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OFFICE OF THE CITY CLERK
OAKLAND
2015 JUL 16 PM 5:31

AGENDA REPORT

TO: Sabrina B. Landreth
CITY ADMINISTRATOR

FROM: Claudia Cappio

SUBJECT: Supplemental Report - Developer Selection
and ENA for the Henry J. Kaiser Convention Center

DATE: July 13, 2015

City Administrator
Approval

Date

7/16/15

COUNCIL DISTRICT: 2

RECOMMENDATION

Staff recommends that the City Council approve:

A Resolution Authorizing an Exclusive Negotiating Agreement with Orton Development, Inc. for the Rehabilitation, Adaptive Reuse, and Operation of the Henry J. Kaiser Convention Center, also known as the Oakland Municipal Auditorium.

REASON FOR THE SUPPLEMENTAL REPORT

A supplemental report has been prepared to transmit additional information in response to the City Council's requests at the July 7, 2015 City Council meeting.

DISCUSSION

On September 22, 2014, the City issued a Request for Proposals (RFP) to rehabilitate, adaptively reuse, and operate the Henry J. Kaiser Convention Center under a long-term ground lease from the City. Responses were due on November 12, 2014. Two development teams submitted proposals that were deemed complete and responsive and moved forward in the evaluation process: (1) Orton Development, Inc., based in Emeryville and (2) Creative Development Partners (CDP), based in Oakland, in a joint venture with Harbinger Development based in Boston, MA and Equinox-SynergyEB5, based in San Francisco.

Following a lengthy evaluation of each proposal and team, including a review of both proposals by an evaluation panel, staff recommended that the City Council authorize an Exclusive Negotiating Agreement (ENA) with Orton Development, Inc. for the rehabilitation and adaptive reuse of the Henry J. Kaiser Convention Center. This recommendation was based on Orton

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Development's significant track record working on large scale historic rehabilitation projects, its demonstrated access to significant on hand capital, and the overall feasibility of its approach to the project. At the June 9th meeting, the Committee voted to move the recommendation forward to full Council (three ayes, one abstention).

At the July 7, 2015 City Council meeting, the Council requested additional information from staff regarding the historic preservation standards that would apply to the project, more detail from Creative Development Partners regarding its financing plan, and more information from Orton Development, Inc., regarding its plans and approach to reusing the arena portion of the building.

Historic Standards Applicable to the Project

The Henry J. Kaiser building is designated as an Oakland landmark, and is thus subject to a stringent historical analysis as part of any proposed physical and use modifications to the facility. One of the primary evaluation tools for the historic analysis is the U.S. Secretary of the Interior's Standards for Rehabilitation.

Both teams are proposing to use Federal Historic Preservation Tax Credits to fund the project. To do so, the building must be placed on the National Register of Historic Places. While the building is already a designated Oakland landmark, the selected developer and the City would collaborate on an application for listing on the National Register of Historic Places. The State Historic Preservation Office and the National Park Service would review the project to ensure it complies with the Secretary of the Interior's stringent standards. While the standards allow new uses and alterations to historic landmarks, any changes must not compromise the building's original historic features and maintain the building's character defining elements.

The Secretary's Standards for Rehabilitation are included as **Attachment A**.

Additional Information from Creative Development Partners

On July 2, prior to the Council meeting on July 7, CDP submitted new financial materials via email to all City Council members. Among other things, the materials included personal wealth profiles for a number of its proposed partners at Harbinger Development. The materials also included a letter from Harbinger Development to Creative Development Partners describing a new investor, the Silverstein Family of Florida, and stated that the Silverstein Family is prepared to invest \$35 million in CDP's project, should they be awarded the project. The letter from Harbinger Development to CDP also called for changes to the overall scope of the project contained in CDP's original proposal and to its approach to financing the project.

The Harbinger letter and a comparison of CDP's original proposal and the changes to the proposal submitted on July 2 are included as **Attachment B** for Council's review. The new proposal is different from the original proposal submitted in response to the RFP deadline in November 2014. It still includes a hotel on site, although smaller in size, as well as a number of other changes related to the projects costs, project team, capital stack and capital commitments.

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At the July 7 meeting, the City Council asked for additional information describing Creative Development Partners’ financing plan, to better understand its path to financing the project. In response, on July 10, Creative Development Partners sent an email to the Council members re-summarizing its financing plan and attaching a map showing additional locations for its proposed hotel, including sites outside the City’s ownership or control. This information is included as **Attachment C**.

Additional Information from Orton Development

At the July 7 meeting, the City Council also asked for additional information from Orton Development regarding its approach and ideas for the arena portion of the building. Orton provided the attached summary (**Attachment D**) regarding its approach to determining uses for the arena and a description of some of the options it will consider, including precedent case studies from other cities. Orton Development has not committed to a specific plan for arena space in the Henry J. Kaiser because of the need to conduct additional research and testing regarding the building’s current seismic and geologic conditions, and the need to review and consider multiple options as part of a community outreach and engagement process during the ENA period.

Respectfully submitted,



Claudia Cappio
Assistant City Administrator

Reviewed by:
Mark Sawicki
Director of Economic and Workforce Development

Prepared by:
Kelley Kahn, Special Projects Manager, Office of the City
Administrator

- Attachment A: *Secretary’s Standards for Rehabilitation*, National Park Service
- Attachment B: Comparison of CDP’s November 12, 2014 proposal and new information submitted to Council on July 2, 2015; letter from Harbinger Development to CDP
- Attachment C: July 10, 2015 communication from CDP regarding its financing plan
- Attachment D: July 10, 2015 summary from Orton Development Inc. regarding approach to Henry J. Kaiser arena space and precedent imagery

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Attachment A

Technical Preservation Services

National Park Service
U.S. Department of the Interior



[Home](#) > [The Standards](#) > Rehabilitation Standards and Guidelines

Rehabilitation Standards and Guidelines

The Secretary of the Interior's Standards for Rehabilitation, codified as 36 CFR 67, are regulatory for the **Historic Preservation Tax Incentives program**. The Guidelines for Rehabilitating Historic Buildings and the Guidelines on Sustainability for Rehabilitating Historic Buildings, which assist in applying the Standards, are advisory.

Applying the Standards for Rehabilitation

Guidelines for Rehabilitating

Historic Buildings

Guidelines on Sustainability

Other Standards and Guidelines:

Four Treatment Standards: Preservation, Rehabilitation, Restoration, and Reconstruction

Guidelines for the Treatment of Historic Properties

History of the Standards

Secretary's Standards for Rehabilitation

Rehabilitation projects must meet the following Standards, as interpreted by the National Park Service, to qualify as "certified rehabilitations" eligible for the 20% rehabilitation tax credit. The Standards are applied to projects in a reasonable manner, taking into consideration economic and technical feasibility.

The Standards apply to historic buildings of all periods, styles, types, materials, and sizes. They apply to both the exterior and the interior of historic buildings. The Standards also encompass related landscape features and the building's site and environment as well as attached, adjacent, or related new construction.

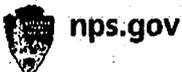
1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Guidelines for Rehabilitating Historic Buildings

The **Guidelines** assist in applying the Standards to rehabilitation projects in general; consequently, they are not meant to give case-specific advice or address exceptions or rare instances. For example, they cannot tell a building owner which features of an historic building are important in defining the historic character and must be preserved or which features could be altered, if necessary, for the new use. Careful case-by-case decision-making is best accomplished by seeking assistance from qualified historic preservation professionals in the planning stage of the project. Such professionals include architects, architectural historians, historians, archeologists, and others who are skilled in the preservation, rehabilitation, and restoration of the historic properties. These Guidelines are also available in **[PDF format](#)**.

The **[Guidelines on Sustainability for Rehabilitating Historic Buildings](#)** stress the inherent sustainability of historic buildings and offer specific guidance on "recommended" rehabilitation treatments and "not recommended" treatments, which could negatively impact a building's historic character. These Guidelines are also available as an **[interactive web feature](#)**.



