



September 19, 2016

David Rizk, AICP
Director of Development Services
City of Hayward
777 B Street
Hayward, CA 94541

RE: Eden Shores

Dear David,

Since PCCP & SteelWave, formerly Legacy Partners, purchased the Eden Shores property in 2006 we have engaged retail market leaders in Terranomics and Colliers to market the site for retail uses including grocers and chain drug stores. We have chased several promising leads over the years but have landed nothing. In 2008 we secured and sold a large parcel to a major user in Costco. We have annually attended both meetings of the International Conference of Shopping Centers, ICSC, in hopes of spreading the word of availability and scouring the conference for potential users. We have worked with the City's Economic Development Director, Micah Hinkle, following up on leads that have come in through the City. Other than the success of landing Costco, the diligent efforts over all these years (understanding we experienced a 4 year economic downturn commencing 2008) have produced no larger size user results. We have, on the other hand, been working on several in-line tenants including coffee, sandwich and food users, for the shops portion, 17,500 SF, of the site and have others expressing interest to compliment potential café and restaurant uses.

What we and our retail consultants and brokers have concluded is that it makes no sense, at this time, to build a larger shell building in hope it fits or attracts a tenant of this nature. We believe if the building were speculatively built, meaning no specific tenant in tow, the building would likely be the wrong square footage and dimensions, which vacancy could cause the retail center to go stale and affect its health.

The proposed retail project includes completing all of the parking of the retail project, including that of the future pad, all landscape and utility improvements and the 17,500 SF of in-line shops. This will look and feel like a finished center.

It is our belief that with the activity of all of the Eden Shores projects, light industrial/office, retail in-line shops and the 52 household units in Phase II, the future pad will have a higher likelihood of leasing. What we are asking is for residential Phase II permits to be released at completion of shell construction of the 93,330 SF light industrial/office building and the 17,500 SF of retail shop space. Although we cannot tell you when the future pad might be constructed it is possible all the new construction activity will attract a tenant before we have completed our shell construction. We are hopeful & will continue diligent efforts to do everything possible to secure a pad tenant. However, as it is market driven, we can give you no assurances as to timing of the pad tenant. Of course, due to economics, we are motivated and driven to secure a pad tenant sooner than later.



With every piece of the Eden Shores being completed, subject to the one pad, the City and community can benefit from the added services, job creation and additional tax basis.

Sincerely,

STEELWAVE LLC

A handwritten signature in blue ink, appearing to be "SD", written in a cursive style.

Steve Dunn
Senior Managing Director

SD:as