



**OFFICE OF THE
CITY TREASURER**

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VIA EMAIL

April 14, 2010

CB Richard Ellis, Inc.
990 W. 190th Street, Suite 100
Torrance CA 90502
Attn: Kevin Shannon

Dear Mr. Shannon,

As we understand, CB Richard Ellis, as exclusive advisor to the State of California, is currently in the process of soliciting preliminary proposals for the acquisition of the fee simple interest in the Golden State Portfolio, consisting of 11 commercial buildings throughout the State, including five (5) properties located in the Sacramento area ("Sacramento Properties").

The City of Sacramento (the "City") is interested in participating in the transaction and is currently working with a major investment bank, assisted by national bond counsel, to assist us in evaluating the proposal and developing a financing approach and to complete the transaction. Our focus is in the Sacramento Properties, but we have not ruled out participating in the purchase of the entire Golden State Portfolio provided the City's best interests are met.

The City has commenced its due diligence in this matter, including review of the financing structure proposed by Goldman Sachs. Among many other tasks, this office will do a preliminary review and gather appropriate documents and data, and will engage in discussions with the City Manager, key City staff, the City Attorney and the City Council. We cannot submit a firm bid without the approval of the City Council.

The novelty, scope and size of the State's transaction present many challenges. However, at this time, we intend to work expeditiously to determine whether and in what form our underlying financing structure and bid, if any, will take. Given our expression of interest, we ask you for the opportunity to pursue the matter further.

If you have any further questions, please do not hesitate to contact us.

Yours sincerely,

Russell Fehr
City Treasurer