

Santa Monica College Response to RFP: A Student Housing Public/Private Partnership Initiative

Michaels Student Living, LLC
May 14, 2026




Michaels
COMMUNITIES THAT *lift* LIVES

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A. Cover Letter

Santa Monica College Student Housing P3

Santa Monica College
Procurement, Contracts, and Logistics Department
1900 Pico Boulevard
Santa Monica, CA 90405

May 14, 2026

RE: Proposal and Terms for Student Housing Public/Private Partnership Initiative (RFP #030426)

Dear Members of the Selection Committee,

Michaels Student Living, an affiliate of The Michaels Organization (collectively, “Michaels”), is honored to submit this proposal to partner with Santa Monica College (SMC) in the development of the transformative student housing community at Bundy Campus. Having been shortlisted following our Request for Qualifications response, our team—including TCA Architects, CBG Building Company, Fuscoe Engineering, DCI Engineers, McCullough Landscape Architecture, Vida Design, Provident Resources Group and RBC Capital Markets—remains steadfast in our commitment to delivering a thriving, affordable residential community that honors SMC’s mission of equity, accessibility, and student success. Per the requirements of RFP Section V.A., we confirm that our core team remains intact as proposed in the RFQ phase.

At Michaels, our mission is building and managing **“Communities that Lift Lives.”** While our technical qualifications are extensive, our true value lies in our 50-year legacy of taking care of people. We deeply understand the unique culture and institutional strengths that distinguish SMC as a premier community-serving institution in Los Angeles County. We recognize that SMC is the **#1 transfer college to the University of California (UC) system**, a record held for over 30 years, and a global destination for approximately **1,700 international students** drawn to a “safe, inclusive, and dynamic” campus culture. We do not view this project merely as the construction of approximately 750 beds; we see it as a critical foundation for degree completion and a bridge to future opportunity for a diverse student body.

Our proposal is uniquely structured to meet SMC’s ambitious goals through a comprehensive Design-Build-Finance-Operate-Maintain (DBFOM) approach.

A Legacy of Care and Equity

For over five decades, Michaels has managed housing for diverse populations across the country. We bring a “resident-first” philosophy that aligns perfectly with SMC’s robust **Basic Needs support systems**, including the Bodega food pantry. We are specifically committed to supporting the marginalized groups identified in SMC’s Equity Plan, including **Transitional Age Youth (TAY)** and low-income students, ensuring they have a stable home that dismantles structural barriers to their success.

Holistic Student Success

Our design approach, led by TCA Architects, integrates the “Bundy Campus Vision Framework” to create a live-learn environment that addresses the regional housing crisis. We recognize the strategic importance of the **Bundy Campus**, which houses the renowned nursing and teacher-training programs. Our design approach, led by TCA Architects, integrates the “Bundy Campus Vision Framework” to create a live-learn environment. From “one-stop-shop” student services to intentional community spaces both inside and out, every square foot is designed to improve retention and academic success.

By providing on-campus housing, we aim to eliminate the average **60-minute commute** faced by students due to locational constraints like the high cost of living in Santa Monica and Mar Vista and the lack of affordable housing options in West LA.

Commitment to Affordability and Neutrality

Our proposal addresses the critical requirement for **at least 291 beds at affordable rates** while maintaining **financial neutrality** for the College. Our partnership with the non-profit Provident Resources Group and RBC Capital Markets, as well as our use of tax-exempt bond financing, allows us to maximize affordability without impacting SMC’s balance sheet or credit capacity.

Deep P3 Expertise

As a top owner of student housing and a leading private developer of affordable housing, Michaels possesses the financial strength and operational depth to navigate the complexities of a long-term ground lease. In California, our team has successfully delivered high-impact projects at institutions like **UC Davis** and the **San Diego Community College District**, and we are ready to bring that same standard of excellence to SMC.

We are not just developers; we are long-term partners offering the stability of an organization that has spent half a century navigating the evolving needs of students. Our team is fully prepared to execute the Pre-Development Agreement (PDA) within the timeframes specified in the RFP and work alongside the Board of Trustees to bring this vision to fruition by the **2030 target**.

Thank you for your continued confidence in the Michaels Development Team. We look forward to helping Santa Monica College set a new national standard for community college student housing.

Sincerely,



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CONFIDENTIAL

B. Respondent Financial Capacity

Santa Monica College Student Housing P3

B. Respondent Financial Capacity

(a) Most recent Respondent Financial Statements (audited, if available), including:

(i) Balance Sheet;

While the formal respondent is Michaels Student Living, the attached Audited Financial Statements belong to our affiliate, The Michaels Development Company I, L.P. Within the broader Michaels organization, The Michaels Development Company I, L.P. serves as the financial sponsor for our development deals. In the ordinary course of its real estate development business, this entity routinely provides development financing and substantial guarantees of construction completion for projects across our portfolio.

The most recent audited financial statements including the balance sheet and statement of operations for The Michaels Development Company I, L.P. have been provided via a separate file with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.

We are providing these financial statements of our corporate sponsor to demonstrate the robust financial capacity, capitalization, and organizational backing that will support the successful delivery and ongoing operation of the Santa Monica College student housing project.

(ii) Statement of Operations;

This information is included in Audited Financial Statements for The Michaels Development Company I, L.P., which have been provided via a separate file with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.

(b) Reference letters from Lenders, Underwriters and/or Equity providers with whom the Respondent has worked in the past.

Letters of Support have been provided via a separate file, with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.





C. Project Understanding

Santa Monica College Student Housing P3

C. Project Understanding

(a) Provide a summary of how the Project can support each of SMC's objectives.

The Michaels Development Team understands that Santa Monica College (SMC) is a “College in Transition,” currently navigating leadership changes and evolving fiscal landscapes while remaining steadfast in its commitment to student success.

We recognize that this Student Housing Public-Private Partnership (P3) Initiative is not merely a housing development; it is a critical strategic intervention designed to dismantle the barriers of access to higher education, especially in the competitive Los Angeles housing market. This community will activate the Bundy campus ahead of the Airport to Park initiative while supporting student recruitment, retention, and persistence.

Through our deep dive into the RFP materials and our highly engaging April 15, 2026, workshop session with SMC administrators and the Volz Company, we have refined our approach to align thoughtfully with SMC's four core objectives.



(b) Give examples of how your Development Team will strive to achieve, as well as provide insights gleaned through the RFP period, including the on-campus working session(s).

Increase Student Retention

SMC acknowledges the importance of high quality, safe and secure student housing and its direct contribution to increasing recruitment, retention and persistence of SMC students. To address that core issue, our team's vision is to position the Bundy Campus project as a “Live-Learn” ecosystem where residential life is seamlessly integrated with academic support, wellness, and success.

Holistic Support Services

Insights from the workshop emphasized a “one-stop-shop” approach. We will design flexible spaces that can enhance the site's current programs and augment additional services like nurse's lounges, therapist/wellness centers, and basic needs within the residential footprint and/or the renovated first floor of the West Building. As program offerings change over time, these spaces can be repurposed and reprogrammed to meet the current SMC needs.

Housing for Diverse Populations

We recognize that SMC serves a diverse student body that faces unique housing challenges. From recently graduated high school students, international students, to housing insecure, transitional aged youth, and working professionals; our range of apartment options have something for all of SMC's students. As voiced by SMC in our working session, all of our units have kitchens, allowing students to be more independent and save money on core needs.

Building Community Away from Home

1,700 of SMC's students are international and face unique housing hurdles. Our program includes furnished unit layouts—specifically four-bedroom/two-bathroom and two-bedroom/one-bathroom and studio configurations—that foster the peer support networks essential for these students to persist.

Support for TAY and Financial Aid Recipients

We are specifically prioritizing **Transitional Age Youth (TAY)** aging out of the foster care system and low-income students on financial aid, since they are among the most vulnerable SMC populations. For these students, stable housing is the single greatest predictor of persistence; our management approach includes working with SMC and regional entities like Safe Place for Youth, to bring specialized “bridge” services to ensure these vulnerable populations remain enrolled and supported.

Engagement-First Design

By activating the ground floor with “Bodega Bites” style pop-up food locations, social hubs like meditation gardens and outdoor study areas, we create the “sticky campus” environment that keeps students engaged and enrolled. Incorporating community-focused amenities such as tranquil fountains and inviting firepits, helps to serve as essential gathering spaces that promote relaxation and peer bonding, which further drives retention and a sense of place at these non-traditional style campuses.

Cost-Effective Housing Addressing Basic Needs and Financial Viability

Financial insecurity is a primary barrier to academic success. Our Development Team is committed to delivering a project that reduces this burden through thoughtful programming and operational efficiency.

Integrating Basic Needs

During our workshop, we learned that SMC’s “Grab & Go” and food resources serve up to 1,500 students weekly. We will prioritize the inclusion of an expanded “Bodega” food service at the Bundy campus, ensuring that residents do not have to choose between rent and nutrition.

We also heard the need for overall student wellness, which is why we will work with SMC to identify specific wellness programs that can be integrated into the ground floor of the West Building, to provide additional services to the students. Each individual unit has a kitchen, allowing students to directly take advantage of these programs and utilize the food staples already being distributed at SMC.

We will work with SMC and residents to further leverage the Site’s existing connectivity, including Big Blue Bus Route 44 and the Metro E Line, to encourage a car-free lifestyle. By providing robust bike and e-bike storage and with students effectively utilizing SMC’s transit pass programs, will significantly reduce the total cost of attendance for students.

Phased Growth

We understand that Phase 1 must be economically feasible while preserving the land for future phases of development. Our vision treats Phase 1 as a proof-of-concept that demonstrates a broad mix of high quality units at affordable rental rates for those students who need it and attainable rental rates for students who can afford a higher rent yet competitive in the local market.

Maintain Financial Neutrality for SMC

SMC requires a project that is, at minimum, financially neutral on an operational basis and silos liability away from the College’s balance sheet. However, we believe the project will be financially positive (1.20 DSCR) for SMC.

P3 Structure and Tax-Exempt Financing

Our team—led by Michaels in partnership with Provident Resources Group (a qualified non-profit/501(c)(3)) and RBC Capital Markets—are experts in utilizing tax-exempt bond financing to achieve optimal capital cost efficiencies. After the project achieves its annual loan covenants the residual revenue can flow back to SMC once debt service coverage ratios (e.g., 1.20x DSCR) are met.

Additional Project Funding Sources

Given Michaels’ extensive experience in capitalizing affordable development projects within the City of Los Angeles over the past decade, we believe sharing this information with SMC will be beneficial in potentially further supporting the project in having financial neutrality for SMC.

1. Support for Vulnerable Populations: TAY

Michaels recognizes that Transitional Age Youth (TAY) aging out of the foster care system represent the most vulnerable population attending SMC. Approximately 1,140 youth exit foster care annually in LA County, with up to 40% experiencing homelessness or housing insecurity shortly thereafter. SMC served approximately 312 Foster Youth students in the 2024-2025 academic year (**Source: California Community Colleges Chancellor’s Office - Management Information Systems Data Mart**).

To support these students, we can, with SMC’s approval, integrate specialized rental subsidy programs into our financial and operational strategy. Please refer to the table below on these programs.

LA County Transitional Age Youth (TAY) Rent Voucher Programs			
Program	Max Monthly Subsidy	Planning Parameters	Provider
THP-NMD	\$1,700	Requires master lease with provider, single bedroom, and furnished units.	LA County DCFS
THP-Plus	\$1,200 or less	Master lease structure for single bedrooms; requires additional rental support due to lower rates.	LA County DCFS
SILP	\$700 – \$1,200	Direct payments to youth; flexible for shared or single bedrooms.	LA County DCFS
FYI Vouchers	TBD	Federal HUD funding via HACLA/LACDA; availability depends on federal application periods.	HUD/HACLA/LACDA

2. Strategic Supplemental Funding (LACAHSA)

Given the sites' are located in Los Angeles County, we will explore supplemental funding from the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) to determine if this capital source, with its various requirements, is a good fit for the Project and to achieve SMC's near- and long-term goals. This additional financing source can include Project Based Vouchers (PBVs) to provide rental subsidies and/or "soft funding" loans of up to \$25M. While highly competitive, non-LIHTC projects (like our 501(c)(3) structure) were minimally oversubscribed in the last cycle, increasing our likelihood of success. We will carefully coordinate application timelines to ensure they do not delay a Fall 2030 delivery.

Optimizing the West Building

We recognize the West Building as a primary asset and strategic investment by SMC. By renovating the first floor for student services and common programs, we will leverage existing infrastructure to lower the overall hard-cost burden of the new residential buildings while expanding the offerings of support spaces available to students and residents.

Operational Depth

With over 50 years of experience, Michaels provides the institutional-grade management required to maintain high occupancy and operational efficiency, protecting the College's long-term interests throughout the proposed 45-year ground lease. This is essential, given this will be uncharted territory for the College with student housing. Furthermore, SMC seeks a partner committed to providing high-quality operations, like Michaels. SMC also desires a partner with a long-standing history of taking care of people, a tradition Michaels has upheld for over 50 years.

Delivering on Affordability

Our proposal specifically addresses and exceeds the baseline requirement for 291 beds at rents not exceeding 30% of 50% of the Area Median Income (AMI) for a single person household in Los Angeles County. We will work with SMC to maximize the effectiveness of potential capital contributions from its recent bond measure to drive these rates even lower for students on financial aid.

Tiered Rent Structure

Beyond the 291 affordable beds, we will implement a tiered structure that keeps the remaining units "below market" compared to the expensive Mar Vista neighborhood, where median rents for comparable housing exceed \$2,700 per month.

Creative Unit Mix

As discussed on April 15, we are exploring a mix of suite-style and apartment-style units with both single- and double-occupancy bedroom options and different levels of kitchens within each of these unit types.

This allows us to provide a range of affordable price points, through more affordable double-occupancy rooms for TAY and low-income students, while providing studio units for students who prioritize privacy and have the means to pay more. We will work with the College to identify the optimal unit mix so that we have an operational successful project that meets the goals of SMC and its Board of Trustees.

Insights Gleaned from the RFP and Workshop Period

The Michaels Team came away from the April 15 workshop with a deepened understanding of the "human" side of this project that is critically important to both Michaels and SMC.

Neighborhood Diplomacy

We are aware of the sensitive relationship with the surrounding residential neighbors and the community at large. Our design addresses this by keeping building heights under 85' to maintain community goodwill.

Student Wellness

The request for "decompression spaces"—places where students can rest and reset for 20-30 minutes with headphones— informed our interior design to prioritize mental health as much as physical shelter. Our approach is not limited to just the building, we will create enriching outdoor spaces as well that can embrace the California lifestyle and an indoor-outdoor relationship.

The Library Effect

SMC's invitation to view their newly renovated main campus library highlighted the need for the Bundy project to provide social hangouts that feel as essential and vibrant as the College's central academic hub. Michaels is not just building rooms; we are building a foundation for equity, access, and life-lifting communities. We are ready to be the partner SMC needs during this critical transition.



D. Project Vision and Approach

Santa Monica College Student Housing P3

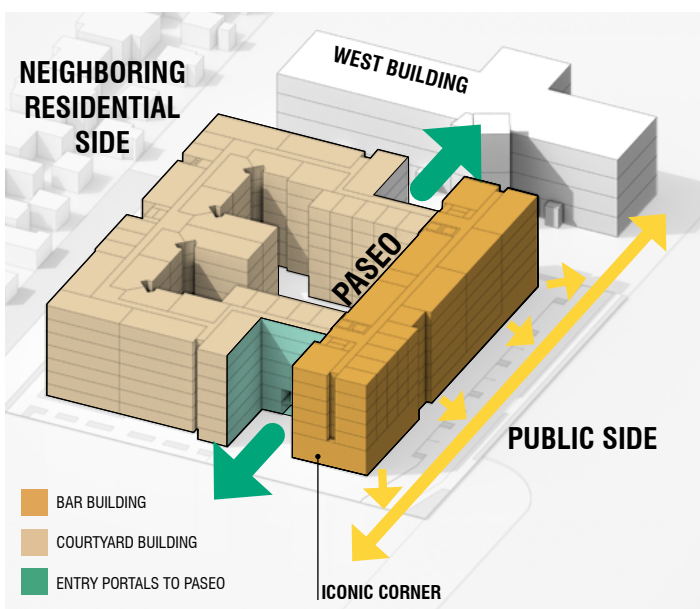
Our Vision for a Live-Learn Community

The Santa Monica College (SMC) Phase 1 Student Housing Project offers multiple opportunities to **enhance student life and strengthen the campus experience**. Through a collaborative design process, we look forward to exploring with SMC how the Project's architectural and landscape design will support your goals.

Our vision is to create a **vibrant student community in a live-learn environment** to achieve SMC's goals of increasing **student recruitment, retention, and academic success**. The Project will transform the Bundy Campus by creating a 24-7 student residential community that can serve as a core activator to the site. A renovation of the West Building will provide flexible spaces that can support a public facing, student body-focused programs on the ground level. The new Phase 1 student housing building will provide more private indoor and outdoor programming to support the student residential community. We envision the future Phase 2 student housing building will add beds while sharing the residential-community program areas of Phase 1, reinforcing the idea of a **single student residential community** accessed via a unified paseo that connects all the Bundy Campus elements, including the existing parking lot.

Bundy Campus Vision & Identity

Situated along North Campus Drive, the 7-story Project will become the first building visitors see as they enter the Bundy Campus. To take advantage of this gateway opportunity, the building will feature an **iconic architectural corner** element, using



the architectural expression to build **campus identity**. This siting strategy also allows the building to engage the future Airport to Park reclamation project and future neighborhood developments.

The Phase 1 and future Phase 2 student housing buildings, to the east of the existing West Building, will replace parking lots, changing the character of the campus and creating a more prominent Bundy Campus presence on South Bundy Drive. The new buildings will be conveniently accessed by the North and South Campus Drives, implementing the circulation paths envisioned in the SMC Bundy Campus Vision Framework.

Entry plazas on the west and east sides of the new Phase 1 building, together with the Paseo, create the project's connective spine, and draw students and visitors through the campus while linking the West Building, housing, and future development phases. These exterior spaces help transform the campus into a cohesive and walkable environment.

Architectural Concept

The Phase 1 architectural concept is a **bar building** along North Campus Drive connected to a **grand courtyard** that becomes the outdoor living room of the student community. The ground level of this building will house residential shared spaces, such as a lobby, lounge, and fitness room. The courtyard is formed by double-loaded residential corridors, composed of **apartment-style units with full kitchens**. Our strategy is to house the common residential program spaces in the bar building, where it can engage both the formal street side and the courtyard. A **Paseo** runs along the south side of the bar building, creating an active pedestrian route for students that **encourages social interaction** in the courtyard.

A Vibrant Student Community

The residential courtyard, its connections to the ground floor building community spaces, and the campus connecting Paseo will embrace **indoor/outdoor California coastal living**, encouraging student interaction and engagement with nature.

A range of outdoor environments, from active social areas to quiet contemplative spaces, allow students a choice between settings that support studying, recreation, relaxation, and informal gathering. This variety is quite important in student housing, as access to different environments can improve mental well-being and strengthen community life.

A **Student Sky Lounge** on level 7 captures views of the city and the Pacific Ocean. Like the library on the main campus, this space will become a hub for students to study and socialize; allowing them to engage in the full residential life experience.

Apartment Style Units

From our work session with SMC, we understand that building encouraging positive life skills like **healthy eating** and at-home meal preparation is encouraged. This informed our choice to uniformly provide **apartment-style units with full kitchens**. The 4-bedroom units include single-occupancy bedrooms; from our experience in residential life, limiting each unit to a maximum of 4 roommates helps reduce conflict. Two types of 2-bedroom units offer both **single- and double-occupancy bedrooms** to increase the bed count and assist with deeper affordability. We can discuss further with SMC how to balance the number of double occupancy rooms with cost and student preferences. Studio units provide additional privacy for students who desire more privacy and for Resident Assistants.



Unit Interior

Conceptual Unit & Area Summary

Studios (1 Bed)	120
Two Bedrooms (2 Beds)	28
Two Bedrooms (4 Beds) <i>(Not Shown)</i>	38
Four Bedrooms (4 Beds)	94
Total Units	280
Total Beds	704
Average Unit Size (SF)	761
Total GSF	284,068



Inside Corner Unit Two Bedrooms (2 Bed)



Four Bedrooms (4 Bed)



Studios (1 Bed)

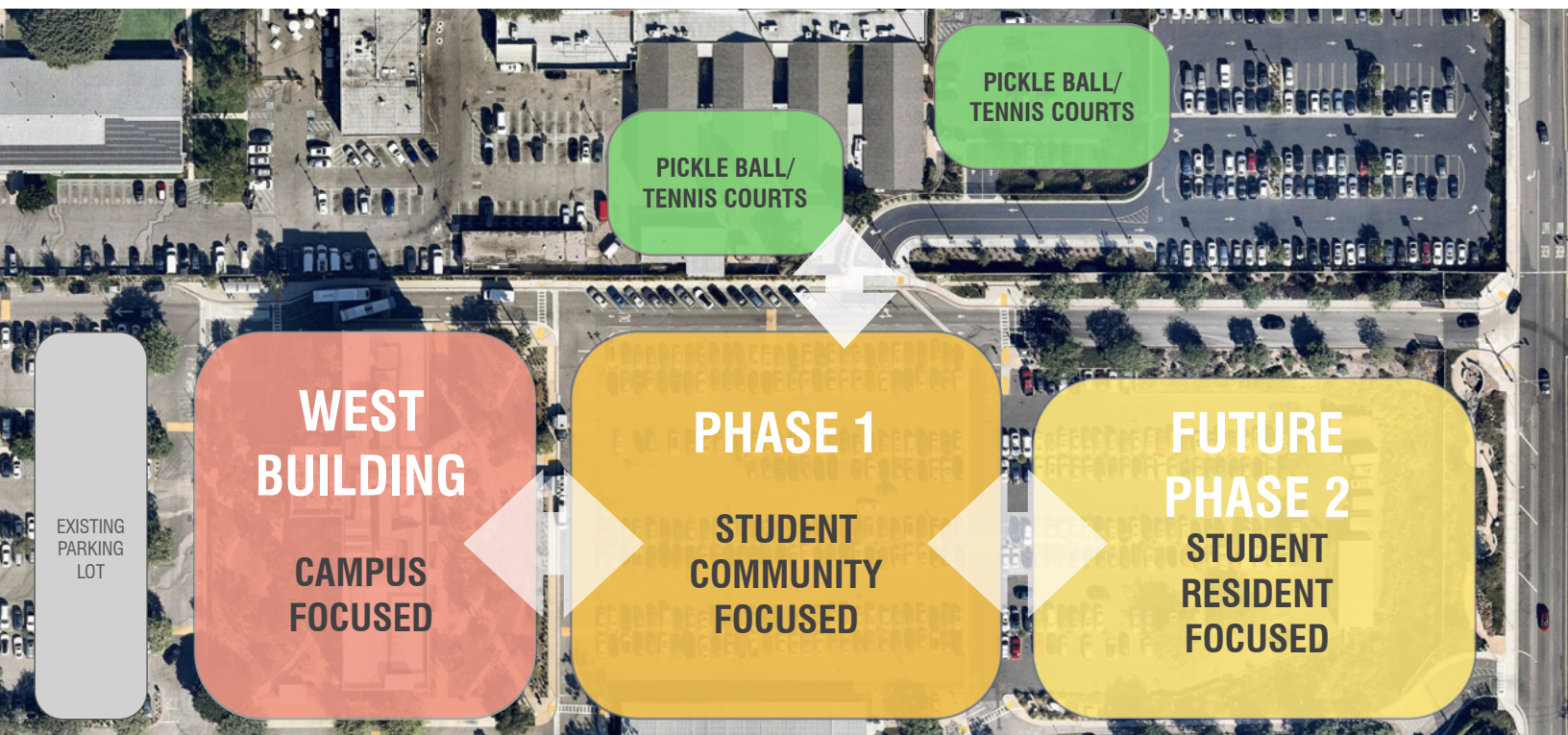
Outdoor Connection & Wellness

Landscape is a critical component of our vision for student life. The **grand courtyard** acts as a multi-functional social space containing **outdoor study terraces, shaded seating zones, and game areas** where students can gather informally throughout the day. A **community lawn** sits centrally, anchored by a **performance stage** that provides a space for movie nights, music, and student events, while also functioning as an everyday recreational green. A quieter **meditation garden** offers a place for students to retreat and contemplate amidst busy student life. A passive **yoga lawn** creates additional wellness space for smaller, more intimate group programming. Together, the outdoor spaces provide a **balance of social activation and passive calm**.

Two **portals** on the west and east sides of the building create **entry plazas** that connect directly into a **Paseo** that passes through the courtyard. These plazas and portals serve as welcoming

thresholds, marked by **water features** that provide landmarks at key moments along the building exterior for students to meet. The sound and presence of water help orient visitors and soften the environment while establishing an identity for the community. The Paseo, anchored by these exterior plazas, creates a vibrant social spine where students can see and join their friends gathered in the outdoor study and game spaces. Linking the campus together, the Paseo activates the courtyard and shapes a series of spaces that encourage organic social interaction and community building.

Between the West Building and Phase 1 building, a **flexible plaza** is designed to accommodate campus events such as blood drives, career fairs, and move-in day activities. To the south, the landscape becomes more passive and offers a quieter transition space and a softer neighboring residential edge.



Public student body-focused programs accessed by all SMC students, such as Basic Needs, counseling rooms, community room, and student services offices. Indoor and outdoor lounges and meditation spaces will be critical to help students manage stress.

Residential program in Phase 1 student housing will include student community-building spaces such as study and social lounges and fitness to encourage social interaction and wellness.

The future Phase 2 student housing building will add beds while sharing the residential-community program areas of Phase 1, reinforcing the idea of a single student residential community accessed via a unified paseo that connects all the Bundy Campus elements.

Residential and Student Life Program

Our vision is to reinforce accessible, affordable, safe and secure living options for SMC students, while providing them with an opportunity to experience California coastal living, further supporting the reasons students are attracted to SMC. SMC student residents at the Bundy Campus will enjoy indoor and outdoor study spaces, a computer lab, and a fitness room to help balance study and wellness.

