

TL PARTNERS I, LP

March 1, 2019

Mr. Andrew Thomas
Community Development Director
Planning Department
2263 Santa Clara Avenue
Alameda, CA 94501

The City of Alameda, a municipal corporation of the State of California (the "City"), and TL Partners I, LP, a California limited partnership ("Developer") entered into that certain Development Agreement for the Del Monte Warehouse Project dated January 17, 2015 (the "Development Agreement"). Developer is submitting this annual review document in accordance with the Development Agreement and pursuant to the requirements of Government Code Section 65865.1 and Alameda Municipal Code Section 30-95.1. This letter will report on activities and developments taking place between January 1, 2018 and December 31, 2018 ("Annual Review Period") and contains a summary of Developer's efforts toward good faith compliance with the terms of the Development Agreement.

Specific commentary is required on the status of the Jean Sweeney Contribution (Section 6.a), Clement Extension (Section 6.b), Transit Demand Management Program (Section 6.c), Retail/Commercial Space leasing (Section 6.d), execution of the Beneficial Transfer Fee Agreement (Section 6.e) and an Affordable Housing Agreement (Section 6.g). When the project's Transportation Management Agency (TMA) publishes an annual report, that TMA annual report shall satisfy the annual reporting requirement for the Transit Demand Management Program (Section 6.c).

JEAN SWEENEY OPEN SPACE PARK:

Developer is obligated to pay a total of \$2,000,000 to fund portions of the Jean Sweeney Open Space Park ("JSOSP"), a 23-acre planned park. Using the Developer's \$2 Million contribution as matching funds, the City secured a \$2 Million grant from the California Department of Parks and Recreation, and when combined, these funds cover approximately half of the improvements required to complete the park. The City has also received \$2.3 Million from the Regional Active Transportation Program, specifically for completion of the portion of the Cross Alameda Trail that runs the length of JSOSP.

Prior to 2018, Developer made its required \$300,000 Soft Cost Contribution and made additional payments totaling \$1,000,000. In 2018, payments totaling \$700,000 were made, thereby fully funding its \$2 Million obligation. These contributions helped the Recreation and Parks Department construct the easterly portion of JSOSP and the Cross-Alameda trail during the Annual Review Period, leading to its Grand Opening in December 2018.

CLEMENT EXTENSION:

Developer is required to complete improvements to a portion of Clement Avenue from Atlantic Avenue to Entrance Road, including a new intersection and signal at Sherman, Clement, and Atlantic and installation of stop signs at the following intersections: Buena Vista/Entrance Road and Clement/Entrance Road (the "Clement Extension"). Prior to 2018, Developer had acquired all property needed to complete these improvements from Wind River. Plan check is complete for these improvements.

Developer's obligation pursuant to the Development Agreement was to complete the Clement Extension by the earlier of the 250th occupancy or 4 years after execution of the Development Agreement, which would have required completion of the roadway by January 2019. Difficulties in completing the financing for the construction of the project forced Developer to seek relief of this obligation. After discussion with the City Manager, an agreement to extend the completion obligation was reached, as is allowable under the DA for an extension of up to one year. The agreement requires:

- Developer to record an offer of dedication to the City of Alameda for the entire public right-of-way required to construct the Clement Avenue Extension, roadway, sidewalks and Cross Alameda Trail from Atlantic Avenue to Entrance Road by 3/31/19 (Developer submitted drafts of the dedication documents to City staff on February 4, 2019, which are currently under review);
- Developer to acquire permits and commence construction of the Clement Extension by September 30, 2019;
- If Developer fails to meet either deadline, Developer will be in breach of the DA, and will need to either cure the breach by completing the work or seek a formal amendment to the DA from the City Council.

To complement this change, the City Manager also authorized an extension to the Subdivision Improvement Agreement to allow for completion of the subdivision improvements by 2020. Coincident with this change, Developer submitted a rider increasing the bond amounts from \$4,951,000 to \$5,937,000, to account for cost increases since 2017.

