Welcome and Introductions  
**Presented by:** Ben Morales, *Land Title Program Manager, CSU Office of the Chancellor*  
9:00 a.m. to 9:15 a.m.

Authority to Acquire and Dispose of Real Property  
- CSU as an entity  
- Authority to purchase/sell  
- Accepting gifts  
- Delegation of authority  
- Office of General Counsel as a resource  
**Presented by:** Andrew Jones, *Deputy General Counsel, CSU Office of the Chancellor*  

Back to Basics  
- What is a land record/instrument?  
- Deciphering title reports  
- Land boundaries, maps and descriptions  
- Property disputes and solutions  
**Presented by:** Dave Knell, *Land Surveyor, Willdan Associates*  

Break  
10:50 a.m. to 11:05 a.m.

Appraisal of Real Property  
- Fundamentals of appraisal process  
- Understanding fair market value  
- Approaches to property valuation  
**Presented by:** Beth Finestone, *Managing Director, Integra Realty Resources*  

CSU Land Resources  
- Systemwide land records  
- Records of Survey  
- Boundary and Encumbrance data  
- Land Record Database (LRDB)  
**Presented by:** James Morgan, *Land Record Coordinator, CSU Office of the Chancellor*  

Lunch  
12:00 p.m. to 1:00 p.m.

Navigating Land Rights  
- Easement processing  
- Negotiating with Utilities/Municipalities  
- Site review and certification  
**Presented by:** Bruyn Bevans, *Senior Project Manager, California State Polytechnic University, Pomona*  

Evaluating Building Condition  
- Building assessment  
- ISES Services  
- Facility condition assessment reports  
**Presented by:** Tony Simpson, *Vice President, ISES Corporation*  

Break  
2:30 p.m. to 2:45 p.m.

Due Diligence Review and Synthesis  
- Financial review of transaction  
- Components of due diligence  
- Managing transaction as a project  
- Summary due diligence report  
- Closing documentation  
**Presented by:** Syrus En, *Senior Finance Manager, CSU Office of the Chancellor*  

Closing Remarks/Adjourn  
**Presented by:** Ben Morales, *Land Title Program Manager, CSU Office of the Chancellor*  
3:20 p.m. to 3:30 p.m.
BASICS OF LAND SURVEYING

David O. Knell, PLS
Principal Project Manager
WILLDAN - Design Engineering Services
January 20, 2016

BASICS OF LAND SURVEYING

- Subdivision of Land
- SMA (Subdivision Map Act)
- Legal Descriptions
TITeL REPORTS
- Do you need to get one?
- Preliminary Reports
- Schedule A
- Schedule B
- Title Insurance Policy

CONVEYANCES
- Grant Deeds/Easement Deeds
- Preparation
- Grantor/Grantee
- Recordation
ALTA SURVEYS
- When should you get them?
- What purpose do they serve?
- What do they disclose?

PROPERTY DISPUTES
- Access issues
- Encroachments
David O. Knell
Professional Land Surveyor
Principal Project Manager
Design Engineering Services
(562)364-8525
DKnell@Willdan.com
Appraisal of Real Property

Beth B. Finestone, MAI, AI-GRS, FRICS, CRE
Managing Director
Integra Realty Resources – Los Angeles

The Mechanics of CSU Real Property Transactions
CSU Facilities Management Institute
CSU Chancellor’s Office

January 20, 2016

Agenda

- Fundamentals of the Appraisal Process
- Approaches to Property Valuation
- Why Appraisals on the Same Property Have Divergent Values
Fundamentals of the Appraisal Process

1. Understand the reason for the appraisal and how it will be used.
2. Determine the highest and best use of the property as vacant and as improved.
3. Value the property using the appropriate valuation methods.

Understanding the Appraisal and How It Will Be Used

1. Client
2. Intended users
3. Intended use
4. Purpose of appraisal
   a. Traditional financing
   b. Bond financing
   c. Acquisition
   d. Disposition
   e. Basis of value for donation
   f. Eminent domain
   g. Tax appeal
   h. Litigation
Understanding the Appraisal and How It Will Be Used (cont’d)

5. Definition of Value (tied to purpose)*
   a. Market Value: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
   b. Value in Use: The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually.
   c. Investment Value:
      i. The value of a property to a particular investor or class of investors based the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria not necessarily typical of the market.
      ii. The value of an asset to the owner prospective owner for individual investment or operational objectives.
   d. Fair Market Value (Eminent Domain): As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.


Understanding the Appraisal and How It Will Be Used (cont’d)

6. Date of value
   a. Typically current
   b. Can be prospection as of completion of construction or other hypothetical event
   c. Can be retrospective
      i. As to date of donation
      ii. Date of death for estate taxes
      iii. Date of tax appeal

7. Identify the property to be appraised and its relevant characteristics
   a. There may be surplus or excess land (additional development potential)
   b. Is parking included on the site that is being appraised or is separate site leased or owned that supplies parking?
   c. Leased or vacant
   d. Subject to a ground lease

8. Assignment conditions
   a. Extraordinary or special assumptions
   b. Hypothetical conditions
Determine Highest and Best Use

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible
- Legally permissible under the zoning regulations and other restrictions that apply to the site
- Financially feasible
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses

Value the Property Using the Appropriate Methods

1. Dependent of the type of value requested, market value, value in use, etc.
2. Highest and best use of the property
3. Type of property
Approaches to Property Valuation

1. Cost Approach
2. Sales Comparison Approach
3. Income Approach or Income Capitalization Approach

Cost Approach

Property is valued based on a comparison with the cost to build a new or substitute property. The cost estimate is adjusted for the depreciation evident in the existing structure. The cost approach is most often used for the following:

- New properties
- Special purpose properties
Basic Steps of Cost Approach

1. Estimate the replacement cost new for the existing improvements and site improvements.
   a. Direct costs
   b. Indirect costs
   c. Entrepreneurial incentive or profit

2. Subtract depreciation from replacement cost new
   a. Physical deterioration
   b. Functional obsolescence
   c. External obsolescence

3. Depreciated replacement cost (difference between 1 and 2 above)

4. Determine land value based on its highest and best use as vacant

5. Value indication by the cost approach is the sum of 3 and 4 above

Sales Comparison Approach

The appraiser develops an opinion of value by analyzing closed sales, listings, or pending sales of properties that are similar to the subject property. A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market’s reaction to comparable and competitive properties.

