

Alameda Reuse and Redevelopment Authority

Interoffice Memorandum

3-A

February 7, 2007

TO: Honorable Chair and Members of the
Alameda Reuse and Redevelopment Authority

FROM: Debra Kurita
Executive Director

SUBJECT: Selection of New Master Developer for Alameda Point

BACKGROUND

On September 21, 2006, Alameda Point Community Partners (APCP) notified the Alameda Reuse and Redevelopment Authority (ARRA) that it was withdrawing as the Alameda Point Master Developer five years after it was selected. APCP cited a downturn in the residential real estate market that no longer supported the \$108.5 million land purchase price tentatively negotiated with the Navy as its primary reason for not moving forward.

Following APCP's withdrawal from the project, the Navy agreed to an ARRA-sponsored process to identify a new master developer. The Navy's agreement was predicated on a timely process that would conclude by mid-March and retention of the \$108.5 million purchase price and the previously agreed upon payment schedule contained in the draft term sheet. At its October 4, 2006 meeting, the ARRA authorized staff to issue a Request for Qualifications (RFQ) to determine if there were developers interested in becoming the Alameda Point Master Developer.

DISCUSSION

RFQ Process

The RFQ was issued on October 19, 2006, and a mandatory bidders conference was held on October 30. The RFQ was posted on the project web site (www.alameda-point.com), mailed to interested developers, and announced in the Association of Defense Communities' (formerly NAID) newsletter. A press release was also published regarding the availability of the RFQ.

The RFQ identified several key selection criteria including:

- Experience working with former military bases and/or brownfield projects that required large-scale environmental remediation and environmental insurance,
- Financial capability to undertake the project, and
- Organizational and staff capacity to manage a complex redevelopment project.

Experience with complex development projects, including public/private partnerships, is essential to successfully developing a former military base. In addition to concluding a conveyance agreement with the Navy and resolving regulatory challenges including environmental remediation, historic

preservation, and a Tidelands Trust land exchange, the selected developer must negotiate a Development Agreement with the City and a Disposition and Development Agreement with the Community Improvement Commission. Familiarity with environmental laws such as the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA), Section 106 of the National Historic Preservation Act, Base Realignment and Closure (BRAC) guidelines and State Redevelopment Law is necessary.

Financial capacity and willingness to spend up to \$10 million of "at risk" funds to secure project approvals and to spend another several hundred million dollars before the project begins generating revenue are also requirements to successfully redevelop Alameda Point. In addition to overall project experience and financial capacity, the experience of individual development team members is crucial. Given the project complexities and the length of time anticipated to develop the project, it is important that individual team members have worked together on prior projects and are part of an organizational structure that ensures a well-rounded skill set.

In addition to the evaluation criteria outlined above, development teams were asked to submit a vision statement that addressed how the developer would meet the goals and objectives of the Preliminary Design Concept (PDC). The purpose of the vision statement was to determine:

- If there was a clear understanding of the regulatory and technical issues at Alameda Point;
- If the City's primary goals such as fiscal neutrality, provision of a sports complex and retention of several key buildings as City facilities could be met; and
- Whether the project could be developed consistent with the community's vision as captured in the PDC.

Over twenty interested parties attended the mandatory bidders conference and fourteen teams participated in one-on-one follow-up meetings to gather more information about the project. On December 4, 2006, five firms submitted responses to the RFQ. The responses were provided to the ARRA Board under separate cover, are posted on the project web site and are available in the City Clerk's Office and Main Library. An evaluation team was formed comprised of the Assistant City Manager, the Acting Project Manager, the ARRA's financial consultant from Economic & Planning Systems, and the ARRA's environmental consultant from Russell Resources.

Evaluation Process

The evaluation team reviewed the responses and interviewed the five development teams in late December. A thorough reference check for each of the teams was conducted during the month of January. On January 12, one of the five teams, The Corky McMillin Companies, withdrew from consideration stating that its experience, expertise and resources could be best utilized on other opportunities. On January 23, a public open house was held and the four teams introduced themselves to the community with formal presentations and informal question and answer opportunities at developer stations. Over 200 people attended the event. The developer presentations are also posted on the project web site and available at the City Clerk's Office and Main Library.

