



SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

## C O U N T Y   A D M I N I S T R A T O R

December 9, 2016

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT:        PROPOSED TERM SHEET WITH THE CITY OF OAKLAND, THE  
OAKLAND CITY PRO FOOTBALL GROUP, LLC, A CALIFORNIA  
LIMITED LIABILITY COMPANY, AND FORTRESS INVESTMENT  
GROUP, LLC**

### **Recommendation**

Based on your Board's direction, County staff is recommending that the Board:  
Authorize the County Administrator to sign and execute a non-binding Term Sheet (attached) with the City of Oakland, the Oakland City Pro Football Group, LLC, a California Limited Liability Corporation and Fortress Investment Group LLC, a Delaware limited liability company, or a designated Fortress Investment Group LLC affiliate entity, regarding a proposed new football-only stadium for the Oakland Raiders to replace the Oakland-Alameda County Coliseum at the current site; and

Authorize the County Administrator to negotiate an Exclusive Negotiating Agreement (ENA) following the execution of this Term Sheet with the City of Oakland and the Oakland City Pro Football Group, LLC, a California Limited Liability Corporation and Fortress Investment Group, LLC, a Delaware limited liability company, or a designated Fortress Investment Group LLC affiliate entity, on behalf of the County for approval and execution by your Board. Completion of the ENA is anticipated by the end of January or mid-February 2017. The ENA will give the parties time to negotiate the terms of the transaction documents, including a Disposition and Development Agreement (DDA) to be presented to your Board for final action.

### **Discussion / Summary**

The City of Oakland, County of Alameda and Oakland City Pro Football Group, LLC signed a non-binding Letter of Intent on August 26, 2016 to work towards this next step of developing and approving a non-binding Term Sheet. Based on your Board's direction, the proposed Term Sheet is summarized below and presented for your Board's consideration. The Oakland City Council is scheduled to consider approval of the proposed Term Sheet at its meeting on Tuesday, December 13, 2016.

The proposed Term Sheet with Oakland City Pro Football Group, LLC and Fortress Investment Group, LLC (referred to as the "Lott Group") is further expression by the parties of their willingness to negotiate. The Term Sheet is non-binding except for exclusivity and confidentiality provisions. It provides a specific outline of the negotiation process, a conceptual description of the project, project components and project site; conceptual outline of financial terms and conceptual outline of other development terms.

### **Project Site Description:**

The site for the proposed Project is comprised of all or portions of approximately 110 net acres encompassing the existing Oakland-Alameda County Coliseum, the Oracle Arena, associated parking and other uses (together the "Coliseum Site") jointly owned by the City of Oakland (City) and the County of Alameda (County). The Term Sheet also addresses the 4.5 acre site owned by the City located between the Coliseum property and the Coliseum BART station, which is slated for development of a mixed use transit-oriented development referred to as the Transit Hub. The County is **not** involved in the development of the Transit Hub, but if funding for the public improvements necessary for the Transit Hub is not received within a date to be agreed upon, and the parties are not able to negotiate an alternative development plan, the Lott Group would be able to terminate the DDA.

### **Project Components:**

Approximately 25 net acres of the Project Site are currently occupied by the Oakland-Alameda County Coliseum and are proposed to be developed by the Lott Group with commercial, retail, hotels and possibly residential uses.

Approximately 55 net acres at the south side of the Coliseum Site are proposed to be developed by the Lott Group with a New Stadium with approximately 55,000 seats including dedicated and reciprocal parking. The reciprocal parking would be used for (1) the parking needs of the Oracle Arena and the new Oakland Athletics (the A's) ballpark, if developed, at terms to be negotiated, and (2) Project uses.

Approximately 20 net acres at the north side of the Coliseum Site are proposed to be developed by the Lott Group as reciprocal parking to be used to serve (1) the parking needs of the new A's ballpark, if developed, at terms to be negotiated, and (2) Project uses. An additional approximately 5 net acres at the north side of the Coliseum Site will be used by the Lott Group as CEQA-required wetlands and storm water mitigation.

The 10-acre Oracle Arena site will **not** be part of the Lott Group development site unless and until the Warriors relocate to another non-Coliseum location and the City and County elect **not** to continue the use of the Arena.

