

## CITY OF ALAMEDA

### Memorandum

To: Honorable Mayor and  
Members of the City Council

Honorable Chair and  
Members of the Alameda Reuse and Redevelopment Authority

Honorable Chair and  
Members of the Community Improvement Commission

From: Ann Marie Gallant  
Interim City Manager/Interim Executive Director

Date: March 16, 2010

Re: Consider SunCal's Request for a 60-Day Tolling Period regarding the  
Notice of Default Issued by Alameda on February 4, 2010

### BACKGROUND

On July 18, 2007, the Alameda Reuse and Redevelopment Authority (ARRA), Community Improvement Commission (CIC), and City of Alameda (together "Alameda") approved an Exclusive Negotiation Agreement (ENA) with SCC Alameda Point LLC (SunCal), for redevelopment of Alameda Point, approximately 918 acres of the former Naval Air Station Alameda (NAS Alameda). Subsequent to approval of the ENA, SunCal conducted technical infrastructure and engineering analyses and held several community workshops to inform the preparation of their plan for the site. Through this planning process, SunCal decided that a project consistent with Article XXVI of the City's Charter (Measure A), which restricts housing density in the City, would not be financially feasible. This decision represented a change from the commitment SunCal made to Alameda to entitle a Measure A-compliant project in their response to Alameda's Request for Qualifications (RFQ) for a Master Developer for Alameda Point dated December 4, 2006, which served as the basis for SunCal's selection as Master Developer.

SunCal requested, and Alameda agreed, to amend the ENA by postponing various mandatory performance milestones (i.e., submission of a Development Concept, Infrastructure Plan, Business Plan, and Entitlement Application, including a Master Plan) by six months. The First Amendment to the ENA was executed in March 2008.

In October 2008, SunCal requested, and Alameda granted, a Second Amendment to the ENA to (1) transfer ownership interest in SCC Alameda Point LLC to a new entity and to (2) create a process that allowed SunCal to pursue a ballot initiative for a non-Measure A-compliant land use entitlement at Alameda Point. This ballot initiative was to occur at an election to be held in early November 2009. The transfer of ownership

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interest was required to incorporate D.E. Shaw, an investment firm located in New York, as an investment partner into a joint venture with SunCal. A joint venture with D.E. Shaw was requested by SunCal in order to facilitate the continued funding of the ENA entitlement process for Alameda Point. Since October 2008, numerous SunCal development projects have experienced financial difficulties, such as the Oak Knoll Naval Hospital redevelopment in Oakland, the Marblehead Coastal project in San Clemente, and a 55,000-acre project on the west side of Albuquerque, New Mexico. Many of these projects have since entered bankruptcy or become the subject of foreclosure proceedings.

With regard to the ballot initiative process, the amendment provided that if the initiative failed at the November 2009 ballot, SunCal would be permitted to submit an Optional Entitlement Application (OEA) by January 15, 2010, approximately 60 days subsequent to the November 2009 election. This OEA would require a project consistent with the City Charter (Measure A compliant) that could be processed within the overall timeframe of the ENA. The amendment did *not* provide SunCal with the ability to pursue a second ballot initiative, *nor* did it contemplate extending the term of the ENA for processing of an OEA.

In December 2008, SunCal submitted to Alameda an Entitlement Application, including a Master Plan, Infrastructure Plan and Business Plan, in accordance with the ENA. The December 2008 Master Plan was reviewed by Alameda, as well as numerous City boards and commissions, but could not be formally accepted because it was inconsistent with the City's Charter, and an Environmental Impact Report had not been completed. The Master Plan did not propose specific development standards for the project nor modifications to the City's development procedures, processes or fee structure. The ENA required, as a mandatory milestone, that Alameda and SunCal jointly develop a project pro forma by December 19, 2008. Because there was no mutual agreement between SunCal and Alameda on the business terms for the disposition and development of the project by that date, the project pro forma mandatory milestone was deemed waived by Alameda under the terms of the ENA.

