



**DEPARTMENT OF THE NAVY**

SOUTHWEST DIVISION  
NAVAL FACILITIES ENGINEERING COMMAND  
1220 PACIFIC HIGHWAY  
SAN DIEGO, CA 92132-5190

N00217.004057  
HUNTERS POINT  
SSIC NO. 5090.3

11011  
Ser 06CH.CH\0905  
August 30, 2004

VIA FEDEX

Mr. Ross W. Allen  
TMC, Inc.  
P.O. Box 884522  
San Francisco, CA 94188

Dear Mr. Allen:

Your current lease, Agreement N6247492RP00H52, allows for your use of a portion of the former Hunters Point Naval Shipyard. Pursuant to Part II, Paragraph E, "Termination by the Government," the Government may terminate the lease at any time. The Government exercised this option in its letter of April 26, 2004. That letter served as a thirty (30) day notice to terminate your operations and remove your property from the Shipyard. You did not comply with these requirements within the specified 30-day period and did not provide the Government with a detailed plan and anticipated timeline regarding the removal of your personal property. You did not provide any written response to our letters. Furthermore, in a telephone conversation on June 17, 2004, you indicated that you were unable to pay rent and requested that the government formally terminate your lease. You also stated that all personal property of your company and sub-tenants would be removed from the premises by September 2004. Your lease has been terminated.

You have been delinquent in the payment of rent to the Government. According to the terms of your lease, Part I, Article 3, "Rent," you are currently in arrears in the amount of \$67,678.80 (sixty-seven thousand six hundred seventy-eight dollars and eighty cents). Delinquent payments include the month of August 2002 and the entire period from January 2003 through August 2004. In our letter dated March 15, 2004, the Navy proposed a payment plan to ease in the settlement of this debt. You have verbally informed us that the proposed payment plan is financially unmanageable. In our letter of April 26, 2004, the Government sought to recover this debt and requested that you provide an alternative plan for satisfying this balance by providing a detailed payment schedule. The Navy has not received a response addressing this issue, as your letter of May 30, 2004 only advised us of your inability to pay rent. The Navy appreciates your willingness to remove all personal property by the specified date, but a payment plan must be established to recover the amount of rent you have failed to pay. The Government is not in a position to forgive this debt.

Mr. Mike Mentink of our Caretaker Site Office will be contacting you by September 3, 2004, prior to your departure, to arrange a walk-through inspection of the premises. This walkthrough will help identify and address any matters concerning the physical condition of the leasehold area. In particular, Paragraphs G and H, "Surrender," and "Restoration of Leased Property," require you to "restore the leased property and each item thereof to the condition in which it was received."

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As stated in our June 17<sup>th</sup> conversation, if you have not vacated the leased premises by September 30, 2004, the Navy will work with counsel to select a legal remedy to ensure that you and your subtenants have vacated the property. The Navy hopes that no further legal action will be necessary and that all lessee property and equipment will be removed from the premises in accordance with the terms and provisions of the lease. We appreciate your assistance and immediate attention to this matter.

Thank you for your cooperation in this matter. If you have questions, please call me at (619) 532-0990.

Sincerely,

  
CHRISTOPHER E. HASKETT  
Real Estate Contracting Officer

Copy to:  
Ms. Patricia McFadden  
SWDIV Detachment  
410 Palm Avenue Bldg 1 Ste 1  
Treasure Island  
San Francisco CA 94130

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