

City Hall
David B. Roberts Council Chambers
2729 Prospect Park Drive, Rancho Cordova

Tuesday, July 22, 2008

5:30 p.m. – Work Session



SPECIAL JOINT MEETING / WORK SESSION

City Council and Planning Commission

(Public Comment is encouraged)

1. Rio del Oro Project Update and Discussion of Unresolved Issues.

CLOSED SESSION

Council will meet in Closed Session to discuss the following items:

1. Conference with Legal Counsel – Anticipated Litigation – Government Code 54956.9(b) (one potential cases).
2. Conference with Legal Counsel – Existing Litigation – Government Code Section 54956.9(a) – (one case) - Name of case: Vineyard Area Citizens for Responsible Growth, et al. v. City of Rancho Cordova et al.; Case No. S132972

OPEN SESSION – REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

PUBLIC COMMENT

At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Note, under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any unagendized item.

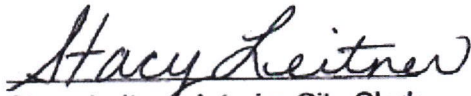
ADJOURNMENT

CERTIFICATION OF AGENDA POSTING

City Clerk's Certificate of Posting of Agenda

I, Stacy Leitner, Interim City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the July 22, 2008 Special Meeting of the Rancho Cordova City Council was posted on July 17, 2008 at the office of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670 and was available for public review at that location. The agenda is also available on the city web site at www.cityofranchocordova.org.

Signed this 17th day of July 2008 at Rancho Cordova, California.


Stacy Leitner, Interim City Clerk

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 72 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

MEMORANDUM



DATE: July 22, 2008

TO: Honorable Mayor and Council Members
Planning Commission Members

FROM: Paul Junker, Planning Director
Pam Johns, Project Manager

SUBJECT: **DISCUSSION OF MAJOR ISSUES AND CONCERNS IDENTIFIED BY
RIO DEL ORO APPLICANTS**

PROPERTY OWNERS: GenCorp Realty Investments David Hatch 620 Coolidge Dr., #100 Folsom, CA 95630-3181 Elliott Homes Russ Davis 80 Ironpoint Rd. Suite 110 Folsom, CA 95630	APPLICANTS/DEVELOPERS: GenCorp Realty Investments (David Hatch) 620 Coolidge Dr., #100 Folsom, CA 95630-3181 Elliott Homes (Russ Davis) 80 Ironpoint Rd. Suite 110 Folsom, CA 95630
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PROJECT:	Rio del Oro
FILE:	RC-04-052
LOCATION:	3,828.5 acres south of White Rock Road, north of Douglas, and east of Sunrise
APN:	072-0370-070 and -071
PLANNER:	Paul Junker, Planning Director Pam Johns, Project Manager (Planning)

RECOMMENDATION

Consider issues and concerns identified by the Rio del Oro applicants and provide guidance to staff on how this project review should move forward.

RESULT OF RECOMMENDED ACTION

Council comments will assist staff in completing the Rio del Oro project review.

DISCUSSION

City staff and applicants for the Rio del Oro project have worked diligently over the past several months with the intention of presenting the project to the City Council for action in November 2008. In order to meet this schedule, numerous key issues must be resolved within the next 45 days.

Staff and the applicants have identified approximately ten key issues for which Council direction is likely required. These issues generally represent areas where the applicants and staff are jointly proposing solutions for Council consideration or issues where staff and the applicants do not agree on the appropriate solution and therefore Council direction is required to proceed.

On June 30, 2008, five topic areas were scheduled for Council discussion and direction. Each topic listed below includes a summary of City Council direction.

- Project Phasing – Council provided direction that supported the staff/applicant proposal for project phasing, which allows for development to occur in any area of the project so long as the identified improvements are constructed in conjunction with said phase. Council also requested additional clarification regarding staff's guiding principles and asked staff and the applicants to work on a resolution.
- Strategy for delivering Neighborhood Park and Open Space – Council concurred with the staff/applicant proposal to allow turn-key improvement of neighborhood parks in accordance with an agreed upon set of improvements that have not yet been determined.
- Executive Housing – Council provided direction that addressed staff's concerns and appeared to be supported by the applicants. Council provided clarifying edits to the staff proposed language regarding executive housing.
- Affordable Housing – Council discussed this item and requested additional data and directed this item to return for further discussion.
- Americanos Trail Configuration – This item was not discussed by Council due to time constraints.

In addition to the above noted items, Council Member Sander also requested a discussion of the City's priorities associated with proposed development projects. This dialogue was initiated during the July 7, 2008 Council meeting, during which the Council asked that staff and the applicants work to resolve questions related to the project's financial feasibility and the analysis that has been prepared by EPS.

Council members identified the need to review the City's overall priorities related to future development. Staff recommends the discussion of overall priorities be continued once city staff, project applicants and EPS staff has reconciled issues related to the project's feasibility analysis.

Following the June 30, 2008 meeting, the applicants submitted a letter to the City (dated July 2, 2008) stating their frustration with the process and asked that the City stop the overall project review process and focus its efforts on the following four areas:

- Statement of the City's priorities
- Offsite road improvements assigned to this project
- Total fee burden

- Financing strategies to make this project feasible

Implicit in the applicant's stated concerns is the need to identify standards and amenities associated with the project that can either be delayed or eliminated. Such concessions should be reviewed very carefully in order to understand the long term implications for the City and the Rancho Cordova community. If the Council chooses to discuss priorities and possible concessions to improve the project's financial returns to the developer, consideration should be given to the long term vision for the City, implications to existing residents and businesses, and the quality of life for future residents within Rio del Oro.

The Rio del Oro project is possibly the largest single development project the City will ever review. Additionally, decisions on Rio del Oro will influence and possibly set the precedent for three other specific plans currently under review: Westborough, Sun creek and the Arboretum. In total, these four projects propose approximately 25,000 homes and occupy most of the undeveloped land within Rancho Cordova. It is difficult to overstate the importance of the decisions before the City Council and the impacts these project reviews will have on the next 30 years of development within Rancho Cordova.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

MEETING MATERIALS

SUPPLEMENTAL INFORMATION FOR

THE RANCHO CORDOVA HOUSING FEASIBILITY

ANALYSIS

Prepared for:

Elliott Homes

Prepared by:

Economic & Planning Systems, Inc.

July 22, 2008

EPS #13535

SACRAMENTO

2150 River Plaza Drive, Suite 400
Sacramento, CA 95833
www.epsys.com

phone: 916-649-8010
fax: 916-649-2070



BERKELEY

phone: 510-841-9190
fax: 510-841-9208

DENVER

phone: 303-623-3557
fax: 303-623-9049

Table 1
Rio del Oro Specific Plan
Building Permit Activity for Rancho Cordova

Year	Number
2003 [1]	159
2004	693
2005	1,661
2006	511
2007	575
2008 [2]	177
Total	3,776

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Source: Construction Industry Resource Board

[1] First year of incorporation. Includes partial year.

[2] Includes first 5 months of year.

Table 2
Rio del Oro Specific Plan
Estimated Foreclosure Activity (as of 7/21/08)

Type of Infrastructure	Number
Pre-Foreclosure	339
Auction	192
Bank-Owned	264
Total	795

"fore"

Source: <http://www.all-foreclosure.com>

Note: Numbers shown are based on the listings shown and intended for comparative purposes only. The source of information is not considered a comprehensive list. Therefore, the actual number of units subject to the foreclosure process may differ from those shown here.

