

November 9, 2006

*Via Facsimile and U.S. Mail*

Mr. James R. Roberts  
Pinnacle Museum Tower Owners Association  
550 Front Street  
San Diego, California 92101

**Re: Children's Museum & Pinnacle Tower Association**

Dear Mr. Roberts:

This office represents Pinnacle Market Development (US), LLC, a California limited liability company ("Developer") and I am writing this letter in response to: (i) your letter dated October 25, 2006 to Michael DeCotiis and (ii) Cynthia Gibson's e-mail dated October 24, 2006 to me.

Developer is concerned that you and Ms. Gibson appear to continue to fail to understand some of the basic concepts regarding the governance of your building. Additionally, you make several accusations in your letter, all of which are unfounded. More specifically:

During our recent telephone conversation I explained to you that The Children's Museum & Pinnacle Tower ("Master Development") is not an ordinary high-rise project like the others in downtown San Diego. It contains two separate projects: the residential and commercial units located in the Pinnacle Museum Tower ("Pinnacle Tower Project") and the Children's Museum ("Museum Project"). The Pinnacle Tower Project and the Museum Project were created on one legal lot and each is located within its own condominium module (i.e., the "Museum Module" and the "Tower Module"). Developer created the Pinnacle Tower Project within the Tower Module. The Children's Museum (the museum as an operating entity is referred to herein as the "Museum") is building the Museum within the Museum Module.

As you should be aware, the Developer created the Master Development subject to the Master Declaration of Covenants, Conditions, Restrictions and Easements for Children's Museum & Pinnacle Museum Tower Development ("Master Declaration"). The Master Declaration covers the entire Master Development, and therefore applies to both the Pinnacle Tower Project and the Museum Project and their respective related modules. The Pinnacle Tower Project is further and additionally governed by the Amended & Restated Declaration of Restrictions for the Pinnacle Museum Tower ("Tower Declaration"), which applies solely to the Pinnacle Tower Project.

In light of that governance structure, Ms. Gibson's request, in her e-mail, that the Museum Module be "annexed" to the Master Declaration is unnecessary: the Museum Project (as well as its related module) is already governed by the Master Declaration and the Museum is already a member of the Master Association created by the Master Declaration.

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The Master Declaration is clear when the assessments commence. Section 4.6 of the Master Declaration entitled "Date of Commencement of Regular Assessments; Adjustment of Regular Assessments; Due Dates" states :

The Master Board shall fix the amount of the regular assessments against each Condominium at least thirty (30) days in advance of each fiscal year but may change the assessment amount on any subsequent occasion. Unless otherwise determined by the Master Board, regular assessments shall be due and payable in annual installments on the first day of the calendar month in which assessments originally commenced. No notice of regular assessments shall be required except for notices of changes in assessment amount or changes in due dates. Written notice of changes in the regular assessments shall be sent by first class mail to every Owner subject there-to not less than thirty (30) nor more than sixty (60) days prior to the change in assessments becoming due.

The initial resolution of the Master Association dated April 22, 2003 reiterates when assessments for the Master Association commence. Also, pursuant to the Master Declaration and the Tower Declaration, the Museum is required to pay a portion of the "Museum Module Allocable Operating Costs" related to the Tower Association's operation and maintenance of the Parking Structure which is owned by the Tower Association. Section 7.1 of the Master Declaration governs the Parking Structure operating costs and payment of Parking Structure operating costs between the Museum and the Tower Association.

In your letter, you improperly complain about the lack of meetings of the Master Association Board of Directors. Because the Pinnacle Tower Project was not completed and first closing did not occur until October 7, 2005, and the Museum Project had not commenced until this year, other than to file the Master Articles, adopt the Master Bylaws and record the Master Declaration as it was required in order to convey the Tower Module to the Developer, there was no need to hold annual meetings or board meetings of the Master Association. During this time, the Pinnacle Tower was under construction and the Museum was still trying to raise funds to commence construction.

You are further incorrect about the composition of the Board of Directors of the Master Association, the date of the adoption of the bylaws of the Master Association, and the responsibilities of the Master Association.