A 7th-floor Sky Lounge capturing local views will become an active hub for study and socialization. At ground level, the landscape extends the residential experience outdoors through the central courtyard, community lawn, and meditation and yoga garden spaces. This creates functional and intimate residential spaces to support student needs at their apartment home.

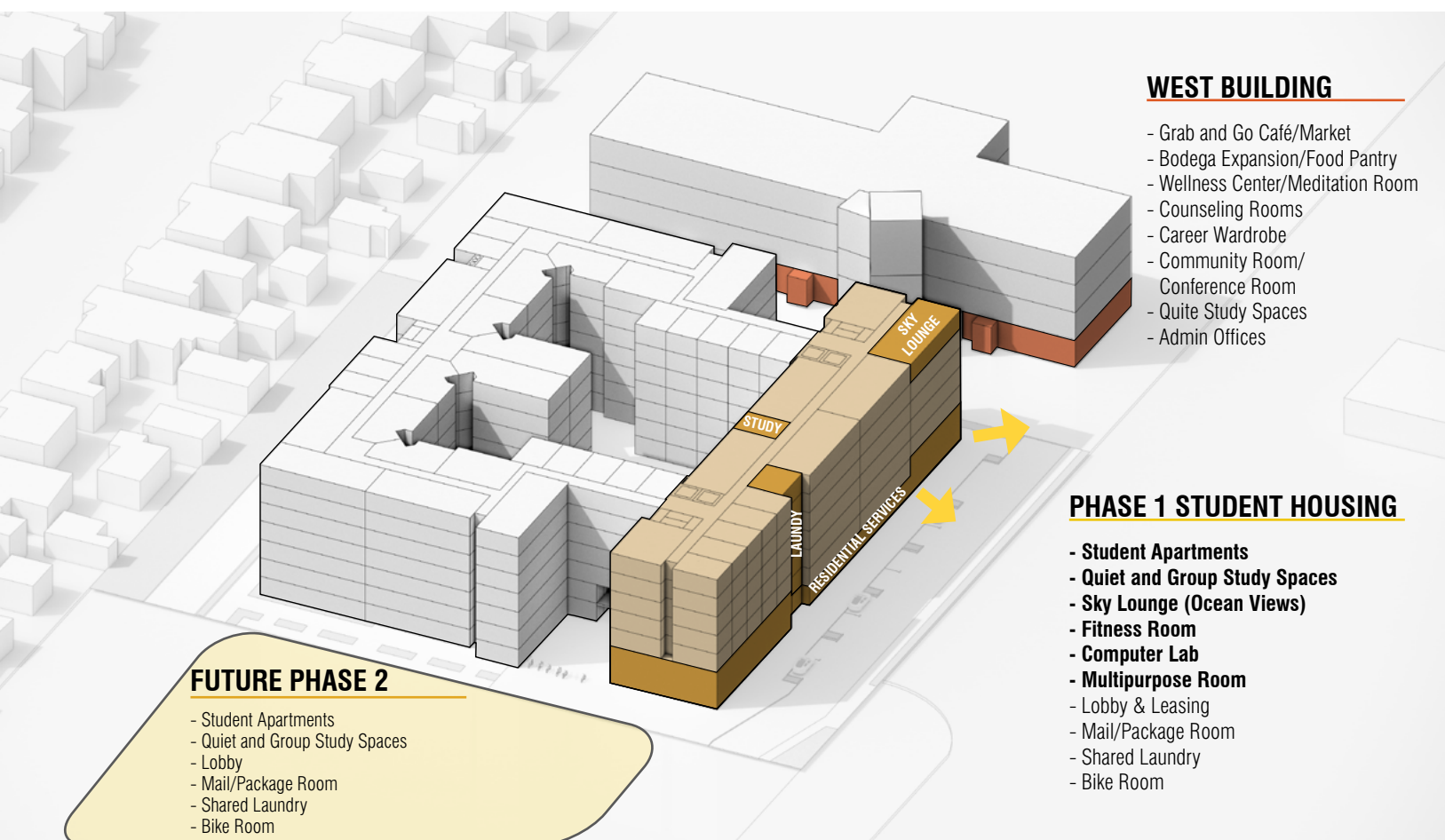
More public student body-focused programs are proposed for the West Building renovation, where it can be accessed by all SMC students. This may include leveraging existing SMC services like a **Bodega Bites expansion**, counseling rooms, and student services offices to support academic engagement and success.

In addition, wellness in both **indoor and outdoor lounges and meditation spaces** will be critical to help students manage stress and promote mental health.

As we work with SMC and understand the specialized program offerings at the Bundy Campus like nursing and respiratory health, we can cater these flex spaces in our renovation program to best support these existing, invested Bundy Campus stakeholders.

Joint Occupancy

Under Education Code § 81394, the non-profit entity will hold exclusive title to the residential leasehold improvements during the lease term, while SMC will occupy designated portions of the Project (such as student service spaces in the West Building and resident support spaces in the new student housing project) without rental charges.



Residential and Student Life Program

West Building Renovation

Renovating the West Building to include a **campus-focused program** will give the broader SMC community more purpose to visit the Bundy Campus. Its proximity to the existing parking lot makes this the ideal space for public focused spaces on the ground floor. Spaces that support SMC departments at the Bundy Campus can include:

Nursing Program

- Health clinic
- Space for blood drives
- Wellness lounges

Student Services

- Design and Engineering Computer Lab - WiFi Lounge
- Administrative Offices
- Quiet Study Spaces

Basic Needs Program

- Bodega Bites (Food Pantry)
- Everytable-style food purchase (Grab and Go Café)
- Flexible Pop-up Space for fruit/vegetable distribution, compost collection, etc.
- Career Wardrobe clothing donation closet

Public Engagement

- Community Room and flex space for career and health fairs, where SMC may interface with the Santa Monica and Mar Vista public communities

Safe and Secure Living

Thoughtful placement of building entries, visual connections, and campus activation with increased pedestrian activity all contribute to a safe environment. All Michaels new developments include a comprehensive security camera system with remote viewing access. This allows us to be cooperative with campus security, any private security in the area, as well as the local law enforcement jurisdictions if incidents ever arise. The cameras provide an extra layer of security and assurance for residents and their families who may not be nearby.

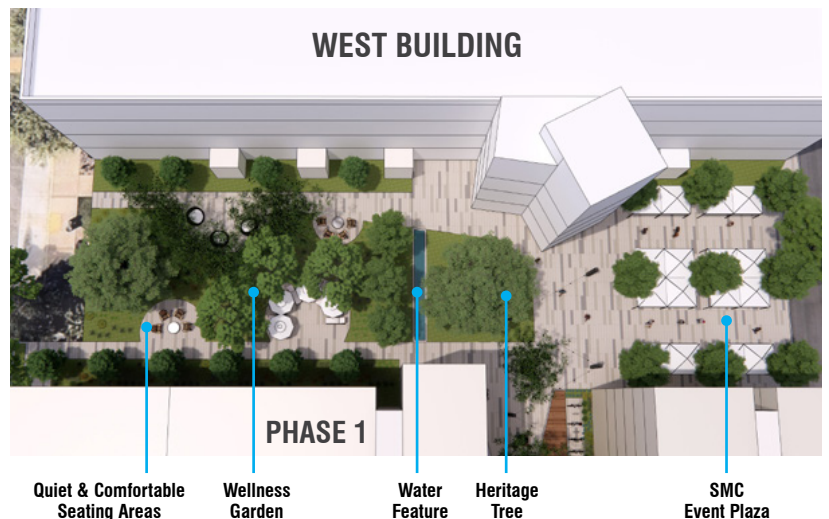
Controlled access via a card or fob reader security system for all corridors and unit entry doors allows access to be programmed and changed as needed. All bedrooms will be individually keyed as well. The two portals connecting the private residential community to the Campus via the Paseo can include gates to secure the student housing courtyard from public circulation when desired or if needed during off hours.

Sustainability

The project will provide approximately 700-750 beds in a supportive live-learn environment on campus. The Project will include rooftop **solar photovoltaics** and is anticipated to be **all electric** with no new natural gas lines to the project. The project will be designed in accordance with LEED requirements and will lean into industry best practices around stormwater management, onsite energy generation, and transportation demand management. These approaches are the basis of design for Michaels developments in California, as we work with our public partners to meet the challenges of development in the 21st century.

Outdoor green spaces will play an important role in environmental performance by reducing heat island effect, providing shade, and **creating a healthier environment** for residents. Native and drought-tolerant plantings will be prioritized to align with sustainability goals.

To take full advantage of the Santa Monica location, the design will maximize outdoor landscape spaces to support student study, meditation, and social interaction. Guided by **biophilic design principles**, it will incorporate native plantings and the calming sound of water through a fountain. Further, the proposed Sky Lounge will capture long views of our urban landscape backdropped by the Santa Monica mountains and the Pacific Ocean. The active Paseo and central courtyard, together with beautifully designed stair towers, will encourage walking.

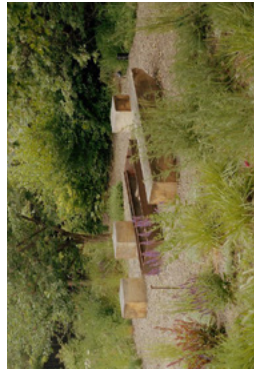
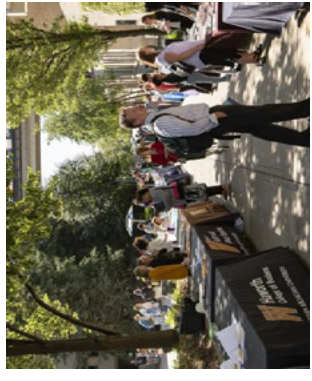
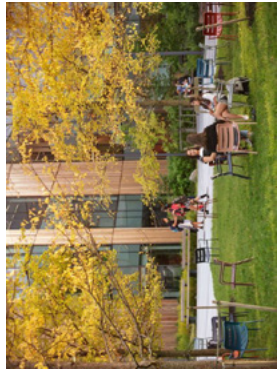


Site Plan

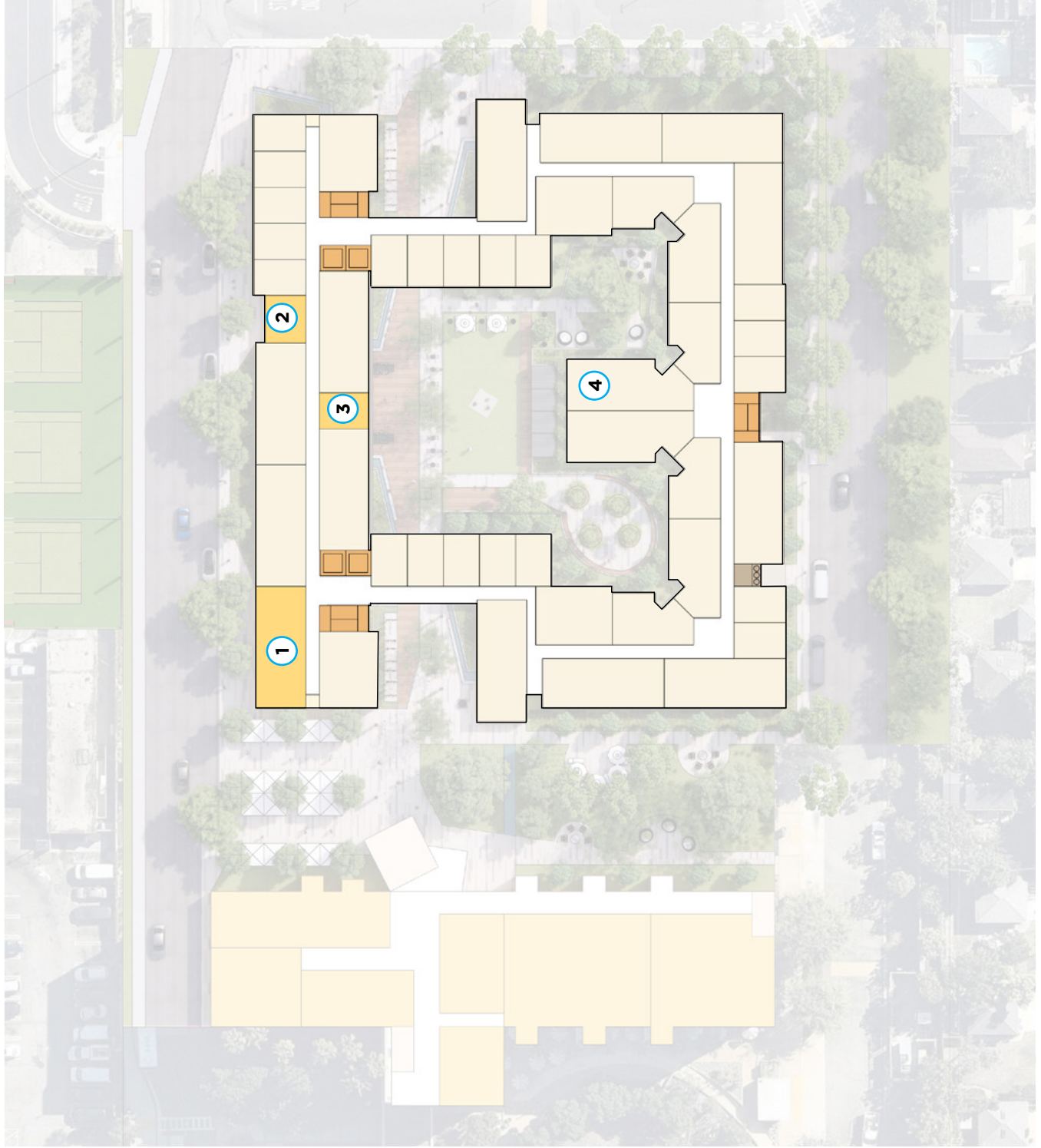


LEGEND

1. SMC Plaza
2. Entry Plaza (water feature)
3. Paseo (water feature)
4. Community Green
5. Wellness Garden
6. Study Retreat
7. Performance/Movie Deck
8. Drop off/Loading
9. Entry Portal (water feature)
10. Heritage Tree (water feature)
11. Study Cabanas

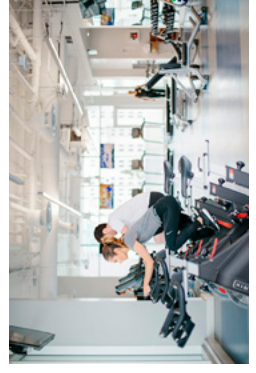
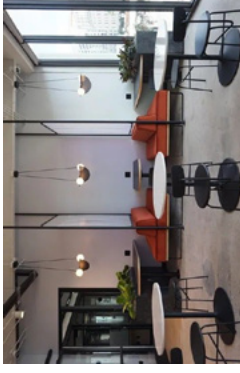


Typical Upper Level Plan (Levels 2-8)



LEGEND

- 1. Sky Lounge @ Level 7
- 2. Shared Laundry
- 3. Study Room
- 4. Units



Entry Portal/Paseo



Courtyard/Paseo



SANTA MONICA COLLEGE

SMC. WHERE WE SUCCEEDED.



E. Project Structure

Santa Monica College Student Housing P3

(a) Discuss the proposed Project ownership structure assuming a tax-exempt financing structure with a Developer-affiliated 501(c)(3) owner who will enter into a ground lease with SMC, as described under Section II. A. (Agreement Assumptions) of this RFP.

The Michaels Development Team proposes a project ownership and financing structure specifically engineered to achieve Santa Monica College's ("SMC") goals of maximizing student affordability and maintaining absolute financial neutrality. We believe the most effective vehicle for this initiative is a **Public-Private Partnership (P3)** non-profit ownership model in collaboration with **Provident Resources Group ("Provident")**, a national 501(c)(3) entity that is IRS qualified to borrow non-recourse, tax-exempt debt for P3 student housing projects.

Proposed Ownership Entity and Ground Lease Structure

In alignment with the RFP's Agreement Assumptions and California Education Code provisions, Provident will establish a project-specific Special Purpose Entity (SPE), a single-asset non-profit corporation, to serve as the Owner/Lessee.

Joint Occupancy Ground Lease

The SPE will enter into a joint occupancy ground lease with SMC for a term of up to approximately 45 years. SMC will maintain unsubordinated fee simple ownership of the Bundy Campus site throughout the term.

Division of Interest

Under Education Code § 81394, the SPE will hold exclusive title to the residential leasehold improvements during the lease term, while SMC will occupy designated portions of the Project (such as student service spaces in the West Building and resident support spaces in the new student housing project) without rental charges.

Reversionary Interest

Upon the full retirement of the project debt and expiration of the ground lease, full ownership of the improvements will transfer to SMC at no cost.

Project-Based, Tax-Exempt Financing Structure

The Michaels-Provident team will utilize a project-based, tax-exempt bond financing structure to fund 100% of the development costs.

Balance Sheet Isolation

The SPE will serve as the sole borrower of the debt. Because this debt is non-recourse to the College, it effectively silos the Project's liability away from SMC's balance sheet, protecting the College's credit rating and debt capacity for other institutional needs.

Cost Efficiency

By utilizing tax-exempt bonds, along with some of SMC's general obligation bonds, we can secure the lowest possible cost of capital. These savings are directly passed through to students in the form of lower rents, particularly for the 291 beds designated for low-income and TAY students.

Credit Support and Risk Sharing

While the structure requires no operational subsidies from SMC, we will work with the College to reflect any potential capital contributions as credit support in the closing documentation, further driving down interest rates and enhancing project viability.

Financial Neutrality and Residual Revenue

Our structure is designed to meet a minimum 1.20 Debt Service Coverage Ratio (DSCR). Consistent with SMC's objectives, all residual cash flow generated after operating expenses, maintenance reserves, and debt service are met will flow back to SMC on a regular basis. This provides the College with a long-term revenue stream while ensuring the asset is maintained to institutional-grade standards for the life of the lease.

Through this Michaels-Provident partnership, SMC gains the operational expertise of a 50-year industry leader and the financial benefits of a non-profit structure, resulting in a "Live-Learn" community that is inclusive, equitable, and financially self-sustaining.

(b) Summarize the nature of the agreements that need to be executed between the Developer and SMC and between the Developer and other service providers and describe how these agreements will isolate SMC from as much liability as possible while maximizing achievement of the Objectives.

Based on our extensive experience with project-based, tax-exempt bond financing, the Michaels Development Team has outlined a comprehensive legal and financial framework designed to shift risk away from Santa Monica College (SMC) while maximizing the project's ability to provide affordable housing.

Summary of Core Project Agreements

The following agreements form the backbone of the Public-Private Partnership (P3) structure, ensuring clear lines of responsibility and liability isolation for SMC:

Joint Occupancy Ground Lease

Executed between SMC (Lessor) and the Provident-affiliated Special Purpose Entity (SPE) (Lessee). This overriding agreement conveys site control to the SPE for approximately 45 years while ensuring SMC maintains unsubordinated ownership of the fee interest in the land. It also defines SMC's right to occupy portions of the improvements, such as the renovated West Building and residential building support spaces, without rental charges.

Financing Agreements (Trust Indenture & Loan Agreement)

These agreements are executed between the Bond Trustee and the SPE. They establish the SPE as the sole borrower of non-recourse, tax-exempt debt. By ensuring the debt is non-recourse to the College, this structure keeps the project liability off SMC's balance sheet and protects its credit capacity.

Development Agreement

Executed between the SPE and the Developer (Michaels). This agreement includes strict performance guarantees, liquidated damages for delays, and termination provisions for lack of performance or negligence. It ensures that the responsibility for delivering the project on time (by Summer 2030) and within budget rests solely with the Developer.

Consultant Agreements

Additionally, Michaels and CBG will sign the construction contract (GMP), and Michaels and TCA will execute all the consultant agreements. This structure places the risk of potential liability with the Michaels team, not with SMC.

Management Agreement

Executed between the SPE and the Management Entity (Michaels). This agreement requires the property to be maintained to contractually agreed-upon standards (APPA levels) and allows for the replacement of the manager if performance targets are not met.

Maximizing Objectives and Isolating Liability

Our proposed structure utilizes a series of financial "firewalls" to protect SMC while driving toward the College's core objectives:

Neutral or Positive Credit Impact

Because SMC owns the land debt-free and the SPE is the sole borrower, the project is structured to be financially neutral to SMC on an operational basis. Furthermore, 100% of the annual net cash flow after debt service (residual revenue) flows back to the College, providing for a neutral, if not, positive credit impact for SMC.

Cost-Efficiency and Affordability

The SPE's non-profit status allows for the utilization of low-cost, fixed-rate tax-exempt bonds. A College leasing to a Not-for-Profit owner normally avoids both land and improvement real estate taxes. These savings are passed directly to students to meet the mandate for 291 affordable beds at rates not exceeding 30% of 50% of Area Median Income (AMI).

Hybrid Funding Opportunities

To further enhance affordability, we can utilize a hybrid model incorporating SMC's General Obligation (GO) Bonds. By using GO Bonds to fund a portion of the project, the SPE borrows a smaller remaining balance via tax-exempt bonds, significantly reducing the overall debt service burden and lowering student rents even further.

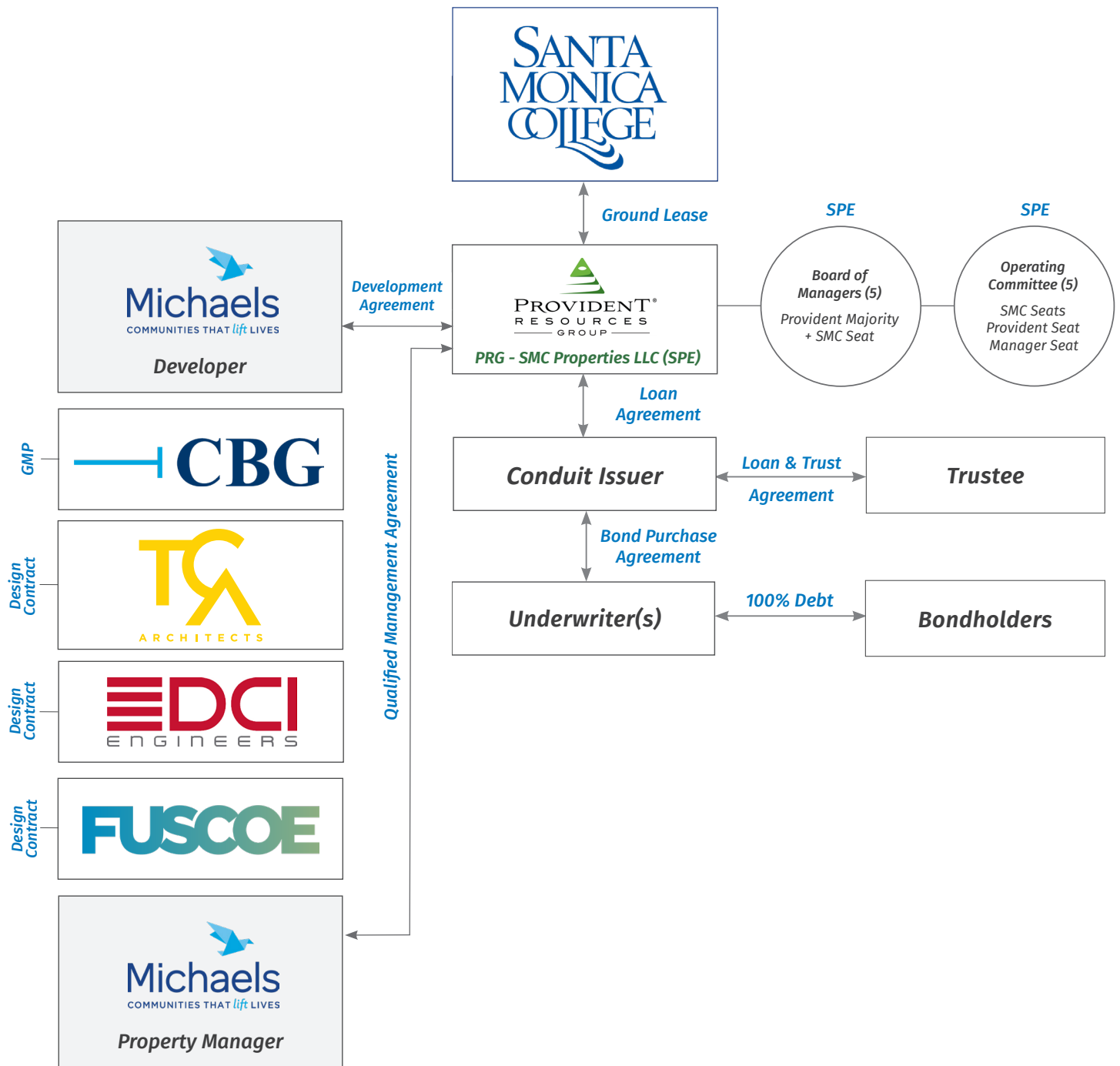
Capitalized Protections

We include capitalized interest in the development budget to cover the construction period plus an additional six months. Additionally, a 12-month Debt Service Reserve Fund (DSRF) is funded at bond issuance to provide a financial cushion, ensuring the project remains self-sustaining without requiring College subsidies.

Through this rigorous contractual and financial architecture, Michaels and Provident ensure that SMC achieves a transformative "Live-Learn" community that is legally and financially separate from the College's primary financial obligations and fully aligned with its mission of student success.

Legal + Financial Structure for SMC Student Housing P3

PRG proposes to serve as the nonprofit owner and borrower during the financing term. At the end of the term, all assets are returned to Santa Monica College in a modernized condition.





F. Property Management Approach

Santa Monica College Student Housing P3

(a) A critical aspect of the Project is the ongoing, successful operation of the Project as a viable, affordable, attractive, and safe environment for SMC students. Describe the expected on-site management team and how they will work with existing SMC services.

Property Management Approach

The ongoing, successful operation of the Bundy Campus student housing is fundamental to achieving Santa Monica College's (SMC) goals of student retention, equity and financial neutrality. While any firm can construct student housing, the Bundy Campus project requires a partner with a legacy of lifting lives and helping residents reach the next level in their personal and academic journeys.

