

April 28<sup>th</sup>, 2022

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Mr. John McManus  
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**RE: OFFER TO LEASE WITH OPTION TO PURCHASE – ALAMEDA POINT, BUILDING 11**

Dear Lisa, Nanette, John and Ted:

Attached please find our above referenced proposal for Building 11, 1190 W. Tower Avenue. We continue to be very interested in the ongoing redevelopment of the former Navy base. We believe the terms of our proposal, strength of capital and existing experience at Alameda Point and throughout the City of Alameda make our proposal the highest value execution for the City around this building. In short, our proposal will:

- Continue to establish a high quality institutional standard for redevelopment of the historic assets at Alameda Point and be a catalyst for more significant tenant investment;
- Commitment to a purchase price today equal to or greater in value than the value of a leased investment based on the indicative terms in the RFP recently issued by the City while also allowing for the payment of rent over the short term;
- Provide dollars now for infrastructure improvements that are much needed in the Adaptive Reuse District;
- Continue to expand Alameda's place in the market for advanced manufacturing, R&D and life science; and
- Create greater value and property tax basis and be attractive to tenants who bring many quality jobs and financial strength to support the cost of infrastructure and transit districts at Alameda Point.

I believe there are several more benefits we can add to this list. We hope you find our proposal attractive and we look forward to hearing from you. Thank you for your consideration.

Sincerely,

**srmErnst Development Partners**



Joe Ernst

Attachment: Offer to Lease with Option to Purchase – Alameda Point, Building 11

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**RE: OFFER TO LEASE WITH OPTION TO PURCHASE – ALAMEDA POINT, BUILDING 11**

Dear Lisa, Nanette, John and Ted:

We are pleased to submit the following proposal, which outlines the key terms for lease with option to purchase the Premises as defined below. This proposal is a preliminary statement of the parties' general intentions, is not a binding contract and supersedes all previous proposals and correspondence regarding the Premises.

- Premises:** 1190 West Tower Avenue (Building 11). An approximate 110,561 rentable square foot light industrial building . The final rentable square footage of the Premises is subject to final verification by Lessee's architect and approval in Lessor's reasonable discretion.
- Lessee:** srmErnst Development Partners, or assignee, with any assignment to be reasonably approved by Landlord and subject to a thorough credit review.
- Lessor:** City of Alameda, California ("City")
- Use:** Development for single or multi-tenant flex R&D and/or advanced manufacturing facility and related lawful uses.
- Lease Commencement:** Sixty (60) days from City Council approval
- Lease Term:** The initial lease term shall be for one hundred twenty (120) months from the commencement of Base Rent, after any/all credits and rent abatement.
- Extension of Lease Term:** Lessee shall have two 10-year options to extend the lease with six (6) months' notice prior to the end of the preceding Lease Term. The Rent for any extension period shall be at FMV but in no event 10% more than the prior period rent.
- Security Deposit:** The first month of paid Base Rent will be due upon lease execution, as well as a Security Deposit in a to be determined amount that will be determined by Lessor upon review of the detailed financial statements that are specific to the entity that will be on the Lease.

**Rent:** Rent shall be paid on a Net basis with Lessee responsible for taxes, insurance and operating expenses. Rent shall be paid on the following schedule:

| <u>Months:</u> | <u>Rent Per Month (Per RSF)</u> |
|----------------|---------------------------------|
| 01-12          | \$0.95                          |

On the one-year anniversary date of the Lease and each year thereafter, Rent shall increase by three percent (3.5%), annually.

Rent shall be abated for the first six (six) months from the Effective Date of the Lease. At Lessee’s option, Rent due may accrue and remain unpaid until the earlier of a) Lessee’s exercise of the Purchase Option (defined below) and closing of the Purchase, or b) expiration of the Purchase Option, at which time all accrued and unpaid Rent shall be paid.

**Delivery Condition:** Premises to be delivered by Lessor in current “as-is” condition, with no offset, and Lessee shall bear the cost of all capital repairs and improvements.

**Option to Purchase:** Between months six (6) and twenty-four (24) of the Lease Term, subject to any delay in the Mapping Process (defined below), Lessee shall have the Right to Purchase the Premises on an as-is basis. The Initial Purchase Price shall be Twenty-Two Million One Hundred Twelve Thousand and Two Hundred Dollars (\$22,112,200) or \$200 per rentable square foot (the “Initial Purchase Option Price”).

**Mapping Process:** Upon the Lease Commencement Date, Lessor and Lessee will cooperate to engage City’s surveyor and mapping firm to create and record a parcel map putting the Premises on its own legal parcel and Lessee will pay for the cost of such process if and when it closes on the purchase of the Premises.

**Prevailing Wage Requirements:** Tenant acknowledges that all capital improvement projects at Alameda Point are subject to Prevailing Wage Law and Requirements.

**Other Terms and Conditions:** All other terms and conditions of the lease are subject to mutual agreement between Lessor and Lessee, if not specifically covered herein.

**Confidentiality:** The material contained herein is confidential. It is intended for the use of Lessee and Lessor solely in determining the parties desire to enter into the aforementioned transaction and is not to be copied nor disclosed to any other party.

**Subject to Lease Execution:** This letter is only a proposal to negotiate and is neither an offer nor a contract. This proposal is only a list of the above terms and conditions that may or may not become a part of the final Lease. This proposal is not intended to be binding or to impose any obligations whatsoever on either party, including any obligation to bargain in good faith. No covenants are implied. The parties do not intend to be bound by an agreement until both agree to sign a formal written contract.

In addition, this letter is submitted subject to review and acceptance of the final terms and conditions of the Lease and related documents. Nothing contained herein shall be binding on either party unless and until such documents are approved, fully executed and exchanged by both parties. Either party is free to terminate the negotiations at any time, and will not by doing so incur any additional obligations or liability.

**Time is of the Essence:** This Letter of Intent shall expire at 5:00 p.m. on Friday, July 1, 2022.

If you have any questions, please do not hesitate to contact me at (510) 219-5376 or jernst@srmernst.com.

Sincerely,

**LESSEE:**



**srmErnst Development Partners**  
Joseph Ernst

**ACKNOWLEDGED AND ACCEPTED:**

**CITY OF ALAMEDA**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_