The attached evaluation matrix has been prepared based on the responses to the RFQ, follow-up interviews, developer presentations and reference checks. The matrix summarizes key elements of each developer's response and provides a rating relative to each criterion (e.g., strong, moderate, weak). The analysis and "grading" is necessarily both qualitative and subjective. For each of the seven criteria used to evaluate the responses, the basis for a weak, moderate or strong rating follows:

Base Reuse/Relevant Experience

Developers were graded as "weak" if they had no experience redeveloping closed military facilities or comparable complex master planned redevelopment projects. Developers were graded "moderate" if they had some recent experience with these types of projects. Developers were grade "strong" if they had extensive recent experience with closed military base or other complex redevelopment projects.

Development Competencies

Developers were graded "weak" if they had little or no experience in large mixed-use master planned land development projects, or if they relied upon consultants to provide that expertise. Because of the potential for developers to over or under value portions of the project due to a desire to build some portion of the vertical improvements (homes or businesses), developers were graded "moderate" if they had experience in large mixed-use master planned land development projects but specialized in a particular type of development such as single family residential or commercial. Developers were graded "strong" if they had substantial experience with large mixed used master planned land development projects and no specialization in any type of vertical development.

Alameda Point Team Qualifications

Developers were graded "weak" if their team had little or no experience working together, individuals on the team had little or no experience working on complex mixed-use development projects, and there was little or no Bay Area development presence. Developers were graded "moderate" if there was some, but not extensive, continuity of team members over time and Bay Area development experience, or if development capacity was evident but possibly spread thin or without depth due to other projects underway. Developers were graded "strong" if the individual team members had worked together extensively on complex development projects and if there was substantial Bay Area development experience.

Financial Capability/Approach

Developers were graded "weak" if they had limited or conditioned access to capital for acquisition and development activities, or if there was no explanation of how capital would be accessed for the project (terms and conditions for accessing capital) or if the decision-making process for accessing the capital was cumbersome and lengthy. Developers were graded "moderate" if there were reasonable milestones for accessing predevelopment and development capital, and if several principles or committees controlled the decision-making process. Developers were graded "strong" if they had direct access to all required capital (i.e., self-financing capacity with ready access) and a streamlined decision-making process for approval and expenditure of funds.

Development Approach

Developers were graded "weak" if they had concerns about the PDC and their ability and willingness to fully implement provisions of the PDC and if they did not outline an approach to vertical development at Alameda Point (i.e., third party builders, joint venture partners, assumption of all

vertical as well as horizontal development, etc.). Developers were graded “moderate” if they accepted the PDC but proposed revisions to aspects of the document and if they had an approach to vertical development. Developers were graded “strong” if they accepted the PDC, with only minor revisions, and had a solid approach to vertical development.

Acceptance of Existing Business Terms

Developers were graded “weak” if they expressed strong reservations or concerns regarding the previously negotiated conveyance term sheet with the Navy. Developers were graded “moderate” if they generally accepted the provisions of the term sheet but indicated an interest in pursuing some modifications. Developers were graded “strong” if they accepted the terms of the conveyance agreement without revision.

Environmental Remediation Experience

Developers were graded “weak” if they had little or no experience working with Federal and State environmental regulators on complex remediation projects, no experience securing environmental insurance, and no experience with environmental remediation projects or working with the military on privatized or military-retained environmental clean up. Developers were graded “moderate” if they had experience working with environmental regulators on complex remediation projects, have secured environmental insurance and have some experience working with the military on environmental clean up. Developers were graded “strong” if they had extensive environmental remediation experience, worked with environmental regulators routinely, have obtained environmental insurance, and have participated in early transfers, with privatized clean up, of former military bases.