Table 3
Rio del Oro Specific Plan
Rancho Cordova Sales Activity - Second Quarter 2008

Developer	Project Name	Avg. Home Size	Lot Size	Units Sold (qtr)	Avg. Sales Price
Beazer Homes	Reflections at Capital Village	1,509	1,904	9	\$227,990
Woodside Homes	Bella Brisas at Sunridge Park	1,981	4,950	8	\$262,990
Kimball Hill Homes	Sunridge Park	2,468	5,000	20	\$268,990
Woodside Homes	The Vistas at Sunridge Park	2,628	5,775	0	\$290,990
Beazer Homes	Tesoro	1,753	5,775	41	\$304,740
Lennar Communities	The Arbors	2,028	6,544	23	\$309,350
Beazer Homes	The Bungalows at Capital Village	1,901	4,140	0	\$317,490
Woodside Homes	Eclipse at Sunridge Park	2,834	6,600	1	\$331,990
Cambridge Homes	Anthology at Anatolia	2,077	3,182	2	\$354,400
Lennar Communities	Andrvida at Kavala Ranch	3,042	7,182	9	\$367,950
Lennar Communities	Verano at Kavala Ranch	2,678	7,150	10	\$369,950
Woodside Homes	Mariposa at Sunridge Park	2,916	8,540	1	\$387,990
Elliott Homes	The Alexander Collection at Stone Creek	1,809	4,800	23	\$389,700
Syncon Homes	Bacarra	2,466	5,775	2	\$391,990
William Lyon Homes	Verona at Anatolia	2,555	5,720	2	\$401,323
JTS Communities	The Masters at Anatolia	2,558	6,930	2	\$405,990
Lennar Communities	Cazadero at Kavala Ranch	2,451	6,544	2	\$407,382
JTS Communities	The Estates at Anatolia	3,572	7,350	5	\$475,190
Cambridge Homes	Mastery at Anatolia	3,306	8,400	2	\$477,900
Lennar Communities	Dimora at Kavala Ranch	3,618	8,906	2	\$557,926
Elliott Homes	The Tuscan Collection at Stone Creek	2,894	8,625	3	\$624,200
TOTAL		-	-	167	\$56,081,522
Average		2,526	6,181	-	\$335,817
Median		2,028	5,775	-	\$309,350

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Source: The Gregory Group (July 22, 2008)

Figure 1. Foreclosure Activity: Coloma Road west of Sunrise Blvd.

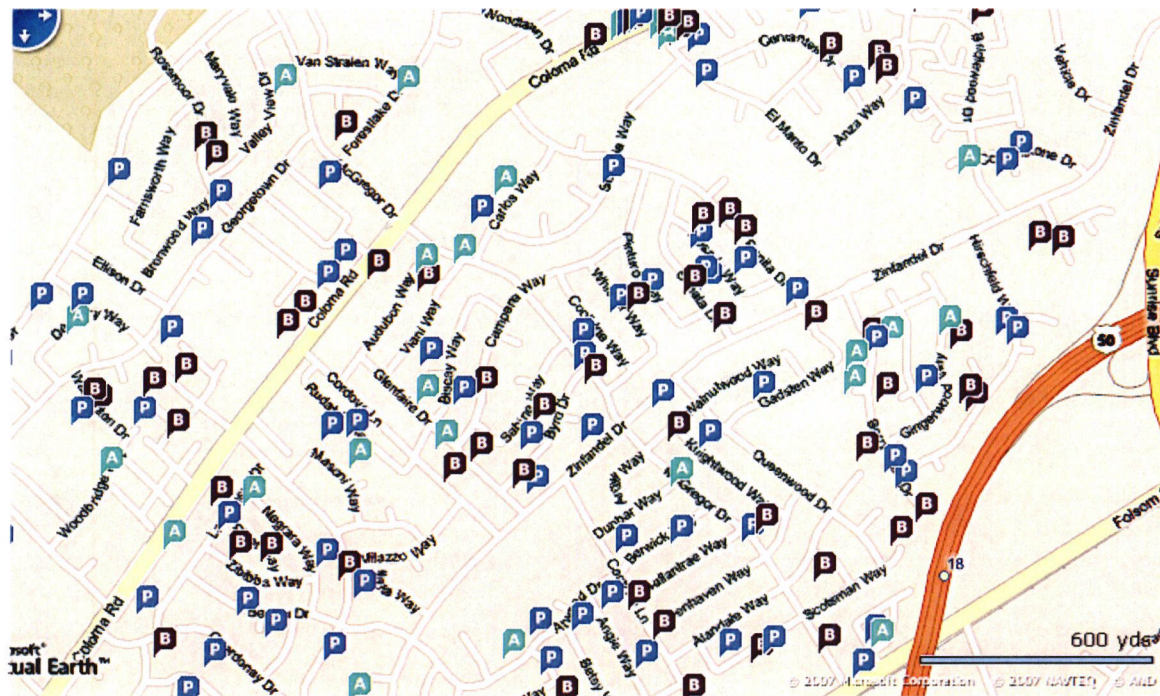


Figure 2. Foreclosure Activity: Sunridge-Anatolia east of Sunrise Blvd.

