



November 4, 2019

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

Re: ***Request For Approval under DDA Section 4.4 (Response Required within 30 days from Receipt)***

Phase Option Notice for Phase 1, 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:

This letter constitutes the Phase Option Notice for Phase 1 of the City Place Santa Clara Project, as provided under Section 4 (and all other applicable provisions) of the above-referenced DDA.¹ Capitalized terms used in this letter but not defined herein shall have the meanings given to such terms in the DDA.

By this letter, Developer hereby exercises its Phase Option for Phase 1 of the Project. As required under Section 4.1.1 of the DDA, the Phasing Information required under Section 4.1.1 is provided as follows:

(a) ***The proposed geographic boundaries of the Phase, consistent with the Phasing Criteria outlined in Section 4.1.2, below, including, at a conceptual plan level, the proposed public street and open space network and any other community facility parcels on which public improvements will be constructed but ownership will remain in the City;***

Exhibit 1 attached to this letter shows the proposed geographic boundaries of Phase 1. The diagram shows (i) the boundaries of the area that would be Taken Down under the Phase 1 Ground Lease; (ii) the overall boundaries of Phase 1, including public improvements that would be constructed as part of Phase 1 on City-owned property located outside of the Phase 1 Ground Lease boundary; (iii) the public street network associated with Phase 1; and (iv) the location of the Station Area that will be retained by the City and constructed in advance of Phase 1.

For reference, Exhibit 1A shows a comparison between the boundaries of the Tasman Parcel identified as Phase 1 in the DDA and the revised boundaries proposed in this Phase Option Notice. Note that the initial Take Down of Phase 1 includes portions of future Stars and Stripes; however, that area will be released from the Ground Lease upon completion by Developer and acceptance by the City. Upon the release of Stars and Stripes from the Ground Lease, the developable area of Phase 1 will be 492,000 s.f., exactly the same amount of square footage approved under the DDA.

(b) ***A revised conceptual Phasing Plan that shows the boundaries and anticipated order of development of all remaining Phases of development in the context of the proposed Phase boundaries;***

¹ The current Schedule of Performance provides that the Outside Date for the submittal of the Phase 1 Phase Option Notice is December 31, 2018. However, as documented in the City's letter from Anna Shimko, dated October 18, 2018, the City has agreed that an event of Force Majeure is currently in effect, commencing on July 27, 2018, and is continuing in effect until the date as of which the O&M Agreement has been executed by both Parties. Because the O&M Agreement has not yet been executed, this Phase Option Notice complies with the Schedule of Performance. Developer also notes that Developer's time for performance for future obligations under the DDA, including Take Down of Phase 1, are susceptible to extension for Excusable Delay to the extent that the City is not in a position to deliver Phase 1 free of all tenants, leases, and occupants.

A revised conceptual Phasing Plan is attached to this letter as Exhibit 2. The revised Phasing Plan shows the new Phasing Plan that includes the changes to the boundaries of Phase 1 and Phase 2, and is intended to replace Exhibit E attached to the DDA for purposes of future Phase approvals. DDA Exhibit E is attached to Exhibit 2 for reference. Also included within Exhibit 2 is a diagram that shows a comparison between the Phasing Plan approved as part of the DDA and the revised Phasing Plan boundaries.

(c) **A revised Allowed Square Footage Table (if required pursuant to Section 4.2.3 hereof).**

This requirement is inapplicable to Phase 1.

(d) ***A textual description of the conceptual scope of development for the Phase, which shall include: (i) the anticipated types and amounts of uses; (ii) maximum anticipated development density; and (iii) the amount and timing of infrastructure anticipated to be constructed as part of the Phase; and (iv) a general overview of the parking and loading facilities anticipated to be provided as part of the Phase.***

Phase 1 will include a total of 1,047,000 GSF, which is 20% greater than the 873,000 GSF defined in the Master Community Plan (MCP), but which is permissible under the transfer provisions defined in Section 3.2 of the MCP. Uses in Phase 1, which are all permissible under the MCP, will include 440,000 GSF of office; a 480 key hotel consisting of 381,000 SF; 200 serviced apartments comprising 175,000 SF and 51,000 SF of retail and food & beverage.