The evaluation team’s rating of each developer relative to each of the seven criteria is as follows:

	Catellus	Lennar	SunCal	United World Infrastructure
Base Reuse/Relevant Experience	Moderate	Strong	Moderate	Weak
Development Competencies	Strong/Moderate	Moderate	Strong	Weak
Alameda Point Team Qualifications	Moderate	Moderate	Strong/Moderate	Weak
Financial Capability/Approach	Strong/Moderate	Moderate	Moderate	Weak
Development Approach	Strong	Strong/Moderate	Strong	Moderate/Weak
Acceptance of Existing Business Terms	Moderate	Weak	Moderate	Strong
Environmental Remediation Experience	Strong/Moderate	Strong	Strong/Moderate	Weak

It is important to note that the evaluation is based on a review of the developer’s experience, competencies and financial capability rather than the strength of individual consultants that may be

retained to assist in project development and implementation (e.g., architect, land planner, environmental consultant, legal advisor, etc.). The evaluation matrix, along with developer presentations and public comment at the ARRA Board meeting, will assist the ARRA Board in selecting a new master developer for Alameda Point.

Next Steps

Once a master developer is selected, there will be a 60-day period in which the selected developer will conduct further due diligence to determine interest in entering into an Exclusive Negotiation Agreement (ENA) with the ARRA for a 24-month entitlement period. The selected developer will be required to deposit \$100,000 for the 60-day due diligence period which will be forfeited in the event the developer does not to move forward. If the developer enters into an ENA for the project entitlement period, a \$900,000 deposit will be required. If the project is entitled and a conveyance agreement is executed, the deposit will be credited against the purchase price. If the developer terminates the ENA, the \$900,000 deposit will be forfeited.

FISCAL IMPACT

There is no fiscal impact to selecting a master developer. The required deposits described above, along with a cost recovery provision in the ENA, will ensure that the selected developer pays for the ARRA's staff costs and consultant expenses.

RECOMMENDATION

Consider selection of a new master developer based on responses to the RFQ, participation in the community open house, presentations to the ARRA Board, public comment received, and the attached evaluation matrix. Following selection of a new master developer, authorize the Executive Director to enter into a 60-day exclusive due diligence period to negotiate an ENA with the selected developer.

Respectfully submitted,



David Brandt
Assistant City Manager



By: Debbie Potter
Acting Alameda Point Project Manager

**EVALUATION MATRIX
NEW ALAMEDA POINT MASTER DEVELOPER**

<p>1. Base Reuse/Relevant Experience</p>	<p>Catellus</p>	<p>Lennar</p>	<p>SunCal</p>	<p>United World Infrastructure</p>
<p>Catellus is now a division of ProLogis, an international industrial Real Estate Investment Trust (REIT). This status is the end result of an evolution over the last three years, during which Catellus changed from a development company with a focus on industrial and commercial uses to an industrial REIT, then merged with ProLogis, a larger REIT with international reach. Catellus is essentially a new company, created as a division of ProLogis. It is tasked with taking on a selective group of large-scale, mixed-use developments as a taxable REIT subsidiary, including carrying forward a number of projects that were started before the merger with ProLogis. Several of the key staff of the original Catellus will remain involved in the new company, providing some continuity with prior project experience, including those in Alameda and Austin.</p>	<p>Lennar has become the dominant development entity in the military base reuse arena, especially in California. Base reuse projects for which Lennar has been selected as master developer include Mare Island Naval Shipyard, Hunters Point Naval Shipyard, and Treasure Island. In addition, Lennar has been the successful bidder on two bases conveyed by auction—El Toro Marine Corp Air Station, in Irvine, and portions of Tustin Marine Corp Air Base. Consequently, Lennar has extensive experience in all phases of base reuse, including conveyance negotiations with the Navy, environmental remediation, planning and entitlement, and development. The bases are in various stages of planning and development: Mare Island is under construction, with both new residential units and rehabilitated commercial/industrial space; the first phase of Hunters Point residential is under construction, following a renegotiation of the entitlement for the first phase to improve project economics; on the Tustin properties, totaling 240 acres, Lennar has sold the first 225 units, of a total 1,500 approved, achieving the highest absorption rates in Orange County, at 10 per week; and El Toro is still in the entitlement stage.</p>	<p>SunCal was the successful bidder for the former Oak Knoll Naval Hospital in Oakland, with a price of \$100 million. Because the property was disposed through a public auction, SunCal has had little interaction with the Navy. SunCal states that it is the largest privately held master plan land developer in California, and has numerous large-scale projects to its credit.</p>	<p>While the company has a substantial focus on Greenfield master planned communities, they have several large-scale reuse and infill projects to their credit, including Amerige Heights, a 203-acre redevelopment of a former Hughes/Raytheon campus in Fullerton, California, which is substantially complete; the 135-acre reuse of the former Oak Knoll Naval Hospital in Oakland, with a New Urbanist plan that is still going through entitlement in Oakland; Westport at Mandalay Bay, in Oxnard, California, a 60-acre mixed-use infill waterfront development, which is under development; and the 710-acre College Park development in Chino, a mixed-use development of surplus State land.</p>	<p>United World Infrastructure (UWI) is a Delaware Corporation whose principals have been operating as Jumeirah Capital, which is currently based in Dubai, UAE. UWI has been established in the United States as a holding company specializing in real estate and infrastructure development serving governments, financial institutions, and institutional developers; acquisition and management of capital development programs for strategic international projects; proprietary methodologies for business led investment products; and public/private partnerships tailored to each transaction. It appears that UWI has not yet carried out any of these projects, and is in the early stages of its operation within the United States.</p>
<p>Rating: Strong</p>	<p>Rating: Moderate</p>	<p>Rating: Moderate</p>	<p>Rating: Moderate</p>	<p>UWI has assembled a number of team partners for Alameda Point, including the following: APTO, formed in early 2006 in association with the Dubai Ports enterprise, has become involved in a wide array of other projects, including an ethanol plant in California's Imperial Valley. Coalition for a New California Infrastructure (CNCI), a consortium including various campuses of the University of California, Lawrence Livermore National Labs, BART, the California Department of Health Services and other nonprofit and research groups, is focused on environmental remediation,</p>

