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OAKLAND  
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# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Coliseum City ENA

DATE: November 18, 2013

City Administrator

Date

Approval

11-21-13

COUNCIL DISTRICT: # 7

## RECOMMENDATION

Staff recommends that the City Council:

1. Receive a Progress Report on the Adopted Benchmarks (30 days) for the City's ENA Amendment Agreement, along with Sequential Benchmarks and Delivery Dates on Coliseum City with JRDV Urban International, HKS Sports and Entertainment, Forest City Real Estate Services LLC, and Bay Investment Group, LLC, as adopted on the October 8, 2013 City Council Meeting; and
2. Adopt A Resolution Amending Resolution Nos. 83746, 84574, and 84666 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 Architects, Inc., HKS Architects Inc., Forest City Real Estate Services, LLC, and Bay Investment Group, LLC, To Remove Forest City Real Estate Services, LLC, as a Party

## EXECUTIVE SUMMARY

Staff recommends amending the Coliseum City Exclusive Negotiating Agreement ("ENA") to remove Forest City Real Estate Services as a party from the master developer team. With the recent additions of Bay IG and Colony Capital as the new investor equity partner, Forest City has recently indicated that they are no longer interested in participating in the proposed development and have elected to not be a party to the ENA. Thus, staff is recommending the removal of Forest City Real Estate Services from the previous master development team, to now only include JRDV Urban International, HKS Architects, and Bay Investment Group, LLC.

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CED Committee  
December 3, 2013

## OUTCOME

Authorizing the City Administrator to amend the ENA to remove Forest City Real Estate Services from the master developer team will still 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, without any additional commitment of City funds beyond those previously allocated.

## BACKGROUND/LEGISLATIVE HISTORY

In March 2012, pursuant to Oakland City Council Resolution No. 83746 C.M.S., the City entered into a twelve month ENA with JRDV Urban International, HKS and Forest City and later extended the agreement by an additional six-month per a First Amendment to the ENA. The purpose of the original ENA was to conduct a number of predevelopment deliverables along with a Master Plan vision for the existing Oakland-Alameda County Coliseum Complex and surrounding area.

In July 2013 and pursuant to Oakland City Council Resolution No. 84574 C.M.S., the City granted an additional 45 day ENA extension, per a Second Amendment to the ENA, to allow staff to conduct additional due diligence on a new proposed investor/partner and this extension expired on October 21, 2013. On October 15, 2013, and pursuant to Oakland City Council Resolution No. 84666 C.M.S., the City Council authorized another 12 month ENA with an additional six-month administrative option with the developer team, as well as adding Bay Investment Group LLC ("Bay IG") to the development team. A Third Amendment to the ENA has been drafted extending the ENA period, adding Bay Investment Group, and modifying the deliverables. However, since Forest City has given notice of their withdrawal from the master developer team, that Third Amendment has not been signed, and staff is now recommending officially removing them as a party to the agreement and executing the revised Third Amendment.

## ANALYSIS

Since March 2012, JRDV Urban International, HKS Architects and Forest City Real Estate Services have been partnering on developing the overall vision for the Coliseum City Master Plan and undoubtedly, the team has benefited tremendously from the overall expertise that Forest City has brought to the project. However, due to internal decisions made from within their company and the clarification of roles and responsibilities within the ENA team, Forest City has decided not to participate as a party at this time.

In spite of Forest City Real Estate Services' withdrawal from the team, Bay IG, LLC as master developer has continued to lead the development team in the accomplishment of benchmarks set forth in the ENA. The master developer team has provided staff with documentation to satisfy all benchmarks due within the first 30 days of the ENA, and most importantly, Colony Capital has joined Bay IG as an official member of the limited liability company. In 2011, Colony Capital had the third largest private equity real estate fund in the world, after Blackstone Group and Morgan Stanley Real Estate.

Bay Investment Group LLC ("Bay IG") has formed as a Delaware Limited Liability Company whose members are Hayah Holdings BV ("HayaH") and Colony Capital Acquisitions LLC ("Colony") (collectively "Members"), each holding a 50% interest in the entity. The company will be managed under the direction of the Members making all decisions by unanimous consent.

Bay IG is a party to the Exclusive Negotiating Agreement ("ENA") with the City of Oakland to pursue development at the Coliseum site in Oakland ("Project"). Although Bay IG will be managed jointly, it is envisioned that Colony will take primary responsibility for the raising of the capital requirement for the development and implementation phase of the Project. Colony will assist in preparing documents related to capital strategy and sourcing. Colony will also provide strategic advice during the pre-development period of the Project.

HayaH will lead in coordinating the development team towards completion of the ENA deliverables and secure additional resources with the requisite developer experience as required under the terms of the ENA, as well as working with Colony to secure additional capital investments for the Project.

