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**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
AGENDA REPORT

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: July 10, 2007

RE: An Agency Resolution Authorizing the Agency Administrator to Negotiate and Enter into a Four-Month Exclusive Negotiating Agreement with Wayans Brothers—Pacifica Capital Oakland Partnership, LLC for the Development of Portions of the Central and Western Gateway Areas of the Former Oakland Army Base

SUMMARY

The purpose of this report is to request that the Redevelopment Agency Board approve a resolution authorizing the Agency Administrator to negotiate and enter into a four-month Exclusive Negotiating Agreement (ENA) with Wayans Brothers-Pacifica Capital Oakland Partnership, LLC (“Wayans-Pacifica”) for the development of portions of the Central and West Gateway Areas of the former Oakland Army Base. This request stems from direction Agency staff received from the Agency Board in Closed Session on June 5, 2007.

FISCAL IMPACT

There is no fiscal impact to the Agency or the City related to negotiating a development agreement other than staff costs. Wayans-Pacifica has agreed to provide \$150,000 in Project Expense Payment funds to cover any third-party contracts and other costs necessary to evaluate their proposed development.

BACKGROUND

The Agency Board previously approved an ENA with Fulton Project Development Group, LLC, an entity controlled by the Wayans Brothers, to develop up to 70 acres within the Central and Western Gateway Development Areas of the former Oakland Army Base. That ENA expired on May 15, 2007.

After the ENA with the Fulton Group expired, the Wayans Brothers made an unsolicited proposal to develop the same area on the former Oakland Army Base with a new development team. Their proposal emphasizes studios and film production, community and educational services, and commercial retail, and they have asked the Agency to consider entering into a new ENA with the new development team. In order to better evaluate the Wayans proposal, Agency

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staff sent an e-mail and a hard copy letter (**Attachment A**) to Britten Shuford of Pacifica Capital, the Wayans Brothers' representative, requesting the following information:

1. Identification of the Project Management Team
2. Identification of Project Financial Partners and Financial Capacity
3. Proposed Project Land Uses and Associated Job Generation
4. Project Business Plan
5. Project Development Schedule to Completion

On May 25, 2007, staff received Wayans-Pacifica's "Destination Oakland" proposal, (**Attachment B**), and the Redevelopment Agency Board considered this proposal during its June 5th Closed Session meeting. The proposal includes both best case and worst case (or "base case") scenarios. The "best case" scenario is anchored by film production facilities, and includes a "Creative Factory" business park, big box retail, a community-serving "Urban Village," a Digital Art Center for children, and a Creative Children Zone. This scenario maximizes the studio and creative business components of the site. The "base case" scenario would include many of the creative business components described above, but would incorporate light industrial, distribution and warehousing functions.

Wayans-Pacifica has asked for a four-month (123 day) ENA, and it has agreed to 1) work within the site boundaries established by staff; 2) work within the Agency Board's comprehensive development plan for the Army Base, once approved; and 3) work with City staff to ensure that its retail plan aligns with the City's retail development strategy.

KEY ISSUES AND IMPACTS

1. Project Boundaries. In its negotiations with the Fulton Group, the parties were unable to agree upon project boundaries. In the last year, staff has resolved most of the outstanding boundary issues and siting requirements, including an easement owned by the Port affecting a portion of the property. To eliminate this area of contention, Wayans-Pacifica has agreed to work within the site boundaries determined by Agency staff.

2. "Best Case" Scenario. Staff recommends pursuing only the "best case" scenario, which offers a unique development focused on film production and other arts-related facilities. The "base case" scenario's inclusion of light industrial, distribution and warehousing would make the project less compelling.

3. Commencement of ENA Term. The Fulton ENA was approved by the Agency Board on June 21, 2005, but it wasn't executed by Fulton until February 28, 2006. The ENA provided that the ENA term commenced upon full execution of the ENA by both parties. Because Fulton neglected to execute the ENA until eight months after the ENA was approved by the Agency Board, the Fulton team was effectively given an 8-month extension of their term. To avoid this

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difficulty in the Wayans-Pacifica ENA, staff recommends that the ENA term commence upon approval by the Agency Board. All deadlines and deliverables should be based upon that date, and not the date of execution.

4. Deadlines and Deliverables. In previous negotiations, the Fulton team failed to meet many of the key deadlines set forth in the ENA. In order to avoid future delays, and to demonstrate Wayans-Pacifica's commitment to the project, staff recommends a strict penalty in case of default: automatic termination. Under this provision if Wayans-Pacifica fails to meet any deadline or requirement in the ENA, it will be given five days to cure the violation, and if it fails to do so, the ENA will automatically terminate with no further action to be taken by the Agency Board or the Agency Administrator. Staff believes that this penalty will be adequate to compel compliance with the ENA.

5. Other Considerations.

- Wayans-Pacifica consider in its planning land for future expansion of studios and film production venues in the event the project attracts additional partners and tenants;
- The ENA contain provisions for identifying infrastructure improvements leading to an agreement as to which party—Wayans-Pacifica or the Agency—is responsible for making the improvements; and
- The ENA result in a detailed Business Plan that encompasses the entire project and all of its development phases.

PROJECT DESCRIPTION

The conditions and expectations contained in staff's recommendation are articulated in the draft ENA Term Sheet (**Attachment C**). In addition to those terms, Wayans-Pacifica has agreed to engage the West Oakland community in its development process and to stay in constant contact with Agency staff and the Agency Board, as requested.

To date, staff is satisfied by the level of responsiveness and flexibility demonstrated by this new development group. The ENA period is relatively short and the deadlines are clear and aggressive. Staff is particularly encouraged by Wayans-Pacifica's vision of engaging youth in its project through a "Creative Children Zone" and a "Digital Art Center" for children in partnership with the Oakland Unified School District and other partners that serve young people throughout the City. Staff is also encouraged by Wayans-Pacifica's commitment to a "Green Development," including compliance with Leadership in Energy and Environmental Design (LEED) standards, and its consideration in using materials deconstructed from unusable former Army Base structures in the development project.

SUSTAINABLE OPPORTUNITIES

Economic: There are no immediate economic impacts that apply to this Agency action although it is anticipated that it will create up to 1,500 jobs and significantly increase the City's tax revenues.

Environmental: There are no immediate environmental impacts to that apply to this Agency action; although this project could serve as a model for an environmentally sustainable and responsible Green Development project.

Social Equity: There are no immediate social equity opportunities that apply to this Agency action, although the developers have expressed their strong commitment to local contracting and local hiring.

DISABILITY AND SENIOR CITIZEN ACCESS

Not applicable at this time.

RECOMMENDATION AND RATIONALE

Staff recommends that the Agency Board approve the attached resolution authorizing the Agency Administer to negotiate and enter into a four-month Exclusive Negotiating Agreement with Wayans Brothers-Pacifica Capital Oakland Partnership, LLC, consistent with the ENA Term Sheet. The issues with the Wayans Brothers' previous development group appear to have been resolved. Following the expiration of the previous ENA on May 15, 2007, the new development group has been very responsive in meeting tight deadlines and has exhibited consistent willingness to assemble a strong proposal consistent with the goals and priorities of the Agency Board and staff. Wayans-Pacifica has also agreed to meet clear and aggressive deadlines under a new ENA and is prepared to face the consequence of termination should it fail to meet key deadlines.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Redevelopment Agency Board approve a resolution authorizing the Agency Administer to negotiate and enter into a four-month Exclusive Negotiating Agreement with Wayans Brothers—Pacifica Capital Oakland Partnership, LLC for the development of portions of the Central and Western Gateway Areas of the former Oakland Army Base.