EXPERIENCE YOUR AMERICA™

Attachment B: Summary of Changes to Creative Development Partners' Proposal for the HJK

	CDP's Original Proposal November 12, 2014	CDP's New Proposal¹ July 2, 2015
Development Team	Joint Venture between Creative Development Partners, Harbinger Development and Equinox/SynergyEB5	Single Purpose Entity/Joint Venture between Creative Development Partners and Harbinger Development
Project Proposal	15-story, 280 room hotel in between OMCA and HJK	8-story, 140 room Starwood Aloft hotel in between OMCA and HJK
Project Cost		
HJK Hotel	\$69,595,200	\$34,452,000
Total	\$73,145,333	\$42,139,320
Demonstration of Available Capital	Small line of credit from Harbinger Development to pursue predevelopment projects. Limited capital demonstrated by CDP principals.	\$35 million commitment described in letter to CDP from Harbinger Development of Boston, MA, based on funds that Silverstein Family of Florida is prepared to invest. Wealth profiles of Harbinger partners and others.
Financing Structure/Capital Stack	Multiple funding sources including: Equinox-Synergy EB5 Bridge Ventures PolicyLink /Private Foundations LISC Bond issuance City tax rebates City funds of \$3 million Historic Preservation Tax Credits New Market Tax Credits	Three funding sources: Equity from Harbinger/Silverstein Bank debt Historic Preservation Tax Credits

¹ Source: Attached letter from Harbinger Development to J. Liu, Creative Development Partners, dated June 30, 2015 (distributed directly to City Council)



June 30, 2015

VIA ELECTRONIC MAIL

Mr. Jeremy Liu
CREATIVE DEVELOPMENT PARTNERS
490 Lake Park Avenue
Suite 16242
Oakland, CA 94610
Attention: Jeremy Liu (jliu@creativedevelopmentpartners.com)

**RE: Henry J. Kaiser Convention Center & Oakland Aloft Hotel
Oakland, California**

Dear Jeremy:

Harbinger Development, L.L.C. ("Harbinger") hereby confirms it is prepared to invest \$35,000,000 in equity and balance sheet capacity for construction financing for the referenced development (the "Project" described below) in a joint venture with local sponsor Creative Development Partners ("CDP") on the terms and conditions summarized below.

Harbinger Development, LLC (together with its investor(s), "Harbinger"), is a real estate private equity firm headquartered in Boston, Massachusetts. Harbinger is led by Famon O'Marah investing with the Silverstein Family who have been working and investing together for almost 10 years. Harbinger is an internally capitalized company with personal balance sheet capacity in excess of \$350MM and has established borrowing capacity from major lenders to execute vertical construction projects. Harbinger employs a fundamental value approach to investing in both its opportunistic and lower-risk strategies and focuses on select product types and geographic regions, with a primary emphasis on opportunities in major coastal markets in the United States, and with a particular focus on value creation opportunities and complex situations.

The Project to rehabilitate the Henry J. Kaiser Convention Center and the development of Oakland's first new hotel in decades fits our investment model and our underwriting supports this equity placement.

- 1) **Project:** Historic rehabilitation and revitalization of the Henry J. Kaiser Convention Center (HJKCC) for its historic and intended use for public assembly, entertainment, meeting and convention. We feel it is very important that the HJKCC facility be restored to its original use and that a hotel component creates excellent synergy to provide lodging capacity for the HJKCC and meeting / convention capacity for the new Hotel. As such the Project will also include the construction of new approximately 140-room hotel project as a Starwood branded Aloft hotel. The Aloft Hotel will be built to as-of-right height not to exceed eighty-five (85) feet at the site adjacent to the HJKCC. Special care will also be taken locate the hotel so as to connect the Oakland Museum of California in a positive fashion both physically and programmatically.



- 6) **Deposits:** Harbinger is prepared to post a good faith Deposit equal to \$100,000 to the City of Oakland immediately following designation/selection to advance and complete the Exclusive Negotiating Agreement (ENA) with the City.
- 7) **Assignment:** Prior to closing, Harbinger will have the right to assign its rights under the Agreement to one or more entities which are affiliates of Harbinger and which will have Harbinger as the Manager. Until and unless such an assignment of the Agreement is made, none of such entities will have any liability thereunder. Upon such assignment such entities shall assume all of Harbinger's obligations under the Agreement and Harbinger shall be released therefrom.
- 8) **Confidentiality; Exclusivity:** The terms and conditions of this Letter and the transactions contemplated hereunder will be held by the parties in strict confidence and will not be disclosed to anyone, other than representatives who need to know such information in connection with the transaction contemplated hereby and the City Of Oakland.
- 9) **Designation:** Harbinger's proposal to fund equity and provide guarantees for the Project are contingent on CDP successfully being selected by the City of Oakland for the Project. After Designation we will draft a mutually acceptable Operating Agreement for the SPE to execute the Project.

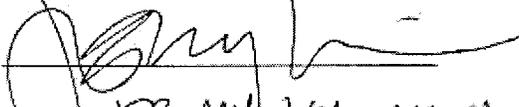
If the foregoing outline of basic terms and conditions is acceptable to CDP, we request that CDP acknowledge by signing and returning the enclosed copy of this letter by 5:00 P.M., US Eastern Daylight Time, on July 6, 2015.

Very truly yours,

HARBINGER DEVELOPMENT, a
Delaware limited liability company

By: 
Its: Managing Member

AGREED AND ACCEPTED:


CDP: JEREMY LIU, MANAGING PARTNER
Date: 6/30/2015

Cc: Jake Silverstein
Josh Weinstein



Exhibit B – Hotel Brand letter



February 15, 2014

Ms. Karoleen Feng
Creative Development Partners
490 Lake Park Avenue, Suite 16242
Oakland, CA 94610

RE: Proposed aloft and/or element Hotel in Downtown Oakland, CA

Dear Ms. Feng,

On behalf of Starwood Hotels & Resorts Worldwide, I am delighted to express our interest in continuing our relationship with Creative Development Partners to offer our aloft and/or element brand to the proposed redevelopment in Downtown Oakland, CA.

Upon review of the proposed hotel location on February 12th, 2014, we believe this to be an interesting opportunity and market to offer one or more of our Starwood Brands, and we hope to continue to work with you as you move forward to securing a hotel feasibility report and control of the site. Please let me know if there is anyone you would like for us to meet with to share the aloft and element brand stories and overall performance within the upper-upscale, select service and extended-stay hotel segments. Please note that this is a non-binding letter which speaks only to our level of interest and in no way should be interpreted as approval of a deal or execution of an agreement.

Thank you again, we look forward to working with you on this exciting project.

