

Appendix C. Financial Feasibility Assessment of Residential Prototypes

Financial Feasibility Assessment of Residential Prototypes
Transit Opportunity Area (TOA) Assessment
County of San Diego

Keyser Marston Associates, Inc.

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I. INTRODUCTION

As part of a Transit Opportunity Area (TOA) assessment planning effort, the County of San Diego (County) requested that Keyser Marston Associates, Inc. (KMA) evaluate the financial viability of increased housing density in select areas within the unincorporated area of the County. This report consolidates the findings of two (2) separate KMA financial feasibility assessments conducted in 2024 and 2025, respectively, to provide a comprehensive evaluation of residential development potential across all studied TOAs.

The 2024 assessment evaluated three (3) community planning areas (CPA): North County Metro East, Sweetwater, and Otay. The 2025 assessment expanded the scope to seven (7) additional areas: Alpine/Crest/Dehesa/Jamul, Fallbrook, Lakeside, North County Metro North, Ramona, Spring Valley, and Valley Center. Together, these two studies provide financial feasibility findings across ten (10) TOAs within the unincorporated County.

In both assessments, the TOA parcels were identified by Intersecting Metrics (IM) based on an index applied to parcels within a half-mile buffer of future transit lines. The parcels were then ranked on a points system to determine which parcels meet the minimum criteria to be considered a TOA parcel candidate. In order to assess whether the County should allow for increased density on select parcels within the TOAs, KMA prepared high-level financial feasibility assessments for a range of rental and for-sale housing product types.

II. METHODOLOGY

Both assessments employ a high-level financial feasibility approach to evaluate the potential for residential development in the selected TOAs, utilizing findings from KMA market assessments prepared to evaluate residential market conditions in each TOA, along with prior KMA financial feasibility analyses in support of other County-focused long-range planning efforts. KMA assessed the financial feasibility of five (5) for-sale product types and four (4) rental product types, as follows:

For-Sale Product Types	Rental Product Types
1) Small Lot Single-Family Detached Homes @ 8 to 10 units per acre	1) Garden Apartments with Surface Parking @ 15 to 20 units per acre
2) Motorcourt Homes with Attached Garages @ 10 to 15 units per acre	2) Garden Apartments with Surface and/or Attached Garages @ 25 to 35 units per acre
3) Townhomes and Attached Garages @ 15 to 20 units per acre	3) Stacked Flats with Tuck-Under Parking @ 40 to 60 units per acre

For-Sale Product Types	Rental Product Types
4) Townhomes and Attached Garages @ 20 to 25 units per acre	4) Stacked Flats with Podium Parking @ 60 to 80 units per acre
5) Stacked Flats with Podium Parking @ 50 to 75 units per acre	

The assessment findings are presented in terms of the following metrics: “strong” meaning a product type is projected to generate a positive residual land value; “moderate” meaning a product type is projected to generate a positive residual land value but may fall below the prevailing land values in the current market; and “weak” meaning a product type projected to generate a negative residual land value. The feasibility conclusions are expressed in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 to 20 years).

III. FINANCIAL FEASIBILITY FINDINGS

KMA’s financial feasibility outcomes in the TOAs are presented in Tables 1 (for-sale housing) and 2 (rental housing). It should be noted that KMA has not received nor reviewed information from the County related to building typology for residential projects in the pipeline in the various TOA trade areas. KMA also has not received nor reviewed information from the County related to the availability of water and sewer infrastructure in the various TOAs. As such, we have made reasonable assumptions regarding which TOAs or sub-areas rely primarily on private wells and/or septic systems but have not independently verified these estimates. The following presents a summary of the KMA findings.

Alpine/Crest/Dehesa/Jamul

Within the Alpine/Crest/Dehesa/Jamul TOA, General Plan land use densities widely vary from Semi-Rural Residential (SR-1) to Village Core Mixed-Use, which allows for up to 30 units per acre. New housing development other than in the Alpine/Crest/Dehesa/Jamul TOA is largely infeasible due to its rural geography and limited infrastructure. These rural communities rely on private wells and septic systems designed for low-density, single-family use. High-density housing in rural areas will require substantial infrastructure upgrades to support the increased demand for water, sewer, and stormwater management, which will add extraordinary construction costs possibly resulting in infeasible projects. The lack of public transit and access to high quality employment further limits the practicality of higher-density or multi-family housing, as residents must rely on private vehicles for daily commuting. Combined with dispersed land patterns, these constraints make it challenging to achieve the economies of scale needed for financially viable high-density residential development.

