

Execution Version 9/21/2011

**Term Sheet for Amendment (No. 2) to the
Memorandum of Agreement for the Conveyance
of Portions of the Naval Air Station Alameda
from the United States of America
to the Alameda Reuse and Redevelopment Authority**

Purpose:

This term sheet ("**Term Sheet**") dated October __, 2011, by and between the United States of America, acting by and through the Department of the Navy ("**Navy**") and the Alameda Reuse and Redevelopment Authority ("**ARRA**") (hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**"), is entered into for the purpose of summarizing the agreed upon terms and conditions that will form the basis for Amendment (No.2) to the *Memorandum of Agreement for the Conveyance of Portions of the Naval Air Station Alameda from the United States of America to the Alameda Reuse and Redevelopment Authority*, executed June 6, 2000 (hereinafter referred to as the "**EDC Agreement**").

Background:

In 1993, the Defense Base Closure and Realignment Commission recommended the closure of the former Naval Air Station Alameda ("**NAS Alameda**"). In accordance with the Defense Base Closure and Realignment Act of 1990, as amended, NAS Alameda was closed and a portion of the property that comprised the former NAS Alameda was declared surplus and made available for disposal.

As the Federally recognized local redevelopment authority for NAS Alameda, the ARRA prepared and adopted in January 1996, and subsequently amended in September 1997, the "NAS Alameda Community Reuse Plan" (the "**Reuse Plan**").

By application dated October 1997 and amendment to that application dated December 1998, the ARRA applied for a No-Cost Economic Development Conveyance to acquire portions of NAS Alameda ("**EDC Application**"), to be developed in accordance with the Reuse Plan.

The Navy approved the No-Cost EDC Application, and in accordance with the provisions of the National Environmental Policy Act of 1969, as amended ("**NEPA**"), the Navy prepared an Environmental Impact Statement ("**EIS**") for disposal of the surplus NAS Alameda property. A Record of Decision (hereinafter referred to as the "**NEPA ROD**")

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regarding the disposal, and which endorsed the Reuse Plan, was issued by the Navy on February 29, 2000.

The Navy and the ARRA subsequently negotiated and executed the EDC Agreement. Those portions of NAS Alameda subject to the EDC Agreement shall be described hereinafter as the "**EDC Property.**"

Terms:

Therefore, based on the Parties' respective confirmation and commitment to the goals, objectives, and requirements contained in the EDC Agreement, the Parties agree to amend the EDC Agreement as follows:

1. The Parties hereby re-confirm their commitment to the transfer and conveyance of the EDC Property as set forth in Article 3 of the EDC Agreement. In furtherance of this commitment, the Parties agree to develop a comprehensive conveyance strategy for the remainder of the EDC Property.

2. While the liabilities and responsibilities of the Parties for environmental remediation of the EDC Property remain as required under Federal law and the EDC Agreement, the Parties agree to collaborate to resolve any environmental remediation issues and concerns in an expeditious and cooperative manner and to seek cooperatively to address environmental regulator requirements, issues and concerns relating to the EDC Property.

3. The Reuse Plan addresses a planning area greater than the EDC Property boundaries. Nevertheless, the Reuse Plan and the EDC Agreement contemplate that two thousand and eleven (2,011) residential units will be constructed on the EDC Property (hereinafter referred to as the "**Residential Base-Line Amount**"). To ensure that the ARRA develops the EDC Property in a manner that is consistent with the Reuse Plan and the NEPA ROD, the ARRA shall prepare and submit to the Navy an annual comprehensive and cumulative report that identifies the number of housing units for which a certificate of occupancy has been issued on the EDC Property during the reporting period ("**Unit Report**"). The Unit Report shall be provided to the Navy annually within ninety (90) days following the completion of the ARRA's fiscal year and shall continue until such time as the EDC Property is fully developed. In the event that the ARRA develops the EDC Property in a manner that is inconsistent with the Reuse Plan and the NEPA ROD, for every market-rate residential unit granted a certificate of occupancy in excess of the Residential Base-Line Amount ("**Excess Residential Unit**"), as reflected in the annual Unit

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Report, the ARRA shall pay the Navy the fixed sum of fifty thousand dollars (\$50,000.00), adjusted for inflation based on the Consumer Price Index for the San Francisco Bay area, or other index to be agreed upon by the Parties, for each such market-rate residential unit within three (3) months following the submission of such Unit Report.

4. To expedite the conveyance and redevelopment of the EDC Property in accordance with the Reuse Plan and the NEPA ROD, the Navy commits its best effort to convey all of its right, title and interest in all EDC Property to the ARRA in multiple phases in accordance with the conveyance schedule set forth in Exhibit "A" ("**Conveyance Schedule**"), attached and made a part of this Term Sheet. The Conveyance Schedule shall reflect (i) the EDC Property that will be conveyed following the execution of a Finding of Suitability to Transfer ("**FOST**") and the anticipated conveyance date, and (ii) the EDC Property that will be conveyed following the execution of a Finding of Suitability for Early Transfer ("**FOSET**") and the anticipated date a Covenant Deferral Request ("**CDR**") will be submitted to the Governor for such FOSET, if applicable. For any portion of the EDC Property that is not scheduled to be conveyed to the ARRA on or before December 2012, the ARRA and the Navy shall meet and consider, during drafting of the EDC Amendment, whether to proceed with a Covenant Deferral Request and Early Transfer of such portions of the EDC Property, which the Parties acknowledge and agree may lead to corresponding changes to Exhibit A.

