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OAKLAND

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# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Coliseum City 12 Month ENA Extension

DATE: September 20, 2013

City Administrator  
Approval

Date

9/25/13

COUNCIL DISTRICT: # 7

## RECOMMENDATION

Staff recommends that the City Council adopt:

**A Resolution Amending Resolution Nos. 83746 and 84574 C.M.S. Authorizing an Exclusive Negotiating Agreement For The Coliseum City Project At The Oakland-Alameda County Coliseum Complex And Surrounding Areas With JRDV Urban International, HKS Sports And Entertainment, HKS Inc., And Forest City Real Estate Services LLC, Or Affiliates To (1) Authorize A 12 Month Extension With A Six Month Administrative Extension Option, (2) Add Bay Investment Group, LLC, As A Party, and (3) Modify the Project Deliverables**

## EXECUTIVE SUMMARY

Staff is recommending that the current Exclusive Negotiating Agreement (“ENA”) for the Coliseum City project be amended in a number of ways. First, the ENA period would be extended for an additional 12 months with a six-month administrative extension option. The extension is currently being requested to allow for additional time for the developer to conduct critical detailed market studies for the new potential investor, propose a series of equity public/private finance deal structures, continue with on-going sports teams negotiations, as well as to coincide the ENA period with the completion of the Environmental Impact Report (“EIR”) and Specific Plan currently underway for the Coliseum City project through an existing separate planning contract. Second, the ENA would be amended to add Bay Investment Group, LLC, (“Bay IG”) as a new investor partner to the development team to join JRDV Urban International, HKS Architects, and Forest City Real Estate Services. Third, the amendment will add a number of additional deliverables and project tasks to be required from the development team, at no additional costs during the extended ENA period.

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## OUTCOME

Authorizing the City Administrator to amend the ENA to include Bay IG on the master developer team and providing an additional 12 months with a six month administrative option will allow the developer team to complete additional market study analysis, propose a series of new equity public/private deal structures, continue with on-going sports team/league negotiations, and continue their coordination with the separate Specific Plan and CEQA/EIR planning process.

## BACKGROUND/LEGISLATIVE HISTORY

In March 2012, the City entered into twelve month ENA, including a six-month option to extend, with JRDV Urban International, HKS and Forest City, pursuant to Oakland City Council Resolution No. 83746 C.M.S. The purpose of the original ENA was to conduct a Master Plan vision for the entire project site, including the land immediately surrounding the existing Oakland-Alameda County Coliseum Complex. The ENA included a commitment from the City to provide \$1.6 million in predevelopment funding to the project. This funding was originally allocated to develop and complete the Coliseum City Master Plan. In addition to the master plan document, all of the other predevelopment deliverables under the ENA have been substantially completed including but not limited to: physical site analysis; infrastructure cost assessments; concept plans; transit hub conceptual plans; preliminary market analysis and assessments; initial project pro forma and economic studies as well as environmental assessments. The final remaining items relating to operational management plans and additional financing plans shall be provided under the extended negotiating period.

After numerous meetings with elected officials, civic leaders and staff, including meetings with outside agencies, major stakeholders, professional sports franchises, leagues and surrounding neighborhood groups, the team prepared a Master Plan vision for Coliseum City. The Master Plan concept represents the preferred vision for the area, accommodating up to three new venues for the City's professional sports teams, significant transportation and transit enhancements to the area, development of new retail, housing, office, hotel and entertainment uses at the Coliseum site, and open space amenities within the immediate surrounding area.

The area covered by the Master Plan encompasses approximately 800 acres bounded by 66<sup>th</sup> Avenue to the north, Hegenberger Road to the south, San Leandro and Hawley Street to the east, and Doolittle Drive to the west. The Coliseum City Master Plan is providing the basis upon which the City is currently under a separate contract with a specialized planning consultant firm to complete a Specific Plan and CEQA/EIR analysis. The Specific Plan will also identify alternatives to the Master Plan and will consider different development scenarios that will envision zero up to three sports facilities at the site. Pursuant to CEQA, the separate planning contract will prepare an EIR to address the potential physical environmental effects of the Coliseum City project.

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In July 2013 and pursuant to Oakland City Council Resolution No. 84574 C.M.S., the City granted an additional 45 day ENA extension to allow staff to conduct additional due diligence on the new proposed investor/partner entity, Bay IG. Without an additional extension, the current ENA period is set to expire on October 21 2013.