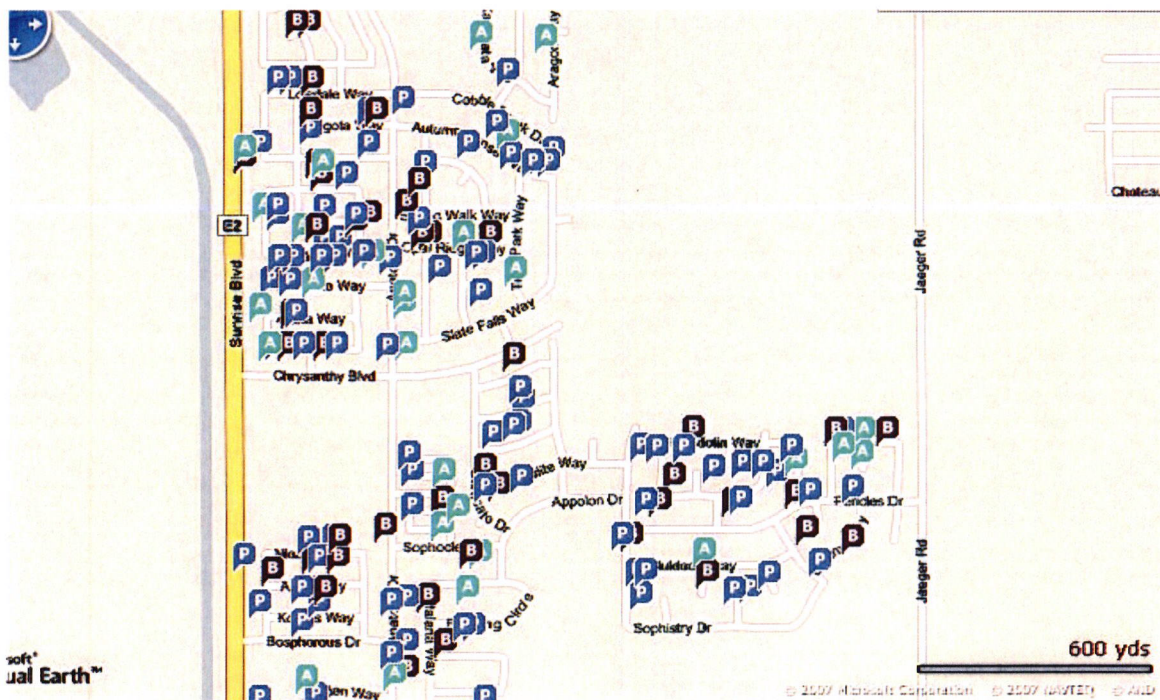


Figure 3. Foreclosure Activity: Villages at Zinfandel



LEGEND

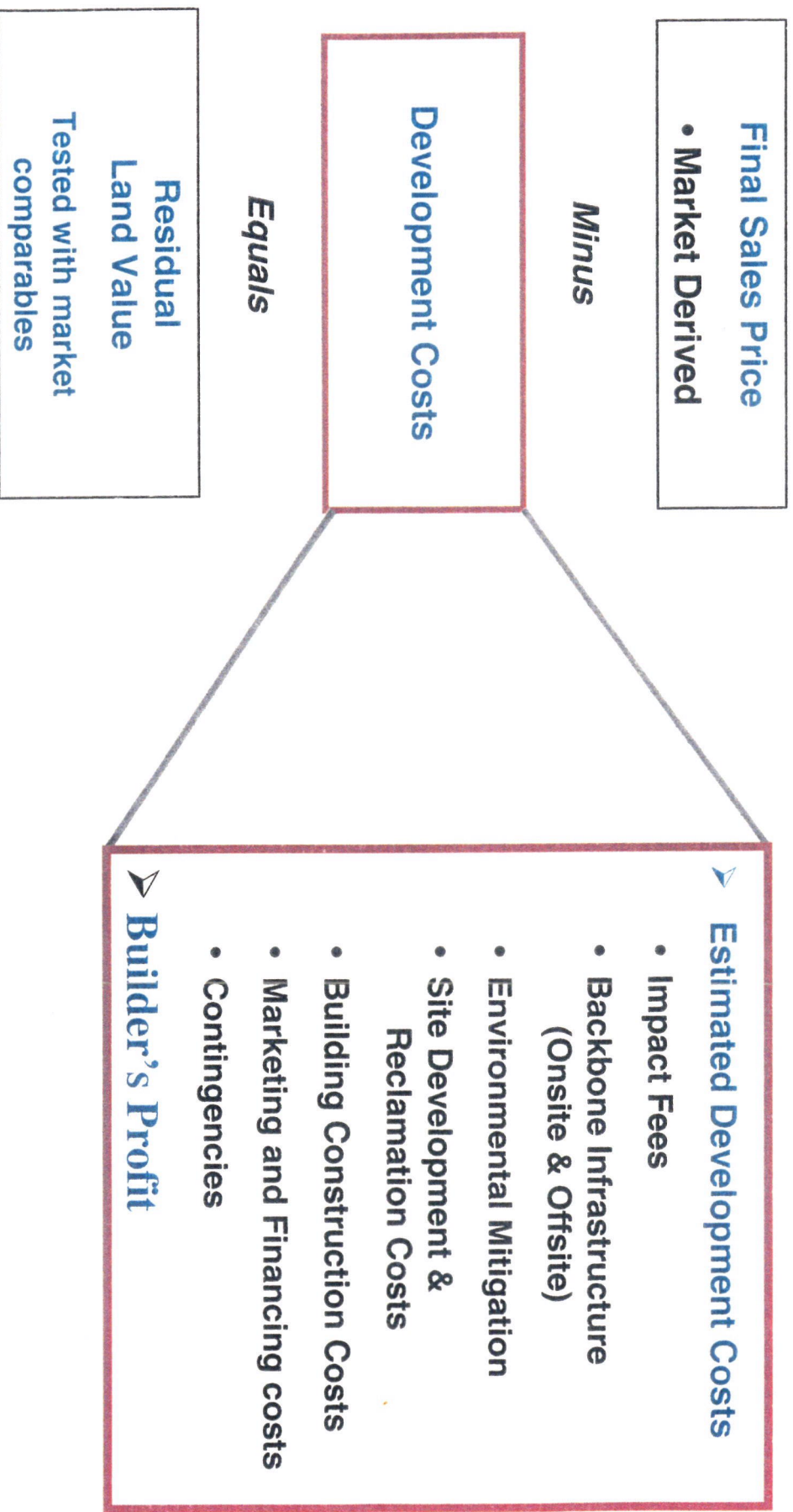
P = Pre-foreclosure

A = Auction

B = Bank-Owned

Source: <http://www.all-foreclosure.com>

Residual Land Value





Gabelli & Company, Inc.
13th Annual Aircraft Supplier Conference
September 7, 2007

Forward Looking Statements

This presentation may contain certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements in this presentation and in subsequent discussions with the Company's management are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. All statements contained herein and in subsequent discussions with the Company's management that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. A variety of factors could cause actual results or outcomes to differ materially from those expected and expressed in the Company's forward-looking statements. Some important risk factors that could cause actual results or outcomes to differ from those expressed in the forward-looking statements include, but are not limited to, the following:

- cancellation or material modification of one or more significant contracts;
- future reductions or changes in U.S. government spending;
- failure to comply with regulations applicable to contracts with the U.S. government;
- significant competition and the Company's inability to adapt to rapid technological changes;
- product failures, schedule delays or other problems with existing or new products and systems or cost-overruns on the Company's fixed price contracts;
- the possibility that environmental and other government regulations that impact the Company become more stringent or subject the Company to material liability in excess of its established reserves;
- requirements to provide guarantees and/or letters of credit to financially assure the Company's environmental obligations;
- environmental claims related to the Company's current and former businesses and operations;
- the release or explosion of dangerous materials used in the Company's businesses;
- reduction in airbag propellant volume;
- disruptions in the supply of key raw materials and difficulties in the supplier qualification process, as well as raw materials price increases;
- changes in economic and other conditions in the Sacramento metropolitan area, California real estate market or changes in interest rates affecting real estate values in that market;
- the Company's limited experience in real estate activities and the ability to execute its real estate business plan, including the Company's ability to obtain or caused to be obtained, the necessary final governmental zoning, land use and environmental approvals and building permits;
- the Company's property being subject to federal, state and local regulations and restrictions that may impose significant limitations on the Company's plans, with much of the Company's property being raw land located in areas that include the natural habitats of various endangered or protected wildlife species;
- the cost of servicing the Company's debt and compliance with financial and other covenants;
- the results of significant litigation;
- costs and time commitment related to acquisition and partnership activities;
- additional costs related to the Company's recent divestitures;
- a strike or other work stoppage or the Company's inability to renew collective bargaining agreements on favorable terms;
- fluctuations in sales levels causing the Company's quarterly operating results to fluctuate;
- effects of changes in discount rates and returns on plan assets of defined benefit pension plans that may require the Company to increase its shareholders' deficit;
- the loss of key employees and shortage of available skilled employees to achieve anticipated growth;
- failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act; and
- those risks detailed from time to time in the Company's reports filed with the SEC.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative, but by no means exhaustive. These and other factors are described in more detail in the Company's Annual Report on Form 10-K for the year ended November 30, 2006 and in the Company's subsequent filings with the SEC. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. All such risk factors are difficult to predict, contain material uncertainties that may affect actual results and may be beyond the Company's control. The Company is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