Approximately 15 net acres at the north side of the Coliseum Site will be reserved for a new ballpark site for the A's, and will **not** be developed by the Lott Group unless and until the A's relocate to a non-Coliseum location.

### **Financial Responsibility for Construction of Improvements:**

The New Stadium is projected to cost approximately \$1.3 billion (including site improvements/infrastructure). The parties anticipate that the New Stadium and other Project components will likely be financed as follows:

The City will invest \$200 million to construct infrastructure, site preparation and other related expenses that are part of the scope of the Project but are not hard construction costs for the New Stadium (the City Investment), as follows:

A \$100 million privately-placed bond secured by the direct City taxes generated by the New Stadium. The Lott Group will lead a private placement of the bond.

A \$100 million Enhanced Infrastructure Financing District (EIFD) bond or other financing secured by the City "but for" taxes, i.e., City tax revenue generated as a result of development of the Project. The City will endeavor to bond against this tax revenue as early as possible, but the City will not bond in any manner that puts the City's General Purpose Fund at risk. Therefore, the parties anticipate the probable need for the Lott Group or other private party to provide or secure bridge financing, on terms to be negotiated, for all or a portion of this amount until an EIFD bond is able to be issued.

The City and the County will convey approximately 105 net acres of real property at the Coliseum Site, with the possibility of the conveyance of another 25 net acres at the Coliseum Site (i.e., the 10 acre Arena site and the 15 acres reserved for a possible A's ballpark), to the Lott Group pursuant to the terms of the DDA (together, the "Land Conveyance"). The Land Conveyance may be by lease or a full transfer of the Land, to be determined as part of the DDA negotiations and is valued in the Term Sheet at approximately \$150 million.

The DDA will include financial participation by the City and the County in certain Project revenues as payment for the Land Conveyance. The terms of the financial participation are to be negotiated by the parties as part of the DDA negotiations but options could include:

The Lott Group could receive net cash flow from the Project until the Lott Group's cumulative internal rate of return (IRR) reaches an agreed-upon percentage, whereupon there is a split of net cash flow between the Lott Group, the City, and the County until the City and the County receive a negotiated dollar amount.

The City and the County could receive a negotiated share of net proceeds generated from a future capital event such as a sale or transfer of the Project.

The Lott Group or the Raiders, as the case may be, will manage the sales of seat options (or other equivalent rights) at the New Stadium with anticipated sales of \$200 million. If seat options sales are less than \$200 million, only the Lott Group and the Raiders would be responsible for making up any deficiency. The City and County have no financial responsibility for the proposed sale of seat options or for making up any shortfall.

The balance of any construction cost for the New Stadium, approximately \$700 million, will be borne 100% by a consortium consisting of the NFL and the Raiders (jointly \$300 million) and the Lott Group (\$400 million), with the Lott Group willing to bridge any financing gaps in accordance with agreed upon terms among the Lott Group, the NFL and the Raiders. The Lott Group would also be responsible for any cost overruns.

The County shall not have responsibility for contributing any funding or financing any improvements for the Project.

The financial terms of the proposed Term Sheet provide that neither the Lott Group, the Raiders, nor the Project will be responsible for the current Coliseum bond debt. The City and the County will need to address the existing Coliseum bond debt prior to conveying the Project Site. If the Arena is included in the Land Conveyance, the Arena debt will also need to be addressed.

**Exclusive Negotiating Agreement (ENA):**

The first step after all parties approve the Term Sheet is the negotiation of an Exclusive Negotiating Agreement (the ENA). The ENA is to be negotiated within 60 days following execution of the Term Sheet but no later than February 15, 2017 although the parties have targeted the end of January 2017 for the approval of the ENA by the City and the County.

The ENA will have a term of one (1) year during which time the parties will negotiate the terms of a DDA and the other transaction documents which are expected to include a community benefits agreement and financing documents. The ENA term may be extended for two (2) additional six (6) month terms by the City Administrator and by the County Administrator with direction from the Board of Supervisors. During the ENA Term the Lott Group will be responsible for preparing design and financing plans for the development of the New Stadium and the other development components of the Project.