Respectfully submitted,

for Patricia H. Hunter

Gregory Hunter, Interim Director
Economic Development, Redevelopment,
Housing and Community Development

Prepared by:
Al Auletta,
Redevelopment Program Manager
CEDA/Redevelopment Agency

APPROVED AND FORWARDED TO THE
CED COMMITTEE:

Deborah A. Edgerly

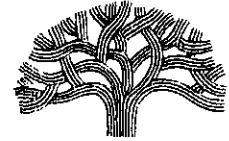
OFFICE OF THE CITY ADMINISTRATOR

Attachment A: Letter to Britten Shuford of Pacifica Capital dated May 18, 2007

Attachment B: Wayans-Pacifica's "Destination Oakland" proposal

Attachment C: Term Sheet for an Exclusive Negotiating Agreement with Wayans-Pacifica

CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA, SUITE 5313 • OAKLAND, CALIFORNIA 94612-2034

Community and Economic Development Agency
Redevelopment Division

(510) 238-3015
FAX (510) 238-3691
TDD (510) 839-6451

May 18, 2007

Britten Shuford
Pacifica Capital Group, Inc.
5220 Pacific Concourse Drive, Suite 190
Los Angeles, CA 90045

Dear Mr. Shuford:

The Exclusive Negotiating Agreement between the Fulton Project Development Group and the Oakland Redevelopment Agency for development of parcels at the Oakland Army Base expired as of May 15, 2007. The Agency Board is willing to consider proposals for the development of the site by a development team assembled by Mr. Wayans and the Pacifica Capital Group. Documentation of your initial proposal should be submitted to my office no later than close of business May 25, 2007. Submittal of information for Exclusive Negotiation Agreement (ENA) consideration by this date will give Agency staff the necessary time to review documents, clarify any questions we may have, and then present to the Agency Board your proposal with a recommendation at its next Closed Session, which is scheduled for June 5, 2007.

The documents required by the Agency Board for review are as follows:

1. A project site plan
2. A development plan narrative
3. A Performance Schedule for submitting full documents for review
4. An Organizational Chart and Detail about the Development Team

Agency staff additionally requests that the following documents and information be submitted to assist in our evaluation of your proposed project.

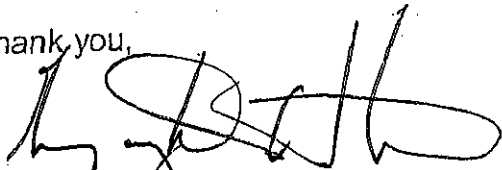
1. Identification of project management team
2. Identification of project financial partners and financial capacity
3. Proposed project land uses and associated job generation
4. Project business plan
5. Project development schedule to completion

If you should need clarification of any of these requested items please do not hesitate to contact me.

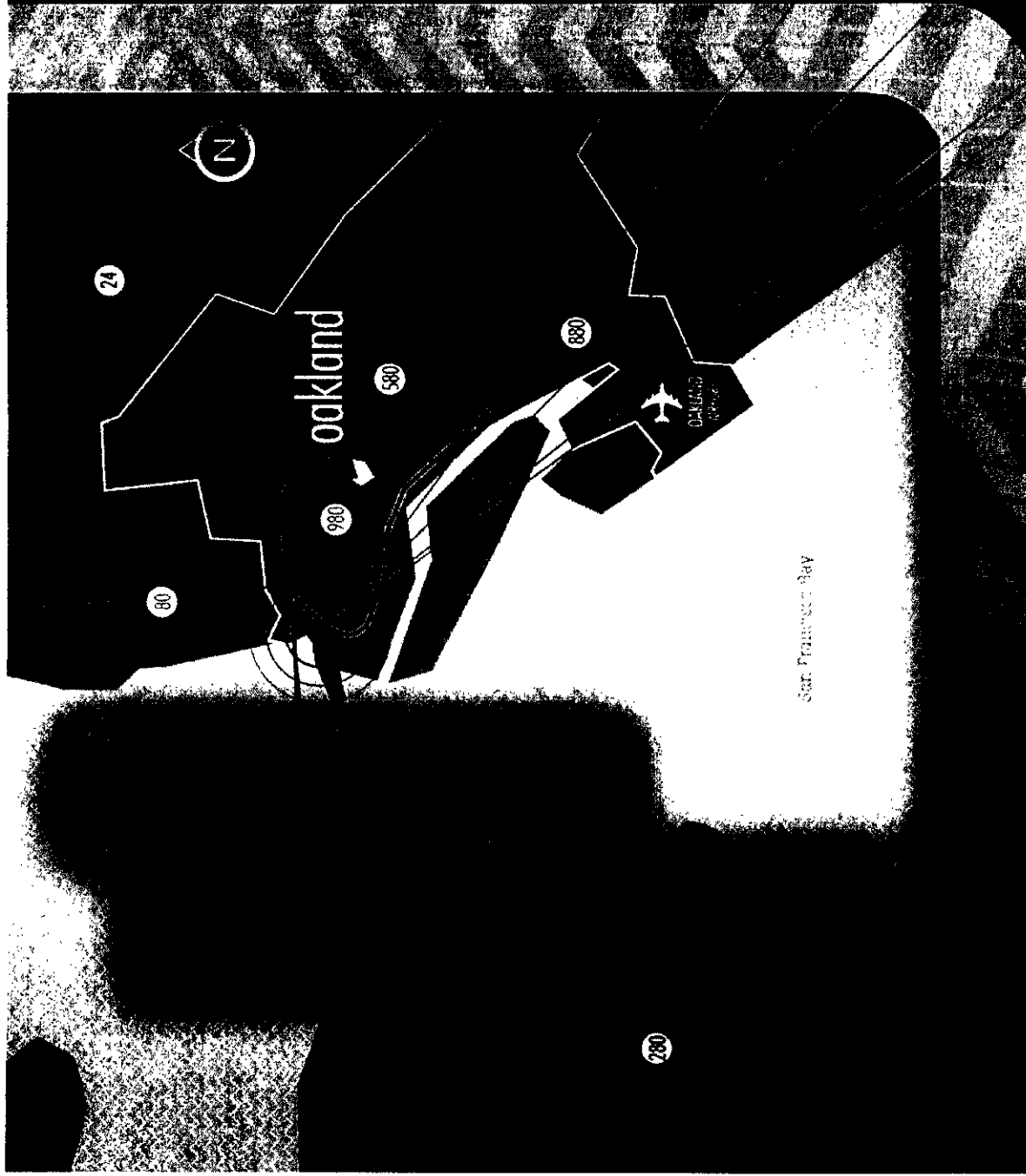
Let me say that the Agency still has considerable interest in working with you and the Wayans Brothers to fulfill their vision for this project. The extent to which you are able to meet the deadline described above and subsequent deadlines will determine our continued interest and support of this project. As always, we are prepared to assist you in any way we can.

You may contact me at 510-238-2992 or Al Auletta, our new manager for this project, at 510-238-3752 if you have any questions.

Thank you,

A handwritten signature in black ink, appearing to read "Gregory D. Hunter". The signature is stylized with a large, sweeping initial "G" and "H".

