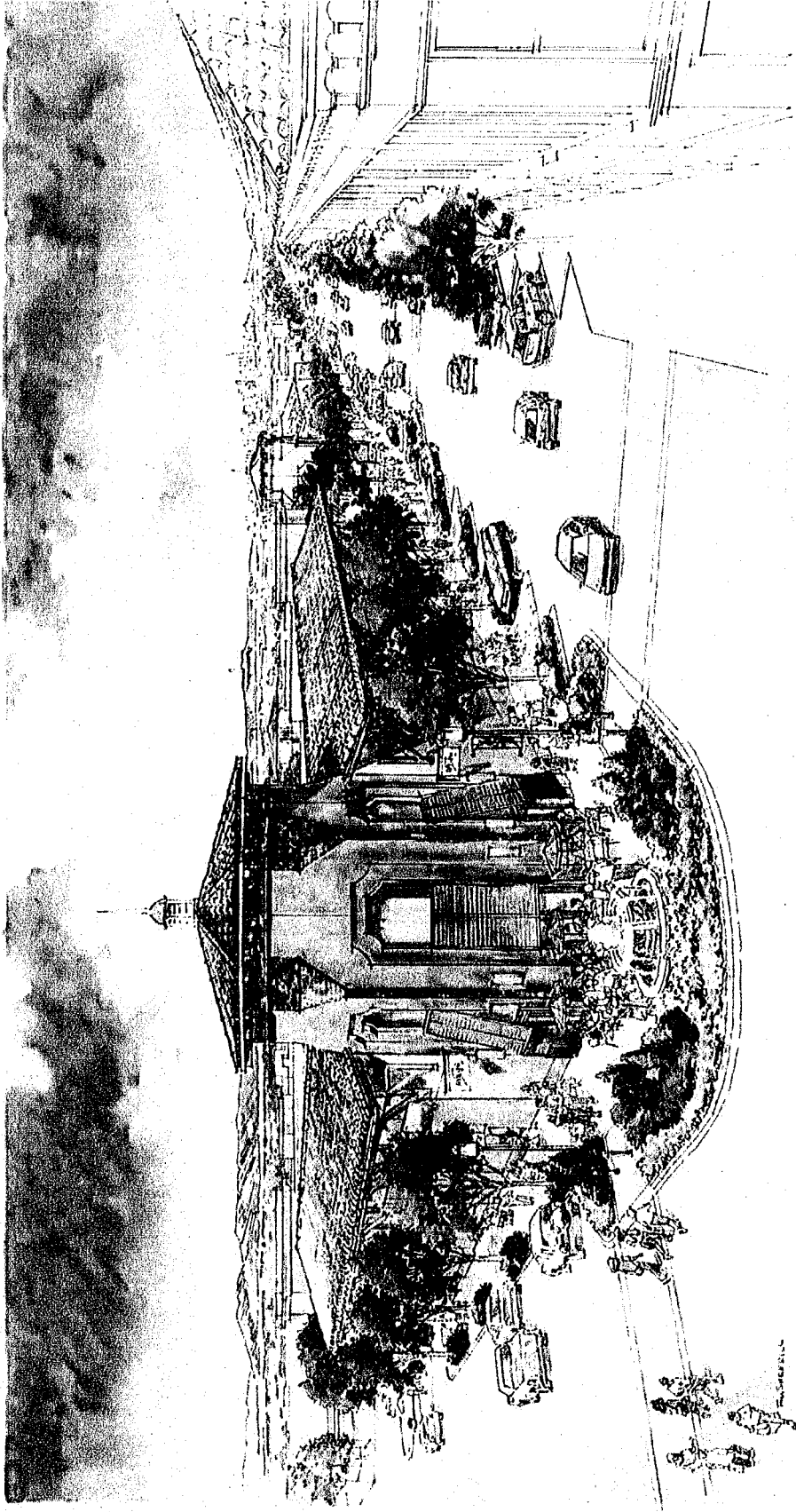
2011 SEP -1 AM 11:50



**Subject: Submittal for ENA Item 2.3.a – Project Design, Schematic Design Plans**

Attached please find the documents related to the project design. These documents are intended to satisfy the intent of item 2.3.a in the Exclusive Negotiating Agreement (ENA) regarding the schematic design plans including exterior elevations, site plans, floor plans, a landscape plan, street and sidewalk improvements, and a sample materials board. The schematic plans also demonstrate how principles of environmental sustainability will be incorporated to meet the City's Green Building Requirements.

[illegible]



# SEMINARY POINT RETAIL DEVELOPMENT

OAKLAND, CALIFORNIA

JULY 2011

FIELD  
PAOLI

ARCHITECT  
PLANNING  
ENGINEERING  
LANDSCAPE ARCHITECTURE  
INTERIOR DESIGN  
ENVIRONMENTAL DESIGN  
CONSTRUCTION MANAGEMENT

IPD

Sunfield  
Commercial Development



## SEMINARY POINT RETAIL DEVELOPMENT

**Oakland, California**



1271 Marina Village Parkway Suite 100 Alameda, CA 94529  
Telephone 810 473 0300 Fax 810 473 0310

[illegible]

**Drawing Title**

**Drawing No.**

# A1

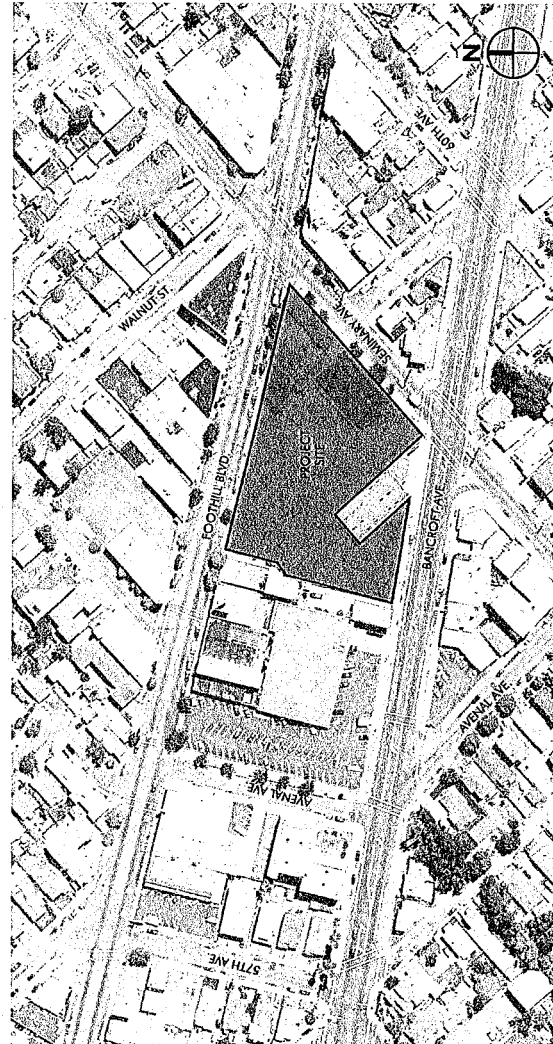
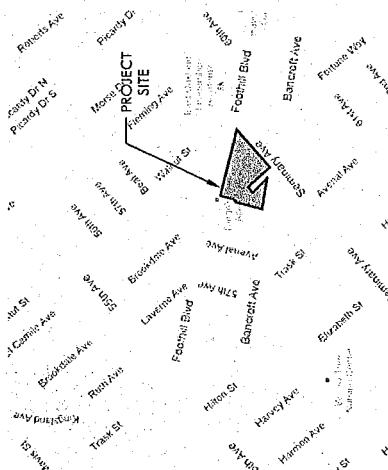
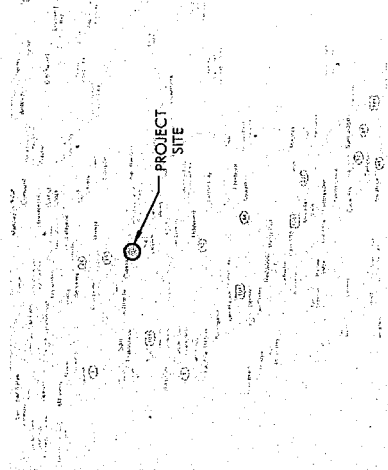
**PROJECT DESCRIPTION:**