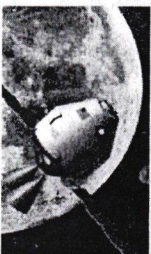
Table of Contents

- **Introduction**
- **GenCorp Business Overview**
 - Aerojet
 - Real Estate
- **Financial Highlights**
- **Conclusion**
- **Questions and Answers**

Introduction

Distinct Businesses Concentrated in Attractive Growth Markets

Aerojet



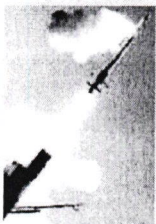
Orion (CEV)
Propulsion



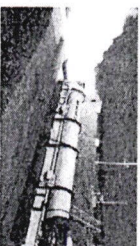
Missile Defense
Systems



Advanced
Structures



Tactical
Propulsion



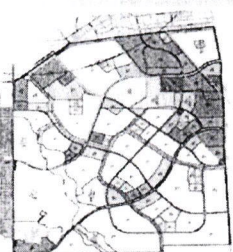
Space Boosters &
Strategic Propulsion



Satellite & Spacecraft
Propulsion

Mission critical provider of full-spectrum propulsion capabilities

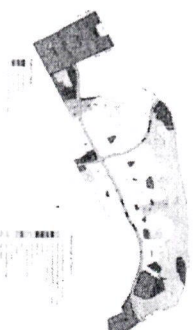
Real Estate



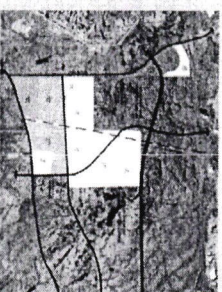
Rio Del Oro



Westborough



Glenborough /
Easton Place



Hillsborough

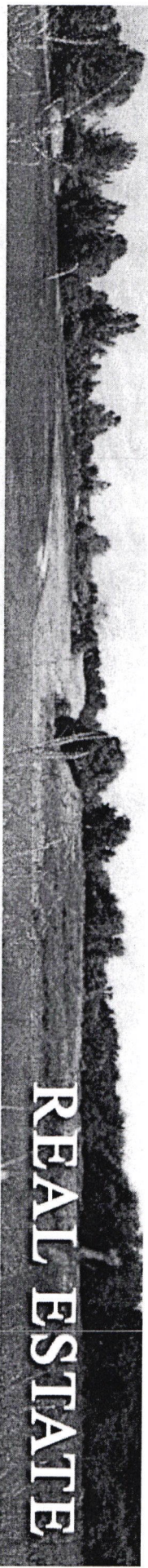
Value realization for 6,400 acres

GenCorp Strategy

- Strengthen and grow Aerojet
 - Well-positioned in attractive growth sectors of the defense and space industries
 - Leading Orion (CEV) propulsion development for NASA/Lockheed Martin
- Unlock value of real estate with focus on long-term value creation
 - 6,400 acres in Sacramento area currently in entitlement process creating a balanced and mixed-use master planned community
 - Long-term favorable Sacramento demand drivers
- Manage legacy liabilities

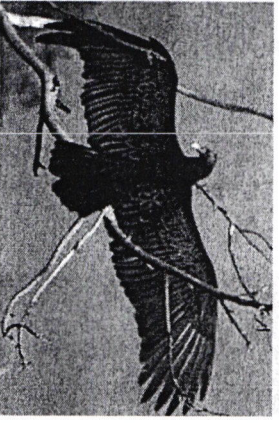
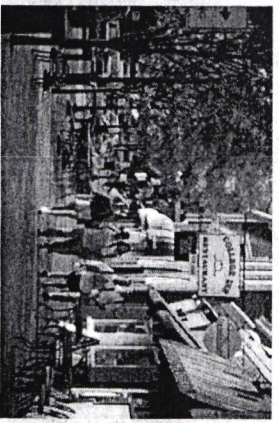
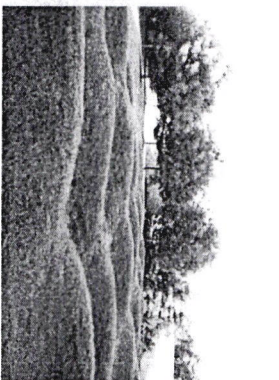
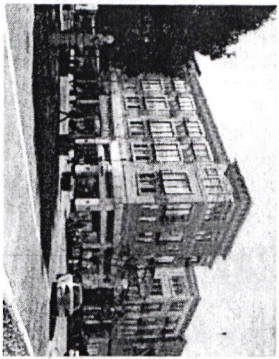
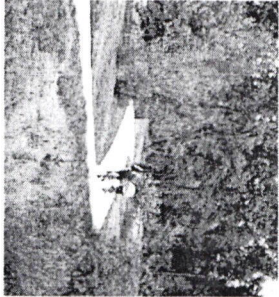
Key Investment Considerations

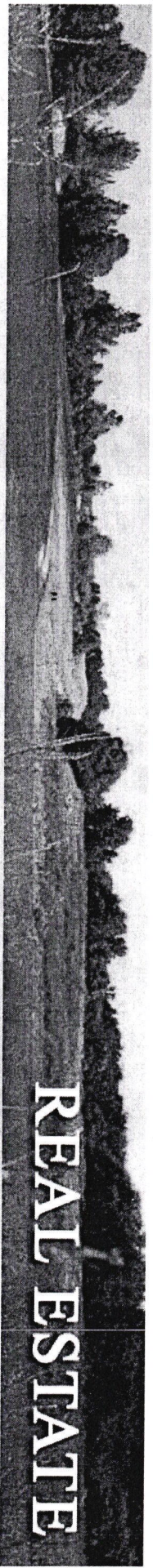
- **Market leadership in propulsion**
 - Aerojet critical to DoD and U.S. access to space
 - Long-term contracts provide significant revenue visibility
 - Vehicle for environmental cost recovery
 - Favorable trends both at Aerojet and across industry
- **Significant real estate holdings**
 - Located primarily in attractive Sacramento market
 - Ultimate monetization to provide liquidity and source of deleveraging
 - Significant value
- **Improved capital structure**
 - Low senior leverage
 - Significant liquidity
 - \$271.4 million in low cost convertible notes
- **Simplified story**
 - Completed: Divestiture of automotive and fine chemicals businesses
 - Completed: Renegotiation of Atlas V contract



