

APPROVED
MINUTES OF THE REGULAR MEETING OF THE
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY

Wednesday, April 5, 2006

2-A

The meeting convened at 7:28 p.m. with Chair Johnson presiding.

1. ROLL CALL

Present: Beverly Johnson, Chair of Alameda
Doug deHaan, Boardmember, City of Alameda
Frank Matarrese, Boardmember, City of Alameda
Marie Gilmore, Boardmember, City of Alameda
Tony Daysog, Boardmember, City of Alameda

2. CONSENT CALENDAR

2-A. Approval of the minutes of the Regular Meeting of March 1, 2006.

2-B. Recommendation to Approve Sublease at Alameda Point.

Approval of the consent calendar was motioned by Member Matarrese, seconded by Member deHaan and passed by the following voice vote: Ayes – 5; Noes – 0; Abstentions – 0.

3. REGULAR AGENDA ITEMS

3-A. Security of Historic Buildings at Alameda Point.

Leslie Little, Development Services Director, gave an overview of the security of the Historic buildings. When asked by Member deHaan what other kinds of security mechanisms are currently in place, Ms. Little explained that the buildings are examined throughout the day and management has a staff person that patrols the buildings daily, with approx. 12 – 15 calls to APD per year. There are also motion sensors currently in place. Member deHaan asked whether the building security was a high priority for the APD. Lt. Mark Landes stated that the APD would respond to any call for service as expeditiously as possible – and in terms of priority, if they received a motion sensor alarm indicating that there was an active burglary or vandalism in progress, it would be considered a ‘priority one’ response and someone would be sent immediately.

There were two speakers on this item: 1) Elizabeth Krase, on behalf of AAPS. Ms. Krase thanked the Board for considering this additional improvement to the security of historic buildings. She reminded the Board of the Navy and the City’s agreement to securely maintain the buildings. Ms. Krase also expressed further improvements that still need to be done, including increased police patrol, repair of broken windows, etc.

2) Christopher Buckley, Alameda resident, asked whether the APD has been asked to make a comprehensive recommendation on a good overall security program would be, with a cost estimate. He discussed that it could be determined that an ideal program may be too expensive, but expressed concern about the amount of valuable items in the buildings that have not yet been stolen – infrastructure, wiring, plumbing, HVAC – which, if stolen, could make rehabilitation a lot more expensive. Discussed the motion detector range on the larger buildings, suggesting additional motion detectors be added (if the range was not sufficient with one).

Member deHaan discussed the option of a security patrol service for key periods of time. Mike Hampen, PM Realty Group, explained that there was a security service in place at Alameda Point right when the base closed, but the Navy was paying for it under the Cooperative Services Agreement. Once the agreement was terminated, a study was done on retaining the security patrol service, and it was found to be too cost prohibitive.

The Board accepted staff's recommendation to purchase four new alarm systems for building security, with a request for a status report after the summer.

3-B. Recommendation to Approve a 20-year Lease with the Department of Transportation Maritime Administration (MARAD).

Ms. Little brought this item back to the Board, providing additional clarification and risk assessment of the lease, as requested by the Board. She also presented a spreadsheet that shows how the lease will be managed – including the technical requirements, major repairs and improvements, etc., and places all of ARRA's obligations in an anticipatory-framed format. The lease is in excess of \$40 million over a period of 20 years – with approximately \$16 million in revenue in the bottom line.

Ms Little explained that the ARRA has been given an advance of funds by MARAD to perform dredging, which is an ARRA obligation (that MARAD has already paid for).

Chair Johnson asked for verification that the insurance provisions relating to Trident were not included in this MARAD lease. Ms. Little explained that there is still major insurance provisions that are required by the Navy of any subcontractor included in the lease, but the reference to Trident has been removed.

Member Gilmore discussed the issue about fencing and relocating the Hornet. Nanette Banks, Development Services Dept., responded that we would work with MARAD on an interim fencing layout to meet security purposes. Regarding the Hornet, there is nothing in the MARAD lease that obligates the ARRA regarding relocation of the Hornet.

Member deHaan had concerns regarding the 20-year lease, wondering why there was no discussion of a shorter lease period. Ms. Banks explained that the 20-year term was initially negotiated by the developer; and when the ARRA selected the developer, they proposed a long-term lease with MARAD to establish it as an anchor tenant at Alameda Point. Member deHaan

discussed the option of reducing the term to 10-years, and if that would affect the deal structure, suggesting consideration of using the piers/space for other activity. Leslie Little further explained that discussions with the Master Developer about contemplating other uses for the piers (and future redevelopment) arrived at a consensus that the MARAD lease structure and revenue is more than what we're going to see from other users that we might be able to find for these piers – and in fact, MARAD is paying a premium rate – and there are no other significant economic opportunities for the use of the piers.

