

ELLIS PARTNERS LLC

April 10, 2014

Rachel Flynn
Director, Department of Planning and Building
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA 94612

Dear Ms. Flynn:

We are writing in response to the December 3, 2013 letter from the City, which requested additional community enhancements related to the current Jack London Square entitlement application. Our understanding is that this request was made in connection with our request for an extension to the Development Agreement ("DA") for the project from 2019 to 2027.

As you are aware, as the Jack London Square developer and operator, we have already made significant enhancements to the Jack London district and community including the following:

- We've built three acres of parks and open space that are dedicated for public use. Even though three development sites remain undeveloped (D, F2, and F3), we were required by the City, the Port and BCDC to build all of these public spaces during our first phase of development. As such, these three development sites have already contributed significant pre-development funds towards the creation of these unique waterfront gathering spaces.
- We've improved the pedestrian and bicycle experience with the extension of the Water Street promenade from Franklin St to Harrison St. The F2 project will fund the completion of this promenade to its Alice Street terminus.
- We've built two new office buildings and a parking garage (and conducted the historic renovation of another building) thereby replacing several surface parking lots with parks and plazas while generating tax revenues and jobs for the City.
- We've leased a meaningful portion of both the newly built and existing buildings thereby bringing new businesses to Oakland and services to the Jack London District.
- We market, produce, and fund over 140 events annually in the Square which are open to the general public (and bring over 500,000 people to the Jack London District) including a weekly farmers market, regular dance and yoga classes, outdoor move nights, as well as several large events each year, such as Eat Real and Pedalfest.
- We are a primary contributor to the "B", a free, public shuttle connecting Jack London Square to 12th Street Bart and Uptown.

In addition, we've also made commitments to hire at prevailing wage rates and comply with the City's Local Employment Program and the Port's Small Local Business Utilization Policy, which prioritize the selection of local construction firms. We've exceeded the targets that these programs set for our development projects to date at Jack London Square.

Given the above, we feel that our project, as outlined in the current DA, has provided and continues to provide community benefits that are commensurate with the size and importance of the project and is a leading example of a positive public-private partnership for the City and Port of Oakland.

Our goal is to develop the remaining sites as soon as possible, which would mean completing the entitlements as soon as possible in a manner that preserves their financial feasibility. Given the challenging realities of speculative development in Oakland and the significant contributions toward public benefits that are currently required of us, we are unable to comply with the requests for funding of additional community enhancements at levels contemplated in the December 3, 2013 letter. These additional contributions would meaningfully impact the feasibility of continued development at Jack London Square. We feel that our project, as currently outlined in the DA, strikes the appropriate balance in providing substantial community benefits while preserving the feasibility of developing all of the remaining sites.

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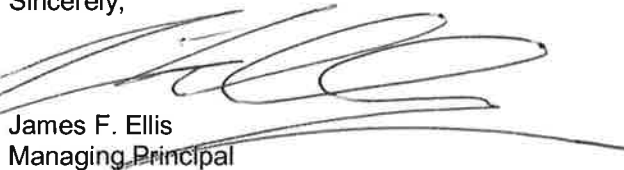
Based on our conversations with City staff, we understand that the City would support an application, without these additional contributions, if it were to forgo the development agreement extension and limit the office cap removal request to Sites D & F2. As such, we agree to these modifications to our application.

Despite the above, as a demonstration of our partnership with the City and community, and our desire to continue to enhance the Jack London District, we are willing to make a contribution towards both the Broadway 880 underpass upgrade project and realization of the Webster Green. Upon approval of the requested entitlements as currently proposed, we would pledge \$250,000 towards these community enhancing projects. Funding of these contributions would be as follows: \$50,000 towards the design of the Broadway 880 underpass upgrade and \$50,000 for Webster Green – to be paid upon receipt of the requested entitlements as currently proposed; and \$150,000 for the implementation either project (at the City's discretion), paid at the time residential building permits are pulled for either of these sites.

We look forward to the continued successful development at Jack London Square, and appreciate your work in reviewing and guiding the associated entitlement application.

Please let me know if you have any questions.

Sincerely,



James F. Ellis
Managing Principal

cc: Scott Miller, Zoning Manager
Catherine Payne, Department of Planning & Building
Heather Lee, Office of the City Attorney
Dean Robinson, Ellis Partners LLC
Matt Weber, Ellis Partners LLC