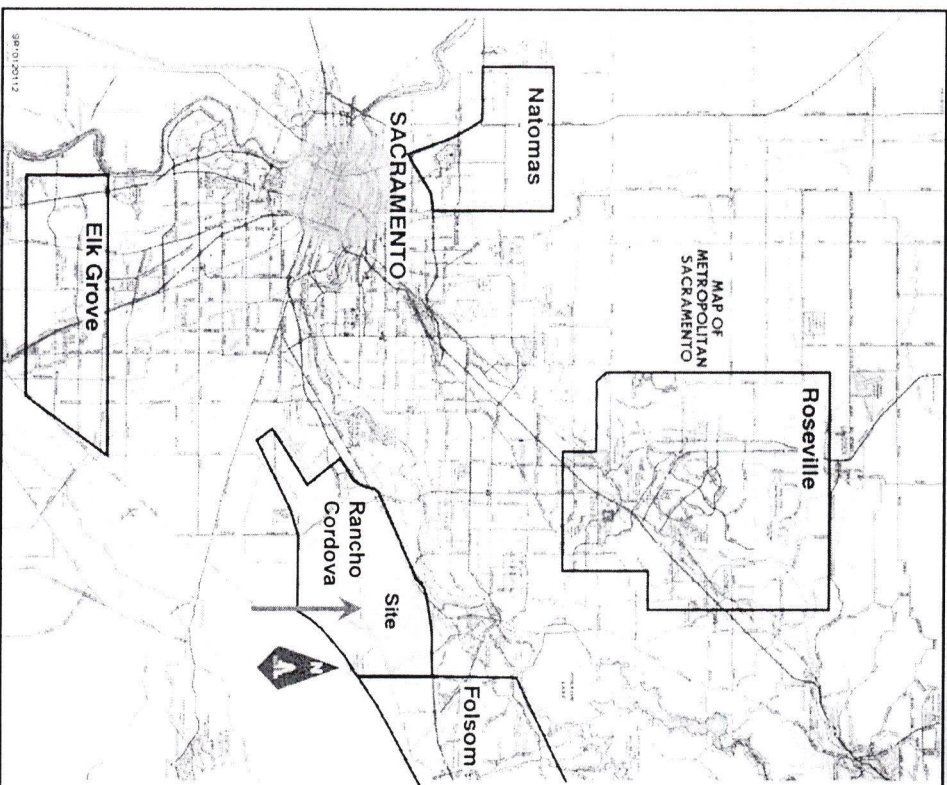
REAL ESTATE

Real Estate





Location and Demographics Driving Value



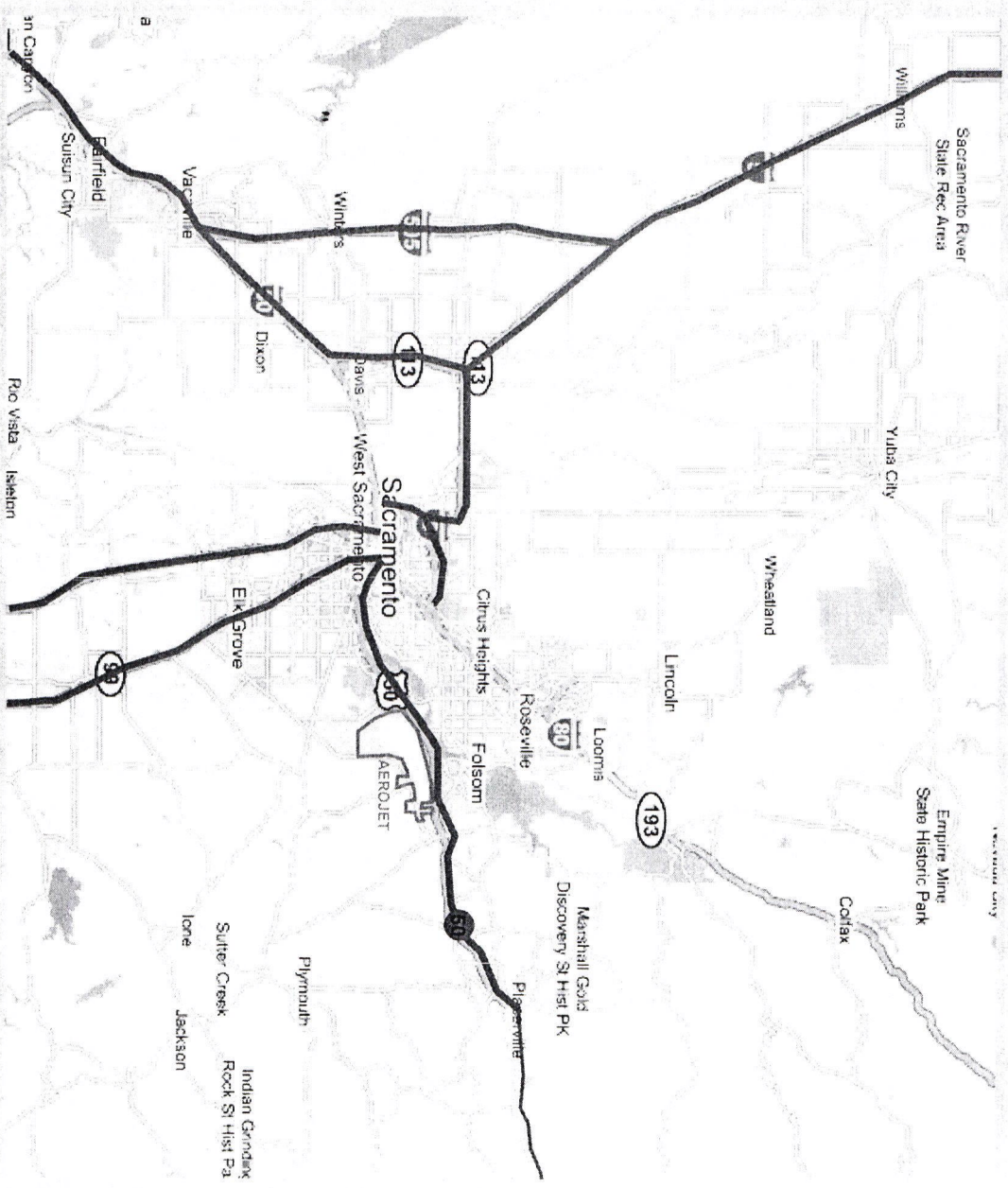
- GenCorp owns approximately 12,600 acres of land in the Sacramento, California metropolitan area
 - Located along U.S. Highway 50, a key growth corridor
- Regional demographics
 - Surrounding population and employment projected to grow by at least 20% over the next 10 years¹
 - Over 17,000 projected new homes per year for the next 10 years – 20% increase¹
- In process of entitling 6,400 acres for Easton

Outlined areas represent communities with strong residential markets

¹ Source: SACOG (Sacramento Area Council of Governments)