Member deHaan also asked about the funding for the maintenance of the piers. Ms. Little stated that the lease include \$75,000/yr. for the first 10 years for pier maintenance.

There was one speaker on this item, Bill Smith, who discussed various topics.

Approval of the MARAD lease was motioned by Member Daysog, seconded by Member Matarrese and passed by the following voice vote: Ayes – 4; Noes – 0; Abstentions – 1 (Member deHaan).

3-C. ARRA Budget Transition Planning Workshop.

Leslie Little and Nanette Banks, Finance & Administration Div. Mgr., gave a power point presentation of the ARRA Budget and cash flow which forecasts the expenses for ARRA lease revenues for the next 10 years. This cash flow is net of the MARAD lease approved tonight.

Ms. Little summarized that we began with more than what was forecasted, so the fund balance is \$5.1 million. Consistent with the management practices established last spring, this year we've actually been able to take in enough revenue to cover our expenditures. There is a projected fund balance of \$5.1M going into '06-'07. Staff is maintained at the same level and the general fund municipal service fee remains constant (contribution of \$2.1M).

We did begin a partial payment on the \$14M bond obligation at Alameda Point, approx. \$350,000. ARRA debt obligations that are not scheduled in the cash flow include : the General Fund loan to ARRA, General Fund loan to APIP (\$1.4M), the lease revenue bond payments, (these obligations will be assumed by the developer moving forward); and the \$250,000 Citywide Development Fund (CDF).

Chair Johnson expressed concern about the 'negative' dollar amounts beginning in 2011. Board members also discussed various "what-if" scenarios, including if the master developer does not elect to proceed, etc. Member Daysog requested cost of a "zero-zero" budget, starting in '07-'08, in anticipation of a 'worse-case' scenario and how to minimize every cost.

Chair Johnson asked if we have a surplus because we now have the bond money. Ms. Banks explained that one of the reasons we have a surplus is, historically, the Navy paid \$9M/year through the Cooperative Services Agreement. The expenses went through the roof when we transitioned off of the Cooperative Services Agreement. In response to Chair Johnson's question

about what happened to the bond money, Ms. Banks stated that the bond money paid for all pre-development activities at Alameda Point.

Member Matarrese complimented the DSD team on the best clarity of the budget that he's seen – and wanted to provide the report/spreadsheet to the public. Member Daysog requested, for a future budget workshop, to iron out the discussion point regarding what is the appropriate amount that the Developer should be paying us.

There was one speaker slip, Bill Smith, who discussed various topics.

3-D. Update on Alameda Point Navy Negotiations and Land Use Planning.

Debbie Potter, Base Reuse and Community Development Manager, gave a power point presentation update of the status of the Navy Negotiations. She presented an overview of the ARRA's two primary responsibilities: 1) to get an executed Term Sheet with the Navy regarding the conveyance of the base, and 2) to prepare a preliminary development concept.

Ms. Potter stated that we continue to work with the navy on the Term Sheet and the negotiation of the terms of the conveyance. There are several key issues outstanding, the two major ones: 1) environmental remediation responsibilities and, 2) the extent of the environmental guarantee – because of the way the deal is structured and the privatized clean-up we are interested in assuming as part of the early transfer.

As the issues are worked out, they will be memorialized in a Term Sheet and the Term Sheet will then become the document that will form the basis of the developer's decision to elect to proceed or not.

The second commitment was the PDC, which was completed and accepted by the ARRA Board at its February 1st meeting. In March, a request was presented to the Board to approve a grant that received from the MTC – a stationary planning grant for transit-oriented development. Implementation of the grant has begun as part of the Next Steps of the PDC.

Ms. Potter clarified for Member Matarrese that the proposal to privatize the clean-up for the Phase I footprint meant that clean-up responsibilities would transfer to the ARRA and on to the Developer.

There was one speaker, Bill Smith, who spoke about various topics. Member deHaan reminded Mr. Smith to stay on topic when addressing the Board and refrain from discussing topics over and above the item at hand.

4. ORAL REPORTS

4-A. Oral report from Member Matarrese, RAB representative.

Member Matarrese stated that the meeting was tomorrow night (4/6) and will have a report at the next ARRA Board meeting.

5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)

One speaker, Bill Smith, spoke about various topics.

6. COMMUNICATIONS FROM THE GOVERNING BODY

7. ADJOURNMENT

Meeting was adjourned at 9:27 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Irma Glidden". The signature is written in black ink and is positioned above the printed name and title.

Irma Glidden
ARRA Secretary