GREGORY D HUNTER
Interim Director, Redevelopment, Economic
Development, Housing and Community Development



THE WAYNS BROTHERS OAKLAND PARTNERSHIP

ARTS & ENTERTAINMENT DISTRICT

STUDIOS / FILM PRODUCTION

“CREATIVE FACTORY” BUSINESS PARK

RETAIL

“URBAN VILLAGE” –

COMMUNITY SERVING RETAIL

BIG BOX RETAIL

CREATIVE CHILDREN ZONE

DIGITAL ARTS EDUCATION CENTER

W P U P

Development Plan Narrative
1.0

Attachment B--2

The Wayans Brothers – Destination Oakland Arts & Entertainment District and “Urban Village” Retail

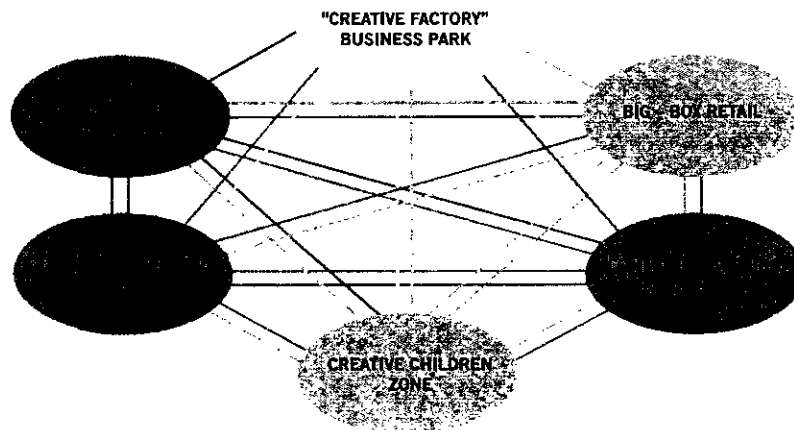
Development Plan

The synergistic uses in the development plan will result in one of the most exciting mixed-use urban developments in California. As the “crown jewel” of West Oakland, the development will create a powerful and distinctive destination center in Oakland that attracts businesses, retailers, and visitors. After an extensive initial feasibility study, a comprehensive development plan that includes both “best” case and “base” case scenarios has been created. These two scenarios are essential to provide a realistic development plan that can be both visionary and achievable.

This development will provide the following benefits:

- Create an estimated 1,500 new jobs;
- Establish an exciting new industry (film) in Oakland that will produce a catalytic effect;
- Strengthen community pride by creating a high image, state-of-the-art development;
- Generate significant new tax revenues for the City of Oakland via the retail component; and
- Serve the children of Oakland by providing creative and educational programs to foster growth from adolescence to young adulthood.

Attachment B--3



Central Gateway (Phase 1)

Arts & Entertainment District:

The Wayans Brothers Studios of Oakland

The prominent cornerstone of this development is The Wayans Brothers Studios of Oakland. The Wayans Brothers, considered “the funniest family in America” by Oprah Winfrey and “the most powerful family in entertainment” by Entertainment Weekly, will be building their studio in Oakland, which immediately establishes the subject site as a creative center.

Bringing a new industry to any city is challenging and exciting. Based on The Wayans Brothers’ high standing in the entertainment industry combined with extensive market research on the film production sector, a four-tiered business plan has been created. The business plan focuses on maximizing the film component to the greatest extent possible and provides for a specific execution plan.

The four-tiered business plan for the studio component focuses on these areas:

1) Major Studios Based in Los Angeles: Keenen Ivory Wayans, the mastermind and CEO of The Wayans Brothers’ enterprises, maintains long-standing relationships with the major film studio heads in Hollywood. During his 19-year career since rising to international acclaim, Keenen has developed a reputation among Hollywood’s decision-makers for his pioneering vision and unique ability to turn ideas into highly successful ventures.

Centered on The Wayans Brothers Studios of Oakland, Keenen and his development team will meet with Hollywood studio heads to share the exciting opportunity of film production in Oakland. They will also determine other creative operations that could possibly be developed in Oakland due to the lack of buildable land and high costs of doing business in Los Angeles.

A major advertising and branding campaign will highlight the benefits of operating as part of The Wayans Brothers development in Oakland. Vibrant marketing materials are critical to truly create an exciting brand for this development. This effort will be focused on film and entertainment companies as well as other creative industries.

2) Independent Film Makers: An aggressive advertising and branding campaign will target independent film makers. This focal segment is important because these directors often exercise significant influence over where their films are shot. Independent film makers are a very lucrative film market population. The independent and untapped creative flair of Oakland will likely be attractive to this group. In addition, a core of local Oakland/Bay Area film makers will also be provided the opportunity to shoot their films locally.

With both film and music, powerful trends have historically started when a prominent artist makes an investment, both symbolic and financial, in a given city. This has occurred with country music in Nashville, hip-hop music in Atlanta, and independent film/music in Austin. The Wayans Brothers will prominently align themselves with Oakland, which will have a powerful influence on independent film makers.

Attachment B--4

3) Bay Area Film Projects: A shortage of modern, state-of-the-art production studios currently exists in Northern California. The Wayans Brothers Studios of Oakland will offer state-of-the-art production facilities designed to meet the needs of the most discerning customers. These modern buildings will have at least a 40' height clearance, be compatible with a wide variety of film uses, offer square footage scalability, have a technologically advanced infrastructure, and provide pre- and post-production capabilities.

The core offering of the studios is a superior product to meet existing and create new film demand in the Bay Area. Oakland will serve as an exceptional place for film production with the addition of The Wayans Brothers Studios of Oakland.

4) Film and Creative Campuses: Given the lack of developable land in densely populated urban areas throughout Southern California, many film and creative companies from various industries are experiencing significant difficulty in fulfilling their expansion plans. Keenen and his development team will determine the viability of these major companies' expansion plans and evaluate their compatibility within The Wayans Brothers Arts & Entertainment District.

Although many of these creative companies are not considering Oakland as an expansion option today, the major advertising and branding campaign will introduce these companies to the excitement of The Wayans Brothers Arts & Entertainment District and create a viable option.

It is important to note that the four-tiered approach to the studio component of the business plan is based on thorough research, including a macro- and micro-economic analyses of the film production industry. The multi-tiered approach significantly increases the likelihood for success in The Wayans Brothers Arts & Entertainment District by ensuring that the demand drivers exist and positioning the development to maximize its use. Moreover, the studio will drive demand from four separate potential market segments as described above, thereby attractively diversifying the user base.

The Arts & Entertainment component to the site may bring a minimum of 500 jobs, which vary widely in skill level. Examples include production assistants, creative directors, and accounting managers. In addition, the tangential job creation impact could be significant, as businesses in the neighboring areas will benefit from the increased commerce created by the Arts & Entertainment component. The development plan will stimulate economic development not only within the planned environment but also throughout Oakland, where an influx of new businesses and the growth of existing businesses may occur due to the increased commerce in the area as a direct result of the development.

The Wayans Brothers will strongly encourage companies located in the Arts & Entertainment District to hire local Oakland youths into internship programs to expose these youths to various career options at an early age.

Attachment B--5

Film Production – Current Market Conditions

The Motion Picture Association estimates that combined revenues from major motion picture studios totaled in excess of \$41 billion in 2005, a 46% increase over 2000. The American film industry provides the majority of home entertainment products seen in millions of homes throughout the world.

The film and television industry continues to grow as demand increases, but modern production facilities to meet this growing demand have not kept pace. More than 70% of sound stages in California are less than 15,000 square feet. The demand,

however, for larger studio spaces has significantly increased as they provide greater versatility for film production, multiple set sitcoms, and other space intensive television production.

Most of these sound stages are also outdated as they were built over 60 years ago. The Wayans Brothers Studios of Oakland will be a state-of-the-art studio facility that can accommodate the latest technology advancements in film. The majority of production companies lease studio space at major studios or independently owned facilities and, therefore, are not tied to *any one geographical location*.