THE CITY OF OAKLAND IS GOING THRU URBAN REDEVELOPMENT TO INCREASE VIABILITY OF THE CITY. THE SEMINARY & FOOTHILL PROJECT SITE ENCOMPASSES APPROXIMATELY 70,190 SF AND IS BOUNDED BY FOOTHILL BLVD., SEMINARY AVENUE AND BANCROFT AVENUE IN EAST OAKLAND. THE SITE HAS GREAT POTENTIAL OF BEING DEVELOPED AS A NEIGHBORHOOD REDEVELOPMENT CENTER. THE SUNFED DEVELOPMENT COMPANY PROPOSES TO REDEVELOP THIS SITE WITH ABOUT 30,000 SF. OF RETAIL AT THE CORNER OF FOOTHILL AND SEMINARY WITH A TOTAL OF APPROXIMATELY 105 PARKING SPACES SERVING SHOPS AND COMMERCIAL BUILDINGS. PARKING COUNT INCLUDES AVAILABLE STREET PARKING.

IN KEEPING WITH THE EXISTING SURROUNDING AREA OF ONE AND TWO STORY LOW RISE BUILDINGS, THE PROPOSED DEVELOPMENT WILL BE COMPOSED OF ONE STORY BUILDINGS. THE BUILDING ARCHITECTURE WITH STUCCO, GLASS, MASONRY WITH WOOD AND STEEL ACCENTS WILL NOT ONLY FIT WITH THE CONTEXT OF THE AREA, BUT ALSO WILL BE AN IDEAL DESIGN GUIDELINE FOR FUTURE DEVELOPMENT. TO ENSURE THE DESIGN OF THE PROPOSED DEVELOPMENT ELEMENT WILL HAVE ATTRACTIVE ARTICULATED FEATURES AND SOLIDITY THE CORNER AS THE ANCHOR TO THE DEVELOPMENT. THE PARKING LOT WILL BE WELL LIT AND LANDSCAPED TO PROVIDE CONVENIENT AND FRIENDLY PARKING FOR THE CUSTOMERS.

**PROJECT DESCRIPTION:**

- |     |   |
|-----|---|
| A1  | PROJECT DATA                              |
| A2  | ASSESSOR'S MAP SURVEY                     |
| A3  | EROSION CONTROL                           |
| A4  | LANDSCAPE PLAN                            |
| A5  | SITE PLAN                                 |
| A6  | FLOOR PLAN - BUILDING 1                   |
| A7  | FLOOR PLAN - BUILDINGS 2 & 3              |
| A8  | BUILDING ELEVATIONS                       |
| A9  | SIGN PLAN                                 |
| A10 | MATERIALS & COLOR BOARD                   |
| A11 | SMALL COMMERCIAL GREEN BUILDING CHECKLIST |
| A12 | SMALL COMMERCIAL GREEN BUILDING CHECKLIST |
| A13 | BUILDING PERSPECTIVE VIEWS                |
| A14 | BUILDING PERSPECTIVE VIEWS                |





[illegible]

PROFILE

PAVEMENT

FILTER FABRIC

PROVIDE APPROPRIATE TRANSITION BETWEEN STABILIZED SUBGRADE AND PUBLIC RIGHT-OF-WAY.

MINIMUM

PLAN

EXISTING GROUND

ENTIRE STREET WIDTH

ROOT

THE MATERIAL FOR CONSTRUCTION SHALL BE 3 TO 4 HIGH ROCK. LENGTH AS EXTENSIVE BUT NOT LESS THAN 50 FEET. THICKNESS - NOT LESS THAN 8 INCHES. WIDTH - NOT LESS THAN FULL WIDTH OF ALL POINTS OF ACCESS OR EGRESS.

WADING - WHEN NECESSARY, WHEELS SHALL BE CLEANED TO WALK. WHEN WADING IS REQUIRED, IT SHALL BE DONE ON A WALK. WHEN WADING IS REQUIRED, IT SHALL BE DONE ON A WALK. WHEN WADING IS REQUIRED, IT SHALL BE DONE ON A WALK. WHEN WADING IS REQUIRED, IT SHALL BE DONE ON A WALK.

STRENGTHENING OF EXISTING WALLS - ALL STRENGTHENING SHALL BE DONE BY THE METHOD OF EXISTING WALLS. ALL STRENGTHENING SHALL BE DONE BY THE METHOD OF EXISTING WALLS. ALL STRENGTHENING SHALL BE DONE BY THE METHOD OF EXISTING WALLS.

WATERCOURSE THROUGH USE OF SAND BAGS, GRAVEL BAGS OR OTHER APPROVED METHODS.

CONDITIONS WITHIN THE PROJECT SHALL BE MAINTAINED AS STRENGTHENING OF EXISTING WALLS. ALL STRENGTHENING SHALL BE DONE BY THE METHOD OF EXISTING WALLS. ALL STRENGTHENING SHALL BE DONE BY THE METHOD OF EXISTING WALLS.

CONCRETE WITH PORTLAND CEMENT IS CONTAINING REINFORCING STEEL AND/OR CEMENT OF ANY MEASURED USED TO TRAP REACHED AND FOR PUBLIC ROAD. ANY MUST BE REMOVED.

WOOD STAKE

FIRST LAYER OF FIBER

LENGTH THRU

GROUND OR DIRT

ROLL

BURP ROLL

12"

**FIBER ROLL DETAIL**

NOT TO SCALE

INLET FILTER GRATE (REBAR ON PLANT, SEE NOTE 3)

INLET FILTER GRATE TO OVERLAP INLET GRATE BY 1 IN.

INLET GRATE (SEE NOTE 2)

SALET GRATE

NOT TO SCALE

[illegible]

**INLET PROTECTION DETAIL**  
**(PAVED AREAS)**  
NOT TO SCALE

**A** ☐



SEMINARY  
POINT  
RETAIL  
DEVELOPMENT

Oakland, California

1200 Mission Street, Suite 100, Oakland, CA 94612

Phone: 510.477.0000

1200 Mission Street, Suite 100, Oakland, CA 94612

Phone: 510.477.0000

Revision

Date

IPD Job No.

07-16-11

Drawn By

OPPRN

Checked By

RSCORNN

Scale

1"=50'

