

**NEWPATH NETWORKS, LLC
PROPOSED DISTRIBUTED ANTENNA
SYSTEM
TURTLE ROCK, CALIFORNIA**

EXECUTIVE SUMMARY REPORT

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Executive Summary – Turtle Rock Wireless Installation Sites

Introduction

Virtually every business or economic decision depends upon the perceived value of the decision and the subsequent changes to value, if any. Whether buying or selling stocks, bonds, real estate or some other commodity, the determination of value is always a part of the decision and the ultimate result. The winners and losers measure their success in terms of the change in the value of the assets involved or the cash returns there from. Concern over the potential impact on real estate values in the Turtle Rock community caused by the installation of a distributed antennae system is certainly understandable. The value of a home in the Southern California region is significantly higher than most regions of the nation, and the Turtle Rock community, in particular, is among one of the most desirable locations in Orange County. But notwithstanding the location and desirability of the community, Turtle Rock is not immune to the macro and micro economic influences that determine property values and economic trends.

For over 25 years, our firm has been involved in a vast array of valuation questions as they pertain to property value impacts in the Southern California region. We have analyzed the potential impact of jails and prisons for both the County of Orange and the California Department of Corrections. The U.S. Department of the Navy engaged our services to evaluate the possible impact on property values below a proposed shift in flight path to an existing naval air facility. Numerous lenders, investors and developers have requested that we opine on possible value impacts stemming from damage caused by earthquakes, view obstructions, water or sewer line extensions and many other influences perceived to have the potential to cause value diminution. In the last ten years, or so, our value impact analyses have been more concentrated in the wireless communications industry as companies such as Cingular and AT&T have expanded their network coverage in response to the explosive growth in the use of cellular phones. While each assignment is unique as to location and circumstance, we have learned a great deal about the general conditions affecting the regional real estate market and the manner in which these conditions commonly apply to valuation of property. Hence, while the potential causation may differ, the results are very highly correlated. This has been particularly true in the case of cellular phone installations.

Elements of Real Estate Valuation

Since the value of a parcel of real estate is determined by the combination of national, regional, local, and site specific factors, where does the Newpath Network DAS installation fit in? Unlike our previous engagements with Cingular and AT&T, the DAS technology appears far less obtrusive. Having reviewed the photo simulations and the specific antennae specifications, we have concluded that there is a vast difference in the physical character and size of the antennae and therefore, any potential negative impact.

Home values in Southern California consistently fall within the highest in the nation. This fact is not driven by the unique character of any single town, city or county. Nor is it being driven by any neighborhood or site characteristics. It is a direct result of long term growth in employment and population concomitant with a pervasive set of strict development regulations acting to restrict new supply. At the sub-regional level, Orange County and the coastal cities therein, have led the greater region in employment and population growth rates for many years and have practiced even more restrictive development guidelines in the process. The results are obvious. Orange County property values are among the highest in the nation.

It is true that within a given sub-region or community there will be site-specific differences that share the same macro influences, therefore causing individual price differences. Consequently, while entire communities or neighborhoods may enjoy an overall benefit derived from common macro conditions, individual property characteristics or specific site differences are responsible for all other variations in price or value.

Our Results and Findings

Although our firm has been involved in the value analysis of numerous wireless antennae installations, we have never found any statistically observable property value impacts through our own research. Perhaps our most comprehensive study involved the installation of an antenna on property values in the City of Thousand Oaks. Many other sites have been examined since, but the Thousand Oaks study involved not only the analysis of the proposed installation, but also the post-construction property value trends surrounding several existing antennae in the same community. Since the Turtle Rock DAS proposal involves multiple antennae, although vastly different in design and size, we still feel that the reference provided by the Thousand Oaks study is highly instructive.

In order to predict the potential impact of the proposed antenna, we compiled sales price data within the same market area where similar wireless installations had already taken place. This approach allowed us to draw conclusions on the potential value impact in the proposed "subject area." The study contained detailed single-family residential sales data for seven wireless antennae locations, currently on air, and within close proximity to the proposed new antenna site.