Kind Regards,

Tiffany Cooper
Senior Director, Development West

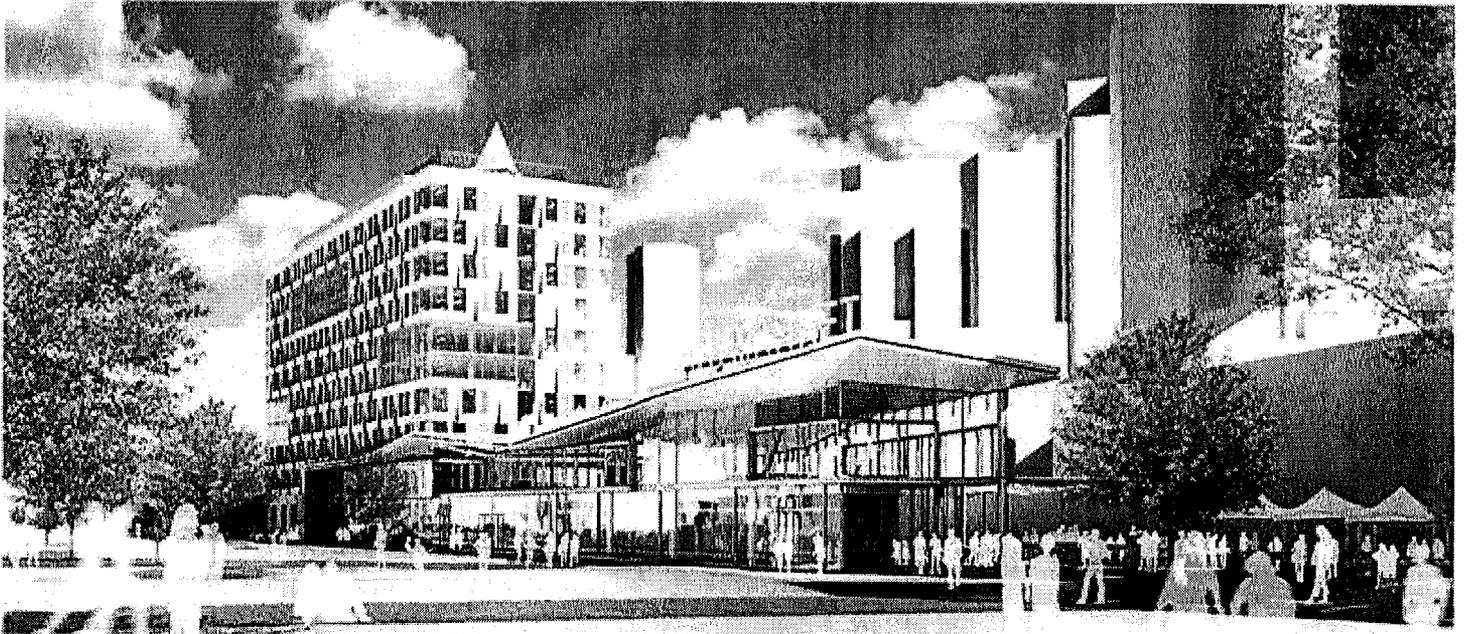




Harbinger

Development

About | Team | Portfolio



About Our Real Estate Investment & Advisory Firm

hār-bən-jər\

1: a person sent ahead to provide lodgings

2a: one that pioneers in or initiates a major change: precursor

2b: one that presages or foreshadows what is to come

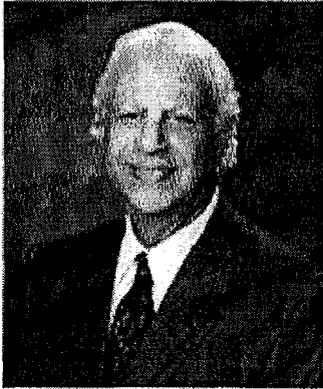
Boston Real Estate Investment

Harbinger Development is an internally capitalized real estate investment firm with the ability to fund pursuit, acquisition, entitlements and vertical development ranging from \$25mm to \$250mm.

Our Services

- Advisory
- Sponsor / Developer Investment
- Third Party Investing

Forecasting the market - being the "precursor"



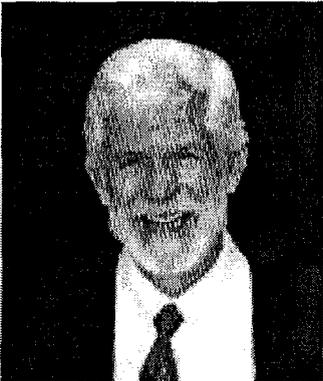
Mr. Meshad formed JWM Management in 1989 to pursue Real Estate Development opportunities in Sarasota, Florida and throughout the Southeast. Mr. Meshad and JWM Management have owned and developed over one million square feet of office and retail space in Sarasota, Florida and Atlanta, Georgia. He was a member of the Florida Bar Association, Sarasota County Bar Association, American Bar Association, and currently a member of the Sarasota Board of Realtors.

Mr. Meshad is a former licensed instructor for the Florida Real Estate Commission and he currently holds broker and salesman's licenses from the Florida Real Estate Commission. He was former Chairman of the Board of Central National Bank, former owner and developer of the new Sarasota Doctors Hospital (168 bed acute care hospital), a former major shareholder and founder of Sunstate Restaurant Corporation (A joint venture with Brinker International, Inc. which owned and developed over 40 Chili's Restaurants in the southeastern United States).

Mr. Meshad earned a Bachelor of Arts degree and Bachelor of Science degree from Auburn University in 1964, and he received his Juris Doctorate from the University of Florida College of Law in 1966.

Dennis McGillicuddy

Investment Partner



Since 2002, Dennis McGillicuddy has been a director of Franklin Street Properties, Inc., a \$1.3 billion publicly traded REIT (NYSE Amex: FSP).

Mr. McGillicuddy graduated from the University of Florida Law School with a J.D. degree and in 1968, he joined Barry Silverstein in founding Coaxial Communications, a cable television company. After several successful decades, they eventually sold the company in 1998.

Mr. McGillicuddy has also served on various charitable organizations. He is currently president of the Board of Trustees of Florida Studio Theater, a professional non-profit theater organization, and he serves as a Co-Chair, along with his wife, of Embracing our Differences, an annual month long art exhibit that promotes the values of diversity and inclusion. Mr. McGillicuddy is also a member of the Advisory Board to the Center for Mindfulness in Medicine, Health Care & Society at the University of Massachusetts Medical School.

Portfolio of Our Real Estate Investment Properties & Projects

Current Projects

- 330 room Starwood Aloft Hotel at the Boston Convention Center
- 180 room Starwood Extended Stay Hotel at



Harbinger
Development

40 Walnut Street
Wellesley, Ma 02481
781-992-5999

Site design: [Fausto Communications](#)

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Dennis J Mcgillicuddy

Personal Information

40 GROTON HARVARD RD
AYER, MA 01432-1408

Age: **72**

Date of Birth: **1943**

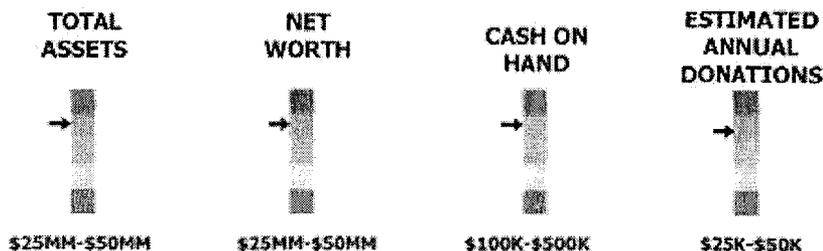
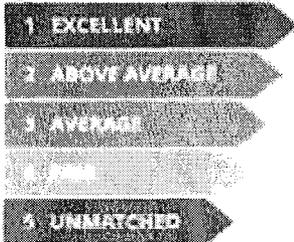
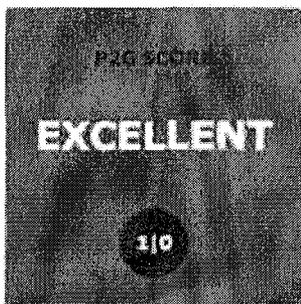
Children: **Yes**

Associated: **Linda A Mcgillicuddy**

Gender: **Male**

Other Information Found

- Business
- Real Estate
- Household
- Donation



Wealth Summary

Gift Capacity Range:	\$200K - \$300K
Gift Capacity Rating:	16
Influence:	1
Planned Giving	
Bequest:	Y
Annuity:	2
Trust:	0
Inclination Affiliation:	Older w/ Strong Political, Charitable
Inclination Giving:	Prospect
Board Member:	No
Income:	\$1-\$50K
Pension:	Unable to rate
Real Estate	
Total Value:	\$250K-\$500K
Properties:	1
Stock	
Total Value:	\$1-\$500K
Direct Holdings:	\$1-\$500K
Donations	
Political:	\$100K - \$500K
Charitable:	\$100K - \$250K
Client Supplied:	
Luxury Items:	No

Attachment C

From: vinoleum@gmail.com [mailto:vinoleum@gmail.com] **On Behalf Of** Jeremy Liu
Sent: Friday, July 10, 2015 12:03 PM
To: Kalb, Dan; Guillen, Abel; McElhaney, Lynette; Campbell Washington, Annie; Gallo, Noel; Brooks, Desley; Reid, Larry; At Large; Kahn, Kelley
Cc: Sawicki, Mark; Landreth, Sabrina; Cappio, Claudia; Barnes, Deborah
Subject: Re: One Lake Merritt investment letter

For some reason this didn't go through just now.