On March 26, 2009, SunCal submitted the Alameda Point Revitalization Initiative (Initiative) to the City. The Initiative included a Charter Amendment, General Plan Amendment, Zoning Amendment, Specific Plan and Development Agreement (DA), the details of which were not negotiated with Alameda. The Specific Plan contained specific development standards, procedures, and processes that differed from standard processes prescribed by the Alameda Municipal Code (AMC); the DA also included fee waivers inconsistent with the AMC and financial provisions that were not negotiated with nor agreed to in principle by Alameda. Signatures were collected by SunCal through

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early June, but not submitted to Alameda until September 23, 2009, later than originally anticipated by the process contemplated in the Second Amendment to the ENA. As a result, the Initiative did not qualify in time for a November 2009 special election. Rather, on November 3, 2009, the Initiative was determined to have qualified for the ballot, and the City Council set the election for February 2, 2010.

Given the deadline outlined in the ENA for an OEA submittal, SunCal submitted an OEA on January 14, 2010. The OEA submitted by SunCal consists of substantially the same plan and processes contained in the Initiative. On February 2, 2010, the Initiative failed at the polls with 85 percent of those participating in the election voting against the Initiative. By letter dated February 4, 2010, Alameda provided SunCal with a Notice of Default (NOD) under the ENA for failure to achieve a mandatory milestone, the OEA, by the applicable date in the ENA's schedule of performance (Exhibit 1). The OEA submitted by SunCal does not meet the requirements of the ENA because the OEA conflicts with the City Charter. The only way for the OEA to avoid conflicting with the City Charter is for SunCal to either submit a Density Bonus Application for the project in compliance with the City's Density Bonus Ordinance, which SunCal has not done, or to seek an amendment to the City Charter through a second ballot initiative. However, the ENA affords SunCal no further opportunities to amend the City Charter.

Consistent with the terms of the ENA, SunCal has 30 business days, or not later than March 22, 2010, to cure the default. This cure period is the City's procedural assurance of timely performance by SunCal. Issuance of a Notice of Default is an administrative action, which implements the terms of the ENA. Pursuant to the ENA, if the default is not cured, Alameda's governing boards have the discretionary right to terminate the ENA.

On February 7, 2010, SunCal issued a response to Alameda's Notice of Default and requested that Alameda retract the Notice of Default. Following this request, on February 12, 2010, SunCal withdrew this request for a retraction.

Since the issuance of the NOD, staff has met with SunCal twice; two other scheduled meetings were canceled at SunCal's request. On March 9, 2010, SunCal requested that Alameda grant a 60-day tolling period regarding the NOD (Exhibit 2). SunCal states that the additional time provided by the tolling period would allow them to continue working with Alameda regarding future planning efforts at Alameda Point. Consideration of this "tolling" request is the only action before the governing bodies this evening.

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### DISCUSSION

The ENA was amended in 2008 to allow SunCal a single opportunity to submit and receive approval of a ballot initiative, and, if the initiative failed, an OEA. The initiative and/or OEA were to be processed within the term of the ENA. The ENA intentionally provided SunCal with a limited number of opportunities to pursue entitlements for the project so that if SunCal was unable to achieve the required entitlements and associated mandatory milestones within the specified timeframe, Alameda could pursue other options. Alameda did not want to be committed beyond July 2010 to a master developer that proved to be incapable of entitling the property, thus postponing indefinitely Alameda's ability to return NAS Alameda to productive use.

SunCal has been working with Alameda for approximately three years and is familiar with the City's policy and regulatory environment. As a result, the mutually agreed upon 30 business days should be sufficient time for SunCal to prepare an OEA consistent with the City Charter. If a 60-day tolling period is granted by Alameda, SunCal will have until May 21, 2010 to cure its default by submitting an OEA consistent with the City Charter and Density Bonus Ordinance. As a result of granting a 60-day tolling period, less than 60 days would remain before the July 20, 2010 ENA termination. Alameda would be challenged to review and analyze the revised OEA submission and continue negotiations on a resulting DDA within this limited time period. Further, this reduced timeframe would also make it difficult for Alameda and SunCal to meet their mutual obligations under the ENA, thus possibly anticipating a third request by SunCal for an ENA extension.

