



**Manchester Pacific Gateway
One Market Place, San Diego, CA 92101**

June 8, 2007

Manchester Pacific Gateway is not being defiant, but is simply trying to clarify inconsistent and confusing positions taken by the California Coastal Commission.

MPG is caught in a jurisdictional dispute as to whether its proposed redevelopment of the Broadway Complex property is subject to the "Federal" Coastal Zone Management Act or not. The Federal CZMA exempts from the California "Coastal Zone" all Federal property. The CZMA directs the relevant Federal agency (here, the United States Navy) to determine if development that would affect California's coastal property is consistent with the California Coastal Act.

The Navy so concluded back in 1991 with respect to the redevelopment outlined in what became the 1992 Development Agreement between the City of San Diego and the Navy. As a matter of fact, the California Coastal Commission, in a ruling UNDER the Federal CZMA, previously CONCURRED with the Navy's finding. In that concurrence, the California Coastal Commission acknowledged that the redevelopment would be performed by a private developer pursuant to a long-term ground lease. Both the Navy and the California Coastal Commission concluded that the redevelopment would enhance access to and services at coastal property.

The Navy recently determined that, since 1991, there have been no substantial changes under the CZMA that would prevent the project from proceeding. Most important, the Navy so advised the California Coastal Commission and pointed out that the redevelopment MUST be done in a manner consistent with the 1992 Development Agreement (previously approved by the California Coastal Commission).

MPG would be pleased to obtain the concurrence of the California Coastal Commission with the Navy's finding. But the California Coastal Commission has refused repeated attempts by MPG to seek that concurrence.

Manchester Pacific Gateway will continue to process the project implementation through CCDC, and then the City of SD Building Department for all building permits. MPG will always comply fully with the Federal Coastal Zone Management Act, and all requirements outlined in the Development Agreement between the City of San Diego and the US Navy.

For further inquiries, please contact:

Steve Strauss, Esq.

Cooley Godward Kronish, LLP

4401 Eastgate Mall

San Diego, CA 92121-1909

Phone: 858-550-6000



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