## ANALYSIS

### Bay Investment Group, LLC (“Bay IG”)

Bay IG is the new proposed investor/partner entity which is controlled by Rashid Al Malik, the Chairman and CEO of HayaH Holdings, a private investment company based in Dubai with strong financial ties in the Gulf region. Mr. Malik formed HayaH Holdings to help identify investment and development opportunities in established markets such as the United States and Europe. Their focus has primarily been on large mixed use real estate developments, especially those of a transformational nature and with a significant sport, entertainment content and infrastructure related opportunities. Bay IG brings a wide range of investment capital from around the globe, as well as extensive national and international real estate experience.

Mr. Malik developed the business plan for Dubai Aerospace which was approved at the highest levels within the Emirate and enjoyed participation by and support from a number of Dubai’s most important corporate and sovereign entities including Emaar Properties PJSC, the company responsible for the development of downtown Dubai and many of its most iconic buildings. Mr. Malik’s role as founder and Chief Corporate Officer and Deputy CEO of Dubai Aerospace brought him into contact with leaders in the Dubai business community.

Mr. Malik has specific experience in the United States having trained here as a commercial pilot at the beginning of his career and more recently spent most of the last three years based here in California. During this time, he has evaluated several professional sport related investment opportunities including high profile investments in California. Mr. Malik was also a member of the investment team, alongside Colony Capital and the Qatar Investment Authority who was recently afforded preferred bidder status in the sale process for the Los Angeles based Anschutz Entertainment Group (“AEG”) prior to being withdrawn from the market.

In addition, Bay IG has recently partnered with Colony Capital, LLC which is a privately-held independent global real estate investment firm founded in 1991 by Thomas J. Barrack, Jr. and is based in Los Angeles, CA with world-wide investments. It is intended that Colony Capital will become a member [of Bay IG] in the near future. In 2010, Colony purchased Miramax from Disney with Qatar Investment Authority, Tutor-Saliba Corporation and the Weinstein Company as part of a joint venture. In 2011, Colony was tied as the 3rd largest private equity real estate fund in the world behind Blackstone Group and Morgan Stanley Real Estate. Their investments include a diverse portfolio of real estate, hotels, and prior ownership in the Paris Saint-Germain Soccer Club and prior ownership of the Fukuoka Dome stadium in Japan. Colony Capital has an

extensive global footprint and corresponding infrastructure, with over 400 employees operating in a total of 12 offices in the following 9 countries: China, England, France, Italy, Lebanon, South Korea, Spain, Taiwan and the United States. This global infrastructure provides Colony Capital's acquisition team with proprietary market knowledge, sourcing capabilities and the local presence required to identify and execute complex transactions.

In the twenty-two years since its inception, from a single Los Angeles-based office, Colony Capital has invested in diverse and complex property, corporate, and portfolio transactions across five continents through varied economic cycles. Since inception Colony has invested \$50 billion of investments in over 22,000 assets/loans and has approximately \$25 billion of assets under management (gross) with more than 300 investor relationships.

Colony Capital has applied its contrarian investment strategy throughout a variety of market conditions. Through the identification of supply-demand source imbalances in capital, product types and information availability, Colony Capital achieves attractive risk-adjusted returns by investing in real estate and real estate-related debt investments, non-performing loans, distressed assets, real estate-dependent operating companies, and select commercial and residential development opportunities throughout the world.

Staff has already commenced its initial due diligence and will continue to conduct its due diligence throughout the proposed extended negotiation period. In addition, management and executive city staff as well key elected officials have already had initial meetings with Bay IG as well as with representatives from Colony Capital. Finally, the City will be requesting additional financial statements, corporate and legal documents from the new proposed third party investor/partner during the new proposed ENA timeframe.

### Coliseum City

The Coliseum City Master Plan seeks to transform the area including and surrounding the Oakland-Alameda County Coliseum Complex into a world-class sports, entertainment and science and technology district that boasts a dynamic and active urban setting with retail, entertainment, arts, culture, live-work uses. The area is centrally located in the East Bay, and has many highly-sought after development assets, including direct freeway access, immediate Coliseum BART and Amtrak access, Oakland Airport Connector and Oakland International Airport access and waterfront views.

As a regional mixed use entertainment destination center, Coliseum City would become a major economic catalyst for the City and the region, beyond the current sports franchises and could generate thousands of high-quality/paying jobs in growth industries such as biotechnology, life sciences, research and development, multimedia, green tech and other growth sectors.

