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April 4, 2016

Andrew Thomas
City of Alameda Community Development Department
2263 Santa Clara Avenue, Room 190
Alameda, California 94501-4477

**RE: DA-89-1: Annual Review on Performance of Obligations Under the
Harbor Bay Development Agreement For Year Ending April 4, 2016**

Dear Mr. Thomas:

Enclosed for your Department's review is the Annual Report on Performance of Obligations under Development Agreement DA-89-1 for the year ending April 4, 2016, which is hereby filed with the City on behalf of the Harbor Bay Business Park Association, Harbor Bay Isle Associates, and the Property Owners in the Harbor Bay Business Park.

In response to your direction for previous Annual Reports for years ending in April 2014 and April 2015, this Annual Report is also a Short Form Update focused on the compliance of the Harbor Bay Business Park Association, Harbor Bay Isle Associates and the Property Owners in the Harbor Bay Business Park specifically with respect to the requirements of the Harbor Bay Development Agreement DA-89-1 on which there have been activities or developments during this year under review. For the years 1990-2013, we submitted comprehensive Annual Reports that went through the Development Agreement section by section, but since most of the actions required of the Harbor Bay parties have been completed in prior years, that longer form of Annual Report is no longer required.

Sincerely,

DANIEL F. REIDY
Representative for the Harbor Bay Business Park Association and HBIA

Enclosure

cc: Joseph Ernst, srmERNST Development Partners and President of HBBPA
C. Timothy Hoppen, President, Harbor Bay Isle Associates (HBIA)
Stephen K. Brimhall, Treasurer of HBBPA and Executive Vice President of HBIA
Marcy Marks, GS Management Company - Property Manager, HBBPA

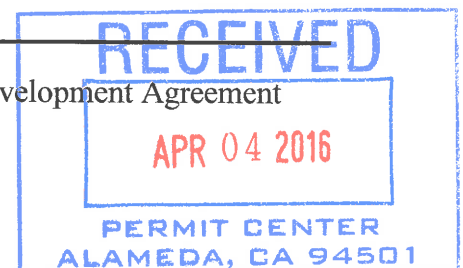
Exhibit 2
Item 6-A, 5/23/16
Planning Board Meeting

**ANNUAL REPORT ON PERFORMANCE OF OBLIGATIONS UNDER
DEVELOPMENT AGREEMENT DA 89-1
(APRIL 5, 2015 - APRIL 4, 2016)
BY
THE HARBOR BAY BUSINESS PARK ASSOCIATION
AND
HARBOR BAY ISLE ASSOCIATES**

Since the last Annual Report presented to the City of Alameda for the annual review of performance under Development Agreement DA 89-1 which was accepted and approved by the Planning Board on April 27, 2015 by Resolution No. PB-15-05, this Annual Report documents the performance by Harbor Bay Isle Associates ("HBIA" herein), the Harbor Bay Business Park Association, and the owners of properties in the Harbor Bay Business Park (the "Business Park Property Owners" herein) on activities and developments during the year ending April 4, 2016. The Annual Reports presented to the City for the years from 1990 through April 4, 2013 were comprehensive summaries of the performance of the Harbor Bay Entities on each section of the April 1989 Development Agreement, including references to items that were completed in prior years. This Annual Report, similar to the previous ones presented for the years ending April 4, 2014 and April 4, 2015, focuses on the performance of HBIA, the Harbor Bay Business Park Association, and the Business Park Property Owners specifically during this year under review.

Section 2.1 Shoreline Park

Dedication of portions of the Shoreline Park to the City and completion of the public access improvements therein were substantially completed in prior years. An area of 345 lineal feet in Phase III-B of the Shoreline Park contains temporary bicycle paths and pedestrian paths and landscaping which will be replaced with permanent improvements in conjunction with development of the adjacent Shoreline Parcel, as provided for in the Development Agreement and in the relevant BCDC Agreements and approvals. Funds have been reserved in the Harbor Bay Business Park Assessment District 92-1 to complete the permanent landscaping and public



access improvements along the Shoreline Park and along the Bayward edge of Harbor Bay Parkway in connection with development of a commercial building structure and other improvements on the privately owned Shoreline Parcel. During this year under review, the City's Planning Board and City Council approved a Final Development Plan and Design Review application for a proposed new hotel development and related improvements on the Shoreline Parcel, including completion of the permanent landscaping and public access improvements in the adjacent Shoreline Park, and the property owner has been working with BCDC to obtain its approvals for the public access improvements that are part of the work program for building the new hotel.

