

Exhibit 7

**SUMMARY REPORT PURSUANT TO  
CALIFORNIA GOVERNMENT CODE SECTIONS 52201  
FOR AN AGREEMENT TO  
CONVEY BY SALE AND LEASE  
SITE A OF ALAMEDA POINT, ALAMEDA, CA 94501  
BY AND BETWEEN THE CITY OF ALAMEDA AND  
ALAMEDA POINT PARTNERS, LLC**

The following Summary Report has been prepared pursuant to California Government Code Sections 52201. The report sets forth certain details of the proposed Disposition and Development Agreement to convey in fee and through lease certain City-owned property at Alameda Point, referred to as "Site A" (the "DDA"). The DDA is proposed between the following parties:

1. The City of Alameda ("City");
2. Alameda Point Partners, LLC ("Developer"), a Delaware limited liability company.

**INTRODUCTION**

The Naval Air Station Alameda (NAS Alameda) and the Fleet and Industrial Supply Center, Alameda Annex and Facility, which encompasses the Naval facilities and grounds comprising the western end of the City of Alameda and consists of approximately 1,546 acres of real property, together with the buildings, improvements and related other tangible personal property located thereon and all rights, easements and appurtenances thereto, was decommissioned by the United States Department of the Navy (the "Navy") in 1993 and closed in 1997.

In 1996 the Alameda Reuse and Redevelopment Authority (the "ARRA"), of which the City is a member, the Local Reuse Authority under federal base closure law, approved the NAS Alameda Community Reuse Plan (the "Reuse Plan"), as amended in 1997, to establish a plan for the reuse and redevelopment of the property at the former NAS Alameda, a portion of which (west of Main Street) is commonly referred to as Alameda Point. The Reuse Plan sets forth specific policy and planning goals and objectives with regards to the disposition and use of property at the NAS Alameda, which are being implemented under the DDA.

In 2003 the City adopted a General Plan Amendment for Alameda Point, which added Chapter 9 (Alameda Point) to the General Plan, in order to implement the community's vision for the reuse of Alameda Point consistent with the goals of the Reuse Plan and other City of Alameda policy documents.

The United States, acting by and through the Navy, approved the ARRA's Economic Development Conveyance Application and subsequently executed that certain Memorandum of Agreement between ARRA and the Navy for the No-Cost Economic Development Conveyance of Portions of the Former NAS Alameda, as such subsequently amended (the "EDC Agreement").

By operation of California State law, the Community Improvement Commission, a member of the ARRA joint powers authority, ceased to exist on February 1, 2012. Accordingly, the ARRA, by Resolution No 55, dated January 31, 2012, authorized the ARRA Executive Director to assign to the City all of ARRA's rights, assets, obligations, responsibilities, duties and contracts, including the EDC Agreement, subject to (i) the City accepting such Assignment; (ii) Department of Defense designation of the City as the local reuse authority for NAS Alameda; and (iii) execution of documents with the Navy necessary to implement the City as successor to ARRA.

Pursuant to City of Alameda Resolution No. 14654, dated February 7, 2012, the City authorized the City Manager to accept the Assignment of all of ARRA's rights, assets, obligations, responsibilities, duties and contracts, including the EDC Agreement, subject to the Department of Defense designating the City as the local reuse authority for NAS Alameda and the Navy executing documents necessary to implement the City as successor to ARRA.

By letter dated April 4, 2012, the Department of Defense and the Department of the Navy designated the City as the local reuse authority for NAS Alameda, and accepted the City as the successor to ARRA.

In June 2012, the City Council directed City staff to complete the necessary Environmental Impact Report ("EIR"), General Plan amendments, Zoning Ordinance amendments, including the creation of the Alameda Point District (Alameda Municipal Code 30-4.24), and a Master Infrastructure Plan ("MIP") for Alameda Point (collectively, the "Planning Documents") required to implement the Reuse Plan in compliance with the California Environmental Quality Act, the City of Alameda General Plan and the Reuse Plan.