Since the Coliseum City Master Plan concept has been released, the City is now preparing a separate Draft Environmental Impact Report (DEIR) and Specific Plan. The Coliseum City

Master Plan envisions up to three new sports venues including separate football, baseball and basketball venues totaling nearly 1.7 million square feet of building space with 131,000 seats, just over 14 million square feet of science and technology, office, light industrial, logistics and retail space, and up to 6,000 new residential units. This represents an increase of approximately 8.0 million square feet of new building space within the Plan area. It also includes the potential for up to 40 acres of new, publically-accessible open space, restoration and naturalization of the Damon Slough and new pedestrian amenities and connections to the Oakland Estuary and waterfront.

The Specific Plan is intended to provide numerous development scenarios for implementing the Coliseum City project, which can accommodate up to three new venues for the City's professional sports teams. The plan is also intended to serve as a 25 year planning document that will provide a roadmap for future development in the Coliseum Area to create significant long-term value for Oakland and Alameda County. Both the Master Plan and Specific Plan are intended to facilitate the transformation of what is currently one of the largest under-developed, inner-urban, transit-served redevelopment opportunities in California. Implementation of the plans is seen as a critical opportunity to revitalize some of Oakland's most important physical assets, and transform this area for robust long-term economic growth.

Ultimately, realization of Coliseum City is dependent upon the feasibility of both public and private financing options for various components. As such, the proposed amendment to the ENA will allow the developer team to complete the additional market study analysis without any new proposed funding from the City. However, since there are currently available funds remaining from the original ENA contract, staff intends to re-program a portion of these remaining funds to cover any costs associated with the work and any additional funds needed would be financed by the developer team.

### PUBLIC OUTREACH/INTEREST

The master developer has conducted numerous outreach meetings with a variety of community organizations, neighborhood groups, and business groups as well as outside agencies including but not limited to BART, Port of Oakland, the Coliseum JPA, and the County of Alameda. The site is located in the former Coliseum redevelopment project area and the initial Coliseum Area Redevelopment Plan was originally adopted in 1995 and has been updated every five years with extensive community outreach and input. The plan has long identified and promoted the area surrounding the Oakland-Alameda County Coliseum Complex as a unique opportunity to realize a larger vision integrating sports, entertainment, hotel, office, commercial retail and residential and open space.

### COORDINATION

The Office of Neighborhood Investment has coordinated its efforts with the Department of Planning and Building, the Public Works Agency, the City Attorney's Office, the Budget Office,

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major public transit and utility agencies, as well as business, non-profit organizations and community stakeholders.

### COST SUMMARY/IMPLICATIONS

The City previously allocated \$1.6M in Coliseum 2006 Series Taxable Bond funds to conduct predevelopment work and deliverables under the original Coliseum City ENA. The proposed third amendment to the ENA anticipates the need for an additional \$500,000 market study analysis which shall be conducted by the master developer team. However, no new funding is proposed under this third amendment since the additional work shall be covered by reprogramming \$250,000 in existing project funds currently available in Coliseum TA Bond Series 2006B Taxable Fund (5656), CIP Coliseum Org (94859), Professional Services Account (54930), Coliseum City Specific Plan Project (P452510) and Coliseum Program (SC12) from previous predevelopment funding committed under the original ENA, and the remaining \$250,000 shall be covered by Bay IG. Aside from this administrative redistribution of contract funds already contemplated, there are no new proposed additional fiscal impacts beyond this cost neutral sharing proposal.

### SUSTAINABLE OPPORTUNITIES

**Economic:** Coliseum City could have substantial economic regional impacts which can be characterized in terms of net direct spending, total output, income and jobs. In addition, the project could have tremendous positive fiscal impacts which can be measured in both city and county tax revenue increases including property taxes, sales taxes, business taxes, etc.

**Environmental:** Coliseum City is envisioned to contribute and enhance smart growth principles to leverage the Coliseum's existing multi-modal transportation amenities and shall be consistent with regional growth policies and state growth mandates SB 375 and AB 32. The project also envisions a regional scale transit oriented development creating a mix of housing, entertainment, office, retail and commercial utilizing the Coliseum's extensive mass transit network and thereby reducing the need for automobile reliance.