TRANSPORTATION DEMAND MANAGEMENT PROGRAM:

Developer is obligated to implement its Transportation Demand Management (TDM) Program prior to the first certificate of occupancy. Since the first certificate of occupancy has not yet happened, none of the implementation measures, which include establishment of the Transportation Management Association (TMA), provision of a shuttle service to BART and to provide AC Transit passes to each household, were required to be completed in 2018.

Developer has, however, begun implementation of the TDM plan well ahead of schedule. Developer was instrumental in working closely with the city and other developers to create a new transportation demand management entity, Alameda Transportation Management Association (ATMA) which now operates the TDM programs for two project areas, Alameda Point and the Northern Waterfront. Del Monte is a member in the Northern Waterfront project area. Mike O'Hara of Tim Lewis Communities has served as the ATMA Board chair since its inception.

In 2016, Developer worked with the City and AC Transit to reinstate Line 19 to Buena Vista Avenue, which now provides 20-minute service during commute periods. In the Annual Review Period, Developer helped to subsidize the Line 19 implementation by making a voluntary contribution of \$40,000. Developer and ATMA then secured gap funding from the City Council to continue subsidy of the operation of Line 19 until the ATMA funding is sufficient to pay the subsidy. The Line 19 continued to operate quite successfully through the Annual Review Period.

RETAIL/COMMERCIAL LEASING:

Current plans include a minimum of 30,000 square feet of ground floor neighborhood-serving retail/commercial space within the Project, in accordance with the Master Plan. Leasing will commence with building completion.

BENEFICIAL TRANSFER FEE AGREEMENT:

The Beneficial Transfer Fee Agreement was executed concurrently with the Development Agreement in 2015.

AFFORDABLE HOUSING AGREEMENT:

Prior to issuance of the first building permit for the Project, Developer was obligated to submit for City Council's review and approval, an Affordable Housing Agreement for the provision of fifty-five (55) affordable housing units, consistent with the requirements of the Master Plan and in a

form acceptable to the City Attorney. Prior to the Annual Review Period, the Planning Board approved the Development Plan and Design Review for the 31-unit low- and very low-income senior affordable building (2015) and the City Council approved the Affordable Housing Agreement and the agreement to convey the City of Alameda owned portion of the property (which will contain the future senior affordable building), to the Housing Authority of the City of Alameda ("the Housing Authority"). Developer and the City conveyed property to the Housing Authority, and Developer made a subsidy payment of \$3.6 Million in 2016. The Housing Authority commenced construction in 2017, while Developer provided support for completion of the improvements necessary to serve the building. During the Annual Review Period, construction was completed, and first occupancies and a grand opening of the now-named Littlejohn Commons occurred in the fall of 2018.

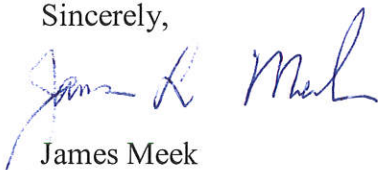
ADDITIONAL INFORMATION:

Developer has met regularly during the Annual Review Period with City staff to ensure that the Development Agreement and all subsequent approvals were being implemented in a timely fashion. During the Annual Review Period, Developer and its design team worked with City staff to complete the plan check process for both the building construction and the infrastructure improvements. Permits are ready to issue upon the payment of fees for the infrastructure improvements and the building.

Due to concerns by Planning staff about the visual condition of the exterior of the site, and its cohabitation with the Littlejohn Commons, Developer was requested to clean up the site and complete some improvements to the areas that will be developed in the future. City staff and Developer agreed that, so long as commencement of construction occurs by September 2019, no changes were needed to the temporary fencing that is installed at the site. If, however, commencement has not occurred by September 2019, City staff and Developer will work together to determine a suitable, more permanent site fencing plan to secure the Del Monte site until commencement of construction.

Please let us know if you require additional information regarding the Annual Review.

Sincerely,



James Meek
Director of Land