

BALLPARK AND REDEVELOPMENT PROJECT REFUNDING

The following are the assumptions for this exhibit:

- This is a demonstration of possible allocations based on current revenue projections.
- Actual allocations will be decided annually by the City Council.
- These assumptions do not include any increase in the tax rate on hotel rooms.
- This pro forma does not change the City's current budget; the City's financial obligation for the Ballpark and Redevelopment Project can be met without affecting currently funded programs.
- Fund balances are necessary to provide income necessary for financing payments and the escalation in operating expenses.
- This pro forma assumes a October 29, 2003 closing date (receipt of bond proceeds) for the Refunding, and is based on an estimated interest rate of 4.89%. Total estimated bond size of \$180.0 million.

| | Prior Years | FY 2003 (estimate) | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|--|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>CITY REVENUES</u> | | | | | | | | | |
| Reserve & Balance from Prior Year | 550,150 | 8,619,604 | 11,588,663 | 9,477,445 | 10,201,987 | 5,285,771 | 983,265 | 183,414 | 315,237 |
| Annual Budget Project Allocation | 14,584,203 | 4,990,558 | 2,515,134 | 2,749,815 | 2,995,056 | 3,251,334 | 6,619,144 | 7,299,005 | 7,041,460 |
| Ballpark /Redev. Project Revenue ¹ | | | \$595,642 | 2,825,412 | 3,948,239 | 4,109,536 | 4,317,844 | 4,479,900 | 4,614,345 |
| Other Revenue | 4,907,034 | 2,455,593 | 2,556,297 | 2,666,716 | 2,779,867 | 2,895,873 | 3,021,963 | 3,151,171 | 3,283,638 |
| Cash Funding | 24,735,000 | | | | | | | | |
| Reimbursement from Costs of Issuance | 5,570,629 | | 150,525 | | | | | | |
| Sales Tax - Construction only | 500,000 | 500,000 | 500,000 | | | | | | |
| Rent from Padres | | | \$143,836 | 393,836 | 500,000 | 500,000 | 500,000 | 539,819 | 579,637 |
| Interest Earnings | 1,132,572 | 400,000 | 280,138 | 406,002 | 512,732 | 413,425 | 326,514 | 310,357 | 313,020 |
| TOTAL REVENUES | \$51,979,588 | \$16,965,755 | \$18,330,234 | \$18,519,225 | \$20,937,881 | \$16,455,938 | \$15,768,729 | \$15,963,665 | \$16,147,336 |
| <u>CITY EXPENSES</u> | | | | | | | | | |
| Original Financing Payments ² | | \$4,559,092 | 2,279,546 | | | | | | |
| Refunding Financing Payments ³ | | | 817,571 | 5,552,479 | 12,123,303 | 12,123,608 | 12,121,733 | 12,122,558 | 12,123,118 |
| Operating Expense Requirement ⁴ | | | \$1,587,182 | 2,648,025 | 3,409,740 | 3,227,616 | 3,339,705 | 3,399,516 | 3,425,369 |
| Stabilization Reserve Fund | 2,279,546 | | 3,782,986 | | | | | | |
| Project Expenditures (Cash) | 27,697,457 | | | | | | | | |
| Costs of Issuance/Negotiation Expenses | 7,043,307 | 108,450 | 104,525 | | | | | | |
| Project Management | 1,788,175 | 709,550 | 280,979 | 116,733 | 119,067 | 121,449 | 123,878 | 126,355 | 128,882 |
| Transfer to Construction Fund | 4,551,499 | | | | | | | | |
| TOTAL EXPENSES | 43,359,984 | 5,377,092 | 8,852,789 | 8,317,237 | 15,652,110 | 15,472,673 | 15,585,315 | 15,648,429 | 15,677,368 |
| Reserve for Encumbrances/Continuing Approp. | 295,623 | 266,000 | | | | | | | |
| BALANCE | 8,323,981 | 11,322,663 | 9,477,445 | 10,201,987 | 5,285,771 | 983,265 | 183,414 | 315,237 | 469,968 |

- 1) Plans for the Boutique/Value-Oriented Hotel have been suspended, and, currently there are no plans to develop another hotel within the Ballpark District; as such, the financing pro forma reflects utilization of the set-off entitlements, as described in the attached financing assumptions (also see footnote #4).
- 2) Original Financing Payments line-item reflects annual financing payments on the Original Ballpark Bonds, which have an average annual payment equivalent to \$15.0 million. Only one and one-half years of payments, net of Capitalized Interest, assumed in the financing pro forma, reflecting the refunding of the Original Ballpark Bonds in October 2003.
- 3) Refunding Financing Payments line-item reflects annual financing payments on the Refunding Ballpark Bonds, which have an average annual payment equivalent to \$12.1 million. FY 2004 and FY 2005 payments are net of Capitalized Interest, and the FY 2004 payment is a partial year payment, reflecting the issuance of the Refunding Ballpark Bonds in October 2003.
- 4) One-half expense assumed in FY2004, and full year expense starting in FY2005. Reduction in the Operating Expense Requirement is assumed, reflecting the City's right to set-off related primarily to the suspension of the Boutique/Value Oriented Hotel.