<p>1. Base Reuse/Relevant Experience (continued)</p>	<p>Catellus</p>	<p>Lennar</p>	<p>SunCal</p>	<p>United World Infrastructure</p>
	<p>Catellus also has redeveloped a portion of an Air Force Base in El Segundo, California, involving an innovative land swap, and has developed a corporate campus as part of the mixed-use redevelopment of the former Glenview Naval Base, near Chicago. They have substantial urban infill and redevelopment experience in other projects including Mission Bay in San Francisco and the reuse of the Municipal Airport in Austin, Texas, both of which are substantially under development at the present time. At Mueller Airport, for example, Catellus has a regional retail center under construction, and is in the final selection of homebuilders for its first phase of residential development. Catellus is also the developer of Pacific Commons in Fremont, where the City indicates that they have moved very quickly with re-entitlement and development of a major retail center.</p> <p>Rating: Moderate</p>			<p>"green" transportation and renewable energy. Constructive Community Homes (CCH), a consortium of Bay Area developers, specializes in sustainable housing and property environmental remediation. CyberTran International, Inc., has developed an UltraLight Rail Transit (ULRT) system. Carter & Burgess is a large engineering and construction management firm, specializing in large transportation and infrastructure projects.</p> <p>Subsequent to the original submittal, UWI has continued to add new members to its team. Glenn Isaacson, of Conversion Management Associates (CMA), a development advisory firm, has been brought in to provide additional development expertise. Additional architects, planners and brokers have also been added.</p> <p>While some individual advisors/consultants have development experience, UWI does not appear to have done this type of project before. The various entities on the team have not worked together as a development team or on prior projects.</p> <p>Rating: Weak</p>