Jeremy Liu
Managing Partner
Creative Development Partners
510.592.4769

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On Fri, Jul 10, 2015 at 11:59 AM, Jeremy Liu <jliu@creativedevelopmentpartners.com> wrote:
July 10, 2015

Dear Councilmembers and City staff,

Creative Development Partners (CDP) has been asked to demonstrate financial capacity for its proposed One Lake Merritt proposal, a plan to completely restore the HJ Kaiser Convention Center and construct a new hotel next to it as a combined engine of workforce development and neighborhood revitalization at Lake Merritt.

In our commitment to being a community benefits by design partner to the City and community of Oakland, we have accommodated the concerns we have heard, even in this preliminary stage prior to any form of site control. All the components of our project remain the same but we have scaled back the size of the hotel, reducing it to an as-of-right height of 85 feet; and with this is a reducing in the budget of the project, and concurrent increase in the level of equity, already pledged, as a percentage of the overall budget. We have provided more evidence and commitment of equity to this deal than would otherwise be expected prior to site control; all of our investors have committed to providing further documentation of fund and commitment upon site control

We also wish to communicate that we are absolutely willing to negotiate conditions to an ENA that would require us to work close with an "impact advisory group" to be selected by the City and including key stakeholders representatives from Coalition of Advocates for Lake Merritt, Oakland Heritage Alliance, Cultural Arts Commission, Oakland Museum of California, EBASE, and others; and to return to the city with a plan for an appropriate hotel site on or next to the HJ Kaiser Convention Center and Laney College within six months in order to ensure that the entire Center, and in particular the Arena can be saved, and the workforce and career ladder program with Laney and others can be successful. We have attached an area map should available alternative sites for the hotel.

Costs

With extensive input from an expert team of local designers, engineers, and contractors, CDP has estimated total costs of construction at \$76,591,320, \$34,452,000 for the Kaiser and \$42,139,320 for the hotel. This estimate involved extensive structural analysis of the Kaiser, careful code review, and thinking outside the literal box. In addition to restoring the Kaiser to its former glory, enlivening it with the involvement of dozens of local arts and culture groups in what will be state of the art performance and public space, we propose a cutting edge green hotel. Combined with a revitalized Kaiser Arena and Calvin Simmons theater, the One Lake Merritt project will be a star of the City, providing community benefits by design, and a destination for visitors from throughout the Bay Area and around the world.

Capital Required

We have proposed a financing structure that may appear complicated, but that is completely within our capacity as developers. Involving a mix of public and private funds, debt and equity, it is designed financially for both feasibility and investor return. We have shown commitments to issue bonds, we have demonstrated capacity to secure tax credit allocation, and we have confirmed the availability of as much as \$40m in EB-5 investment. We have also identified both interest in and commitment for significant private investment.

But our partners Harbinger Development and Equinox/Synergy Hospitality have shared their banking capacity and strong credit status. We have also shown a multimillion dollar capacity to provide predevelopment funding immediately upon execution of the Exclusive Negotiating Agreement with CDP. **CDP has the capital available to do the project.**

The complex financial proposal we submitted previously still remains our ambition as it offers unique and important benefits to Oakland overall, including a potential TIF district structure to provide a significant upfront payment (our initial calculation for the larger project was \$29m), and a

structured foundation-nonprofit social impact investing ownership stake for our nonprofit partners. While complex, we are also now providing a clear, straight forward financial package and plan that is completely feasible without any of these other sources.

Thank you,

--

Jeremy Liu
Managing Partner
Creative Development Partners
510.592.4769

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----- Forwarded message -----

From: **Jeremy Liu** <jliu@creativedevelopmentpartners.com>
Date: Thu, Jul 2, 2015 at 6:48 PM
Subject: Fwd: One Lake Merritt investment letter
To: dkalb@oaklandnet.com, aguillen@oaklandnet.com, Lynette McElhaney <LMcElhaney@oaklandnet.com>, acampbell-washington@oaklandnet.com, ngallo@oaklandnet.com, dbrooks@oaklandnet.com, lreid@oaklandnet.com, atlarge@oaklandnet.com, Kelley Kahn <kkahn@oaklandnet.com>

Dear Councilmembers and City staff,

Please find attached the formal investment agreement letter between Harbinger Development (and its investors) and Creative Development Partners for the One Lake Merritt project. This letter describes the availability of equity and capacity to provide construction completion guarantees for the One Lake Merritt project.

The one change from our original submission is that this letter reflects a shorter hotel that, at 85-feet tall, is an as-of-right height for this location which reduces entitlement risk and, as a less expensive development, reduces financing risk.

Also attached are supplemental, in-depth personal wealth profiles of the Harbinger investment partners (Dennis McGillicuddy and John Meshad), the lead One Lake Merritt investor (Barry Silverstein), and the head of Equinox Hospitality (Abdul Suleman) who is an additional One Lake Merritt investor and development partner. These profiles do not reflect the full scope of the assets under management or controlled by these individuals. That said, as you can see from these profiles, the investors in One Lake Merritt have significant, significant net worth.

In addition to the investment commitment represented in this letter, we are pleased to say that our EB-5 investor (Synergy Regional Center) is still committed to raising \$20m in EB-5 equity, our impact investing partner (Bridges Ventures) is very interested \$10m of equity investment, and Creative Development Partners is in negotiations for a private placement of capital with a privately-held real estate investment advisor with \$4.9 billion under management as of March 2015 that was founded in 2006 by John Z. Kukral, the former President and CEO of Blackstone Real Estate Advisors.

Please don't hesitate to contact me should you have any questions or wish to discuss further.

Thank you,

--

Jeremy Liu
Managing Partner
Creative Development Partners
510.592.4769

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Attachment C cont.
 Creative Development Partners-Harbinger Development (July 2015)



Available and Suitable Alternative Sites for the One Lake Merritt Hotel

Attachment D

Orton Development, Inc.

HJK Process Document

July 10, 2015

ODI will explore many options for bringing this historic structure back to life. We will balance the need for a publically accessible Henry J. Kaiser with a project that is financially sustainable for the long haul. We will study the feasibility of turning the arena into a venue, as well as other building uses. Before a final design can be chosen, however, we must gather crucial data about the project before we design it.

Data and Input

The largest unknown is unreliable **geotechnical data** and the state of the geotechnical conditions below and around the building. We understand portions of the building are sinking, and so fully exploring the soil conditions will be a key component of the due diligence efforts.

Secondly, we must perform a complete **seismic analysis** to gain a full understanding of the building's current seismic condition. The original construction, and later 1980s upgrades (which were not done to code) will be reviewed as part of the analysis. Once we have a thorough and accurate assessment of the seismic conditions, we can begin to explore structural design options along with possible building uses.

Thirdly, we will work to engage the **community-at-large** and local, state and federal **regulators** to get a sense of their interests and needs for the building. Before we build anything, we will meet and conduct over a hundred interviews with stakeholders, from residents to neighbors to local non-profits to former and future users of the building to the staff that used to maintain the building, and we will incorporate their feedback into our final design. Design ideas will be presented to City Council during the ENA period.

Options

Our goal is to craft a project that will be publicly accessible, create jobs for people in Oakland, will save the building, and will make the area a destination in new and exciting ways.

We will study all options for uses in the arena including preserving event space. However, based on our current due diligence and extensive relationships in the entertainment industry, it appears unlikely the arena will be an economically competitive or successful rental venue. We will also look at inserting new mezzanines or other floor area to create leasable office or light industrial spaces, creating or preserving performance and events spaces, as well as opportunities for retail and publically

accessible, creative uses. Many precedents exist for reusing large, important spaces like the Henry J. Kaiser and we've attached precedent case studies illustrating different approaches.