5. The Navy shall prepare and submit to the ARRA an annual comprehensive and cumulative report that identifies any changes in the Conveyance Schedule and the new conveyance date for each EDC Property parcel that remains to be conveyed to the ARRA pursuant to the EDC Agreement ("**Conveyance Report**"). The Conveyance Report shall be provided to the ARRA annually until such time as all of the EDC Property is conveyed in fee to the ARRA.

6. Since the EDC Agreement was executed in 2000, the Parties agree that certain provisions of the EDC Agreement require revision and update in order to reflect current Federal, Department of Defense and Navy requirements. The amendment to the EDC Agreement will reflect those revisions. Among other revisions, the Parties understand and agree that Article 6 of the EDC Agreement relating to the Use of Proceeds from Sale or Lease shall be extended for an additional twenty-five (25) year period to reflect the Conveyance Schedule and the need for infrastructure improvements.

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7. The Parties shall negotiate and execute an amendment to the EDC Agreement to implement the terms and conditions set forth above. The validity of this Term Sheet is expressly and wholly contingent upon the execution of an amendment to the EDC Agreement.

APPROVED:

**ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY**

Name:

Title:

Date: _____

APPROVED TO FORM:

By:  _____

APPROVED:

DEPARTMENT OF THE NAVY

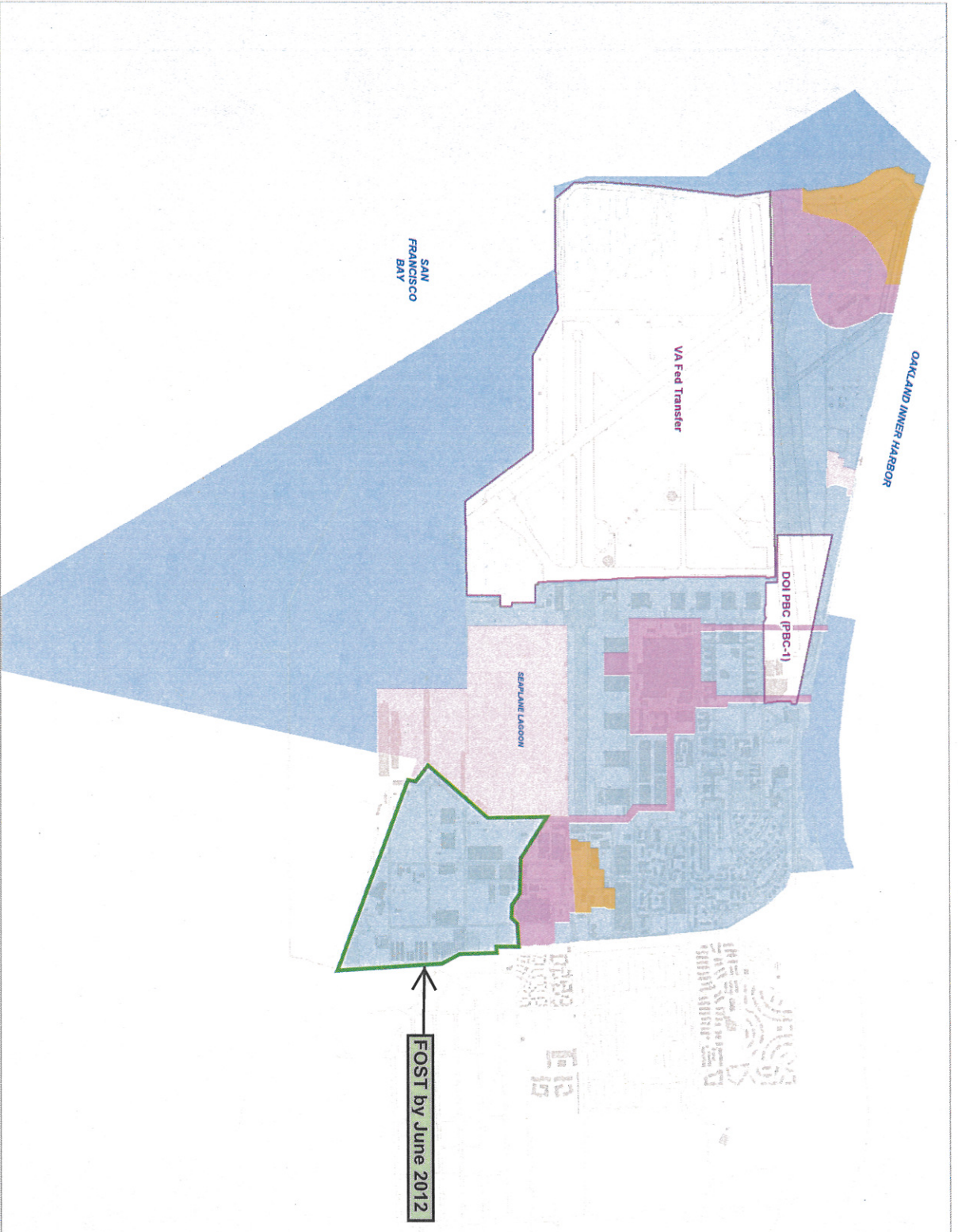
Name:

Title:

Date: _____

WITNESS:

By: _____

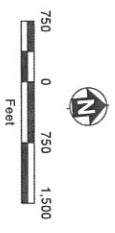


FOST by June 2012



Approximate Conveyance Dates

- Dec 2012
- Dec 2015
- Dec 2014
- Dec 2019



Alameda Point, Alameda, California
 Department of the Navy, BRAC PMO West, San Diego, California

ALAMEDA POINT
APPROXIMATE CONVEYANCE DATES