Phase 1 proposes a northward shifting of Stars and Stripes Drive which increases the development area from approximately 11.3 acres to 14.3 acres. The planned development will result in an FAR of 1.68, which is less than the 2.52 included in Table 3-2 of the MCP.

Concurrently with the submittal of this Phase Option Notice, we are pleased to submit our Phase 1 DAP application. The Phase 1 DAP application provides detailed information as to the proposed Phase 1 development including the associated Infrastructure and an overview of proposed parking and loading facilities.

(e) ***An updated Best Efforts Report in accordance with Section 5.3.7(a) below).***

See Exhibit 3 for the updated Best Efforts Report. Note that in connection with the Phase 1 DAP approval, Developer intends to seek City approval of an Alternate Leasing Plan with respect to Major Department Stores for the Project.

Very truly yours,

RELATED SANTA CLARA, LLC,
a Delaware limited liability company

By: 

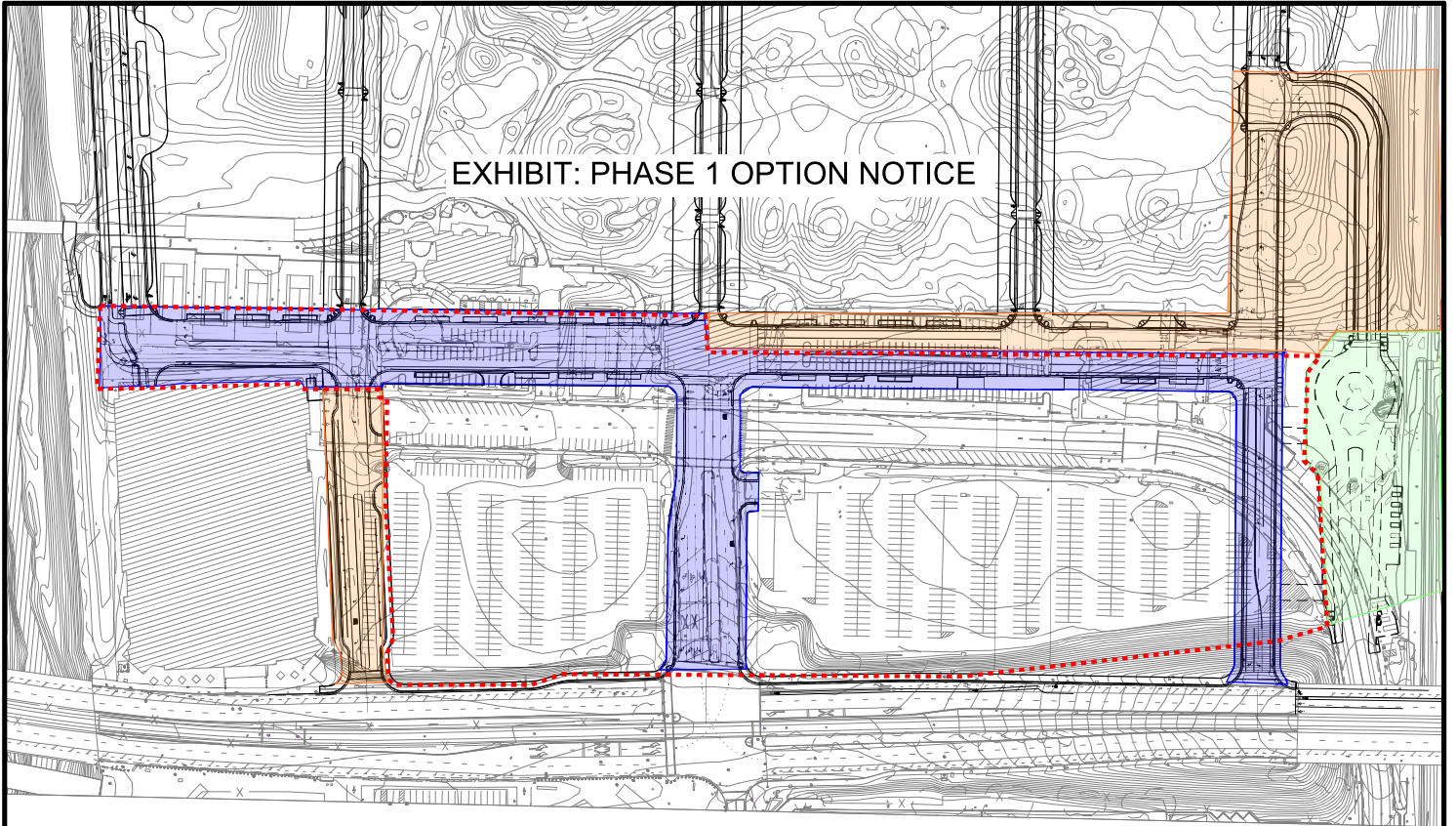
Name: Stephen F. Eimer

Title: Executive Vice President & Co-Managing Partner


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


Exhibit 1


EXHIBIT: PHASE 1 OPTION NOTICE




RELATED
SANTA CLARA

 Work prior to Phase 1

 Phase 1 Lease Parcel

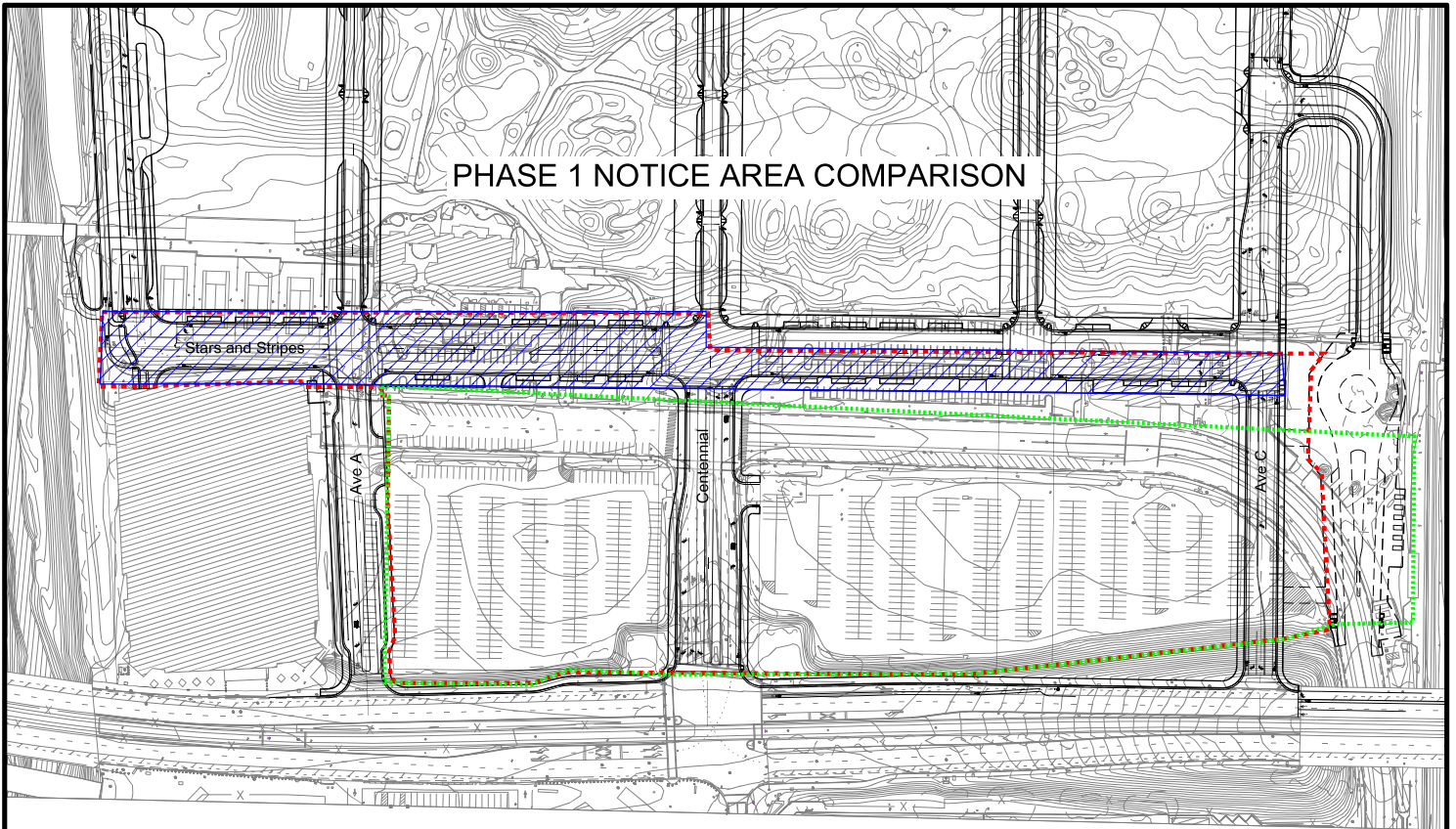
 Public improvements within Phase 1 scope of construction
(outside of Ground Lease Boundaries)

