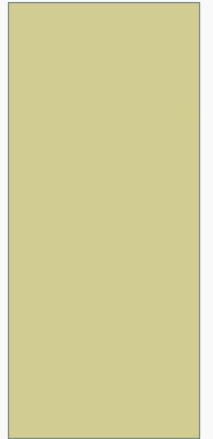


1ST INTERIM UPDATE

DECEMBER 3, 2015



POSITIVE SIGNS

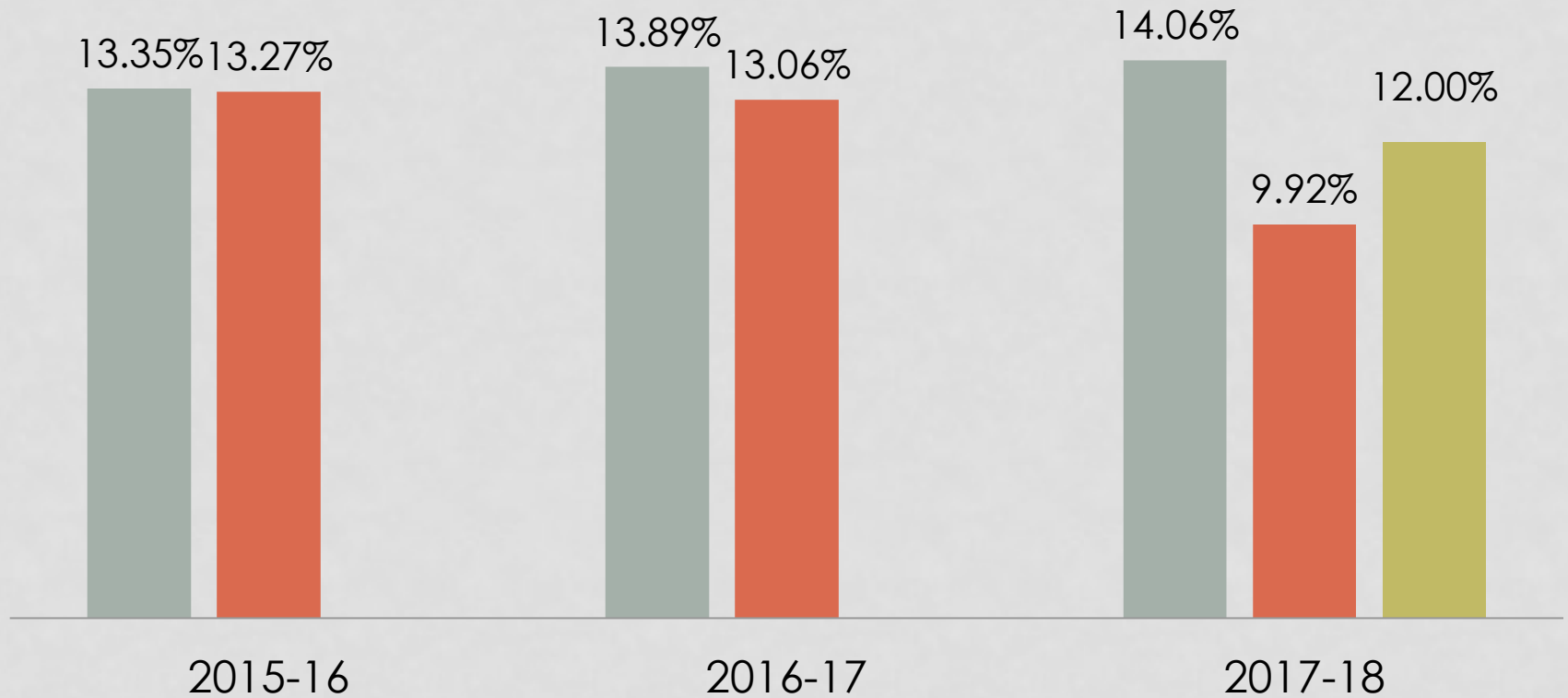
- LAO Forecast Surplus
 - \$3.6 B in higher revenue for '15-'16
 - \$1.8 B in higher revenue for '16-'17
 - Prop 98 guarantee for '14-'15 and '15-'16 to be recomputed
 - Estimates \$2.3 B available for one-time purposes from guarantee above
 - Estimates additional \$3.6 B available for '16-'17 Prop 98 guarantee
- Developer Fees
 - Windy Hills – 540,000 SF Office Space
 - Transit Village – 280 Housing Units; 38,000 SF Retail/Office Space
 - Wheeler Plaza – 109 Housing Units; 10,000 SF Retail Space
 - Landmark Hotel – 204 Rooms
- Potential of \$800,000 in one-time developer fees

CHANGES SINCE BUDGET ADOPTION

- Expenses
 - Personnel/SPED/Legal - \$353,000
 - Property/Liability Insurance - \$100,000
- Revenue
 - ADA below Plan - \$112,000
 - GAP % down 1.56%

RESERVE IMPACT

■ Adopted Budget ■ 1st Interim ■ Fees/Prop 98 (12%+ ?)



PROGRAM ITEMS FOR 1ST INTERIM CONSIDERATION (Adopted Budget '15-'16)

- Recommendation
 - Exercise Caution – Consider one-time or limited horizon items
 - Maintain 12% Reserve for '15-'16 and '16-'17
 - Revisit Program Items for Consideration