



January 28, 2020

Stephen F. Eimer
Executive Vice President & Co-Managing Partner
Related Santa Clara, LLC
5201 Great America Parkway, Suite 532
Santa Clara, CA 95054

Re: Approval of Phase Option Notice for Phase 2

Dear Mr. Eimer:

This letter is intended to serve as a decision from the City of Santa Clara (the “City”) on the Phase Option Notice for Phase 2 pursuant to Section 4.4 of that certain Disposition and Development Agreement, dated August 12, 2016, by and between the City and Related Santa Clara, LLC (the “Developer”) (the “DDA”), in connection with the City Place Santa Clara project (the “Project”).¹ The City approves the Phase Option Notice for Phase 2 of the Project as submitted in a letter from the Developer to the City dated December 10, 2019 and as amended in a letter from the Developer to the City dated January 15, 2020 (collectively the “Phase 2 Option Notice”), subject to the conditions and limitations set forth in this letter.

The City finds that the geographic boundaries of Phase 2 as shown in Exhibit 1 of the Phase 2 Option Notice are consistent with the conceptual phasing descriptions set forth in Section 2.3 of the Master Community Plan (the “MCP”), as required by DDA Section 4.1.2. The MCP identifies a “conceptual” phasing strategy that allows for parcel modification to address changing conditions, with the goal of developing the essential core of the mixed-use zone involving retail, entertainment, residential, hotel, and office space development on Parcel 4. (MCP Section 2.3, page 25.) Although the proposed boundaries of Phase 2 as shown in Exhibit 1 of the Phase 2 Option Notice do not precisely match the conceptual boundaries illustrated in the MCP, the proposed Phase 2 boundaries are nevertheless consistent with the MCP phasing concept, because development will deliver the mixed-use development envisioned in the MCP on Parcel 4 with a program that includes the required mix of uses at a square footage within the amount permitted by the MCP.

The Phase 2 Option Notice includes a proposed conceptual Phasing Plan intended to replace DDA Exhibit E. The City agrees that DDA Article 4 intends for the Parties to update the Phasing Plan in connection with approval of a Phase Option Notice and to include such updated Phasing Plan with the Memorandum of Ground Lease recorded when the subject phase Ground Lease is executed. The conceptual boundaries of future phases shown in the Phasing Plan are acceptable to the City.

¹ Capitalized terms used but not defined in this letter have the meanings defined in the DDA.

Mr. Stephen Eimer, Related Santa Clara, LLC
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The Phase 2 Option Notice clarifies that although the Phase 2 land area shown in the Phase 2 Option Notice is reduced from the area shown in the MCP and the DDA exhibits, the Phase 2 Ground Lease will provide that Phase 2 rent will be the full \$1.5 million in annual Base Rent in accordance with DDA Section 6.1.8 for Phase 2. The City approves the Phase 2 Option Notice on the condition that the Developer does not seek a pro-rata rent reduction within the Phase 2 Ground Lease due to any reduction in Phase 2 square footage.

Sincerely,



Deanna J. Santana
City Manager

Cc: Brian Doyle, City Attorney
Elizabeth Klotz, Assistant City Attorney
Ruth Shikada, Assistant City Manager
Anna Shimko, Burke, Williams & Sorensen
Eric Phillips, Burke, Williams & Sorensen
Jennifer Jiang, Related Companies
Neil Sekhri, Gibson, Dunn & Crutcher
Sara Ghalandari, Gibson, Dunn & Crutcher



**RELATED
SANTA CLARA**

January 15, 2020

By Email and Overnight Mail, Next Business Day

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050
Attn: Deanna J. Santana, City Manager

Re: ***Amendment of Phase 2 Option Notice***

Phase Option Notice for Phase 2 dated December 10, 2019, under that certain Disposition and Development Agreement, dated as of August 12, 2016, by and between Related Santa Clara, LLC (“**Developer**”) and the City of Santa Clara (“**City**”) (the “**DDA**”), in connection with the City Place Santa Clara project (the “**Project**”)

Dear Ms. Santana:

Reference is hereby made to (i) that certain Phase Option Notice for Phase 2 of the City Place Santa Clara Project, submitted by Developer to the City on December 10, 2019, in accordance with Section 4 (and all other applicable provisions) of the above-referenced DDA (the “**Phase 2 Option Notice**”), and (ii) that certain 10 Day Extension of City Response Time Required for Approval of Phase 2 Option Notice, submitted by Developer to the City on January 7, 2020 (the “**Phase 2 Option Extension**”). Capitalized terms used in this letter but not defined herein shall have the meanings given to such terms in the DDA.