Michaels Student Living Management (MSLM) leverages The Michaels Organization's 50+ year legacy of taking care of people to propose a resident-centric, "equity-first" management model. This approach ensures the Project remains a viable, affordable, and safe environment that functions as a launchpad for student success.

The On-Site Management Team

MSLM will deploy a highly qualified on-site team that functions as the primary operational leader and liaison to the College. Our structure is designed to professionalize the residential experience while providing the "high-touch" support community college students require:

- **Community Manager (CM):** Serves as the primary point of contact for SMC leadership. The CM oversees total occupancy, financial performance, and resident services, ensuring the Project maintains a minimum 1.20 Debt Service Coverage Ratio while protecting the asset for its eventual reversion to SMC.
- **Director of Residential Life:** Collaborates directly with SMC's Administration and Office of Student Life to create a "Live-Learn" environment. This role oversees the Resident Assistant (RA) program, managing the approximately 25 student leaders who provide peer mentorship and crisis response.
- **Facilities Director:** Supported by dedicated maintenance technicians and custodial staff, the Facilities Director is responsible for maintaining the property to APPA institutional-grade standards. This team manages preventative maintenance and the high-volume work order systems essential for an approximately 750-bed community.

- **Leasing and Resident Services Coordinator:** Manages the specialized leasing processes required for tiered affordability, including income verification for the 291 affordable beds and support for students on financial aid.

Integration with SMC Services: A "Seamless Extension"

We do not view housing as an island; MSLM will operate as a seamless extension of the SMC community, particularly in support of recent high school graduates, international students, low-income students, and Transitional Age Youth (TAY).

- **Academic and Wellness Support:** Our team will coordinate with SMC's academic support and health and wellness counseling services to provide on-site access within the **West Building's** renovated spaces. This includes designated areas for nursing programs, therapist/counseling sessions, quiet lounge areas for general "resets," and student services.
- **Basic Needs Coordination:** MSLM will work in lockstep with **SMC's Basic Needs programs**. We will facilitate the operation of on-site "Bodega" food pantry and the "Bodega Bites" pop-up locations, ensuring food security is integrated into the residential experience.
- **Safety and Security Liaison:** Our on-site staff will maintain shared communication channels with campus security and local Los Angeles law enforcement to ensure a secure environment that respects the surrounding neighborhood context.
- **Transitioning Commuters to Residents:** Recognizing that many SMC students are transitioning from a commuter-based lifestyle, our team will host regular partnership meetings with campus leadership to align housing operations with the College's broader goals for student persistence and "one-stop-shop" service delivery.

By providing an institutional-grade management team that shares SMC's mission, Michaels ensures that the Bundy Campus Community is not merely a building, but a **stable, supportive home for SMC students**. We are an organization defined by a legacy of lifting lives, committed to helping every resident succeed academically and personally as they transition to the next stage of their lives.

F. Property Management Approach

(b) Describe the process to get from initial Project delivery to stabilized operations.

The Michaels Development Team utilizes a proactive, multi-phased framework to transition the Bundy Campus project from physical delivery to stabilized, institutional-grade operations. Drawing on over 50 years of experience taking care of people, our process ensures that the transition is not merely a hand-off of keys, but the successful launch of a supportive community dedicated to lifting student lives.

Pre-Operational Integration (24-6 Months Prior to Occupancy)

Stabilization begins long before construction completion. Michaels Student Living Management (MSLM) engages early in the development cycle to ensure the building is operationally sound from day one:

- **Operational Design Review:** Our management team collaborates with TCA Architects and CBG Building Company to review building systems, participating in construction walkthroughs to develop preventative maintenance plans tailored to the specific mechanical, electrical, and plumbing (MEP) systems installed.
- **Infrastructure Setup:** We establish project-specific staffing structures, standard operating procedures (SOPs), and vendor contracts.
- **SMC Service Alignment:** We hold initial coordination meetings with SMC Student Services and the Office of Student Life to create our resident life handbook, align our Resident Assistant (RA) training and basic needs integration with the College's existing frameworks.

Marketing, Leasing, & Readiness (6 Months Prior to Delivery)

In the months leading up to the Summer 2030 delivery, the focus shifts to ensuring full occupancy and staff readiness:

- **Staffing and Training:** We complete the hiring and intensive training of the Community Manager, Director of Residential Life, and Facilities Director, along with the selection and training of the student RAs.
- **Leasing Launch:** MSLM executes a comprehensive marketing plan targeted at SMC's diverse student body, with a specialized intake process for the 291 affordable units and students receiving financial aid.
- **Unit Readiness Inspections:** Our facilities team conducts rigorous "white glove" inspections of all units to ensure 100% readiness and zero outstanding work orders prior to the first move-in.



The Move-In Experience (Initial Delivery/August 2030)

At delivery, we execute a structured move-in process designed to reduce stress for students, particularly those transitioning from commuter lifestyles:

- **Coordinated Logistics:** We manage high-volume move-in schedules in coordination with campus security to ensure safe and efficient traffic flow on the Bundy Campus.
- **Welcome and Orientation:** Every resident is introduced to their RA, will take a tour of the project with their RA and fellow community members, and provided with a "One-Stop-Shop" guide to both residential life and SMC's integrated support services, such as "Bodega Bites" and the monthly activities and wellness calendar - including wellness resets.

Stabilization & Performance Optimization (Months 1-12)

True stabilization is achieved when the project meets its financial and social performance targets:

- **Structured Reviews:** MSLM conducts formal 30-, 60-, and 90-day operational reviews to assess occupancy levels, maintenance response times, and resident satisfaction.
- **Financial Stabilization:** We monitor the Project's performance against the pro forma to ensure we are maintaining the required 1.20 Debt Service Coverage Ratio (DSCR), allowing for the generation of residual revenue for SMC.
- **Program Refinement:** We use data from the initial stabilization period to adjust staffing, maintenance frequencies, and resident programming, ensuring the Bundy Campus remains a safe, attractive, and high-performing asset for the life of the approximate 45-year ground lease.

(c) Provide a sample program of residential life and programming services that will make the Project a desired destination focused on student success for students.

MSLM approaches residential life as a critical component of student success, particularly for Santa Monica College students who may be transitioning from a commuter-based experience into residential living for the first time within an urban campus environment. Recognizing the unique dynamics of a suburban college setting, our programming model is designed to create a structured, supportive, and engaging residential experience that helps students build connection, stability, and academic momentum while navigating both campus and city life.

Our residential life program is grounded in four core areas—academic success and transfer readiness, life skills and independent living, health and wellness, and community and belonging—and is designed to be both flexible and responsive to the needs of SMC students. To illustrate this approach, a sample framework of programming includes:



Academic Success and Transfer Readiness

- Study lounges with structured quiet hours
- Peer-led study groups and tutoring partnerships
- Workshops on transfer readiness, academic planning, and goal setting
- Learning communities or academic-themed housing clusters
- Faculty engagement initiatives, including faculty-in-residence programs
- Faculty-led events and classroom extensions within the student housing community



Life Skills and Independent Living

- Financial literacy workshops (budgeting, credit, cost-of-living awareness in Santa Monica/Los Angeles)
- Cooking and nutrition education
- Time management and personal organization sessions
- Workshops focused on navigating independent living in an suburban environment



Health, Wellness, and Stability

- Mental health awareness programming
- Stress management and mindfulness sessions
- Wellness challenges and peer support initiatives
- Coordination with SMC Basic Needs and student support services
- Access to resources that support housing stability & well-being



Community and Belonging

- Social programming, including game nights, cultural events, and community gatherings
- Resident-led events and leadership opportunities (RA and ambassador programs)
- Service-learning and volunteer opportunities
- Programs that celebrate the diversity of the SMC student population
- Opportunities to engage safely with the surrounding Santa Monica community

This blended approach allows MSLM to deliver a residential experience that is not only engaging and community-focused, but also intentionally aligned with SMC's mission to support student success, equity, and transfer achievement. By integrating academic support, life skills development, wellness resources, and community engagement, MSLM ensures that housing becomes a meaningful extension of the educational experience.

(d) If the Project presents any unique property management concerns, please discuss and suggest mitigative actions the Respondent would undertake.

Given Santa Monica College's suburban location and diverse student population, several unique property management considerations are anticipated, including high cost of living and affordability pressures, commuter-to-residential transition, a diverse and non-traditional student population, urban safety and security, and operational coordination with campus and community partners.

Students may face financial challenges associated with living in a high-cost market, and MSLM addresses this through disciplined financial management, efficient operations, and programming focused on financial literacy and resource awareness. Many SMC students are accustomed to commuting and may be new to residential living; to support this transition, MSLM implements enhanced onboarding, life skills programming, and strong resident support systems that help students adapt to a residential environment.

In addition, SMC serves a broad range of students, including part-time students, working students, TAY students, first-generation college students and international students. MSLM's flexible programming model and inclusive community-building approach ensure that services are responsive to these diverse needs and support student success across varying life circumstances.

Operating in an urban environment also requires heightened attention to safety and security. MSLM will implement controlled access systems, 24/7 on-call staff, coordination with campus safety, and routine safety inspections to maintain a secure living environment.

Finally, given the integration of housing within an urban campus setting, strong coordination with SMC departments and local stakeholders is essential. MSLM establishes clear communication structures and regular partnership meetings to ensure alignment, responsiveness, and a seamless student experience.





G. Project Schedule

Santa Monica College Student Housing P3

Respondents must provide a Microsoft Project (or equivalent) worksheet with a detailed Project delivery schedule, beginning from execution of the assumed PDA, which should occur shortly after award. In the narrative, describe the time necessary to achieve major Project milestones, including but not limited to: (1) Due diligence, (2) Predevelopment, (3) Financing and closing, (6) Construction, and (7) Commissioning of the Project. Discuss potential situations that may jeopardize the occupancy date expectation (Fall 2030) and provide mitigation strategies for each. Include a separate print-out of the schedule as Attachment B.

The Michaels Development Team has developed a comprehensive project schedule designed to meet Santa Monica College's (SMC) mandate for student occupancy by **Fall 2030**. Our timeline reflects a realistic yet aggressive approach, leveraging our deep experience with California's regulatory environment and P3 structures to ensure accountability at every phase.

1. Major Project Milestones and Narrative

Following the anticipated Developer selection in July 2026, our team is prepared to enter into the Pre-Development Agreement (PDA) immediately to begin the following critical phases:

➤ **Due Diligence & Pre-Development (July 2026 – August 2028): This phase initiates with the finalization of the PDA and concurrent programming and concept design.**

- Upon selection, we will initiate an immediate **120-day due diligence period**. While SMC has already performed foundational soil vapor extraction, our team will conduct exhaustive geotechnical investigations, utility capacity studies, and environmental surveys to finalize the site's buildable envelope. This phase is critical to mitigating unforeseen subterranean risks before substantial capital is committed.
- The local team will draw on extensive experience working with the **City of Los Angeles' Bureau of Engineering and Department of Water and Power** to design and bring a cost effective and implementable utility plan for the redevelopment of the Bundy Campus. We have allocated approximately 18 months for this engineering and permitting processes which include considerations for new power, new sewer services along with new domestic & fire water services to building triggering and limited A-Permit, S-Permit and U-Permit work within both Bundy and Stewart streets.
- **Pre-Development and Design** - We have allocated approximately 17 months for the comprehensive pre-development and design phase. This includes concurrent

tracks for programming and schematic design, closely aligned with the Bundy Campus Vision Framework. A primary focus of this period is the Division of the State Architect (DSA) permitting process, which we have scheduled for an approximate 12-month duration to account for rigorous plan checks and structural safety reviews mandatory for community college residential projects

➤ **Financing and Closing (December 2027): Financial closing is targeted for December 2027, following the completion of DSA permitting.**

- This timing ensures that all entitlements and construction costs are locked before the tax-exempt bond issuance, providing maximum certainty to bondholders and SMC.

➤ **Construction (December 2027 – August 2030): Construction will commence immediately upon financial closing in December 2027.**

- We have scheduled a **30-month construction period**. This timeline is achieved by breaking the submission to the Division of the State Architect (DSA) into two increments: Sitework Activities (INC1) and Vertical Activities (INC2). This strategic approach allows us to commence sitework (INC1) immediately, mitigating potential "in-the-ground" risks while INC2 is concurrently reviewed and approved by DSA. We project approximately 27 months after the receipt of INC2 to achieve Substantial Completion of the building.

This proven, high-confidence strategy was successfully deployed on our comparable San Diego Community College District - Affordable Student Housing project. The 30-month duration is commensurate for a high-quality residential project of approximately 750 beds. This timeline fully accounts for all necessary steps, including site mobilization, grading, structural framing, and interior finishes for both residential buildings and the renovation of the West Building's ground floor, as detailed in the attached exhibit. Completion is targeted for early July 2030, which allows essential time for staff training and the delivery of Furniture, Fixtures, and Equipment (FF&E) before student move-in.

➤ **Commissioning & Occupancy (Summer 2030): The Project is scheduled for delivery and final commissioning in August 2030.**

- This allows for a seamless "move-in" period prior to the start of the Fall 2030 semester, ensuring the Project is fully operational for the incoming student cohort.

2. Schedule Risks and Mitigation Strategies

We have identified several critical path risks that could jeopardize the Fall 2030 occupancy date and have established the following mitigation strategies:

Schedule Risks and Mitigation Strategies		
Potential Risk	Schedule Impact	Michaels Mitigation Strategy
DSA Review Delays	Highly sensitive; can add 3-6 months.	We will utilize “over-the-counter” reviews where possible and engage with DSA early in the design phase to align on code interpretations.
Unforeseen Site Conditions	Moderate; unexpected site conditions discovered during excavation can cause delays of 2-3 months.	We will submit the project in two Increments for DSA approval: Increment 1 - Grading and Sitework, and Increment 2 - Building and Foundations. DSA’s review period for grading scope is shorter, allowing sitework to begin before the building permit is approved.
Early Design Progress	Late changes to the design (during the DD and CD phases) may cause rework and delay the 100% CD permit submittal to DSA.	To stay on schedule, the following design decisions must be finalized during the Concept Phase prior to starting Schematic Design: <ul style="list-style-type: none"> • Unit Plan types & quantities • Exterior architectural design • Non-residential program spaces defined and located
Infrastructure Engineering and Approvals	Significant; potential for feasibility issues or delays in occupancy.	Michaels has implemented three recent large City of Los Angeles B-Permit projects (right-of-way and infrastructure) including comprehensive water, sewer, storm drain and ROW improvements for 10 full City blocks with 7 more under construction currently. Using lessons learned, we will leverage the site investigations and diligence studies to develop an overall campus infrastructure plan to ensure Phase 1 and future phases are properly planned and scoped. We will identify any infrastructure challenges early to develop cost effective solutions.
CEQA/Entitlement Challenges	Moderate to Significant; potential for litigation delays.	SMC’s goal for CEQA exemption is a major advantage. We will support SMC in finalizing this exemption by October 2026 to lock the schedule early. This risk is significantly reduced, if not potentially eliminated, if California Assembly Bill (AB) 1732 passes this legislative term.
Supply Chain/Labor Volatility	Moderate; can delay interior finishes and commissioning.	CBG Building Company will utilize early procurement packages for long-lead items (elevators, electrical switchgear) and leverage their massive regional buying power.
Environmental Remediation	Low to Moderate; soil vapor work timing.	We will coordinate closely with SMC’s remediation firm (Ninyo and Moore) to ensure site hand-off is synchronized with our mobilization schedule.

By integrating these milestones and mitigations into our **Project Worksheet (Attachment B)**, the Michaels Development Team provides SMC with a high-confidence roadmap to a Summer 2030 delivery.

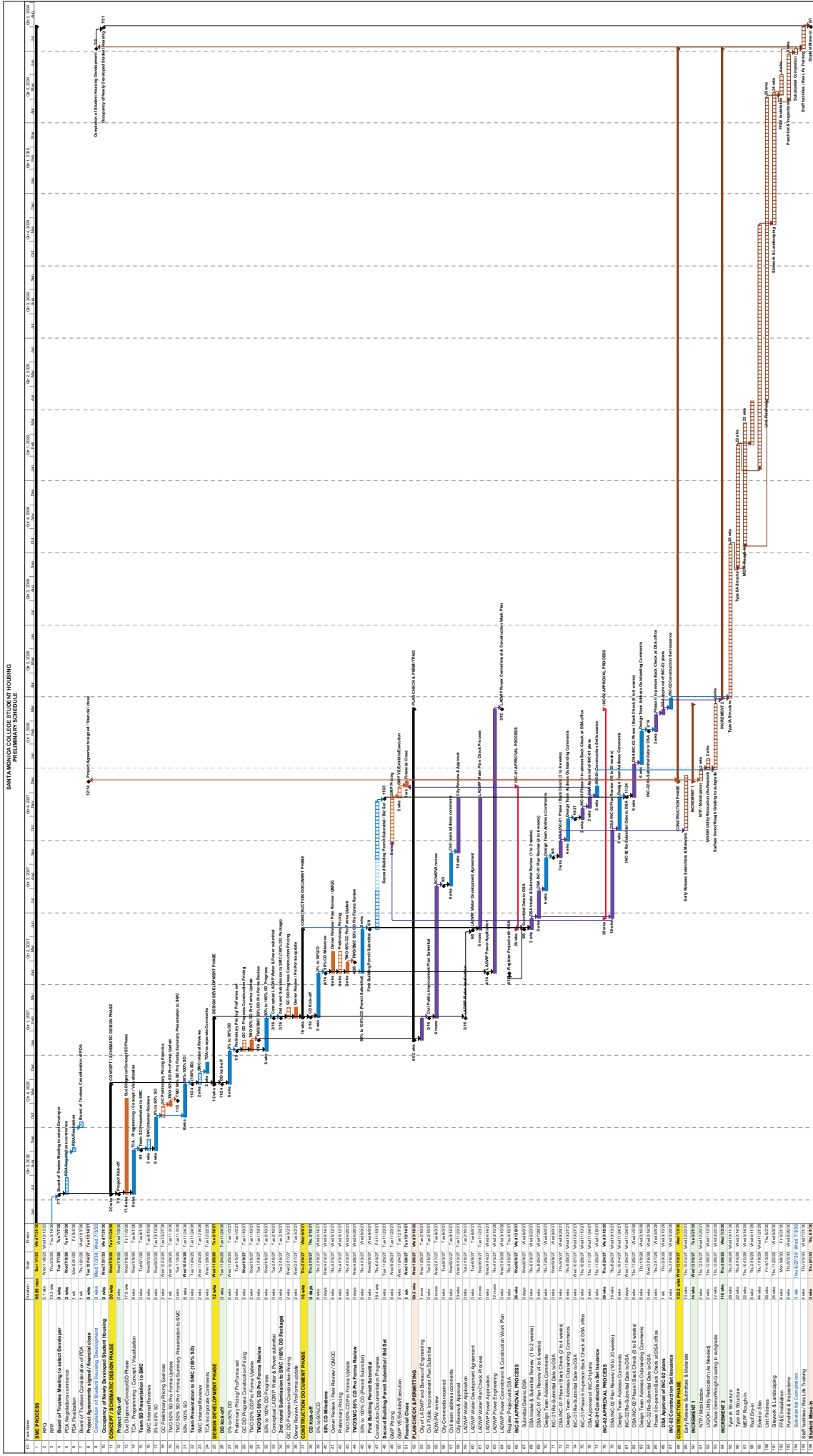
G. Project Schedule


The team's unique approach is to use a **prefabricated panelized light-gauge steel (LGS) framing system** which offers improved fire-resistance and increased longevity for the building. In lieu of typical stick frame construction where the building is built onsite with individual joists and studs, the floor can be built using prefabricated floor and wall (structural and infill framing) panels.

The panelized approach allows for a substantial amount of construction to be performed offsite, allowing for a significant reduction in construction time and onsite labor force. Our design team, led by TCA Architects and DCI Structural Engineers, recently received DSA permit approval for this type of construction for our San Diego City College Affordable Student Housing project. This is notable because DSA was unfamiliar with large scale load-bearing light-gauge steel framing, the panelized approach, and residential projects in general; we can use this precedent and apply the lessons we learned from the DSA structural review to the SMC project to streamline the approval process.




Attachment B: Santa Monica College Preliminary Project Schedule





SANTA MONICA COLLEGE



MO-011001



H. Pre-Development Agreement Risk Sharing Terms

Santa Monica College Student Housing P3

SMC is considering making a material contribution to the Project's financing to help achieve significant affordability for its students. This contribution should have a beneficial impact on the marketability of the balance of the financing for the Project.

Please describe how you propose to share risk for the Project prior to financial closing. Explain how termination events will be handled for all cases where SMC is not the terminating party or is not at fault. If SMC's financial contribution factors into your view on how these events should be treated, please specify.

Michaels is fully prepared to fund the project's pre-development costs from the execution of the Pre-Development Agreement (PDA) through to financial close using its on-hand cash resources. Michaels will not need to rely on external third-party resources to fund pre-development expenses for the SMC project. MSL requires an executed PDA to advance the project. The PDA must include exhibits for the agreed-upon Pre-Development Budget and Project Schedule, and contain the appropriate risk-sharing terms:

- **50%/50% Risk Share:** This applies during the PDA Term if the project cannot advance due to Closing Risks as defined in the District's PDA. MSL would earn 50% of its prorated Pre-Development Expenses; 50% of its prorated Pre-Development Fee; and reimburse the District for 50% of its prorated reasonable District Expenses.
- **100% Developer Risk:** This applies if the Developer defaults on the PDA or cancels for convenience. MSL will transfer Ownership of all Plans, Designs, Documents, and Other Work Product without any cost to the District and reimburse the District for 100% of its prorated reasonable District Expenses as defined in the PDA.
- **100% SMC Risk:** This applies if the District defaults on the PDA or cancels for convenience. The District will compensate MSL for 100% of its project related Pre-Development Expenses, plus a 100% of its prorated Pre-Development Fee; and MSL will not be responsible to reimburse the District for any of its District Expenses.

The Project Schedule referenced in Section V.G., and provided for in **Attachment B**, outlines the project timelines, including the timeframes for pre-development, for the SMC student housing project, which aligns with the timelines of the RFP.

Prior to the execution of the PDA, SMC will assume all pre-development expenses associated with progressing the project in order to stay on schedule. Post PDA execution, MSL will front all pre-development costs with the PDA in place up until Closing.

The following is not an imperative for Michaels to move forward with the project and we only bring this up as a topic for SMC to consider. Measure SMC allows the District to use general obligation bonds to fund the construction of new student housing. Pre-development expenses are an essential component to get to a financial closing and start construction.

For potential SMC consideration: Once the PDA is executed, MSL recommends using a portion of Measure SMC funds to advance pre-development expenses on a 50/50 basis between Michaels and the District, similarly to how most affordable housing projects fund pre-development expenses with a public sponsor. Michaels would front the pre-development expenses and submit a monthly invoice to the District for only project-related third-party expenses paid to date and not previously reimbursed (except pro-rated pre-development fees, which would be due and payable at Closing per the PDA).

All invoices would provide reasonable backup as defined in the PDA and in the PDA's pre-development budget. All of the aforementioned details would be captured in the PDA. Again, the aforementioned concept is not a contingent requirement for Michaels to enter into a PDA with the SMC, it is only a consideration that we thought would be beneficial concept for both parties to consider.

Attached is a Draft Pre-Development Agreement template (Appendix B) for comment. Respondent by submitting a Proposal, agrees to the language of the sample Pre-Development Agreement and any requests to modify the terms in the sample Pre-Development Agreement must be submitted as a request for clarification. SMC reserves the right, exercised in its sole discretion, prior to Award, to unilaterally change, by addition, modification or deletion, any of the terms of the Pre-Development Agreement by issuance of an RFP Addendum setting forth the substance of such change.

Michaels has submitted a redline to the Pre-Development Agreement template as **Appendix B**.



I. Development and Construction Management Fee

Santa Monica College Student Housing P3

I. Development and Construction Management Fee

Provide your development fee based on using a percentage of total project cost, excluding the cost of financing.

Provide your construction management fee based on using a percentage of construction costs. If your fees are based on different program sizes and/or number of beds, please specify.

The Michaels Development Team is committed to a transparent and straightforward fee structure that aligns our interests with those of Santa Monica College (SMC). Our proposed fees reflect our 50-year legacy of delivering institutional-grade student housing while ensuring that project resources are prioritized toward student affordability and high-quality construction.

Development Fee: 4.00% of Total Project Costs (excluding the cost of financing)

This fee covers Michaels' comprehensive role in steering the project from inception through occupancy. Our responsibilities include, but are not limited to:

- Providing unit mix and program direction
- Negotiating all Architecture & Engineer and Consultant Contracts
- Managing the design team, supporting and creating deliverable materials for the CEQA/Entitlement process
- Coordinating with the Division of the State Architect (DSA)
- Coordinating with Public Works and the local Utility providers
- Negotiating the construction contract (GMP) with the general contractor
- Overseeing the tax-exempt bond financing process with Provident Resources Group and RBC
- Keeping the project on schedule and on budget throughout the project development process
- Overseeing pre-leasing and marketing efforts through stabilization, and
- Providing oversight that all SMC objectives regarding student retention and equity are met.

Construction Management Fee: 1.00% of Total Hard Costs

This fee represents the oversight provided by Michaels during the active construction phase to ensure the project is delivered on time (by Summer 2030) and within the established budget and specifications identified in the plans. This involves rigorous site inspections, quality control, finalizing and processing monthly draws, and close coordination with CBG Building Company to mitigate supply chain risks and maintain a safe, secure job site.