0 10 20 30

Feet

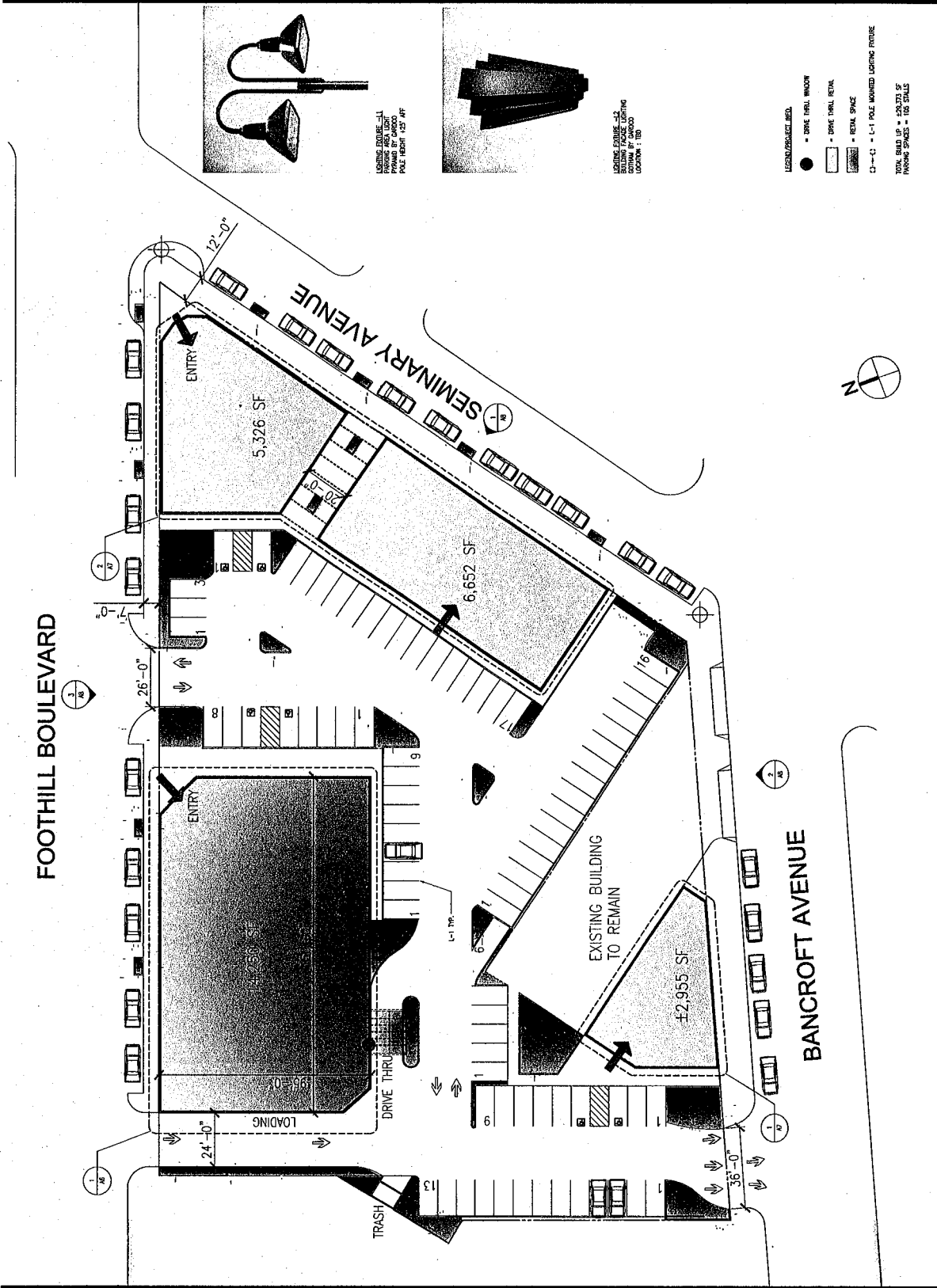
0 10 20 30

Meters

SITE PLAN

Drawing No.

A5



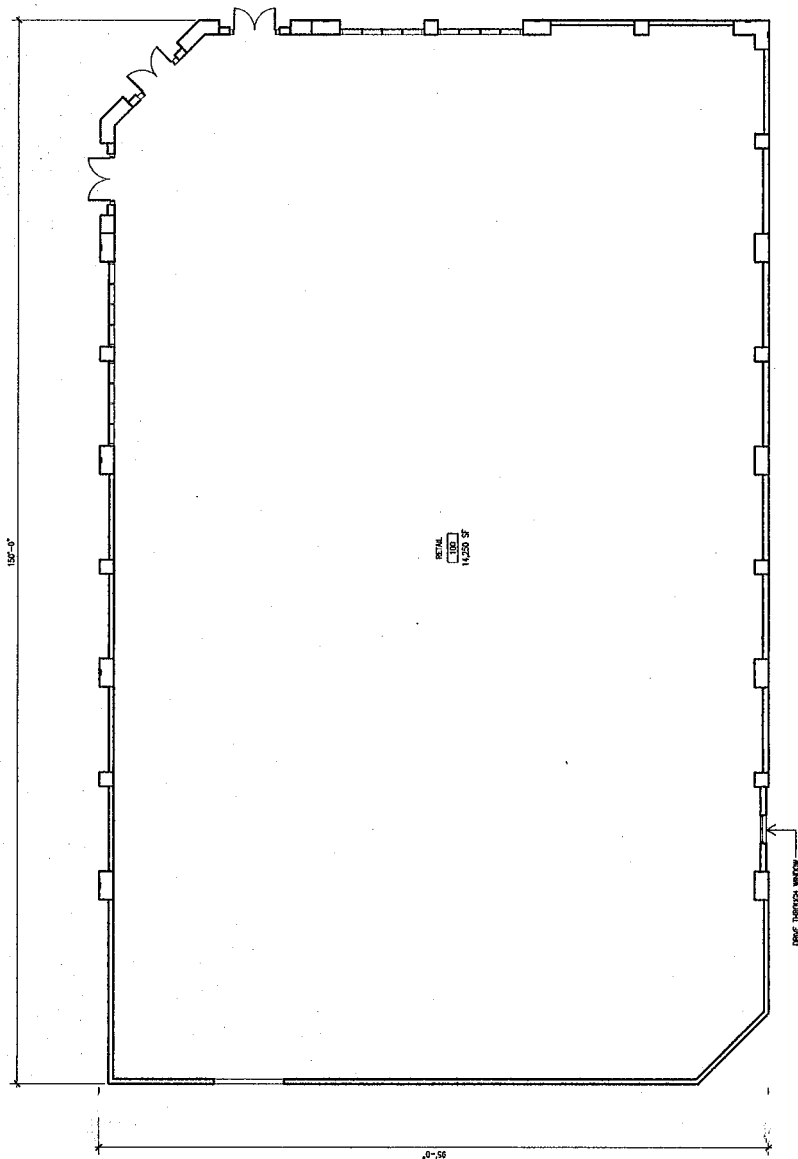
**Oakland, California**



Architecture / Engineering / Consulting  
1201 Marine Village Parkway Suite 100 Alameda, CA 94501  
Telephone 919-473-5200 Fax 919-473-5218

[illegible]

**Drawing No.**



**FLOOR PLAN - BUILDING 2**

SCALE: 1/8" = 1'-0"

SEMINARY  
POINT  
RETAIL  
DEVELOPMENT

Oakland, California

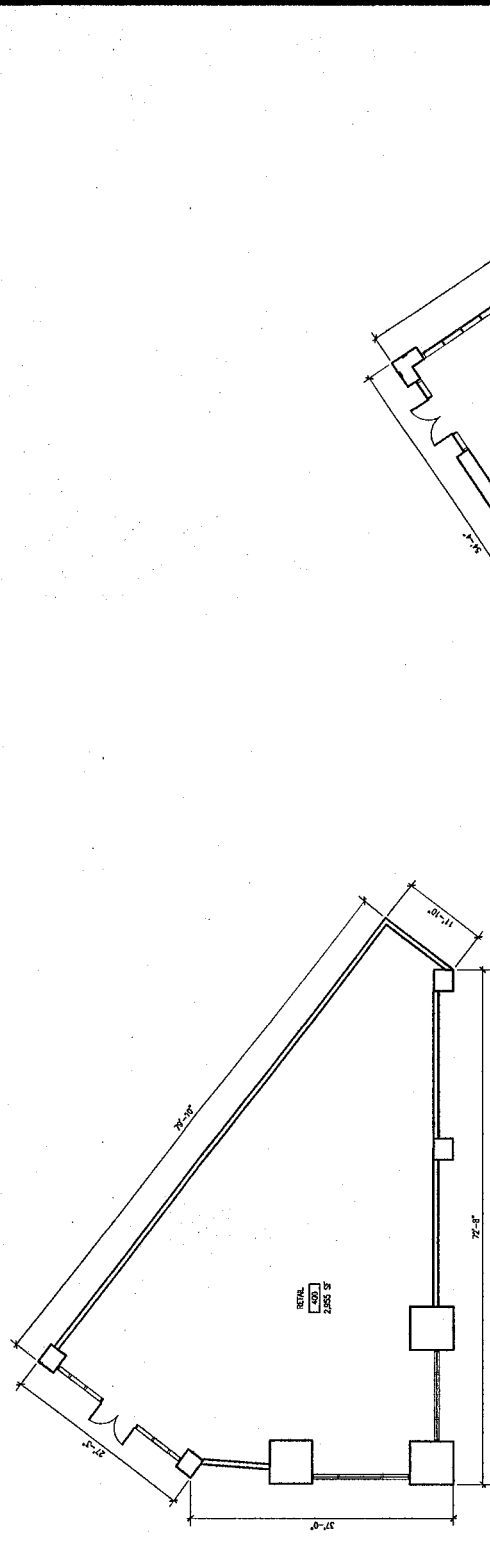
1220 Mission College Parkway, Suite 100, San Jose, CA 95128  
Tel: 408.281.1200 Fax: 408.281.1201  
www.sunfield.com