Pursuant to this letter, Developer intends to amend and clarify certain portions of the Phase 2 Option Notice, as more specifically set forth below. Pursuant to the Phase 2 Option Extension, the City has until January 20, 2020 to respond to the Phase 2 Option Notice; however, Developer hereby agrees to a further extension of the City response period for the Phase 2 Option Notice until January 29, 2020.

1. Amendment to Exhibit 1

Exhibit 1 attached to the Phase 2 Option Notice is hereby amended and replaced in its entirety with Exhibit 1 attached hereto. The substance of Exhibit 1 has not changed; we have simply revised the legend text for clarity.

2. Amendments to Exhibit 1A

Exhibit 1A attached to the Phase 2 Option Notice is hereby amended and replaced in its entirety with Exhibit 1A attached hereto. In addition, paragraph two of Section (a) of the Phase 2 Option Notice is hereby amended and restated in its entirety as follows:

“For reference, Exhibit 1A shows a comparison between the land area boundaries of Phase 2 as generally shown on Exhibit 2-1: Scheme A – Development Phasing Concept included on page 23 of the MCP (the “**MCP Phasing Plan**”) and the revised land area boundaries proposed in this Phase 2 Option Notice. Note that the initial Take Down of Phase 2 includes portions of future Avenue A, Avenue C, Creekside Drive and City Place Parkway; however, those areas will be released from the Ground Lease upon completion by Developer and acceptance by the City. The total land area within Phase 2 is comprised of

1,939,100 s.f., which is approximately 12% less than the 2,200,000 s.f. of land area allocated to Phase 2 as shown in the MCP Phasing Plan.

3. Amendments to Exhibit 2

Exhibit 2 attached to the Phase 2 Option Notice is hereby amended and replaced in its entirety with Exhibit 2 attached hereto. In addition, Section (b) of the Phase 2 Option Notice is hereby amended and restated in its entirety as follows:

"A revised conceptual Phasing Plan is attached to this letter as Exhibit 2. The revised Phasing Plan shows a new Phasing Plan that includes changes to the boundaries of Phase 2 and Phase 3, and, upon approval, the revised conceptual Phasing Plan will replace Exhibit E to the DDA that will govern future Phase approvals under the DDA. The current Phasing Plan that was attached to our approved Phase 1 Option Notice is attached to Exhibit 2 for reference. Also included within Exhibit 2 is a diagram that shows a comparison between the Phase 1 Phasing Plan and the revised Phasing Plan submitted with this Phase 2 Option Notice."


4. Clarification Regarding Base Rent for Phase 2

Despite the reduction in Phase 2 land area from that shown in the MCP, Developer remains committed to pay to the City the full \$1.5 million in annual Base Rent in accordance with DDA Section 6.1.8 for the proposed Phase 2 Ground Lease, and will not seek a pro-rata rent reduction in that Ground Lease due to any reduction in Phase 2 square footage from the Phase 2 Original Phase Boundary. Depending on the land area within Phase 3 at the time of exercise, adjustments to rent allocations based on changes to land area may be appropriate at that time.