Land
1. Price/acre (agricultural or open space)
2. Price/square foot (most common)
3. Price/developable square foot (important when comparables have different allowable densities)
4. Price/unit (typical for apartments or condominiums)
5. Price/lot

Improved Properties
1. Price/square foot of building area
2. Price/unit (typical in apartments)
Sales Comparison Approach (cont’d)

Key Points

1. Land is appraised to its highest and best use when market value is being determined. This gives consideration to pending or possible zone changes. However deductions are made for the cost to achieve a zone change (when appropriate).

2. Improved properties are appraised to their highest and best use as improved.

3. This considers possible renovation or remodeling to result in a greater return to the underlying land. The costs associated with such a renovation would need to be deducted after the property is value.

4. If the value of a property as improved, even after considering possible renovation, is less than land value, then market value is typically land value less demolition costs.

Income Capitalization Approach

This approach involves an analyses of a property’s capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the income approach.

Basic Steps

1. Determine market rent for the subject property and analyze existing leases to result in an estimate a gross potential income for the property.

2. Analyze historic and market derived expenses for the subject property. Draw a conclusion of appropriate expenses.

3. Derive a net operating come for the subject by calculating the difference between 1 and 2 above.

4. Determine an appropriate capitalization method and research market derived rates of return.
   a. Direct Capitalization (Net Income/Capitalization Rate = Value)
   b. Discounted Cash Flow (Present Value of Cash Flows plus Present Value of Reversion)

5. Capitalize forecast income into value.
Why Appraisals on the Same Property May Have Divergent Values

1. Different underlying assumptions or appraisal instructions
2. Different conclusion of highest and best use
3. Incorrect analysis of zoning and density allowance for land
4. Poor market data in one report that may reflect a bias. Generally speaking, one should look for a tight geographical grouping of comparable data. If one report has a tight grouping and the other report pulls data from a wide geographical area one should ask why? Is a particular value trying to be supported?
5. Capitalization of below or above market rent into value, without making appropriate adjustments to the capitalization rate will result in the property being under or over appraised.

Beth B. Finestone, MAI, AI-GRS, FRICS, CRE
Managing Director
Integra Realty Resources – Los Angeles
Phone: (818) 290-5400
Email: bfinestone@irr.com
Eminent Domain – Fair Market Value

"Fair Market Value", as defined pursuant to Part 3, Title 7, Chapter 9, Article 4, of the California Code of Civil Procedure, entitled: Eminent Domain Law, is as follows:

Fair Market Value . . . Article 4.

Measure of Compensation for Property Taken.

1263.320 (a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of the property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method valuation that is just and equitable.

1263.330 The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

(a) The project for which the property is taken.

(b) The eminent domain proceeding in which the property is taken.

(c) Any preliminary actions of the plaintiff relating to the taking of the property.

1263.410 (a) Where the property acquired is part of a larger parcel, in addition to the compensation awarded pursuant to Article 4 (commencing with Section 1263.310) for the part taken, compensation shall be awarded for the injury, if any, to the remainder.

(b) Compensation for injury to the remainder is the amount of the damage to the remainder reduced by the amount of the benefit to the remainder. If the amount of the benefit to the remainder equals or exceeds the amount of the damage to the remainder, no compensation shall be awarded under this article. If the amount of the benefit to the remainder exceeds the amount of damage to the remainder, such excess shall be deducted from the compensation provided in Section 1263.510, if any, but shall not be deducted from the compensation required to be awarded for the property taken or from the other compensation required by this chapter.

1263.420 Damage to the remainder is the damage, if any, caused to the remainder either or both of the following:

(a) The severance of the remainder from the part taken.

(b) The construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the damage is caused by a portion of the project located on the part taken.

1263.430 Benefit to the remainder is the benefit, if any, caused by the construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the benefit is caused by a portion of the project located on the part taken.
James Morgan
CAD/GIS/ Land Record Coordinator
Land Use Planning and Environmental Review
January 20, 2016

- Systemwide Land Records
- Boundary and Encumbrance data
- Records of Survey
- Land Record Database (LRDB)
https://csyou.calstate.edu/Pages/default.aspx

State University Administrative Manual
Appendix G: Land Use Planning/Environmental Review

The forms listed below are in Word format except where noted.

<table>
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James Morgan  
CSU Office of the Chancellor  
Land Use Planning and Environmental Review  
Phone: (562) 951-4086  
Email: jmorgan@calstate.edu
What is an Easement?

Definition of Easement
- Provides the right to use and access specific area of another's property.
- Attaches to the property deed so that it passes on when the property is transferred or sold.
- Gives right to use the land, but not own it. However, the property owner may encounter certain restrictions on land use in an area covered by easement.

Projects Often Requiring Easements
- Utility distribution systems
- Overhead distribution systems
- Access roadways or crossings
Who Requires Easements?