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| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| CITY REVENUES | | | | | | | | | | |
| Reserve & Balance from Prior Year | 469,968 | 706,875 | 977,805 | 1,237,740 | 941,129 | 1,004,947 | 1,223,616 | 1,605,703 | 2,166,135 | 2,678,383 |
| New Annual Budget Project Allocation | 6,857,076 | 6,616,445 | 6,310,185 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 |
| Ballpark /Redev. Project Revenue ¹ | 4,755,799 | 4,969,810 | 5,193,451 | 5,427,156 | 5,671,379 | 5,926,591 | 6,193,287 | 6,471,985 | 6,471,985 | 6,471,985 |
| Other Revenue | 3,431,401 | 3,585,814 | 3,747,176 | 3,915,799 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 |
| Cash Funding | | | | | | | | | | |
| Reimbursement from Costs of Issuance | | | | | | | | | | |
| Sales Tax - Construction only | | | | | | | | | | |
| Rent from Padres | 579,637 | 579,637 | 579,637 | 625,798 | 671,958 | 671,958 | 671,958 | 671,958 | 725,471 | 778,984 |
| Interest Earnings | 316,145 | 320,931 | 326,404 | 331,654 | 325,663 | 326,952 | 331,369 | 339,087 | 350,408 | 360,755 |
| TOTAL REVENUES | \$16,410,027 | \$16,779,512 | \$17,134,657 | \$16,937,090 | \$17,101,082 | \$17,421,400 | \$17,911,183 | \$18,579,687 | \$19,204,952 | \$19,781,060 |
| CITY EXPENSES | | | | | | | | | | |
| Original Financing Payments ² | | | | | | | | | | |
| Refunding Financing Payments ³ | 12,120,148 | 12,124,383 | 12,123,003 | 12,123,143 | 12,122,055 | 12,120,043 | 12,121,630 | 12,121,105 | 12,122,993 | 12,121,580 |
| Operating Expense Requirement ⁴ | 3,451,544 | 3,543,235 | 3,637,144 | 3,733,312 | 3,831,783 | 3,932,599 | 4,035,804 | 4,141,440 | 4,249,550 | 4,360,178 |
| Stabilization Reserve Fund | | | | | | | | | | |
| Project Expenditures (Cash) | | | | | | | | | | |
| Costs of Issuance/Negotiation Expenses | | | | | | | | | | |
| Project Management | 131,460 | 134,089 | 136,771 | 139,507 | 142,297 | 145,143 | 148,045 | 151,006 | 154,026 | 157,107 |
| TOTAL EXPENSES | 15,703,151 | 15,801,707 | 15,896,917 | 15,995,961 | 16,096,135 | 16,197,785 | 16,305,480 | 16,413,551 | 16,526,569 | 16,638,865 |
| Reserve for Encumbrances/Continuing Approp. | | | | | | | | | | |
| BALANCE | 706,875 | 977,805 | 1,237,740 | 941,129 | 1,004,947 | 1,223,616 | 1,605,703 | 2,166,135 | 2,678,383 | 3,142,195 |

1) Plans for the Boutique/Value-Oriented Hotel have been suspended, and, currently there are no plans to develop another hotel within the Ballpark District; as such, the financing pro forma reflects utilization of the set-off entitlements, as described in the attached financing assumptions (also see footnote #4).

2) Original Financing Payments line-item reflects annual financing payments on the Original Ballpark Bonds, which have an average annual payment equivalent to \$15.0 million. Only one and one-half years of payments, net of Capitalized Interest, assumed in the financing pro forma, reflecting the refunding of the Original Ballpark Bonds in October 2003.

3) Refunding Financing Payments line-item reflects annual financing payments on the Refunding Ballpark Bonds, which have an average annual payment equivalent to \$12.1 million. FY 2004 and FY 2005 payments are net of Capitalized Interest, and the FY 2004 payment is a partial year payment, reflecting the issuance of the Refunding Ballpark Bonds in October 2003.

4) One-half expense assumed in FY2004, and full year expense starting in FY2005. Reduction in the Operating Expense Requirement is assumed, reflecting the City's right to set-off related primarily to the suspension of the Boutique/Value Oriented Hotel.