On June 6, 2013, the Navy transferred approximately 1,379 acres, including 509 acres of land and 870 acres of submerged land, at the Alameda Point property pursuant to the EDC Agreement.

On February 4, 2014, the City Council approved the Planning Documents, which included approval of a mixed-use, transit-oriented development consistent with the Reuse Plan and General Plan and consists of the rehabilitation, reuse and new construction of approximately 5.5 million square feet of commercial and workplace facilities for approximately 8,900 jobs; maritime and water related recreation uses in and adjacent to the Seaplane Lagoon, including a new ferry terminal; rehabilitation and new construction of 1,425 residential units for a wide variety of household types for approximately 3,240 residents. The DDA is intended to implement the goals and policies described in the approved Planning Documents with respect to the Property.

On February 18, 2014, the City and the State of California ("State"), acting by and through its State Lands Commission, entered into that certain Naval Air Station Alameda Title Settlement and Exchange Agreement, whereby the State and the City agreed to complete an exchange of property rights (the "Exchange") to: (1) confirm any tidelands trust restrictions on certain lands to be acquired by the City pursuant to the EDC Agreement; (2) confirm that the Tidelands Trust Restriction did not affect certain lands to be acquired by the City pursuant to the EDC Agreement; and (3) remove the Tidelands Trust Restriction from certain lands to be acquired by the City pursuant to the EDC Agreement in exchange for the City's agreement to confirm or impose the Tidelands Trust Restriction on certain lands to be acquired by the City pursuant to the EDC Agreement (the "Exchange Agreement").

The Planning Documents require all new development at Alameda Point to comply with the Transportation Demand Management Plan for Alameda Point ("TDM Plan"), which was approved by the City Council on May 20, 2014. The TDM Plan outlines a plan for mitigating traffic impacts from new development during peak hours and supporting the creation of a transit-oriented development at Alameda Point including the formation of a Transportation Management Association and the establishment of fees or special taxes on developed property to pay the costs of implementation of the TDM Plan. The Developer has prepared and concurrently with approval of the DDA, the City is expected to approve a TDM Compliance Strategy for the Property. Through the DDA and the Planning Documents and as a condition of development, the Developer shall be required to implement the terms of the approved TDM Compliance Strategy.

The amended Zoning Ordinance for Alameda Point required that a specific plan be adopted for the Waterfront Town Center zoning sub-district. In conformance with the Zoning Ordinance, the City Council adopted the Town Center Plan on July 15, 2014 ("Town Center Plan"). The Site A property is located within the Town Center Plan area and the DDA is intended to implement the goals and policies described in the Town Center Plan.

The City is the fee title owner of or has the right to acquire under the EDC Agreement that certain portion of Alameda Point known as Site A which is approximately 68 acres and is located at the gateway into Alameda Point along the extension of Ralph Appezato Memorial Parkway (RAMP), and is more particularly described in Exhibit A and shown on the map of the Property attached to the DDA as Exhibit B (the "Property").

On or about May 1, 2014 the City issued a request for qualifications seeking a developer to develop the Property consistent with the Planning Documents, the Town Center Plan and the TDM Plan. The Developer has demonstrated to the City its experience with successfully developing properties similar to the Property, as demonstrated by its statement of qualifications submitted to the City on June 16, 2014. On December 1, 2014, pursuant to City Council authorization, the City and the Developer entered into the Exclusive Negotiations Agreement (the "ENA") for purposes of negotiating the subject DDA.

The City is now considering a DDA with the Developer, to convey in fee simple, lease, and/or provide temporary licenses the property at Site A. Pursuant to the terms of the DDA, the City will convey in fee simple, lease or provide other specified rights to the Property to the Developer, and the Developer will develop and construct a high quality, mixed-use "urbanistic" project that will attract a mix of residential, commercial, retail, restaurants, and

service businesses that can help create a walkable, inviting shopping experience, provide a "sense of place" for the community, create jobs for residents of the community and be the catalyst for the revitalization of the Alameda Point district and community as a whole in furtherance of the Reuse Plan.