The entirety of the design will have to be responsive to the State Historic Preservation Office (SHPO) and the National Park Service (NPS), who will hold us and the City of Oakland to their stringent standards for the rehabilitation of historic landmarks.

Our Process

ODI's process modifies Louis Sullivan's famous modernist formula, "Form follows Function," to include values. Thus, the ODI process is Values, Function, Form. This process served well both at the Ford Building in Richmond and the Pier 70 project in San Francisco, among others. So far we have begun the "Values" analysis as follows:

- History
- Simplicity
- Art
- Inclusiveness
- Value Added
- Community
- Activation
- Safety

The community and market information informs the decision about Function. Different functions command different amounts of rent. The technical building information we will gather will provide a basis for bracketing costs of different construction types and allow us to build a budget and schedule for what will hopefully be a stupendously beautiful interior providing great utility and value.

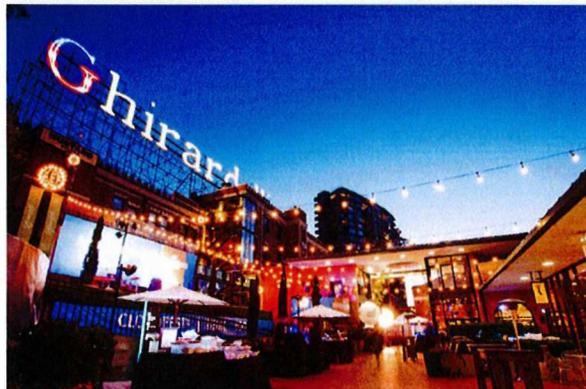
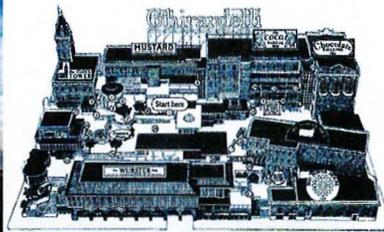
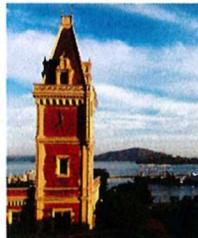
ADAPTIVE REUSE CASE STUDIES

Ghirardelli Square, San Francisco

CASE STUDIES

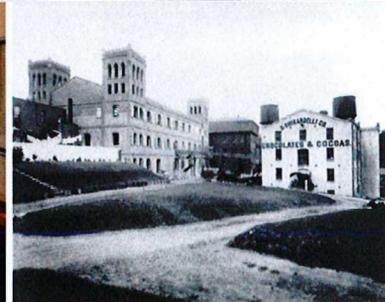
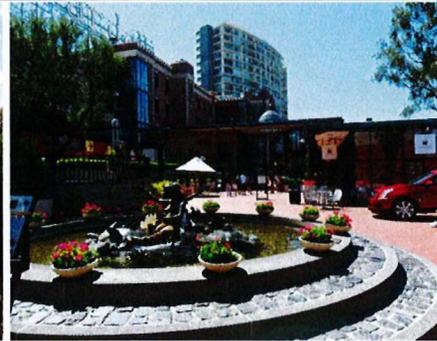
Built in: 1893
Renovation date: 1964
Land area: 1 ha
Building Area: 9,250 m²
Previous use: Chocolate Factory
Current use: 40 specialty restaurants & specialty shops, offices, boutique hotel

In 1893 Ghirardelli purchased the Pioneer Woolen Mill, an entire San Francisco city block, in order to expand the headquarters of the Ghirardelli Chocolate Company. In 1895 the Ghirardelli Chocolate Company relocated to what is now Ghirardelli Square. William Matson Roth and his mother, Mrs. William P. Roth, purchased the Ghirardelli site in 1962. The Roths restored many of the original historic brick structures and converted the square into a courtyard of specialty shops and fine restaurants, turning the area into a neighborhood with a vibrant atmosphere. Ghirardelli Square opened in 1964 and is considered the first successful major adaptive reuse project in the country. Today, Ghirardelli Square is a unique San Francisco destination that includes a mix of upscale shopping, fine dining, wine bars, spa facilities and live entertainment.



Ghirardelli Square, San Francisco

CASE STUDIES



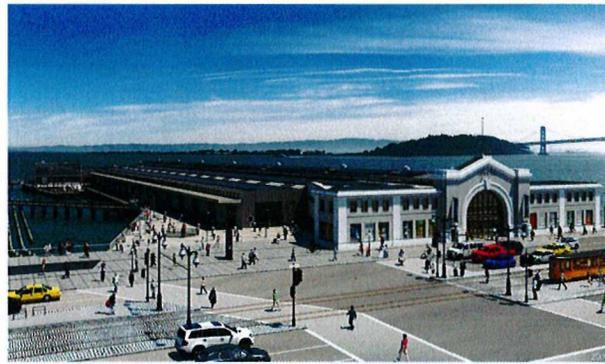
Pier 15 – Exploratorium, San Francisco, CA

CASE STUDIES

Built in: 1915
 Renovation date: 2010
 Land area: 3.64 ha
 Building Area: 31,000 m²
 Previous use: Trade center, transportation & military logistics
 Current use: Exploratorium, exhibition space, classrooms, meeting spaces, restaurants

The Exploratorium is a museum in San Francisco whose stated mission is to change the way the world learns. It has been described by the New York Times as the most important science museum to have opened since the mid-20th century, an achievement attributed to "the nature of its exhibits, its wide-ranging influence and its sophisticated teacher training program"

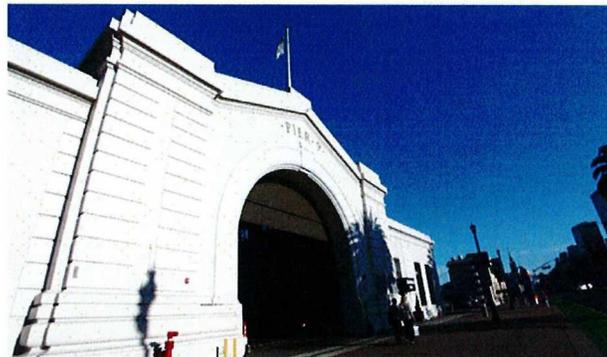
Since the museum's founding, over 1,000 participatory exhibits have been created, approximately 600 of which are on the floor at any given time.





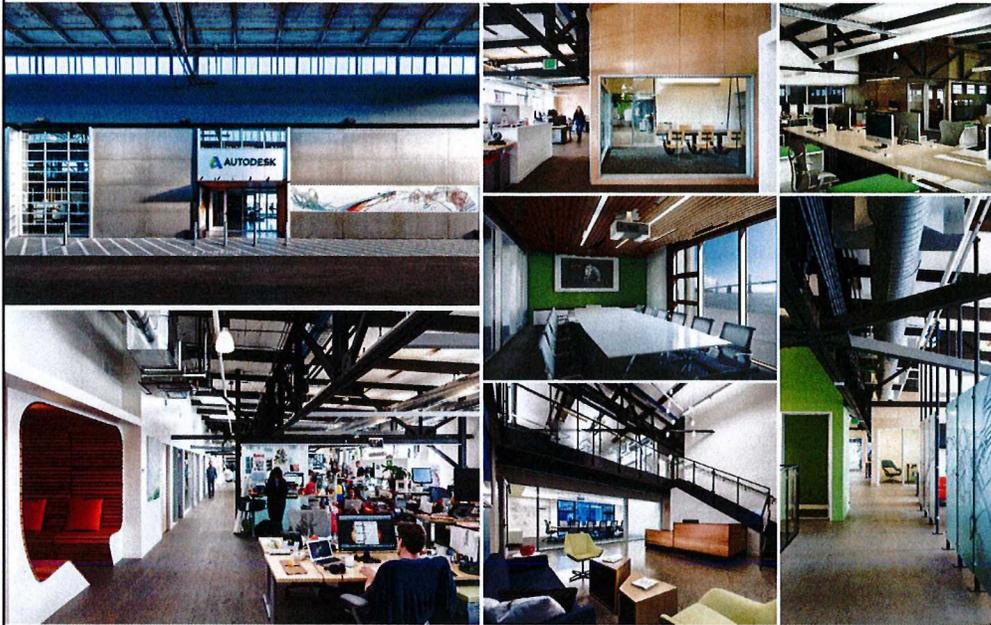
Built in: 1936
 Renovation date: 2013
 Land area: 11.4m²
 Building Area: 2,508m²
 Previous use: warehouse
 Current use: software R&D

