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VIA FACSIMILE AND ELECTRONIC MAIL

June 26, 2007

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Carmen A. Brock, Deputy City Attorney  
Office of the City Attorney  
1200 Third Avenue, Ste. 1100  
San Diego, CA 92101-4100

Re: City of San Diego v. Sunroad Enterprises, et al.

Dear Counsel:

I write on behalf of our clients Sunroad Enterprises, Sunroad Centrum L.P. and Sunroad Asset Management, Inc. ("Sunroad") to respond to the City's Notice of Violation and Restoration and Mitigation Order, both dated June 21, 2007 and addressed to Sunroad employee Craig Bachmann.

Sunroad disagrees that it has any obligation to obtain a permit from the California Department of Transportation under Public Utilities Code Section 21659 given the absence of any regulations whatsoever that might guide agency discretion in issuing such a permit. Also, while the City has conspicuously omitted from its Restoration and Mitigation Order any mention of public safety, Sunroad disputes that its Centrum 12 Building, which has been standing at its present 180' height since the summer of last year, poses any threat to public safety or to aviation at Montgomery Field airport. These issues would ordinarily be ones Sunroad would raise in an administrative appeal. In this case however, the pending lawsuit, and the multiple public pronouncements of the Mayor and Development Services Department officials, have made clear that the Mayor and the Development Services Department will accept nothing less than a deconstruction of the building to an FAA approved height. Since any administrative appeal of the Restoration and Mitigation Order (or the prior stop work orders) would necessarily be directed to these very persons, such appeal would obviously be futile.

Absent a change in position by the FAA, the City's above actions -- and today's comments by Mr. Aguirre hinting at imminent plans to undertake some irresponsible and precipitous "emergency" course of action to raze the top floors of the building -- leave Sunroad with no option but to attempt to comply with the City's Restoration and Mitigation Order. Sunroad will do so, albeit under protest and with full reservation of its rights to seek all appropriate compensation. Sunroad is in the process of preparing a schedule for removal and mitigation on

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an orderly and reasonable basis, which it will provide by July 10, 2007. As the City's Restoration and Mitigation Order acknowledge, it will likely be impossible for Sunroad to complete removal and mitigation by the City imposed deadline of August 25, 2007. Sunroad therefore anticipates that an extension will be required.

Sincerely,



Patrick P. Gunn

cc: Steven M. Strauss, Esq.  
Michael Calabrese, Esq.  
Nina Fain, Esq.

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