The Developer, as the original owner of the Tower Module, was initially one of two members of the Master Association (the other being the Museum). On October 7, 2005, the Developer conveyed the real property that is the Pinnacle Tower to the Pinnacle Museum Tower Association ("Association"). At that time, the Association replaced the Developer as a member of the Master Association. Thus, the two members of the Master Association are the Museum and the Association. The initial resolutions of the Master Association dated April 21, 2003 and April 22, 2003 named Apriano Meola, Michael DeCotiis and Grace Kwok as members of the Board of Directors and officers of the Master Association. Also, the Statement of Information was filed with the Secretary of State's office on July 9, 2003. We are unaware that this board composition has ever changed.

The Articles of Incorporation for the Master Association were filed on April 18, 2003. The Master Bylaws of the Master Association were adopted on April 25, 2003 and not on April 25, 2006. The

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Master Declaration was recorded on April 23, 2003. On April 23, 2003, the Museum conveyed to Developer the Tower Module.

Your allegations that the Master Association has failed in some way to maintain the property are incorrect. There is no physical space that the Master Association has a responsibility to maintain. Therefore, the Master Association has not failed to carry out its maintenance obligations for the Master Development. Nor has the Master Board failed to comply with the Master Declaration. Because the Master Association does not own any physical property, it cannot install security infrastructure at the site (i.e. security gates, security cameras and security kiosk.) If you are referring to the Museum Project construction site, then the concerns you have raised in your letter should be addressed to the Museum. If you are referring to the security cameras for the Parking Structure or entry area to the Pinnacle Tower, then those issues need to be addressed by your Board. Also, the Master Board has nothing to do with the trash storage areas for commercial owners and tenants. Once again, that is the responsibility of the Pinnacle Tower Board.

In your letter, you state that the Master Board could have just asked the Museum to waive the earthquake insurance requirements mandated by the Museum. The provisions relating to the Museum Project and rights of the Museum that are set forth in the Master Declaration and the Tower Declaration were mandated by counsel representing the Museum and the requirements of the Redevelopment Agency of the City of San Diego. When you last called me about the earthquake insurance, I explained why this provision was in the Tower Declaration and Master Declaration.

Your letter also states that Mr. DeCotiis failed to adhere to corporate formalities without specifically identifying what "formalities" you mean.

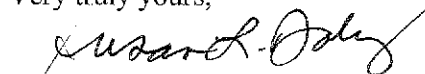
Per your request, the Master Board will cause to be called a meeting of the members of the Master Association as soon as possible. As there have been no breaches by the existing Master Board, there is nothing for them to rectify. As to your demand that no "Developer" serve on the Master Board because the Master Association must be operated by those individuals who have an actual interest in this organization, please refer to the Master Bylaws regarding the composition of the Board of Directors, terms of their service, and their removal. Please be advised, however, that although it is clear that you personally prefer not to have the Developer representatives involved at this time, until you and the other members of the Tower Board clearly understand how the Pinnacle Tower has been structured and should operate, the current members will not resign.

Mr. DeCotiis understands and accepts that you appear to enjoy taking contrary positions, but he is particularly concerned about what appears to be your lack of understanding about the governance of the various portions of the Master Development. Because you represented that you are an attorney and you had served as a board member in your prior owners association, Mr. DeCotiis gave you his votes and got you appointed on the Board of Directors of the Tower Association and expected that you could assist in helping the other members of the Board understand this project. Please review the governing documents for the Master Development and Pinnacle Tower (or obtain advice from someone who will read them) before sending any more letters on behalf of the Tower Association with unfounded accusations.

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If you have any questions concerning the above, please do not hesitate to contact me. Please direct all future communication regarding this matter to me. For your convenience, I am sending you a copy of the package of documents sent to Ms. Gibson on September 22, 2005.

Very truly yours,



Susan L. Daly

HECHT SOLBERG ROBINSON GOLDBERG & BAGLEY LLP

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Enclosures

cc: Mr. Chris Eddy (w/encls.)  
Mr. Bob Natapow (w/encls.)  
Mr. Apriano Meola (w/encls.)  
Mr. Rick Bortolussi (w/encls.)  
Mr. Michael DeCotiis (w/encls.)  
Ms. Grace Kwok (w/encls.)  
Ms. Cynthia Gibson (w/encls.)