- **Types of entities requiring easements**
  - Electrical Utilities Providers
  - Natural Gas Utilities Providers
  - Telecommunication Providers
  - Cable Television Providers
  - Sanitation Districts-City & County
  - Water Distribution, Potable and Reclaimed Providers
  - Fuels and Oils
- **Specific Entities**
  - S. C. Edison; Pacific Gas & Electric; Verizon; Sunesys; Comcast; Time Warner; Kinder Morgan; Chevron; Cities; Counties

Easement Specifics

- **Purpose**
  - Access to construct, use, operate, alter, add to, repair, replace, reconstruct, inspect, and remove at any time and from time to time . . . .
- **Benefit**
  - To the Public, to the Entity, to the CSU
  - Must reflect fair value for the real property that will be encumbered
What is the Most Common Easement?

• Easement which allows a utility the right to use and access specific area of another's property for laying gas, electric, water, and sewer lines.

• Example: Power company is allowed to run electrical lines along a property, and to install utility poles for support where needed. The utility has the right to use a strip of land for the lines, and to enter the land for maintenance and repair of the lines.

Requirements to Process Easements-Part I

• A well defined legal description and plat map of the area to be encumbered as the easement.

• Remember to have CPDC provide you with the correct TLR Number.

• Two page Agreement and Grant of Easement document.
  • Page 1: Recitals and signatures, including reference to Legal Description and Plat Map as an Exhibit.
  • Page 2: Provisions
Page 1 of the Easement Agreement

Page 2 of the Easement Agreement
Requirements to Process Easements-Part II

- Obtain review of initial drafted Agreement and Grant of Easement documents by CPDC Land Use Planning for correctness and completeness (strongly recommended).
- Obtain review of Agreement and Grant of Easement document reviewed by the entity for acceptance prior to execution to eliminate unnecessary delays.
- The order of signing matters:
  - 1st Facilities and Foundation
  - 2nd The Entity
  - 3rd and Final; CPDC AVC

Requirements to Process Easements-Part III

- **Number of originals to be signed and executed**
  - CPDC gets one original.
  - Campus likes one original.
  - The entity gets one original.
  - The Foundation may want an original for their files.

- **Recordation**
  - Typically the Grantor (CSU) is the agency responsible for the document recordation in the county of the property. This is handled by the campus with the original which is provided to CPDC upon completion of recordation.
  - If you bring along copies at the time you submit the original for recording, you should be able to walk away with two stamped sets.
Requirements to Process Easements-Part III

• Distribution
  • It is good practice to have a recordation stamped copy scanned and emailed to your contact at the entity, CPDC Land Use Planning, campus facilities management, and the campus director of procurement.

• Final Note
  • Record keeping is the toughest item. Spend some time to get the documents in order and try to keep the listing complete and organized. You will appreciate your effort.
  • Be patient as this process can take up to 1 ½ years. The wheels of our agency and those of the other agencies grinds extremely slowly.

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Easement Processing

Cal Poly Pomona
Easements as of January 2016

It is good practice to have a recordation stamped copy scanned and emailed to your contact at the entity, CPDC Land Use Planning, campus facilities management, and the campus director of procurement.

Be patient as this process can take up to 1 ½ years. The wheels of our agency and those of the other agencies grinds extremely slowly.

Record keeping is the toughest item. Spend some time to get the documents in order and try to keep the listing complete and organized. You will appreciate your effort.
Negotiating with Utilities/Municipalities

• **3 Important Rules**
  • Be as fair as possible in all your dealings both to your campus and the entity.
  • If they have something you need from the entity, push back gently.
  • If you have something they need you will be able to . . . . To some extent.
  
  Remember-if you grant an easement you are giving up your right to that property!

Negotiating with Utilities/Municipalities

• **Examples**
• **Lessons learned**
Site Review & Certification

- **Campus Land Survey**
- Needs to include any and all easements and encumbrances.
- Make sure the property you are going to develop is clear and available to be developed.
- If not, see if you can clear it. Use a Quitclaim to remove an old obsolete easement if appropriate.

- Survey the site and have a legal description with plat map created for your new project.
- Make it big enough to include the appurtenants for the project, but not too big that you over encompass the surrounding area that may unreasonably encumber future developments.
Site Review & Certification

EXHIBIT "A" SHEET 1 of 2

LEGAL DESCRIPTION

PARCEL "A"

The tract of land described as Lot 13 of Tract No. 2360, situated in the County of Los Angeles, State of California, and may be found in Book 110 of East, pages 13 and 14, in the office of the Recorder of the County of Los Angeles, State of California, and being a portion of the land known as "The Walbrock Ranch," conveyed to Walbrock Ranch Co., a Limited Partnership, recorded in Book 2 of Ranches, pages 332 and 335, and parcel described as follows:

BEGINNING at the intersection of the south boundary line of said Lot 13 and a line running generally in a northeasterly direction of line of the said Lot 13, 0.00 foot, thence in a westerly direction 360.00 feet at right angles to said Lot 13, and along said boundary line, thence along the south line of said Lot 13, 360.00 feet, to the point of commencement of said Lot 13, comprised in all, 360 square feet, more or less, being a portion of the land known as "The Walbrock Ranch," conveyed to Walbrock Ranch Co., a Limited Partnership, recorded in Book 2 of Ranches, pages 332 and 335.

Forest Service 8.00 acres more or less.

Site Review & Certification

Parking Structure II
Site Review & Certification

- Examples
- Lessons learned
FACILITY CONDITION ASSESSMENTS

Provided by

ISES Overview

Incorporated in 1987, with worldwide experience

Leading provider of Facility Assessment services

Expertise to assist our clientele in all facets of facilities management operations
Our Services

29 YEARS OF EXPERIENCE

50,000 BUILDINGS

2.5 BILLION GROSS SQUARE FEET
To generate **data** that can be used to **support** your facility renewal decisions.
Assessment Process

- A visual, non-destructive inspection
- Identification of current needs, plus projected needs for 10 years and beyond
- Includes code upgrade issues and facility use change needs
- Needs are prioritized and have estimated costs

Systems Inspected

- Site
- Exterior Building Systems
- Interior Structure/Finishes
- ADA Accessibility
- Fire/Life Safety
- Vertical Transportation
- HVAC
- Electrical
- Plumbing
What Kind of Need Is It?