Revision \_\_\_\_\_ Date \_\_\_\_\_

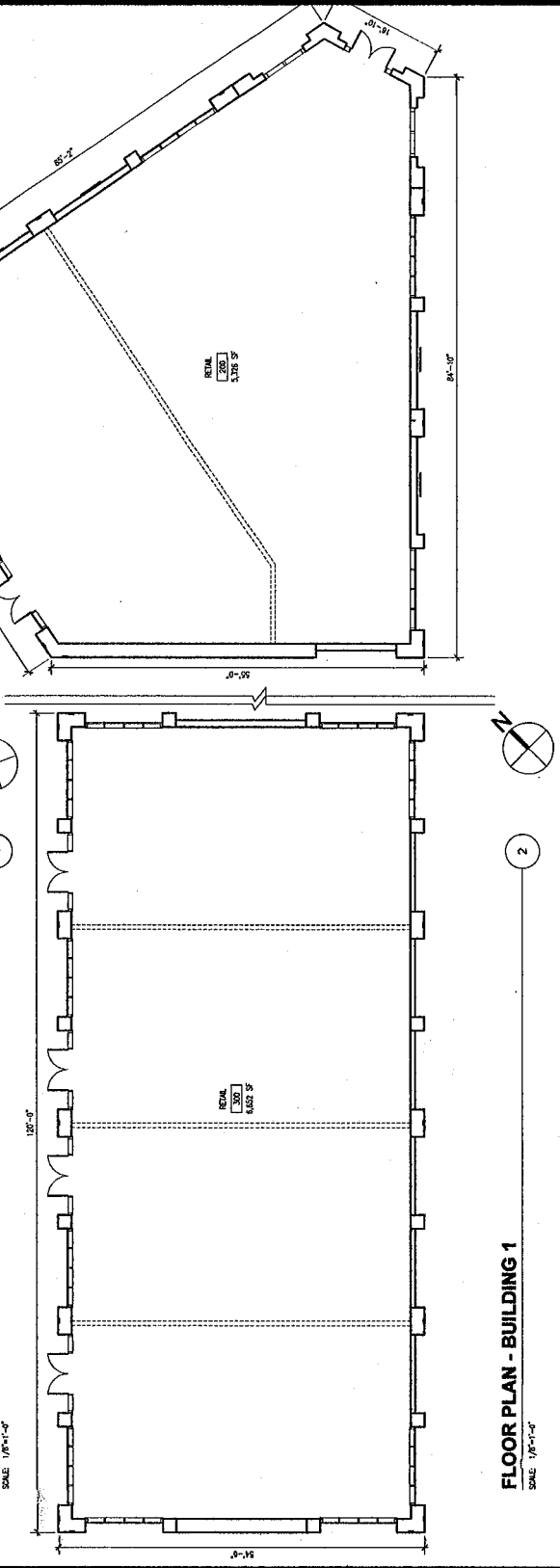
IPD Job No. 07-18-11  
Drawn By: DRAWN  
Checked By: RSC/RRN  
Scale: AS NOTED

Drawing Title  
FLOOR PLAN  
- BUILDING 1,3

Drawing No.  
**A7**



**FLOOR PLAN - BUILDING 3**  
SCALE: 1/8"=1'-0"



**FLOOR PLAN - BUILDING 1**  
SCALE: 1/8"=1'-0"

SEMINARY  
POINT  
RETAIL  
DEVELOPMENT

Oakland, California

1221 Marina Village Parkway Suite 100 Alameda, CA 94601  
 Telephone 916-435-5500 Fax 916-435-5510

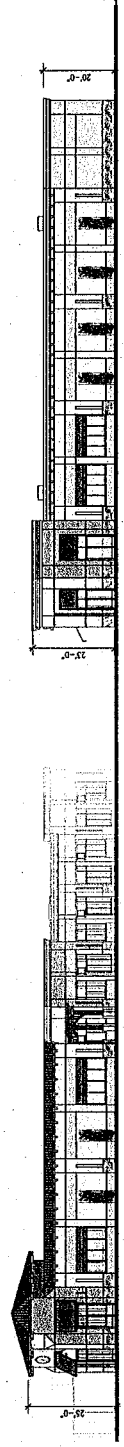
Revision	Date

Date	07-18-11
IPD Job No.	06-020
Drawn By	DRAWN
Checked By	RECRNN
Scale	AS NOTED

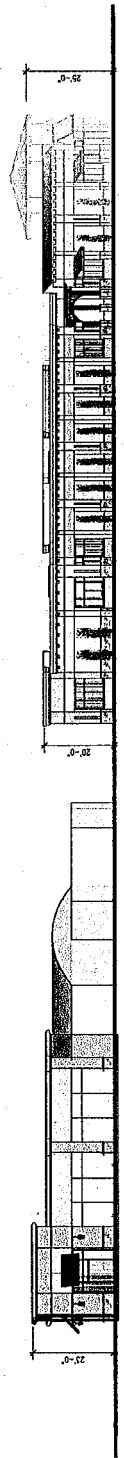
6' 0" 12' 24'

Drawing Title  
**BUILDING  
 ELEVATIONS**

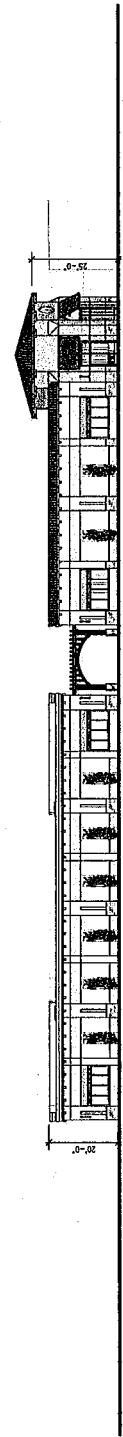
Drawing No.  
**A8**



**NORTH ELEVATION (FOOTHILL BLVD.)**  
 SCALE: 1/8" = 1'-0"



**SOUTH ELEVATION**  
 SCALE: 1/8" = 1'-0"



**EAST ELEVATION (SEMINARY AVE.)**  
 SCALE: 1/8" = 1'-0"



NORTH ELEVATION (FOOTHILL BLVD.)  
SCALE: 1/8"=1'-0"

SOUTH ELEVATION (PARKING LOT)  
SCALE: 1/8"=1'-0"

EAST ELEVATION (SEMINARY AVE.)  
SCALE: 1/8"=1'-0"

SIGNAGE S-1  
SCALE: 1/4"=1'-0"

SIGNAGE S-2  
SCALE: 1/4"=1'-0"

SIGNAGE S-3  
SCALE: 1/4"=1'-0"

SIGNAGE EXAMPLES  
SCALE: NTS

SIGNAGE CALCULATIONS:  
TOTAL AREA OF SIGN S-1 = 8 SQ. FT.  
TOTAL AREA OF SIGN S-2 = 8 SQ. FT.  
TOTAL AREA OF SIGN S-3 = 8 SQ. FT.  
TOTAL OF ALL SIGNS PROPOSED: 24 SQ. FT.  
TOTAL SIGNAGE AREA ON FOOTHILL BLVD. NOT TO EXCEED 24 SQ. FT.  
TOTAL SIGNAGE AREA ON SEMINARY BLVD. NOT TO EXCEED 24 SQ. FT.  
TOTAL SIGNAGE AREA ON PARKING LOT BLVD. NOT TO EXCEED 24 SQ. FT.

