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Alameda Point “Site A” Development Delayed *Plan to Minimize Economic Uncertainty Being Implemented*

Alameda, California – April 13, 2017 Alameda Point Partners (“APP”), the developer for Site A at Alameda Point, and the City of Alameda today announced they will work collaboratively over the coming months to help move the Site A development forward. Site A is approved for 800 new residential units, including 200 affordable, a ferry terminal with service to San Francisco, more than 15 acres of public parks, and up to 600,000 square feet of commercial and retail space, and new and/or upgraded streets and infrastructure to support Site A as well as existing and future development at Alameda Point.

Rapidly rising construction costs have prohibited APP from finalizing its development budget and completing its financing plan in order to accept conveyance of Site A by the milestone date of April 11, 2017. Today, APP proposed to complete an amended plan within a 120-day timeframe that will allow them to proceed with the development, address the economic challenges, and deliver a quality project consistent with the design, intent and scope of the planned development.

Their proposal includes a Development Plan Amendment to merge construction phases and deliver a larger first phase of the previously approved development, including more housing (with the potential for a portion to be dedicated teacher housing), park area, and infrastructure improvements. And, these additional improvements will provide more immediate benefit to the Main Street Neighborhood and Adaptive Reuse Area. This will allow the significant front-end infrastructure improvement costs to be allocated across a larger initial development program, preserving the integrity of the Site A design and offsetting otherwise prohibitive construction costs. At the same time, APP will complete its financing plan, execute a loan agreement with its capital investor, and ratify a purchase and sale agreement with a townhome builder by June 2017.

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Additionally, APP proposes making an extension payment to the City that will ultimately be credited toward APP's obligation to fund a portion of the new Seaplane Lagoon Ferry Terminal, along with a reimbursement payment to the City for its transaction costs related to this delay.

The default by APP, not anticipated by either party, was a consequence of economic uncertainty stemming from the extraordinary escalation of construction costs since the original execution of the Disposition and Development Agreement (DDA) in August 2015, without a parallel increase in projected revenue. The resulting negative impact on land value created significant risk that the project's proceeds will not cover the cost of the infrastructure.

"While we are disappointed to experience a delay in this highly anticipated project, numerous decisions by the City Council in support of this project are a testament of the City's strong commitment," stated Alameda City Manager Jill Keimach. "At the same time, Alameda Point Partners has worked equally hard to make this project come to fruition. City staff is prepared to work closely with our partners on this proposed plan to move the project forward."

APP remains dedicated to the development of Site A in Alameda, as demonstrated by investing \$15 million to-date, and is committed to expend additional funds to facilitate a feasible financing plan with investors, amend the project agreement and accelerate the delivery of the Site A infrastructure. To date, APP has completed park and infrastructure construction drawings, secured architectural design approval for six of the blocks and all of the parks, implemented pre-construction activities to engage the community, and expended more than \$500,000 in implementing the approved Seaplane Lagoon Ferry Terminal Plan.

"The delay we are experiencing today is a result of changes in the market that include dramatically increasing construction costs," explained Bruce Dorfman, Managing Partner of APP. "We are pleased to be in partnership with the City of Alameda and will continue to work with them to implement an incomparable development plan in spite of the challenging economic environment."

About Alameda Point Partners

Alameda Point Partners includes commercial developer srmErnst, private investment and operating company Madison Marquette, residential developer Thompson Dorfman Partners and their venture partner, Trammell Crow Residential and non-profit developer, Eden Housing. For more information: www.alamedapointpartners.com.

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