The subject property's neighborhood and surrounding area is currently a decommissioned military base, with significant environmental cleanup needs and relatively limited commercial activity. The project will revitalize the site, providing jobs and amenities to the citizens of Alameda. Over the long term the Reuse Plan envisions a vibrant residential and commercial transit-oriented mixed-use community over hundreds of acres. As the first major new development project at Alameda Point, this development poses significant risks to a developer.

Portions of Site A were conveyed to the City of Alameda by the Navy on June 6, 2013, as part of a larger transfer. The City has the right to acquire the remainder of Site A under the terms of the EDC Agreement with the Navy.

The following Summary Report is based on information contained within the DDA and is organized into the following eight sections:

- I. **Identity of the Contracting Party:** This section provides the name and address of the Developer.
- II. **Salient Deal Points of the DDA:** This Section summarizes the major responsibilities imposed on the Developer and the City by the DDA.
- III. **Estimated Value of the Interest to Be Conveyed or Leased, Determined at the Highest and Best Use of the Property under the General Plan and Zoning:** This section estimates the value of the property, determined at the highest and best use of the property.
- IV. **Estimated Value of the Interest to Be Conveyed or Leased, Determined at the Use and with the Conditions, Covenants, and Development Costs Required by the DDA:** This section estimates the value of the property to be conveyed, factoring in the use of the property, and conditions, covenants, and development costs required by the DDA.
- V. **Economic Incentive/Development Subsidy Provided, and Cost of the Agreement:** This section details the economic incentive/development subsidy to be provided by the City and the costs to be incurred by the City to implement the DDA.
- VI. **Consideration Received and Comparison with the Economic Incentive/Development Subsidy Provided:** This section describes the financial compensation to be received by the City pursuant to the DDA.
- VII. **Creation of Economic Opportunity and Public Purpose:** This section explains how the DDA will assist in creating economic opportunity in the City.

**VIII. Job Creation:** This section describes the number of full-time, part-time, and temporary jobs created by effectuating the DDA.

This Summary Report and the DDA are to be made available for public inspection prior to approval of the DDA.

## **I. IDENTITY OF THE CONTRACTING PARTIES**

Alameda Point Partners, LLC  
C/O SRM Ernst Development Partners  
2220 Livingston Street, Suite 208  
Oakland, CA 94606

City of Alameda  
2263 Santa Clara Avenue  
Alameda, CA 94501

## **II. SALIENT DEAL POINTS OF THE DDA**

Copies the DDA and all associated transfer documents have been made available to the public in the manner prescribed in law. The DDA and the associated transfer documents are incorporated herein by this reference. This Section II summarizes the salient deal points of the DDA.

### A. Project Description

The Developer proposes to redevelop a 68-acre portion of the former NAS Alameda, herein described as "Site A." The DDA contains a number of complex terms for the transfer and development of the site, payment schedules, as well as a mechanism to share profits with the City over a specified threshold.

The Developer proposes to develop the following specified improvements, in three phases, consistent with the Town Center Plan and the Planning Documents (collectively, the "Project"):

1. Approximately 800 residential units (the "Residential Units");
2. Approximately 600,000 square feet of permitted and conditionally permitted non-residential uses (including but not limited to, retail, commercial, hotel, civic and other commercial space in newly constructed and rehabilitated buildings (the "Commercial Element")); and
3. The on-site and off-site public improvements and the Major Alameda Point Amenities specified in Exhibit G of the DDA, incorporated herein by this reference (the "Infrastructure Package").