Projected Regional Growth

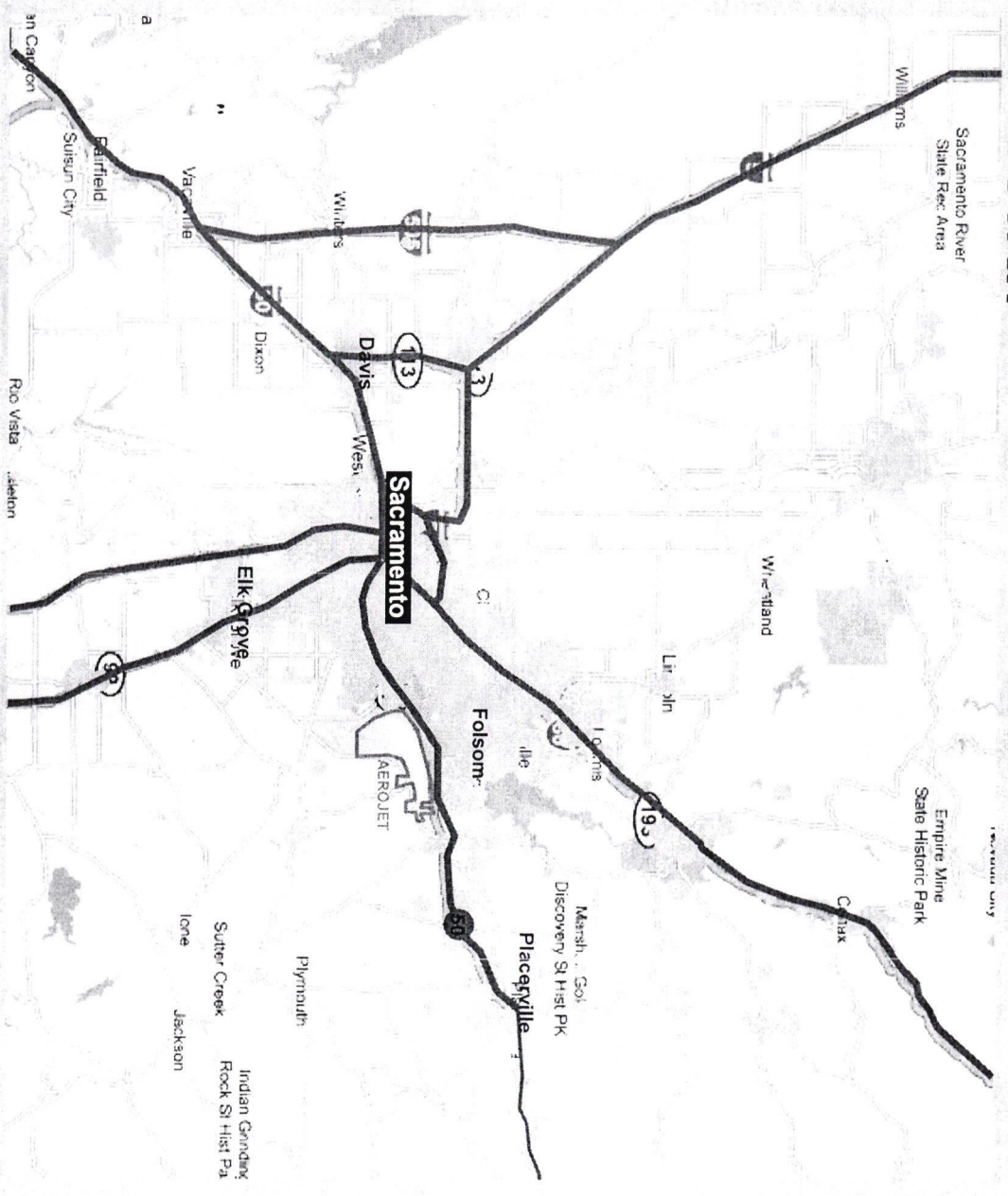
- Sacramento is one of the fastest growing metropolitan areas in the country
- The size, location, history and ownership of GenCorp's land provides a unique opportunity to create a master-planned community in Easton.



Source: SACOG (Sacramento Area Council of Governments)

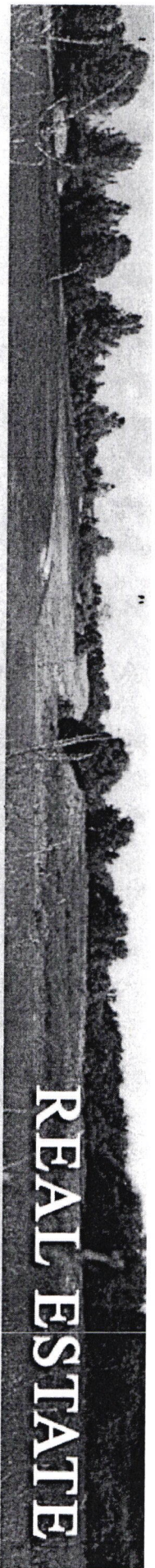
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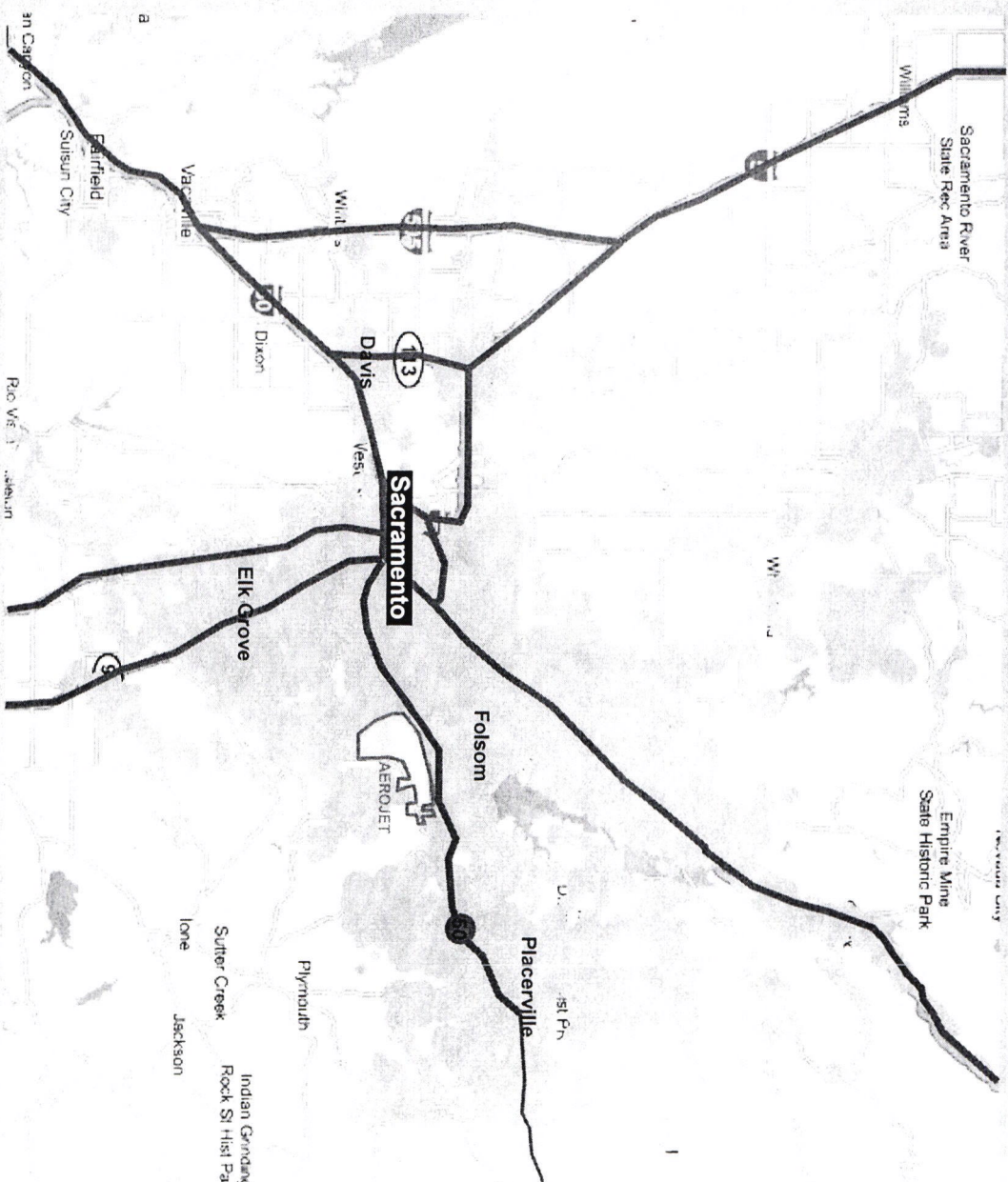
Source: SACOG (Sacramento Area Council of Governments)