Given the decisive defeat of the Initiative at the polls, SunCal's pending default under the ENA, and concerns regarding other SunCal development projects in bankruptcy or subject to foreclosure proceedings, circumstances do not presently exist under which a tolling of the cure period can be recommended.

### FINANCIAL IMPACT

The proposed request does not modify the financial provisions contained in the ENA regarding reimbursement of staff and Alameda third-party consultant costs. Therefore, there is no fiscal impact to the City's General Fund, Community Improvement Commission, or Alameda Reuse and Redevelopment Authority budgets.

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Members of the Alameda Reuse and Redevelopment Authority

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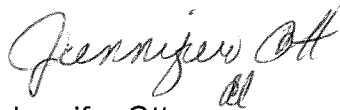
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Members of the City Council

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Members of the Community Improvement Commission

RECOMMENDATION

Deny SunCal's request to provide a 60-day tolling period regarding the Notice of Default issued by Alameda on February 4, 2010.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jennifer Ott".

Jennifer Ott  
Deputy City Manager

Exhibits:

1. Notice of Default
2. SunCal request for 60-Day Tolling Period regarding Notice of Default



February 4, 2010

SCC Alameda Point LLC  
c/o SunCal Companies  
300 Frank H. Ogawa Plaza, Suite 342  
Oakland, CA 94612  
Attn: Pat Keliher

Re: Default Notice under the Exclusive Negotiation Agreement dated July 18, 2007 by and between the Alameda Reuse and Redevelopment Authority ("**ARRA**"), the Community Improvement Commission of the City of Alameda ("**CIC**") and the City of Alameda ("**City**") (collectively, "**Alameda**") and SCC Alameda Point LLC ("**SunCal**"), as amended (the "**ENA**")

Dear Mr. Keliher:

Under Section 7.1.6 of the ENA, Alameda hereby provides notice that SunCal has defaulted under the ENA for failure to achieve a Mandatory Milestone by the applicable date set forth in the Mandatory Milestone Schedule of Performance. SunCal failed to meet the ENA's Mandatory Milestone requiring SunCal to submit, once it has opted to do so, an Optional Entitlement Application.

The ENA governs the negotiations between SunCal and Alameda concerning the Alameda Point project (the "**Project**"). As permitted by the ENA, SunCal elected to pursue a Ballot Initiative for the Project. That Ballot Initiative was placed before the voters of the City on February 2, 2010, and did not pass.

Under the ENA, where SunCal has decided to pursue a Ballot Initiative, SunCal is provided the option to submit an "Optional Entitlement Application." (Section 3.2.5.2) Whether to submit an Optional Entitlement Application is a decision left to SunCal's discretion. The ENA requires that where SunCal *has* elected to submit an Optional Entitlement Application, however, the Optional Entitlement Application is a Mandatory Milestone and must be achieved by January 15, 2010. (Section 3.2.5.2) Failure to comply with a Mandatory Milestone is an Event of Default under the ENA. (Section 7.1.6)

Here, SunCal has opted to submit an Optional Entitlement Application. SunCal made a submission to the City on January 14, 2010 of two alternative entitlement packages (collectively, the "**Submittal**") The cover letter accompanying the Submittal stated that SunCal "is expressly authorized by the City, the ARRA and the CIC to submit an 'Optional Entitlement Application' to the City for the entitlement of Alameda Point. Developer's Optional Entitlement Application is attached." Cover Letter to Submittal, p.1 Because it opted to submit an Optional Entitlement Application, SunCal was required to achieve the Optional Entitlement Application Mandatory

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**CC/ARRA/CIC**  
**Exhibit 1 to**  
**Agenda Item #3-A**  
**03-16-10**

Milestone by January 15, 2010. SunCal's Submittal does not, however, meet the requirements under the ENA for an Optional Entitlement Application, for the reasons set forth below. Accordingly, SunCal has not met this Mandatory Milestone.