### B. City Responsibilities

The DDA requires the City to:

1. Use commercially reasonable efforts to enforce its right to acquire the portions of the Property that are still in Navy ownership from the Navy in accordance with the terms of the EDC Agreement and to enforce the City's rights to complete the Exchange in accordance with the Exchange Agreement.
2. Convey Site A, a total of approximately 68 acres to the Developer, in phases as specified in the DDA. A portion of the property subject to the Tidelands Trust Restrictions will be leased to the Developer for a term of 66 years.
3. Process applications for supplemental city approvals in a timely fashion.
4. Provide reasonable cooperation to the Developer in processing applications for City permits and approvals, and all other permits, approvals and "will serve" letters necessary for construction of the Project, provided that the City will not be required to incur any additional costs unless the Developer agrees to reimburse the City for such costs.
5. Subject to applicable legal requirements, the City will consider the formation of one or more public financing districts for the purpose of issuing bonded indebtedness or otherwise obtain assessments or special taxes to pay a portion of the costs of design and development of infrastructure.
6. Use commercially reasonable efforts to obtain the permits and approvals necessary for the construction of the Ferry Terminal in cooperation with the Developer.

### C. Developer Responsibilities

The DDA requires the Developer to:

1. Complete development of Site A according to the terms of the DDA, the Town Center Plan, and other documents.
2. Pay non-refundable deposits, including the \$200,000 at execution of the ENA and an additional \$100,000 due at execution of the DDA.
3. Install backbone infrastructure valued at \$88 million, including new "complete" streets and utility infrastructure; an upgraded sewer line from Site A to the northern boundary of Site A, increasing the feasibility of new commercial development in the adaptive reuse and enterprise areas; approximately 15 acres of parks and open space improvements; and public and private parking improvements.
4. Make land and prepaid lease payments totaling \$15 million (to be dedicated toward construction of a ferry terminal and sports complex at Alameda Point).
5. Use commercially reasonable efforts to assist with obtaining permits and approvals

for the Ferry Terminal and additional sources of funds for the Ferry Terminal if necessary.

6. Construct improvements to the Seaplane Lagoon Plaza as part of Phase 1 of the Development.
7. Allow the City to share in profits from the development of Site A above the Developer's internal rate of return of 18 percent (with other stipulations).
8. Construct affordable housing in the amount of 25 percent of the 800 units planned for Site A.
9. Implement "Phase 0" activities, which consist of a number of temporary retailers and activities to act as a "phase 1" for the permanent retail development and to create amenities that will assist with the implementation of development of Site A and attracting commercial users to other parts of Alameda Point.
10. Indemnify the City against all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Developer' performance or non performance under the DDA.
11. Comply with the local hire goals.

### **III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED OR LEASED, DETERMINED AT THE HIGHEST AND BEST USE OF THE PROPERTY UNDER THE GENERAL PLAN AND ZONING**

Site A is zoned pursuant to the City's Waterfront Town Center zoning sub-district and Town Center Plan dated July 15, 2014. Site A is meant to serve as the "town center" and heart of the overall Alameda Point development, including waterfront recreation and commercial amenities. The EIR prepared for all of Alameda Point contemplated a total of 1,425 residential units and 5.5 million square feet of commercial development. The Development Plan for Site A contains all of the development allocated to it under this overall limit and consistent with the EIR, and therefore reflects the highest and best use of the site under current zoning. The City has specific planning objectives, consistent with the Town Center Plan and zoning that precludes lower density single-family detached housing in this area and instead encourages higher density development near planned bus rapid transit lanes along the extension of RAMP and within close proximity to the planned new ferry terminal at the Seaplane Lagoon. Higher density development has higher development costs and therefore may not support as high a land value as lower density residential development. In addition, the conveyance terms from the Navy limit the number of residential units that are allowed to be constructed at Alameda Point. Residential uses have been identified as the most valuable, but are constrained.