DATE: 01/15/11 BY: J. Smith

SEMINARY  
POINT  
RETAIL  
DEVELOPMENT

Oakland, California

Architect

Interior Designer

Landscaper

Architectural / Engineering Consulting

1220 Mission Street, Suite 100, Oakland, CA 94612

Phone: 415.778.2000 Fax: 415.778.2010

Revision	Date

Date	07-18-11
IPD Job No.	09-520
Drawn By	CP/RNN
Checked By	RSC/RNN
Scale	1"=30'

Drawing Title

COLOR BOARD

Drawing No.

A10

CLAY TILE ROOFING

WOODEN TRELLIS

FABRIC AWNING + SIGNAGE

TRELLIS SUPPORT COLUMN

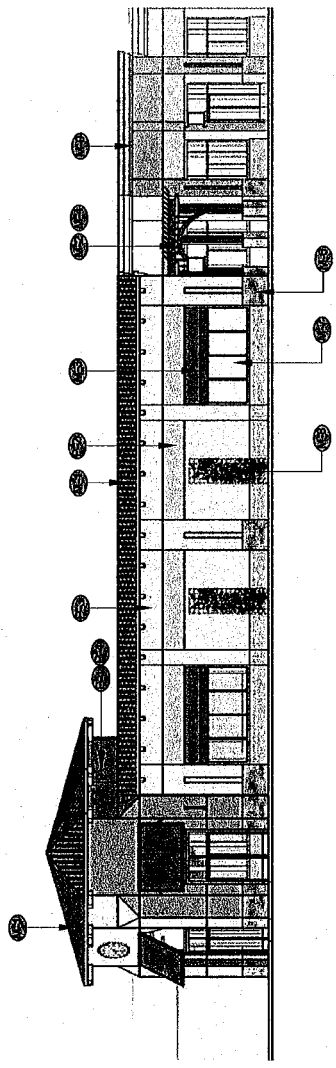
COLOR PALETTE

ICI HONEY SWEET

ICI HEMP GOLD

ICI IVORY CREAM

ICI PAGODA SPECIFY



STUCCO FINISH  
3 COAT STUCCO W/TEXTURE

WIRE TRELLIS

PARAPET W/SMOOTH  
STUCCO FINISH

BLUEGREEN  
STOREFRONT GLASS

TILE CLADDING  
COLOR BOX MUD PIE/CAMPING OUT



[illegible]

SEMINARY  
POINT  
RETAIL  
DEVELOPMENT

Oakland, California

1220 Shattuck Avenue, Suite 100, Oakland, CA 94606  
Tel: 510.437.2000  
Fax: 510.437.2001

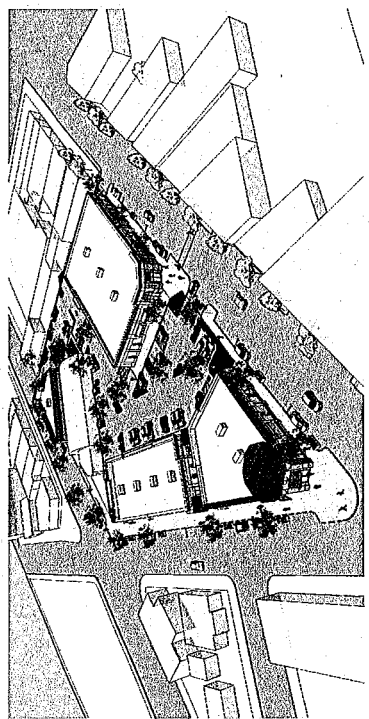
Architect: IPD  
Architects: Engineering & Consulting  
Architects: Engineering & Consulting

Revision: \_\_\_\_\_ Date: \_\_\_\_\_

IPD Job No. 09-020  
Drawn By: DRAWN  
Checked By: RSC/RN  
Scale: AS NOTED

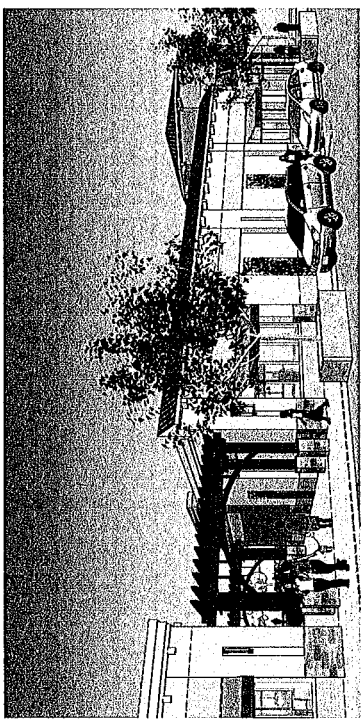
Drawing Title  
BUILDING  
PERSPECTIVES

Drawing No. **A1**



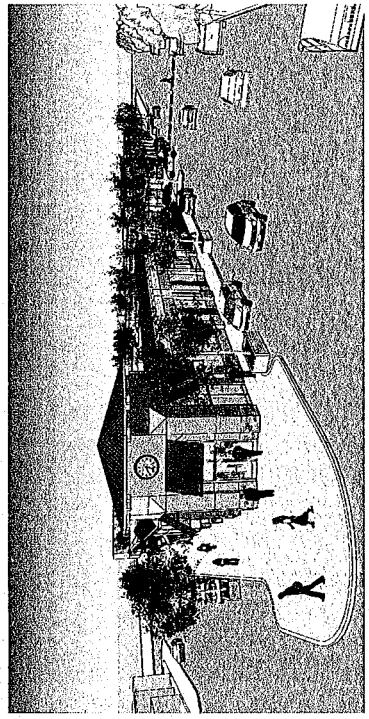
2

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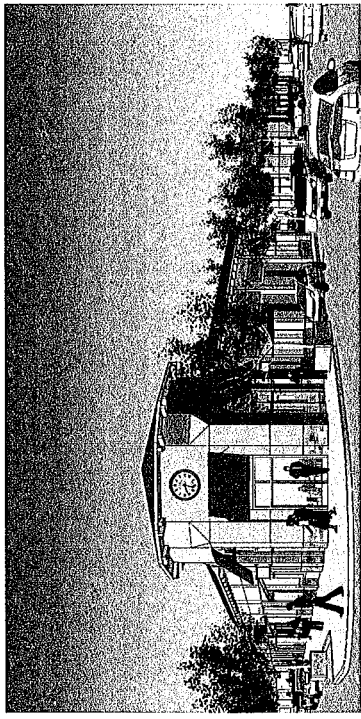
1

SCALE: 1/8" = 1'-0"



4

SCALE: 1/8" = 1'-0"



3

SCALE: 1/8" = 1'-0"



RECEIVED  
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CEDA

2011 SEP -7 PM 4:17



September 7, 2011

To: City of Oakland – CEDA, Redevelopment Agency

Attn: Doug Cole

Project: Seminary Point (Foothill & Seminary), Oakland

Subject: Submittal for ENA Item 2.1.a (i) – Development Team Financial & Legal Structure

Attached please find a written description of the financial and legal structure of the proposed development team including the roles, responsibilities, and obligations of the developer. This document is intended to satisfy the intent of item 2.1.a (i) in the Exclusive Negotiating Agreement (ENA) regarding the Project Team.

Date	Description	# of Pages
September 6, 2011	Development Team Financial & Legal Structure	2
September 6, 2011	Project Financial Structure Flow Chart	1

**Seminary Point (Foothill & Seminary)  
Development Team Financial & Legal Structure**

**Sunfield Development, LLC**

**Role:** Legal entity that is the project sponsor for the Seminary Point development. This limited liability company will manage the acquisition and entitlement process with the City of Oakland.

**Responsibilities:** Create project scope, identify investors and lenders, negotiate tenant leases, and execute commitments from investors, lenders, and tenants. Supervise development process including selection of the design team, preparation of design documents, completion of entitlement approvals, and fulfillment of conditions of approval prior to construction.

