



May 13, 2015

Mayor Libby Schaaf  
City of Oakland  
1 Frank Ogawa Plaza  
Oakland, CA 94612

Re: Oakland's Working Waterfront

Dear Mayor Schaaf,

Thank you for taking the time to talk with me this evening regarding the development of the West Gateway area and the balance of the former Oakland Army Base. I am reaching out to you directly and I respectfully request that the City, including members of the City Council, refrain from any issuance of press releases or irretrievable public statements or actions until you and I, along with the City Attorney and other relevant officials, have the opportunity to meet and comprehensively discuss this matter face to face. Respectfully, I suggest that no course of action you or others may be contemplating will be any less available to you next week than tomorrow.

As for where we are, I would like to share with you the situation as we see it. Please accept that this is offered not to be provocative or inflammatory, but in the interest of clarity and full disclosure of our understanding and circumstances. Some important milestones:

- The City completed its CEQA review of the present vision for the former Oakland Army Base on June 12, 2012. That review is complete and there is no basis for reopening or reconsideration on the horizon. More importantly, based on that analysis, the City imposed a comprehensive suite of mitigation measures and conditions of approval.
- In furtherance of that approved vision, the City and the developer parties entered into the Lease Disposition and Development Agreement on October 23, 2012 (LDDA), which LDDA provided the developer with the right to ground lease the West Gateway for the development and operation of a marine terminal for bulk and oversized goods for a period of 66 years pursuant to the agreed upon form of lease attached to the LDDA.
- On July 16, 2013, the City adopted the Gateway Industrial Zoning District for the former Oakland Army Base supporting this permitted use and the City and the developer parties entered into a Development Agreement vesting the zoning and all prior land use entitlements.
- Multiple approvals and agreements have since occurred, each one reaffirming and endorsing the CEQA analysis and original vision, from zoning to uses to construction.

Based on and in reliance upon the above contracts and approvals, we have entered into a binding Option to Sublease with Terminals and Logistics Solutions, LLC, dated April 17, 2014, for the marine terminal portion of the West Gateway. This agreement provides for the complete transfer of our rights and obligations with respect to the terminal operations under the ground lease.



The breadth of the entitlement for terminal operations secured by the above-mentioned agreements is not driven by nor defined by any single commodity, product, or good in transit. Given the required monetary investment in the physical plant and the need to stay viable for the full term of the 66 year lease, we intentionally sought from the City an industry-standard facility, a multi-commodity bulk marine terminal. In not so many words, it means the terminal needs to handle whatever legal bulk goods the potential customer may need to pass through the facility. The ability to accommodate the full universe of bulk materials that will be in motion in any given phase is essential to the viability of such a facility and operation. That was the basis for design of the facility for which we sought approval in 2012. Nothing about that has changed.

We understand we have an issue to be solved, and we want to discuss that with you and your staff. We view that this moment in time as critical. Just consider how far we have come together since 2007. Together we have secured over \$240 million in TCIF grant funds for the benefit of Oakland's new working waterfront. Together we have used these funds to take great strides in completing the design and construction of the required project infrastructure. We continue to work together to secure additional funds for the project from the recently approved ACTC bond measure. The realization of this revitalized waterfront engine has only come about by the cooperative and collaborative will of both the City and CCIG. And we believe that spirit of determination and commitment to good will can see us through this admittedly difficult chapter.

Accordingly, again, I respectfully ask that the City in all of its forms and representatives keep its proverbial powder dry for the moment. Let us come together, meet face to face, understand the true state of affairs in all regards, both legally and functionally, and see if we cannot find a mutually acceptable path forward. Neither of us has anything to lose and everything to gain from this dialogue.

I appreciate your time and consideration, Mayor Schaaf, and am standing by for an update on your intended next steps. My hope is that those steps will be to confirm a time that we all may meet face to face and discuss future options.

Respectfully,

Phil Tagami  
CALIFORNIA CAPITAL & INVESTMENT GROUP

cc: Claudia Cappio