Commitment to Fee Consistency and Best Practices

Regarding both the Development and Construction Management Fees, Michaels maintains a policy that fee percentages should remain consistent regardless of changes to the final program size or bed count. Our rationale is based on deep industry experience and established P3 best practices:

- **Risk Realignment:** Whether the project delivers the baseline beds or expands to a larger phase, the complexity of a community college project—including DSA permitting, prevailing wage compliance, and sustainability mandates—remains high. A fixed percentage ensures our team remains fully incentivized to manage the project's scale, complexity and quality effectively.
- **Predictable Financial Modeling:** For SMC, a fixed-percentage fee structure provides critical predictability for the pro forma and bond underwriting. This allows the District and its financial advisors to accurately project residual cash flows and affordable rental rates without the volatility of fluctuating fee scales.
- **Alignment of Interests:** By keeping fee percentages constant, Michaels demonstrates our commitment as a long-term partner. Our focus is on the successful delivery of a "Live-Learn" community that lifts lives, rather than adjusting compensation based on shifts in unit mix or total square footage.

Michaels is prepared to deliver this transformative project with a fee structure that honors SMC's need for financial neutrality while providing the institutional depth required for a multi-decade partnership.

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J. Local Business Participation

Santa Monica College Student Housing P3

SMC recognizes that participation by local businesses on the Respondent teams was evaluated in the RFQ phase. This element will be re-weighted and re-scored relative to the Respondents. Respondents who continue to show value creation for local business by adding more to their teams, or who propose ways to convey more value to the local business community during the development process in their RFP responses, will potentially affect their relative ranking as well.

Michaels Student Living, LLC (“MSL”), and The Michaels Organization (collectively, “Michaels”) are deeply committed to the mission of “Lifting Lives” by creating transformative communities that empower residents and stimulate local economies. Our approach focuses on SMC’s goals for the local business community to participate in the project by creating the physical spaces to support our “People-First” residential ecosystem that integrates student employment and academic success.

Through flexible programming on the ground floor in our proposal, we are creating spaces that we can plan together to find the best users and programs. As we move through design, we will implement our engagement strategy below to further define and refine our local participation by the opening of the community in 2030.

Local Business Engagement

Michaels’ approach is to embrace SMC’s goals and focus on both local construction labor force participation, as well as contracting opportunities with local firms in construction and long term operation. Our strategy for maximizing local business engagement includes:

- **Rigorous Identification Process:** We will implement a comprehensive outreach strategy to identify, contact, local firms, working with local contractor associations and local chambers of commerce to ensure a diverse pool of bidders.
- **Administrative and Technical Support:** Recognizing that administrative complexity can discourage participation, MSL and our General Contractor, CBG, will provide coaching to local firms on prequalification, insurance, and labor reporting. On the Operations side, SMC and our Michaels Student Living Management (MSLM) team will collaborate to find and contract qualified vendors who will meet the service needs of the community. For smaller emerging businesses, the team will provide support to ensure their success in the project.

- **Targeted Bidding:** Michaels Student Living and CBG will identify certain subcontracts and smaller scopes of work likely to attract local and small business participation and work to structure solicitations to encourage secondary suppliers and sub-tier local and small business participation in the project.
- **Local Businesses Hired by Subcontractors:** Some local businesses may not be set up to be a prime subcontractor for CBG, and there may still be an opportunity for these smaller groups to participate through the subcontractor community to provide materials, services, etc. as a way of participating in the project.

Our track record includes successful redevelopment projects like Jordan Downs in Los Angeles, where we collaborated with local agencies to drive employment and business opportunities directly to the Watts community.

Student Employment and Career Pipelines

To support the District’s goal of strengthening workforce pipelines, MSL and TCA will provide direct employment and professional development opportunities in the following areas:

On-Site Resident Assistant (RA) Positions: We will utilize an RA model—modeled on our 1 per 30 student ratio at other premier institutions—providing student leaders with housing and professional training in crisis management and community building, providing student leaders with housing support, leadership development training and experience in crisis response, peer mentorship, and community engagement. This program builds transferable skills that support both academic and career success.

Property Management, Facilities, and Industry Internships: Michaels Student Living Management will provide student employment opportunities designed to connect residents with real-world career pathways in both property operations and the broader built environment industry. Through on-site roles, residents will have opportunities to gain hands-on experience in leasing and marketing operations, facilities and maintenance operations, and customer service and administrative functions.

These roles allow students to develop transferable skills while contributing directly to the success of their residential community and provide meaningful exposure to career pathways in property management and operations.

J. Local Business Participation

As a real life example of what these programs can do for SMC students, Cheree Lujan, Executive Vice President, and Michael Reighter, Regional Vice President with Michaels Student Living Management, both started their property management careers as community/residential advisors during their time in college. They developed a passion for student life and housing, which has propelled them to being industry leaders in the student housing management and operations sector.

Architectural Internships: TCA Architects proposes an ongoing internship and student engagement program for SMC architecture students, focused on second-year students and recent graduates.

The program will include paid internships hosted annually at TCA Architects' Los Angeles office for a minimum of two weeks or up to two months per year (during the summer), offered for the duration of the Student Housing Project, with the intent to continue the program in future years as opportunities allow. Interns will gain hands-on exposure to professional architectural practice, multifamily housing design, and interdisciplinary collaboration.

Additionally, TCA Architects will host an annual Architecture Day for SMC students, including an office tour, career presentations, and a guided visit to a nearby active or completed project. This initiative supports SMC's goals for student success, workforce development, and equitable access to career pathways.

Builder Internships: CBG is committed to providing internship opportunities to students to work on the project during the summers with expectations to hire graduates for full time positions. CBG has a very successful internship program, and look forward to meeting more of the SMC community at our job fairs.

Local Vendor and Retail Employment: We will encourage any retail or third-party service providers within the housing development to prioritize the hiring of SMC students, creating a self-sustaining economic loop on campus. These discussions will happen early, and be included during our vendor solicitation and contracting process to set clear expectations about the importance of these additional project benefits.

Together, these intentional decisions by Michaels create a comprehensive workforce development pipeline that connects students to careers in property management, facilities operations, architecture, and the broader built environment industry. This way, the housing project is a launch pad for uplifting SMC's goals related to student success, career readiness, and equitable access to professional opportunities.

By adhering to a culture of equity and proactive stewardship, MSL in collaboration with SMC will be able to demonstrate this project serves as a national model for community college student engagement and local economic inclusion.





K. Student Opportunities

Santa Monica College Student Housing P3

Student Opportunities

The Michaels Development Team believes that the student housing community at the Bundy Campus should serve as a test case for student success. Beyond providing approximately 750 high-quality beds, our mission is to provide Santa Monica College (SMC) students with a robust ecosystem of professional development and direct employment. By integrating career-readiness into the fabric of the residential experience, we directly support the College's mission to prepare students for career and transfer pathways.

1. Resident Assistant (RA) Leadership Program

Michaels Student Living (MSL) will implement a premier Resident Assistant model, providing approximately **25 students** with on-site housing and professional training.

- **Capacity and Ratio:** We will maintain an RA ratio of approximately **1:30 students**, a proven benchmark at premier institutions like UC Davis.
- **Professional Training:** RAs will receive specialized training in crisis management, peer mentorship, conflict resolution, and community building.
- **Academic Support:** These student leaders will play a critical role in facilitating the "Live-Learn" environment, coordinating with SMC's Office of Student Life to bridge the gap between classroom learning and residential life.

2. Property Management & Operations Pipeline

Michaels Student Living Management will provide direct employment opportunities designed to connect residents with real-world career pathways in the built environment.

- **Operations Roles:** We will hire SMC students for paid on-site roles in leasing, marketing, and administrative functions, providing hands-on experience in corporate property operations.
- **Facilities Internships:** For students interested in trade skills or engineering, we will offer internships in facilities and maintenance operations, allowing them to gain technical experience alongside our veteran maintenance teams.
- **Transferable Skills:** These roles are designed to build a professional foundation in customer service and operational management, providing meaningful exposure to the trillion-dollar multi-family housing industry.



3. Architecture & Interdisciplinary Practice (TCA ARCHITECTS)

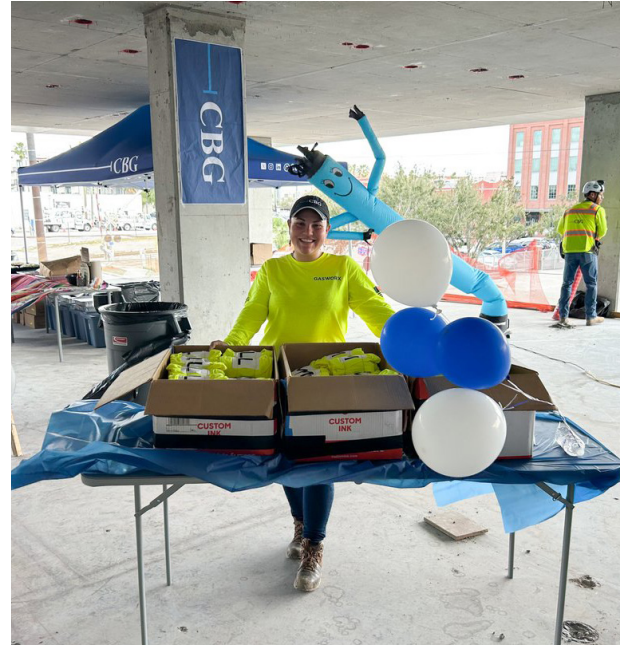
TCA Architects will host an ongoing student engagement program specifically for SMC architecture & design students.

- **Summer Internships:** TCA will offer paid, minimum two-week and up to two month summer internships at their Los Angeles office for second-year SMC students and recent graduates.
- **Interdisciplinary Exposure:** Interns will gain first-hand exposure to the complex design-build process, including interdisciplinary collaboration and multifamily project design.
- **Annual Architecture Day:** TCA will host an annual event featuring office tours, career-pathway presentations, and guided site visits to active construction projects in the local area.

4. Construction Trades and General Contracting (CBG BUILDING COMPANY)

Recognizing SMC's commitment to career-technical education (CTE), CBG Building Company will provide students with unique access to the active construction site during the construction period.

- **Internships:** CBG will offer paid internships to SMC students during the construction of the project.
- **Site-Walk Learning Series:** CBG will coordinate with SMC faculty to host "Hard Hat Tours" for students in construction management or engineering tracks, demonstrating real-time site logistics, safety protocols, and structural framing.
- **Pre-Construction Workshops:** CBG project managers will lead workshops on cost-estimating and project scheduling, using the Bundy Campus project as a case study to demonstrate how academic concepts apply to high-density P3 developments.



5. Equitable Access to Opportunity

Consistent with SMC's Equity Plan, our team will prioritize **Transitional Age Youth (TAY)** and **low-income students** for these roles. By providing paid positions that include professional mentorship, we ensure that students who face the highest financial barriers have the strongest support in building their professional resumes before graduation. Through this multi-disciplinary approach, the Michaels Development Team will ensure that the Bundy Campus Student Housing Project is not just a place to live, but a catalyst for career success and social mobility for the next generation of SMC graduates.

6. The Michaels Organization Educational Foundation (TMOEF)

The Michaels Organization Education Foundation (TMOEF) offers an incredible opportunity for residents of Santa Monica College Student Housing through its Student Living Scholarship Program. Established in 1991 by Mike and Pat Levitt, the foundation has a rich history of supporting academic endeavors, having **awarded over \$19 million** to Michaels residents over the past 34 years.

The program is funded through private donations that are generously matched two-to-one by the founders of The Michaels Organization. Students of SMC will be eligible to receive scholarships up to \$10,000 annually. This specific program is available to all student residents who remain in good standing at a Michaels-owned or managed Student Living community, making it an excellent financial resource for Santa Monica College students.

Benefiting from this program is a straightforward process designed to support residents pursuing their higher education and certificate/credential pursuits. The application window for the Student Living Scholarship Program runs from August through October, with the awarded scholarship funds applied exclusively to the Spring semesters. By providing this substantial financial assistance, the program empowers students to focus more heavily on their academic success and future goals rather than their educational expenses to lift the lives of our residents.



CONFIDENTIAL



Appendix B: Pre-Development Agreement Markup

Santa Monica College Student Housing P3

ATTACHMENT 3 – PRE-DEVELOPMENT AGREEMENT (TEMPLATE)

THIS PRE-DEVELOPMENT AGREEMENT (“Agreement”) is entered into on this ___ day of [XXX] (the “Effective Date”) by and between Santa Monica Community College District (hereinafter “District” or “Santa Monica College”) and Developer, [XXX] (hereinafter “Developer” and together with District, collectively the “Parties” and each, a “Party”), with reference to the following:

RECITALS

WHEREAS, the District issued a Request for Qualifications, dated November 8, 2023 (“RFQ”), to seek qualifications from interested developers for the development of a student housing project on the Bundy Campus for Santa Monica College (“SMC Bundy”).

WHEREAS, in response to the RFQ, the Developer submitted its qualifications dated December XX, 2023.

WHEREAS, the District shortlisted three developers under the RFQ in January 2024.

WHEREAS, the District issued a Request for Proposals, dated March 4, 2026 (“RFP”), to seek Proposals from the developers shortlisted under the RFQ for the developer to enter a Pre-Development Agreement and to ~~create and/or use a Developer-affiliated~~ utilize one or more single purpose entities qualifying as an I.R.C. s. 501(c)(3) non-profit entity (each, a “Project Company”) to enter into a joint occupancy ground lease to facilitate the development of a student housing project on ~~the SMC Bundy Campus for Santa Monica College.~~

WHEREAS, in response to the RFP, the Developer submitted its Terms dated [XXX].

WHEREAS, the District has selected the Developer for the negotiation of definitive agreements to finance, develop, design, construct and operate a student housing project (the “Project”), and the District desires to enter into this Agreement with the Developer to enable the Developer to engage in certain pre-development activities in furtherance of such negotiations.

WHEREAS, the District acknowledges that through the pre-development activities contemplated by this Agreement, the Parties will work together in good faith to define and refine the programmatic elements of the Project, including unit-type, total bed count, total square footage area, and any ancillary facilities and the subsequent design phases in accordance with the preliminary Pre-Development Schedule attached as Exhibit “A” (Pre-Development Schedule).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

- 1. Pre-Development Generally.
 - A. General.

- (i) Subject to the conditions that the District, Developer, and the Project's financing parties first come to agreement on all terms, conditions, and other aspects of the Project's structure, ownership, development, construction, financing, operation, maintenance, and management (collectively, the "Preliminary Closing Conditions"), District currently anticipates that it shall, at the Project's Financial Closing, enter into a ground lease with a ~~non-profit special purpose entity (the "Project Company")~~, for the purposes of achieving the desired financing method for the Project. Following approval by District of a plan for financing for the Project, Developer will: (a) satisfy the requirements of the proposed financing; (b) negotiate the terms of the financing documents; (c) close the financing; and (d) otherwise implement the financing plan for the Project (all with the approval of District), provided that in no event shall Developer have any financial obligations with respect to financing except to guaranty the completion of construction.
- (ii) The Parties agree to pursue all pre-development activities pertaining to the Project with a cooperative, good faith effort, with due diligence, and in a commercially reasonable manner, including without limitation, the pre-development services to be performed by Developer and the District (the "Services," as set forth in Exhibit "B" (Services)) and various types of Project delineation and support to be provided by the District, including but not limited to, identification of a useable site for the Project and providing Developer existing, relevant reports on the site such as environmental and geotechnical analysis, title opinions, market and feasibility studies, and other materials associated with pre-development activities performed by District. It is the goal of both Parties to achieve financial closing; to obtain the funding for the design, construction and development of the Project (the "Financial Closing"); to commence construction of the Project on or ~~about XXX~~before the date set forth in Section 5 hereof; and to facilitate student occupancy no later than ~~August XXX~~the date set forth in Section 5 hereof, at a rental rate to be charged per bed that is affordable to District.
- B. Preliminary Non-Binding; Development Proposal; Negotiation of Development Agreement. Developer has submitted its preliminary development proposal as attached hereto as Exhibit "E" (Development Proposal) (collectively, the "Development Proposal"). The Parties shall further cooperate in good faith to develop the terms and conditions for the structure, ownership, development, design, construction, financing, operation, maintenance, and management of the Project (collectively, the "Development"), using the Development Proposal as a reference point. In that regard, Developer does hereby agree to confirm and to continue to develop, in a timely manner, its assumptions and projections on which the Development Proposal is based. The Parties agree to continue to engage with each other on updated schedules, budgets, and plans for, and all other aspects of, the Project. Developer shall: (i) enter into appropriate contractual agreements with project consultants, (ii) work with the Architect to complete the design phase of the Project; (iii) secure the necessary governmental approvals, consents, licenses, and permits for the Project (with the exception of any applicable CEQA certification); (iv) work with a general contractor to price the plans; (v) work with the Bond Underwriter to create

the financial models to facilitate underwriting of the Project; (vi) engage in the selection of the Project Company (or other parties, as applicable) to execute [a ground lease](#), acceptable development, financing, management, and/or other appropriate contracts) at

Financial Closing, (vii) submit a final Project development budget to District, and (viii) arrange the Project's financing and the Financial Closing, the terms and conditions of each of the final agreements for Financial Closing and other matters identified in the foregoing items (i) through (viii) being subject in all respects to the reasonable approval of District. Subject to the satisfaction of the Preliminary Closing Conditions and the occurrence of the Financial Closing, Developer shall thereafter schedule and monitor the commencement and completion of the Project construction.

- C. Other Consultants/Sub-Consultants. The Developer shall meet, confer and coordinate as reasonably requested, by the District, with consultants employed by the District as set forth in Exhibit "C" (Approved Professionals) in the production of work related to the District's Services as listed in Exhibit "B" (Services) and performed under this Agreement.

The District hereby approves the Developer's Consultants set forth on Exhibit "C" (Approved Professionals) to be used in performing the Services. The Developer shall not substitute any consultants identified in its proposal responding to the RFP without the written approval of the District. Nothing in the foregoing provision shall create any contractual relationship between the District and the professionals and consultants engaged by the Developer or between the Developer and the professionals and consultants engaged by the District under the terms and conditions of this Agreement. Except with respect to any reimbursement required to be made by the District pursuant to the terms of this Agreement, the Developer and the District are solely responsible for payment of any Consultants that the Developer or District respectively retains. The Developer will not create or knowingly permit any liens to be recorded against the Project Site in the performance of Services pursuant to this Agreement. If a lien is recorded against the Project Site as a result of such Services, the Developer shall cause such lien to be released or discharged by bond or otherwise as soon as reasonably practicable following receipt of written notice from the District.

2. Designated Representative of Each Party; Notices. The Parties agree that in order to facilitate an efficient working relationship throughout the term of this Agreement, [XX], primarily, or [XX], secondarily, will serve as the designated representative and "point person" for District, and ~~[XX]~~[Raoul Amescua, Executive Vice President of Development](#), primarily, or ~~[XX]~~[Abbie Hawkins, Vice President of Development](#), secondarily, will serve in the same capacity for Developer. Certainly, others will be actively involved in the process, but all official communication should flow through these designated representatives. Each Party may replace or appoint additional designated representative(s) from time-to-time upon written notice to the other Party. Every notice, request or other statement to be made or delivered to a Party pursuant to this Agreement shall be directed to such Party at the address or email given immediately below such Party's signature on this Agreement or to such other address or email as the Party may designate in writing from time-to-time. Each Party, by written notice to the other Party, shall have the right to specify one additional address to which copies of notices shall be sent. Except as provided otherwise in this Agreement, any notice, request, statement, payment, or other communication (including, without limitation, by e-mail or mail where transmission confirmation is received) shall be deemed to have been given on the date on which it is received by the recipient.

3. Term; Termination.

4.

~~B.A.~~ Term. The term and effectiveness of this Agreement (the “Term”) shall commence upon the Effective Date and shall terminate upon the earliest to occur of the following:

- (i) the effective date of the Financial Closing of the Project;
- (ii) the effective date of any termination of this Agreement by District pursuant to Section 3(B) (District Termination Rights);
- (iii) the effective date of any termination of this Agreement by District pursuant to Section 5 (Development and Construction Schedule);
- (iv) the termination of this Agreement by either Party as a result of a material breach or default by the other Party of any of its undertakings or obligations under this Agreement which has not been cured within thirty (30) working days after receiving written notice of such breach or default from the non-defaulting Party (should the defaulting Party not take steps or present a plan to cure the default within ten (10) working days’ of such written notice, the non-defaulting party shall have the right to stop work until such efforts have begun in earnest or such plan is presented) ; ~~and~~
- (v) such other date as the Parties may mutually agree in writing; ~~and~~
- (vi) Two (2) calendar years from the date of this Agreement.

~~C.B.~~ District Termination Rights. In addition to any other rights it may have under this Agreement, at law, in equity, or otherwise, District may unilaterally terminate this Agreement for its convenience at any time during the term of this Agreement (a “Termination for Convenience”) upon thirty (30) working days’ prior written notice to Developer. The date on which Developer receives such notice is referred to herein as the “Termination for Convenience Notice Date.”

5. Exclusivity. During the Term, District agrees to negotiate exclusively with Developer with respect to the Development of the Project.

6. Development and Construction Schedule. Developer has developed a preliminary project development schedule (“Development Schedule”), attached hereto as Exhibit “A” (Pre-Development Schedule). The Parties contemplate and will work toward completion of the Project in time for occupancy by no later than August ~~xx2030~~ (the “Occupancy Goal”). In order to meet the ~~Project occupancy date goal~~ Occupancy Goal, Developer (with the cooperation of District) will work toward completion of all pre-construction activities, including, without limitation, securing all regulatory approvals (with the exception of any applicable CEQA certification), closing the financing, and finalizing construction plans and specifications by no later than ~~xxMay 2028~~. The Parties agree that the aforementioned “Development Schedule” constitutes nonbinding progress goals during the life of this Agreement. The Parties understand

and agree that in the event that construction is not commenced by ~~XX~~[July 2028](#), then District may elect to terminate

or extend this Agreement, and in the latter case the Parties will work cooperatively towards a revised ~~delivery date~~ Occupancy Goal, if such delivery is determined to be feasible and in District's best interests.

7. Pre-Development Budget, Pre-Development Expenses, Pre-Development Fee, and District Expenses.

- A. Generally. The Parties have expended, and will continue to expend, in good faith money to engage third parties in furtherance of the Development of the Project. Such expenditures incurred by the Parties thus far, and anticipated to be expended, in furtherance of the Development of the Project are specifically described in that certain "Pre-Development Budget" attached hereto as Exhibit "D" (Pre-Development Budget) (such budget, as amended, modified, and/or supplemented from time-to-time with the Party's prior written consent (not to be unreasonably withheld, conditioned, or delayed) in each instance, the "Pre-Development Budget"). The expenditures identified and agreed to in the in the Pre-Development Budget are collectively referred to in this Agreement as the "Pre-Development Expenses". The Pre-Development Budget also refers to a pre-development fee, referred to in this Agreement as the "Pre-Development Fee" ~~(50% of the anticipated Development Fee which shall be deemed fully earned at Financial Closing and contained in the final Development Agreement entered into at Financial Closing)~~. For the avoidance of doubt, the Pre-Development Fee shall not in any event be deemed or construed to be included in the definition of, or to otherwise constitute, a Pre-Development Expense. The "District Expenses" identified in the Pre-Development Budget (Exhibit "D" (Pre-Development Budget)) refers to expenses (including ~~actual~~ third-party costs) actually incurred) by District in furtherance of the Development of the Project.
- B. Accrual of Pre-Development Expenses, Pre-Development Fee, and District Expenses.

The Parties respective portion of the Pre-Development Budget, shall be paid to the Parties at the Financial Closing with proceeds of the Project's financing arranged by Developer; provided, however, that:

- (i) If District exercises its Termination for Convenience rights under Section 3(B) (District Termination Rights) solely for reasons entirely within its control, then District shall, within 30 days after the effective date of such termination, reimburse Developer in an amount equal to one hundred percent (100%) of the Pre-Development Expenses incurred through the Termination for Convenience Notice Date as indicated in Exhibit "D" (Pre- Development Budget) (as such Pre-Development Budget may be amended from time to time) along with a prorated share of the Pre-Development Fee as reflected in Exhibit "D" (Pre-Development Budget). District's liability for the Pre- Development Expenses shall not, without prior written approval of the District, exceed the aggregate amount of [XX]¹. District's liability for the Pre-Development Fee shall not in any event exceed the aggregate amount of \$[XX]². The District's total exposure to

¹ "Cap" to equal total Pre-Development Expenses included in Pre-Development Budget (as may be amended).

² Amount shall be reflected in the Pre-Development Budget.

Developer, without prior written approval, shall not exceed \$[XX].³

- (ii) If District exercises its termination rights under Section 3(A)(iv) (Term) due to a breach or default by Developer (beyond any applicable notice and/or cure period), then District shall not have any obligation or

³ Shall be aggregate of Footnote 1 and 2 above.

liability whatsoever to Developer, whether for Pre-Development Expenses, the Pre-Development Fee, or otherwise, and Developer shall be liable to reimburse District for any portion of the Pre-Development Fee already paid to Developer, and the District's Expenses ~~accrued~~actually incurred and/or paid to date.

(iii) If the agreement is terminated under sections 3(A)(v) (Term) or 3(A)(vi) or if at any time during the Term, the Parties determine and agree that the viability of the Project is jeopardized due to changes in entitlements, restrictions, Force Majeure Event, ~~or~~failure to obtain reasonable construction pricing or financing, inability to obtain financing for the Project (despite the commercially reasonable efforts of the Parties), zoning affecting the Project, the Parties are materially and adversely prevented from designing, constructing or financing the Project due to the prolonged inability to obtain building materials or products essential for the completion and operation of the Project through ordinary sources, bankruptcy, insolvency or dissolution of third-party providers of services or capital to the Project or to unforeseen economic events, material changes in market conditions or uncertainties (the "Closing Risks"), the Parties shall work together in good faith to maintain the viability of the Project, either through modifications to various aspects of the Project, modifications to the transaction structure for the Project, or otherwise. If despite such commercially reasonable efforts of the Parties, the Parties mutually determine in good faith that the Project is no longer viable due to the Closing Risks, then District shall pay Developer an amount equal to fifty percent (50%) of the Pre-Development Expenses actually incurred by Developer as of such date. In addition, the District shall have the obligation to pay to Developer fifty percent (50%) of the Pre-Development Fee pro-rated through the date of termination. ~~Such amount payable by the District shall be offset by an amount equal to fifty percent (50%) of the total District Costs actually incurred by the District through the date of such termination but not to exceed the Pre-Development Budget set forth in Exhibit "D" (Pre-Development Budget).~~ The sums paid by the District (and the amount offset by the Developer) shall be each such Party's sole and exclusive remedy.

