

HERMAN/STEWART CONSTRUCTION

WE BUILD RELATIONSHIPS®

April 19, 2012

Mr. Andrew McIntyre
Vice President
The JBG Companies
4445 Willard Avenue, Suite 400
Chevy Chase, Maryland 20815

RE: 33 New York Avenue, NE
Washington, DC

Dear Mr. McIntyre:

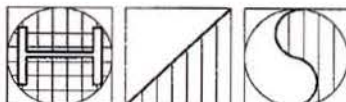
This letter is written in response to your request to review the cost estimate and schedule impact of potentially constructing up to seven levels of subterranean parking at the above referenced project.

The cost estimate to construct two levels of garage parking for P1 and P2 to realize thirteen (13) parking spaces per the plan dated April 18, 2012 (copy attached) is approximately \$2,085,345.00. The cost estimate to construct seven levels of garage parking with fifty-seven (57) parking spaces is \$10,169,954.00.

Additionally, please note that the cost for constructing each successive parking level below the P2 level increases significantly and incrementally due to cost factors which increase with each level of depth below P2 (costs beyond the direct increase in quantity and volume) associated with the excessive depth of construction and the small size of the parcel. Please see the Estimate Summary dated April 19, 2012 (copy attached), for reference. Some of these cost factors include the following:

- Additional dewatering requirements required for the deeper excavations.
- Excavation operations cost premiums for deeper excavations. The deeper this project depth goes combined with the small footprint nature of this site, results in far less efficient methods of dirt removal. Excavation methods we will need to utilize include crane and bucket removal for the lowest levels.
- Increased costs associated with the installation and additional bracing requirements for sheeting and shoring systems to support the deeper excavation.
- The deeper sheeting and shoring systems will also increase the costs of other operations including excavation and concrete placement. These cost increases are due to lower production rates and detail work associated with working around the additional rakers and internal bracing.
- Increased costs associated with the installation of waterproofing for the deeper exterior walls.

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www.herman-stewart.com



Board of Zoning Adjustment
District of Columbia
CASE NO.18344
EXHIBIT NO.26F

HERMAN/STEWART CONSTRUCTION

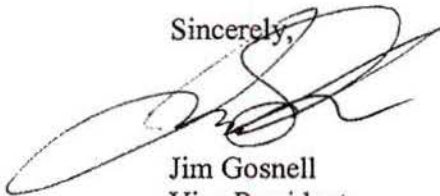
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Increased costs for concrete placement due to less efficient operations with deeper concrete placement.

Please also note that the project schedule duration will increase incrementally with each successive deeper level, ie: the duration to install level P7 will take longer than the duration to install P2 due to the inefficiency of installing the building systems in the deeper depths of the project. These negative time impacts will increase the total project cost beyond those identified in the attached Estimate Summary for factors such as the additional carrying cost for project financing, delays to revenue generation for the hotel, etc.

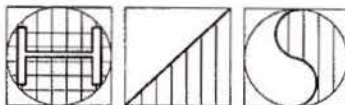
Please contact me should you have any questions.

Sincerely,



Jim Gosnell
Vice President
Herman Stewart Construction

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Estimate Summary

PROJECT: Hyatt Place
LOCATION: Capital Square
Washington, DC.
ESTIMATOR: R. Everhart

ESTIMATE DATE: 4/19/12
PER PLANS DATED: 4/18/12

ESTIMATE # Alt. Garage

33 New York Avenue Garage Estimate (Per April 18, 2012 Plans)

CODE	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST	AMOUNT	TOTAL
2000	SITE WORK						
	Excavation	7,508	cy	\$ 40	\$ 300,320	\$ 300,320	
	Underpinning	183	cy	\$ 750	\$ 137,500	\$ 137,500	
	Sheeting & Shoring	8,300	sf	\$ 38	\$ 315,400	\$ 315,400	
	Dewatering System	1	ls	\$ 65,000	\$ 65,000	\$ 65,000	
							\$ 818,220
3300	BUILDING CONCRETE						
	Parking Level P2 (Found. & Walls)	10,137	sf	\$ 40	\$ 405,480	\$ 405,480	
	Parking Level P1 (Found & Walls)	10,137	sf	\$ 34	\$ 344,658	\$ 344,658	
							\$ 750,138
7920	CAULKING						
	WP Foundation Walls	8,300	sf	\$ 5	\$ 41,500	\$ 41,500	
							\$ 41,500
9900	PAINTING / W.C.						
	Paint - Garage Levels - Columns & Ceiling	20,274	sf	\$ 1.25	\$ 25,343	\$ 25,343	
							\$ 25,343
15400	PLUMBING						
	Parking Levels	20,274	sf	\$ 3	\$ 60,822	\$ 60,822	
							\$ 60,822
15510	SPRINKLER						
	Dry System (GARAGE)	20,274	sf	\$ 2.25	\$ 45,617	\$ 45,617	
							\$ 45,617
15800	HVAC						
	Parking Levels	20,274	sf	\$ 8	\$ 162,192	\$ 162,192	
							\$ 162,192
16100	ELECTRIC						
	Parking Levels	20,274	sf	\$ 5	\$ 101,370	\$ 101,370	
							\$ 101,370

Estimated Costs For Additional Levels

	Level P3	\$ 1,199,073
	Level P4	\$ 1,378,934
	Level P5	\$ 1,585,774
\$ 10,169,954	Level P6	\$ 1,823,641
\$ 160,411	Level P7	\$ 2,097,187
\$ 178,420		

SUBTOTAL	\$ 2,005,201
OH&P	\$ 70,182
SUBTOTAL	\$ 2,075,383
P & P BOND	N.I.C.
BUILDERS RISK	N.I.C.
INSURANCE	\$ 9,962
GRAND TOTAL	\$ 2,085,345
PER LEVEL	\$ 1,042,672