SunCal's failure to meet this Mandatory Milestone has triggered SunCal's default. Under Section 7.1.6 of the ENA, SunCal shall have thirty days within which to cure this default. If SunCal fails to cure, Alameda has the right to terminate the ENA.

#### **A. The Submittal is not an Optional Entitlement Application Because the Submittal Conflicts with the City Charter**

Article XXVI of the Alameda Charter (also known as Measure A) limits development in Alameda in two ways. First, no multi-family housing is permitted to be constructed in Alameda. See Alameda City Charter, Article XXVI, §§ 26-1, 26-2. The only exceptions to this prohibition allow rehabilitation or remodeling of existing multi-family dwellings and replacement of specific, identified, Alameda Housing Authority and senior citizens' units. Second, the maximum density for residential development within Alameda is one housing unit per 2,000 square feet of land (a density of approximately 21 units per acre), with the only exceptions being the "replacement units" described above and replacement of existing units that are damaged or destroyed.

The development plan included in SunCal's Submittal includes multiple dwelling units. The Submittal also includes dwelling units at a density of more than one unit per 2,000 square feet or 21 units per acre. Indeed, SunCal's Submittal includes land use areas with densities of greater than 70 units per acre. Development of multi-unit housing, and development at densities exceeding 21 units per acre, is in direct contradiction to the City's Charter. SunCal's cover letter acknowledges this. See Cover Letter to SunCal Submittal, p.4 ("The land use plan described in this Optional Entitlement Application seeks the ability to construct, in some locations within the Alameda Point property, multiple dwelling units at a density of more than one unit per 2,000 square feet of land area.")

SunCal's cover letter to the Submittal indicates two theoretical approaches that SunCal might use to achieve compliance with the Charter. Specifically, SunCal indicated, "[t]his may be achieved either through an amendment to Article XXVI of the City Charter of the City of Alameda or through application of the City's density bonus ordinance." Thus, the cover letter suggests that SunCal will pursue either an amendment to the City's Charter or application of the City's Density Bonus Ordinance. But the Submittal does not do anything more than hypothesize about how SunCal *might* comply with Alameda law in developing the Project. The Submittal does not commit to undertaking one or both of these two approaches for the Project. Nor does it explain how either of these theoretical approaches might be implemented. Section 3.2.5.2 of the ENA requires an Optional Entitlement Application to meet the criteria of an Entitlement Application. Thus, an Optional Entitlement Application "shall include the following: (a) an application for all land use entitlements and approvals it will seek from the City . . ." (Section 3.2.5.1) SunCal's Submittal does not commit to an approach and thus is unable to include all necessary approvals. On its face, the Submittal is not an Optional Entitlement Application within the meaning of the ENA.

#### **B. The Submittal is Not an Optional Entitlement Application Because SunCal Does Not and Cannot Comply with City's Density Bonus Ordinance**

##### 1. SunCal's Submittal Contains No Application for a Density Bonus

As provided above, in order for the Submittal to be considered an Optional Entitlement Application it must include "an application for all land use entitlements and approvals it will seek from the City." To the extent SunCal seeks, as it stated in its cover letter it may, to apply the City's Density Bonus Ordinance to the Project, SunCal requires specific approvals from the City and it failed to apply for those approvals in the Submittal.

The City's Density Bonus Ordinance, adopted as City Ordinance No. 3012 on December 2, 2009 ("**Ordinance**"), sets out numerous specific requirements for projects that seek to receive concessions or waivers under the Ordinance. First among these is the requirement that an applicant submit a Density Bonus Application. (Ordinance 30-17.4.a) Not only has SunCal not formally applied for the approvals it would need to utilize the City's Density Bonus because the Submittal included no Density Bonus Application, SunCal's Submission does not contain the specific information required in a Density Bonus Application.