Upon execution of the ENA, The Lott Group will deposit \$2 million with the City. The City and County will be able to draw upon the \$2 million deposit to pay third party planning, entitlement, development, and legal costs associated with the negotiation of the DDA.

If during the ENA Term, the Raiders obtain NFL approval to relocate and the City and the County decide not to pursue another NFL team, the parties will negotiate in good faith an alternative development plan but if no agreement is reached on the alternative development plan within 30 days, then the ENA will terminate.

The Lott Group shall be responsible for paying for all predevelopment costs incurred by the Lott Group in connection with the Project during the ENA term.

**Exclusivity:**

During the term of the Term Sheet and the ENA, the City and the County are limited to negotiations only with the Lott Group regarding the development of the Coliseum property. ***This provision of the Term Sheet is binding on all of the parties.*** The City and the County will not be prohibited from negotiating with the A's regarding a new ballpark (including on the net acres referenced in Project Components, above, for a new A's ballpark) or from negotiating with the A's, the Warriors and the Raiders regarding their licensing agreements at the Coliseum or certain other discussion as provided in the term sheet.

**Discretion:**

The Term Sheet does not limit the exercise of the City and County's discretion with regards to approval of the Project or the terms of the DDA and the other transaction documents and does ***not*** commit the City or the County to conveying the Coliseum property to the Lott Group.

**Financial Impact**

The proposed Term Sheet is a non-binding agreement between the City, County and the Lott Group. The attached Term Sheet limits the financial contributions from the City and County to the following:

The City will contribute \$200 million of infrastructure improvements through private placement bond financing with assistance from the Lott Group. The County will **not** be a party to any bond financing and is **not** required to contribute to the infrastructure improvements.

The City and County will contribute land that is currently jointly owned on the Coliseum site either by lease or conveyance as determined during negotiation of the ENA.

While the City and County expect to receive compensation for their contribution of the land, the proposed Term Sheet does **not** specify or guarantee the method or timing of such compensation. This issue as well as a determination of whether the land conveyance will be by lease or sale will be addressed during negotiation of the ENA.

The City and County will be jointly responsible for defeasance of the existing bonds and remaining debt on the Stadium property, and when required the Arena property, before any land conveyance may occur. The estimated amount required to defease the bonds as of December 31, 2016 is approximately \$103 million for the Stadium and \$81 million for the Arena. These amounts will fluctuate based on the timing, payment schedule and interest rates.

The proposed Term Sheet provides that during the ENA negotiations, the County may continue its discussions and negotiations with the City regarding the sale of the County's share of the land on the Coliseum site to the City.

Very truly yours,



Susan S. Muranishi  
County Administrator



Steve Manning  
Auditor-Controller

Attachment

cc: Mayor, City of Oakland  
County Counsel  
Auditor-Controller  
Oakland City Administrator

## TERM SHEET

### Coliseum Project - Oakland, California

This Term Sheet, dated as of December 14, 2016 (the “**Effective Date**”) is intended to express some of the proposed terms of a transaction by and among (i) the County of Alameda, a political subdivision of the State of California (the “**County**”), (ii) the City of Oakland, a municipal corporation (the “**City**”), and (iii) Oakland City Pro Football Group, LLC, a California limited liability company, and Fortress Investment Group, LLC, a Delaware limited liability company (together, the “**Lott Group**”) with respect to a proposed transaction (the “**Transaction**”) and development project involving certain property described below. This Term Sheet was authorized by Oakland City Council Resolution No. \_\_\_\_\_ C.M.S. adopted on December 13, 2016, and Alameda County Board of Supervisors action taken on December 13, 2016. The parties to this Term Sheet previously entered into a Non-Binding Letter of Intent dated August 26, 2016, which provided in part that the parties would negotiate and prepare a term sheet as the basis for further negotiations over the proposed Transaction.