**NONRECURRING NEEDS**
- Immediate
- Critical
- Noncritical

Projects module

**RECURRING NEEDS**
- Deferred renewal
- Needs in 2015
- Needs each year through 2025

Lifecycle component inventory

What Are Renewal Needs?

- Bringing facilities up to campus standards and conditions
- Enhancing user safety and mitigating the Center’s liability
- Replenishing the lifecycle of existing assets
- Maximizing the life of newly installed assets

- Facilities maintenance activities
- Most asset replacements that are a reaction to asset failure
- Cosmetic renovations
Findings

Facility Condition Needs Index

\[
\text{FCNI} = \frac{\text{Renewal Costs}}{\text{Current Replacement Value}}
\]

- **0.10 Excellent**: Typically new construction
- **0.20 Good**: Renovations occur on schedule
- **0.30 Fair**: In need of normal renovation
- **0.50 Below Avg**: Major renovation required
- **0.60 Poor**: Total renovation indicated
- **> 0.60**: Complete facility replacement indicated
## Facility Renewal Budget Pro-forma

### Facilities Renewal Plan

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<td>159,074</td>
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<td>HEALTH</td>
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<td>2,850,600</td>
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<tr>
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<td>2,850,600</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
<td>5,701,200</td>
</tr>
</tbody>
</table>

**Current Replacement Value:** $1,090,238,300

**Facility Condition Index:** 8.25

**Total 10-Year Renewal Needs:** $4,032,099

### Your Role

1. **Floor plans**
2. **Escorts or keys**
3. **Historical information**
4. **Access to maintenance personnel**
**Deliverables**

- Project recommendations and **budget cost estimates** for non-cyclical needs
- Prioritized ranking of needs
- Detailed **lifecycle inventory** of cyclical renewable components
- Comprehensive report for each building
- Executive Summary Report and PowerPoint presentation

**FCA Database**

- User-friendly ISES AMS database comes with **training** and **support**
- Data in sortable and reportable formats
- Reporting parameters that can be tailored to fit your needs
- Report output that supports your budgetary and planning processes
FACILITY CONDITION ASSESSMENT
CSU MASTER ENABLING AGREEMENT

The California State University Office of the Chancellor

Systemwide Master Enabling Agreement No. 4670

The California State University recently awarded a Facility
Condition Assessment (FCA) Master Enabling Agreement with
IESS Corporation. This agreement supports all CSU campus
locations, including all-campus centers, and allows for any CSU
campus to contract for FCA.

Summary of Services

- Conducts a campus field study to obtain supporting project data
  and perform a physical inspection of the facility.
- Develops a FCA report including the following:
  - Identified facility condition deficiencies by asset
  - Prioritized and categorized deficiencies by asset
  - Recommended corrections and total estimates for repair or
    replacement
  - FORECAST of future facility renewal costs (10-year outlook)
  - Interpretation of evaluating FCA data and campus
    information into database and reports
  - Energy and resource savings opportunities by facility system
  - Create a customized, web-based/database for house,
    manage, and report all FCA data
  - Provide training and technical support for database use and
    reporting

Approved Extra Services

- Equipment Inventory and Valuation
- Operations and Maintenance Analysis
- Benchmarking Analysis
- CMMS Data Integration
- ASV Analyses
- CAD Drafting Services

MEA Projects

- Monterey
- San Luis Obispo
- Channel Islands
- Chico
- Dominican Hills
- East Bay
- Fullerton
- Fresno
- Humboldt
- Northridge
- San Francisco
- San Marcos
- Shasta

Projects award for:
- Los Angeles
- Monterey Bay
- San Diego
- Sonoma

How to Contract with IES

Campuses may contract with IES by executing Exhibit B, Service Order and Authorization to Proceed found
in MEA Agreement No. 4670. Terms and conditions, including specific fees, have been pre-established.
The agreement can be found at http://www.calstate.edu/PPD/4670_facility-condition-assessment.shtml.

CSU Systemwide/Campus Contract Manager
Shawn Holland, Physical Plant Program Manager
shawn@calstate.edu | 510.936.6038

IESS Contact
Tony Simpson, Vice President
tim@iesincorp.com | 989.266.3200
The information gathered from the assessment will help build a very stable foundation for facility renewal planning....It’s a focused and cost-effective approach to the stewardship of these taxpayer-owned physical assets.

Tony Calcado, Rutgers

Thank You!

3100 Breckinridge Blvd, Ste 400
Duluth, GA 30096

800.881.ISES

www.isescorp.com

tonys@isescorp.com
The California State University recently executed a Facility Condition Assessment (FCA) Master Enabling Agreement with ISES Corporation. This agreement supports all CSU campus locations, including off-campus centers, and allows for any CSU campus to contract for FCA.

**Summary of Services**

- Conduct a campus field visit to obtain existing project data and perform a physical inspection of the facility
- Develop a FCA report detailing the following:
  - Identified facility condition deficiencies by asset
  - Prioritized and categorized deficiencies by asset
  - Recommended corrections and cost estimates for repair or replacement
  - Forecast of future facility renewal costs (10-year outlook)
  - Incorporation of existing FCA data and campus information into database and reports
  - Energy and resource savings opportunities by facility system
- Create a customized, web-based database to house, manage and report all FCA data
- Provide training and technical support for database use and reporting

**Approved Extra Services**

- Equipment Inventory and Barcoding
- Operations and Maintenance Analysis
- Benchmarking Analysis
- CMMS Data Integration
- Staffing Analysis
- Energy Audits

“I am happy to announce that we now have an MEA with ISES Corporation for FCA Services.”