**Obligations:** Deliver entitled project with executed purchase agreement to investment group.

**Members:** Siavash Afshar, President, responsible for managing relationships with City Staff, investors, lenders, and tenants. Peter Lezak, Vice President, responsible for managing the design and entitlement process. Ben Tipton, Project Manager, responsible for review of construction budgets, lender and investor agreements, and tenant lease documents.

**Winterhaven, LLC**

**Role:** Legal entity that will develop the Seminary Point development. This limited liability company will manage project development during construction and operating costs until turn over at occupancy.

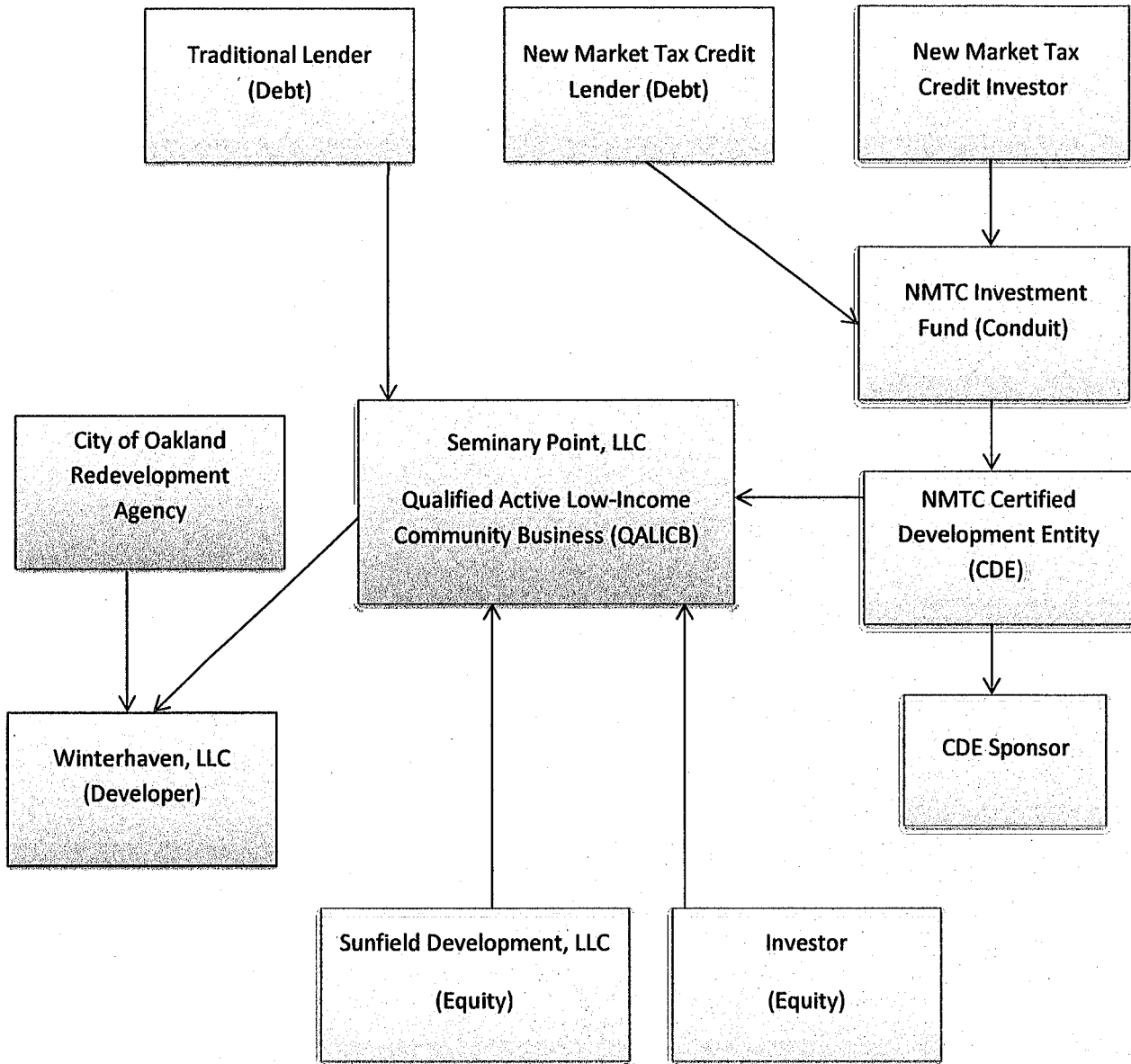
**Responsibilities:** Supervise construction process including the preparation of construction documents, bidding and award of contracts, and fulfillment of conditions of approval for occupancy. Manage construction activities including project budget, schedule, and quality control of contractor work from demolition through tenant improvements.

**Obligations:** Report project status including financial statements to investors. Deliver completed retail building to investment group.

**Members:** Siavash Afshar, Managing Member, responsible for selection and management of the construction team.



**Seminary Point (Foothill & Seminary)  
Project Financial Structure Flow Chart**



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CEDA

2011 SEP -7 PM 4: 17



September 7, 2011

To: City of Oakland – CEDA, Redevelopment Agency

Attn: Doug Cole

Project: Seminary Point (Foothill & Seminary), Oakland

Subject: Submittal for ENA Item 2.6.b(ii) – Financing Plan and Project Schedule

Attached please find the documents related to the letters of intent from lenders and equity partners expressing willingness to provide project financing. These documents are intended to satisfy the intent of item 2.6.b(ii) in the Exclusive Negotiating Agreement (ENA) regarding the financing plan.

Date	Description	# of Pages
June 2, 2011	Bay Area Regional Center, Regional Center Overview and Letter of Commitment	4
August 3, 2011	Bay Area Regional Center, Draft Business Term Sheet Between Bay Area Regional Center LLC and Sunfield Development LLC	3
August 31, 2011	Sunfield Development, Seminary Point (Foothill & Seminary), Investor Terms and Conditions Letter of Approval	3



## BAY AREA REGIONAL CENTER

June 2, 2011

Sid Afshar  
Sunfield Development  
562 14<sup>th</sup> St.  
Oakland, CA 94563

RE: Regional Center Overview and Letter of Commitment

To Whom It May Concern:

The intent of this document is to outline the preliminary terms by which the Bay Area Regional Center could provide debt financing for the construction of a new retail center in Oakland California.

### **Company Overview**

In 1993, Congress passed legislation creating the Immigrant Investor Regional Center Pilot Program. The program resulted from Congress' desire to stimulate economic activity and create jobs in financially challenged areas, while allowing eligible foreign investors the opportunity to obtain lawful permanent residency. Through this innovative program, foreign investors from around the world are given the residency incentive to invest funds in entities known as "Regional Centers". The program in many ways mirrors long active and successful investment-employment based programs in England, Canada, and Australia. There are approximately one hundred twenty (120) Regional Centers in operation today.

The Bay Area Regional Center is a federally approved EB-5 Regional Center licensed to fund job-creating projects in Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, Sacramento, Yolo, and Solano Counties. The Regional Center Program is administered through the United States Citizenship and Immigration Services (USCIS), a division of the Department Homeland Security, and requires the creation of 10 full time jobs for every \$500,000 invested into areas of high unemployment. Regional Center funds are obtained from foreign investors seeking US residency status and can be invested into projects as debt or equity. More information on the Bay Area Regional Center and the EB-5 Regional Center Program can be found at [www.bayarearc.com](http://www.bayarearc.com).

38 Webster St. Second Floor  
Oakland CA 94607  
510 625 1300 office, 510 625 1502 Fax

The Bay Area Regional Center, LLC is organized under the laws of the State of California, effective January 29, 2009. It received its Regional Center designation on June 23, 2009 and is approved to invest into, among other categories, retail development projects.