Urban Areas in 2000



Projected Regional Growth

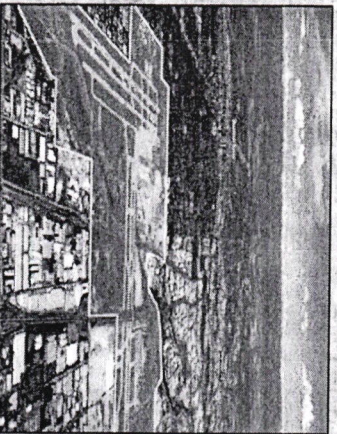
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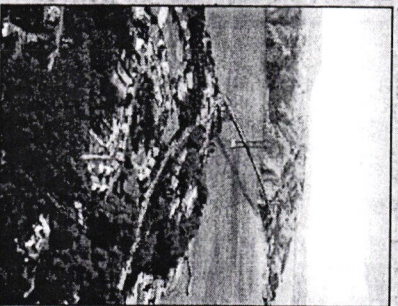
Source: SACOG (Sacramento Area Council of Governments)

Urban Areas in 2050 (projected)

Sacramento Land Scale



Stapleton Airport Redevelopment
Denver, CO
4,700 acres



Presidio National Park
San Francisco, CA
1,480 acres

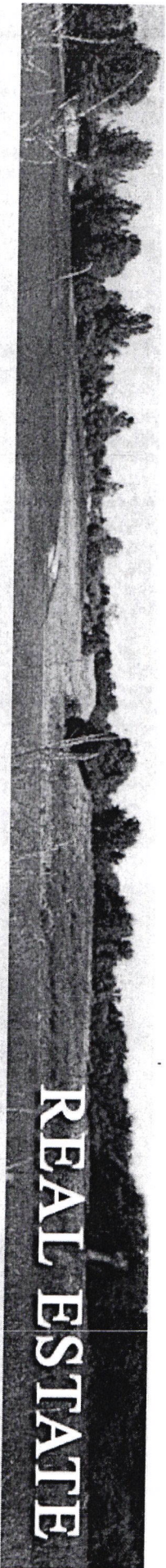
- Sacramento Land**
- Approximately 12,600 acres
 - 6,400 acres in entitlement process