(iv) Upon the District's reimbursement to Developer for the Pre-Development Expenses and, if applicable, payment to Developer of the appropriate portions of the Pre-Development Fee, Developer shall assign to the District all of its drawings, documents, diligence materials, reports, surveys, renderings, exhibits, models, prints and photographs, including plans and specifications, budgets and schedules prepared by or for the Developer by the members of its team, related to the development of the Project (the "Work Product"), through the date of termination of this Agreement. For the avoidance of doubt, Developer has no obligation to assign Work Product to the District in the event of a termination under Section 6(B)(iii) unless the District elects to purchase the Work Product, or select portions thereof, in exchange for payment to Developer of the remaining amounts of the Pre-Development Expenses or the portions thereof that are attributable to such Work Project.

C. ~~D.~~ Definition of Force Majeure. As used in this Agreement, the term "Force Majeure"

means an event, circumstance, cause, or condition that is beyond the reasonable control of, and without the fault or negligence of, a Party and includes, without limitation: (a) sabotage, riots, or civil disturbances; (b) acts of God; (c) strikes and/or labor disturbances; (d) acts of a public enemy (de) terrorist acts affecting a Party, the ~~Santa Monica College~~SMC Bundy-Campus, the District, or the Project; or (ef) volcanic eruptions, earthquake, hurricane, tsunami, flood, ice storms, explosion, fire, lightning, landslide, or similarly cataclysmic occurrence. Economic hardship of or suffered by a Party shall not constitute a Force Majeure event under this Agreement. ~~Furthermore, the settlement of strikes or labor disturbances are deemed to be wholly within the control of the Party whose performance is prevented or delayed by the same, such that strikes or labor disturbances also shall not constitute Force Majeure events.~~

D. ~~E.~~ Transfer of Ownership of All Plans, Designs, Documents, and Other Work Product. Subject to District's payment to Developer of the amounts required pursuant to Section 6(B), and in accordance with the terms and conditions of Section 6(B)(iv). Developer shall transfer, assign, and convey to District (or its nominee or designee) good and marketable title and ownership (free and clear of any and all liens, security interests, and other encumbrances of any nature whatsoever) to, ~~and all right title and interest in, all plans, designs, design models, drawings, documents, data, intellectual property, materials, things, and other work and work product developed for or in connection with, or relating in whole or in part to, the Development or the Project~~ the Work Product. In furtherance of the foregoing, Developer shall execute and use commercially reasonable efforts to deliver to District such deeds, bills of sale, assignments, and other documents and instruments as District may reasonably request in

order to effect or otherwise evidence such transfer, assignment, and conveyance to District (or its nominee or designee).

8. Development Agreement. Developer acknowledges that the District plans to enter a ground lease with the Project Company. District acknowledges that Developer plans to enter into a definitive development agreement with the Project Company for the Project to be effective at the Financial Closing (a "Development Agreement").
- A. Substantial Completion Standard. The Development Agreement with respect to the Project will require the Developer to complete the Project by the date agreed upon in the Development Agreement in accordance with the substantial completion standard expressed therein ("Substantial Completion Standard") and provide for a liquidated damages remedy based on a "temporary housing" concept that is comparable to what is currently being provided in the marketplace, as well as student transportation costs to campus and other relative and reasonable costs, in comparable privatized financing transactions in the United States in the case of unexcused late completion.
- B. Development Fee. The Development Agreement shall also provide for (A) the payment to the Developer of (i) a development fee of ~~XX~~four percent (~~XX~~4%) of the total development budget ("Development Fee") (but such percentage shall not be assessed against the Development Fee, the Developer Reimbursables (as defined herein), marketing expenses and start-up expenses) plus (ii) developer reimbursables of an amount not to exceed XX Dollars (\$XX) after Financial Closing ("Developer Reimbursables").

The Development Agreement will provide that the Development Fee is to be paid by the Project Company to the Developer as follows:

- (i) an amount equal to ~~XX~~forty percent (~~XX~~40%) of the Development Fee shall be earned for services rendered prior to the Financial Closing and shall be paid to the Developer at the Financial Closing;
- (ii) the balance of the Development Fee shall be paid as follows: (a) an amount equal to ~~XX~~forty percent (~~XX~~40%) of the Development Fee shall be paid to the Developer in equal monthly payments during the scheduled construction period beginning the month following the month in which Financial Closing occurs; (b) an amount equal to ~~XX~~five percent (~~XX~~5%) of the Development Fee shall be paid to the Developer on satisfaction of the Substantial Completion Standard; and (c) ~~XX~~five percent (~~XX~~5%) of the Development Fee shall be paid to the Developer ~~on~~upon final completion of the Project pursuant to the terms and conditions of the Development Agreement.

In addition to the Development Fee and Developer Reimbursables set forth above, the ~~Development Agreement shall provide that the Developer shall be~~ remaining amounts of unused Developer's Project development budget and any cost savings realized under the guaranteed maximum price contract with the General Contractor (after General Contractor retains any share to which it is entitled ~~to receive XX percent (XX%)~~ will be split between the District and the ~~receiving XX percent (XX%) of any savings remaining in~~

~~the total development budget at final completion~~ Developer on a 50%/50% basis, respectively, after same have been fully verified per the terms and conditions of the Development Agreement.

- C. Construction Management Fee. The Development Agreement shall also provide for the payment to the Developer of a construction management fee of ~~XXone percent (XX1%)~~ of the total hard costs contained in the final, approved development budget ("Construction Management Fee").

9. Structure and Payment of Development Fee, Developer agrees that its development fee (“Development Fee”) shall be accrued and paid in the following manner: (1) 50% of the total Development Fee to be accrued over the ~~18~~24-month Pre-Development period, payable under terms discussed in this agreement, upon Financial Closing the entirety of the Pre-Development Fee shall be deemed earned, the Pre-Development Fee (i.e. 50% of the Development Fee) shall be paid in lump sum at Financial Closing, (2) 40% of the total Development Fee to be paid in equal monthly installments during the construction period, and (3) 5% of the total Development Fee to be paid in lump sum upon the granting of a temporary Certificate of Occupancy by the authority having jurisdiction allowing the Project to be occupied by eligible residents with executed leases and (4) 5% of the total Development Fee upon Final Completion (as such term is defined in the Development Agreement). Parties agree that the sums and timing of these payments must be acceptable to the Project’s source(s) of financing. Total Development Fee will be ~~XX% of Total Project Costs~~ as set forth in Section 7(B) hereof, in accordance with Attachment A of Developer’ Response to the District’s RFP dated ~~XX~~May 14, 2026.⁴

10. Supporting Documentation; Audits.

A. Supporting Documentation. Developer shall submit monthly reports to District with appropriate documentation evidencing the incurrence of each of the Pre-Development Expenses and the calculation of all or any portion of the Pre-Development Fee in the form of copies of invoices, receipts, vouchers or the like, in order for Developer and District to determine that such items constitute Pre-Development Expenses incurred, or a Pre-Development Fee payable, in accordance with the terms and conditions of this Agreement. These amounts shall include expenses incurred by the Developer in creating and/or affiliating with the ~~non-profit 501(c)(3)~~ Project Company to act as owner of the Project and other costs incidental to preparing for the Financial Closing.

B. Audit. At its option, District may from time to time, at its expense, review the books, accounts, and financial information of Developer regarding the Pre-Development efforts, including by being audited by an independent auditor selected by District. Developer agrees to cooperate with such auditor and to make any of its books, accounts and financial information of Developer regarding the Project available to the District or such auditor. If an audit discloses a material discrepancy (i.e., a discrepancy by more than three percent (3%) in the aggregate with respect to the expenses or fees being audited), Developer shall reimburse District for the cost of the audit. Any adjustments in amounts due and owing by either Party to the other Party shall be promptly paid by the Party owing the amounts due.

11. Labor and Wages.

A. Developer shall pay, and cause its Professionals to pay or cause to be paid by its consultants and contractors, each worker employed in the construction, rehabilitation, or building maintenance services of the Project not less than the prevailing wage rate for the worker’s craft or trade as determined by the California Division of Labor. Project will be registered with the DIR.

⁴ Discuss.

B. Developer and Developer' Professionals shall comply with all State and Federal laws.

- C. Developer and its Professionals shall ensure that every employee, worker, or agent of each or either of them has all required licenses and training to perform the services for which engaged and is lawfully authorized to work and to perform such services. Developer and its Professionals shall ensure that every employee, worker, and agent of each or either of them is aware of and agree to abide by District policies and procedures at all times on District property and while interacting with any District personnel or students. The District's policies and procedures can be found at XX . To the extent any of the policies and procedures are amended during Pre-Development or construction period, District shall provide written notice of the changes or modifications within 10 working days of the changes taking effect. If District reasonably determines that any person associated with Developer or its Professionals has violated District policies, such person shall be removed from and prohibited access to District Property. If requested by the removed person, the District will provide a written explanation.
12. Alternative Dispute Resolution. The Parties agree that any dispute between the Parties arising from or in any way related to this Agreement or the Project will first attempt to be resolved through non-binding mediation with a mediator that is mutually agreeable to the Parties, and if the Parties are unable to resolve any such dispute in non-binding mediation, then any such dispute shall be resolved through the XX Court. Both Parties shall share the costs of the dispute resolution process equally, although the attorneys and witnesses or specialists utilized by the respective Parties shall be the direct responsibility of each Party engaging such attorneys, witnesses, or specialists, and their fees and expenses shall be the responsibly of the respective Parties.
13. Entire Agreement. This Agreement and the Exhibits A (Pre-Development Schedule) through F (Project Area) attached hereto (which are incorporated into this Agreement by this reference) constitute the entire agreement between the Parties relating to the subject matter hereof, and may be amended, modified, or supplemented only in a writing executed by each Party.
14. Due Authorization; Binding Agreement. Each Party represents and warrants (as to itself only) that the signatory signing on behalf of such Party is duly authorized by such Party to execute and deliver this Agreement on behalf of such Party, and by its signature does bind such Party to the terms of this Agreement.
15. Controlling Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of California (without reference to its conflict of law principles), and the United States, including but not limited to any law pertaining to prevailing wage, discrimination, and professional conduct.
16. No Partnership or Joint Venture. The Parties agree that nothing herein shall serve to create any agency, employment, or other master-and-servant, partnership, joint venture, or fiduciary relationship between the Parties.
17. Audit. The Parties understand that if this Agreement involves the expenditure of public funds in excess of \$10,000, it is subject to examination and audit by the California State Auditor, pursuant to Government Code Section 8546.7.

18. Developer Hold Harmless of District.

- A. Developer shall defend, indemnify and hold harmless District and its officers, agents and/or ~~employee~~employees (the "District Indemnified Parties") from and against any and all third-party Claims (as defined in Section 17(C) (Certain Defined Terms)), to the extent caused by ~~Developer~~the: (i) Developr's breach of any obligation, representation, or warranty contained herein; and/or (ii) gross negligence or willful misconduct of the Developer, its agents or employees related to the performance of the ~~services rendered pursuant to this Agreement~~Services except to the extent caused by the active negligence or willful misconduct of the District or District's agents or employees. Without limiting the generality of the foregoing, Developer shall also indemnify, defend, and hold harmless District for, from, and against any and all Claims arising out of, relating to, or in connection with: (1) any payment or other claim or dispute between Developer, on the one hand, and any of the consultants, contractors, or subcontractors (of any tier) of Developer, on the other hand (if such payment or other claim or dispute is not a result of any payment or other claim or dispute between District and Developer pertaining to this Agreement, or any aspect of the Project); (2) the acts or omissions of, or the misconduct of, any consultants, contractors, or subcontractors (of any tier) of Developer; and/or (3) a failure of Developer to obtain District's approval or consent where required under this Agreement. The obligations of Developer under the foregoing provision shall survive the expiration or earlier termination of this Agreement with respect to any Claims arising prior to such termination. The obligations of Developer under this Section 17(A) shall be independent of, and in addition to, those of Developer under Section 17(B) (Environmental). In no event shall Developer' obligations under this Section 17(A) be limited to or by the amounts (if any) of insurance proceeds recovered by it with respect to such obligations or otherwise.
- B. District shall indemnify and hold harmless Developer and its officers, agents, and employees (the "Developer Indemnified Parties") from and against any and all third party Claims (as defined in Section 17(C) (Certain Defined Terms)), to the extent caused by the active negligence or willful misconduct of the District, its agents or employees in the performance of the services rendered pursuant to this Agreement on the Project Site, except to the extent caused by the negligence or willful misconduct of the Developer Indemnified Parties. The obligations of District under the foregoing provision shall survive the expiration or earlier termination of this Agreement with respect to any Claims arising prior to such termination.
- C. Environmental. Developer shall indemnify, defend, and hold harmless District and its Indemnified Parties for, from, and against Claims arising out of or relating to any Developer Environmental Conditions. Each Party shall promptly notify the other Party if it becomes aware of any presence, deposit, spill, or release of (or exacerbation of any presence, deposit, spill, or release of) any Hazardous Substance on or about the SRJC Campus. The indemnity obligations of Developer under this Section 17(B) shall survive the expiration or earlier termination of this Agreement with respect to any Claims arising prior to such termination. The indemnity obligations of Developer under this Section 17(B) shall be independent of, and in addition to, those of the Parties under Section 17(A) (General). In no event shall Developer' indemnity obligations under this Section 17(B) be

limited to or

by the amounts (if any) of insurance proceeds recovered by Developer with respect to such obligations or otherwise.

- D. Certain Defined Terms. As used in this Section 17,
- (i) the term “Claims” means any and all liabilities, obligations, damages, losses, demands, penalties, fines, claims, actions, suits, judgments, settlements, costs, expenses, and disbursements (including, without limitation, reasonable, actually incurred legal fees, expenses, and costs of investigation) of any kind and nature whatsoever, including, without limitation, those arising out of property damage and personal injury and bodily injury (including, without limitation, death, sickness, and disease);
 - (ii) the term “Hazardous Substance” means any substance, waste or material which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons and asbestos, and which is or becomes regulated by any applicable governmental authority, including, without limitation, but only to the extent applicable, any agency, department, commission, board, or instrumentality of the United States, the State of California or any political subdivision thereof; and
 - (iii) the term “Developer Environmental Conditions” means: (a) any Hazardous Substances or objects creating dangerous environmental conditions that are introduced, transported, or brought to the District by Developer, any of its consultants, contractors, or subcontractors (of any tier) or any other person or entity under Developer’ authority or control; (b) any Hazardous Substances or dangerous environmental conditions are spilled, released, created, or otherwise exacerbated by Developer (and with the discovery by Developer and/or any of its consultants, contractors, or subcontractors (of any tier) or any other person or entity under Developer’ authority or control of a District Environmental Condition not constituting an exacerbation), any of its consultants, contractors, or subcontractors (of any tier) or any other person or entity under Developer’ authority or control; and/or (c) Developer, any of its consultants, contractors, or subcontractors (of any tier) or any other person or entity under Developer authority or control engages in conduct (or fails to engage in conduct) in violation of any applicable law, rule, or regulation pertaining to Hazardous Substances;
- E. Insurance Requirements.⁵ Developer, at its sole cost and expense, shall insure its activities in connection with this Agreement, and/or cause the Professionals to insure such activity, as appropriate. In the event that Developer hires any contractors or consultants to perform any part of this Agreement, Developer is responsible for ensuring that these insurance provisions shall apply to each contracting entity. Developer, and each of its contractors and consultants of any tier, shall obtain, keep in force, and maintain insurance as follows (except that Developer sub-contractors may maintain limits

⁵ [Risk Management to review.](#)

of \$2,000,000 per occurrence with a \$4,000,000 annual aggregate for the general liability insurance, and with

respect to Excess Liability coverage, it is Developer option to determine the limit of excess liability that it will require the Professionals, contractors, and consultants to maintain):

- (i) Comprehensive or Commercial Form General Liability Insurance (contractual liability included) as follows:
 - (a.) Each Occurrence: \$2,000,000
 - (b.) Products/Completed Operations Aggregate: \$4,000,000
 - (c.) Personal and Advertising Injury: \$2,000,000
 - (d.) General Aggregate: \$4,000,000

However, if any such insurance is written on a claims-made basis, coverage shall continue for a period of not less than three years following termination of this Agreement. The insurance shall have a retroactive date of placement prior to or coinciding with the commencement of the Term of this Agreement.

- (ii) Developer will carry Professional Liability Insurance covering its negligent acts, errors, and omissions with a minimum limit of \$1,000,000 for each claim. In addition, architectural and other licensed professionals will carry Professional Liability Insurance with minimum limits of \$2,000,000 and \$4,000,000 in the aggregate. If the above insurance is written on a claims-made basis, it shall continue for the latter of three years following termination of this Agreement or five years following the termination of any Development Agreement entered into by the Parties for the construction of the Project. The insurance shall have a retroactive date of placement prior to or coinciding with the commencement of any professional services performed for this Agreement. Such coverage shall be required of each design architect, engineer, or consultant hired directly or indirectly to perform professional services for this Agreement, and shall include District as an indemnified party for vicarious liability caused by professional services performed for this Agreement.
- (iii) Comprehensive Automobile Liability Insurance covering owned, non-owned, and hired vehicles. The limits of liability shall not be less than a combined single limit of \$2,000,000 per occurrence.
- (iv) Excess Liability, umbrella insurance form, applying excess of primary to the commercial general liability, commercial automobile liability and employer's liability insurance shall be provided with minimum limits of \$5,000,000 per occurrence, \$5,000,000 general aggregate, and \$5,000,000 products/completed operations.

- (v) Workers' Compensation and Employer's Liability Insurance as required by California law and with an insurance carrier registered with the California Insurance Commission.

Insurance required under 17.D.i, 17.D.ii, 17.D.iii, 17.D.iv, and 17.D.v of Section 18 shall be issued by companies licensed to do business with a Best rating of A(XI)- or better and a financial classification of VIII or better (or an equivalent rating by Standard & Poor's or Moody's), or as otherwise reasonably acceptable to District.

The insurance coverage referred to under 17.D.i, 17.D.ii, 17.D.iii, and 17.D.iv of this Section 18 shall be endorsed to include District, its trustees, directors, officers, agents, employees, volunteers, consultants, representatives, and representative's consultants, and the State of California as additional insureds.

In the event that Developer receives notice from an insurer of any modification, change or cancellation of any of the above insurance coverage, it will provide a copy of such notice to District within three business days thereof. If insurance policies are canceled for non-payment, District reserves the right to maintain policies in effect by continuing to make the policy payments and assessing the cost of so maintaining the policies against Developer, which assessments shall be a set-off from any payment or distribution of funds due to Developer under this agreement, if still outstanding at the time of the distribution/payment.

Developer, upon the execution and continuously during this Agreement, shall furnish District with Certificates of Insurance acceptable in form to District evidencing compliance with all requirements noted above in Sections 17.D.i, 17.D.ii, 17.D.iii, 17.D.iv, and 17.D.v.

To the extent Developer has to expend additional funds to achieve the requested insurance coverage, such additional expenses shall be a Pre-Development Expense.

19. Confidentiality; Publicity.

- A. Confidential Information. "Confidential Information" shall mean information that is identified as "Confidential" by a Party and that is disclosed in connection with this Agreement. Without limiting the generality of the foregoing, Confidential Information may include: (i) technical and financial information relating to the Project; (ii) information relating to either Party, its ownership, operations, assets, financial, development and operating plans, status and condition, business, contractual agreements or arrangements and the SRJC Campus; and (iii) correspondence, proposals, and other documents.
- B. Exclusions. Notwithstanding the foregoing, Confidential Information shall not include any information that: (1) is in or enters the public domain through no fault of the receiving Party; (2) lawfully was known or becomes known to the receiving Party independent of any disclosure in connection with this Agreement, (3) is disclosed to the receiving Party by another person or entity having a bona fide right to disclose it; (4) is independently developed by a receiving Party; (5) is included in District's Board of Trustees' public

meeting agenda; or (6) is subject to disclosure under the California Public Records Act or the Brown Act.

- C. Use of Confidential Information. Any Confidential Information shall be used by the receiving Party only for the purposes of performing its obligations under this Agreement or otherwise in connection with the Project.
 - D. Disclosure of Confidential Information. During the term of this Agreement, neither Party shall disclose Confidential Information to any third party other than as provided for herein. The following exceptions shall not be construed as a violation of this section: a Party may disclose Confidential Information to: (a) its affiliates, agents, consultants, accountants, representatives, and legal counsel of such Party in connection with the Project, or otherwise as is reasonably necessary with respect to the Project, whether in connection with the fulfillment of the Preliminary Closing Conditions, pursuing the Financial Closing, or otherwise; (b) in connection with an assignment permitted by Section 20 (Assignment); (c) the Project's financing parties, in each case provided that such disclosure is subject to confidentiality requirements substantially similar to those set forth herein and (d) Compelled Disclosures as provided in this Section 18(F). The receiving Party shall take such steps to protect Confidential Information as such Party normally takes to preserve and safeguard its own information of a similar kind.
 - E. Publicity. Neither Party shall make any public announcement regarding this Agreement without the prior written consent in each instance of the other Party, which consent will not be unreasonably withheld. Any such public announcement must be in form and substance approved by both Parties in each instance, but the Parties mutually acknowledge that because the Agreement relates to a development for a public entity, public announcements about the project will be needed from time to time.
 - F. Compelled Disclosures. If the receiving Party or any of its representatives is compelled by an administrative or judicial order to disclose any Confidential Information, or if District receives a California Public Records Act request identifying disclosable records, then, to the extent permitted by applicable law, the receiving Party shall: (a) promptly, and prior to such disclosure, notify the disclosing Party in writing of such requirement or records requested so that the disclosing Party can seek a protective order or other remedy or waive its rights under this section; and (b) provide reasonable cooperation to the disclosing Party in opposing such disclosure or seeking a protective order or other limitations on disclosure.
 - G. Other Public Entities. District is required to interact with multiple other public entities in its operations, and in furtherance of this Agreement and the Project, including entities with governance authority in the State of California. If requested in writing by Developer, District will designate documents containing Confidential Information as "confidential" in transmitting them to other public entities, but the Parties acknowledge that District has no capacity to control the actions of such other public entities.
20. Entry Upon Site. District hereby grants to Developer, and to its agents, contractors, and

employees engaged by Developer to provide services outlined in Exhibit "C" (Approved Professionals) during

the term of this Agreement, the right to enter upon the Project site for the purpose of conducting such services. Developer, and its agents, contractors, and employees, shall: (a) provide 24 hour advance notice prior to entry upon site, (b) not unreasonably interfere with the operation and maintenance of the ~~SRJC-Campus~~[SMC Bundy](#); (c) not damage any part of the ~~SRJC-Campus~~[SMC Bundy](#) or any personal property thereon; (d) not injure or otherwise cause bodily harm to District, its agents, contractors, employees, students, or visitors; (e) promptly pay when due the costs of all tests, investigation, and examinations done with regard to the Project; (f) not permit any liens arising by reason of Developer' actions in connection with this Agreement to remain attached to the Project for more than ten days after receipt of written notice thereof; and (g) restore the ~~SRJC-Campus~~[SMC Bundy](#) to the condition in which the same was found before any such inspection or tests were undertaken. Developer shall, at is sole cost and expense, comply with all applicable federal, state, and local laws, statutes, rules, regulations, ordinances, and policies in conducting its inspection for the Project. Developer shall and does hereby agree to indemnify, defend, and hold District harmless from and against any and all claims, demands, suits, obligations, payments, damages, losses, penalties, liabilities, costs, and expenses (including but not limited to attorneys' fees) arising out of actions taken in, on, or about the ~~SRJC-Campus~~[SMC Bundy](#) in the exercise of the inspection and testing rights granted under this Agreement by Developer or its agents; provided, however, that Developer shall have no liability with respect to any reduction in value of the ~~SRJC-Campus~~[SMC Bundy](#) due to information merely discovered by Developer during its Pre-Development Activities or other loss, damage, or expense resulting from a legal obligation of Developer or its agents to report a matter pertaining to the Project. This Section 19 shall survive any termination of this Agreement for so long as any potential liabilities or causes of action related to the activities of Developer or its agents are legally cognizable in any court of law.

21. Assignment. Neither Party shall assign this Agreement, or any of its rights hereunder, without the prior written consent of the other Party, in each instance, provided only that District's interests and obligations hereunder shall automatically pass to any successor agency.
22. Captions. The captions contained in this Agreement are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained herein.
23. Counterparts. This Agreement may be executed in one or more counterparts and by the Parties under separate counterparts, any one of which need not contain the signatures of more than one Party, but all of which when taken together shall constitute one and the same instrument notwithstanding that both Parties have not signed the same counterpart hereof.
24. Performance. TIME IS OF THE ESSENCE OF THIS AGREEMENT AND OF EACH PROVISION HEREOF.
25. Calculation of Time. The time in which any act required or permitted by this Agreement is to be performed shall be determined by excluding the day upon which the event occurs from whence the time commences. If the last day upon which performance would otherwise be required or permitted is a Saturday, Sunday, or holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday, or holiday. To the extent the time period is defined by "working days", working days shall be based on a five day work week (Monday-Friday),

regardless of whether the District is working on a four or five day work week but excluding District approved holidays.