In addition, several major film assignments are occurring out of the State of California as a result of advantageous tax incentives and lower costs of doing business elsewhere. Vancouver (Canada), New Mexico and Louisiana have effectively attracted *major and independent filming projects*. New Mexico and Louisiana have created specific programs designed to attract filming projects and their efforts. While proximity to Los Angeles is attractive, a primary determining factor in where film companies decide to shoot is driven by economics with state incentive programs and local cost-of-doing business being critical components.

Preliminary studies indicate that film production has been growing in Northern California during the past five years. Provided that macro and micro economic factors remain stable, it appears a natural progression that this growth trend would continue especially if quality new development existed catering to film companies.

Attachment B--6

Creative Business Park:

The Wayans Brothers “Creative Factory” Business Park

Synergistic and interconnected with The Wayans Brothers Studios of Oakland, the “Creative Factory” Business Park will attract major creative companies from various industries. Northern California possesses a deep pool of businesses in creative industries, and this site will focus on bringing these businesses into Oakland. Oakland serves as the ideal base for creative companies in Northern California because of its close proximity to San Francisco, diverse labor pool, and major freeway system.

A world-class advertising campaign and “Creative Factory” branding effort will redefine the subject site as a creative hub. By offering a superior creative environment and a spectacular location, businesses will recognize the value proposition of the “Creative Factory” Business Park offering.

While some will dismiss the possibility of attracting quality creative companies to Oakland as unrealistic, it is entirely relevant and appropriate to review other areas in the United States that experienced successful renaissance periods led by creative industries. In these situations, a confluence of factors emerges that are driven largely by a pioneering entrepreneurial group with an achievable vision and a City's belief in the ability to position itself to embrace new industry. Oakland possesses all of the characteristics of Cities that have enjoyed successful renaissance periods led by creative industries.

The branding of The Wayans Brothers Studios of Oakland and “Creative Factory” Business Park begins and ends with The Wayans Brothers. Branding plays a critical role in attracting companies that otherwise would not have considered a particular location. The branding effort will be focused on the decision of The Wayans Brothers, an immensely creative and highly accomplished family, to choose Oakland as the world headquarters for their studios. A world class, mega-branding campaign will be launched to define West Oakland as a creative haven for companies in Northern California. Businesses will find comfort in knowing that The Wayans Brothers have already taken the first step and made a firm commitment to the growth of this area.

These creative companies will be given the opportunity to purchase buildings, relocate operations, and proudly call the City of Oakland their home. The targeted businesses will include large corporations, but the true focus will be on entrepreneurial companies currently residing in Northern California. These creative companies will be attracted to their proximity to The Wayans Brothers Studios of Oakland and the vibrant retail amenities.

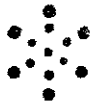
While a detailed economic analysis will be completed during the predevelopment phase, a fundamental analysis of the feasibility of the “Creative Factory” Business Park suggests that its viability is quite achievable largely due to the supply/demand imbalance that exists for this type of creative product and the value proposition offered to consumers. A summary is as follows:

- A world-class business park environment catering to creative uses
- Ideal proximity to downtown Oakland, San Francisco, and the entire East Bay
- Walking distance to newly developed retail amenities on Maritime Street
- Brand new, state-of-the-art buildings with modern functionality
- Attractive “green” congregation areas for employees to enjoy lunch, meet outdoors for an impromptu “breakout” session, and other activities

Attachment B--7

The film production studios and "Creative Factory" buildings will offer a high image, modern aesthetic design. Buildings will feature an extensive use of glass thereby creating a high image environment. In the common areas, an extensive use of green space and green open areas will create inviting congregating areas for employees.

The Wayans Brothers Studios and Creative Factory Park of Oakland will comprise twenty (20) to thirty (30) acres of the Central Gateway portion of the site.



Green Development

In addition to Financial and Tangible Societal returns (see PowerPoint presentation contained in this document), the third of three underlying 'triple bottom line objectives' is Environmental Returns. This objective involves developing in an environmentally sensitive manner with a focus on sustainability. A primary goal of the development is to set a reasonable standard for energy efficiency and the positive impact on soil, water, energy and health.

The Wayans Brothers' Studios of Oakland will be the first "Green" development of its kind in the United States. The leading benchmark in environmentally sustainable construction is LEED, which is an acronym for The Leadership in Energy and Environmental Design. It provides a suite of benchmarks for this type of construction by providing a common standard of measurement for "green building". The development will observe LEED's building standards and will strive to meet the highest possible level.

WPUP will work closely with the City of Oakland to determine how best to serve as a model for "Green" development on a national level while also maintaining financial feasibility.

Attachment B--8

Retail:

The Wayans Brothers "Urban Village"

Synergistic with The Wayans Brothers Arts & Entertainment District, The Wayans Brothers Urban Village will feature both community serving retail and big-box retail. This retail component will be a primary driver to the site.

Urban Village: The Wayans Brothers will launch their first branded retail Urban Village in Oakland. Keenen Ivory Wayans refers to this type of branded development as an Urban Village because it offers community residents and families the opportunity to come to a stimulating, vibrant, world class environment. Elements of the Urban Village may be found in Rick Caruso's Grove development in Los Angeles, which is arguably the most impressive retail development on the West Coast. At The Grove, a magnificent water feature serves as an anchor and families gather around to watch the hourly water shows accompanied by beautiful music. Featured artists perform local music, often jazz and blues, in the afternoons. A trolley runs through the middle of the development creating a sense of movement. A tremendous feel of excitement permeates The Grove, and this same level of excitement will be achieved in West Oakland with The Wayans Brothers Urban Village.

The mix of tenants will be a combination of national retailers and local entrepreneurs. As with all efforts, the goal of "rising to new levels in urban" with this Urban Village is paramount. A major focus of venturing into urban real estate development is to attract marquee retailers to urban areas where retail is severely underserved, such as that found in Oakland. A comprehensive presentation, based partly on findings at Harvard Business School, has been compiled in a focused research summary on the tremendous opportunity in U.S. urban retail development. The development team will approach marquee retailers with the opportunity to become a part of this exciting development. A well researched presentation is underway to convince retailers why West Oakland represents a fantastic opportunity for their brand and business.

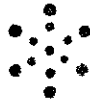
Big-Box Retail: The development plan includes two big-box retailers. The big-box retailers will drive demand to the site and complement the community-serving Urban Village.

Big-box retailers offer competitive pricing for customers and are known as anchors for other retail establishments. Big-box retail attracts retailers to locate nearby and may be directly responsible for increasing sales revenues of its retail neighbors arising from increased customer traffic. The effects to the City are increased tax revenues and job growth in the retail sector in addition to the economic development of an underperforming site.

The Wayans Brothers Urban Village of Oakland will comprise approximately twenty-five (25) to thirty (30) acres of the Central Gateway portion of the site.

Oakland Walk of Fame: Celebrating the Sons and Daughters of Oakland: Modeled after the world famous Hollywood Walk of Fame, Keenen Ivory Wayans envisions the Oakland Walk of Fame to memorialize the rich cultural history of Oakland. It will celebrate the important individuals who have had a lasting impact on Oakland as well as on the rest of the country. Oakland's rich and flavorful history shall be honored in a first-class display, which will also serve to educate children about Oakland's history and strengthen community pride. The Oakland Walk of Fame will be incorporated into the Urban Village, which will provide a highly visible location with heavy foot traffic.

Attachment B--9



Concept of “Base Case” and “Best Case” Development Scenarios

This development plan incorporates “best case” and “base case” scenarios, which are essential to any credible development. Such a strategy provides balance and creates achievable development regardless of market conditions in a given sector. The development plan is diversified in asset classes with a healthy allocation to studios, creative industry commerce, community serving retail and big-box retail. Within these asset classes, achievable strategies have been created which provide for variability depending on market conditions and demand. The incorporation of “base case” and “best case” strategies with regard to this development should provide comfort to the City that an achievable development plan is in place.