KMA Findings and Recommendations: Alpine/Crest/Dehesa/Jamul	
Findings	<ul style="list-style-type: none"> • Current allowable densities under the General Plan are sufficient to accommodate for-sale/rental housing typologies at densities significantly higher than what is being built today.
Recommendations	<ul style="list-style-type: none"> • Do not increase density.

Fallbrook

General Plan land use densities in the Fallbrook TOA range between Semi-Rural Residential (SR-1) to Village Residential (VR-30). Current market factors support ownership housing within small-lot single-family homes, motorcourt homes, and townhome developments. These developments generally yield densities ranging between 8 and 25 units per acre, which are currently allowed under the General Plan.

Garden apartments with surface and/or attached garages are often viable in communities with families, like the Fallbrook TOA, because they provide an affordable, family-friendly housing option that fits within low- to moderate-density communities. Their lower construction and land costs compared to mid-rise developments make rents more attainable for working and lower-income households, especially in suburban or semi-rural areas where land is more available. In the long term, stacked flat rental housing with tuck-under parking could be feasible if key market indicators strengthen; however, KMA does not recommend increasing density up to 60 units per acre at this time.

KMA Findings and Recommendations: Fallbrook	
Findings	<ul style="list-style-type: none"> • Financially feasible for-sale housing product types over the near-, mid-, and long-term fall within the range of allowable densities, not requiring an increase in allowable density. • Over the mid- to long-term, it is conceivable that three-story rental apartments ranging between 25 and 35 units per acre may be financially feasible.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 35 units per acre.

Lakeside

General Plan land use densities within the Lakeside TOA range from Semi-Rural Residential (SR-1) to Semi-Rural Residential (SR-4), which allows for large-lot single-family homes or equestrian estates. The General Plan also allows for Village Residential (VR-2) through Village Residential (VR-30). The Lakeside TOA has a semi-rural character with strong quality of life amenities that appeal to family households. Current market sales prices and rents support the cost of low- to medium-density ownership housing (8 to 25 units per acre) and rental garden apartments (15 to 35 units per acre) with surface parking and/or attached garages over the near- to long-term. Future residential development has access to existing infrastructure improvements along main corridors to accommodate single-family, townhome, and

garden-style apartment typologies. In the long-term, stacked flat rental housing with tuck-under parking could be feasible if key market indicators strengthen. Outlying areas of the Lakeside TOA with infrastructure constraints will not benefit from increased density allowances.

KMA Findings and Recommendations: Lakeside	
Findings	<ul style="list-style-type: none"> • Financially feasible for-sale housing product types over the near-, mid-, and long-term fall within the range of allowable densities, not requiring an increase in allowable density. • Over the long-term, higher-density rental housing ranging between 40 to 60 units per acre with tuck-under parking may be financially feasible.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 60 units per acre.

North County Metro East

General Plan land use densities within the North County Metro East TOA range from Semi-Rural Residential (SR-1) to Semi-Rural Residential (SR-2), which allows for large-lot single-family homes. The General Plan also allows for Village Residential (VR-2) through Village Residential (VR-24). The North County Metro East TOA is highly desirable for for-sale housing and therefore small lot single-family homes (8 to 10 units per acre), motorcourt homes (10 to 15 units per acre), and townhomes (15 to 25 units per acre) will generate strong positive residual land values in the near- to long-term. Stacked-flat condominiums with structured parking (50 to 75 units per acre) may be financially feasible over the long-term.

Garden apartments (15 to 35) units per acre in the North County Metro East TOA are estimated to generate strong positive residual land values in the near- to long-term. KMA projects that stacked flat apartments with tuck-under parking (40 to 60 units per acre) are anticipated to generate strong positive residual land values in the near-term to long-term. Residual land values for multi-family developments above 60 units per acre are projected to be weak in the near-term, moderate in the mid-term with strong residual land values over the long-term.