Very truly yours,

RELATED SANTA CLARA, LLC,
a Delaware limited liability company

By:
Name:
Title:


Stephen Eimer
EVP

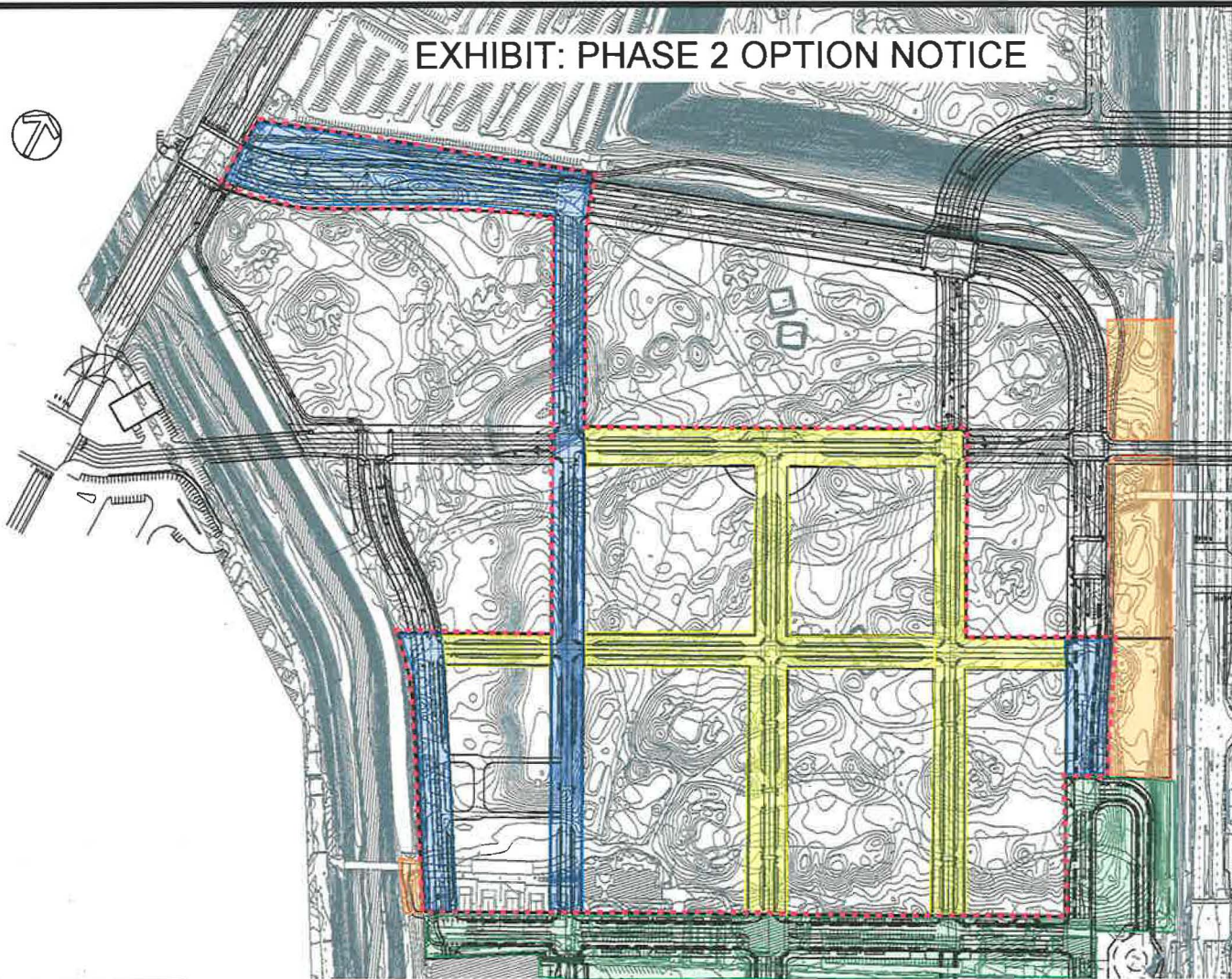
cc: Brian Doyle, Esq., City Attorney
Ruth Shikada, Assistant City Manager
Anna Shimko, Esq.