### I. PROJECT OVERVIEW

Concept	Description
Project Context	<p>The Oakland Raiders professional football franchise (the “<b>Raiders</b>”) are in the process of potentially relocating from Oakland. In an effort to keep the Raiders in Oakland, the City and County wish to enter into a strategic cooperative relationship with a group that has substantial experience in (i) stadium and mixed use development; (ii) financing large scale construction projects; and (iii) collaborating with the National Football League (the “<b>NFL</b>”).</p> <p>The principals of three companies have partnered to form the Lott Group. The project team is comprised of (i) former NFL players from the Raiders, (ii) experienced NFL front office executives, and (iii) finance professionals with (a) access to the capital markets, (b) the financial capacity to invest in and support the Project (as defined below) jointly with the City, the County, the Raiders, and the NFL, and (c) substantial experience in developing complex public-private projects with government agencies. The Lott Group is uniquely positioned to bridge the gap between the City/County, the Raiders and the NFL.</p> <p>The proposed Project Site (as defined below) is located within the Coliseum Specific Plan Area. The City has caused the preparation and adoption of the Coliseum Area Specific Plan, which will govern uses in the Plan Area, and an Environmental Impact Report (EIR) that analyzes the environmental impact of possible development in the Plan Area. The Specific Plan and Environmental Impact Report shall provide a framework for efficiently gaining governmental entitlements for the Project.</p>
Project Site Description	<p>The site for the proposed Project (the “<b>Project Site</b>”) is comprised of the following two areas: (1) all or portions of approximately 130 net acres encompassing the existing Oakland-Alameda County Coliseum, the Oracle Arena, associated parking, and other uses (together, the “<b>Coliseum Site</b>”) (provided however, the 15 acres at the north side of the Coliseum Site reserved for an A's ballpark shall not be part of the Project Site unless and until the A's relocate as set forth below, and the 10 acres occupied by Oracle Arena shall not be part of the Project Site unless and until the Golden State Warriors relocate and the City and County elect to not continue use of the Arena as set forth below), and (2) approximately 4.5 acres owned by the City and located between the Coliseum Site and the existing Coliseum BART transit station (the “<b>Transit Hub Site</b>”). As to the Coliseum Site, approximately 110 net acres encompassing the Oakland-Alameda County Coliseum, the Oracle Arena, and associated parking are jointly owned by the City and County, and another 20 net acres are owned by the City alone. The Project Site for purposes of this Term Sheet shall only include property currently owned by the City or</p>

Concept	Description
	jointly owned by the City and County, and property later acquired by the City for the Project, but with no commitment by the City or County to acquire any additional property for the Project.
Project Description	<p>The Transaction, if consummated, will consist of the Lott Group developing at the Project Site: (i) an open air multi-purpose or football stadium containing approximately 55,000 seats and amenities to be used by the Raiders and other users (the “<b>New Stadium</b>”), which will be developed in accordance with plans and specifications approved by the team, the NFL, and the governmental or regulatory agencies or entities with jurisdiction over the proposed project, and which will replace the existing Oakland-Alameda County Coliseum; (ii) commercial uses and related improvements and amenities which will be anchored by one or several large tenants and may include office space, retail space, and one or more hotels, and possible residential uses, along with and related improvements and amenities (together, the “<b>Mixed-Use Components</b>”); (iii) parking (both dedicated and reciprocal use) to serve the New Stadium and the Mixed-Use Components, as well as the A’s ballpark should the ballpark be developed (the “<b>Parking</b>”); and (iv) mixed-use transit -oriented development at the Transit Hub Site (the “<b>Transit Hub Development</b>”). The New Stadium, Mixed-Use Components, Parking and Transit Hub Development, along with related amenities and infrastructure, are referred to collectively as the “<b>Project</b>”.</p> <p>For a more comprehensive description of the Project, please see <a href="#">Exhibit A</a>.</p>
Project Components	<ul style="list-style-type: none"> <li>• The Transit Hub Site will be used for the first phase of development of the Project for the Transit Hub Development, to be developed by the Lott Group in accordance with the DDA. If any additional property is added to the Transit Hub Site, then such property will also be developed by the Lott Group. This phase will also include public improvements at or near the Transit Hub Site to improve transit connections between Project components and the Coliseum BART Station, as well as other public improvements. The County shall have no responsibility for the Transit Hub or any public improvements associated with the Transit Hub.</li> <li>• Approximately 25 net acres of the Project Site is currently occupied by the Oakland-Alameda County Coliseum, which is being currently used as the stadium for the Raiders and the Oakland A’s, along with associated parking, and, upon demolition of the Coliseum, will be developed by the Lott Group with Mixed-Use Components in accordance with the DDA.</li> <li>• Approximately 55 net acres at the south side of the Coliseum Site will be developed by the Lott Group with the New Stadium including dedicated and reciprocal parking (approximately 35 net acres) in accordance with the DDA, with the reciprocal parking to be used to serve (1) the parking needs of the Oracle Arena and the new A’s ballpark, if developed, at terms to be negotiated, and (2) Project uses.</li> <li>• Approximately 20 net acres at the north side of the Coliseum Site will be developed</li> </ul>