To test the hypothesis that wireless antennae installations "may" have a negative affect on property values, we compared the *rate of change* of the median price per square foot of single-family homes within an "Impact Area" versus the *rate of change* of the median price per square foot of single family homes outside the Impact Area – the "Control Area." The Impact Area for each existing antenna extended within a one-half mile radius from the existing site. The Control Area extended approximately one-half mile from the outer radius of the Impact Area. Data collected for each of the existing sites included *every* recorded single-family residential sale beginning one year prior to the date of installation through the date of our study. In total, hundreds of sales data points were used in the analysis of the sites lending a very high degree of statistical significance to our

results. All collected data and graphical analysis of these data are provided in full detail in the complete report contained in the Addenda to this report.

The findings of the Thousand Oaks study were conclusive. Not a single example was found to support the hypothesis that property values declined after the installation of antennae within the Impact Areas. Moreover, although the study was certainly not designed to study or suggest that wireless antennae created value to the homeowners, we nonetheless found a statistical anomaly which actually showed that homes located within proximity of some sites actually experienced somewhat greater price appreciation. In any event, the data clearly suggests that there were no negative property value impacts. Most importantly, our research showed that properties located both within and outside the Impact Areas behaved exactly the same and in a manner consistent with the general real estate market, characterized by normal cyclical price movements. The table below summarizes percentage appreciation in home prices within each of the six antenna sites. In three of six locations, home price appreciation in the Impact Area exceeded appreciation rates in the Control Area. Of the remaining three sites, appreciation rates were virtually the same. While it is impossible to know for certain, why this result was observed, the overwhelming implication is that proximity to the installation of a cellular antenna site is not only relatively insignificant in the eyes of buyers of new or resale homes, but that it is possible that cellular reception is considered to be a community benefit, if not a necessity. We now know anecdotally that some households rely exclusively on cellular phone service in lieu of hard line or cable service.

Median Price Per Sq. Ft./Percentage Appreciation in Home Values

	<u>Period of Analysis</u>	<u>Control Area</u>	<u>Impact Area</u>
Installed Site #1	1/22/00 – 12/31/01	2.7%	8.7%
Installed Site #2	11/14/99 - 12/31/01	10.1%	35.9%
Installed Site #3	4/03/00 – 12/31/01	14.8%	12.0%
Installed Site #4	11/21/95 – 12/31/01	62.3%	131.9%
Installed Site #5	5/19/96 - 12/31/01	54.6%	52.0%
Installed Site #6	4/08/97 - 12/31/01	57.8%	55.3%

In addition to the comprehensive statistical analysis of the Thousand Oaks community, we have also reviewed, analyzed and opined to property values in Rolling Hills Estates, Newport Beach, Mission Viejo, Fullerton, Apple Valley, Pasadena, additional Thousand Oaks sites and Pomona, California. In each and every case, we have never found a single example of measurable value diminution. In communities as disparate as Pomona and Newport Beach, the results have been consistently benign. In real estate economic terms we strongly suspect that the reason for this phenomenon lies in the strength of the regional growth in population, employment and regional product. Taken in concert, these factors grossly overshadow small changes in neighborhood infrastructure or modest changes to the physical neighborhood environment. Home values are driven by the spiraling increase in household incomes and wealth, particularly in the middle to upper

income ranges. Moreover, our work has previously involved the analysis of antenna sites and equipment designed and installed prior to the development of the DAS technology.

The design and dispersion of the DAS antennae are unique in our experience. We see two significant differences. First, upon review of the antenna design specifications, we see that each antenna is extremely small and compact, roughly 2 ft. x 10in. x 5in. When affixed to an existing light standard, they are far less obvious than most other above ground utility installations. Secondly, they are dispersed within a small geographic area, limiting the size, profile and physical appearance typical of standard antenna installations. Because DAS antennae are considerably smaller and dispersed within a much smaller area, we are reasonably confident that our previous findings are easily applicable to DAS installations in general, as well as the proposed Turtle Rock system.