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| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| CITY REVENUES | | | | | | | | | | | | |
| Reserve & Balance from Prior Year | 3,142,195 | 3,498,871 | 3,744,016 | 3,868,838 | 3,937,340 | 3,939,898 | 3,815,253 | 3,553,662 | 3,151,403 | 2,672,568 | 2,116,849 | 1,402,986 |
| New Annual Budget Project Allocation | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 | 5,398,943 |
| Ballpark /Redev. Project Revenue ¹ | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 | 6,471,985 |
| Other Revenue | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 | 4,092,010 |
| Cash Funding | | | | | | | | | | | | |
| Reimbursement from Costs of Issuance | | | | | | | | | | | | |
| Sales Tax - Construction only | | | | | | | | | | | | |
| Rent from Padres | 778,984 | 778,984 | 778,984 | 841,020 | 903,056 | 903,056 | 903,056 | 903,056 | 974,972 | 1,046,889 | 1,046,889 | 1,046,889 |
| Interest Earnings | 370,124 | 377,329 | 382,281 | 384,802 | 386,186 | 386,238 | 383,720 | 378,436 | 370,310 | 360,638 | 349,412 | 334,992 |
| TOTAL REVENUES | \$20,254,241 | \$20,618,121 | \$20,868,218 | \$21,057,598 | \$21,189,519 | \$21,192,129 | \$21,064,967 | \$20,798,091 | \$20,459,624 | \$20,043,033 | \$19,476,088 | \$18,747,805 |
| CITY EXPENSES | | | | | | | | | | | | |
| Original Financing Payments ² | | | | | | | | | | | | |
| Refunding Financing Payments ³ | 12,121,755 | 12,121,495 | 12,125,065 | 12,121,485 | 12,123,595 | 12,120,758 | 12,122,215 | 12,121,705 | 12,123,218 | 12,120,490 | 12,122,512 | 12,122,770 |
| Operating Expense Requirement ⁴ | 4,473,366 | 4,589,156 | 4,707,592 | 4,828,716 | 4,952,568 | 5,079,190 | 5,208,623 | 5,340,907 | 5,476,080 | 5,614,182 | 5,755,248 | 5,899,314 |
| Stabilization Reserve Fund | | | | | | | | | | | | |
| Project Expenditures (Cash) | | | | | | | | | | | | |
| Costs of Issuance/Negotiation Expenses | | | | | | | | | | | | |
| Project Management | 160,249 | 163,454 | 166,723 | 170,058 | 173,459 | 176,928 | 180,467 | 184,076 | 187,757 | 191,513 | 195,343 | 199,250 |
| TOTAL EXPENSES | 16,755,370 | 16,874,106 | 16,999,381 | 17,120,258 | 17,249,622 | 17,376,876 | 17,511,305 | 17,646,688 | 17,787,055 | 17,926,184 | 18,073,102 | 18,221,334 |
| Reserve for Encumbrances/Continuing Approp. | | | | | | | | | | | | |
| BALANCE | 3,498,871 | 3,744,016 | 3,868,838 | 3,937,340 | 3,939,898 | 3,815,253 | 3,553,662 | 3,151,403 | 2,672,568 | 2,116,849 | 1,402,986 | 526,471 |

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BALLPARK AND REDEVELOPMENT PROJECT REVENUE ASSUMPTIONS

| | Opening Date | Number of Hotel Rooms | Prior Year | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---------------------------------|--------------|-----------------------|------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------|
| Ballpark Project Revenue | | | | | | | | | | | | |
| Rooms/Revenue | April-04 | 511 | | \$595,642 | \$2,674,795 | \$3,017,416 | \$3,119,879 | \$3,181,578 | \$3,274,171 | \$3,372,478 | \$3,476,646 | |
| Occupancy Rate | | | | 63% | 69% | 75% | 76% | 75% | 75% | 75% | 75% | |
| Avg Room Rate | | | | \$193 | \$199 | \$205 | \$211 | \$217 | \$223 | \$230 | \$237 | |
| Rooms/Revenue | May-05 | 235 | | | \$150,616 | \$930,823 | \$989,657 | \$1,136,266 | \$1,205,728 | \$1,241,867 | \$1,279,153 | |
| Occupancy Rate | | | | | 63% | 63% | 65% | 73% | 75% | 75% | 75% | |
| Avg Room Rate | | | | | \$159 | \$163 | \$168 | \$173 | \$179 | \$184 | \$189 | |
| TOTAL ROOMS/REVENUE | | 746 | | \$595,642 | \$2,825,412 | \$3,948,239 | \$4,109,536 | \$4,317,844 | \$4,479,900 | \$4,614,345 | \$4,755,799 | |

NOTE: This information is based upon information provided by JMI Reality, Inc.

Operating Expense Credit Calculations

| | Prior Year | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|--|------------|---------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Joint Use & Management Agreement - Exhibit M | | | | | | | | | | |
| Adjusted Total TOT | | | \$758,460 | \$3,729,887 | \$4,197,573 | \$4,650,767 | \$4,860,051 | \$5,078,754 | \$5,307,297 | \$5,546,126 |
| O&M Calculation | | | | | | | | | | |
| TOT Credit | | | \$162,818 | \$904,475 | \$249,335 | \$541,231 | \$542,208 | \$598,854 | \$692,953 | \$790,327 |
| O&M Expense | | | \$1,750,000 | \$3,552,500 | \$3,659,075 | \$3,768,847 | \$3,881,913 | \$3,998,370 | \$4,118,321 | \$4,241,871 |
| Adjusted O&M Expense | | | (\$1,587,182) | (\$2,648,025) | (\$3,409,740) | (\$3,227,616) | (\$3,339,705) | (\$3,399,516) | (\$3,425,369) | (\$3,451,544) |