Concept	Description
	<p>by the Lott Group as reciprocal parking to be used to serve (1) the parking needs of the new A's ballpark, if developed, at terms to be negotiated, and (2) Project uses. An additional approximately 5 net acres at the north side of the Coliseum Site will be used by the Lott Group as CEQA-required wetlands and storm water mitigation.</p> <ul style="list-style-type: none"> <li>Approximately 10 net acres of the Coliseum Site is currently occupied by the Oracle Arena (the "Arena"), which is currently being used by the Golden State Warriors and various entertainment uses, and will not be developed by the Lott Group unless and until the Warriors relocate to another non-Coliseum location and the City and County elect not to continue the use of the Arena. Should the Warriors relocate and the City and County elect not to continue the use of the Arena, this property shall then become part of the Project Site.</li> <li>Approximately 15 net acres at the north side of the Coliseum Site will be reserved for a new ballpark site for the Oakland Athletics (the "A's"), and will not be developed by the Lott Group unless and until the A's relocate to another non-Coliseum location. Should the A's relocate, this property shall then become part of the Project Site. If the A's do not relocate and pursue development of a ballpark at the Coliseum location, then the DDA will include a process for coordinating Project development with ballpark development.</li> <li>On NFL game days, the New Stadium will have priority use of the reciprocal parking on terms to be negotiated, and in coordination with ballpark parking needs on days when NFL game days coincide with baseball game days.</li> </ul> <p>The Project Site is further described in attached <u>Exhibit C</u>.</p>
Financial Responsibility for Construction of Improvements	<p>The New Stadium will cost approximately \$1.3 billion (including site improvements/infrastructure). The parties anticipate that the New Stadium and other Project components will likely be financed as follows:</p> <ul style="list-style-type: none"> <li>The City will invest \$200 million to construct infrastructure, site preparation and other related expenses that are part of the scope of the Project but are not hard construction costs for the New Stadium (the "City Investment"), as follows: <ul style="list-style-type: none"> <li>A \$100 million privately-placed bond secured by the direct City taxes generated by the New Stadium. The Lott Group will lead a private placement of the bond.</li> <li>A \$100 million EIFD bond or other financing secured by City "but for" taxes, i.e., City tax revenue generated as a result of development of the Project. The City will endeavor to bond against this tax revenue as early as possible, but the City will not bond in any manner that puts the City's General Purpose Fund at risk. Therefore, the parties anticipate the probable need for the Lott Group or other private party to provide or secure bridge financing, on terms to be negotiated, for all or a portion of this amount until an EIFD bond is able to be issued.</li> <li>Neither the Lott Group, the Raiders, nor the Project will be responsible for the current Coliseum bond debt, but the parties acknowledge that the existing Coliseum bond debt must be addressed prior to conveyance of the Coliseum Site.</li> </ul> </li> <li>The City and the County will also convey approximately 105 net acres of real</li> </ul>