Each Regional Center investment operates under a separate Limited Liability Company (LLC) or Limited Partnership (LP) with the Bay Area Regional Center acting as the Managing Member and General Partner. While equity investments into projects are permitted under USCIS guidelines, the Bay Area Regional Center typically structures its EB-5 investments as 5-year interest only debt. The size of the loan is a function of the jobs created by the project. Job creation is calculated through economic modeling (IMPLAN or RIMSII) and includes the direct and indirect jobs created through the construction and operation of the commercial real estate development. Each foreign investor must demonstrate the creation of ten (10) jobs per \$500,000 invested for projects located within a Target Employment Area (TEA), defined as 150% of the national unemployment average. The entire city of Oakland has been designated a TEA, by the State of California's Business, Transportation and Housing Agency, the delegating authority for the State of California. The 2010 qualifying unemployment rate for TEA designation is 14.4% or greater. The City of Oakland's 2010 unemployment rate is 16.95%.

### **Regional Center Capacity**

There are 10,000 EB-5 immigrant visas available annually with a minimum allocation of 3,000 visas dedicated for EB-5 Regional Center investors specifically. To date, the program is largely underutilized with only 1,885 EB-5 Visas issued in 2010 with less than half of the Regional Center minimum allocation utilized (USCIS December 16, 2010 Stakeholders meeting presentation).

Regional Centers across the country have demonstrated the foreign appetite for EB-5 investments into commercial real estate projects. Examples of successful Regional Center Projects include \$13 million for the Temple Health Center in Philadelphia, \$38 million for redevelopment infrastructure for the Inland Valley Development Agency in the City and County of San Bernardino, \$122 million for the Pennsylvania Convention Center Expansion, and \$125 million in two phases for the Brooklyn Navy Shipyard.

### **Preliminary Letter of Intent**

It is our understanding per the Redevelopment Agency of the City of Oakland (Agency) Resolution # 2010-0112 that Sunfield Development has entered into an exclusive negotiating agreement with the Agency to development of the City-owned property located at the corner of Foothill and Seminary. Sunfield Development is interested in obtaining financing for the construction of a 21,740 square foot Walgreen's anchored retail development. The Bay Area Regional Center has run the relevant project specific data

through the RIMSII economic model and consulted with its underwriting committee. Preliminary terms of a debt agreement to fund the construction of the aforementioned project is as follows:

<b>Lender:</b>	Bay Area Regional Center LLC or its assignee
<b>Borrower</b>	Sunfield Development LLC
<b>Subject Properties</b>	21,740 square foot new Walgreens anchored retail center at the corner of Foothill and Seminary in Oakland California
<b>Loan Amount</b>	\$4,000,000 (assumes \$2.7 million hard construction costs and an approximately 15,000 square foot Walgreens)
<b>Delivery of Funds</b>	Funds will be available 7-9 months from use permit approval. Funds to be drawn down over a six-month period in \$500,000 increments.
<b>Term</b>	5 years from the initial draw
<b>Interest Rate</b>	5.5% simple interest per annum
<b>Fee</b>	2% due upon fully executed debt agreement
<b>Contingencies</b>	<ol style="list-style-type: none"><li>1. City of Oakland approvals</li><li>2. Signed lease agreement for +/- 15,000 square foot Walgreens</li></ol>
<b>Payment</b>	Interest-Only payment due quarterly for the first 2.5 years and monthly thereafter
<b>Collateral</b>	First Deed of Trust and first priority for repayment of interest from project revenue.
<b>Prepayment</b>	None.
<b>Documentation</b>	The Lender is required by the United States Citizenship and Immigration Services to submit certain information pertaining to the project and its corresponding job creation. Borrower agrees to cooperate with Lender's request for information pertaining to the Project and the required job creation to include itemized hard construction expenditures.

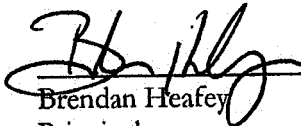
### **Disclaimer**

The terms and conditions of the proposed Regional Center loan are not limited to those set forth herein or in the Term Sheet. Those matters that are not covered or made clear herein or in the Term Sheet will be determined as a result of completion of due diligence and credit committee approval.

### **Confidentiality**

This proposal letter (including the Term Sheet) is for your confidential use only and that neither its existence, nor the terms hereof, will be disclosed by you to any person other than your officers, directors, employees, accountants, attorneys, and other advisors, and then, in each case, only on a "*need-to-know*" basis in connection with the Regional Center loan obligation contemplated hereby and on a confidential basis.

Sincerely,



Brendan Heafey  
Principal  
Bay Area Regional Center LLC  
38 Webster St. Second Floor  
510 625 1500



August 3, 2011

Sid Afshar  
Sunfield Development  
562 14<sup>th</sup> St.  
Oakland, CA 94612

RE: DRAFT BUSINESS TERM SHEET BETWEEN BAY AREA REGIONAL CENTER  
LLC AND SUNFIELD DEVELOPMENT LLC

Dear Mr. Afshar,

This document represents the Bay Area Regional Center's good-faith effort to preliminarily define the terms by which it would participate in the financing of a Walgreens anchored retail center known as Seminary Point in Oakland California. This document replaces the "Regional Center Overview and Letter of Commitment" dated 6/2/11.

1. Lender: Bay Area Regional Center LLC or its assignee
2. Borrower: Sunfield Development LLC
3. Project Description: A new 29,183 square foot Walgreens anchored retail center located at 2521 Seminary Ave. Oakland CA 94605 with an estimated total project cost of \$8,618,245 (see pro forma attached)
4. Loan Amount: \$6,000,000. The subject Loan Amount assumes certain project specific thresholds required for job creation verification by the United States and Citizenship Services including approximately \$5 million hard construction costs (including Tenant Improvements) and approximately \$14 million in annual revenue from retail operations.
5. Delivery of Funds: Funds will be available 7 – 9 months from use permit approval and signed Walgreens lease agreement. Funds to be drawn down over a six-month period in increments of \$500,000.
6. Source of Funds: The Bay Area Regional Center is a federally approved EB-5 Regional Center (designation attached) and is authorized to raise foreign investment capital for American job creating projects in San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Sacramento, and Yolo Counties. Funds will be raised from foreign investors in \$500,000 increments and will be held in an escrow for the Project after each immigration petition I-526 is approved.
7. Term: Five (5) Years from initial draw
8. Rate: Five and one half percent (5.5%) per annum, interest only with interest to be paid quarterly for the initial two and one half (2.5) years and monthly thereafter.

38 Webster St. Second Floor  
Oakland, CA 94607  
510 625 1300 office 510 625 1502 fax

9. Fee 2% with half due upon execution of a Debt Agreement and the remainder due with the initial Delivery of Funds.
10. Contingencies
- a. City of Oakland approvals
  - b. Signed lease agreement for a +/- 15,000 square foot Walgreens
  - c. Final determination of Land Cost from the City of Oakland
  - d. Financing Commitments for total project cost (see Completion Bond)
11. Security First Deed of Trust and first priority for repayment of interest from project revenue.
12. Prepayment None. The subject note is assumable in the event of a sale with Lender approval, not to be unreasonably withheld.
13. Exit Strategy At Term, the Borrower will use commercially reasonable efforts to pay-off the Lender's principal and any accrued interest with funds they deem appropriate.
14. Completion Bond The project is to include in a Guaranteed Maximum Price Contract and completion bond by the General Contractor. Additionally, funding commitments for the project must be in place prior to Borrower's initial draw.
15. Conditions of Funding Subject to an executed Debt Agreement, the Bay Area Regional Center will prepare a project prospectus and commence the sales effort to raise the needed capital.
16. Project Documentation The Bay Area Regional Center will require access to construction cost accounting and tenant's financial documentation (pertaining to revenue) as part of its due diligence and federal reporting requirements. Additionally, it will require documentation to assist Lender's marketing efforts, including but limited to, letters of support, a project description, architectural renderings, and website support.
17. Default Provisions Default provisions to be negotiated and detailed in the final Debt Agreement. Preliminary default provisions include:
- a. Two (2), One (1)-year extensions, available if Borrower's best efforts to remarket, refinance, or pay off the subject Loan Amount and any accrued interest five years after the initial Delivery of Funds is unsuccessful. If the extensions are utilized, the interest rate shall be adjusted to 8%.
18. Integration This Agreement and the documents attached hereto or incorporated by reference contain all the inducements and the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, inducements, agreements, arrangements or understandings, oral or written, relating to the subject matter hereof that are not fully expressed herein.