 Public Roads (to be dedicated in fee or by easement)

WSP

Exhibit 1A

PHASE 1 NOTICE AREA COMPARISON



RELATED
SANTA CLARA

- Tasman Block Parcel existing limits: 492,000 sq ft
- Phase 1 Lease Parcel: 620,000 sq ft (492,000 sq ft upon removal of Future Stars and Stripes)
- Future Stars and Stripes (removed from Phase 1 Lease upon City acceptance): 128,000 sq ft

Centennial ROW: 40,000 sq ft (airspace parcel fee or easement dedication)

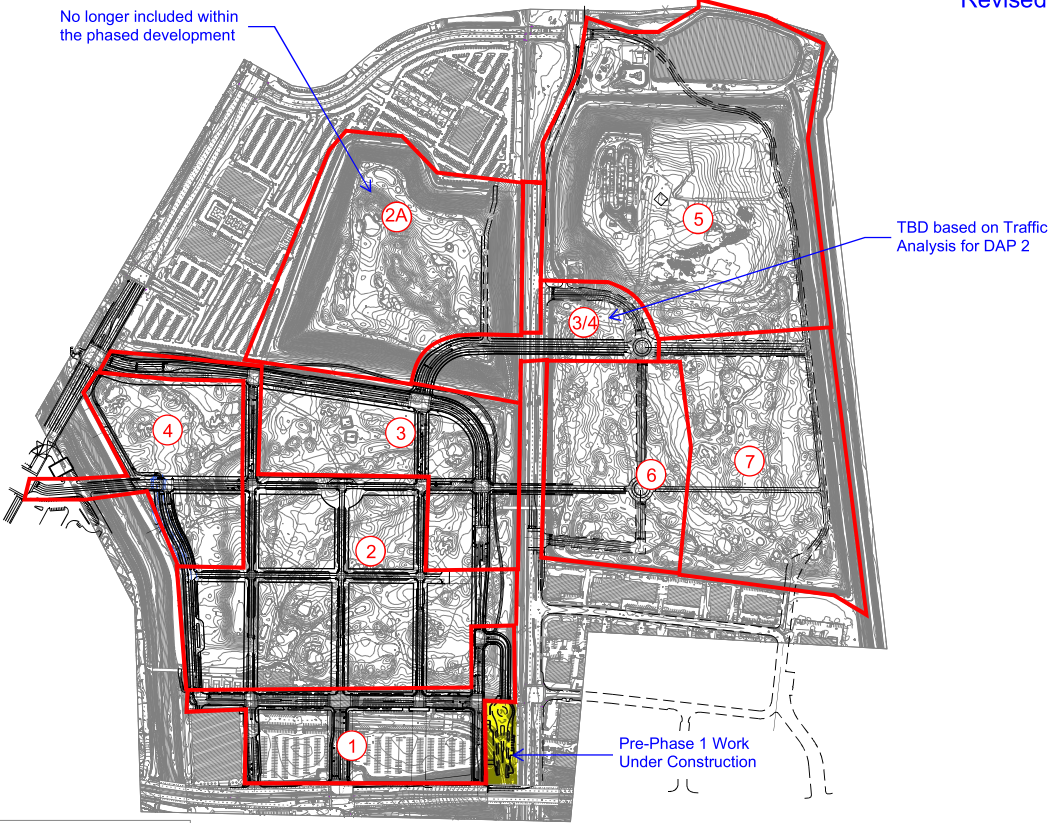
Ave C ROW: 22,000 sq ft (airspace parcel fee or easement dedication)