- 26. Integration. This Agreement constitutes the entire understanding and agreement of the Parties, and all prior agreements, understandings, representations, or negotiations are hereby superseded, terminated, and canceled in their entirety, and are of no further force or effect.
- 27. Amendment. This Agreement is not subject to modification or amendment except by a writing of the same formality as this Agreement and executed by the both District and Developer.
- 28. Severability. Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance, or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but the provisions of this Agreement affected shall be limited only to the extent necessary to bring it within the requirements of such law.
- 29. Independent Contractor. The Developer shall perform its Services pursuant to this Agreement as an independent contractor and not as an agent or employee of the District.
- 30. Developer Hiring. The Developer shall not hire any officer or employee of the District to perform any service pursuant to this Agreement.
- 31. Legal and Regulatory Compliance. The Developer shall perform all Services pursuant to this Agreement and prepare documents in compliance with the requirements of laws, codes, rules, regulations, and ordinances applicable to the Project.
- 32. Conflict of Interest. The Developer affirms that to the best of its knowledge, as of the Effective Date, the Services under this Agreement shall be performed on an arms-length basis, and Developer does not have a direct or indirect ownership interest in the parties with whom it is contracting for the Services.

DEVELOPER, LLC

DISTRICT

By: _____

By: _____

Developer

By: _____

Exhibit A

Pre-Development Schedule

The District at its sole discretion reserves the right to amend and/or modify this schedule.

Meeting	Duration	
Final Schematic Design	[•]	[•]
SMC Review Period	[•]	[•]
Review updated Construction Pricing	[•]	[•]
SMC Finance Workshop	[•]	[•]
Not for Profit Project Company kickoff meeting	[•]	[•]
Campus Stakeholder Meeting	[•]	[•]
Final Design Development	[•]	[•]
SMC Review Period	[•]	[•]
Review updated Construction Pricing	[•]	[•]
SMC Finance Workshop	[•]	[•]
Campus Stakeholder Meeting	[•]	[•]
50% Review of Construction Documents	[•]	[•]
SMC Review Period	[•]	[•]
Review updated Construction Pricing	[•]	[•]
SMC Finance Workshop	[•]	[•]
Campus Stakeholder Meeting	[•]	[•]
Final Construction Documents	[•]	[•]
Review Period	[•]	[•]
Review updated Construction Pricing	[•]	[•]
DSA Submittal	[•]	[•]
Campus Stakeholder Meeting	[•]	[•]
DSA Comments Received	[•]	[•]
Revised Construction Documents	[•]	[•]
Financial Close	[•]	[•]
Project Construction	[•]	[•]
Project Occupancy	[•]	[•]

Exhibit B

Services

[Insert Services]

Exhibit C

Approved Professionals

[Insert roles for Developer, Architectural/Engineering, Contractor, Property Management, and Financing. Add rows if needed.]

Role	Firm	Name	Title
Developer			
Architectural/ Engineering Contractor			
Property Management			
Financing			

Exhibit D

Pre-Development Budget

[Insert budget for Pre-Development Activities]

Exhibit E

Development Proposal

Developer's Proposal for Development Services for Student Housing and Joint Occupancy Lease
at Santa Monica College Bundy Campus

([Insert Date of Development Proposal])

Exhibit F

Project Area

[Insert Map]

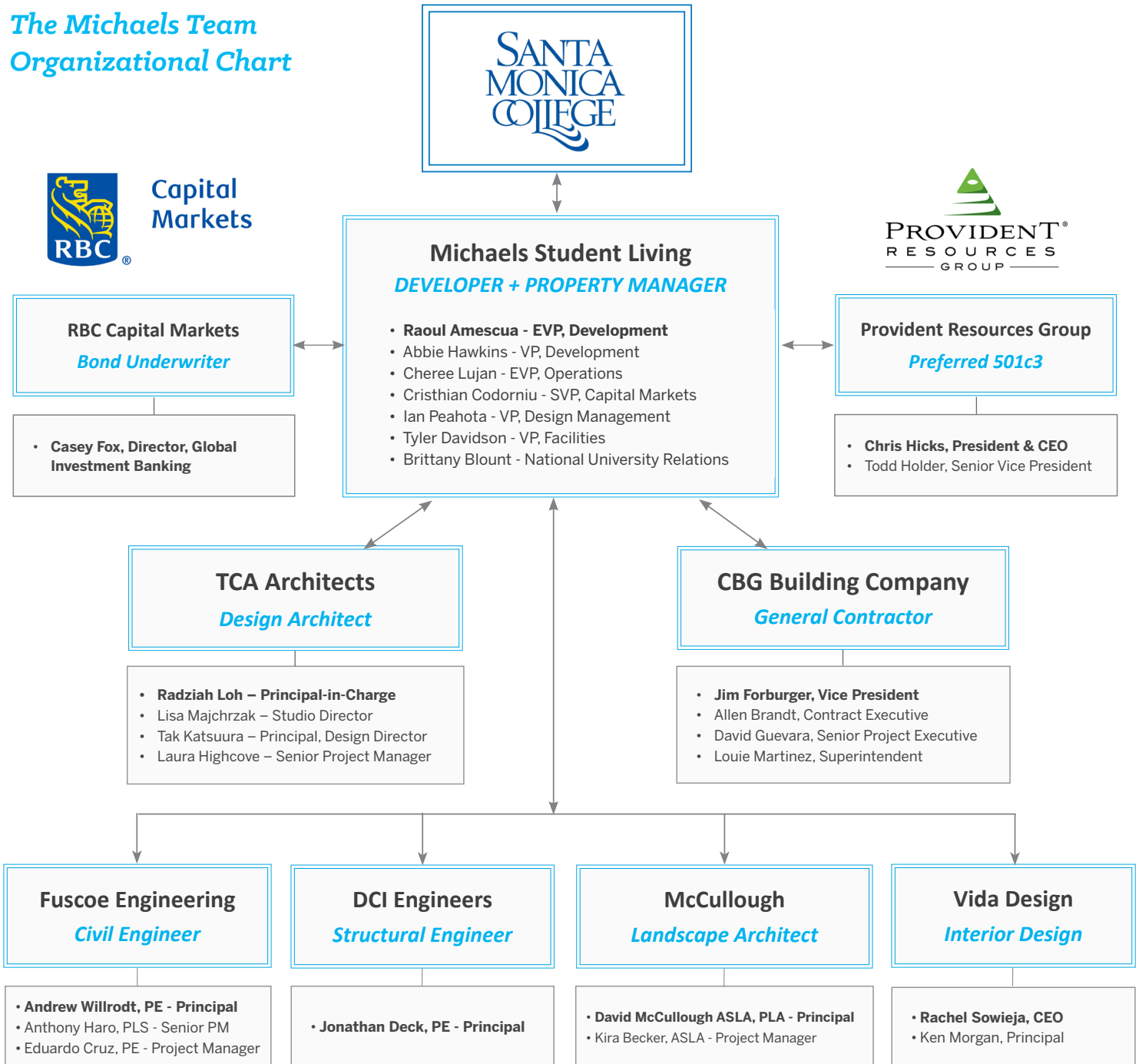


Appendix C: Development Team Changes

Santa Monica College Student Housing P3

Following our April 15th working session with SMC, we understand that SMC will lead the CEQA/Entitlements process. Consequently, we have removed Rand | Paster | Nelson, land use counsel, from our team in order to avoid duplicative efforts. We have also added **DCI Engineers (Structural Engineer)**, **Provident Resources Group (a qualified non-profit/501(c)(3))** and **RBC Capital Markets**, the premier bond underwriter for public-private partnership (P3) student housing projects.

The Michaels Team Organizational Chart



Resumes for New Teammates





ANTHONY HARO, PLS

Senior Project Manager
Ontario, CA

Anthony is a Senior Project Manager and a Professional Land Surveyor in California with over 40 years of experience in land surveying, mapping, and project management. He has extensive expertise overseeing all phases of survey operations and plays a key role in ensuring accuracy, quality, and compliance across a wide range of projects. Anthony is also passionate about helping develop future Land Surveyors, and devotes time as an instructor for the Southern California Surveyors Joint Apprenticeship Committee.

Throughout his career, Anthony has supported both public agencies and private clients on projects involving boundary and topographic surveys, ALTA/NSPS Land Title Surveys, tract and parcel maps, records of survey, and right-of-way acquisition mapping. His experience spans the full life cycle of land development and infrastructure improvement projects, providing essential support during design, construction, and as-built documentation phases.

In addition to his strong technical foundation, Anthony is highly regarded for his ability to manage multidisciplinary teams and coordinate effectively with engineers, planners, and agency representatives. His attention to detail and commitment to quality have contributed to the success of projects for private clients such as Lennar Homes, Lewis Homes, and KB Homes, as well as public agencies including the City of Rancho Cucamonga, Southern California Edison, and the Eastern Municipal Water District.

EDUCATION:

- › BS, Business Administration
University of La Verne
- › AS, Land Surveying
Santiago Canyon College
- › Chief of Party Program
Southern California Surveyors Joint
Apprenticeship Committee

REGISTRATIONS/CERTIFICATIONS:

- › California Professional Land Surveyor
PLS #7635

AFFILIATIONS:

- › California Land Surveyors Association
San Bernardino/Riverside Chapter
- › Southern California Surveyors Joint
Apprenticeship Committee (Instructor)

Fuscoe Team Member Since 2025





340+

employees
nationwide

20+

regional offices
with local expertise

50

states licensed in
(+ multiple Canadian
provinces)

1

Motto:
Service, Innovation, Value

FIRM PROFILE

DCI Engineers has been providing client-focused structural and civil engineering services since 1988. With offices along the West Coast, throughout the Mountain States, on the East Coast, up into Alaska and down in Texas, DCI represents a national portfolio backed by regional and local expertise. We're licensed in all 50 states, as well as many Canadian provinces, with a portfolio representing 25 vertical markets extending across North and South America and into Asia.

Service, Innovation, Value: It's more than a motto. It's how we work with our clients and project stakeholders. It's how we've built **trust** within our **communities**. Leveraging an **entrepreneurial** mindset, we understand the factors that drive success, using industry and internal knowledge for more efficient, **creative**, and solution-oriented deliverables, and **collaborate** to see **resilient**, lasting value for our clients' projects and the people they serve.

Our Values—Entrepreneurial, Resilient, Creative, Collaborative, Community, Trust—encompass who we are, no matter where we are or what we're doing.

Why DCI? Using shared intellectual resources and workloads, DCI offers unmatched support for keeping projects on schedule and within budget. As regional design and code experts, we are not only a local resource, we are helping our project teams show the world what's possible.

JONATHAN DECK, PE, SE

SAN DIEGO, CALIFORNIA



Jonathan's diverse project experience includes residential, hospitality, higher education, military and mixed-use, with specialties in concrete and post-tensioned concrete, multi-family residential structures and hotels.

His well-rounded knowledge and effective communication with all members of the project team enables him to anticipate any potential challenges and subsequently facilitate efficient designs, working closely with the architect to match structure with creative design. He is adept at providing constructible solutions that meet the needs and vision of the owner, including budget and schedule.

PROFESSIONAL TITLE

Principal

ROLE

Principal in Charge

EDUCATION

M.S., Structural Engineering,
University of California San
Diego, 2006

B.S., Structural Engineering,
University of California San
Diego,
2005

REGISTRATION

Structural: CA (SE6473)
Civil: CA (PE73297)

PROFESSIONAL SOCIETIES

Structural Engineers
Association of San Diego
(SEAOSD)—
Director 2019-2021

SAN DIEGO CITY COLLEGE STUDENT HOUSING P3, San
Diego, CA

USD PRESIDIO TERRACE APARTMENTS P3, San Diego, CA

MERCADO DEL BARRIO MIXED-USE, San Diego, CA

UC RIVERSIDE | NORTH DISTRICT PHASE 1 (P3), Riverside, CA

UCSD RIDGE WALK NORTH LIVING & LEARNING

NEIGHBORHOOD, La Jolla, CA

UCSD | NUEVO EAST HOUSING, La Jolla, CA

UCSD | NUEVO WEST HOUSING, La Jolla, CA

UC IRVINE | MESA COURT, Irvine, CA

UC IRVINE | MIDDLE EARTH, Irvine, CA

POMONA COLLEGE - LANGUAGE IMMERSION RESIDENCE

HALL & CENTER FOR GLOBAL ENGAGEMENT, Claremont, CA

VILLAGE LINDO PASEO - SDSU DORMITORY, San Diego, CA,

CAL POLY HUMBOLDT CRAFTSMAN HOUSING, Arcata, CA

**CSU SAN MARCOS | STUDENT UNION BUILDING (LEED®
GOLD)**, San Marcos, CA

CSU SAN MARCOS PARKING STRUCTURE, San Marcos, CA

SDSU M @ COLLEGE, San Diego, CA

SAN DIEGO CITY COLLEGE HOUSING

San Diego, CA

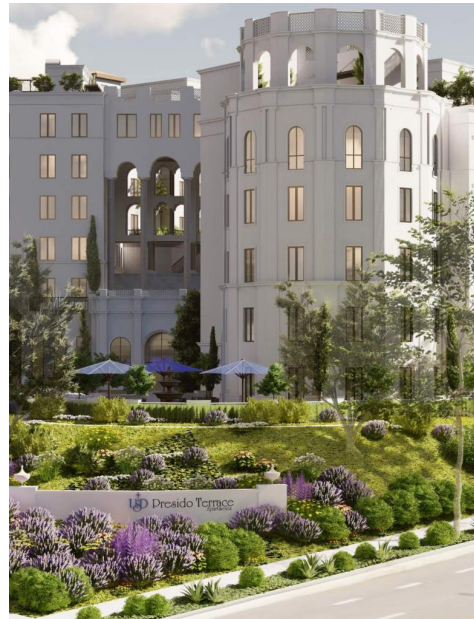


TEAM The Michaels Organization | TCA Architects **SIZE** 330,000-sf | 8-story

The 8-story, 330,000-sf student housing project for the San Diego City College is a podium-style residential building offering below-market rate housing to students in the region. The building has a two- to three-story type-I concrete podium that supports five stories of light gage wood framed apartments. The project is expected to open in 2028.

USD PRESIDIO TERRACE APARTMENTS

San Diego, CA

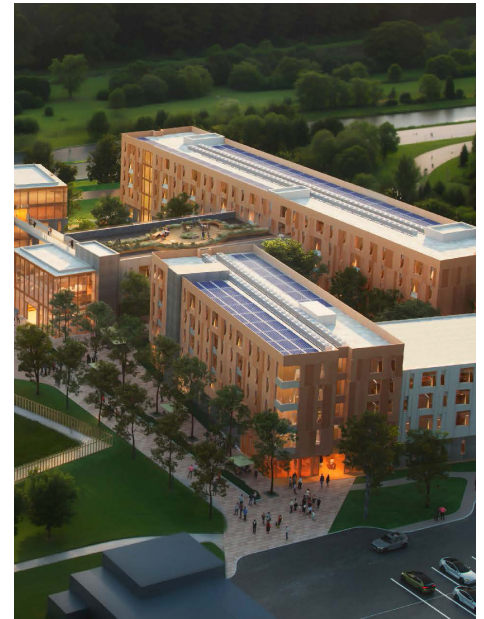


TEAM The Michaels Organization | Carrier Johnson + CULTURE **SIZE** 580,000-sf | 8-story

This development will be a quality, affordable, and compatible student housing project that also incorporates environmentally friendly and sustainable practices. The student housing building will have approximately 373 units, 594 parking spaces, and will be built into the hillside with a bridge connecting the upper levels on the high side of the site to the lower levels. The building will be constructed by five levels of wood framed construction supported by three levels of concrete podium structure and three levels of wood framed construction will be supported by two levels of concrete podium structure.

CABRILLO COLLEGE STUDENT HOUSING

San Diego, CA



TEAM WRNS Studio | Devcon Construction **SIZE** 270,000-sf | 5-story

DCI is the EOR on this 624-bed complex, which is Cabrillo College's first student housing complex. DCI collaborated with the team to provide an incredibly cost-effective design, that also provides a dynamic and flexible student experience. Close coordination allowed the team to integrate a minimal number of wood sheathed shear walls, which maintain the efficiency of the structure but minimize construction costs. Mass timber was also selectively integrated into the design, and utilized in a selection of the student amenity spaces. This mass timber construction provides a unique, warm, aesthetic for the students, while cost-effectively creating more open floor plates.

Provident Resources Group

Company Description: Provident Resources Group. Provident is a mission-driven nonprofit organization that partners with universities, healthcare systems, municipalities, and other public-purpose institutions to deliver complex facilities through innovative public-private partnerships. We bring a principled commitment to mission, stewardship, and long-term public benefit, paired with a pragmatic approach to finance, development, and execution. By aligning institutional goals with disciplined structuring, risk management, and operational expertise, Provident creates solutions that are financially sound, operationally durable, and built to serve communities for generations.

\$9 Billion Financed
\$7.2 Billion Assets Under Mgmt.
\$5.44 Billion Higher Ed AUM
39,144 Student Hsg. Beds
28 States (incl. D.C.)
40 Full-Time Employees

Since our founding in 1999, **Provident has accessed nearly \$9 billion in capital to fund its mission-based projects in 28 states that further develop the communities in which Provident is called upon to assist.** Currently, Provident has approximately \$7.2 billion in assets under management, over 70% of which are in our education division, including nearly 40,000 beds of student housing nationwide, along with academic projects and university medical facilities.

We are excited for the opportunity to work with the Santa Monica College, having previously completed a similar affordable student housing project for San Diego Community College District.

Provident is proud to have worked with colleges and universities across the country, from small private institutions to large public universities. Below is a snapshot of some of the universities that have partnered with Provident to make projects a reality.



Primary Contact



Christopher Hicks
President & CEO | Vice Chairman of the Board

As Provident's President & CEO and Vice Chairman of the Board, Mr. Hicks is a member of the executive team that establishes the company's strategy, culture, and fulfillment of its charitable missions. Mr. Hicks also spearheads Provident's public-private partnership financings, working with project partners and beneficiaries, financing partners, investors, and rating agencies to ensure successful financial execution and an ongoing commitment to our partners for the life of our engagement. His role includes management of origination, analysis, and execution efforts for transactions and project relationships across a variety of asset classes. Chris works to foster relationships with public and private universities, healthcare systems, and state and local governments, as well as development partners, allowing Provident to utilize its proven financing platform to further not only its non-profit missions, but the missions of each of these partners.

Prior to joining Provident, Mr. Hicks spent 18 years in the Public Finance Department of Citigroup Global Markets Inc., departing in 2019 as a Director in their Higher Education and Public Private Partnership Groups. During his time at Citi, Mr. Hicks worked with clients on over \$25 Billion in financing.

Mr. Hicks holds a B.A. in Economics and Political Science from Wake Forest University.



Todd Holder
Senior Vice President for Business Development

As Senior Vice President for Business Development, Mr. Holder takes a strategic role, responsible for developing and executing key corporate development objectives that continue to expand Provident's mission areas. In his role, Mr. Holder cultivates and fosters new innovative partnerships with key market participants in furtherance of Provident's core mission areas, spearheading the evaluation of each opportunity, and serving as Provident's day-to-day representative on a wide variety of projects.

Prior to joining Provident, Todd spent 32 years serving state and local governments as a public finance investment banker, with a focus on public power, water & sewer, and other essential service infrastructure projects, for firms like Citigroup and RBC Capital Markets. Mr. Holder received his Master of Business Administration from the University of Texas at Austin, in addition to a B.S. in Business Administration from Washington University in St. Louis, and a B.S. in Physics from Nebraska Wesleyan University. Mr. Holder holds the Series 7, 79, 53, 52, and 63 securities licenses.

Provident Resources Group – Case Studies

San Diego Community College District
San Diego, California

University Student Affordable Housing Project
325 Units | 797 Beds



SAN DIEGO
 Community College District
 City College · Mesa College · Miramar College
 College of Continuing Education

Overview. In November 2025, Provident, through its single-member affiliate PRG – SDCCD City Village Properties LLC, partners with the SDCCD and The Michaels Organization to deliver City Village, a transformative 797-bed affordable student housing community located adjacent to San Diego City College.



Financing. The Project represents a unique financing approach, whereby the funding for the Project is provided through proceeds of the District’s previously issued general obligation bonds following voter-approved Measure HH. The \$3.5 billion bond measure, which will upgrade, repair and modernize its campuses throughout the city, secured support from more than 60% of San Diego voters in November 2024.



Development & Management. The City Village project for the San Diego Community College District was developed through a public-private partnership with Provident Resources Group serving as the non-profit owner and The Michaels Organization acting as developer and property manager. Michaels is responsible for the design, construction, and delivery of the project under a guaranteed maximum price structure, while Provident provides long-term asset management, financial oversight, and compliance for the life of the financing. The District retains land ownership and meaningful oversight through an advisory committee, with the improvements reverting to the District at the end of the ground lease.

Provident Resources Group – Case Studies

University of Mississippi
Oxford, Mississippi

University Student Housing Project
404 Units | 1,282 Beds



Overview. In December 2025, Provident Resources Group (“PRG”), through its single-member affiliate PRG – Oxford Properties LLC, successfully closed a major on-campus student housing public-private partnership with the University of Mississippi. The transaction financed the development of a new approximately 1,282-bed, purpose-built student housing community located directly on the University’s campus, designed to address sustained enrollment growth and a documented shortage of modern undergraduate housing. The project supports the University’s strategic objectives by expanding on-campus capacity, modernizing its housing inventory, and preserving affordability for students — all without placing debt on the University’s balance sheet.



Financing. The project was financed through the issuance of approximately \$114.25 million of Public Finance Authority Student Housing Revenue Bonds, consisting of Senior Tax-Exempt Series 2025A Bonds and Senior Taxable Series 2025B Bonds. The bonds were structured as long-term, fixed-rate obligations with final maturities extending to 2065, providing stable and predictable financing over the life of the asset. The bonds carry an underlying S&P rating of BBB-, enhanced to AA through Build America Mutual (BAM) bond insurance, and were issued on a non-recourse basis, secured solely by project revenues and a leasehold mortgage interest. A debt service reserve was funded via a surety policy, further strengthening credit protections.

Development & Management. The project was developed through a public-private partnership structure with PRG – Oxford Properties LLC, an affiliate of Provident Resources Group, serving as the owner and financing vehicle. Development responsibilities were carried out pursuant to a Development Agreement with GS Development Services Central, LLC, an affiliate of Greystar, a nationally recognized student housing developer with extensive experience delivering large-scale, institutional on-campus housing projects.

OVERVIEW OF RBC CAPITAL MARKETS

RBC Capital Markets, LLC (“RBCCM”) is a national full-service investment bank that traces its formal beginnings back to 1901. Headquartered in New York, the firm has over 6,800 professionals operating from 58 offices in 16 countries, all working toward a common goal: to provide exceptional service to our clients, both in *retail investing and investment banking*. RBCCM provides clients with a full spectrum of products and services, including investment banking, commodities, currencies, fixed income, equities, and research. The firm’s experienced and highly focused bankers comprise one of the largest teams in the United States, providing a complete menu of investment banking services designed to meet the tax-exempt and taxable debt and equity needs of municipalities, local and regional authorities, states and state agencies, non-profit organizations, and corporate clients. RBCCM is also one of the few financial institutions in the public finance industry with investment banking, financial advisory, underwriting, derivative, and lending capabilities. In municipal finance, we have provided managed underwriting and financial advisory services for the sale of virtually all types of municipal debt. As a result, in 2024, **Bloomberg Financial ranks RBCCM 2nd in total par amount for negotiated senior managed transactions, with 354 issues totaling \$41.7 billion par amount for a 10.3% market share.** In 2025, **Bloomberg Financial ranks RBCCM 2nd in total par amount for negotiated senior managed transactions, with 335 issues totaling over \$48.0 billion for a 10.3% market share.** Additional information regarding our capital markets operation can be found at www.rbccm.com.

By the Numbers



¹Dealogic Analytics (Calendar year 2025)

2025 National Senior Manager Underwriting Rankings

Underwriting Firm	Par Amount (\$ mil)	Rank	Mkt. Share	# of Issues
BofA Securities	63,833.0	1	13.7	287
RBC Capital Markets	48,068.3	2	10.3	335
JP Morgan	43,424.6	3	9.3	190
Morgan Stanley	33,351.0	4	7.2	130
Jefferies	33,237.6	5	7.2	155
Wells Fargo	28,322.1	6	6.1	150
Goldman Sachs	27,860.3	7	6.0	66
Raymond James & Associates	26,829.3	8	5.8	441
Stifel	25,434.0	9	5.5	728
Barclays	20,808.6	10	4.5	88
Industry Total	\$466,571.6	-	100.0	4,509

Source: Bloomberg- Negotiated. 01/01/2025 – 12/31/2025.