Lined all along the waterfront of San Francisco's Embarcadero, is a series of uniformed piers. The Beaux-Arts stucco exteriors give way to a bulkhead of heavy limber, steel trusses, and concrete aprons. Most are nothing more than aged and hollow warehouses, forlorn vestiges of old-world industry. Think Upton Sinclair, wartime efforts, tugboats, and straight rye whiskey. Two years ago, the software company Autodesk decided to convert Pier 9 into a digital manufacturing facility where they could build and test products. The Autodesk Workshop would showcase a millennial version of industrialism, in which minds, machines, and computers convolve—instead of tugboats and whiskey, think CNC machines and shots of Fireball.



Pier 9- The Autodesk Workshop, San Francisco, CA

CASE STUDIES



HM Adaptive Reuse Case Study

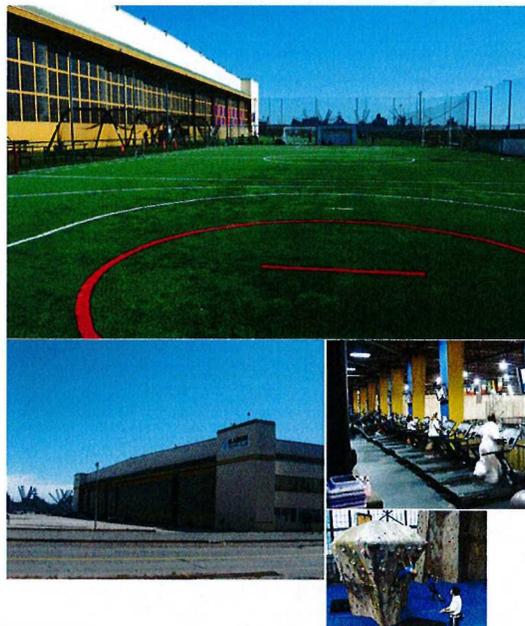
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Bladium Sports & Fitness Center, Alameda, CA

CASE STUDIES

Built in: 1927
Renovation date: before 2005
Land area:
Building Area: 16,300 m²
Previous use: Naval Air Station Hanger
Current use: Fitness Center

The Bladium is a large-scale Sports and Fitness Club that occupies a seaplane hangar within the plan area. The Naval air station was decommissioned in 1993 and closed in 1997. Since then, Bladium has occupied one hangar and has become a recreational hub for the area, with indoors and outdoors sports activities for people of all ages, including a fitness center, soccer, frisbee, hockey rink, basketball and volleyball court, jungle gym for children, rock climbing walls, and more.



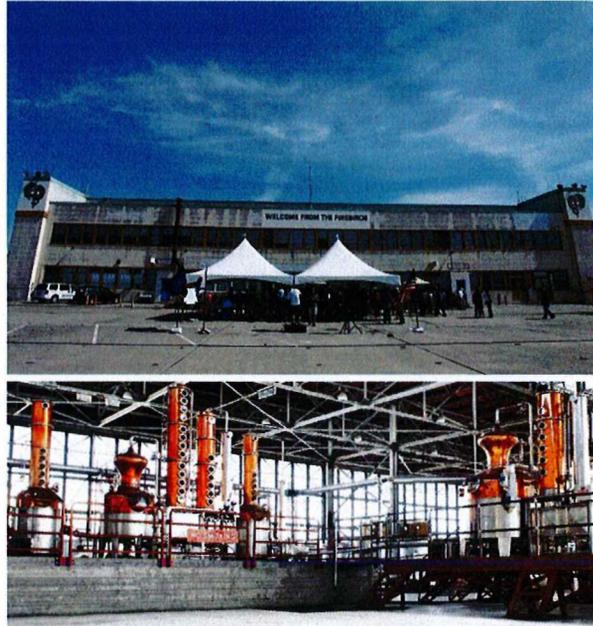
HM Adaptive Reuse Case Study

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Built in: 1927
Renovation date: 1998
Land area: 1.74 ha
Building Area: 10,033 m²
Previous use: Naval Base Hanger
Current use: design production warehouse

In 1913, the site was expropriated by the City of Toronto for use by the Toronto Civic Railways (later the TTC). The first of an eventual five-building streetcar maintenance facility was built that year, known as streetcar "barns". The facility was known within the TTC as the St. Clair Carhouse. Operations continued at the Carhouse until 1992, by which point a series of expansions at the nearby Hillcrest Complex had long made the Carhouse redundant.

The property was transferred to city ownership in 1996 for a nominal \$1 fee. The City of Toronto currently leases the site to Toronto Artscape Inc., a not-for-profit organization that develops and operates space for the arts.



Built in: 1912
 Renovation date: 2006
 Land area: 11.4m²
 Building Area: 31,000 m²
 Previous use: transportation & military logistics, trade
 Current use: high-end chocolate production facility & retail

In 2006, TCHO moved to Pier 17, a historic pier built in 1912 and the third-oldest pier on the San Francisco waterfront. Steel truss and timber frame buildings were built on this and surrounding piers to accommodate the loading and unloading of ships. Historically, the pier has been used for transport, military logistics, and trade, including the trade of cacao beans to San Francisco. Pier 17 also has the last remaining original fog horn. TCHO factory tours are available to the general public. The chocolate factory was assembled by a team of engineers using vintage European machines from Germany, and modern refiners, and Siemens computerized temperature gauges. Since 2014, TCHO have relocate to Berkeley and Pier 17 will house additional offices and research area for the Exploratorium at Pier 15.



Heublein Building, San Francisco, CA

CASE STUDIES

Built in: 1915
Renovation date: 1992
Land area: 0.4ha
Building Area: 11,148m²
Previous use: warehouse
Current use: live/work

The Heublein Building, originally a wine distribution building, was converted into 83 live/work units in the early 1990's. This is one of the first industrial/loft conversions in San Francisco. This building includes 13-20 foot ceilings, mushroom capped concrete columns, and original industrial windows. Owners enjoy deeded underground parking and a rooftop terrace with panoramic views.



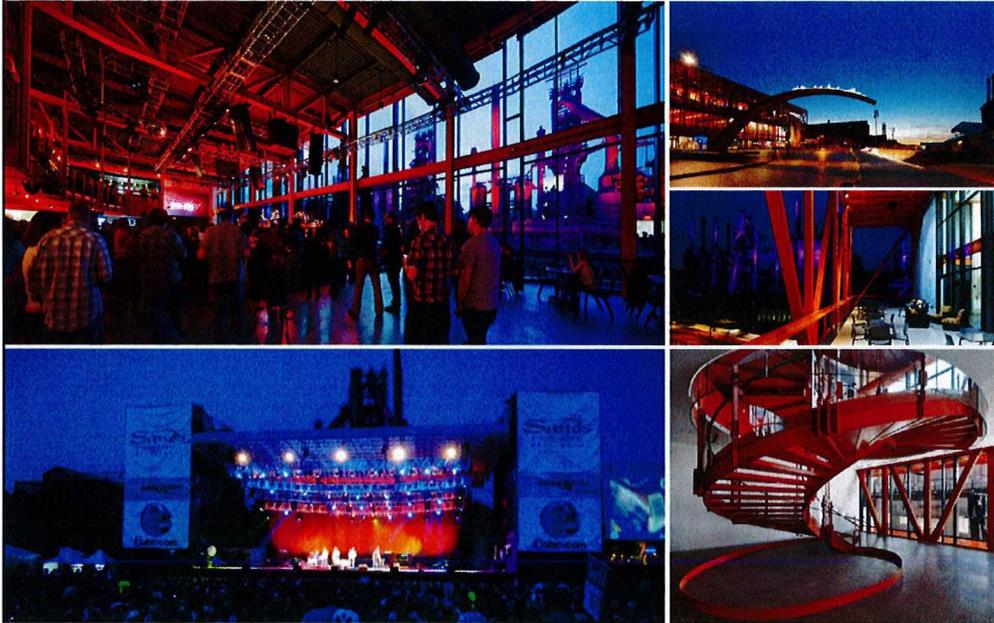
ArtsQuest at SteelStacks, Bethlehem, PA

CASE STUDIES

Built in: 1861
Renovation date: 2012
Land area: 3.8ha
Building Area: 6,317m²
Previous use: steel factory
Current use: performance space, exhibition venue, art cinema, education center, and cultural landmark