Stars and Stripes ROW: 128,000 sq ft

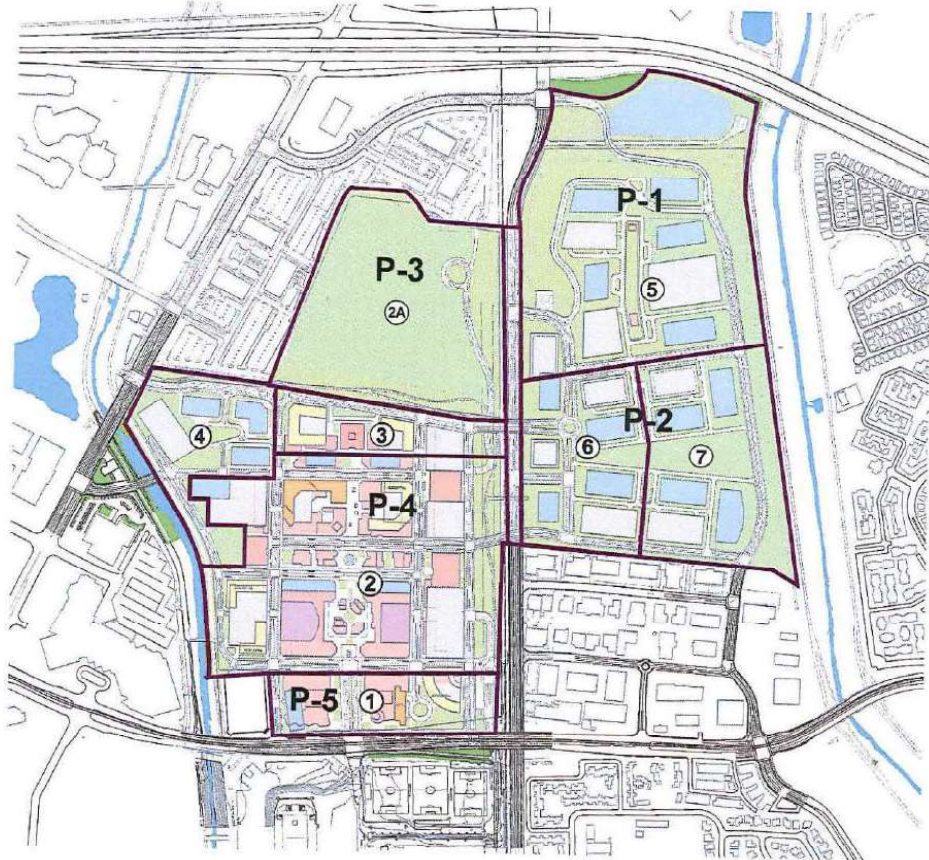
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Exhibit 2

