April 23, 2008

Roland Rivera  
City of Palo Alto  
Department of Planning and Community Environment  
250 Hamilton Avenue  
P.O. Box 10350  
Palo Alto, CA 94303


Dear Roland:

Pursuant to the 1997 Development Agreement between Stanford University and the City of Palo for the Sand Hill Road Corridor Project, this report is provided to the City as part of its review of that Agreement for the period August 1, 2006 to July 31, 2007.

Stanford continues to comply with the terms of the Agreement.

Construction

Construction relating to the Sand Hill Road Corridor Project, including the Stanford Shopping Center, Senior Housing Project, Stanford West Apartments and the ‘Roads’ portion of the Project, was completed during earlier reporting periods. Highlights of the post-construction activity for the current reporting period are summarized below:

Stanford West Apartments

- The Stanford West Apartments are now in the seventh year of operation.

- In accordance with the terms of the Development Agreement, the Below Market Rate (“BMR”) units remain at 105 units. A detailed BMR report is submitted to the Palo Alto Housing Corporation each year consistent with the Agreement.

- The on-site retail store opened June 2, 2002. The store continued to be open during the reporting period. Stanford continued to subsidize the store to offset the on-going loss from store operations.

Senior Housing

- The first two elements of the Care Center—Assisted Living and Memory Support—were completed in December 2005, during the prior reporting period. With completion of the Skilled Nursing element in October 2006, the Care Center is now completely operational. The Independent Living Units were 100% reserved during the reporting period.
• The results of the historical archaeological investigations for the Senior Housing Project were documented and published during the reporting period. The report includes findings relating to the excavations at the Stanford Mansion site, findings relating to the removal of the Leland Stanford Jr. Mausoleum, historic features noted during demolition of the Old Children’s Hospital, and monitoring during construction of Classic Residence by Hyatt. The archaeological report is: *The Historic Archaeological Investigations at the Stanford Mansion, Leland Stanford Jr. Mausoleum, and CA-SCL-623/H, Stanford Campus, Stanford, CA* by Pacific Legacy Incorporated was issued March 2007.

**Stanford Shopping Center**

• The Stanford Shopping Center (“SSC”) was sold to Simon Properties Group (“SPG”) in 2003. On November 17, 2003, the City Council approved the Assignment and Assumption Agreement transferring SSC performance responsibilities under the 1997 Development Agreement from Stanford to SPG Center, LLC.

**Roads**

• The post-construction acoustical study comparing post-construction noise levels along Sand Hill Road between El Camino Real in Palo Alto and Sharon Heights in Menlo Park with pre-construction noise levels was completed during the reporting period. The final acoustical evaluation was issued July 27, 2006. Based on that study and criteria set forth in the Mitigation Monitoring Program, it was determined that no additional noise-related mitigation was required under the 1997 Development Agreement.

Enclosed is a check (No. 826540; April 22, 2008) in the amount of $2,000.00, as payment for costs incurred by the City as part of its annual review of the Agreement.

Sincerely,

[Signature]

Jim Inglis
Director of Design and Construction