Perhaps more significantly, the Density Bonus Ordinance requires that an applicant for a Density Bonus must first present a "base" project that complies with existing general plan and zoning requirements. (Ordinance 30-17.4.b.1.) A "base" project would be one that is fully compliant with the City's Charter and, specifically, with the provisions of Measure A. For example, Alameda's Preliminary Development Concept ("**PDC**") provided for the development of 1,735 new units, at densities and dwelling unit types consistent with Measure A. Here, the Submittal does not contain a "base" project development plan, and significantly exceeds the density permitted by Measure A. For example, the PDC project contains a Measure A-compliant "base" of 1,735 units, where the Submittal, at 4,831 units, contains a far greater number of units.

The Submittal also lacks other required features of a Density Bonus Application, including a Project description providing affordable housing unit counts (Ordinance 30-17.4.b.2); a description of what specific concessions or incentives SunCal would request from the City (as described in Ordinance 30-17.10); and justifications for why concessions of increased density to the Project would be necessary to provide for affordable housing cost (Ordinance 30-17.4.b.6). The Master Plan attached as part of the Submittal states only that "When an applicant seeks a density bonus for a housing development within the Plan Area, the City shall provide the applicants with incentives or concessions for the production of housing units and child care facilities as described in Government Code section 65915." (Submittal Attachment "I", Alameda Point Master Plan, p.9-15.) This does not meet the requirements of the Density Bonus Ordinance.

The Submittal also failed to include an Affordable Housing Unit Plan, another required element of a Density Bonus Application. (Ordinance 30-17.15.) An Affordable Housing Plan is required to include, for the dwelling units required to be made available at specific levels of affordability ("**Affordable Units**") specific information about the Affordable Housing Units including unit location, type and size; floor plans; target income levels; phasing plans, marketing plans, and a financial pro forma. *Id.*

Even had SunCal submitted a Density Bonus Application with all required elements, securing bonus units awarded under the Density Bonus Ordinance ("**Density Bonus Units**") requires the project to adhere to many specific rules, none of which SunCal has demonstrated that it will be able to adhere to. Affordable Units must be constructed concurrently with market-rate units and with comparable infrastructure, construction quality and exterior design, and must be "integrated within the project" (Ordinance 30-17.8.) The statement appearing in the Alameda Point Community Plan attached to the Submittal that "New affordable housing units should be



reasonably dispersed throughout the phases of development . . .” and “Affordable housing should be constructed so that it is coordinated with the overall residential construction program.” (Submittal Attachment “F”, Alameda Point Community Plan, p.15) do not provide any information as to *how* SunCal would comply with this requirement.

In addition, all projects for which Density Bonus Units are granted are required to be the subject of an “Affordable Housing Unit Agreement.” (Ordinance 30-17.16.) Additional conditions are required for the Affordable Housing Unit Agreement where the Affordable Units are for sale (Ordinance 30-17.17), and where the Affordable Units are for rent (Ordinance 30-17.18). The Submittal contains no information as to how SunCal would comply with this requirement, either.

SunCal has failed to show in its Submittal a sufficient application for the approvals that would be required under the Density Bonus Ordinance.