EXHIBIT 1

See Attached

EXHIBIT: PHASE 2 OPTION NOTICE



RELATED
SANTA CLARA

..... Proposed Lease Parcel

Public Roads (to be dedicated in fee)

Public Improvements within Phase 2 scope of construction (outside of Ground Lease Boundaries)

Phase 1 Work

Private Roads

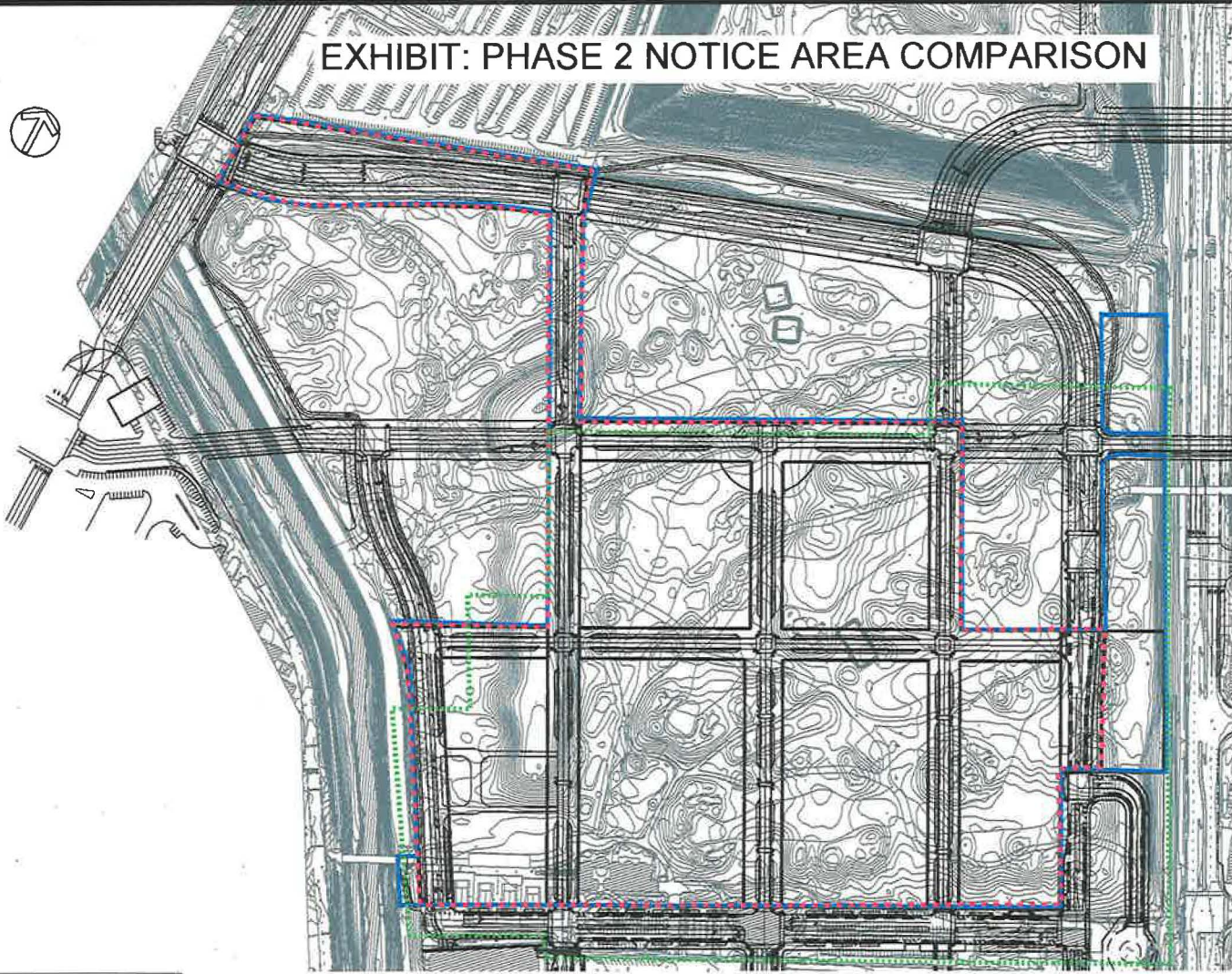


 **RELATED**
SANTA CLARA

EXHIBIT 1A

See Attached

EXHIBIT: PHASE 2 NOTICE AREA COMPARISON



RELATED
SANTA CLARA

— Phase 2 Land Area: 1,939,100 sq ft

--- Phase 2 existing limits: 2,200,000 sq ft (Per MCP)