2. Development Competencies	<p>Catellus</p> <p>As a land developer, Catellus has experience across residential, office, industrial and retail uses. Catellus indicates that they are a "one-stop shop" with horizontal (land) and vertical development capabilities across product types. However, they are experienced primarily in horizontal development and nonresidential vertical construction, and have indicated that they will use multiple third-party builders for residential development, and will only do commercial/industrial vertical development themselves.</p> <p>Rating: Strong/Moderate</p>	<p>Lennar</p> <p>Lennar Communities is a major national homebuilding company. In recent years, they have gotten into the land development business, primarily to secure lots for their homebuilding business. Lennar would bring in partners or do third-party land sales to develop the nonresidential components of the plan. They would seek to do as much of the homebuilding as possible. They focus on for-sale housing.</p> <p>Rating: Moderate</p>	<p>SunCal</p> <p>SunCal is strictly a land development company. They have substantial experience in all facets of land acquisition, entitlement, horizontal development and marketing to third-party builders and developers. SunCal does not specialize in either residential or commercial development. SunCal indicates that it would finalize the land use plan and design and will develop all of the infrastructure for the project, but will engage various residential builders and commercial developers to construct the buildings.</p> <p>Rating: Strong</p>	<p>United World Infrastructure</p> <p>UWI describes itself as a real estate and infrastructure investment and development management organization. They provide "...project and risk analysis, financial structuring, capitalization and monetization planning, feasibility studies, marketing, tender management, evaluation and contractual support". UWI does not appear to have development expertise, per se, and they seem to have focused primarily on large-scale infrastructure projects, rather than land development.</p> <p>Rating: Weak</p>
3. Alameda Point Team Qualifications	<p>Catellus, as a subsidiary of Prologis, is in effect a newly formed company, and is in the process of building up its staff capabilities to pursue development of mixed-use projects. Several of the key staff of Catellus, however, continue to be a part of the new company, providing expertise and continuity with prior projects. These include Ted Antenucci, who is now President of Global Development for Prologis; Tom Marshall, who has been closely involved in the Alameda Fleet Industrial Supply Center (FISC) development and other Bay Area projects; and Greg Weaver, who led the Austin Airport Reuse project. The staffing and organization of the Alameda team is not yet defined.</p>	<p>The Lennar team as described in their submittal is comprised of various Lennar staff from both the Bay Area Urban Division (focused mainly on San Francisco) and the Northern California Urban Division (focused on Mare Island and other East Bay properties). While Lennar has indicated that Tom Sheat the President of the Northern California Division would be the primary point of contact on the project, Lennar has shown no clear management structure identifying roles and responsibilities of Lennar staff below Mr. Sheat. Lennar has also identified a full range of consultants and attorneys on the team, most of whom have significant base reuse experience. Given the substantial</p>	<p>SunCal states that senior management would be closely involved in the project from its early stages. The local team leader during acquisition and entitlement would be Amy Freilich. Ms. Freilich works out of the Los Angeles office, and is Senior Vice President of Acquisitions and Entitlement. Before joining SunCal about a year ago, she was a land use attorney with significant experience in negotiation of major public/private transactions in the Los Angeles Metro area. Pat Keltner, Vice President of Operations, is expected to be the day-to-day project manager, reporting to Ms. Freilich. Mr. Keltner has been responsible for community outreach, planning and entitlements for the Oak Knoll project. The Oak Knoll</p>	<p>The UWI team is large consortium of unrelated finance, infrastructure, planning, and development firms, as well as academic institutions and nonprofit organizations focusing on green development. UWI itself is composed of senior executives associated with the ruler of Dubai. It is not clear how the Alameda Point project would be organized and staffed, or how this large group would be managed.</p> <p>Rating: Weak</p>

