

March 23, 2025

To the Members and Management of

Locust Berkeley Developers Urban Renewal LLC

We have audited the Computation of Payment in Lieu of Real Estate Taxes ("PILOT") (the "Schedule") of Locust Berkeley Developers Urban Renewal LLC (the "Company") for the year ended December 31, 2024 and have issued our report on this Schedule.

This letter accompanying the Schedule includes the following information:

1. **Part I** - Our comments and recommendations specific to the Company, all of which have been discussed with the appropriate members of management, which are intended to improve the internal control or result in other operating efficiencies.
2. **Part II** - Communication of information related to the audit as required by professional standards.

We will be pleased to discuss this letter in further detail at your convenience. Additionally, with respect to Part I, if requested by you, we would be happy to perform any additional study of the matters noted, or assist you in implementing our recommendations. We will review the status of these comments during our next audit engagement.

This letter does not affect our report on the above referenced Schedule of the Company.

PART I - COMMENTS AND RECOMMENDATIONS

A. Units Provided to Employees

We noted during the audit that three employees are provided apartments at no charge. There are certain Internal Revenue Service requirements that must be met for the value of the housing to not be included as taxable income. We recommend the Company review the following requirements, and if needed, consult with your attorney to confirm if the company is in compliance with the guidelines.

A. Units Provided to Employees (Continued)

The IRS guidelines state that in order for employer-provided housing to not be taxable to the employee, the following must be in place:

1. It is furnished on your business premises
2. It is furnished for your convenience (the lodging to the employee must be done for a substantial business reason other than to provide the employee with additional pay) and
3. The employee must accept it as a condition of employment. (Lodging meets this test if the employee is required to accept the lodging because they need to live on the business premises to be able to properly perform these duties).

B. Cash in Excess of FDIC Limits

At times during the year, cash account balances may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit which is \$250,000 per financial institution as of the date of this letter. We recommend the management consider maintaining cash at several institutions to reduce/eliminate any risk of loss. In addition, we recommend that funds only be invested where the principal is kept secure.

C. Tenant Security Deposits

During our audit, we noted the tenant security deposit cash account was not reconciled monthly. Management records and tracks tenant security deposits within the Yardi accounting system via the rent roll. We recommend management reconcile the cash account to the Yardi system at least monthly. This will ensure management is monitoring security deposits, making sure the deposits clear in a timely matter and that the tenant security deposits are properly segregated from operating cash.

PART II - COMMUNICATION OF INFORMATION AS REQUIRED BY PROFESSIONAL STANDARDS

A. Our Responsibilities under Auditing Standards Generally Accepted in the United States of America

Our responsibilities under auditing standards generally accepted in the United States of America are as stated in our engagement letter which has been accepted by you.

As part of our audit, we considered the Company's internal control to plan our auditing procedures and not to provide assurance on the internal control.

B. Other Information in Documents Containing Audited Schedule

We have not been informed of any documents that contain your audited Schedule. If there are such documents, we will communicate with those charged with governance our responsibility with respect to such other information, any procedures performed, as requested by you, relating to the other information and the results of the procedures.

C. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing as previously communicated.

D. Significant Accounting Policies, Accounting Estimates and Schedule Disclosures

Management has the responsibility for the selection and use of appropriate accounting policies and procedures. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Company are described in Note 2 to the Schedule and are considered to be appropriate. New accounting policies, if adopted and/or changes in the application of existing policies, if any, during the year, are described in the notes to the Schedule. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the schedule in the proper period. Schedule disclosures included in the audited schedule are also considered to be appropriate in nature. Accounting estimates are an integral part of the preparation of schedule and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Schedule and because of the possibility that future events affecting them may differ significantly from those expected. All such estimates have been disclosed in the Schedule and/or in the notes to the Schedule.

There were no sensitive disclosures affecting the Schedule in the current year.

The Schedule disclosures are neutral, consistent, and clear.

E. Difficulties Encountered in Performing the Audit

Management was very cooperative in the course of our audit and no difficulties were encountered.

F. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the Schedule that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Company's financial reporting process (that is, cause future Schedule to be materially misstated).

Audit adjustments proposed by us related to various accounts. These adjustments have been included as an attachment to the representation letter. We have been advised that all audit adjustments will be approved and recorded by the Company. The effects of uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the Schedule taken as a whole.

G. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the Schedule or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

This information is intended solely for the use of the Members and management of the Company and is not intended to be and should not be used by anyone other than those specified parties.

We would like to thank all management and Company officials for the cooperation and courtesy extended to us during our audit.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wilkin & Guttenplan", with a stylized flourish extending from the end.

Wilkin & Guttenplan, P.C.
Certified Public Accountants