



2175 MONARCH STREET  
ALAMEDA, CA 94501  
(P) 510 749-0304  
(F) 510 749-1095

ALAMEDA POINT COMMUNITY PARTNERS, LLC

September 20, 2006

Debra Kurita  
City Manager/Executive Director  
Alameda Reuse and Redevelopment Authority  
950 W Mall Square, Building 1  
Alameda, CA 94501

RE: Alameda Point Conditional Acquisition Agreement

Dear Ms. Kurita:

APCP has been working with the ARRA for over five years in an effort to move Alameda Point forward. Both parties have expended significant funds and personnel resources in an effort to initiate this redevelopment project.

As I am sure you are aware, there has been a dramatic downturn in the real estate market over the last six months and the project is no longer economically feasible, in our estimation, under the terms demanded by the Navy. This recent market downturn is exacerbated by the volatility in the market for environmental insurance and the demands being made upon the project by the historic preservation community. Because of the continuing deterioration of the real estate development market, the draft document with the Navy entitled Summary of Acquisition Terms and Conditions represents an economic deal structure that is no longer acceptable to APCP.

This letter shall serve to provide notice to the Alameda Reuse and Redevelopment Authority ("ARRA") pursuant to section 4.4 of the Conditional Acquisition Agreement ("CAA") that Alameda Point Community Partners ("APCP") elects not to proceed with the project and therefore must terminate the CAA.

We are very disappointed that APCP will be unable to continue with the Alameda Point project and we appreciate the efforts made by the ARRA and staff and hope that the project will someday become a reality for the City of Alameda.

Sincerely,

R. John Ochsner  
Executive Vice President of Centex Homes  
Managing Member of Alameda Point Community Partners, LLC

Cc: B. Burke, T. Gamble, L. Marceau, D. Ciabattari, P. Rafton, A. Barry, D. Freilicher