	Catellus	Lennar	SunCal	United World Infrastructure
	<p>though it is expected that Bruce Knopf would have a role in community outreach and Greg Moore, Vice President for retail operations, would also be part of the team. Catellus has just hired a new Senior Vice President to run its Northern California operations, who would have an oversight role. Greg Weaver, who heads Catellus, and Ted Antenucci, President of Global Development for ProLogis, would also have management oversight roles. However, there currently are not many seasoned project team members within the Northern California Office and it is expected that Catellus would need to add staff to accommodate this project along with its existing Alameda Landing project and anticipated growth in the Catellus subsidiary.</p> <p>Rating: Moderate</p>	<p>projects already within the portfolios of the Northern California Urban and Bay Area Urban Divisions of Lennar, it is not clear whether Lennar has the staff resources to absorb another major base reuse project.</p> <p>Rating: Moderate</p>	<p>project is SunCal's only project in Northern California that has not completed the development entitlement process. SunCal has indicated that it does not need or intend to add staff to complete the project if selected.</p> <p>Rating: Strong/Moderate</p>	
4. Financial Capability/Approach	<p>Catellus is an integral part of ProLogis, a global REIT with a market capitalization (shareholder equity) of \$5.5 billion in 2005. ProLogis has a \$3.4 billion global credit line, which allows it to self-finance the Alameda Point Project, including predevelopment. While large and higher risk mixed use developments are familiar to the Catellus subsidiary historically, such projects are new to</p>	<p>Lennar Communities is a publicly traded company with a market capitalization in excess of \$5 billion at the end of 2005. The company has a strong track record of growth and earnings, and has established relationships with both equity and lending financial sources. However, Lennar's stock price has declined significantly over the past 12 months. Lennar indicates that it would most</p>	<p>SunCal, a privately held company, has established relationships with various equity funding sources including Lehman Brothers and Calsters Pension Fund, and indicates that they are expanding their relationships with hedge funds and other private equity concerns. They state that they have the ability to purchase the Alameda Point site without a financial partner and in fact did purchase the former</p>	<p>Jumeirah Capital is the core ownership of UWI. Funding for UWI comes from very significant funds held by private Middle Eastern families, primarily derived from oil revenues. Jumeirah Capital's balance sheet is atypical relative to more conventional real estate firms. Its assets are virtually all retained earnings, and there are very small liabilities. UWI indicates that it can fund the project entirely from its</p>

	<p>Catellus</p> <p>the ProLogis parent company. Project funding decisions appear to be fairly streamlined and able to be made in a timely fashion. An investment committee that meets weekly disperses funds. Ted Antenucci, who has been with Catellus for several years and is very familiar with Catellus' Alameda projects, is Chair of the investment committee. His knowledge of the project and its economics is likely to be a benefit in the capital allocation process. While Catellus has shown itself to be conservative with capital investment and cautious with large financial commitments, it also has exhibited an aggressive investment policy once a commitment has been made and has also shown considerable staying power on complex projects.</p>	<p>Lennar</p> <p>likely seek one or more financial partners to contribute capital and supplement Lennar's expertise and experience. Because Lennar is a very large, publicly traded company, their capital funding process is reported to be somewhat cumbersome, with multiple layers of approval. Nevertheless, the company has the financial wherewithal to carry out this project.</p>	<p>SunCal</p> <p>Oak Knoll Naval Hospital for over \$100 million in cash in 2006. It appears likely that they will bring in financial partners during the development. Their consolidated balance sheet shows that they have grown very rapidly since 2004. Both assets and liabilities have more than quadrupled since then. However, their declining equity/liability ratio during that time suggests that they are fairly highly leveraged (as of 2005). They have indicated that the investments they have made will produce substantial cash flow in coming years, making additional equity available for Alameda Point and other projects.</p>	<p>United World Infrastructure</p> <p>own capital sources. However, it is not clear from the submittal how funds would be allocated to the project, or what conditions are necessary to receive capital allocations from the equity sources.</p>
<p>5. Development Approach</p>	<p>Rating: Strong/Moderate</p> <p>Catellus acknowledges the Preliminary Development Concept (PDC) as the basis for its proposal. They mention some possible refinements, including a more diverse residential product mix, and more retail. Catellus would expect to do vertical development of retail and office, and have multiple third-party builders do the residential.</p>	<p>Rating: Moderate</p> <p>Lennar acknowledges the vision in the PDC, but would want to conduct detailed due diligence on the plan and work with the City and community to refine it. They indicated that, based on their extensive experience with base reuse, they have various concerns with the plan and the term sheet that they would need to resolve.</p>	<p>Rating: Moderate</p> <p>SunCal acknowledges the PDC as the framework for development of Alameda Point. They have mentioned several areas where they might like to explore refinement of the plan, including the configuration and requirements of the historic district, and the early activation of the marina. SunCal has also expressed a willingness to explore a more "visionary" land plan if desired by the community.</p>	<p>Rating: Weak</p> <p>UWI proposes a "Green Island" community that will attract industries involved in alternative energy and alternative transportation technologies associated with a CNCI. These industries would be integrated with a mixed-income residential community, a town center and multiple neighborhood commercial centers, transit facilities, and ecologically oriented parks and open space. In its interview with the evaluation team, UWI has said that it would not proceed with the project without major changes to the land plan.</p>