Because of the complexity of the site and the deficient and outdated infrastructure and other current conditions, it is difficult to appraise the value of the property at "highest and best use". In its current condition the Property essentially cannot be developed because of the large scale infrastructure investments needed to support any development activities. The

best estimate of the value of the property is assessed using the current plan for entitlement along with the expected costs of development, adjusted for risk. Because the site is part of a much larger development plan for Alameda Point, it is responsible not only for the infrastructure and other improvements locally but also a share of large infrastructure improvements that serve all of Alameda Point consistent with the Reuse Plan and MIP. Consistent with the MIP, the total cost of infrastructure for the site is estimated at \$88 million, or \$1.29 million per acre. Only approximately 35 acres of the 68-acre Property are developable due to parks and public street right-of-ways, resulting in a cost of \$2.5 million per developable acre. A recent appraisal by the City valued developable land at approximately \$1.44 million per acre. Taking into account the \$1.29 million per acre in infrastructure costs, the fact that only about 51% site is developable, the development constraints of the site, and the risks of developing the site, the estimated value of the property at highest and best use is approximately zero Dollars (\$0). There are certain leased properties included in the DDA, but these are either interim uses before final disposition or long term leases that are prepaid as part of the consideration detailed above.

#### **IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED OR LEASED, DETERMINED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE DDA**

Under the terms of the DDA, the Developer has agreed to construct a project consistent with the Town Center Plan and other Planning Documents. In addition to the required infrastructure costs, the Developer has agreed to provide additional amenities outside of Site A that consists of a \$10 million contribution to a ferry terminal and \$5 million contribution for an initial phase of the sports complex planned for Alameda Point that will serve the entire City.

The estimated value of the property to be conveyed and leased, at the use and with the conditions, covenants, and development costs required by the sale and lease is estimated to be equal to the additional payments of \$15 million. The Property will be conveyed to the Developer for \$15 million, and Developer, in exchange of receipt of the Property will install the estimated \$88 million of required infrastructure improvements necessary to support development of the property and in addition, the Developer will develop the Property in accordance with the terms of the DDA. In sum, the Developer is paying a total land payment and capitalized rent for the 68 acres of \$15 million.

The \$15 million consideration for the land added to the current estimated value of \$0 results in the total value of the interest to be conveyed under the terms of the DDA at \$15 million. The sale price and total rental revenue for the 68 acres negotiated under the DDA exceeds the fair market value, at highest and best use (as described in Section III), of the interests being conveyed to the Developer under the DDA.

#### **V. ECONOMIC DEVELOPMENT SUBSIDY PROVIDED, AND COST OF THE AGREEMENT**

The City acquired Site A from the Navy through the EDC Agreement at no cost. The DDA contemplates that the Developer will pay for all clearance costs, relocation costs (if any),



and the costs of installing the backbone infrastructure. The City has spent considerable staff and City resources in its efforts to redevelop NAS Alameda. The City has collected deposits from the Developer to defray the administrative cost associated with the negotiation of the DDA.

Because the current value of the property is approximately zero, and the City is receiving \$15 million in consideration, the City is not providing any economic development subsidies to the Developer for the development of Site A. The ENA and DDA are the product of a competitive process in which the City interviewed multiple firms, then negotiated a price and terms of payment competitively with two finalists. The Developer was chosen from this process based on price and terms of payment, as well as qualifications. Additionally, the City has a fiscal neutrality policy with regard to Alameda Point, which means that any infrastructure or improvements at Alameda Point must be funded from sources at Alameda Point, and on an ongoing basis the project must be fiscally neutral (it must generate at least as much annual tax revenue to the City as it costs annually to serve). The DDA enforces the City’s fiscal neutrality policy and requires the Developer to take steps to ensure continued compliance, including mitigation through special taxes. There is no economic subsidy provided under the DDA, and no incremental costs associated with the DDA other than those reimbursed by the Developer through deposits.

**VI. CONSIDERATION RECEIVED AND COMPARISON WITH ECONOMIC/INCENTIVE DEVELOPMENT SUBSIDY PROVIDED**

The City’s consideration for the conveyance of the property consists of the \$15 million in land payment and prepaid rent (to be used for public amenities outside of Site A) required of the Developer, along with \$300,000 in deposits for the City’s costs to negotiate and execute the DDA. This is in addition to the estimated \$88 million in infrastructure required for development of the Property. In addition, to the extent the internal rate of return (in rough terms, the profitability) of the project exceeds eighteen percent (among other terms); the City will receive a share of the profits on the following sliding scale:

**Profit Sharing Schedule  
Alameda Point Site A**

<u>IRR</u>	<u>Share to City</u>
18%	10%
20%	20%
22%	30%
25%	50%

Under current projections the City is not expected to receive any profit sharing from the Project. The City is receiving \$15 million in consideration, and providing no subsidy in connection with the DDA.