The Bethlehem Steel Corporation, based in Bethlehem, Pennsylvania, was one of the most powerful companies of the Industrial Revolution. At its height, Bethlehem Steel was the second-largest steel producer in the United States and one of the largest shipbuilding companies in the world. The Bethlehem plant closed in 1995 but the iconic 285-foot blast furnaces still stand. Now these historic ruins preside over the largest privately owned brownfield in the U.S., creating a dynamic, sustainable, and livable mixed-use community. The ArtsQuest Center is a hybrid building with a 450-seat venue for live musical performance, a two-screen cinema, and various performance venues. The building hosts over 300 live performances a year, daily art cinema screenings, indoor and outdoor concerts, and arts festivals throughout the year.





Built in: 1890s

Size: 48,000 square feet

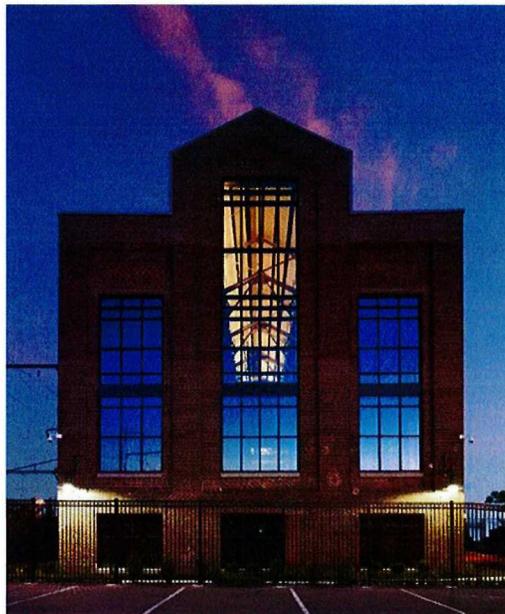
Previous use: Power generating station

Current use: office space and transit-oriented development, LEED Platinum certified

Adaptive Reuse Solutions Help Breathe New Life Into 1890s Boiler House

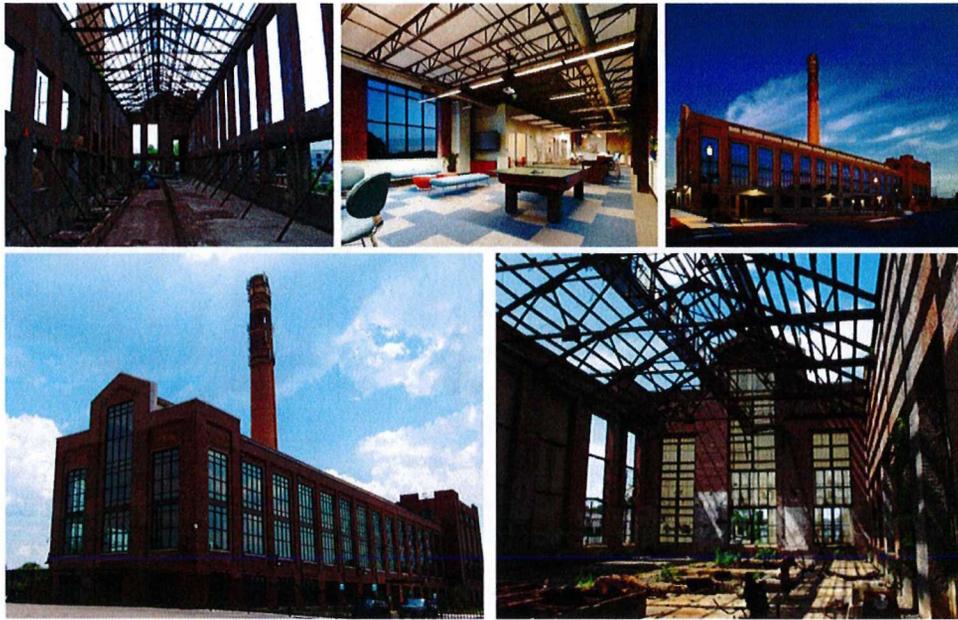
The Abmler Boiler House has completed its impressive transformation, from abandoned Brownfield site, to a clean, green and LEED-Platinum-certified state-of-the-art office space and transit-oriented development. Part of a \$16 million adaptive reuse project spearheaded by developer John Zaharchuk of Summit Realty Advisors, the adaptive reuse has created approximately 48,000 square feet of office space and that will accommodate 6 tenants. Heckendorn Shiles Architects, of Wayne, PA is the lead design firm on the project.

Back in the 1800s, Keasbey & Mattison began producing asbestos for a variety of products, and built factories and warehouses throughout the northeast. The company eventually came to Ambler where, in 1897, they built the Boiler House as a power-generating station. By World War I, Keasbey & Mattison was the world's largest manufacturer of asbestos products. But when the Great Depression hit in the 1930s, the company never fully recovered.



Abmler Boiler House Conversion

CASE STUDIES



HM Adaptive Reuse Case Study

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30th Street Main Post Office Conversion

CASE STUDIES

Built in: 1930s
 Renovation: 2010
 Architect: Bohlin Cywinski Jackson
 Size: 926,000 square feet

Previous use: post office facility

Current use: office space, LEED Gold

This 926,000 square foot adaptive reuse project transforms a five-story, 1930s-era mail distribution facility into a modern office building. The centerpiece of the LEED Gold renovation is a new four-story light well that forms a long, narrow atrium in the center of the city block-sized industrial floor plate. Bringing daylight deep into the building, the atrium humanizes the building's scale and is the focus of the office spaces created from the former sorting floors. The project reversed 70 years of exterior deterioration, including the use of innovative technologies to restore original bronze windows to both thermal and blast-security criteria without removing historic material. Interior work centered on the original public post office gallery, restoring its finishes while recreating an energy efficient version of its extraordinary 1930s indirect lighting effects.



118 - U. S. Post Office and Penna. R. R. Station at 30th and Market Streets, Philadelphia, Pa.