Concept	Description
	<p>property at the Coliseum Site, with conveyance of another possible 25 net acres at the Coliseum Site (i.e., the 10 acre Arena site and the 15 acres reserved for a possible A's ballpark) contingent on that property being added to the Project Site under the conditions set forth in the Project Components discussion above, to the Lott Group pursuant to the terms of the DDA (together, the "<b>Land Conveyance</b>"). (The terms under which the Transit Hub Site will be conveyed for the Project will be negotiated by the City and the Lott Group during the Exclusive Negotiation Period.) The land transaction described above has an estimated value of approximately \$150 million. The consideration for the Land Conveyance will be the grant of participation rights in Project revenues by the Lott Group to the City and County as further described below.</p> <ul style="list-style-type: none"> <li>• The Lott Group or the Raiders, as the case may be, will manage the sales of seat options (or other equivalent rights) at the New Stadium. As of the Effective Date, the Lott Group is anticipating sales revenue from such options or other rights from the New Stadium in the approximate gross amount of \$200 million (the "<b>Option Floor</b>"). To the extent option sales generate less revenue than the Option Floor (the "<b>Option Deficiency</b>"), the Lott Group and the Raiders shall provide funds to the New Stadium development in an amount necessary to satisfy such Option Deficiency.</li> <li>• The balance of any construction cost for the New Stadium will be borne 100% by a consortium consisting of the NFL, the Raiders, and the Lott Group, with the Lott Group willing to bridge any financing gaps in accordance with agreed upon terms among the Lott Group, the NFL and the Raiders. For the avoidance of doubt, the Lott Group will raise and/or contribute up to \$400 million in funds to construct the New Stadium.</li> <li>• In consideration for the City Investment and Land Conveyance, the DDA will include financial participation by the City and the County in Project revenues. Without stating any commitment to any particular approach, options for City/County financial participation could include any of the following common approaches to structuring participation by public agencies in development projects: <ul style="list-style-type: none"> <li>• The Lott Group could receive net cash flow from the Project until the Lott Group's cumulative internal rate of return reaches an agreed-upon percentage, whereupon there is a split of net cash flow between the Lott Group, the City, and the County until the City and the County receive a negotiated dollar amount. Any participation formula shall take into account all Project costs, including, without limitation, the Project Related Requirements as set forth in this Term Sheet, and all Project revenues.</li> <li>• The City and the County could receive a negotiated share of net proceeds generated from a future capital event such as a sale or transfer of the Project.</li> </ul> <p>The structure, formula and mechanics for such participation will be negotiated during the Exclusive Negotiation Period, and will be set forth in the DDA.</p> </li> <li>• The County shall not have responsibility for contributing any funding or financing any improvements for the Project.</li> </ul>
Capital Structure	Without limiting the generality of the foregoing, <u>Exhibit B</u> attached hereto contains a

Concept	Description
	summary of the proposed framework plan for financing the New Stadium.
Project Outcomes	<p>If the Lott Group successfully enters into an agreement with the Raiders regarding the New Stadium at the Coliseum Site prior to the expiration of the Exclusive Negotiation Period (as defined in II below), then the Lott Group will develop the New Stadium subject to the terms of the DDA including the City Investment. Subject to the terms of the DDA (as more particularly described in III below), and upon receipt of all entitlements necessary to construct the Project or particular Project phases or components, the City and County shall convey the Project Site (in its entirety or by phases) by long-term lease or fee title (except for the 10 acre Arena site and the 15 acres reserved for a possible A's ballpark, unless the conditions for adding these properties to the Project Site as set forth above have occurred), together with any buildings and improvements thereon, to the Lott Group.</p> <p>If the funding for public improvements at or near the Transit Hub Site is not in place by a date which will be agreed upon in the DDA, the Lott Group, the County and the City will agree to negotiate in good faith an alternative to the agreed-upon Project plan for a reasonable amount of time; provided however, nothing herein shall require the City or the County to provide any funding for the public improvements. If after a reasonable amount of time, the County, the City and the Lott Group are unable to agree upon an alternative Project plan, then the Lott Group may, in its sole discretion, terminate the DDA.</p> <p>Upon the occurrence of the earlier of (1) the Lott Group's inability to secure a commitment from the Raiders, or (2) the expiration of the term of this Term Sheet and/or an ENA, this Term Sheet and/or ENA shall terminate and the parties will have no further obligations with respect to one another.</p>
Transaction Documents	<p>The parties anticipate that the primary Transaction Documents will consist of:</p> <ul style="list-style-type: none"> <li>• an Exclusive Negotiating Agreement among the City, County, and the Lott Group (described in II below);</li> <li>• a Disposition and Development Agreement or Lease Disposition and Development Agreement among the City, County, and the Lott Group (described in III below);</li> <li>• a Community Benefits Agreement (which may be part of the DDA); and</li> <li>• various financing agreements.</li> </ul> <p>In addition to the foregoing items, the parties acknowledge that the Lott Group intends to apply for and pursue a statutory development agreement under Cal. Gov't. Code Section 65864, et seq. in connection with the Project.</p>
Project Related Requirements	<p>The Lott Group, the City, and the County shall agree upon allocations of responsibility for applicable obligations, including, but not limited to mitigation measures, improvements, infrastructure or other obligations or requirements arising under or associated with the Specific Plan and the EIR (collectively, "<b>Project-Related Requirements</b>") and shall take into account the cost and value of any such Project-Related Requirements in the DDA and related Transaction Documents and approvals with the intent to avoid any double-charging of the Lott Group. In no event will the County be financially responsible for the cost of any mitigation measures, improvements, infrastructures or other obligations or requirements.</p>