--- Proposed Phase 2 Lease Parcel



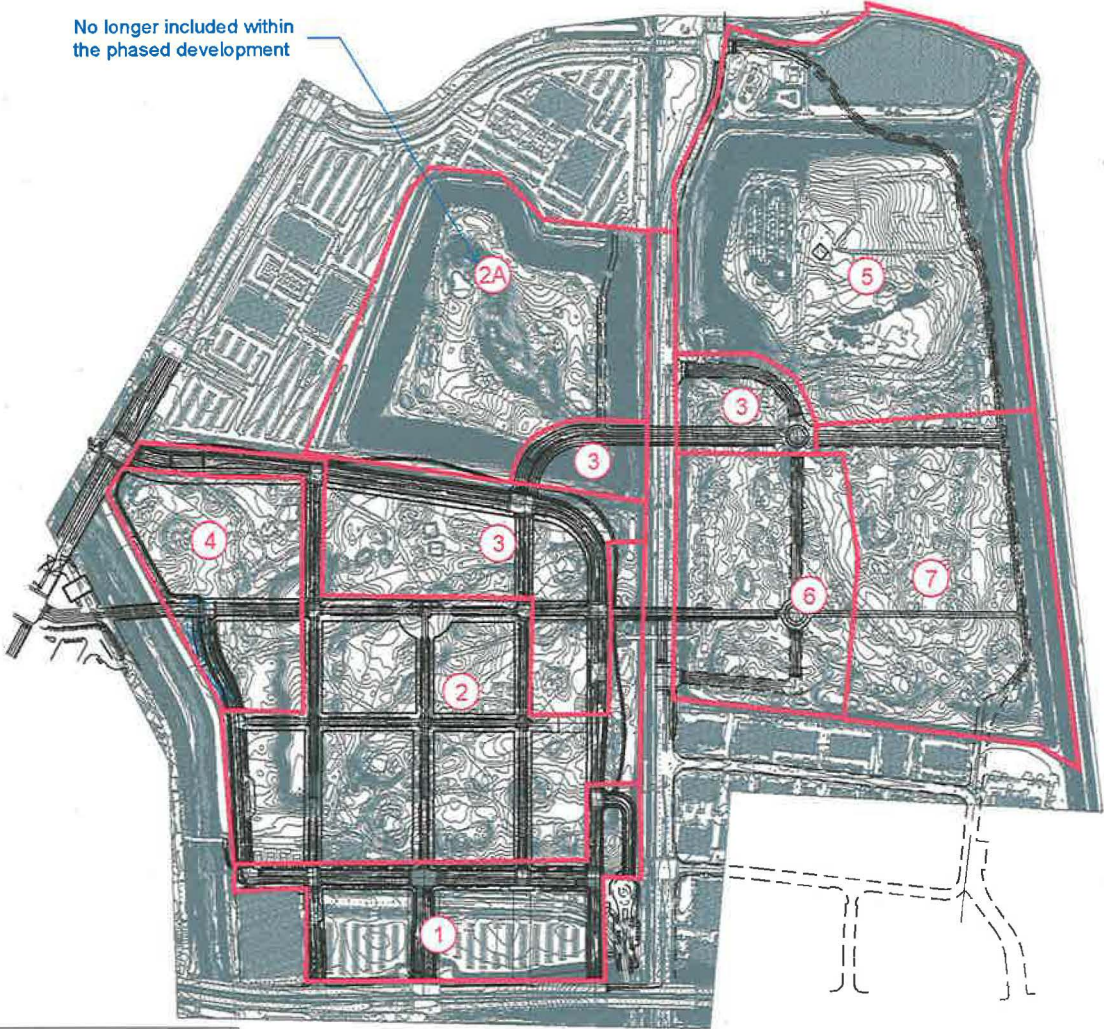
**RELATED
SANTA CLARA**

EXHIBIT 2

See Attached

Revised City Center Phasing Summary