During this year under review, ongoing maintenance of the landscaping and other improvements in Phases III-A and III-B of the Shoreline Park which run along the Business Park and into the Harbor Bay Ferry Terminal, including repairs of the bike and pedestrian paths, was funded 50 percent by the Business Park Property Owners through a special assessment levied on the Business Park parcels located within the City's Island City Landscaping and Lighting District 84-2 (Zone 5), and the maintenance and repair of the landscaping and other improvements in these areas has been arranged for and managed by the Harbor Bay Business Park Association pursuant to a Landscape Maintenance and Management Contract with the City for LLD 84-2 (Zone 5), with the work performed under the supervision of the City's Public Works Department.

Section 2.7 Alameda Harbor Bay Ferry Terminal.

During this year under review, the Harbor Bay Business Park Association continued to arrange for and manage maintenance of landscaping, the parking lot, and public convenience facilities at the Harbor Bay Ferry Terminal on behalf of the City pursuant to an Operation, Maintenance and Management Agreement for the Harbor Bay Ferry Terminal with the City, including fulfilling the requirements of the Mitigations Monitoring Program related to the land-based portions of the Harbor Bay Ferry Terminal. Also, during this year under review, the Harbor Bay Business Park Association continued to contribute funding to the operational budget of the San Francisco Ferry Service provided by WETA through special assessments collected

from the Harbor Bay Property Owners.

3.2 Support of Public Transit

During this year under review, the Harbor Bay Business Park Association has continued to operate its Shuttle bus program that provides bus transport service connecting the Business Park with public transit stations at BART and the Harbor Bay Ferry Terminal during morning and afternoon rush hours. This service is provided free to passengers and is funded out of the assessment dues paid to the Harbor Bay Business Park Association by the Business Park Property Owners. This transport service is part of the Harbor Bay Business Park's traffic mitigation – TSM program which is managed on behalf of the Business Park Property Owners by the Harbor Bay Business Park Association and is provided by the Association's transportation contractor ALTRANS. Also during this year under review, in ongoing cooperation with provisions in the City - WETA Agreement for the transfer of the Harbor Bay Ferry Service to WETA, and pursuant to the Infrastructure Agreement between the Harbor Bay Entities and the City, \$500,000.00 was contributed from the Harbor Bay Traffic Improvements Fund (the "TIF") to subsidize operations of the San Francisco Ferry Service operated by WETA in and out of the Harbor Bay Ferry Terminal.

4.2 & 4.3 Compliance with Development Standards for Density, Maximum Height and Size

During this year under review, construction commenced on a new building and related improvements McGuire & Hestor's company headquarters within the Esplanade planned development area, a project which was approved by the City's Planning Board and is in compliance with the permitted density, maximum height and size standards which are set forth in Exhibit "D" of the Development. There were no development projects undertaken within this year under review which exceeded the permitted density or level of intensity or permitted maximum height and size of structures as set forth in Exhibit "D."

5.3 Cooperation in Securing Government Permits

During this year under review, the City staff and the Planning Board have been cooperative with the Harbor Bay Property Owners and HBIA in processing applications for proposed new buildings on properties in the Harbor Bay Business Park, for renovations of older buildings in the Business Park, and for new or revised signage for existing buildings and campuses in the Business Park.

6.1 Annual Review

During this year under review, HBIA and the Harbor Bay Business Park Association jointly filed the required Annual Report for the prior year ending April 4, 2015, and the Planning Board reviewed and approved it in Resolution PB-15-05 passed on April 27, 2015.

SUMMARY CONCLUSION

During this year under review, as detailed in the above sections of this Annual Report, Harbor Bay Isle Associates, the Harbor Bay Business Park Association, and the successor property owners in the Harbor Bay Business Park have continued to fulfill their obligations and to conduct development and property management activities in compliance with the applicable terms and conditions of the April 1989 Development Agreement, and the City has been cooperative in processing applications for proposed development projects and improvements in the Business Park and in administering landscape maintenance management contracts with the Harbor Bay Business Park Association.

Respectfully submitted,



DANIEL F. REIDY

Representative of the Harbor Bay Business Park Association and HBIA