- Shawn Holland
  Chief of Facilities Operations
  Capital Planning, Design and Construction
  Office of the Chancellor,
  California State University

Cal State University, Northridge
Valley Performing Arts

San Francisco State University
J. Paul Leonard Library
How to Contract with ISES

Campuses may contract with ISES by executing Exhibit B, Service Order and Authorization to Proceed found in MEA Agreement No. 4670. Terms and conditions, including specific fees, have been pre-established.


CSU Systemwide/Campus Contract Manager
Shawn Holland, Physical Plant Program Manager
sholland@calstate.edu │ 562.951.4634

ISES Contact
Tony Simpson, Vice President
tonys@isescorp.com │ 909.206.3303
Financing Approach to Real Property Acquisitions

Syrus En
Senior Financial Manager
Financing and Treasury
January 20, 2016

Agenda

I. Real Property Acquisitions At the CSU

II. Financial Aspects of Real Property Acquisitions

III. Due Diligence Requirements

IV. Case Studies
Real Property Acquisitions At the CSU

- Real property acquisitions over the past 10 years:
  - SDSU Aztec Shops Ltd. *Albert’s College Apartments* (2009)
  - CSU Fullerton Auxiliary Services Corp. *Western State College of Law* (2012)
  - SDSU Aztec Shops Ltd. *College West College Apartments* (2012)
  - CSU Fullerton ASC *Irvine Campus Property* (2013)
  - SDSU *Granada Apartments* (2013)
  - CSUN The University Corporation *Reseda Boulevard Building* (2015)

- Acquisitions serve the CSU higher education mission, providing essential housing, office and academic space for students, staff, faculty, extended education, and other campus affiliated entities.
- Campus auxiliary organizations are catalyst in expediting and procuring the property acquisition process.
- Acquired properties are part of self-supporting enterprise program - owned, operated and maintained by auxiliaries.
- Auxiliaries undertake financing of property and derive rental revenue via lease of facilities to campus and/or private entities.
Financial Aspects of Real Property Acquisitions

- Financing through CSU Systemwide Revenue Bond Program (Credit Rating: Moody’s Aa2/S&P’s AA-)
- Auxiliary submission of financial plan to F&T for review and approval
- Requirement for tax-exempt bond financing at the fair market value (FMV)
- Any portion [of purchase price] in excess of FMV must be funded through cash reserve or financed through taxable bonds
- Financing requirement for general obligation pledge of unrestricted revenues of the auxiliary organization

Analysis of Proposed Property Use and Operations:
- Leasing term: Need for sustainable long-term leasing to match term of financing bonds
- Tenant mix: Need for a favorable mix of campus and private entities as tenants
- Rental rate: Need for a stable source of rental revenue to adequately support bond debt service
- Maintenance and repair reserves: Need to adequately fund reserves to maintain good building condition and extend the remaining useful life to be at par with term of bonds
- Capital improvements: Need to bring the property up to CSU standards, and determine amount of improvement costs that will be funded through bond financing
Financial Aspects of Real Property Acquisitions (cont.)

- Financing Approval Subject to:
  - Satisfactory Debt Service Coverage:
    - Net revenue from Project at least 1.25 times debt service for the proposed Project; and aggregate unrestricted net revenue (including Project’s) at least 1.25 times aggregate debt service for auxiliary debt program
  - Satisfactory compliance with CSU codes and completion of due diligence requirements
  - Satisfactory review of capital improvement plan addressing:
    - Area of improvements (critical and non-critical) and related costs; timing of cap improvements and repairs; and identification of funding sources for related repair costs

Due Diligence Requirements

- Per SUAM 9019.01, campus submission of Summary of Due Diligence Report (w/Certification) to CPDC addressing the following Assessments:
  - Appraisal: What is the fair market value?
  - Title: Any exceptions preventing proposed acquisition or make property unsuitable for uses?
  - Environmental: Any toxic material or other elements posing future liability to the CSU?
  - CEQA: What is the intended use of the property and will that have potential CEQA implications?
  - ADA compliance: Is the property ADA-compliant?
Due Diligence Requirements (Cont.)

- Seismic: Is the property seismically fit for CSU code compliance purposes?
- Fire/Life Safety: Is the property in compliance with fire and life safety requirements?
- Relocation Assistance: Are there certain non-CSU occupants in need of relocation assistance? (Per RAP, all occupants must be notified of a change in ownership.)
- Condition/Improvements: What is the current property condition, area of improvements and related costs, and the timetable to complete repairs and corrections? How will the cost of improvements be funded – through reserves, bond financing or combination thereof?

Case Studies

I. SDSU Aztec Shops Albert’s College Apartment Acquisition (2009)

- Property Profile:
  - privately-owned apartment complex on 20.63 acres, adjacent and contiguous to the northwest portion of the University campus
  - developed as six individual apartment complexes between 1959 and 1962
  - includes 16 separate, 2-story buildings with a combined total of 236 living units (188,842 rentable square feet) along with 311 parking spaces
  - living units include studio apartments along with 1-bedroom, 2-bedroom and 3-bedroom apartments ranging in size from 410 to almost 1,500 s.f.
  - At full capacity, the complex could house up to 700 students
Case Studies

- Facility use: Off-campus student housing
- Fully tax-exempt SRB financing:
  
<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>$24,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Improvements</td>
<td>$532,000</td>
</tr>
<tr>
<td>Relocation Cost</td>
<td>$50,000</td>
</tr>
<tr>
<td>Preliminary Cost</td>
<td>$75,000</td>
</tr>
<tr>
<td>Closing Cost</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