19. Disclaimer

This document is intended to be a non-binding statement of the basic terms and conditions of a proposed transaction between the parties. It is subject to the negotiation, approval, execution and delivery of various agreements consistent with the basic terms and conditions set forth herein. This document does not create a binding agreement of any kind, but is a good faith statement of intent.

20. Confidentiality

This Draft Business Term Sheet is for your confidential use only and that neither its existence, nor the terms hereof, will be disclosed by you to any person other than your officers, directors, employees, accountants, attorneys, and other advisors, and then, in each case, only on a "need-to-know" basis in connection with the Regional Center loan obligation contemplated hereby and on a confidential basis.

THIS TERM SHEET IS SUBJECT TO THE EXECUTION OF A FINAL LOAN AGREEMENT AND IS NOT BINDING UNTIL EXECUTED BY BORROWER AND LENDER. EACH PARTY IS RESPONSIBLE FOR THEIR OWN LEGAL FEES AND IS RELEASED FROM ANY LIABILITY IF A FINAL AGREEMENT IS NOT EXECUTED

**Agreed and Accepted**

  
\_\_\_\_\_  
BAY AREA REGIONAL CENTER LLC  
BRENDAN HEAFEY, PRINCIPAL

8/3/11  
\_\_\_\_\_  
Date

\_\_\_\_\_  
SUNFIELD DEVELOPMENT LLC  
SID AFSHAR, PRESIDENT

\_\_\_\_\_  
Date



Sunfield Development  
562 14th Street  
Oakland, CA 94612  
Office (510) 452-5555  
Fax (510) 452-1651

August 31, 2011

Investor  
Company Name  
Street Address  
City, State, Zip

RE: Seminary Point, Foothill & Seminary, Oakland, California (the "Property")

Dear Investor:

This letter describes the terms and conditions upon which ("Investor") and Sunfield Development ("SD") would form a joint venture relationship to construct and operate the Property. This letter shall be construed as a preliminary, not all inclusive, summary of terms.

**Property:** The Property consists of a to be constructed \_\_\_\_\_ square foot retail center located at Seminary Ave between Foothill Blvd and Bancroft Ave, Oakland, CA \_\_\_\_\_.

**LLC:** The Investor will join the limited liability company ("LLC") which will own the Property.

**Members:** The members of the LLC will be the Investor and SD, with the potential for additional select investment partners.

**Management and Major Decisions:** SD will be the Managing Member responsible for day-to-day operations, subject to Investor approval on Major Decisions, e.g., annual business plan, financings, marketing and leasing plans, marketing and sale of the property, insurance coverage and other customary major decisions.

**General Contractor** To be determined.

**Development Agreement** SD will execute a development agreement with the City of Oakland in regards to the parking garage.

**Distributions:** Distributions will be payable from Distributable Net Cash Flow (which includes cash flow from operations and net proceeds from refinance or sale) in the following priority:

- **First**, an 8.0% per annum cumulative Preferred Return (compounded annually) on outstanding capital contributed to the LLC that holds the Property, *pari passu*.
- **Second**, a return of all unreturned capital contributed to the LLC.
- **Third**, remaining cash flows available for distribution will be allocated to the Investor(s) and SD: Tier 1) TBD% to Investor and TBD% to SD, and then Tier 2) after the hurdle rate of a 12% IRR net

of fees to all equity, TBD% to Investor and TBD% to SD.

**Fees:**

The following fees are illustrative.

- **Acquisition Fee.** SD will be paid an acquisition fee equal to 1% of the purchase price of the Property upon Investor entering the LLC.
- **Property Management Fee.** SD, or an affiliate, will be paid a property management fee not to exceed 5.0% of Effective Gross Revenue.
- **Construction Management Fee.** Investor, or its assignee, will be entitled to a construction management fee not to exceed 5.0% (to be inclusive of the base and incentive fees) of the total capital budget, including incentive fees, paid quarterly in arrears from start of construction through agreed upon project completion.
- **Development Management Fee.** SD, or its assignee, will be entitled to a development management fee not to exceed 5% of the total capital budget, paid quarterly in arrears from start of construction through agreed upon project completion.
- **Investment Management Fee.** SD, or its assignee, will be entitled to an investment management fee equal to 1.50% of the outstanding equity capital contributed; payment to start after the Property has been constructed, paid quarterly in arrears.
- **Disposition Fee.** No fee paid to SD or an affiliate.

**Investment Term:**

The anticipated term of the LLC is estimated to be five to seven years.

**Initial Capital:**

It is anticipated that the LLC will need \$\_\_\_\_\_ of initial equity capital ("Initial Capital"), but not to exceed \$1,700,000. \$\_\_\_\_\_ (95%) would be contributed by Investor and \$\_\_\_\_\_ (5%) would be contributed by SD. Additional capital contributions ("Additional Capital") would be contributed on a 95% - 5% basis, respectively.

**Total Capitalization:**

The anticipated capitalization of the Property is estimated to be \$\_\_\_\_\_ would be based on the following.

Sources of Capital		
Total Equity	\$1,800,000	20%
Investor	\$1,700,000	95%
Sunfield Development	\$100,000	5%
Total Tax Credits	\$1,300,000	15%
Total Debt	\$5,600,000	65%
<b>Total Sources of Capital</b>	<b>\$8,700,000</b>	<b>100%</b>

Uses of Capital		
Purchase Price of Property	\$10,000	0.01%
Construction Budget and Commissions	\$8,000,000	92.0%
Working Capital	\$150,000	1.7%
Acquisition Fee	\$0	0.0%
Debt Placement Fee	\$112,000	1.3%
Capital Placement Fee	\$45,000	0.5%

Tax Credit Fee	\$150,000	1.7%
Escrows for Lender	\$110,000	1.3%
Closing & Legal Costs	\$123,000	1.49%
Total Uses (Investment Basis)	\$8,700,000	100%

As of the effective date of this joint venture relationship, if SD has contributed capital in excess of the amount agreed upon SD will be paid from escrow the amount of said overage. Both parties will contribute capital pari passu for cost overruns which would be defined under Additional Capital. The construction budget will be based upon a guaranteed maximum AIA contract. New market tax credits would be arranged by SD.

**Financing:** The LLC will seek to obtain a construction / permanent takeout loan equal to approximately 65% of total project construction costs, based on proforma figures. The term of said loan is to be commensurate with the anticipated Investment Term.

**Guarantees:** To the extent required by the lender, Investor and SD would be required to provide 1) any customary recourse guarantees (including providing customary confidential financials to the lender), 2) completion guarantee and 3) the LLC to provide environmental guarantees. Investor and SD are entitled to receive indemnification from the LLC. SD will not be providing any completion or cost overrun guarantees to Investor.

**Buy-Sell:** At any time after the third anniversary of the effective date of the LLC, either party would have the right to initiate a buy-sell provision. The initiating party would provide written notice setting forth a gross value offer price and the non-initiating party would either purchase the initiating parties interests or sell its interest to the initiating party. There will be further language regarding how to agree upon a market value of the Property.

**Decision Period:** Investor will notify SD in writing that it has approved the terms of this agreement, subject to completing definitive documentation, by September \_\_, 2011. Investor and SD will use diligent efforts to negotiate such documentation (e.g., LLC Agreement, etc.) by \_\_\_\_, 2011.

If the terms of this letter meet with your approval, please acknowledge your approval where provided at the bottom of this letter. We look forward to working with you on this exciting endeavor.

AGREED TO ON THIS \_\_\_\_\_ DAY OF \_\_\_\_, 2011

Sincerely,

\_\_\_\_\_  
Sid Afshar  
CEO  
Sunfield Development

\_\_\_\_\_  
Investor  
\_\_\_\_\_  
Company Name