## 2. Even Were SunCal to Submit a Density Bonus Application Based on the Submittal, the Project in the Submittal Would Not Qualify for a Density Bonus

The City’s Density Bonus Ordinance requires submittal of a development plan illustrating the that the “base “ project meets all existing general plan and zoning development standards, which includes compliance with Measure A. See Ordinance 30-17.4.b.1, cited in Section B.1 above. The Project as presented in SunCal’s Submittal does not comply with Measure A. Thus, even if SunCal were to submit a Density Bonus Application based on the Submittal, the Project would not be eligible for a Density Bonus. There are numerous aspects of the Submittal which do not comply with Measure A. For example, the Submittal contemplates very high density development at levels of up to 40, 50 and 70 units per acre. (Submittal, Attachment “O”, Alameda Point Specific Plan, p.7-4) Measure A, however, limits density to approximately 21 units per acre, as described above. The high density units provided for in the Submittal appear to represent a significant portion of the Project. Elsewhere, the Submittal contemplates multi-family housing in all five of its residential land use categories (Preservation Mixed Use, Mixed Use, Residential Medium, Residential Medium High, and Residential High), and multi-family housing appears to represent a significant portion of the Project. (*Id.* at 7-5) Accordingly, without a Measure A-compliant base plan, there can be no Density Bonus.

## **C. The Submittal is Not an Optional Entitlement Application Because SunCal is Not Seeking to Amend the Charter in Accordance with the ENA**

The ENA does not permit an Optional Entitlement Application that does not comply with the City’s Charter. Rather, the ENA provides that if and only if the Ballot Initiative is successful, an Optional Entitlement Application may be submitted containing only the approvals and entitlements necessary to permit development of the Project consistent with the Ballot Initiative. (Section 3.2.5.2) If the Ballot Initiative was not successful, the Optional Entitlement Application was required to be complete and thus in compliance with the City’s Charter. (*Id.*)

This structure is fully consistent with the RFQ process, the initial ENA, and the ENA amendments. As you know, SunCal’s involvement with Alameda Point dates back to its Response to the RFQ for a Master Developer for Alameda Point, dated December 4, 2006 (“**RFQ Response**”). The RFQ Response emphasized the importance of developing a project in accordance with the strict development standards imposed by the citizens of Alameda: “These standards are designed to preserve the history of NAS Alameda and many existing structures, *limit the number of units and the density of development*, provide affordable housing even beyond the statutory redevelopment requirement, and promote mass-transit and transit oriented

development, all while maintaining revenue neutrality for the City." RFQ Response, p.5 (emphasis added). SunCal's RFQ Response stated in plain terms that SunCal's plan would "meet[] all of the policy goals and objectives contained in the PDC and other policy documents" and that SunCal was "fully confident [the] policy goals and objectives contained in the PDC will be successfully met." RFQ Response, p. 8. In other words, SunCal's initial commitment to the Project was a commitment to develop in accordance with Measure A.

As negotiations between the City and SunCal progressed, the ENA was amended to allow SunCal an option to submit a development application that was not in accordance with Measure A. Specifically, SunCal was permitted to put a Ballot Initiative before the voters of Alameda. (Section 3.2.5) As it was expected by all that an election would be held in November 2009, the Optional Entitlement Application was anticipated as a safeguard so that should the Ballot Initiative fail, SunCal could then submit a Measure A-compliant plan by January 15, 2010 (Section 3.2.5.2). The election was actually held on February 2, 2010 and the Ballot Initiative, which contained an amendment to the Charter, was rejected by the voters. The January 15, 2010 deadline remained in place, however, and when SunCal elected to submit an Optional Entitlement Application, the ENA required it to be in compliance with the City Charter.

SunCal's January 14, 2010 Submittal is not in compliance with the City Charter. The Submittal Cover Letter's listing of the contents of the application includes item P, "Charter Amendment," which in the "Purpose of Submittal" column cross-references Section 3 of the Cover Letter. This section acknowledges that the Submittal is not in compliance with the City's Charter, stating that the land use plan "may be achieved either through an amendment to Article XXVI of the City Charter of the City of Alameda or through application of the City's density bonus ordinance." Submittal Cover Letter, p.4. Thus, the Submittal is not an Optional Entitlement Application. Again, SunCal has failed to meet the Mandatory Milestone of submitting an Optional Entitlement Application on or before January 15, 2010.