In short, the “best case” scenario involves maximizing the studio and creative business components of the site. The achievement of this strategy will maximize the number of quality jobs for Oakland and have a tangential effect on the business community by creating new related businesses and jobs in the neighboring areas. This scenario creates a major “Win-Win” for the City of Oakland.

The “base case” scenario is a strategy adopted in the event that less than optimal success is achieved when compared to the “best case” scenario. This strategy involves introducing the industrial component of the site and catering to light industrial, distribution and warehousing uses. While this type of use does not result in the benefits described under the desired “best case” scenario, it does result in quality jobs in a relatively short period of time for Oakland. Under any scenario, the industrial component is envisioned as a small component to the site (if any) and would be designed in a complimentary manner with the other core uses.

To be very clear, The Wayans Brothers’ core focus and strong desire is to maximize the Arts & Entertainment District to the greatest extent possible. The purpose of a “Base Case” scenario, however, is to have a reasonable “Plan B” to incorporate into a relatively small portion of the site. This aspect of the overall development plan is important because it demonstrates that a realistic strategy is in place, accounting for future market conditions.

Attachment B--10

Destination Oakland:

Digital Billboard Entertainment and World Class Iconic Sculpture

Visitors arriving over the Bay Bridge will be greeted by the excitement of digital billboard entertainment and an iconic, internationally recognized symbol that will be synonymous with the great City of Oakland. Creating Oakland as a true destination crossing over the Bay Bridge is critical and will serve as a new awakening. Visitors will feel like they have arrived at a vibrant destination, while residents of West Oakland will come home to an exciting and enriching community environment.

The Bay Bridge is the gateway to Oakland and the traffic counts at the nexus of the I-880 and I-80 are significant. Traffic counts at the I-80 and West Grand Avenue are estimated at 190,000 per day, while traffic counts at I-880 and 7th Street are estimated at 111,000 per day. The convergence of the Bay Bridge and freeway nexus traffic result in high visibility for corporations desirous of marketing using state-of-the-art technology in digital billboards.

Similar to Sunset Boulevard in Hollywood and Times Square in New York City, digital billboards and state-of-the-art, multimedia advertisements will create a sense of excitement to drivers on the I-80 and I-880. Excitement, vibrancy, and colorful flavor can be the first impression for visitors to Oakland.

In addition, by working closely with the City of Oakland, the plan includes commissioning an iconic 40' sculpture by an internationally renowned artist. This sculpture would be positioned at the foot of the Bay Bridge and serve as an iconic welcoming to the City of Oakland. It will be grand in nature and accurately reflect the City of Oakland. This symbol will also be another tourist destination for Oakland.

Attachment B--11

Creative and Educational Offerings for Children of Oakland

Education Center: The Wayans Brothers Digital Arts Center of Oakland

The Wayans Brothers are passionate about providing urban area youths with the opportunity to explore career options while in high school. With this in mind, the Digital Arts Education Center of Oakland will be focused on introducing and educating high school students to the world of digital arts. State-of-the-art classrooms will be fully equipped with Apple computers and the latest in modern technology instruction tools.

Strategic partnerships will be forged with creative companies, possibly Pixar and Lucas Films, to provide vocational training and internship programs for high school students interested in the digital arts. In addition, our goal is to partner with sponsors to create a scholarship program for students to pursue a college education.

The education center will serve as an exciting and fun place for students to visit on a regular basis. New attractions and education features will constantly be introduced to create a stimulating and highly nurturing environment.

Attachment B--12

The Wayans Brothers Oakland Creative Children Zone

Modeled after the world renown and highly acclaimed Harlem Children's Zone in New York, the Oakland Creative Children Zone will strive to enhance children's lives in Oakland. The Oakland Creative Children Zone will be housed in a 10,000 square feet building and will offer a wide spectrum of activities and services that incorporate academic, recreational, social and cultural themes. The zone will feature a gymboree and a safe play environment for Oakland's youth during the critical after-school hours.

The Wayans Brothers will incorporate comedy and entertainment into the environment to make it an enjoyable experience for children. The fact that it will be a Wayans Brothers project will entice children to believe that it is a cool place. On a scheduled and relatively frequent basis, each of The Wayans Brothers will visit and talk to children and inspire them to overcome the challenges of everyday life and set realistic goals.

After studying various models for playing an active role in the lives of children in urban communities, The Wayans Brothers have chosen to emulate the Harlem Children's Zone because it is recognized as the most effective and proven model of its kind. The Oakland Creative Zone will become a fixture in the community and a safe haven that children genuinely enjoy visiting.

Children are most at-risk during the after school hours. Well before the completion of the development, ideally within the next twelve months, "The Wayans Brothers Creative Zone of Oakland" will be opened in West Oakland. The center will offer computer training, art classes, and social activities that promote creativity and fun. The Wayans Brothers take their responsibility as exceptional role models in urban America very seriously. This effort is an important step in being involved with the Oakland community, especially with the children, from a very early stage.

Neither The Wayans Brothers Digital Arts Center of Oakland nor The Wayans Brothers Oakland Creative Children Zone contemplate funding from the City of Oakland or related agencies. Both are viewed as long term fixtures to the community. Additional information about both projects is available upon request.

The Wayans Brothers Creative and Education Offerings for the Children of Oakland will comprise approximately three (3) to five (5) acres of the Central Gateway portion of the site.

Western Gateway (Phase 2)

The Western Gateway portion of the site is Phase Two. A strong synergy exists between the Central and Western Gateway sections of the site. The West Gateway offers spectacular views of the downtown San Francisco skyline as well as striking views of the urban industrial movement of goods through the Port.

An iconic high-rise hotel will be developed on the site that will be recognized as the beacon of Oakland. Visitors will be attracted to Oakland's stunning jet-liner views across the bay, a unique character specific to Oakland, and convenient location to the movie studios. Given its discreet location, an urban oasis "feel" will be created which will in turn fuel demand for this full service luxury hotel destination, unique to the entire Bay Area.

The development of Western Gateway is planned within eighteen months after completion of the Central Gateway. The success of the Western Gateway is somewhat dependent upon a fully build-out Central Gateway area.

Although a hotel is envisioned on the site, WPUP looks forward to meeting with the City to understand its objectives for this part of the site. WPUP is completely open to exploring alternative development plans for the Western Gateway.