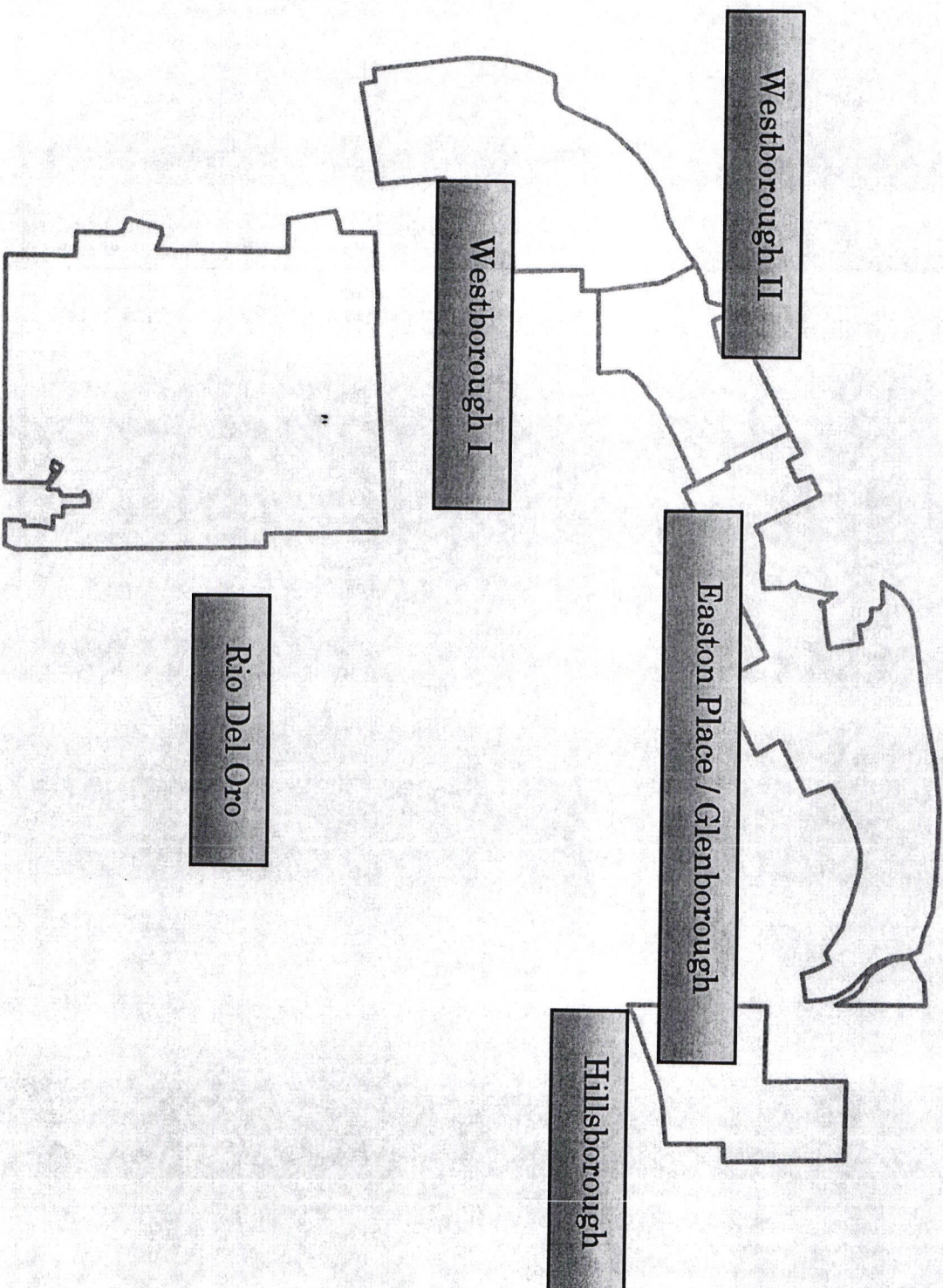
City of Cambridge, MA
4,555 acres

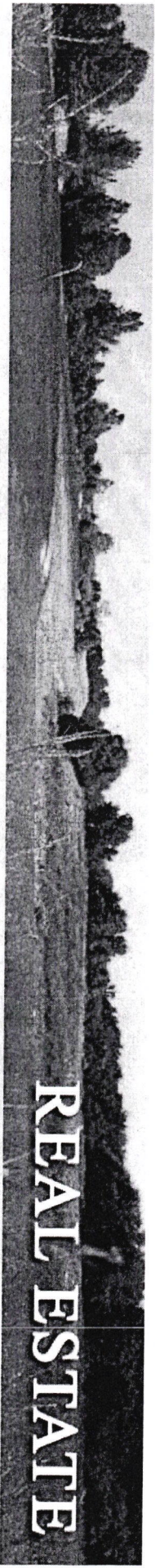


Central Park, New York
843 acres



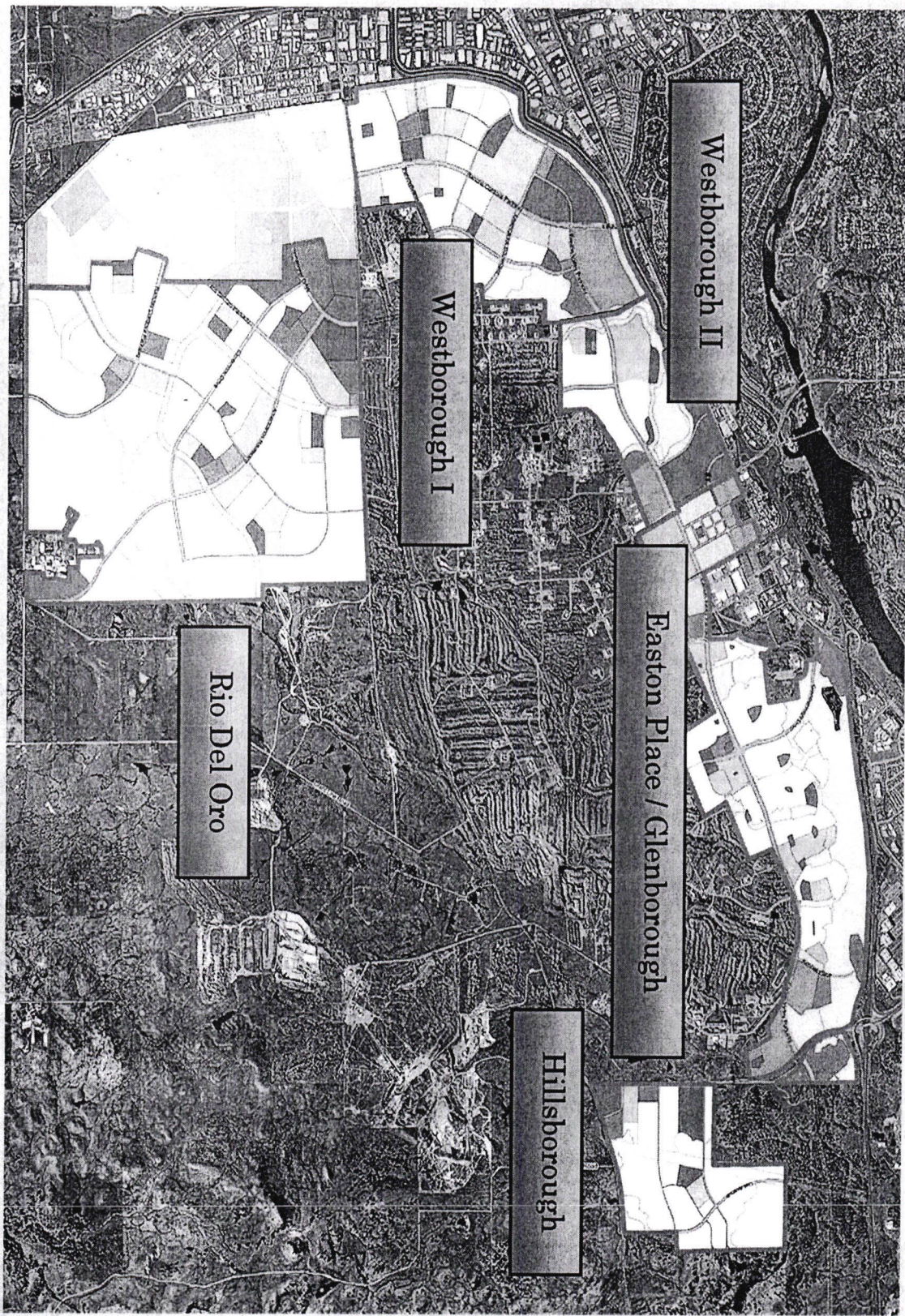
Easton Boroughs





REAL ESTATE

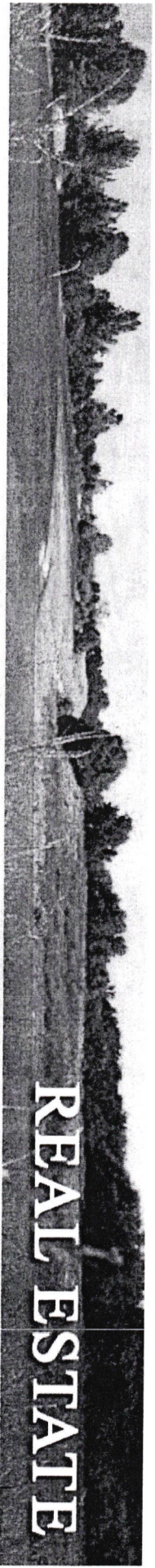
Easton Boroughs



Value Realization – Entitlement

- California Real Estate Entitlement Process is complex
 - Multiple jurisdictions and approving administrative agencies
- In 2002 vast majority of Sacramento land was environmentally restricted
 - Historical uses of site
 - Environmental stigma
 - Remediation funding
- Zoning / entitlement
 - Water requirements
 - Wetlands preservation
 - Endangered species
 - Infrastructure (traffic, etc.)



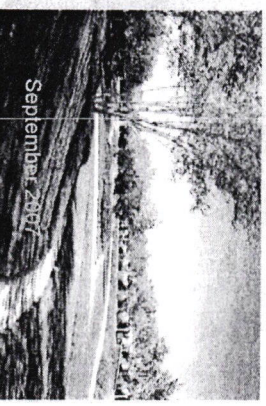
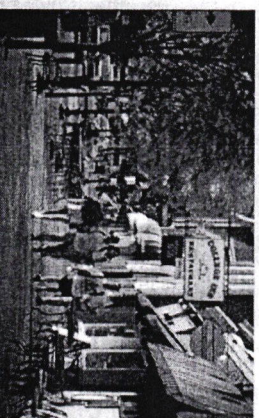
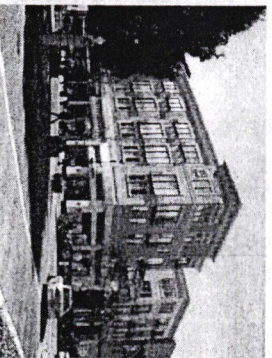
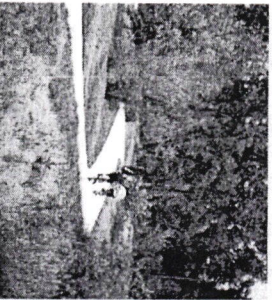


REAL ESTATE

Real Estate Value Creation

A unique opportunity to meet the Sacramento region's future needs for jobs and housing

- Creating higher and better uses for land through entitlement process
 - A sustainable mixed-use master planned community linked to the regional transportation infrastructure, enhancing long-term value
- Absent further delays in governmental approvals, re-zoning approval expected:
 - Rio Del Oro in 2008
 - Glenborough and Easton Place in 2008
 - Westborough in 2009 and beyond
 - Hillsborough in 2009 and beyond



Conclusion

Company executing strategy to realize real estate value while assuring Aerojet is a strong viable business

- **Aerojet is strategically positioned in a consolidated industry**
 - Market leader in tactical missile propulsion, maneuvering systems for defensive missiles, and in-space propulsion
 - Poised to play a major role in the development of next-generation space propulsion technology
 - Only company with a leadership position in both solid and liquid propulsion
 - Diversity of programs provides the foundation for future growth and helps to reduce risk of potential shifts in budgetary and political priorities
- **Real Estate progress continues toward long-term value creation**
 - Expected entitlement of Rio Del Oro and Glenborough projects in 2008, with Westborough following in 2009
 - Continued focus on clean up efforts and release of land
- **Operating performance and financial position continue to strengthen**