Additionally, Bay IG, LLC and partners have commenced or completed the following as required within the initial 30 days of the agreement.

- Bay IG, LLC to submit all documents specified under Section 2.1(a) of the ENA, which shall include documents verifying the admission of Colony Capital, LLC, as member.
- Commence negotiations with the Oakland Raiders and the National Football League (NFL).
- Submit to the City a summary of predevelopment costs it anticipates for the remainder of the negotiating period.

As Forest City reached its decision not to continue as part of the ENA team, it did not sign on with the original Third Amendment to the ENA which was authorized by the City Council on October 15 through Resolution No. 84666 C.M.S. Without that executed amendment, the City funds for a market study which that resolution also authorized were not available. For this reason, the ENA deliverable timeframes which rely on the funding of the market study will each be pushed back 30 days

Staff have updated the spreadsheet showing ENA deliverables and dates, and have included it as ***Attachment A*** to this staff report.

### **PUBLIC OUTREACH/INTEREST**

The master developer team has begun and will continue to conduct outreach meetings with a variety of community organizations, neighborhood groups, and business groups, and with 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. 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, major public transit and utility agencies, as well as business, non-profit organizations and community stakeholders. Alameda County, as co-property owner, debt holder and Joint Powers Authority member with the City of Oakland, has been consulted as to City negotiations with the developer team. Staff anticipates establishing a clear process for engaging the county in ongoing negotiations early during the ENA period.

### **COST SUMMARY/IMPLICATIONS**

The City previously allocated \$1.6 million in Coliseum 2006 Series Taxable Bond funds to conduct predevelopment work and deliverables under the original Coliseum City ENA. It is currently anticipated that \$240,000 will be reprogrammed from these initial funds to cover the additional detailed market study analysis that shall be a part of the revised third amendment. Funds are 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. No new funds will be allocated as part of this revised third amendment to the ENA.

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

Respectfully submitted,



Fred Blackwell  
Assistant City Administrator

Reviewed by:  
Gregory Hunter, Neighborhood Investment Manager

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

Attachment A: Updated ENA Deliverables and Dates

Item: \_\_\_\_\_  
CED Committee  
December 3, 2013

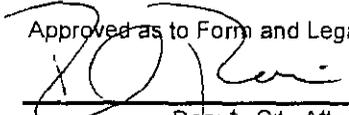
ATTACHMENT A

City of Oakland - Coliseum City ENA Schedule of Deliverables

No. of Days	Coliseum City Amended ENA Benchmark	ENA Section	Due Date
<b>30 DAYS</b>			
	Tenant Negotiations: Within 30 calendar days of the date of the Third Amendment, Bay IG on behalf of Developer shall commence negotiations with the Oakland Raiders and the National Football League (NFL). Bay iG on behalf of Developer shall use good faith efforts to commence negotiations with the Oakland Athletics and Major League Baseball (MLB), and the Golden State Warriors and the National Basketball Association (NBA)	2.10	21-Nov-13
30	Property Negotiations: Within 30 days of the date of the Third Amendment, the Parties shall mutually establish a set of commercial parameters for these negotiations.	2.11	21-Nov-13
30	Predevelopment Costs: Bay IG on behalf of Developer shall submit to the City a summary of predevelopment costs it anticipates for the remainder of the Negotiating Period.	2.18	21-Nov-13
30	Organizational and Financial Status: Bay IG shall submit all documents specified under Section 2 1(a) of the ENA regarding the organizational and financial status of Bay Investment Group, LLC, which shall include documents verifying the admission of Colony Capital, LLC, as a member of the Bay IG LLC, to the City within 30 calendar days of the date of this Third Amendment.	3	21-Nov-13
<b>120 DAYS</b>			
120	Tenant Negotiations: Where appropriate, commence negotiations with the other major sports teams within 120 days of the date of the Third Amendment.	2.10	21-Feb-14
	Property Negotiations: Within 90 calendar days from the commencement of the Market Data Analysis, Bay IG on behalf of Developer shall commence negotiations with the City, the Oakland Redevelopment Successor Agency, the Port of Oakland, the County of Alameda, and the Coliseum Joint Powers Authority regarding disposition of property owned or controlled by each of them, the funding of infrastructure required for the development of the Site, and the treatment of existing debt on public land in Area A.	2.11	TBD
<b>150 DAYS</b>			
150	Land Assembly: Within 150 calendar days from the date of the Third Amendment, Bay IG on behalf of Developer shall complete with City technical assistance and submit to the City, a land assembly strategy for the initial phase(s) of the Project.	2.14	21-Mar-14
150	Infrastructure Investment: Developer shall submit to the City a public infrastructure investment strategy.	2.16	21-Mar-14
150	Infrastructure Investment: Developer and City shall work cooperatively to conduct the following:	2.16	21-Mar-14
150	1) Obtain an engineering and implementation study with respect to the relocation of PG&E lines on the Site.	2.16	21-Mar-14
150	2) Develop other utility services and dependencies plans.	2.16	21-Mar-14
150	Market Data Analysis- Phase I: Bay IG on behalf of Developer shall prepare and submit a detailed Phase II Market Data Analysis of the Project which shall be completed within 150 days of the date of the Third Amendment and shall consist of the following:	2.9	21-Mar-14
150	1) <u>Primary Research Consumer Focus</u> - Narrow premium assortment within the premium options.	2.9	21-Mar-14
150	2) <u>One on One Interviews Market Research</u> - Narrow benefit streams within "best fit" product categories.	2.9	21-Mar-14
150	3) <u>Conjoint Market Research Analysis</u> - Determine the potential supply and demand for products to reach statistically significant revenue forecast.	2.9	21-Mar-14