No longer included within the phased development



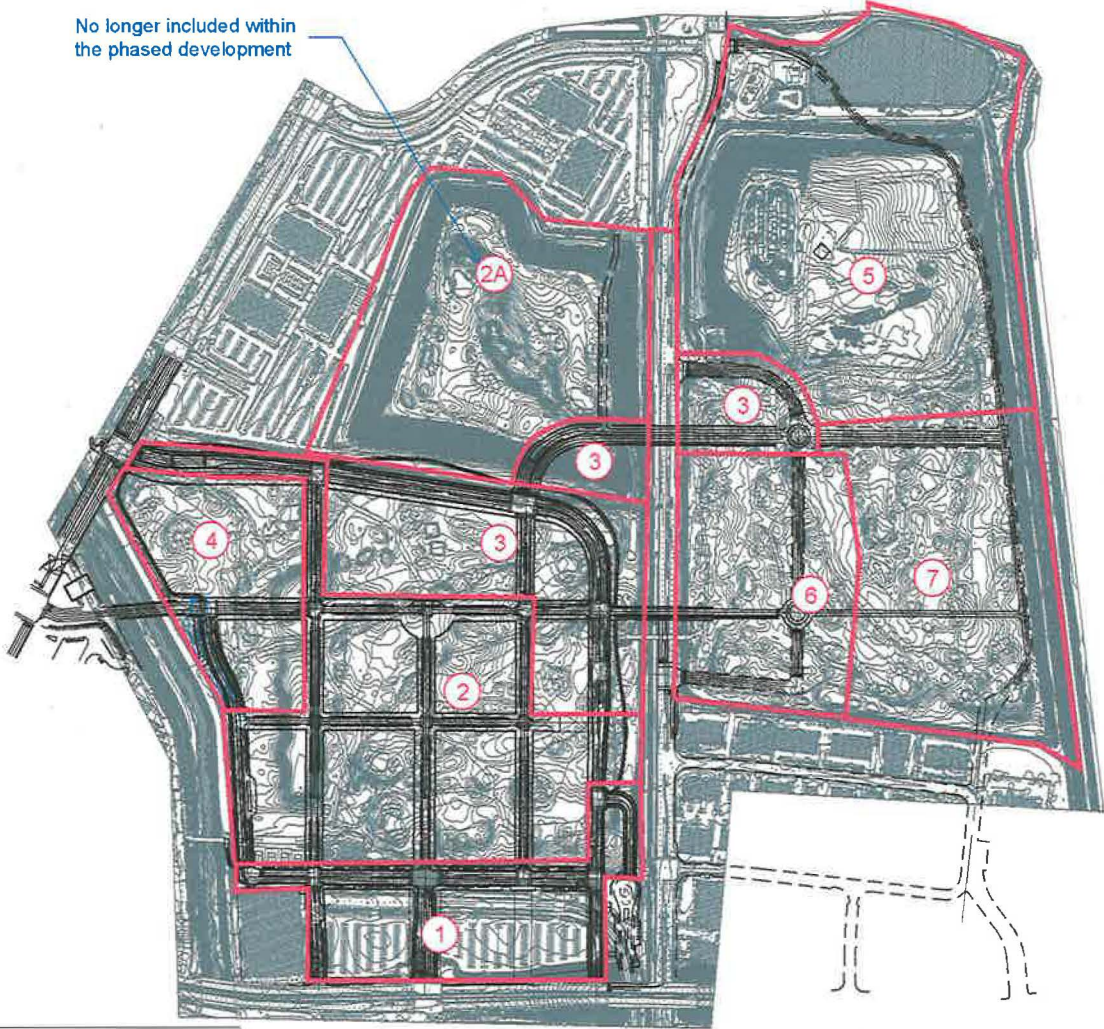
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*Refinements to parcel areas and sequencing may occur