- Areas of capital improvements and related costs:
  - $1M in critical/immediate improvements over 1 year
  - $4M in non-critical improvements over 10 years
  - Funding from a combination of reserves and partial bond financing
- Summary of due diligence report as follows:

<table>
<thead>
<tr>
<th>Summary of Due Diligence Report</th>
<th>Excerpts from Summary of Due Diligence Report prepared by SDSU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>&quot;no exceptions that would prevent the intended acquisition or make the property unsuitable for the uses&quot;</td>
</tr>
<tr>
<td>Appraisal</td>
<td>&quot;Subject property 'as-is' with improvements was appraised at a fair market value of $31,750,000.&quot;</td>
</tr>
<tr>
<td>Seismic</td>
<td>&quot;... three main items... first and immediate concern... improve drainage systems to reduce water infiltration into the underlining fill soils... Second area... recommends further exploratory studies into soil stabilization... Third area involved conducting dry rot and pest control studies and repairs through the development of repair/replacement of ornamental structures...&quot;</td>
</tr>
<tr>
<td>Environmental</td>
<td>&quot;no evidence of recognized environmental conditions in connection with the property&quot;</td>
</tr>
<tr>
<td>Condition Improvements</td>
<td>&quot;Site features were reported by FEA to be in fair condition with a number of deferred maintenance and repair items. The cost for required and recommended capital expenditures is estimated to be $1.1 million in the first year of ownership and additional $4.1 million over the first 10 years of ownership. Aztec Shops proposes a plan for capital expenditures utilizing non-state funding upon property acquisition.&quot;</td>
</tr>
<tr>
<td>ADA Compliance</td>
<td>&quot;The condition assessment found the property to be non-ADA compliant. However, Aztec Shops has committed to provide the upgrades to enable appropriate numbers of ADA compliant units and related parking and sidewalk upgrades.&quot;</td>
</tr>
<tr>
<td>Relocation Assistance</td>
<td>&quot;Relocation assistance should not be required as the current occupants are SDSU students that will remain following the change of ownership. However, in accordance with the CSU adopted Relocation Assistance Program (RAP), all occupants will be notified of the change of ownership.&quot;</td>
</tr>
<tr>
<td>CEQA Compliance</td>
<td>&quot;As a purchase of private property by Aztec Shops, a private 501(c)(3) non-profit corporation, for continuing use as rental student housing, the purchase does not qualify as a project under the California Environmental Quality Act (CEQA).&quot;</td>
</tr>
</tbody>
</table>
## Equipment

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Required</th>
<th>Recommended</th>
<th>Potential</th>
<th>Comment</th>
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<tbody>
<tr>
<td><strong>Site Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement repairs</td>
<td>$53,000.00</td>
<td>$53,000.00</td>
<td>$53,000.00</td>
<td>Residual distress/failed areas.</td>
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<tr>
<td>Replace damaged valley gutter ending</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
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</tr>
<tr>
<td>Pavement (Years 1 &amp; 9)</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace &amp; Coat areas in courtyard</td>
<td>$45,000.00</td>
<td>$45,000.00</td>
<td>$45,000.00</td>
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<tr>
<td>Replace potels (Years 3 - 9)</td>
<td>$15,000.00</td>
<td>$15,000.00</td>
<td>$15,000.00</td>
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</tr>
<tr>
<td>Repair &amp; Coat pavement &amp; steps</td>
<td>$150,000.00</td>
<td>$150,000.00</td>
<td>$150,000.00</td>
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<tr>
<td><strong>Structures</strong></td>
<td></td>
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<tr>
<td>Repair structural crack in Lee 6 roof</td>
<td>$2,000.00</td>
<td>$2,000.00</td>
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<tr>
<td>Geotechnical Consulting for each entry</td>
<td>$20,000.00</td>
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<td>$20,000.00</td>
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<tr>
<td>Compaction grouting to support foundations at Albat, Palo &amp; Flan</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
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<tr>
<td><strong>Roofing</strong></td>
<td></td>
<td></td>
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<tr>
<td>Immediate roof maintenance</td>
<td>$2,000.00</td>
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<tr>
<td>Replace 32,000 SF (Years 1-3)</td>
<td>$160,000.00</td>
<td>$160,000.00</td>
<td>$160,000.00</td>
<td>Roof sections at end of life.</td>
</tr>
<tr>
<td>Replace 54,000 SF (Years 4-10)</td>
<td>$270,000.00</td>
<td>$270,000.00</td>
<td>$270,000.00</td>
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<tr>
<td>Semi-annual Maintenance Program</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>By roofing contractor</td>
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<tr>
<td><strong>Building Exterior Elements</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Replace 8 damaged stair units</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
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<tr>
<td>Repair balcony rail supports</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace windows &amp; sliders (Years 1-10)</td>
<td>$100,000.00</td>
<td>$100,000.00</td>
<td>$100,000.00</td>
<td></td>
</tr>
<tr>
<td>Paint exterior wood (Year 4 and 9)</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
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<tr>
<td><strong>Fire Life Safety</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Install touchscreen smoke alarms</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Mechanical Systems</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>Replace basement sump pumps (2)</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
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<tr>
<td>Replace transformer fans (2)</td>
<td>$24,750.00</td>
<td>$24,750.00</td>
<td>$24,750.00</td>
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</tr>
<tr>
<td>Install 12 Hz oil line to oil tank</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
<td>$7,000.00</td>
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<tr>
<td>Install 12 - duct work - spark arrest</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace FA furnace (blown out)</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace FA furnaces (Years 1-7)</td>
<td>$15,000.00</td>
<td>$15,000.00</td>
<td>$15,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace radiant wall heater (2013)</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td></td>
</tr>
<tr>
<td>Replace CO monitors in all units</td>
<td>$100,000.00</td>
<td>$100,000.00</td>
<td>$100,000.00</td>
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</table>
Report of Property Condition Assessment
Albert’s College Apartments - 5430 - 5485 55th Street
FEA Project No. R.208.2009.000116
July 8, 2009