## VII. CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE

The property has been sitting essentially idle for over 20 years since the closure of the NAS Alameda. Since the great recession of the late 2000s, market conditions have been improving, especially for residential development, and the City has an opportunity to begin substantial redevelopment of NAS Alameda.

The City in its capacity as the local reuse authority is charged with implementing the transfer, development and future use of property at NAS Alameda in conformance with the various documents that implement the no-cost Economic Development Conveyance under the Base Close Act, including but not limited to the Reuse Plan, the EDC Agreement, the Lease in Furtherance of Conveyance. As such, Site A (and all other EDC Parcels) must be disposed of in a manner consistent with the EDC Agreement and with the purpose of supporting long-term job creation, infrastructure improvements and the economic redevelopment of NAS Alameda. The City has determined that transfers contemplated under the DDA are for the “common benefit” under Government Code Section 37350 and to create economic opportunity under Government Code Section 52200.

The important goals and objectives that are satisfied by the Project are:

1. Implementation of significant upgrades to deteriorating 70-year-old utility infrastructure that will serve not only Site A, but the adjacent adaptive reuse and enterprise areas reserved for predominantly employment generating uses.
2. Upon completion and full implementation, the Project to be developed pursuant to the DDA will generate an estimated 1,472 permanent jobs without further investment of City funds and 2,570 full-time equivalent (FTE) jobs during the construction of the project directly attributable to private sector investment in the development of Site A.<sup>1</sup>
3. Under Government Code 52200.2(b) the goal is to increase property tax revenues for all property tax collecting entities by at least fifteen percent (15%). The current property assessed value for the Property is zero because the Property is in public ownership. Implementation of the DDA is expected to result in significant increases in total assessed value. The projected assessed value at full implementation of the Project is estimated to be \$518,899,972, resulting in a property tax assessment of approximately \$6.7 million for all taxing entities. The real property tax revenues to all property tax collecting taxing entities would increase by this amount, as the current property tax assessment for the property is zero.
4. The creation of affordable housing to meet demonstrated affordable housing needs identified in the City’s General Plan Housing Element constitutes and economic

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<sup>1</sup> Based on planned development and \$484 million in construction and development expenditures.

opportunity. The Project will Increase the diversity of the housing stock in Alameda by providing a range of housing types at various affordability levels with 25% of the homes being affordable to very low, low and moderate income households. Specifically, the project will result in the creation of approximately two hundred (200) residential units permanently restricted to occupancy by Very Low Income Households, Low Income Households and Moderate Income Households, which will help meet the demonstrated affordable housing need of the City of Alameda, as defined and described in the City's General Plan Housing Element.

5. The Project meets the goals set forth in the adopted sustainable communities strategy and is a project that specifically implements the goals of the adopted sustainable communities strategy.
  
5. In addition to being a catalyst for future development at Alameda Point, under the DDA the Developer is providing \$15 million in consideration that will be dedicated to two key improvements outside of Site A, a new Ferry Terminal and an initial phase of the planned Sports Complex at Alameda Point. Both of these improvements will benefit not only Alameda Point residents and employees, but the entire Alameda community.

In addition to these benefits, the other taxing entities that rely on the Alameda tax base to support their services and programs will receive new property tax revenues. Those taxing entities include, but are not limited to, the local school district, East Bay Municipal Utility District, and East Bay Regional Park District.

## **VIII. JOB CREATION**

As described above, the project is expected to create 1,472 permanent jobs and 2,570 temporary construction jobs. The temporary jobs will be created during construction to construct infrastructure and public amenities, prepare the site, and construct buildings and other structures.