For-sale and multi-family housing in the North County Metro East TOA is highly desirable in terms of its location in the region, proximity to employment opportunities and educational facilities, and access to transit options (Interstate 15, Sprinter, and Rapid Bus Service).

KMA Findings and Recommendations: North County Metro East	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre is financially feasible over the near- to long-term. • Over the long-term, three-story rental apartments ranging between 15 and 35 units per acre are likely to be financially feasible. • Higher-density residential typologies up to 80 units per acre with structured parking are not likely to be financially feasible over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 60 units per acre.

North County Metro North

General Plan land use densities within the North County Metro North TOA range from Semi-Rural Residential (SR-1) to Semi-Rural Residential (SR-10), which allows for small- and large-lot single-family homes. The General Plan also allows for Village Residential (VR-2) through Village Residential (VR-30). With its central location, abundance of community amenities, proximity to employment opportunities and educational facilities, and access to transit options, the North County Metro North TOA is well-positioned to achieve sales prices and rents to support construction costs associated with higher-density development.

KMA Findings and Recommendations: North County Metro – North	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre is financially feasible over the near- to long-term. • Over the long-term, three-story rental apartments ranging between 15 and 35 units per acre may be financially feasible. • Higher-density residential typologies up to 80 units per acre with structured parking may be financially feasible over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 60 units per acre.

Otay

The General Plan does not allow residential uses within the Otay TOA boundary. As such, a General Plan Amendment would be required to permit residential development. For purposes of this analysis, it is assumed that an amendment could be obtained. Overall, for-sale housing in the Otay TOA will not generate positive residual land values in the near- and mid-term. In the long-term, it is conceivable that small lot single-family homes (10 units per acre) and townhomes (15 to 25 units per acre) can generate moderate financial feasibility outcomes. KMA anticipates that the current or future market cannot support high density for-sale stacked flat condominiums (50 to 75 units per acre or greater) with structured parking within the Otay TOA. To be financially feasible, the stacked flat configuration requires reduced parking ratios (relative to typical for-sale product types) with access to public transit options as

well as a walkable environment, which is not likely viable in the Otay TOA. Therefore, homebuyers seeking this product type are more likely to purchase these units in urban areas within the region.

The KMA assessment concludes that in the near- to long-term, the most feasible product type in the Otay TOA is garden apartments with no structured parking (up to 20 units per acre). As density increases, market rents in the Otay TOA do not support the higher cost of construction and therefore do not generate a positive residual land value. KMA estimates that multi-family housing of up to 35 units per acre is moderate in the mid-to long-term. Residual land values for developments above 40 units per acre are projected to yield negative residual land value outcomes and therefore are considered weak over the long term.

Due to the rural conditions of the Otay TOA, the lack of water, sewer, and other infrastructure will cause developers to incur extraordinary costs to install these improvements that cannot offset the achievable market sales prices or rents.

KMA Findings and Recommendations: Otay	
Findings	<ul style="list-style-type: none"> • In the near- to long-term, two- to three-story rental apartments with surface parking ranging between 15 and 20 units per acre may be financially feasible. • Garden apartments with surface and/or attached garages ranging between 25 and 35 units per acre may be moderately financially feasible over the mid- to long-term.
Recommendations	<ul style="list-style-type: none"> • Due to limited demand for housing and the extraordinary infrastructure costs required to support residential development in the Otay TOA, do not increase density allowance at this time.

Ramona

General Plan land use densities within the Ramona TOA range from Semi-Rural Residential (SR-1) to Semi-Rural Residential (SR-4), which allows for large-lot single-family homes or equestrian estates. The General Plan also allows for Village Residential (VR-2) through Village Residential (VR-24). The Ramona TOA offers essential amenities to support residents and future population growth. Current sales prices support the cost of lower-density ownership housing over the near- to long-term.

Rental housing can be challenging under current market conditions; however, rental garden apartments with surface parking and/or attached garages over the long-term is expected to be feasible. Future development opportunities may concentrate along established transit corridors such as State Route 67 and State Route 78. Rental apartments may experience moderate feasibility challenges due to the community’s smaller population, lower market rents, and limited demand for higher-density housing.

Therefore, the highest density rental housing is anticipated to be developed within a garden-style configuration.