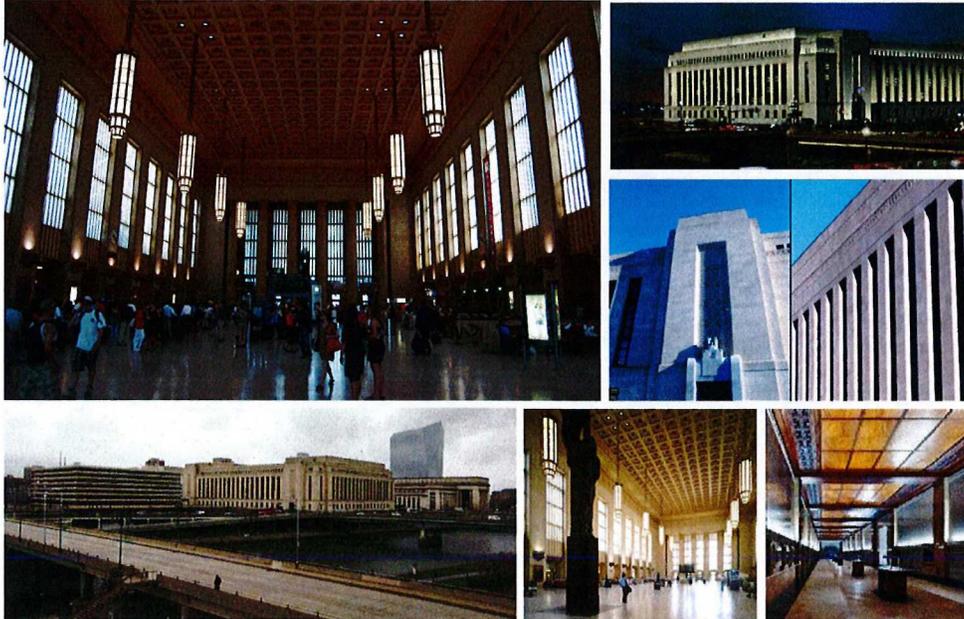


HM Adaptive Reuse Case Study

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30th Street Main Post Office Conversion

CASE STUDIES



HM Adaptive Reuse Case Study

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Galleria Lingotto, Turin, Italy

CASE STUDIES

Built in: 1923
 Renovation date: 2008
 Land area: 1.74 ha
 Building Area: 1,486,448m²
 Previous use: car factory
 Current use: congress center, hotel, shopping center, dental college, entertainment complex

The Lingotto Building was once a huge car factory constructed by Fiat. Built in 1923, its design was unusual in that it had five floors, with raw materials going in at ground level. Cars were built on a ramp that went up through the building. Finished cars emerged at rooftop level, where there was a test track. The Lingotto Building was avant-garde, influential and impressive. Le Corbusier called it "a guideline for town planning". The factory became outdated in the 1970s and finally closed in 1982. An architectural competition was held and was awarded to Renzo Piano. He envisioned an exciting public space for the city. The old factory was rebuilt into a modern complex with concert halls, a theatre, a convention center, shopping arcades and a prestigious hotel.



HM Adaptive Reuse Case Study

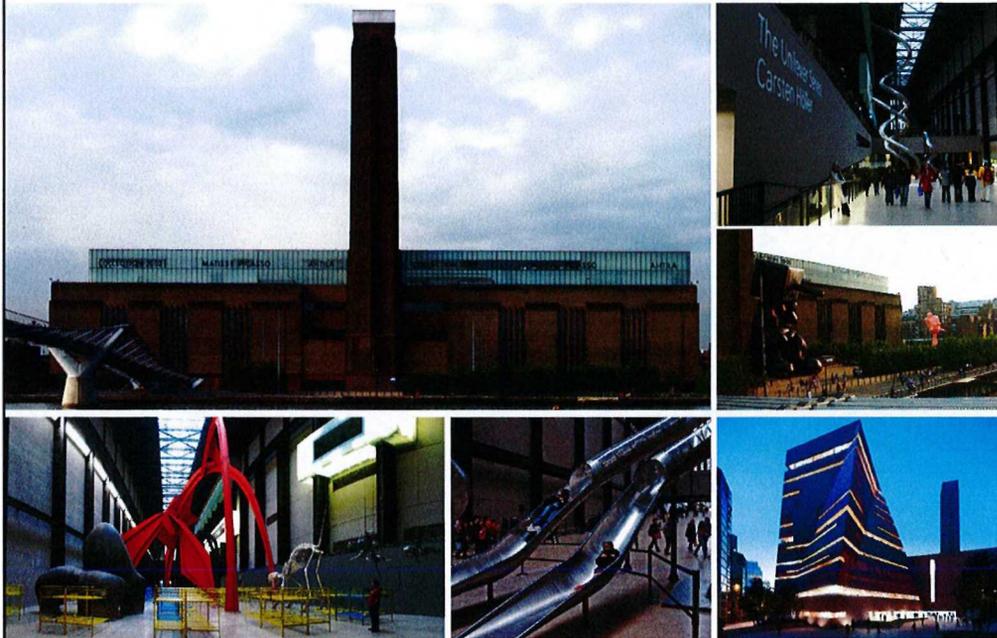
- 20 -



Built in: 1947 and 1963
 Renovation date: 2008
 Land area: 3.43 ha
 Building Area: 34,500 m²
 Previous use: Power station
 Current use: art gallery, exhibition hall, auditorium, retail

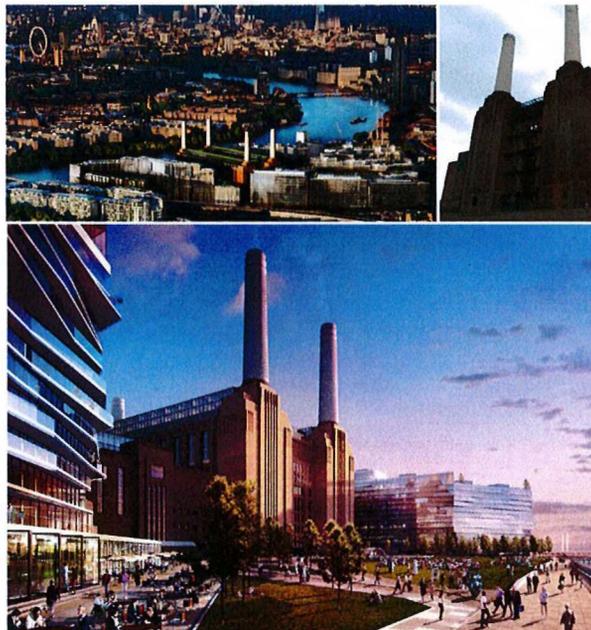
The modern art gallery Tate Modern in London is part of the Tate Gallery with the Tate Britain, Tate Liverpool and Tate St Ives. The gallery is located in the old Bankside Power Station, originally designed by Sir Giles Gilbert Scott and built in two phases between 1947 and 1963, the building fell into disuse after 1981. In 2000 the new building was opened with Tate Modern. The gallery has a permanent collection and includes works Picasso, Warhol and Dali. It also has temporary exhibitions featuring the works of artists and important movements in modern art. The building of the old plant where operates the Tate Modern is located in a prime location on the south bank of the River Thames, opposite to St. Paul's Cathedral and next to the Shakespeare Globe Theater in London, England. The construction of the Millennium Bridge, designed by architect Norman Foster connects the new gallery with the center of the city, particularly with the cathedral.





Built in: 1933
 Renovation date: construction began in 2013
 Land area: 15.8 ha
 Building Area: 743,224m²
 Previous use: coal power station
 Proposed use: 3400 new homes, a shopping centre, hotels, offices and an arts space

Built in the 1930's, Battersea Power Station in London was decommissioned in 1983. The station is a culturally-significant site, owing much to numerous cultural appearances, including being in The Beatles' 1965 movie *Help!*, Pink Floyd's 1977 album *Animals*, and Take That's music video "The Flood". Derelict for 25 years, now the development started construction in 2013. Rafael Viñoly designed a masterplan as a mixed-use sustainable development offering commercial and retail functions as well as residential, cultural, and event spaces interspersed with community facilities and a zero-carbon energy plant. The proposed redevelopment of Battersea Power Station will house an event space, offices and a conference centre as well as a green energy plant, making it Europe's largest carbon-neutral building.





Built in: 1899
 Renovation date: 2001
 Land area: 13ha
 Building Area: 11,000 m² offices
 Previous use: gasometer
 Current use: music hall, movie theatre, student dormitory, municipal archive, 600 apartments and a dormitory for 230 students.

The Gasometers were used from 1899 to 1984 as gas storage tanks. They were decommissioned in 1984 when the city changed from town gas to natural gas. Only the brick exterior front walls were preserved. The structures have found new residential and commercial use in modern times. Each gasometer was divided into several zones for living (apartments in the top), working (offices in the middle floors) and entertainment and shopping (shopping malls in the ground floors). The shopping mall levels in each gasometer are connected to the others by skybridges.