As the wealth management and capital markets growth platform for the Royal Bank of Canada (“RBC”) in the United States, RBCCM remains a U.S. firm with the benefits of a partner that has significant capital and other resources to invest in its primary businesses. Investment Banking is one of these businesses and higher education and student housing finance are primary focuses in our business plan. Yet, in every department and in every transaction, we continue to operate as we have since 1901: **with a thorough knowledge of our markets, an intense focus on the needs of our clients and a passion for exceptional service.**

RBC Highlights	RBCCM Highlights	
Total Number of Employees	100,000	
Number of Capital Markets Employees	7,600	
Countries of Operation	36	
Market Capitalization (as of March 1, 2021)	\$220.0 billion	
North American Ranking by Market Cap	7th	
Total Assets (Q4 2020)	CS2.4 trillion	
Return on Equity (FY 2020)	16.3%	
Credit Ratings	Aa1/AA-/AA	
Total Revenue (Q4 2020)	CS17.2 billion	
Net Income (Q4 2020)	CS5.4 billion	
Number of Customers	Over 19 million	
Common Equity Tier I (CET 1) Ratio	13.5%	
	Number of Capital Markets Employees	7,600
	Number of Capital Markets Offices	55
	Number of Municipal Finance Employees	371
	Number of Municipal Finance Offices	30
	Number of Municipal Finance Investment Bankers	176
	Number of Municipal Finance Traders, Underwriters, & Salespeople	56
	Number of Retail Financial Consultants	2,133
	Number of Retail Offices	198
	Assets Under Management for U.S. Clients	\$699 billion
	Senior-Managed Negotiated Transactions (2020)	335
	Ranking by Negotiated Senior-Managed # of Issues (2020)	4
	Ranking by Negotiated Senior-Managed Par Amount (2020)	2

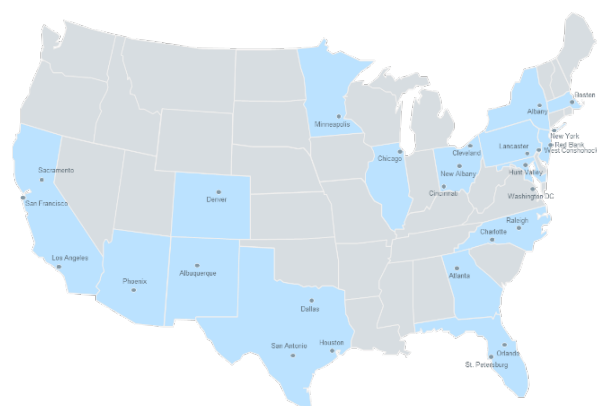
CAPITAL POSITION

RBC has a market capitalization of nearly \$200 billion, making it the 7th largest bank in North America as ranked by Bloomberg Markets. RBCCM relies on this capital base as a foundation of stability and access to substantial capital for growth. RBCCM routinely leverages our financial strength for the benefit of our clients, supporting transactions by underwriting bonds to ensure a strong, successful execution. Our willingness to commit capital resources in underwriting municipal securities enhances our strong distribution capabilities. This strong capital position enables us to price issues aggressively for our clients regardless of market conditions. RBCCM's capital position as September 30, 2025, is summarized in the adjacent table. Based on the regulatory definition of maximum underwriting capacity, **RBCCM's excess net capital of \$1.1 billion corresponds to a maximum legal municipal underwriting capacity of \$15.9 billion for a single transaction.**

Capital Position (\$000)	
Total Regulatory Capital	10,332,737
Total Equity Capital	8,946,737
Net Capital	2,006,856
Excess Net Capital	1,114,847

COMMITMENT TO MUNICIPAL FINANCE

RBCCM is not only a full-service broker-dealer and investment banking firm, but it is one with the deepest of commitments to the municipal finance industry. Our municipal finance practice includes 314 employees and is built upon an array of banking offices across the country. These offices are staffed with public finance bankers that have significant municipal finance expertise coupled with considerable knowledge of their specific market's economy, demographics, and public finance laws. By organizing our banking network in this fashion, our core market bankers are more attuned to our clients' needs and are more accessible.



Complementing our regional banking focus, RBCCM has an expertise in core *specialty sectors*: **Higher Education**, Healthcare, Housing, K-12 Education and Charter Schools, Public Power, Special Tax Districts, Student Loans and Transportation. These specialty areas require a more specific level of knowledge to truly meet our clients' unique needs. Our specialty bankers are among the best in the country in their fields and work in conjunction with our locally based bankers to ensure that we provide the highest level of expertise and service in the industry.

HIGHER EDUCATION EXPERIENCE

RBCCM remains one of the few firms with a dedicated team of senior bankers who are focused solely on the higher education sector. The complex issues facing higher education financial officers, coupled with the deep resources available at RBCCM, make our firm particularly well suited for providing investment banking services to our clients. The team has extensive experience leading transactions in the debt capital markets, having ranked as the **#1 underwriter in the higher education sector for 2025**, with significant market share absorption, highly relevant recent deal experience, and a robust transaction pipeline. We have included our 2025 league table ranking in the adjacent table.

2025 Higher Education Senior Manager Rankings

Underwriting Firm	Par Amount (\$ mil)	Rank	Mkt. Share	# of Issues
RBC Capital Markets	4,716.4	1	13.1	26
Wells Fargo	4,240.9	2	11.8	20
Jefferies	4,163.4	3	11.6	10
Barclays	4,146.7	4	11.5	26
Goldman Sachs	3,865.1	5	10.8	20
BofA Securities	3,845.6	6	10.7	27
Morgan Stanley	3,783.0	7	10.5	24
JP Morgan	1,539.0	8	4.3	9
Siebert Williams Shank	1,415.1	9	3.9	7
Raymond James	1,141.7	10	3.2	18
Industry Total	\$35,925.9	-	100.0	246

Source: Bloomberg - Negotiated. 01/01/2025 – 12/31/2025. Municipal CUSIPs

National Leader in Public Higher Education Finance

RBCCM’s bankers have assisted public colleges and universities, as underwriter or financial advisor, with over 70 transactions totaling over \$30 billion of capital financing since 2020. These projects have included engagements with institutions across the country. Our bankers’ client list includes:

Appalachian State University	University of Georgia	University of North Carolina
Arizona State University	University of Illinois	Ohio State University
University of Arizona	Illinois State University	Pennsylvania State System
University of California	Louisiana State University	Purdue University
California State University	University System of Maryland	University of Tennessee
University of Cincinnati	Michigan State University	University of Texas
Florida Atlantic University	University of Missouri	Texas A&M University
University of Hawaii	Montclair State University	William & Mary

National Leader in Private Higher Education Finance

Since 2020 our bankers have acted as underwriter or financial advisor on 53 private higher education bond issues with a par amount exceeding \$13 billion. Our bankers’ clients include:

Ave Maria University	Drexel University	University of Notre Dame
Augustana University	Elizabethtown College	Philadelphia University
Azusa Pacific University	Emory University	Rochester Institute of Technology
Bucknell University	Fordham University	St. Francis College
Chatham University	Miami University	Temple University
University of Chicago	Mount Sant Mary College	Xavier University
Dartmouth College	Moravian University	University of Chicago
Dickinson College	Northwestern University	Washington College

Experience with All Types of Higher Education Financings

Our bankers have participated in nearly every type of financing structure available to colleges and universities. These financings have included fixed and variable rate investment grade issues, non-rated bonds, insured bonds, fixed rate issues carrying a letter of credit, commercial paper programs, multi-mode variable rate bonds, medium term note programs, pooled borrowing programs with multiple participants, taxable financings and certificates of participation. We also have extensive experience in evaluating and implementing various privatized financing programs, including privatized student housing.

Experience with National 501(c)(3) Organizations and University Related Foundations

Our expertise in the higher education sector includes extensive work with national 501(c)(3) organizations engaged in public-private partnerships across the country including Beyond Owners Group, Collegiate Housing Foundation, National Campus Community Development Corporation, Provident Resources Group and Strategic Facility Partners. Further, our bankers have served numerous university-related non-profit foundations, including:

2033 Fund (University of Texas)	University of Hawaii Foundation (University of Hawaii)	WVSU Foundation (West Virginia State University)
Black & Gold Facilities (Grambling State University)	LSU Real Estate & Facilities Foundation (Louisiana State University)	Wolfpack Club (North Carolina State University)
Euclid Avenue Housing Corporation (Cleveland State University)	Student Services, Inc. (Millersville University of Pennsylvania)	
NJCU Foundation (New Jersey City University)	FAU Finance Corporation (Florida Atlantic University)	

Well-Established Relationships with Credit Enhancers and Rating Agencies

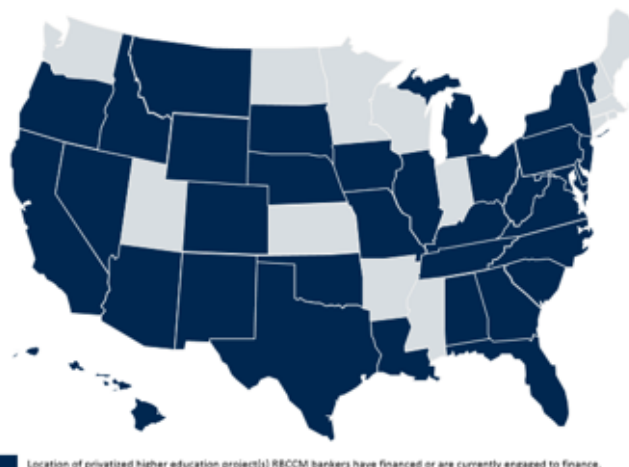
In the field of higher education, there is no other investment banking firm with better relationships with the remaining bond insurers, Moody’s, Standard & Poor’s and Fitch, as well as the active letter of credit banks in the industry. Being in the market on a continuous basis keeps our bankers in constant communication with credit enhancers and credit analysts. Furthermore, we are able to provide critical feedback relating to the ability to obtain bank products or bond insurance for a variety of projects. Our relationships with Build America Mutual (BAM) and Assured Guaranty are second to none.

P3 HIGHER EDUCATION FINANCE EXPERTISE

RBCCM has put together a team of specialists experienced in providing financing solutions specifically for public-private partnerships for higher education institutions. This team grew out of the guidance of professionals who were integral in developing the first “Privatized Student Housing” financing programs and adapting these innovative tools over the years to all types of P3 projects. The bankers in our **P3 Higher Education Group** have assisted many colleges and universities with the financing of student housing and other privatized projects. Our experience includes traditional university general receipts revenue bonds, certificates of participation, auxiliary revenue bonds and privatized, project-based financings. Further, we have tremendous expertise in a wide range of alternate financing solutions for higher education P3 projects, including direct loan programs, tax-exempt and taxable private placements and alternative equity arrangements for a multitude of campus facilities. The range of our experience includes both public and private institutions of higher education. Over the years, RBCCM has successfully closed **more than 140 project-based higher education transactions** (either as financial advisor or underwriter) for a combined total of **over \$7 billion**, making RBCCM one of the leading underwriters of P3 financings in the country. The Firm is routinely ranked as the top underwriter of privatized higher education transactions, in terms of overall par amount and number of transactions. In fact, RBCCM has been the **leading underwriter for privatized projects** for the past five years in terms of overall par amount and number of transactions as shown in the chart above. The accompanying map illustrates the locations of privatized higher education projects that RBCCM has financed. Some of our privatized higher education clients have included:

P3 Higher Education League Table (2020 to 2025)

Managing Underwriter	Par Amount (US\$ mil)	Rank	Mkt. Share	# of Issues
RBC Capital Markets	3,046.32	1	34.1	48
Raymond James	1,538.82	2	17.2	24
Barclays	1,214.37	3	13.6	6
JP Morgan	512.83	4	5.7	3
Bank of America	512.47	5	5.7	13
Loop Capital Markets	434.32	6	4.9	6
Stifel	343.04	7	3.8	8
Jefferies	339.57	8	3.8	3
KeyBanc Capital Markets	266.47	9	3.0	5
Morgan Stanley	186.49	10	2.1	3
Industry Total	8,930.7	-	100.0	134



Location of privatized higher education project(s) RBCCM bankers have financed or are currently engaged to finance.

Appalachian State University	University of Illinois	Purdue University
Arizona State University	Illinois State University	Rowan University
University of California – Irvine	Louisiana State University	University of Tennessee
Cleveland State University	University System of Maryland	University of Texas
College of Staten Island	Montclair State University	Texas A&M University
Delaware State University	Morgan State University	Virginia State University
Florida Atlantic University	Montclair State University	West Virginia State University
University of Hawaii	New Jersey Institute of Technology	William & Mary
Howard University	Southern Oregon University	University of Wyoming

RBC CAPITAL MARKETS KEY PERSONNEL



Casey Fox, Director
225 Franklin Street, Suite 2150
Boston, MA 02110
(617) 725-2005
casey.fox@rbccm.com

Casey Fox joined RBCCM in November 2021 and is currently a Director in the Municipal Finance Department and leads the firm's P3 Higher Education practice. He provides investment banking and advisory services including research, structuring, credit analysis and transaction execution. Previously Mr. Fox worked for a municipal advisory practice and has over 14 years of municipal finance experience specializing in higher education and not-for-profit institutions. He has significant experience across a broad range of financing solutions in both traditional not-for-profit financing as well as privatized student housing financing. This includes but not limited to, tax-exempt and taxable bond issuance that utilize fixed rate, variable rate and derivative structures.

Mr. Fox's has significant experience on privatized student housing and other public, private partnership transactions with institutions such as the University of Tennessee Knoxville, Louisiana State University, the University of Illinois System, Purdue University, the University of Health Sciences, the College of William and Mary, the University System of Maryland, Morgan State University and Lynn University. Additionally, he has transaction and advisory experience that includes direct debt issuance for colleges and universities such as Dartmouth College, the University of Illinois System, Bucknell University, the University System of New Hampshire, Southern New Hampshire University, the University of Maine System, Brandeis University, the Rhode Island School of Design and the University System of Maryland.

Mr. Fox graduated from Cornell University with a B.S. in Applied Economics and Management. He is currently registered with FINRA with Series 50, 52, 63 and 79.

Santa Monica College Response to RFP: A Student Housing Public/Private Partnership Initiative

Tab B: Respondent Financial Capacity - CONFIDENTIAL

Michaels Student Living, LLC

May 14, 2026




Michaels
COMMUNITIES THAT *lift* LIVES

B. Respondent Financial Capacity

(a) Most recent Respondent Financial Statements (audited, if available), including:

(i) Balance Sheet;

While the formal respondent is Michaels Student Living, the attached Audited Financial Statements belong to our affiliate, The Michaels Development Company I, L.P. Within the broader Michaels organization, The Michaels Development Company I, L.P. serves as the financial sponsor for our development deals. In the ordinary course of its real estate development business, this entity routinely provides development financing and substantial guarantees of construction completion for projects across our portfolio.

The most recent audited financial statements including the balance sheet and statement of operations for The Michaels Development Company I, L.P. have been provided via a separate file with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.

We are providing these financial statements of our corporate sponsor to demonstrate the robust financial capacity, capitalization, and organizational backing that will support the successful delivery and ongoing operation of the Santa Monica College student housing project.

(ii) Statement of Operations;

This information is included in Audited Financial Statements for The Michaels Development Company I, L.P., which have been provided via a separate file with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.

(b) Reference letters from Lenders, Underwriters and/or Equity providers with whom the Respondent has worked in the past.

Letters of Support have been provided via a separate file, with all pages marked "Confidential" and submitted through PlanetBids as specified in the RFP.



Audited Financial Statement
CONFIDENTIAL



CONFIDENTIAL

**THE MICHAELS DEVELOPMENT
COMPANY I, L.P.
(A LIMITED PARTNERSHIP)**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee

The BDO logo is located in the bottom right corner of the page. It consists of the letters "BDO" in a bold, white, sans-serif font, with a registered trademark symbol (®) to the right. The logo is set against a red triangular background that points towards the bottom right corner of the page.

**THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)**

DECEMBER 31, 2025

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Independent Auditor's Report

The Partners

The Michaels Development Company I, L.P. (the Company)

Camden, New Jersey

Opinion

We have audited the financial statements of The Michaels Development Company I, L.P. (A Limited Partnership), which comprise the balance sheet as of December 31, 2025, and the related statements of income and comprehensive income, partners' capital and its cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

March 31, 2026

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEET
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 12,292,369
Investments	18,218,902
Development fees receivable, net of subdeveloper fees of \$746,031	14,270,414
Advances to housing development partnerships and companies	12,707,363
Advances, notes and loans receivable	2,767,086
Due from others	28,232
Total current assets	<u>60,284,366</u>
OTHER ASSETS	
Development fees receivable, net of subdeveloper fees of \$4,328,036	83,430,658
Development fees receivable discount	(7,721,967)
Advances to housing development partnerships and companies	16,368,583
Advances, notes and loans receivable	112,478
Operating lease right of use asset, net of accumulated amortization	248,078
Prepaid fees, net of accumulated amortization	68,750
Total other assets	<u>92,506,580</u>
Total Assets	\$ <u>152,790,946</u>

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 700,955
Lease obligation payable, current portion	27,014
Total current liabilities	<u>727,969</u>
LONG-TERM LIABILITIES	
Lease obligation payable	<u>241,946</u>
Total liabilities	<u>969,915</u>
COMMITMENT AND CONTINGENCY	
PARTNERS' CAPITAL	
Partners' capital	151,448,990
Accumulated other comprehensive income	372,041
Total partners' capital	<u>151,821,031</u>
Total Liabilities and Partners' Capital	\$ <u>152,790,946</u>

The accompanying notes are an integral part of these financial statements.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2025

Revenue	
Development fee revenue	\$ 15,211,675
Total revenue	<u>15,211,675</u>
Operating expenses	
Advertising	44,870
Overhead expense	4,500,000
Construction services expense	889,596
Consulting expense	62,600
Development costs and expense	1,497,003
Credit loss expense	2,622,004
Dues and subscriptions	30,430
Education expense	6,012
Entertainment and meals	33,407
Fees and licenses	100,332
Health insurance	356,745
Taxes and insurance	53,977
Professional fees	382,136
Office and software expense	59,200
Payroll, payroll taxes and employee benefits	6,373,459
Charitable contributions	2,750
Travel	118,443
Telephone	16,593
Total operating expenses	<u>17,149,557</u>
Loss before other income (expenses)	(1,937,882)
Other income (expenses)	
Other income	229,748
Interest income	2,960,900
Interest expense	(120,474)
Realized gain on sale of investments	258,408
Unrealized gain on equity investments	443,317
Total other income (expenses)	<u>3,771,899</u>
NET INCOME	1,834,017
Other Comprehensive Income	
Unrealized holding gain on available-for-sale debt securities	247,664
Total other comprehensive income	<u>247,664</u>
COMPREHENSIVE INCOME	<u>\$ 2,081,681</u>

The accompanying notes are an integral part of these financial statements.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
STATEMENT OF PARTNERS' CAPITAL
YEAR ENDED DECEMBER 31, 2025

	<u>Partners' Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance, January 1, 2025	\$ 145,524,869	\$ 124,377	\$ 145,649,246
Net income	1,834,017	-	1,834,017
Contributions from partners	5,000,000	-	5,000,000
Distributions to partners	(909,896)	-	(909,896)
Other comprehensive income			
Unrealized holding gain on available-for-sale debt securities	<u>-</u>	<u>247,664</u>	<u>247,664</u>
Balance, December 31, 2025	<u>\$ 151,448,990</u>	<u>\$ 372,041</u>	<u>\$ 151,821,031</u>

The accompanying notes are an integral part of these financial statements.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

OPERATING ACTIVITIES	
Net income	\$ 1,834,017
Adjustments to reconcile net income to net cash provided by operating activities:	
Credit loss expense	2,622,004
Realized gain on sale of investments	(258,408)
Unrealized gain on equity investments	(443,317)
Operating lease expense	32,340
Amortization, interest	41,742
Changes in:	
Development fees receivable	(2,055,114)
Accounts payable and accrued expenses	<u>(879,884)</u>
Net cash provided by operating activities	893,380
INVESTING ACTIVITIES	
Purchases of investments	(2,576,111)
Sales of investments	2,426,137
Advances made to housing development partnerships and companies	(31,759,140)
Advances collected from housing development partnerships and companies	32,026,774
Advances, notes and loans made	(1,105,731)
Advances, notes and loans receivable collected	<u>875,085</u>
Net cash utilized by investing activities	(112,986)
FINANCING ACTIVITIES	
Contributions from partners	5,000,000
Distributions to partners	(909,896)
Line of credit fees incurred	(75,000)
Advances, notes and loans received from affiliate	4,415,000
Advances, notes and loans repaid to affiliate	<u>(4,415,000)</u>
Net cash provided by financing activities	<u>4,015,104</u>
INCREASE IN CASH AND CASH EQUIVALENTS	4,795,498
Cash and cash equivalents, beginning of year	<u>7,496,871</u>
Cash and cash equivalents, end of year	\$ <u><u>12,292,369</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for interest	\$ <u><u>78,732</u></u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

The Company recorded a right of use asset in the amount of \$264,775 and related operating lease obligation in the same amount.

The Company transferred advances made to housing partnerships and companies to an affiliate in the amount of \$370,896 during 2025.

The accompanying notes are an integral part of these financial statements.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. NATURE OF OPERATIONS

The Michaels Development Company I, L.P. (the Company) was formed as a limited partnership and has developed through new construction or rehabilitation more than \$6 billion in affordable housing since 1973. The Company is an innovator in low income, senior, workforce, student and market rate rental housing, as well as home ownership and military housing. The Company has developed properties in 39 states, Washington, D.C. and the Virgin Islands, in urban, suburban and small town communities. The Company is involved from concept to completion including market evaluations, design, site acquisition, municipal approval, management and coordination with local, state and federal government. The general partner is The Michaels Development Holding Company, L.L.C., a single member L.L.C. owned by the Michael J. Levitt Revocable Trust. The Company conducts the majority of its business with other entities that are controlled by Michael J. Levitt and Michaels Lifting Lives, LLC (MLL).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Lessee Accounting

The Company has made the following elections under Accounting Standard Update (“ASU”) 2016-02, Leases (Topic 842): (i) to adopt the package of practical expedients to not reassess certain factors for leases that commenced prior to the implementation date of Topic 842, (ii) to not apply the lease standard to existing land easements that were not previously recorded as leases, (iii) to exclude short-term leases, defined as those with an initial term of one year or less, from the lease standard, (iv) to not separate non-lease components from lease components and instead to account for all components as a single lease component, and (v) to use the risk-free rate for discounting lease payments when the rate implicit in the lease is unknown to the lessee.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Cash and cash equivalents

At December 31, 2025, cash and cash equivalents were held at one financial institution. The cash accounts were insured by the Federal Deposit Insurance Corporation up to \$250,000 per deposit institution through December 31, 2025. The Company believes it is not exposed to any significant credit risk on its uninsured cash. The Company mitigates this risk by monitoring the credit rating of its bank and depositing funds with a major financial institution.

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Financial Instruments – Credit Losses (Topic 326)

The Company adopted ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade and loan receivables and held-to-maturity debt securities, and certain off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost are presented at the net amount expected to be collected by using an allowance for credit losses.

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status. The Company has concluded that this policy results in the timely reversal of uncollectible interest.

Loans and receivables between entities under common control are outside the scope of the CECL model. Loans and receivables between related parties that are not under common control do not fall within this scope exception. Loans and receivables on the balance sheet classified as development fees receivable, advances to housing development partnerships and companies and advances notes and loans receivable are primarily all due from entities under common control, and therefore, are not accounted for under Topic 326.

Advances receivable that management have the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts and deferred fees and costs.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Receivables and advances

Trade receivables and advances are carried at their estimated collectible amounts. The Company evaluates all receivables and advances for collectability. Amounts determined to be uncollectible are written off. As of December 31, 2025, there is no balance in the allowance for doubtful accounts. The Company believes the receivables and advances, including development fees receivable and advances to housing development partnerships or companies (the housing developments) described in Note 5 and Note 6, are fully collectible from the respective housing developments' annual net cash flow from operations, development sources, refinancing of long-term debt, owner advances or sale of the housing developments' real property.

Marketable securities

Available-for-sale debt securities, including fixed income and U.S. treasury bonds, are recorded at fair value, with the change in fair value during the year excluded from net income and recorded as a component of other comprehensive income. As of December 31, 2025, the Company does not have any held-to-maturity debt securities or trading debt securities.

Equity securities, including mutual funds, taxable bond funds and exchange traded funds (ETFs), are recorded at fair value on the balance sheet, with the change in fair value included in net income.

The Company evaluates its investments for other-than-temporary impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable.

Fair value measurement

The Company follows the accounting requirements related to fair value measurements. Such accounting requirements established a framework for measuring fair value and a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

This hierarchy consists of three broad levels:

- | | |
|----------|---|
| Level 1: | Inputs are quoted prices in active markets that are unadjusted and accessible for identical assets or liabilities. |
| Level 2: | Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data. |
| Level 3: | Inputs are derived from valuation techniques that are both significant to the fair value measurement and unobservable. |

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

As of December 31, 2025, the Company had investments subject to fair value measurements. Mutual funds, taxable bond funds, exchange traded funds (ETFs) and U.S. treasury bonds were measurable by Level 1 inputs. Fixed income securities were measurable by Level 2 inputs.

The Company had no liabilities that were recorded at fair value on a recurring basis at December 31, 2025. There were no assets or liabilities recorded at fair value on a non-recurring basis at December 31, 2025.

Prepaid fees

Prepaid financing fees consist of costs incurred to extend the lines of credit (see Note 9) and are being amortized by the straight-line method, which approximates the effective interest method, over the term of the lines of credit. Amortization for 2025 was \$41,742 and is included in interest expense on the statement of income and comprehensive income. As of December 31, 2025, accumulated amortization was \$95,750.

Variable interest entities

The Company elected to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements.

Michael J. Levitt is the controlling general partner or managing member of a majority of the housing developments that are being developed by the Company. The Company's involvement, in the ordinary course of its real estate development business, with these developments includes providing development financing and substantial guarantees of construction completion. The Company determined under the VIE consolidation model, that it was the primary beneficiary of housing development partnerships that have not secured debt and/or equity financing primarily through syndication of limited partnership or equivalent interests with a third-party investor.

Assets, resulting from the Company's involvement in these housing development partnerships, are primarily included in advances to housing development partnerships and companies in the amount of \$22.3 million and development fees receivable, net of subdeveloper fees in the amount of \$4.8 million. There are no liabilities on the balance sheet resulting from the Company's involvement in these housing development partnerships. The Company's maximum exposure to loss resulting from its involvement in these housing development partnerships under common control cannot be quantified.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Development fee revenue recognition policy

The Company derives revenue from development services agreements with housing developments. The Company identified three distinct bundles of service obligations and each individual bundle achieves certain outputs for overall development of housing developments. The distinct performance obligations in the development services agreements include development services to obtain a reservation of low-income housing tax credits from a state housing finance agency or tax-exempt bond inducement; development services that result in financial closing that secures debt and equity financing; and development monitoring services of construction or substantial rehabilitation of a housing development through substantial completion.

The transaction price for development services is based on a percentage of total costs to develop a housing development and is stated in each development services agreement. The transaction price is allocated between the three distinct performance obligations. The total development fee is allocated to each performance obligation using the Company's best estimate of the standalone selling price of each distinct service in the development services agreement. The Company determined the standalone selling price of each distinct service by applying the total development fee to the percentage of time incurred on each distinct service. The Company historically incurs 20% of time on development services performed in connection with obtaining a reservation of low-income housing tax credits from a state housing finance agency or obtaining tax exempt bond inducement, 30% of time on development services that results in financial closing that secures debt and equity financing and 50% of time for developments monitoring services of construction or substantial rehabilitation through substantial completion.

The Company recognizes revenue when, or as, each performance obligation is satisfied.