KMA Findings and Recommendations: Ramona	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre may be financially feasible over the near- to long-term. • Three-story rental apartments ranging between 15 and 35 units per acre are moderately feasible in the near- to mid-term and strong over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 35 units per acre.

Spring Valley

Within the Spring Valley TOA, General Plan land use densities include Semi-Rural Residential (SR-0.50) and Semi-Rural Residential (SR-1) and Village Residential (VR-24). The Spring Valley TOA is an established community with access to retail shops and services and community amenities appealing to existing residents and future populations. The area is also well connected to regional job centers offering short commutes via State Route 125, Interstate 8, and local arterials. This accessibility is a key draw for homebuyers and renters seeking suburban living within reach of employment hubs. Further, the Spring Valley TOA has access to public water and sewer, electricity, and road networks, which support higher-density and in-fill housing development more readily than rural or semi-rural communities. In the long-term, stacked flat rental housing with tuck-under parking could be feasible if key market indicators strengthen.

KMA Findings and Recommendations: Spring Valley	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre is financially feasible over the near- to long-term. • Over the long-term, three-story rental apartments ranging between 15 and 35 units per acre are likely to be financially feasible. • Higher-density residential typologies up to 60 units per acre with tuck-under parking are moderately financially feasible over the mid-term and strong over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 60 units per acre.

Sweetwater

General Plan land use densities in the Sweetwater TOA range between Semi-Rural Residential (SR-1) to Village Residential (VR-4.3). KMA finds that small lot single-family homes (8 to 10 units per acre) and motorcourt homes (10 to 15 units per acre) will generate strong positive residual land values in the near- to long-term. It is likely that development of for-sale housing in the Sweetwater TOA will

accelerate in the next 10 to 20 years as the region’s southern population continues to grow and the incorporated cities reach buildout, thereby allowing higher-density development, ranging between 15 to 25 units per acre, to be financially feasible.

Garden apartments under ranging between 15 to 35 units per acre in the Sweetwater TOA are estimated to generate strong positive residual land values in the near- to long-term. KMA projects that stacked flat apartments with tuck-under parking (40 to 60 units per acre) are anticipated to generate negative (weak) residual land values in the near-term with strong residual land values in the long-term. Residual land values for multi-family developments above 60 units per acre are projected to be weak in the near-term and moderate over the mid- to long-term.

KMA Findings and Recommendations: Sweetwater	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre is financially feasible over the near- to long-term. • Townhomes ranging between 15 and 25 units per acre are moderately financially feasible in the near-term and strong over the mid- to long-term. • Over the long-term, three-story rental apartments ranging between 15 and 35 units per acre are likely to be financially feasible. • Higher-density residential typologies up to 60 units per acre with tuck-under parking are moderately financially feasible over the mid-term and strong over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 60 units per acre.

Valley Center

General Plan land use densities within the Valley Center TOA range from Semi-Rural Residential (SR-0.50) to Semi-Rural Residential (SR-4), which allows for large-lot single-family homes or equestrian estates. The General Plan also allows for Village Residential (VR-2) through Village Residential (VR-15). Select properties are also designated as Village Core Mixed-Use, which allows for up to 30 units per acre. The Valley Center TOA has relatively large parcels that can accommodate large single-family homes or small residential subdivisions, which is attractive to developers aiming to create custom homes or low-density housing tracts. Although primarily rural, the Valley Center TOA is within commuting distance of major North County employment centers, making it attractive to households willing to travel for work. Improvements and critical mass of housing units associated with the Park Circle master-planned community will also encourage future development within the Valley Center TOA. Current market sales prices and rents support the cost of ownership housing over the near- to long-term.

Rental housing can be challenging under current market conditions; however, rental garden apartments with surface parking, attached garages, and/or tuck-under over the long-term is expected to be feasible. In the long term, stacked flat rental housing with tuck-under parking could be feasible if key market

indicators strengthen; however, KMA does not recommend increasing density up to 60 units per acre at this time.

KMA Findings and Recommendations: Valley Center	
Findings	<ul style="list-style-type: none"> • Low density for-sale housing ranging between 8 and 25 units per acre is financially feasible over the near- to long-term. • Townhomes ranging between 15 and 25 units per acre are moderately financially feasible in the near-term and strong over the mid- to long-term. • Over the long-term, three-story rental apartments ranging between 15 and 35 units per acre are likely to be financially feasible. • Higher-density residential typologies up to 60 units per acre with tuck-under parking are moderately financially feasible over the long-term.
Recommendations	<ul style="list-style-type: none"> • Allow for an increase in density of up to 35 units per acre.