Conclusion

The abundance of evidence from our research and experience indicates that there is no statistically significant influence that would result in the diminution of property values due to the installation of cellular antenna sites. We would further conclude that given the unique design and dispersion pattern of DAS antennae, it is extremely unlikely that our previous results would be inapplicable. Single-family residential properties in and around these sites do not experience price movements inconsistent with the general real estate market cycle. Real estate values are primarily driven by supply and demand economic factors. We have been able to demonstrate this through a thorough statistical analysis of home price trends in the City of Thousand Oaks, as well as numerous other communities throughout Southern California.

Based on our knowledge and experience of real estate markets and property values in cities as diverse as such as Newport Beach, Beverly Hills, Dana Point, Rolling Hills Estates and others, we believe that residents in those communities have come to accept the installation of wireless systems, provided that those systems are properly designed and placed. With the new DAS technology, design and placement are far less obvious and obtrusive than earlier installations.

Finally, despite a thorough review of the current literature and substantial experience conducting primary research regarding property value impacts caused by wireless installations in Southern California, we find no evidence or empirical foundation of any statistical significance supporting negative impacts.

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Doctor of Business Administration - Real Estate and Urban Land Economics, 1976; University of Southern California

Master of Business Administration - Financial Management and Business Economics, 1971; University of Southern California

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National and California Association of Realtors

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BUSINESS EXPERIENCE:

President, Tarantello & Associates, a California based real estate investment, finance and transactional service company specializing in real estate research, investment, development feasibility, transactional consulting, finance, capital markets, bankruptcy and litigation support services.

Since 1978, has participated as a partner, principal or consultant in hundreds of projects throughout the United States. Owned, managed and developed single-family residential developments, multi-family rental projects, shopping centers, office buildings and health care facilities.

As a real estate debt and bankruptcy reorganization specialist, has participated in several of the largest debt restructures in California, as well as projects in New York and Tennessee. A leading expert in real estate capital markets and interest rates having participated in debt and equity real estate transactions in excess of several billion dollars.

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BUSINESS EXPERIENCE:

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TEACHING EXPERIENCE:

Associate Professor of Clinical Real Estate and Urban Land Economics; University of Southern California, 1979 to 2000.

Assistant Professor of Real Estate and Urban Land Economics; University of Southern California, 1976 to 1979.

Assistant Professor of Real Estate, Finance, and Urban Land Development; California State Polytechnic University, Pomona, 1971 to 1976.

HONORS, DISTINCTIONS AND AWARDS:

J.C. Felts Creative Counseling Award, 1997
Lambda Alpha, National Honorary Land Economics Society,
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BIOGRAPHICAL SKETCH

Dr. R. Tarantello

Dr. Tarantello is a well known national speaker and has spoken both nationally and internationally on such topics as the national economy, real estate market conditions, investment markets, capital markets and industry trends. He has over 30 years of extensive experience in real estate development, investment, market research, commercial/industrial acquisitions, and litigation counseling throughout the United States.

Dr. Tarantello is President of Tarantello & Associates, a Costa Mesa, California based real estate investment, finance and transactional service company specializing in real estate research, investment, development feasibility, transactional consulting, finance, capital markets, damage and lost profit analysis, complex valuations, bankruptcy plan feasibility, debt restructuring and interest rate determinations. Dr. Tarantello joined Real Estate Research Corporation (RERC) as a principal and chief economist in 2001 as served in this position until August 2005. He has served as a charter member of the board of directors of one of the largest non-profit rental housing providers in the United States, Southern California Housing Development Corporation and as Vice President of Acquisitions for National Housing Development Corporation.

Dr. Tarantello has been a Professor of Real Estate and Land Economics at the University of Southern California from 1976 to 2000. He received his Doctor of Business Administration and Master of Business Administration degrees from U.S.C. and a Bachelor of Science in Business Administration from California State University at Los Angeles.

Professional credentials include the Royal Institution of Chartered Surveyors (FRICS), Fellow of the Royal Institute, London, England; and the CRE designation of the Counselors of Real Estate, Lambda Alpha National Honorary Land Economics Society, and the National and California Associations of Realtors. Dr. Tarantello received the prestigious James Felt award from the Counselors of Real Estate in 1997 for his pro bono contributions to numerous non profit affordable housing projects.