Revised City Center Phasing Summary



PROGRAM & PHASING SUMMARY

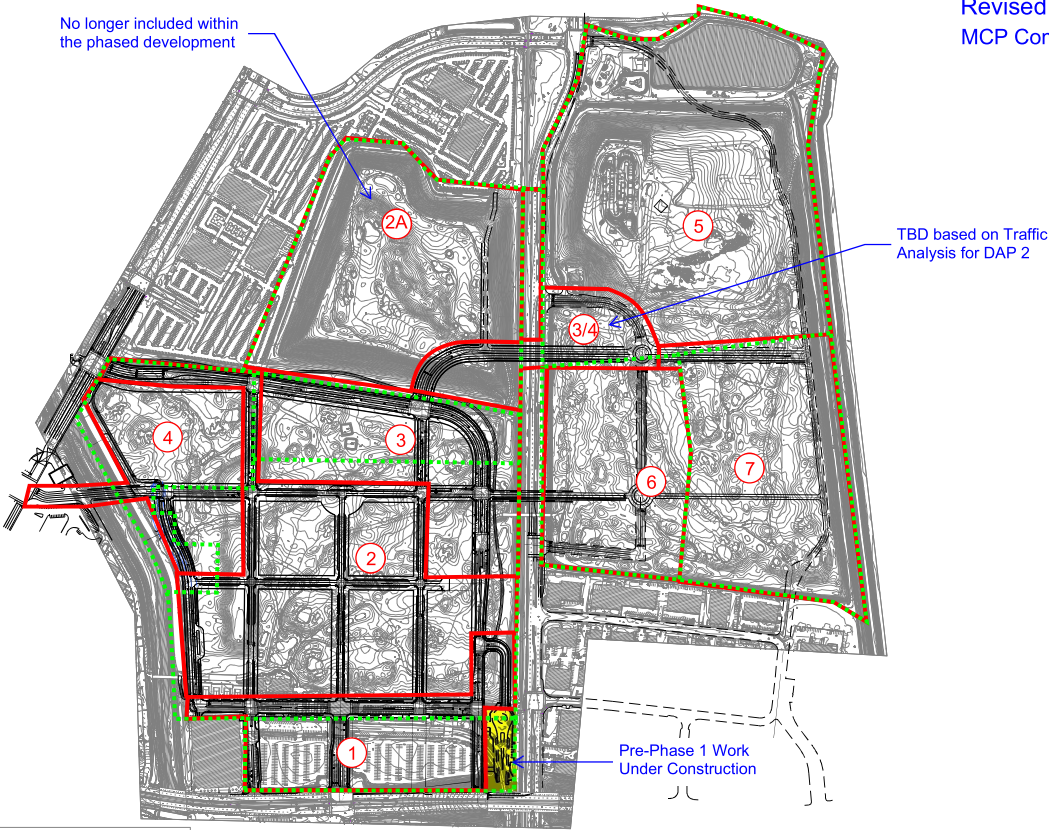


SANTA CLARA JUNE 02, 2016

RELATED RTXL ELKUS MANFREDI ARCHITECTS

PHASING PLAN - DDA EXHIBIT E

Revised City Center Phasing Summary
MCP Comparison



RELATED
SANTA CLARA

..... Phasing as shown in the DDA
——— Proposed Phasing

WSP

Exhibit 3



Retail Best Efforts Report #4

November 1, 2019

The purpose of this report is to describe the retail marketing efforts undertaken by Related, in accordance with Section 5.3.7 of the DDA, to identify tenants for “Additional Buildings, Additional Retail Buildings, or Major Department Stores” within Phase 1, Phase 2 and Phase 3 of the Project (all capitalized terms hereunder refer to definitions provided in the DDA).

Related continues to be very active in discussions with many retail tenants about the Project. The recent opening of Related’s Hudson Yards project in New York has over 100 retailers totaling over 700,000 square feet, many of which are applicable to our retail vision for the Santa Clara Project. In addition, Related is under construction on The Grand in downtown Los Angeles designed by Frank Gehry, which will include 200,000 square feet of retail in addition to 436 apartments, and Related is in the process of renovating and re-leasing the retail portion of the 650,000 square foot mixed-use project at Rosemary Square in West Palm Beach, FL. The scale and quality of these projects gives Related the unique advantage of high level access to the strongest retailers in the market - regional, national and global credit worthy retail tenants that are actively looking to expand their store counts.

Related has continued to promote the Project to the fullest extent possible, including the following efforts:

1. Continued investment and expansion of the Related Santa Clara marketing suite in the Techmart Building adjacent to the site – state of the art digital marketing and presentation materials used for tenant presentations, including a custom scale model of the entire project site fabricated by Foster & Partners.
2. Ongoing presentations and discussions with key tenants, users and food and beverage operators including Uniqlo, H&M, Sephora, Williams Sonoma, Restoration Hardware, Carvana, Mercedes Benz, Milo’s Restaurant, Porter House Restaurant, Jose Andres and Thomas Keller to name a few.
3. Distributed Request for Proposal (RFP) to multiple cinema/theater operators for built-to-suit anchor building within CityCenter, including Alamo Theaters, Cinemark and others.
4. Active discussions with live theatre and live music producers and operators for a dedicated entertainment special purpose entertainment building.
5. Continue to highlight the Project at ICSC (International Council of Shopping Centers) New York and Las Vegas exhibitions and tradeshow.
6. Upgrades and updates to the project website - www.relatedsantaclara.com and promotion of the project on Related’s corporate materials and website (www.related.com).