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Required</th>
<th>Recommended</th>
<th>Potential</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electrical Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace broken 50-amp breakers</td>
<td>$5,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace unit exit panels (16x yr x 5 yrs)</td>
<td>$500,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perform IR scans on switchgear</td>
<td></td>
<td>$55,000.00</td>
<td></td>
<td>Perform every 2 yrs.</td>
</tr>
<tr>
<td>Install GFCI in hall/kitchen &amp; outside</td>
<td></td>
<td>$22,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Install proper wire/conduit on lndry</td>
<td></td>
<td>$55,000.00</td>
<td></td>
<td>Code Compliance issue</td>
</tr>
<tr>
<td>Install proper wiring for fire compliance</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td>Code Compliance issue</td>
</tr>
<tr>
<td>Secure roof-mounted security lights</td>
<td></td>
<td>$8,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plumbing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Study: backflow prevention survey</td>
<td>$5,000.00</td>
<td></td>
<td></td>
<td>Current conditions unknown</td>
</tr>
<tr>
<td>Replacement of cold water piping</td>
<td>$27,000.00</td>
<td></td>
<td></td>
<td>As necessary (yrs 1-10)</td>
</tr>
<tr>
<td>Install water heater maintenance</td>
<td>$17,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace water heaters (Yrs 1-10)</td>
<td>$32,000.00</td>
<td></td>
<td></td>
<td>A maintenance for replacements</td>
</tr>
<tr>
<td>Repair of hot water line leaks (Yrs 1-10)</td>
<td>$15,000.00</td>
<td></td>
<td></td>
<td>Replace line at time of repair</td>
</tr>
<tr>
<td>Install hot water recirculation pumps</td>
<td>$50,000.00</td>
<td></td>
<td></td>
<td>A maintenance for replacements</td>
</tr>
<tr>
<td>Insulate hot water lines and w.-heaters</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td>A maintenance of $500/yr.</td>
</tr>
<tr>
<td>Replace vntng lit gas piping as req.</td>
<td></td>
<td>$8,000.00</td>
<td></td>
<td>A maintenance of $5,000/yr.</td>
</tr>
<tr>
<td>Replace damaged (3 pipe immediate)</td>
<td></td>
<td>$10,000.00</td>
<td></td>
<td>Use Plain B&amp;D, cr-wrinklepipe</td>
</tr>
<tr>
<td>Replace damaged CLSWR pipe as req.</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pressure wash sanitary sewer lines</td>
<td>$12,000.00</td>
<td></td>
<td></td>
<td>$1200/yr for Yrs 1-10</td>
</tr>
<tr>
<td>Replace swimming pool equipment</td>
<td>$21,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interiors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos sampling and testing</td>
<td>$10,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace flooring for about 50 units/yr</td>
<td>$400,000.00</td>
<td></td>
<td></td>
<td>Replace flooring - 5 yr. cycle</td>
</tr>
<tr>
<td>Replace kitchen cabs - 25 units/yr</td>
<td>$1,250,000.00</td>
<td></td>
<td></td>
<td>Replace cabs - 10 yr. cycle</td>
</tr>
<tr>
<td>Replace kitchen appliances - 25 units/yr.</td>
<td>$1,250,000.00</td>
<td></td>
<td></td>
<td>Replace appliances - 10 yr. cycle</td>
</tr>
<tr>
<td>Remodel bathrooms - 25 units/yr.</td>
<td>$500,000.00</td>
<td></td>
<td></td>
<td>Replace fixtures - 10 yr. cycle</td>
</tr>
<tr>
<td>Replace units - 50 units</td>
<td>$200,000.00</td>
<td></td>
<td></td>
<td>Repair on a 5 year cycle</td>
</tr>
<tr>
<td>Asbestos O&amp;M program/retraining</td>
<td></td>
<td>$7,000.00</td>
<td></td>
<td>If Required</td>
</tr>
<tr>
<td>Elevator</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular call lighting</td>
<td>$1,500.00</td>
<td></td>
<td></td>
<td>Code Compliance</td>
</tr>
<tr>
<td>Install elevator pit sump pump &amp; ladder</td>
<td></td>
<td>$3,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elevator overhead</td>
<td></td>
<td>$60,000.00</td>
<td></td>
<td>Existing elevator is unreliable</td>
</tr>
</tbody>
</table>

Total: $1,879,950.00 (Expected) $1,152,350.00 (Recommended) $231,500.00 (Possible)

---

II. CSUF Auxiliary Services Corp. Western State College of Law (2012)

- **Property profile:**
  - constructed in 1974 and is comprised of two office buildings
  - approximately 86,500 rentable square feet, together with related on-site parking of 290 spaces
  - on approximately 3.6 acres of land, adjacent to CSUF campus

- **Sale to Buyer (ASC) subject to leaseback to Seller (EDMC) for up to 3 years**

- **Facility use:** Space for academic programs (Continuing Ed) and administrative offices
II. CSUF Auxiliary Services Corp. Western State College of Law (2012)

- Fully tax-exempt SRB financing:
  
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$18,250,000</td>
</tr>
<tr>
<td>Less: Down Payment</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Bond Financing</td>
<td>$13,250,000</td>
</tr>
</tbody>
</table>

- Areas of capital improvements and related costs:
  - $258K in immediate and short-term improvements
  - $1.2M in repairs and replacements over 12 years
  - $3M in seismic improvements
  - Funding for capital improvements from operating revenue and ASC reserves