IV. FACTORS AFFECTING DEVELOPMENT OF HOUSING IN THE TOAs

While the financial feasibility findings summarized in Section III demonstrate that several TOAs can support increased residential densities under current and projected market conditions, the pace and scale of new housing development across the unincorporated County will ultimately depend on a range of market, physical, and regulatory factors that extend beyond density allowances alone. The TOAs vary significantly in geography, infrastructure capacity, proximity to employment, and market strength, and these differences materially influence whether higher-density typologies can be delivered on a financially viable basis. Key factors and constraints that inhibit development of higher-density housing in select areas of the TOAs include:

- Distant from high-quality employment
- Long commute times to the region's major job centers with limited transit options
- Need for site assembly, particularly in the Sweetwater TOA
- Infrastructure challenges, including reliance on private wells and septic systems in rural TOA areas such as Alpine/Crest/Dehesa/Jamul and Valley Center
- Dispersed land patterns in rural and semi-rural communities that make it difficult to achieve the economies of scale needed for financially viable high-density residential development
- Competition from the buildout of neighboring communities, particularly in the Otay TOA from eastern Chula Vista and Otay Mesa
- Proximity to existing industrial uses, which can negatively affect achievable market rents and sales values

As regional growth occurs, infrastructure investments are made, and transit access improves, product types that are infeasible today may become viable over the mid- to long-term. The County's land use framework should therefore be calibrated not only to present-day market conditions, but also to

anticipate the evolving conditions that will shape residential development in the unincorporated area over the next 10 to 20 years. Examples of factors that could improve feasibility of residential development include:

- Reductions in development costs
- Increases in market rents and sales values
- Implementation of or assistance with infrastructure requirements
- Improvements to public transit
- Upzoning and/or Program Environmental Impact Reports (PEIRs)
- Incentives and efficiencies within the entitlement process

TABLE 2

FINANCIAL FEASIBILITY ASSESSMENT OF RENTAL PRODUCT TYPES
 TRANSIT OPPORTUNITY AREA ASSESSMENT
 COUNTY OF SAN DIEGO

			Financial Feasibility Assessment - Rental ⁽¹⁾																																
			Alpine/Crest/Dehesa/Jamul			Fallbrook			Lakeside			North County Metro East			North County Metro North			Otay			Ramona			Spring Valley			Sweetwater			Valley Center					
Product Type	Illustrative Example	General Project Description	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term	Near-Term	Mid-Term	Long-Term			
Garden Apartments with Surface Parking		<ul style="list-style-type: none"> Type V Construction (wood) 2 to 3 Stories 15-20 Units/Acre Average Unit Size of 950 SF 	Weak	Weak	Moderate	Moderate	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Moderate	Moderate	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong		
Garden Apartments with Surface and/or Attached Garages		<ul style="list-style-type: none"> Type V Construction (wood) 3 Stories 25-35 Units/Acre Average Unit Size of 900 SF 	Weak	Weak	Moderate	Moderate	Strong	Strong	Moderate	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Weak	Moderate	Moderate	Moderate	Moderate	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	
Stacked Flats with Tuck-Under Parking		<ul style="list-style-type: none"> Type V Construction (wood) 3 to 4 Stories 40-60 Units/Acre Average Unit Size of 850 SF 	Weak	Weak	Weak	Weak	Weak	Moderate	Weak	Moderate	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Moderate	Strong	Weak	Moderate	Strong	Weak	Weak	Moderate	
Stacked Flats with Podium Parking		<ul style="list-style-type: none"> Type V Construction (wood) over Type I (concrete) 4 to 5 Stories 60-80 Units/Acre Average Unit Size of 750 SF 	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Moderate	Strong	Weak	Moderate	Strong	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak

(1) Assumes availability of vacant development sites. Time periods reflect the following:
 Near-Term = 0 to 5 Years
 Mid-Term = 5 to 10 Years
 Long-Term = 10 to 20 Years



Limiting Conditions

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.