For services performed in connection with obtaining an allocation of low-income housing tax credits from a state housing finance agency or tax-exempt bond inducement, the Company recognizes revenue at a point in time when the performance obligation is satisfied because control to the customer transfers upon completion of the distinct service.

After obtaining an allocation of low-income housing tax credits or tax-exempt bond inducement, the Company organizes and coordinates all aspects of development planning to commence construction or substantial rehabilitation to a housing development. Upon initial financing closing, the Company monitors construction or substantial rehabilitation of a housing development through substantial completion. The Company determined that these performance obligations are satisfied over time with the creation and enhancement of an asset that is controlled by the customer (i.e., the housing development). Because control transfers over time, development fee revenue is recognized to the extent of progress towards completion of each performance obligation using the output method.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

The Company has identified a significant financing component in development services agreements where payments are to be received exceed more than one year after earning the development fee and when payment of development fees are deferred and to be paid from future operating cash flows of a housing development.

The transaction price of development fees is adjusted to reflect the time value of money for all development service agreement contracts in process as of January 1, 2019 and those commencing on or after January 1, 2019 by discounting the estimated deferred portion of development fees using a risk-free rate of which range from 0.69% to 4.67%. The Company recognizes revenue at an amount that reflects the price a customer would have paid if payment was made as the service was transferred.

During 2025, the Company recognized \$15,211,675 in development fee revenue and earned imputed interest income on the significant financing component in the amount of \$760,529 and is included in interest income on the statement of income and comprehensive income.

Advertising

Advertising costs are charged to expense when incurred. For the year ended December 31, 2025, such expenses were \$44,870.

Income taxes

Income or loss of the Company is allocated to the partners based on their ownership interests. No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by the respective partners on their income tax returns. As of December 31, 2025, the Company did not identify any uncertain tax positions taken or expected to be taken on an income tax return which would require adjustment to or disclosure in its financial statements. In addition, the Company believes its tax status as a pass-through entity would be sustained under federal, state, or local income tax examination. Generally, the Company is potentially subject to federal, state, and local income tax examinations for three years.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

3. INVESTMENTS - MARKETABLE DEBT SECURITIES

The available-for-sale debt securities consist of fixed income securities and U.S. Treasury bonds. At December 31, 2025, amortized cost and estimated fair value of investments are as follows:

<u>Description</u>	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Estimated Fair Value</u>
Corporate bonds	\$ 2,767,332	\$ 139,577	\$ 2,906,909
Municipal bonds	2,253,745	114,763	2,368,508
U.S. Treasury Bonds	2,438,258	117,701	2,555,959
Total	<u>\$ 7,459,335</u>	<u>\$ 372,041</u>	<u>\$ 7,831,376</u>

At December 31, 2025, investments classified as available-for-sale mature as follows:

<u>Description</u>	<u>Maturity</u>		
	<u>Within 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Corporate bonds	\$ 391,838	\$ 1,216,686	\$ 1,298,385
Municipal bonds	148,637	1,324,159	895,712
U.S. Treasury bonds	547,560	2,008,399	-
Total	<u>\$ 1,088,035</u>	<u>\$ 4,549,244</u>	<u>\$ 2,194,097</u>

4. FAIR VALUE MEASUREMENTS

As of December 31, 2025, the Company had certain investments subject to fair value measurements. The following table sets forth, within the fair value hierarchy, the Company's assets measured at fair value on a recurring basis at December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 2,906,909	\$ 2,906,909
Municipal bonds	-	2,368,508	2,368,508
Mutual funds - money market & ETFs	3,316,318	-	3,316,318
Taxable bond funds	7,071,208	-	7,071,208
U.S. treasury bonds	2,555,959	-	2,555,959
Total	<u>\$ 12,943,485</u>	<u>\$ 5,275,417</u>	<u>\$ 18,218,902</u>

**THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

5. DEVELOPMENT FEES RECEIVABLE, RELATED PARTIES

Development fees

Development fees receivable are unsecured non-interest bearing obligations mostly from related party partnerships and companies for services performed by the Company. The receivables do not have specified maturity dates but are expected to be paid from housing development financing sources including equity from investors and/or available operating cash flow of the housing developments, as applicable. The respective Partnership agreements of the housing developments require the general partner(s) or equivalents to make a capital contribution to repay the Company for any unpaid development fees prior to the conclusion of the 15-year low-income housing tax credit compliance period if not paid from available operating cashflows. As discussed in Note 2, development fee revenue was adjusted to account for this significant financial component which resulted in a reduction in reduction of development fees receivable. As of December 31, 2025, this is reflected as a development fee receivable discount in the amount of \$7,721,967 on the balance sheet.

Sub development fees

The Company subcontracts a portion of development services for certain housing developments to sub developers. Pursuant to the terms of the respective subcontracts for development services, the Company incurs a sub developer fee, typically equal to a percentage of the total development fee. Such fees are typically paid under the same or similar payment terms the Company has established in the development services agreement with the housing development. Amount due to sub developers represent fees incurred by the Company but not paid to the sub developers and are shown net of total development fees receivable on the balance sheet. If a housing development unable to pay the total development fee to the Company from development sources, any obligation to pay the remaining portion of the sub development fee will be solely the obligation of the housing development from operating cash flow of the housing development and not the Company. Therefore, under the terms of the respective sub-contracts, amounts paid to the Company pursuant to the respective development services agreements with the housing developments shall be reduced by the amount of the unpaid sub developer fee equal to sub developer's portion thereof.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

5. DEVELOPMENT FEES RECEIVABLE, RELATED PARTIES (CONTINUED)

As of December 31, 2025, the receivables consisted of the following:

1800 Davis Associates Urban Renewal, LLC	\$ 1,927,995
28th & Sunrise LLC	1,790,109
573 Meeting Street Associates, LLC	978,750
5169 Hollywood Boulevard, Limited Partnership	774,580
63rd Maryland, LLC	802,838
Ablett Village Phase 1 Urban Renewal LLC	934,449
Ainger Place Associates, LLC	1,728,956
Alfred Cramer Urban Renewal LLC	1,314,700
Autumn Willow 4, LLC	1,717,820
Autumn Willow 9, LLC	2,065,046
Baxter Park South Associates, L.P.	389,781
BHE I & II, LP	4,712,277
Belmont Heights Estates II, L.P.	3,897,922
Branch Townhomes II Urban Renewal, LLC	522,501
Branch Village Associates Urban Renewal, LLC	662,988
Branch Village Urban Renewal, LLC	1,407,918
Buzby Village Associates, LLC	2,971,136
Centerville Lowrise Urban Renewal, LLC	863,306
Cooper Plaza Associates, LLC	709,883
Cramer Hill Family Urban Renewal LLC	1,274,549
Cramer Hill Senior Urban Renewal LLC	999,944
Duncan Edwards LLC	1,436,276
Egg Harbor Family 2 Urban Renewal, LLC	531,793
Egg Harbor Township Family Associates, LLC	567,458
El Camino Real Associates, LLC	3,979,386
Englewood Cliffs Family Urban Renewal, LLC	1,881,938
Esterbrook Senior Housing LLC	1,238,091
Glennview Townhouses II Urban Renewal Associates, LP	493,214
Halewai'olu Senior Development, LLC	5,062,500
Jordan Downs Phase 1B, L.P.	1,425,198
Jordan Downs Phase S2, LP	2,685,627
Jordan Downs Phase S3, LP	888,912
Jordan Downs Phase S4, L.P.	2,290,000
Jordan Downs Phase S5, LP	1,210,000
Kenilworth Revitalization 1 JV LLC	5,821,301
Keys Point 2A, LP	702,697
KPT Towers 1, LLC	1,364,512
Legends A-3, LLC	517,154

Continued

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

5. DEVELOPMENT FEES RECEIVABLE, RELATED PARTIES (CONTINUED)

Leiwili Kapolei	\$ 2,063,166
Lincoln Towers Associates, LLC	1,255,616
Lorena Apartments, A California Limited Partnership	660,632
McGuire Preservation Urban Renewal, LLC	1,139,858
Midland Chaparral Associates, LLC	554,000
Montgomery Gardens Family Phase I Urban Renewal Associates, LP	1,270,568
Montgomery Senior Living Center Urban Renewal Associates, LP	743,373
Morgan Village Urban Renewal Associates, L.P.	661,273
New Horizons Phase I Urban Renewal Associates, L.P.	1,282,033
Park Village Associates LLC	2,087,973
Reddick Street Associates I, LP	344,656
Richmond Family Housing 1, LLC	1,498,579
Richmond Family Housing 2, LLC	1,090,647
River West Phase V, LP	479,179
River West Phase VI, LP	600,000
Saddle River Urban Renewal, LLC	2,769,376
Sharswood III LLC	1,229,636
Somerset Brownstones Urban Renewal Associates, LP	607,594
South Capitol Improvements, LLC	1,859,916
Springwood Avenue Associates, LP	963,176
Spruce Senior Center Urban Renewal Associates, LP	743,153
Sugar Estates Associates, LP	1,541,694
Toms River Associates, LLC	507,209
Tulane Revitalization 1, LP	336,139
Tulane Revitalization 2, LP	457,735
Turner Tower, LLC	755,620
Valek Road Associates, LLC	1,560,500
ECC Group II A RAD, LLC	402,320
Vincent Village Associates, LLC	1,670,920
Voorhees Housing Associates, LLC	2,363,831
WHP-IID, LLC	1,073,699
Woolwich Housing Partners LLC	1,043,257
Other	<u>2,614,306</u>
Total development fees receivable	102,775,139
Less: Amount due to sub developers	<u>(5,074,067)</u>
Total development fees receivable, net	97,701,072
Less: Current portion of development fees receivable	<u>(14,270,414)</u>
Development fees receivable, net, long-term	<u>\$ 83,430,658</u>

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. ADVANCES TO HOUSING DEVELOPMENT PARTNERSHIPS AND COMPANIES/RELATED PARTIES

Advances have been made to housing development partnerships and companies in which the Company currently has, or formerly had, a related party interest. These unsecured advances include initial filing fees to government agencies, construction and development cost advances and working capital advances to operating projects and related entities. The majority of these advances bear interest on the unpaid balance at the prime rate (6.75% as of December 31, 2025) plus 2%. Certain advances, after the housing development is placed in service, are non-interest bearing. Interest is not recognized until the timing of its collection can be reasonable assured. The advances do not have specified maturity dates, but are expected to be repaid as described in Note 2. As of December 31, 2025, the advances consisted of the following:

16 Stafford Ave. (Egg Harbor)	\$ 338,300
Ablett Village Phase 1 Urban Renewal LLC	285,850
Ablett Village Phase 2 Urban Renewal LLC	1,354,727
Aguadulce Associates, LP	1,973,993
Alfred Cramer Urban Renewal LLC	1,499,134
Autumn Willow 9, LLC	700,000
BMT-1, LLC	295,540
Buzby Village Associates, LLC	1,490,000
Cramer Hill Family Urban Renewal LLC	700,000
Esterbrook Senior Housing LLC	801,507
Halewai'olu Senior Development, LLC	2,950,000
HUB 32 / Lake and Kedzie	410,482
Jordan Downs Parks LLC	342,667
Jordan Downs Phase S3, LP	1,500,000
Jordan Downs Phase S6, LP	1,204,098
Kenilworth Revitalization 1 JV LLC	2,350,000
Mary Shephard Place Phase 1 and 2	876,865
Northwest Corner Kapolei 1A & 1B	1,689,858
Park Village Associates LLC	270,000
Richmond Family Housing 1, LLC	2,872,000
Richmond Family Housing 2, LLC	580,000
Sharswood III LLC	620,500
Sheppard Road LLC	338,544
South Capitol Improvements, LLC	282,500
Woodcliff Lake Family Urban Renewal LLC	384,584
Other	2,964,797
Total advances to housing development partnerships and companies	<u>29,075,946</u>
Less: Current portion of advances to housing development partnerships and companies	<u>(12,707,363)</u>
Advances to housing development partnerships and companies, long-term	<u>\$ 16,368,583</u>

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

7. ADVANCES, NOTES AND LOANS RECEIVABLE/RELATED PARTIES

Advances, notes and loans receivable are unsecured, non-interest bearing, and due from various individuals, related party partnerships and corporate entities. The advances do not have specified maturity dates and consist of the following:

	<u>Current</u>	<u>Long-term</u>
Deposits	\$ -	\$ 37,639
Advances receivable	370,896	-
Loan receivable	26,000	74,839
Accrued interest receivable	<u>2,370,190</u>	<u>-</u>
	<u>\$ 2,767,086</u>	<u>\$ 112,478</u>

8. OFFICE LEASES

The Company is the lessee of satellite office spaces in multiple states with initial non-cancelable lease terms ranging from one to six years.

The Company had two leases with non-cancelable lease terms in excess of one year located in Chicago, Illinois and Alexandria, Virginia, respectively. These leases commenced December 2017 and October 2019, respectively and terminated December 2024 and February 2025, respectively. Initial monthly lease payments of \$8,043 and \$7,678 were subject to escalate by 3.0% and 2.5%, respectively, each lease year. The leases were subject to optional renewal terms and extensions. When deemed reasonably certain of exercise, the renewal options are included in the determination of the lease term. During 2025, the Company extended the office lease in Chicago, Illinois until July 2031. Initial monthly lease payments of \$4,526 are subject to escalate by 3.0% each lease year. The Company's lease agreements do not contain any material variable lease payments or material residual value guarantees.

The Company determines if an arrangement is a lease or contains a lease at inception and performs an analysis to determine whether the lease is an operating lease or a finance lease. The Company accounts for the office leases as operating leases.

Right of use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the risk-free rate at the commencement date is used in determining the present value of lease payments. The ROU assets also include any lease payments made and excludes lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term and is included in administrative expense in the accompanying statement of income and comprehensive income.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
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DECEMBER 31, 2025

The Company recorded a right-of-use asset of \$264,775 and a related lease liability of \$264,775 at commencement of the new lease term beginning in August 2025.

At December 31, 2025, the Company operating lease ROU assets, net of accumulated amortization, were \$248,078 and related lease operating lease obligation liabilities were \$268,960. Lease expense for leases in excess of one year for the year ended December 31, 2025 was \$49,712 and is included in development costs and expenses on the statement of income and comprehensive income.

Weighted-average remaining lease term and discount rate for the lease as of December 31, 2025, is as follows:

Weighted-average discount rate	3.77%
Weighted-average remaining lease term (years)	6

For operating leases, ROU assets are included in operating lease assets, net and lease liabilities are included in operating lease liability in the balance sheet. Maturities of lease liabilities as of December 31, 2025, are as follows:

Year Ending December 31,	Amount
2026	\$ 36,752
2027	51,841
2028	53,396
2029	60,092
2030	61,895
Thereafter	36,729
Less: imputed interest	(31,745)
Total lease liability	\$ 268,960
Less: current portion of lease liability	27,014
Long-term portion of lease liability	\$ 241,946

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. LINES OF CREDIT

PNC Bank, N.A.

The Company and Michaels Management-Affordable, LLC, a related party, (the Borrowers) have a maximum line of credit of \$30,000,000 with PNC Bank, N.A. Under the revolving line of credit, the Borrowers may request PNC Bank, N.A. to issue standby letters of credit for the benefit of the Borrowers and their respective affiliates, in lieu of, or in combination with, cash advances. The face amount of each standby letter of credit shall reduce the amount available for advances under the revolving line of credit. In addition, the available balance is also reduced by a line of credit made available by PNC Bank, N.A. to an affiliate in the amount of \$1,000,000 under the terms of certain letter agreements. As of December 31, 2025, outstanding and unused letters of credit in the aggregate amount of \$12,314,453 (See Note 10) and available line of credit to an affiliate of \$1,000,000 have reduced the amount available for advances on the line of credit to \$16,685,547. No amount has been drawn on the line of credit as of December 31, 2025. The available line of credit may also be reduced to the extent the Borrowers do not maintain a certain minimum margin value of \$7,500,000 under the terms of a Pledge Agreement. The line is secured by the business assets and receivables of the Borrowers. The line of credit expires in November 2027. Under the line of credit, the Borrowers must maintain certain financial covenants which include maintaining an aggregate tangible net worth of \$50,000,000 and unrestricted liquidity of \$5,000,000 on a combined basis. As of December 31, 2025, the Borrowers were in compliance with such covenants. Interest is due on the unpaid balance at a variable base rate plus one percent or BSBY plus 2.75% at the option of the Borrowers.

M&T Bank, N.A.

The Company had a maximum line of credit amounting to \$5,000,000 with M&T Bank, N.A. solely for the issuance of standby letters of credit used to support affordable housing properties that the Company develops. M&T Bank, N.A., in its sole discretion, may approve the Company's requests from time to time for use of the line of credit for general corporate purposes, working capital or other approved corporate uses. The face amount of each standby letter of credit shall reduce the amount available for advances under the revolving line of credit. As of December 31, 2025, there were no outstanding and unused letters of credit. The line of credit was secured by certain business assets of the Company of which such collateral shall be at no time less than 125% of the principal amount of the outstanding obligations. The line of credit expired in July 2025 and was not renewed by the Company. Interest was due on the unpaid balance at the rate per annum equal to the greater of two percentage points above the bank's prime rate or 3.25%.

The Company is in the process of opening a new line of credit with M&T Bank, N.A. for \$5,000,000 with a proposed term of 2 years that shall bear interest at one-month SOFR plus a margin of 2.50%. Closing for the line of credit is anticipated to take place in April 2026.

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

10. LETTERS OF CREDIT

Pursuant to the terms of the mortgage loan, commitment and/or other documents of certain housing developments, companies and other related party entities, the Company and general partner are guarantors for 13 letters of credit held by PNC Bank, N.A. issued on behalf of the housing developments, companies and other entities. The letters of credit may be drawn upon if the requirements of the mortgage loan, commitment and/or other documents are not met, including failure to fund certain reserves and failure to complete housing project developments. As of December 31, 2025, the letters of credit were unused and outstanding in the aggregate amount of \$12,314,453. The letters of credit expire on various dates in 2026 and 2027.

11. RELATED PARTY TRANSACTIONS

Continental Mortgage Corp. (CMC), Michaels Management-Affordable, LLC (MMA), Michaels Management Services, LLC (MMS), Michaels Construction Company LLC and The Michaels Organization LLC (TMO) are controlled by Michael J. Levitt.

Payroll related accounts reflect amounts paid to TMO as reimbursement for actual wages paid to personnel, actual health insurance premiums paid for personnel and matching contributions to employee retirement plans (See Note 12) plus a percentage for payroll taxes and workers' compensation insurance.

TMO incurs certain overhead costs and performs administrative duties on behalf of affiliates. The Company incurred administrative and overhead expenses of \$4,500,000 which are based on an allocation of such expenses to the Company for the year ended December 31, 2025.

TMO allocated third party software implementation costs in the amount of \$42,348 to the Company during 2025.

The Company receives interest income on advances for housing developments controlled by Michael J. Levitt that were developed by the Company. During 2025, interest income on advances amounted to \$1,466,237 and is included in interest income on the statement of income and comprehensive income.

The Company received unsecured advances from CMC during 2025. As of December 31, 2025, there were no outstanding advances payable to CMC. The advances bore interest at 5%. Interest expense for the year ended December 31, 2025 was \$47,737.

During 2025, advances to housing development partnerships and companies were transferred to CMC. As of December 31, 2025, advances due from CMC amounted to \$370,896 and is included in advances, notes and loans receivable on the balance sheet.

**THE MICHAELS DEVELOPMENT COMPANY I, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

12. RETIREMENT PLAN

The Company has a retirement plan under Section 401(k) of the Internal Revenue Code available to substantially all employees, who have completed 90 days of service and are 21 years of age or older. Each plan year, the Company determines whether to make matching contributions and the amount of such contributions. Contributions to the plan for 2025 were \$159,819 and are included in payroll, payroll taxes and employee benefits on the statement of income and comprehensive income.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 31, 2026, which is the date its financial statements were available to be issued.

Financial Letters of Support

CONFIDENTIAL





Build HOPE: Investing in People and Place

March 26, 2026

Raoul Amescua
Executive VP Development
The Michaels Organization
P.O. Box 90708
Camden, NJ 08101

Re: Santa Monica Community College District RFP #030426

To Whom It May Concern:

We are proud to present this letter of strong recommendation for Michaels Development Company (MDC), an affiliate of The Michaels Organization (TMO) (collectively, Michaels) in support of their RFP submission for the Santa Monica Community College District project. Michaels has developed and transformed communities, creating high quality affordable housing that are vibrant housing resources for their tenants and the surrounding area. Michaels’ success is rooted in their unwavering support and commitment to creating communities that lift lives.

To date, HACLA and the Michaels Organization have completed 398 units at Jordan Downs with an additional 75 in construction and 250 units in predevelopment.

These deals are just a partial list of what we have done together and a small representation of the financial wherewithal, operational expertise, deal closing/problem solving skills possessed by the team regardless of the market and depth of the relationship between our firms.

If there is any additional information needed, please feel free to email me at jenny.scanlin@hacla.org or 213-252-6190.

Sincerely,

A handwritten signature in cursive script that reads 'Jenny Scanlin'.

Jenny Scanlin
Chief Development Officer



James Hook, Senior Vice President

TRUIST COMMUNITY CAPITAL, LLC

120 East Baltimore Street

23rd Floor

Baltimore, MD 21202

Cell 443-764-1712

Email: James.Hook@truist.com

March 17, 2026

CONFIDENTIAL

Mr. Raoul Amescua
Executive Vice President
The Michaels Organization
West Covina, CA

Re: Santa Monica Community College District
RFP #030426

Dear Mr. Amescua:

We are happy to provide this letter of support and recommendation on behalf of The Michaels Organization. Michaels has been a valued client and partner of Truist Bank for over fifteen (15) years. During this time, Michaels has demonstrated that it is a highly capable organization with strong financial strength, unsurpassed real estate expertise and a proven track record of successful affordable housing developments.

To date we have financed more than \$300 million in affordable housing communities developed by Michaels across the country.

We are proud to be a financial partner with Michaels. We know that if they are involved in a transaction, then it will be profitable and successful. We welcome the opportunity to provide construction and or debt financing for this development effort in California. Based on Michaels' financial strength, their underwriting prowess, their track record of success and our history with them, we have no reservations about working with them in California.

Sincerely,

Truist Bank

By: *James Hook*

James Hook

M&T Bank

March 17, 2026

Mr. Raoul Amescua , Executive VP Development
The Michaels Organization (TMO)
2 Cooper Street
Camden New Jersey, 08102

RE: Santa Monica Community College District
RFP#030426

Dear Mr. Amescua:

Thank you for discussing the above project and how M&T Bank may be able to bring financing and operational banking solutions to facilitate its development.


Over the past ten years, M&T Bank has enjoyed a successful and growing relationship with The Michaels Organization (TMO) and is proud to have led construction development loans for a major, mixed income multifamily development, over five (5) LIHTC affordable housing development projects, as well as a major ground up office development.

The Michaels Organization is valued and respected client of the Bank and continues to exhibit the talent, resources, and experience required to deliver a project from the conceptual stage to final delivery, and that satisfies the needs of the community and elevates the surrounding area. Management has consistently demonstrated the persistence and patience necessary to transform and develop projects into vibrant residential communities, particularly for work force / affordable, student and military housing.

Based on our direct experience and knowledge of The Michaels Organization, we feel the company has the capacity to bring projects to fruition. M&T Bank has dedicated internal banking teams, including the Real Estate Division and Tax Credit Divisions, specializing in working with top tier sponsors to help execute successful projects.

We appreciate our relationship and look forward to having additional discussions on this exciting project.

Thank you and Best



Michael J. DiSanto; Senior Vice President
M&T Bank
150 North Radnor Chester Road
Radnor , Pennsylvania, 19087



March 17, 2026

Raoul Amescua
Executive VP Development
The Michaels Organization
P.O. Box 90708
Camden, NJ 08101

Re: Santa Monica Community College District
RFP #030426

To Whom It May Concern:

We are proud to present this letter of strong recommendation for Michaels Development Company (MDC), an affiliate of The Michaels Organization (TMO) (collectively, Michaels) in support of their RFP submission for the Santa Monica Community College District project. Michaels has developed and transformed communities, creating high quality affordable housing that are vibrant housing resources for their tenants and the surrounding area. Michaels' success is rooted in their unwavering support and commitment to creating communities that lift lives.

Below is a list of several projects that we have closed with MDC:

Corby Homes	South Bend, IN
Cramer Hill Senior	Camden, NJ
Irene McCoy Gaines	Chicago, IL
Center Portfolio	Various cities in Indiana and Michigan
Ablett Village	Camden, NJ
Park Spring	Spring City, PA
Lehighon Elderly	Lehighon, PA
Arbors at Honey Creek	Terre Haute, IN
Cherrie Turner Tower	Canton, OH
Barge Road	Atlanta, GA
Legends South RFP	Chicago, IL
Mallard Run	Camp Hill, PA
River West Phase II & III	Tulsa, OK
Spring Garden Towers	Philadelphia, PA
Jordan Downs 1	Los Angeles, CA
Jordan Downs Phase S5	Los Angeles, CA
Jordan Downs Phase S5 – ERP	Los Angeles, CA

Charleston Place	Stockton, CA
Williamsport Elderly Housing	Williamsport, PA
Mission Trail at Camino Real	San Marcos, TX
Chaparral	Midland, TX
RealAmerica Portfolio	Various cities in Indiana
Branch Village Phase IV	Camden, NJ
Branch Village Townhomes II	Camden, NJ
MOLPUS Portfolio	Various cities in Mississippi
The Den	Columbia, MO

These deals are just a partial list of what we have done together and a small representation of the financial wherewithal, operational expertise, deal closing/problem solving skills possessed by the team regardless of the market and depth of the relationship between our firms. If selected, I am certain that Michaels will bring all these characteristics to bear in service of the Santa Monica Community College District project and Berkadia would be interested in working with Michaels and providing permanent financing for this project.

If there is any additional information needed, please feel free to contact me at matthew.napoleon@berkadia.com or at (614) 468-5805.

Sincerely,



Matthew Napoleon
Senior Managing Director