	Catellus	Lennar	SunCal	United World Infrastructure
		all the office, industrial and retail. LNR, now a separate company from Lennar, would be a candidate partner for commercial/industrial uses, as would KIMCO, and Wilson, Meany, Sullivan. Rating: Strong/Moderate	development, using third-party builders for the vertical. They would use multiple builders, bring them in early in the project, and use existing relationships on other projects to maximize land price. They typically negotiate price or profit participation as well. Rating: Strong	UWI did not reiterate that position at the public open house and it is unclear whether it is still a prerequisite to completing the project. Rating: Moderate/Weak
6. Acceptance of Existing Business Terms	Catellus believes that the \$108 million purchase price is viable if the residential market stabilizes. They would look to create additional value in the plan by adjusting the balance among uses to add more retail, increasing absorption through "place making", better managing existing leases, and improving the timing of revenues versus costs. Catellus indicates that they would look to Community Facilities District (CFD) financing for the City Hall West, O'Club and fire station. They would look to spread the financial burden for fiscal neutrality among Alameda Point residents and businesses, through creation of a Municipal Services District (MSD). Rating: Moderate	Lennar has expressed reservations with the business terms that have been negotiated, including the Navy land price, environmental responsibility exclusions, the impact of California Environmental Quality Act (CEQA) mitigations and rising infrastructure costs on the feasibility of the project as currently embodied in the PDC, and the revenue potential of the planned residential product mix. They emphasize starting the process with a detailed due diligence review of these factors. Rating: Weak	SunCal has run preliminary numbers, and has stated that they feel the deal is thin, but workable. They also indicated that they are interested in Alameda as part of their efforts to establish their reputation as a preeminent developer, not just for the financial return. They thought that there was upside in the commercial, relative to current financial projections. The market downturn did not concern them, as they thought it was just a short-term cyclical factor. Of more concern was the Historic District; they want to be sure the plan is not too rigid to allow for refinement to improve project economics (e.g., adaptive reuse, etc.). Other approaches to improving project economics might include early activation of the marina and better matching of cost/revenue phasing. Rating: Moderate	UWI indicates its acceptance of the Navy's \$108 million land price, and has indicated that they can pay the full price up front and can do the project without any tax increment financing. No other developer candidate indicated that they could develop the project without assistance in the form of tax increment. Rating: Strong

	Catellus	Lennar	SunCal	United World Infrastructure
7. Environmental Remediation Experience	<p>Catellus has substantial experience with environmental remediation on a variety of properties, including the redevelopment of a former oil refinery in Hercules and, to a lesser degree, from its Bayport project in Alameda. They have established relationships with environmental regulators and insurers, but have not engaged in significant negotiations with the Navy over environmental cleanup programs and funding. They indicate that they are the largest real estate client for the insurer, AIG.</p> <p>Rating: Strong/Moderate</p>	<p>Lennar has extensive experience with environmental remediation as a result of their base reuse activities, and has developed working relationships with state and federal regulators, environmental consultants, and insurance companies. They also have been involved extensively in negotiations with the Navy on environmental mitigation and conveyance issues. Lennar is the only developer who has been involved in a transfer under a Finding of Suitability for Early Transfer.</p> <p>Rating: Strong</p>	<p>SunCal will be remediating asbestos and lead based paint contamination as they demolish existing structures on the site of the former Oak Knoll Naval Hospital in Oakland. They have also been responsible for toxics remediation in the course of demolishing the 2.5 million-square foot former campus of Hughes/Raytheon for the Armerge Heights project in Fullerton, California.</p> <p>Rating: Strong/Moderate</p>	<p>One of the UWI team members is described as specializing in sustainable housing and property environmental remediation, but listed projects do not appear to involve the type of remediation work required for Alameda Point.</p> <p>Rating: Weak</p>