**Social Equity:** The East Oakland neighborhood surrounding the Coliseum has long been attributed to social and economic equity issues and has been historically underserved. Coliseum City would ultimately provide positive economic stimulus to the neighborhood and would be important for continued neighborhood job growth and economic stability.

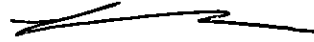
### CEQA

The project will require an Environmental Impact Report under CEQA; this EIR is currently underway through a separate professional services contract with a specialized planning consultant firm.

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For questions regarding this report, please contact Gregory Hunter at (510) 238-2992.

Respectfully submitted,



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Fred Blackwell  
Assistant City Administrator

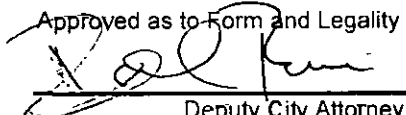
Reviewed by:  
Gregory Hunter, Neighborhood Investment Manager

Prepared by:  
Larry Gallegos, Coliseum Project Area Manager  
Office of Neighborhood Investment

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Approved as to Form and Legality  
  
Deputy City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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**RESOLUTION AMENDING RESOLUTION NOS. 83746 AND 84574 C.M.S. AUTHORIZING AN EXCLUSIVE NEGOTIATING AGREEMENT FOR THE COLISEUM CITY PROJECT AT THE OAKLAND-ALAMEDA COUNTY COLISEUM COMPLEX AND SURROUNDING AREAS WITH JRDV URBAN INTERNATIONAL, HKS SPORTS AND ENTERTAINMENT, HKS INC., AND FOREST CITY REAL ESTATE SERVICES LLC, AND AFFILIATES TO (1) AUTHORIZE A 12 MONTH EXTENSION WITH A SIX MONTH ADMINISTRATIVE EXTENSION OPTION, (2) ADD BAY INVESTMENT GROUP, LLC., AS A PARTY, AND (3) MODIFY THE PROJECT DELIVERABLES**

**WHEREAS**, the City recognizes the Oakland-Alameda County Coliseum Complex site and surrounding area as an ideal location for a world class mixed use, sports, office, hotel and entertainment complex, all accessible to multiple modes of transportation, taking advantage of the proximity to the waterfront and the Oakland International Airport; and

**WHEREAS**, City Council Resolution No. 83747 C.M.S. originally authorized the City to enter into an Exclusive Negotiating Agreement (“ENA”) with JRDV Urban International, HKS Sports and Entertainment, HKS Inc., and Forest City Real Estate Services LLC, or affiliated entities, as the preferred developer team for the Coliseum City project; and

**WHEREAS**, on March 6, 2012, the City entered into a one year ENA and later granted a six month administrative extension to JRDV Architects, Inc., HKS Architects, Inc., and Forest City Real Estate Services, LLC, for the Coliseum City project; and

**WHEREAS**, City Council Resolution No. 84574 C.M.S. authorized the City to extend the ENA for an additional 45 days to allow the master developer to complete the project deliverables and provide the City to conduct additional due diligence regarding a new proposed third party entity investor; and

**WHEREAS**, the master developer team has successfully completed the required predevelopment deliverables including but not limited to: physical site analysis; infrastructure cost assessments; concept plans; transit hub conceptual plans; preliminary market analysis and assessments;



Specific Plan and CEQA/EIR consultant team coordination; and completion of a Coliseum City Master Plan; and

**WHEREAS**, as a result of completing this predevelopment work under the ENA deliverables, the master developer team has since attracted a new equity investor partner, Bay Investment Group, LLC., who is currently interested in the partnering in the Coliseum City project; and

**WHEREAS**, without any additional extensions, the Coliseum City ENA is currently set to expire on October 21, 2013; and

**WHEREAS**, the City desires to continue negotiations with the existing master developer team and new third party investor to provide additional time to conduct further market study analysis sufficient to recommend and propose a series of new equity public-private financial deal structures and allow for completion of the separate Specific Plan and CEQA/EIR process; now, therefore, be it

**RESOLVED:** That the City Council hereby amends Resolution Nos. 83747 and 84574 C.M.S. to authorize the City Administrator, or her designee, to negotiate and enter into a third amendment to the ENA with JRDV Architects, Inc., HKS Architects, Inc., and Forest City Real Estate Services, LLC, for the Coliseum City project to (1) extend the current exclusive negotiating period for an additional twelve months with a six month administrative option to extend, (2) add Bay Investment Group, LLC., as a party, and (3) modify the project deliverables.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_.

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF  
and PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California