No. of Days	Coliseum City Amended ENA Benchmark	ENA Section	Due Date
180 DAYS			
180	Tenant Negotiations: Within 180 calendar days from the date of the Third Amendment, Bay IG on behalf of Developer shall submit to the City a Letter of Interest to participate in the Project from at least one of the above-referenced sports teams.	2.10	21-Apr-14
180	Investment Funding Process: Within 180 days from the date of the Third Amendment, Bay IG on behalf of Developer shall submit to the City a written plan describing the planned sources of investment equity for the initial phase(s) of the Project.	2.12	21-Apr-14
180	Market Data Analysis- Phase II: Bay IG on behalf of Developer shall prepare and submit a detailed Phase I Market Data Analysis of the Project which shall be completed within 180 days of the date of the Third Amendment and shall consist of the following:	2.9	21-Apr-14
180	1) Multiple Scenarios Site and Ancillary Development Impact Analysis	2.9	21-Apr-14
180	2) Stadium Revenue Financial Model Analysis for Multiple Scenarios	2.9	21-Apr-14
180	Developer Selection: Bay IG, shall appoint an individual or corporate entity to supplement its resources, who shall be acceptable to the City in terms of having the requisite developer experience.	3	21-Apr-14
210 DAYS			
210	Public Benefit Analysis: Within 210 calendar days from the date of the Third Amendment, Bay IG on behalf of Developer shall submit to the City a public benefits analysis of the Project.	2.15	21-May-14
240 DAYS			
240	Contracting Plan: Developer shall submit to the City a contracting plan for the design and construction of the initial phase(s) of the Project, for which Developer shall provide additional details prior to the execution of the DDA.	2.17	21-Jun-14
240	Investor Business Case: Bay IG on behalf of Developer shall complete and submit an Investor Business Case for presentation to its investment partner(s) within two months of completion of the Market Data Analysis, which the City shall promptly review before distribution to the investment partner(s).	2.9	21-Jun-14
360 DAYS			
360	ENA Timeframe: The Negotiation Period under the ENA is hereby extended to run until October 21, 2014, and may only be extended an additional (6) six months with administrative approval.	1	21-Oct-14

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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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**A RESOLUTION AMENDING RESOLUTION NOS. 83746, 84574 AND 84666 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 ARCHITECTS, HKS ARCHITECTS, FOREST CITY REAL ESTATE SERVICES LLC, AND BAY INVESTMENT GROUP, LLC., TO REMOVE FOREST CITY REAL ESTATE SERVICES, LLC., AS A PARTY**

**WHEREAS**, City Council Resolution No. 83746 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 their affiliates, as the developer team for the Coliseum City project; and

**WHEREAS**, on March 6, 2012, the City entered into a one year ENA with 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 or until October 21, 2013 to allow the developer to complete the project deliverables and provide the City additional due diligence regarding a new proposed third party entity investor; and

**WHEREAS**, City Council Resolution No. 84666 C.M.S. authorized the City to extend the ENA for an additional 12 months with a six month administrative option to extend, and to include Bay Investment Group, LLC., as a party to the agreement; and

**WHEREAS**, Forest City Real Estate Services, LLC, has since recently expressed its desire to not be included as a party to the ENA; and

**WHEREAS**, the City still desires to continue negotiations with the 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; now, therefore, be it

**RESOLVED:** That the City Council hereby amends Resolution Nos. 83747, 84574 and 84666 C.M.S. to authorize the City Administrator, or her designee, to negotiate and enter into an amendment to the ENA with JRDV Architects, Inc., HKS Architects, Inc., Forest City Real Estate Services, LLC, and Bay Investment Group, LLC., for the Coliseum City project to remove Forest City Real Estate Services, LLC, as a party in the agreement; and be it

**FURTHER RESOLVED:** That the City Council authorizes the City Administrator, or her designee, to negotiate and enter into other agreements or take other actions with respect to the removal of Forest City Real Estate Services, LLC, from the project, consistent with this Resolution and its basic purposes.

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