



**City of
Santa Clara**
The Center of What's Possible

City Manager's Office

September 20, 2018

Phillip A. Wade
IA Lodging Santa Clara, LLC
c/o Xenia Hotels & Resorts
200 So. Orange Ave., Suite 2700
Orlando, FL 32801

Re: ***City of Santa Clara – New Streets for City Place Project***
Offer to Purchase Interest in Property
Property Location: Equitable Servitude Interest in the
Santa Clara Golf Course & Tennis Center

Dear Mr. Wade:

As you were previously notified by letter dated April 3, 2018, the City of Santa Clara retained Valbridge Property Advisors to assist in appraising property rights necessary for the relocation of Stars & Stripes Drive and development of Avenues A, B and C ("Project"). This letter and accompanying documents contains materials related to an offer to purchase property rights for this public Project.

Although the land upon which the streets will be built is owned by the City, it is encumbered by a Recreational Facilities Agreement, dated April 30, 1985 (as amended the "RFA"). The RFA is an appurtenance to that certain Hotel Ground Lease by and between the Redevelopment Agency of Santa Clara and SCC Associates. The Hotel Ground Lease is for that certain parcel located at 5105 Great America Parkway (APN: 104-55-012) which is improved with a Hyatt Regency Hotel.

Our title research indicates that IA Lodging Santa Clara, LLC, is the successor Lessee under the Hotel Ground Lease and the RFA. The relocation of Stars & Stripes Drive and construction of Avenues A, B and C would result in a displacement of the tennis courts and would leave the golf course in such form, shape and reduced size and to render it no longer useful as a golf course. The City has therefore obtained an appraisal of the diminution in value and/or damages to the leasehold estate and rights afforded thereunder pursuant to the Hotel Ground Lease as a result of the acquisition of Lessee's interests under the RFA.

Attached for your review are the following documents:

1. Appraisal Summary Statement;
2. Property Acquisition Informational Brochure;
3. Recreation Facilities Termination Agreement; and,
4. Quitclaim Deed

The City of Santa Clara offers the amount of \$306,000 in accordance with requirements of Section 7267.2 of the California Government Code, which represents the value of the tennis court improvements and the diminution in value to the Hotel Ground Lease estate caused by the loss of the RFA, as determined by an independent, state licensed and certified appraiser.

Pursuant to California Code of Civil Procedure Section 1263.025, should you elect to obtain an independent appraisal, the City will pay for the actual reasonable cost, up to \$5,000, subject to the following conditions: (i) you, not the City, must order the appraisal; (ii) the selected appraiser must be licensed with the California Bureau of Real Estate Appraisers; and, (iii) appraisal cost reimbursement request must be made in writing and submitted to the City of Santa Clara, 1500 Warburton Avenue, Santa Clara, CA 95050, Attention: Ruth Shikada, Assistant City Manager. Said request must be submitted within ninety (90) days of the earliest of the following dates: (a) the date the selected appraiser requests payment from you for the appraisal; or (b) the date upon which you, or someone on your behalf, remitted full payment to the selected appraiser for the appraisal. Copies of the contract and invoice for completed work by the appraiser must be provided to the City concurrently with submission of the appraisal cost reimbursement request.

We are prepared to meet and discuss the proposed acquisition with you, and to assist you through the process. Please feel free to contact the undersigned at any time. Finally, please also be aware that nothing in this letter is intended to pre-commit the City of Santa Clara to any particular action with respect to the proposed acquisition.

Sincerely,

CITY OF SANTA CLARA



By: Deanna J. Santana
City Manager

cc: F. Gale Connor, Miller Starr Regalia