The City wishes to further note that SunCal had one route to submit a non-Measure A-compliant development application, and it has been unsuccessful. It appears SunCal may now be seeking another option: another election. As described above, the Submittal does not include any direct provisions for a Charter amendment; it appears SunCal is contemplating a future Charter amendment, perhaps initiated through a ballot measure to be placed before the voters of Alameda in some future election. ("This may be achieved either through an amendment to Article XXVI of the City Charter of the City of Alameda . . ."). Submittal Cover Letter, p.4 To the extent SunCal seeks yet another election on a non-Measure A compliant project, such further election is simply not permitted under the terms of the ENA.

The City of Alameda has strict development standards pertaining to development density, as evidenced by Article XXVI of the City Charter and as acknowledged by SunCal in its RFQ Response. The ENA was clear in its terms that SunCal had one and only one way in which to present a development plan relying on a Charter amendment, and only one of those was an opportunity to present a plan directly to the voters of Alameda. SunCal has had its chance at the ballot box on February 2, 2010 and was not successful. SunCal may not rely on any future election to extend the ENA, which expires on its terms on July 20, 2010.

## **Conclusion**

SunCal opted to submit an Optional Entitlement Application, thereby requiring SunCal achieve the Optional Entitlement Application Mandatory Milestone by January 15, 2010. However, SunCal's Submittal does not fulfill the requirements of an Optional Entitlement Application under

the ENA. The City's Charter and the ENA together require either submission of a non-Measure A compliant plan that has been approved by the City's voters, or submission of a Measure A-compliant Optional Entitlement Application. SunCal has provided neither, thereby defaulting under the ENA for failing to comply with a Mandatory Milestone. If SunCal does not cure this default within thirty days, Alameda will have the right to terminate the ENA.

Sincerely,



Ann Marie Gallant  
Interim City Manager

**Copies as provided in ENA:**

SCC Alameda Point LLC  
c/o SunCal Companies  
2392 Morse Ave  
Irvine, California 92614  
Attention: Marc Magstadt

SCC Alameda Point LLC  
c/o SunCal Companies  
2392 Morse Ave  
Irvine, California 92614  
Attention: Bruce Cook

Cal Land Venture, LLC  
c/o D.E. Shaw & Co., L.L.C.  
120 West 45th Street  
Tower 45, 39th Floor  
New York, New York 10036  
Attention: Chief Financial Officer

**Courtesy copies:**

Alameda City Council  
Alameda City Hall  
2263 Santa Clara Avenue  
Alameda, CA 95401

SCC Alameda Point LLC  
c/o SunCal Companies  
300 Frank H. Ogawa Plaza, Suite 342  
Oakland, CA 94612  
Attn: Amy Freilich

# SCC Alameda Point, LLC

300 Frank H. Ogawa, Suite 342  
Oakland, CA 94612  
510.251.0711

March 9, 2010

Mayor Beverly Johnson  
Alameda City Council  
City of Alameda  
2263 Santa Clara Avenue  
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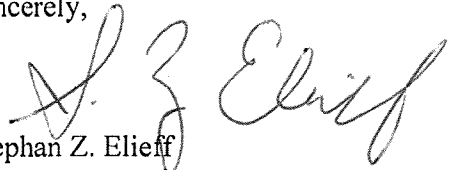
Re: Alameda Point

Dear Mayor and City Councilmembers:

SCC Alameda Point, LLC respectfully requests that the City, together with the CIC and ARRA, provide a 60-day tolling period regarding the notice of default issued by the City on February 4, 2010.

We are requesting this additional time in order to continue our dialogue regarding future planning efforts at Alameda Point. We remain confident that if we are provided the opportunity to do so, we can work with Alameda to implement a development plan that will achieve the goals of the City and community.

Sincerely,

  
Stephan Z. Elieff

cc: Ann Marie Gallant, Interim City Manager  
Teresa Highsmith, City Attorney

**CC/ARRA/CIC**  
**Exhibit 2 to**  
**Agenda Item #3-A**  
**03-16-10**