Revised City Center Phasing Summary
Per Phase 1 Option Notice

No longer included within
the phased development



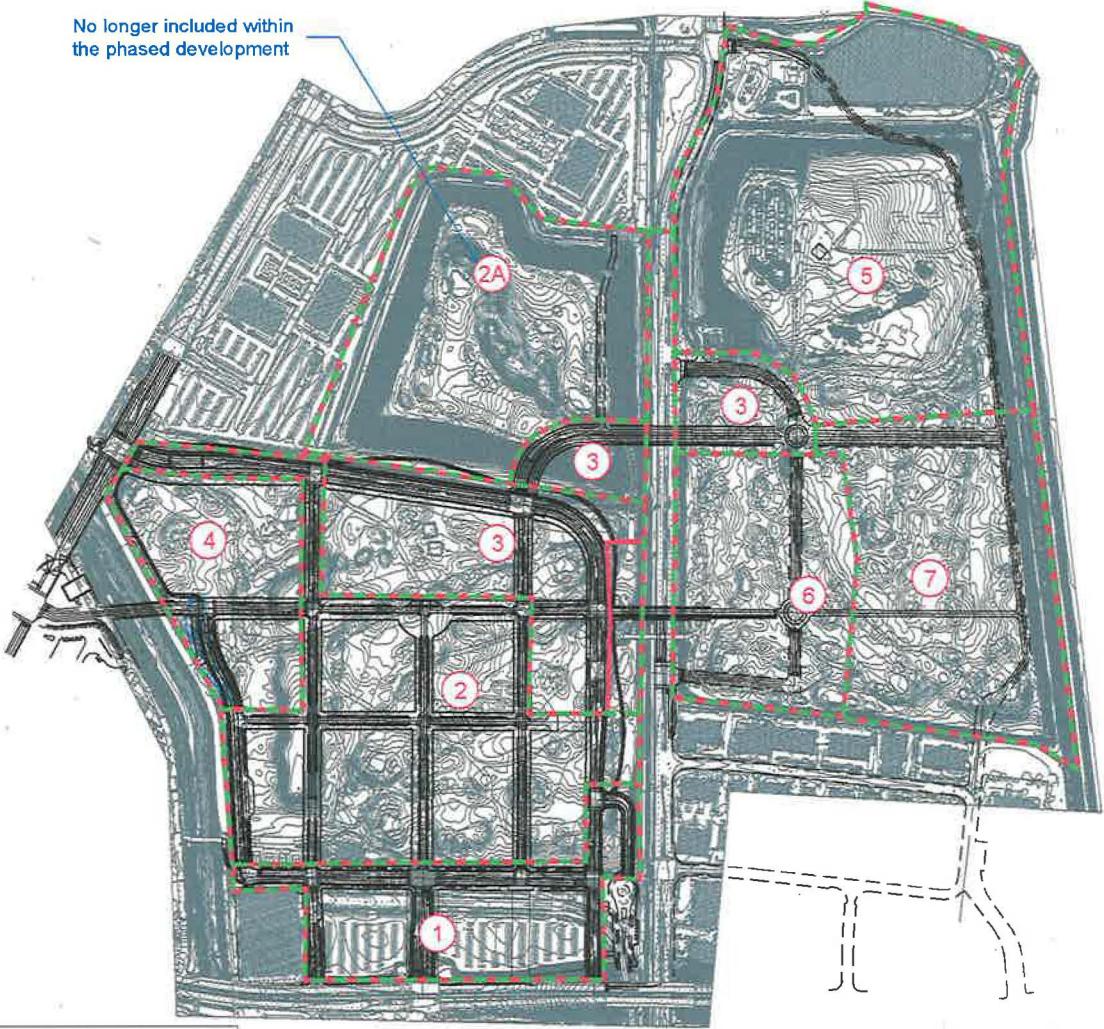
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*Refinements to parcel areas and sequencing may occur





Revised City Center Phasing Summary Comparison

No longer included within the phased development



RELATED
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-  Phasing shown in the Phase 1 Option Notice
-  Proposed Phasing

*Refinements to parcel areas and sequencing may occur