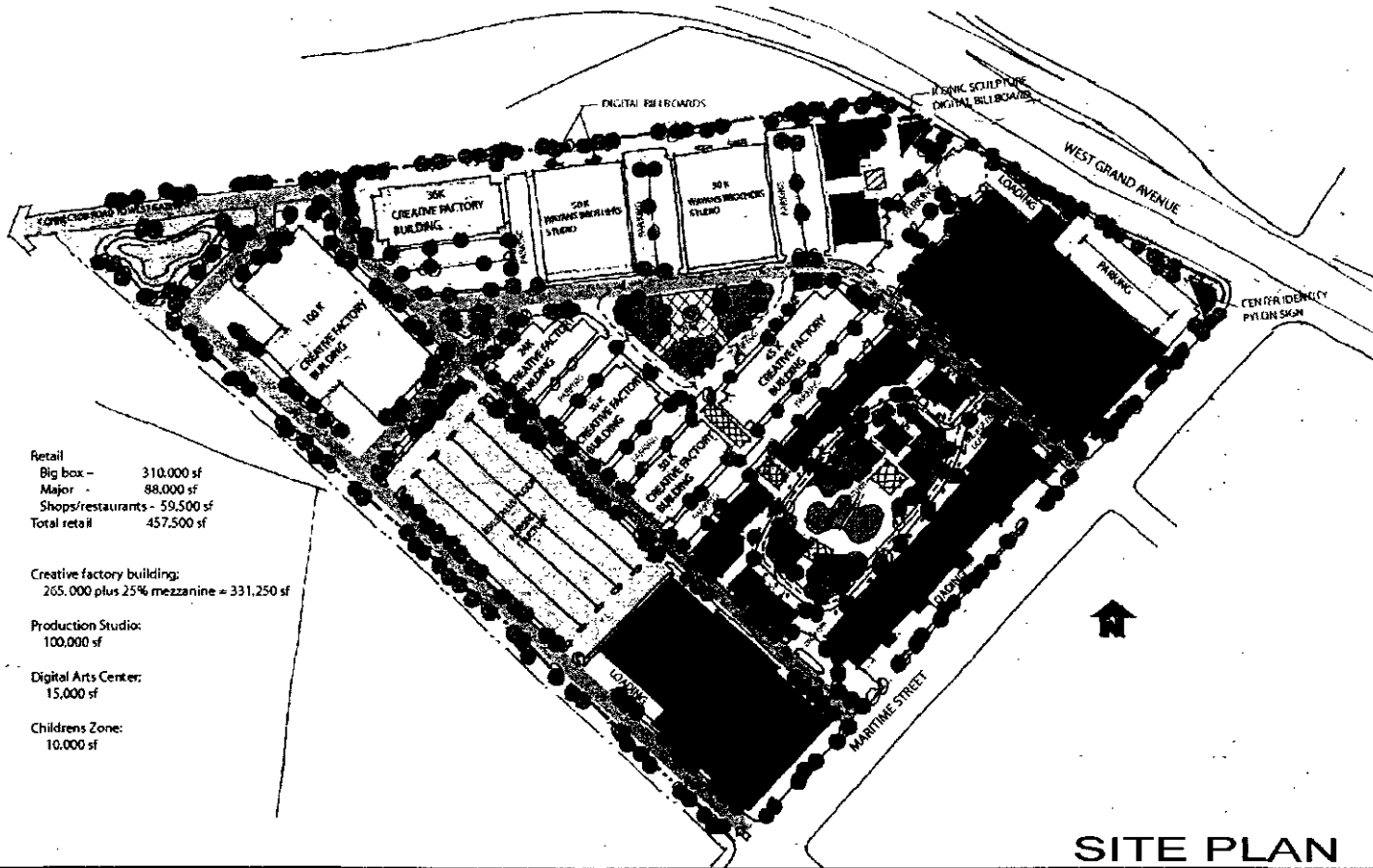
Attachment B--13

SITE PLAN

Site Plan
2.0

Attachment B--14

Site Plan



Attachment B--15

- Retail
 - Big box - 310,000 sf
 - Major - 88,000 sf
 - Shops/restaurants - 59,500 sf
 - Total retail 457,500 sf
- Creative factory building:
 - 205,000 plus 25% mezzanine = 331,250 sf
- Production Studio:
 - 100,000 sf
- Digital Arts Center:
 - 15,000 sf
- Childrens Zone:
 - 10,000 sf

SITE PLAN

WAYANS BROTHERS - OAKLAND PARTNERSHIP ARTS & ENTERTAINMENT DISTRICT "URBAN VILLAGE" RETAIL 

* This site plan is preliminary and subject to modification.

SITE PROGRAM SUMMARY

Description	Gross Square Feet	Parking Ratio	Parking Stalls
Retail	457,500	5/1000	2,288
Arts & Entertainment District/Creative Business Park	431,250	3/1000	1,119
Oakland Children Zones	25,000	1/1000	26
	913,750		3,433

** This Site Program Summary is preliminary and subject to modification.*

Attachment B--16

Job Creation

0.3

JOB CREATION

Attachment B--17

Job Creation

The development is estimated to generate over 1,500 jobs in the Central Gateway portion of the development plan. The following table summarizes the number of estimated number of employees for each land use.

Description	Gross Square Feet	SF Allocation per Employee	Estimated Number of Jobs Created
Retail	457,500	455	1,005
Arts & Entertainment District	431,250	862	500
Arts Zone	25,000	791	1,537
	913,750		1,537

Attachment B--18

The Creative Business Park flex space is a blended square footage consisting of office and studio use.

A more comprehensive economic analysis is required to attain a better estimate for the number of jobs this development will create. These ratios are not specific to any market and do not factor in the type of tenant, specific activities that may require more or fewer employees, and demand and supply constraints that may influence job creation and growth. These ratios are based on Urban Land Institute (ULI) estimates of square feet per employee and indicate the number of employees a certain building area can accommodate.

During the predevelopment phase, a comprehensive study on job creation will be performed and presented to the City of Oakland.

**Exclusive Negotiating Agreement Between
the Redevelopment Agency of the City of Oakland
and Wayans Brothers—Pacifica Capital Oakland Partnership, LLC**

TERM SHEET

**June 15, 2007
Oakland, CA**

1. ENA Period

The Exclusive Negotiating Agreement (ENA) will be for a period of four months (123 days) from the date that the ENA is approved by the Redevelopment Agency (“Agency”), during which time the Agency and Wayans Brothers—Pacifica Capital Oakland Partnership, LLC (“Wayans-Pacifica”) will negotiate a Disposition & Development Agreement for the development of a portion of the former Oakland Army Base. There are no provisions for an extension.

2. Project Description

The project will include only the “best case” scenario as described in the Wayans-Pacifica proposal titled “Destination Oakland” and presented to the Redevelopment Agency in advance of its June 5, 2007 Closed Session meeting. The “best case” scenario is anchored by film production facilities, and includes a “Creative Factory” business park, big box retail, a community-serving “Urban Village,” a Digital Art Center for children, and a Creative Children Zone. This option maximizes the studio and creative business components of the site.

3. Project Boundaries

The project will be located within portions of the Central and West Gateway Development Areas of the former Oakland Army Base.

- A. The project boundaries for the Central Gateway Development Area (Central Area) are detailed in **Exhibit A** of the proposed ENA. The estimated land within the Central Area available to Wayans-Pacifica for the purposes of developing its project proposal is forty-five (45) acres.
- B. The project boundaries for the Western Gateway Development Area (West Area) are detailed in **Exhibit A** of the proposed ENA. The estimated land within the Western Area available to Wayans-Pacifica for the purposes of developing its project proposal is fifteen (15) acres.

4. Project Expense Payment (PEP)

- A. Wayans-Pacifica will make a payment of \$150,000 to the Agency for the Project Expense Payment (PEP) account within ten (10) business days of the date of the executed ENA for the purposes of reimbursing the Agency for outside consulting and special event costs. The PEP will not be used for staff costs or environmental remediation. Examples of costs are traffic, air quality, noise, and land use studies necessary for site planning and environmental review, third-party analysis of pro formas, market data, and project feasibility information and analysis.
- B. PEP funds may be used for other purposes and the budget may be modified with the mutual written consent of designated Agency and Wayans-Pacifica project managers.
- C. See **Exhibit B** of the proposed ENA for the preliminary PEP budget.
- D. Any unused portion of the PEP is refundable to Wayans-Pacifica within thirty (30) days following the termination of the ENA.

