

Memo

To: Lucy Contreras
From: Gaf
Date: September 10, 2018
RE: ENA Submittals Extension Request Explanation

This memo is a follow up to the August 23rd memo requesting a 90 day extension to finalize and complete the submission of the Project Description deliverables due on October 2, 2018.

Per your request, attached is the latest work plan/schedule outlining 1HWY1's action plan and milestones to the new deadline of January 7, 2019 (if the request is granted).

As you're aware, there wasn't any subsurface investigation of the site conducted prior the ENA execution in October 2017. Since then, we've discovered an active seismic fault, liquefiable soils, major existing utility corridors and coordination with the City of San Diego regarding acceptable setback distance from the active fault. All these issues have significant impacts to the conceptual design and overall site plan layout. The architectural and engineering team members have spent a lot of effort to investigate these issues and design implications in order to start preparing the project description.

In addition, as mentioned in my July 1, 2018 quarterly update memo, the design is evolving based on new information while retaining or improving the current iteration based on feedback and input received at the March 13th BPC.

1. Hyatt concerns regarding view blockage and shading impacts

We continue to work collaboratively with Host/Hyatt representatives to develop a design to minimize the view blockage. To do so, we have evaluated several hospitality density models to reduce the height of the hotel buildings in the Village block. This analysis in conjunction with estimating the construction cost for each of the various models have been a time-consuming exercise. The extension will allow us to further finalize a hospitality program that will be a win-win solution.

2. Cost impacts due to unanticipated underground conditions

In addition to the active earthquake fault, our geotechnical investigations have shown a significant layer of liquefiable subsurface soils that have impacted our cost estimates for the project. This has resulted in a lengthy reevaluation of alternative foundation systems as well as

the efficiency of co-locating certain programmatic elements. These studies and evaluations are ongoing and we need the extension to finalize the analysis and prepare conceptual cost estimates.

3. Incorporation of a 2,500 to 3,500 seat multipurpose indoor event center

This potential use was not part of the original proposal and is being studied to determine appropriateness and financial feasibility. The event center could be an anchor for the south end of the site and a synergistic relationship with the Hyatt hotel appears to provide a possible solution to point #1 above. These studies and evaluations are ongoing and we need the extension to finalize the conceptual design, project description and proforma.

Therefore, pursuant to Section 2b – Extensions, of the Exclusive Negotiating Agreement, I would like to respectfully request a 90 day extension to submit required submittals 6c – Project Description and 6d – Pro Forma.