- Summary of due diligence report as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$18,250,000</td>
</tr>
<tr>
<td>Less: Down Payment</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Bond Financing</td>
<td>$13,250,000</td>
</tr>
</tbody>
</table>

Summary of Due Diligence Report

<table>
<thead>
<tr>
<th>Title</th>
<th>&quot;no exceptions that would prevent the intended acquisition or make the property unsuitable for the uses&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal</td>
<td>&quot;Subject property 'as-is' with improvements was appraised at a total value of $18,250,000.&quot;</td>
</tr>
<tr>
<td>Seismic</td>
<td>&quot;... recommendations to bring the buildings into compliance with CSU standards. Building B, the newer building constructed in 1997, is generally sound per the CSU guidelines. Building A, which was constructed in 1974, will require significant structural retrofitting, primarily in the form of adding structural shear walls. The preliminary range of estimated construction costs, provided by this report is $3,600,000, which would result in a total project cost of approximately $4,700,000. Funding for seismic repairs to be funded from ASC reserves. It is not anticipated that the retrofit work will be undertaken until the end of the three-year leaseback period and will be completed prior to occupancy by an auxiliary, foundation or other use associated with the University.&quot;</td>
</tr>
<tr>
<td>Environmental</td>
<td>&quot;... assessment did not reveal any recognized environmental conditions ...&quot;</td>
</tr>
<tr>
<td>Condition Improvements</td>
<td>&quot;... report recommended a replacement reserve of $1,210,905 (in present value) for costs projected over the next 12 years ... immediate and short-term repairs in the amount of $285,000, which address façade waterproofing and window sealant repair and maintenance, elevator repairs &amp; modernization, and ADA compliance.&quot;</td>
</tr>
<tr>
<td>ADA Compliance</td>
<td>&quot;The condition assessment found the property to be non-ADA compliant. However, Aztec Shops has committed to provide the upgrades to enable appropriate numbers of ADA compliant units and related parking and sidewalk upgrades.&quot;</td>
</tr>
<tr>
<td>Life/Fire Safety</td>
<td>&quot;The Won Doors reportedly require replacement at an approximate cost of $10,000 ...&quot;</td>
</tr>
<tr>
<td>CEQA Compliance</td>
<td>The purchase of private property (assuming continued educational use of the property) does not require California Environmental Quality Act (CEQA) compliance at this time.</td>
</tr>
</tbody>
</table>
**EXECUTIVE SUMMARY TABLE**

<table>
<thead>
<tr>
<th>Section</th>
<th>Condition</th>
<th>Action</th>
<th>Immediate Repairs</th>
<th>Short Term Repairs</th>
<th>Replacement Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Topography and Drainage</td>
<td>✓</td>
<td>✓</td>
<td>$30,432</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Pavement and Parking</td>
<td>✓</td>
<td>✓</td>
<td>$750</td>
<td>$17,000</td>
</tr>
<tr>
<td>2.3</td>
<td>Site Amenities &amp; Landscaping</td>
<td>✓</td>
<td>✓</td>
<td>$750</td>
<td>$17,000</td>
</tr>
<tr>
<td>2.4</td>
<td>Utilities</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Substructure</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Superstructure</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Facades (Walls, Windows &amp; Doors)</td>
<td>✓</td>
<td></td>
<td>$5,400</td>
<td>$120,677</td>
</tr>
<tr>
<td>3.4</td>
<td>Roofing</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>Basements/Attics</td>
<td>✓</td>
<td></td>
<td>$3,460</td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>ADA Compliance</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Plumbing</td>
<td>✓</td>
<td></td>
<td>$100</td>
<td>$15,700</td>
</tr>
<tr>
<td>4.2</td>
<td>HVAC</td>
<td>✓</td>
<td></td>
<td>$65,500</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Electrical</td>
<td>✓</td>
<td></td>
<td>$4,900</td>
<td>$6,780</td>
</tr>
<tr>
<td>4.4</td>
<td>Exit/Exit Safety</td>
<td>✓</td>
<td></td>
<td>$30,000</td>
<td>$9,056</td>
</tr>
<tr>
<td>4.5</td>
<td>Elevators</td>
<td>✓</td>
<td></td>
<td>$178,700</td>
<td>$260,000</td>
</tr>
<tr>
<td>5.0</td>
<td>Codes</td>
<td>✓</td>
<td></td>
<td>$202,910</td>
<td>$34,630</td>
</tr>
</tbody>
</table>

**SITE CONDITIONS**

- Topography and Drainage: $30,432
- Pavement and Parking: $750
- Site Amenities & Landscaping: $750
- Utilities: 

**BUILDING CONDITIONS**

- Substructure: $5,400
- Superstructure: 
- Facades (Walls, Windows & Doors): $5,400
- Roofing: 
- Basements/Attics: $3,460
- ADA Compliance: 

**INT. FINISHES & COMPONENTS**

- Plumbing: $100
- HVAC: $65,500
- Electrical: $4,900
- Exit/Exit Safety: $30,000
- Elevators: $178,700

**MATERIAL CODE VIOLATIONS**

- Codes: 

**OTHER STRUCTURES, AMENITIES, SPECIAL INTEREST ITEMS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dollars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$202,910</td>
<td>$34,630</td>
</tr>
</tbody>
</table>

Present Value of Replacement Reserves Cost Estimate: $1,210,905
Refined Value of Replacement Reserve Cost Estimate: $202,910
Immediate Repairs and Deferred Maintenance Cost Estimate: $233,740
Total Deferred Maintenance Cost Estimate After Multiplier: $285,048

EBI Consulting
Executive Summary Table
Syrus En
CSU Office of the Chancellor
Financing & Treasury
Office: (562) 951-4593
Email: sen@calstate.edu