

CONFIDENTIAL & PRIVILEGED SETTLEMENT COMMUNICATION
UNDER EVIDENCE CODE SECTIONS 1115 ET. SEQ. & 1152

July 10, 2007

Marcela Escobar-Eck
Director, Development Services Department
City of San Diego
1222 First Avenue, MS 501
San Diego, CA 92101

Re: Sunroad Centrum

Dear Ms. Eck:

This letter encloses Sunroad's proposed schedule to deconstruct and reconstruct the Centrum building to 160 feet above ground level in accordance with the City's Restoration and Mitigation Order dated June 21, 2007.

As you know, today representatives from Sunroad, Swinerton Builders, and BPA Architecture Planning Interiors met at some length with Mr. Broughton, Mr. Harris, and Ms. Ahmadi from the City's Development Services Department to discuss the design and construction tasks associated with the deconstruction and reconstruction work that will be required to reduce the building to 160 feet. As explained in detail at the meeting, it is not possible to meet the original August 25 deadline proposed in the Restoration and Mitigation Order, in large part because substantial deconstruction work cannot commence until adequate vertical transportation systems are in place, inspected and certified approved by the State of California, a process that will itself take until late August. Nevertheless, Sunroad has worked diligently to formulate a plan and schedule that calls for immediate mobilization of construction personnel, continued and aggressive work on design and construction documents so that the building will be reduced to 160' by mid-October.

As discussed this morning, meeting this ambitious and aggressive schedule will require continuous and close cooperation of the City and all relevant regulatory agencies. That cooperation includes the following commitment from Sunroad and the City:


- Once the schedule is approved by the City, the current stop work order must be immediately lifted in its entirety so that work can proceed promptly.
- The ordering of the manlift system is especially important due to limited availability of this equipment and the lead time necessary to obtain it. To meet the proposed timeline, Sunroad needs the City to approve the schedule by no later than July 12th.

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- A second critical element to meeting the schedule is the FAA's approval of a construction crane for use at the Building. Sunroad requests that the City assist Sunroad's efforts to obtaining the FAA's approval of the crane.
- As discussed this morning, the City must provide Sunroad with consistent and coordinated interaction with Development Services through a single point person/project manager (PM). This PM will be available for the next 60 days (e.g., he or she will not be away on vacation), and will utilize all available expediting means. As was discussed, coordination throughout the design and construction documents phases is critical in order to secure a revised building permit by August 31, 2007 (as per the revised schedule). The changes contemplated to reduce the existing height of the building will be processed as a revision of the existing building permit. To the extent that this permit issuance is delayed, the deconstruction/reconstruction will be delayed accordingly.
- With the approval of the schedule and the lifting of the Stop Work Order, Sunroad will be allowed to proceed with all Tenant Improvements and all other necessary construction below 160'. The City will provide any and all needed inspections on an expedited basis, and Temporary Certificates of Occupancy will be concurrently granted upon satisfactory completion of the Tenant Improvements.
- As is customary, Certificate of Occupancy will be granted upon substantial completion of all work approved by the City.
- Sunroad must receive a no-hazard determination from the FAA.

Sunroad appreciates the time and energy expended to meet today, and looks forward to the City's approval of the schedule and commitment to cooperate to achieve it. Also, if the City has any questions or concerns about the proposed schedule, Sunroad welcomes the chance to answer them.

Sincerely,


Richard D. Vann
Executive Vice President

Enc: Schedule