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The table attached details the Schedule of Deliverables and Deadlines Wayans-Pacifica is responsible to produce and meet under the conditions and terms of the ENA. Should Wayans-Pacifica fail to produce any of the deliverables described below or to meet other articulated deadlines, it will be given five (5) business days to cure the deficiency. *In the event Wayans-Pacifica fails to cure the deficiency within five (5) business days, the ENA will terminate automatically without any further action by the Agency Administrator or the City Council.*

Deliverable	Description of Expected Product	Deadline	Qualifying Conditions
A. Project Development Team 1) <u>Local Project Team</u>	Wayans-Pacifica will submit to Agency staff a list of Local Project Team members including all contact information, qualifications, and description of roles.	By the 14 th day of the ENA period. Any change to Local Project Team information will be submitted within 15 calendar days of the change.	Agency staff and select Agency Board members have the option of vetting identified Local Project Team members. Should Agency staff or Board members reject a proposed Project Team member, Wayans-Pacifica will have an additional five (5) business days to identify a replacement.

Attachment C

<p>2) <u>Financial, Legal, Development Team and Partner Structure, Roles and Commitments</u></p>	<p>Wayans-Pacifica will submit a detailed written narrative and appropriate diagrams and charts of the Financial and Legal structure and corporate status of the Development Team. This submission will include Articles of Incorporation, by-laws, lists of members of boards of directors, and proof of good legal standing. The submissions will also include detailed descriptions with references of the specific roles and responsibilities of all Team members and Development partners, including those identified to be involved with all aspects of the planning, development and implementation of the “Creative Factory” business park, retail, community serving “Urban Village,” the Creative Children Zone and Digital Art Center for Children, and the film production facilities.</p>	<p>By the 30th day of the ENA period</p>	<p>The information may be submitted in segments as it is compiled and available to expedite staff review and analysis.</p>
<p>3) <u>All Financial Information Pertaining to the Planning, Development and Implementation of the Proposed Project</u></p>	<p>Wayans-Pacifica will submit documents verifying the feasibility of the project and solvency and commitment of all financial, production, retail and program partners, which will include pro formas, balance sheets, and letters of commitment.</p>	<p>By the 60th day of the ENA period.</p>	
<p>4) <u>Statement Concerning any Current or Pending Litigation</u></p>	<p>Wayans-Pacifica will submit a written statement detailing the status of any current or pending legal matters that might have a material impact on the planning, development or implementation of the project.</p>	<p>By the 5th business day of the ENA period.</p>	<p>Should any legal matter that might have a material impact on the planning, development or implementation of the project arise during the ENA period, Wayans-Pacifica will be obligated to disclose that information to Agency staff in writing within five (5) business days after Wayans-Pacifica or its partners become aware of such legal matter.</p>

Attachment C

<p>B. Project Design</p> <p>1) <u>Community Meetings</u></p>	<p>Members of Wayans-Pacifica’s primary and/or Local Development Team will attend at least one West Oakland Community Advisory Group (WOCAG) meeting and convene at least two public meetings to share project design concepts with the public and gather public input regarding the project and its potential impacts on and interface with the West Oakland community.</p>	<p>Must attend the July 26th WOCAG meeting and any subsequent WOCAG meetings that are required as follow-up and must convene two community meetings by August 31st.</p>	<p>WOCAG meetings are scheduled for the fourth Thursday of each month through August 2007. The meetings run from 6:00 p.m. to 7:30 p.m. and are held at the West Oakland Senior Center at 1724 Adeline, Street, Oakland.</p>
<p>2) <u>Boundary Maps</u></p>	<p>Wayans-Pacifica will submit detailed maps of proposed project sites for the Central and Western Areas.</p>	<p>By the 30th day of the ENA period</p>	
<p>3) <u>Schematic Design Plans</u></p>	<p>Wayans-Pacifica will submit to Agency staff detailed Schematic Design Plans for the Project. The Schematic Design Plans will include drawings, exterior elevations, site plans, schematic plans for street modifications and improvements, and a sample materials board for the first phase of the project. The Schematic Design Plan will include detailed Site Plans that include structure heights, bulk and massing, square footage, planned usage, number of parking stalls, description of main pedestrian and vehicular access, loading areas, and special features. The accompanying narrative will address total square footage for each planned use (“Creative Factory,” big box retail, etc), project phasing, construction schedule, and excavation and infrastructure considerations. The Schematic Design Plan will also address in detail Wayans-Pacifica’s commitment to meeting LEED standards and other environmental features of the project, including a commitment to use, to the extent possible, materials deconstructed from buildings on the Army Base for use in</p>	<p>By the 30th day of the ENA period.</p>	<p>Wayans-Pacifica must submit as much Site Plan detail as possible within the first month of the ENA to allow Agency staff ample time to analyze it and to then meet and negotiate with Wayans-Pacifica to ensure the plan aligns with the Agency’s overall development plan for the Army Base.</p>

Attachment C

	the Central and/or West Gateway Areas.		
4) <u>Phasing Plan</u>	Wayans-Pacifica will submit Phasing Plans for each development component in its proposal, such as for the Creative Factory Business Park, retail and Urban Village, Creative Children Zone and Digital Art Center for Children, and film production facilities.	By 6 th day of ENA period.	
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2) <u>Working Capital/Line of Credit</u>	Wayans-Pacifica will submit to Agency staff public filings and other documentation verifying the working capital/line of credit referenced in the project proposal that confirms the availability of funding to complete the project.	By the 92 nd day of the ENA period.	
3) <u>Project Development Schedule</u>	Wayans-Pacifica will submit a reasonably detailed Project Development Schedule, including construction commencement and completion schedules, and leasing/absorption of the Project's "Creative Factory," retail components, "Urban Village," Creative Children Zone, Digital Art Center and film production facilities.	By 92 nd day of the ENA period.	
4) <u>Retail Development Plan</u>	Wayans-Pacifica will submit a detailed plan that includes square footage of space intended for retail use, location of leasable area, type of retail and a feasibility analysis of proposed retail use.	By the 92 nd day of the ENA period.	Wayans-Pacifica's retail development plan must align with Oakland's Retail Development Strategy.

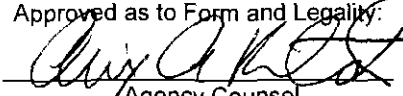
Attachment C

<p>D. Environmental Review and Planning Approvals</p> <p>1) <u>CEQA</u></p>	<p>Wayans-Pacificca will meet all deadlines articulated in this term sheet in order to allow the Agency ample time to initiate the environmental review process under CEQA.</p>	<p>Must meet deadlines pertaining to Project Boundaries and Project Team.</p>	<p>The Agency will retain environmental consultants to prepare all necessary documents required to conduct review under CEQA.</p>
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OFFICE OF THE CITY CLERK

2007 JUN 27 PM 6:45

Approved as to Form and Legality:


Agency Counsel

OAKLAND REDEVELOPMENT AGENCY

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO NEGOTIATE AND ENTER INTO A FOUR-MONTH EXCLUSIVE NEGOTIATING AGREEMENT WITH WAYANS BROTHERS—PACIFICA CAPITAL OAKLAND PARTNERSHIP, LLC FOR THE DEVELOPMENT OF PORTIONS OF THE CENTRAL AND WESTERN GATEWAY AREAS OF THE FORMER OAKLAND ARMY BASE

WHEREAS, the Redevelopment Agency of the City of Oakland ("Agency") owns approximately 77 acres of real property located in the former Oakland Army Base and within the West and Central Gateway Development subareas, which property is more particularly described in Exhibit A attached hereto; and

WHEREAS, the Redevelopment Agency adopted the Redevelopment Plan for the Oakland Army Base Redevelopment Project ("Oakland Army Base Redevelopment Plan") on July 1, 2000; and

WHEREAS, one of the goals included in the Oakland Army Base Redevelopment Plan was subdividing the site into parcels suitable for modern, integrated development; and

