

EXHIBIT O

METHOD TO DETERMINE SURPLUS FOR USE IN SUBSEQUENT STEPS

An earlier Step may have a pro forma surplus of 121A payments that is not needed to fund the public costs in that Step. That 121A surplus in a prior Step is an eligible source of revenue that may be used to calculate the supportable bond amount in a subsequent Step, provided there is not a 121A Default.

The Parking Public Improvements in an earlier Step may have a net operating income that results in a supportable City Bond in excess of the City's Implementing Public Improvement costs in that Step. The net operating income that is not needed to support the City's Implementing Public Improvements in that Step is an eligible source of revenue that may be used to calculate the supportable bond amount in a subsequent Step. It is acknowledged that the actual surplus net operating income from a prior Step's parking program may not be known at the time of the subsequent Step's Financial Submission. In such case, the Financial Submission will contain the earlier Step's pro forma surplus of parking net operating income ("Pro Forma Parking Revenue Surplus"). For calculating parking net operating income in any Step after Step 1, the Financial Submission for such Step shall include a schedule of projected net operating income for that Step, which shall be the sum of (i) an updated schedule of projected net operating income from the public parking garages to be included in that particular Step as part of the Implementing Public Improvements, and (ii) the Pro Forma Parking Revenue Surplus from the prior Step's parking program. At the time of Financial Submission, the sum of (i) and (ii) shall be used as the basis to calculate the supportable City Bond amount for that applicable Step.

The Pro Forma Parking Revenue Surplus may be adjusted to take into account any then existing current operating data for Parking Public Improvements constructed for a prior Step. Upon the date of notice from the Redeveloper to the City to acquire the Public Improvements for a Step, but not earlier than twelve (12) months from the commencement of operations of a parking garage from a prior Step that is being used as a source for Pro Forma Parking Revenue Surplus ("Surplus Source Garage"), the City (acting through the Mayor and Director of Urban Redevelopment) shall provide, with supporting documentation, to the Redeveloper the amount, if any, of any actual surplus parking net operating income, with a comparison of such amount to the Pro Forma Parking Revenue Surplus ("Actual Parking Revenue Surplus"). In such event, the Actual Parking Revenue Surplus shall be used to calculate the actual amount of surplus net operating income permitted to be applied to calculate the supportable City Bond, notwithstanding whether such amount is more or less than the Pro Forma Parking Revenue Surplus.

In the event that the Actual Parking Revenue Surplus is less than the Pro Forma Parking Revenue Surplus, the City will be obligated to bond and to pay only the amount that the Actual Parking Revenue Surplus will support.

In the event that the Actual Parking Revenue Surplus is more than the Pro Forma Parking Revenue Surplus, the City will be obligated to bond and to pay the amount that the Actual Parking Revenue Surplus will support but no more than an amount necessary to cover the Public Improvement Costs for that Step.

Actual Parking Revenue Surplus shall only be used if the Surplus Source Garage has been and, at the time of the aforesaid notice, is continuing to be, operated in substantial conformity with the approved Parking Management Plan. Otherwise, the Pro Forma Parking Revenue Surplus shall be used. For purposes of clarity, "net operating income," as used in this Exhibit, shall be calculated before any debt service on City Bonds.

Method to Determine Surplus Illustration		
	Step 1 Surplus, Carry-Forward to Step 2 Example	
	Step 1 Surplus	Step 2 Shortfall
121A Revenue for Step	\$3,226,000	\$6,293,000
Pro Forma Parking Net Operating Income for Step	\$505,000	\$774,000
Total Sources for Bond	<u>\$3,731,000</u>	<u>\$7,067,000</u>
Supportable City Bond	\$45,316,000	\$88,615,000
Illustrative Public Improvement Cost	\$40,000,000	\$93,931,000
Pro Forma Surplus/(Shortfall) Bond Amount	\$5,316,000	(\$5,316,000)
Pro Forma Surplus Parking Revenue	\$298,850	
Excess 121A Revenue Per Step 1 121A Agreements	\$100,000	
Projected Surplus Bonding @ Step 1	\$5,316,000	
Actual Surplus Parking Revenue		\$200,000
Excess 121A Revenue Per Step 1 121A Agreements		\$100,000
Actual Surplus Supportable Bond Amount		\$3,999,000
Amount to Carry-Forward to Step 2 as Surplus		<u>\$3,999,000</u>
Net Surplus or Shortfall after use of any Surplus		(\$1,317,000)

The foregoing table is used for illustration purposes only.