WHEREAS, one of the proposed actions included in the Oakland Army Base Redevelopment Plan was the redevelopment of land by private enterprise; and

WHEREAS, the development of a film production complex with entertainment and retail components ("film complex") would improve the economic conditions in the Oakland Army Base Redevelopment Area; and

WHEREAS, the Agency entered into an Exclusive Negotiating Agreement ("ENA") with the Fulton Project Development Group ("Fulton") to develop a film complex on the West and Central Gateway areas of the former Oakland Army Base commencing on February 28, 2006; and

WHEREAS, the Fulton ENA expired May 15, 2007, though the Wayans Brothers have continued to pursue developing a film complex on a portion of the former Oakland Army Base with a new development partner; and

WHEREAS, the Agency recognizes the potential of the Wayans Brothers—Pacifica Capital Oakland Partnership, LLC to build on the proposal it submitted to the Agency on May 29, 2007 with a request for a four-month ENA with the understanding that this does not constitute a binding commitment on the part of the Agency to any project or developer of the property; and

WHEREAS, in 2002 the Oakland City Planning Commission certified the Oakland Army Base Redevelopment Plan EIR and the Oakland City Council, Oakland Base Reuse Authority and Oakland Redevelopment Agency adopted all appropriate California Environmental Quality Act (“CEQA”) findings; and

WHEREAS, the City certified the Final Supplemental Environmental Impact Report for the Oakland Army Base Project on December 5, 2006; NOW, THEREFORE BE IT

RESOLVED, That the Agency Administrator is authorized to negotiate and enter into an Exclusive Negotiating Agreement with Wayans Brothers—Pacifica Capital Oakland Partnership, LLC, for the purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for the possible development of a film production complex with entertainment and retail components in portions of the Central and West Gateway Areas in the Oakland Army Base Redevelopment Area; and be it

FURTHER RESOLVED, that the material terms of the Exclusive Negotiating Agreement will be consistent with the Term Sheet attached as Exhibit B hereto; and be it

FURTHER RESOLVED, that the term of the Exclusive Negotiating Agreement will be for four months (123 days) from the date that this Resolution was approved by the Agency Board; and be it

FURTHER RESOLVED, that the further development of the “Destination Oakland” proposal submitted to the Agency on May 29, 2007 be based upon the “Best Case” scenario presented in said proposal; and be it

FURTHER RESOLVED, that the Agency has independently reviewed and considered the environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rules) of the CEQA Guidelines; and be it

FURTHER RESOLVED, that the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED, that the Agency Administrator is further authorized to take whatever action is necessary with the respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND
CHAIRPERSON DE LA FUENTE

NOES –

ABSENT –

ABSTENTION –

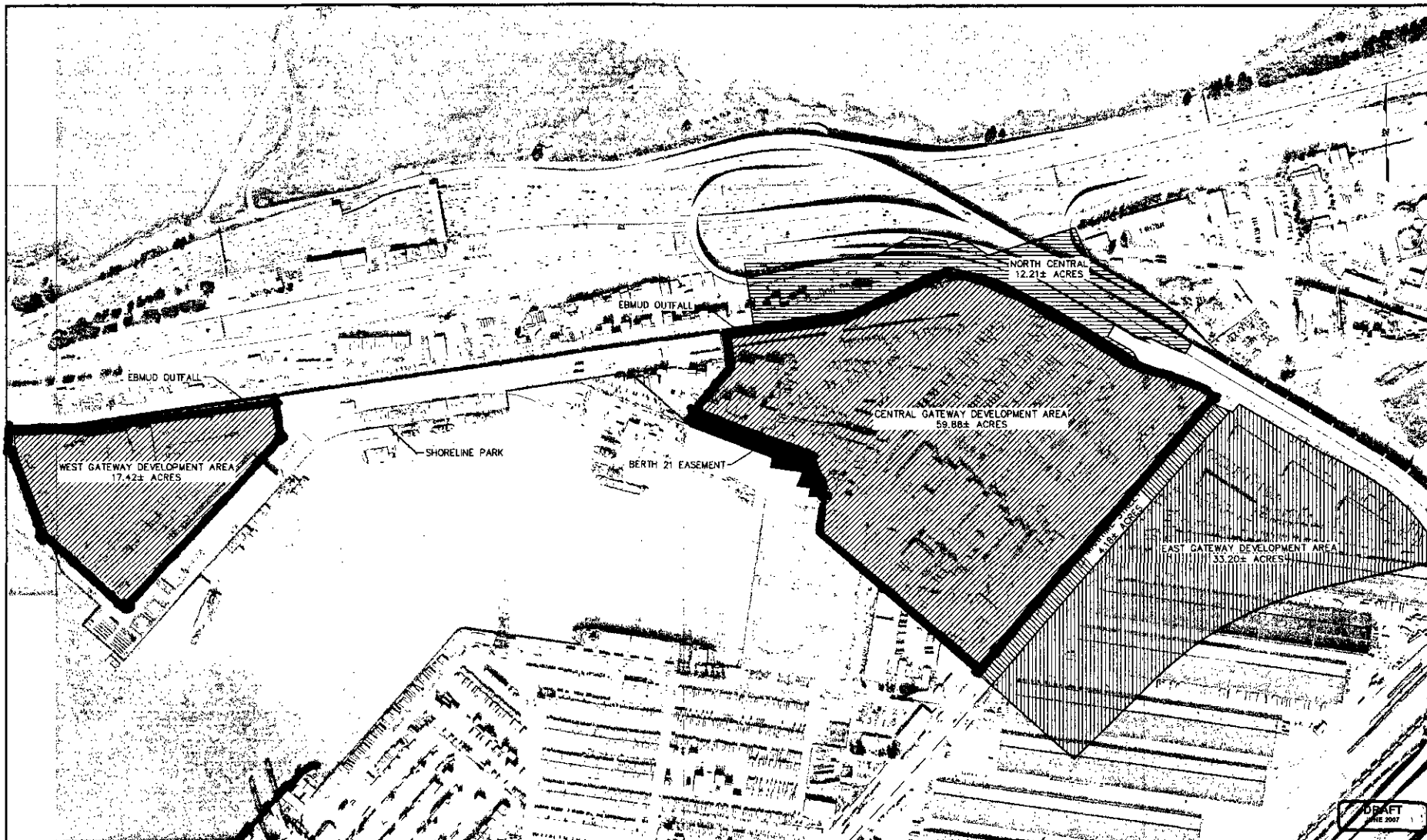
ATTEST: _____

LATONDA SIMMONS

Secretary of the Redevelopment Agency
of the City of Oakland, California

Exhibit A: Map of the West and Central Gateway Development subareas of the former
Oakland Army Base

Exhibit B: Term Sheet for the Exclusive Negotiating Agreement between the
Redevelopment Agency of the City of Oakland and Wayans Brothers—
Pacifica Capital Oakland Partnership, LLC



DRAFT
JUNE 2007



**Kimley-Horn
and Associates, Inc.**

555 12th Street, Suite 1230
Oakland, California 94607

Tel. No. (510) 825-0712 © 2007
Fax No. (510) 825-0714



SUPERVISING CIVIL ENGINEER

CIVIL ENGINEER LINDA T. DEBOLT	No.	DATE	BY	REFERENCE
NSR NO. 8780 EXP. 06/06/09				
CHECKED BY:				
DESIGNED BY:				
DRAWN BY: LTD				

OAKLAND ARMY BASE
GATEWAY DEVELOPMENT AREAS
KEY MAP

SCALE:
HOR. 1" = 200'
VERT. NONE
DATE: JUNE 2007
SHEET NO.
OF

**Exclusive Negotiating Agreement Between
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TERM SHEET

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