Concept	Description
Community Facilities District/Tax Increment Financing	The Project may include establishment of a Community Facilities District (“ <b>CFD</b> ”), Enhanced Infrastructure Financing District (“ <b>EIFD</b> ”), or other another form of Tax Increment Financing (“ <b>TIF</b> ”) to fund infrastructure related costs. The mechanics of any CFDs, EIFDs, or TIF, if used, will be finalized upon the completion of the DDA.

## **II. EXCLUSIVE NEGOTIATING AGREEMENT SUMMARY**

Concept	Description
ENA Summary	<p>If an Exclusive Negotiating Agreement (the “<b>ENA</b>”) is approved by the Oakland City Council and the Alameda County Board of Supervisors, the City, County, and the Lott Group will negotiate and enter into the ENA on mutually-agreeable terms within 60 days following the execution of this Term Sheet (the “<b>ENA Negotiating Term</b>”). The ENA Negotiating Term will be automatically extended if the Oakland City Council continues its meeting considering the ENA or otherwise delays taking action on the ENA or any other procedural requirement associated with the City’s approval of the ENA. The parties may also extend the ENA Negotiating Term by mutual agreement among the parties. The City and County will endeavor to calendar Oakland City Council and Board of Supervisors consideration of the ENA no later than February 15, 2017, but with a target for the end of January, 2017.</p> <p>The parties agree that during the Exclusive Negotiation Period established by the ENA (as defined below), the parties intend to use their respective good faith efforts to negotiate and finalize on commercially reasonable terms, a DDA and other transactional documents.</p> <p>Among other provisions, the ENA will provide that:</p> <ul style="list-style-type: none"> <li>• The Lott Group shall deposit with the City an amount equal to \$2 million (the “<b>Initial Deposit</b>”) upon signing the ENA. The City and County may withdraw funds from the Initial Deposit in accordance with an agreed upon budget and schedule solely to pay third party planning, entitlement, development, and legal costs directly incurred by the City or County from and after the effective date of the ENA, as and when the same are incurred. The City and County will enter into a memorandum of agreement or other agreement regarding a process for disbursements from the Initial Deposit to cover County costs. Upon termination or expiration of the ENA, any unused funds from the Initial Deposit will be refunded to the Lott Group.</li> <li>• The Lott Group shall be responsible for paying for all predevelopment costs incurred by the Lott Group in connection with the Project during the ENA term.</li> <li>• The City shall diligently proceed with receiving the required approvals necessary to obtain bond and bridge financing necessary to fund the City Contribution.</li> </ul>
ENA Term	The ENA will provide for a period of exclusive negotiations between the parties on the terms of the Transaction (the “ <b>Exclusive Negotiation Period</b> ”), which Exclusive Negotiation Period will commence when the ENA is approved by the Oakland City Council and the Alameda County Board of Supervisors, and will continue until the

Concept	Description
	<p>earlier to occur of (i) one year from the commencement of the Exclusive Negotiation Period, which may be administratively extended for two additional six-month terms by the City Administrator and the County Administrator in their sole discretion, or (ii) the execution of a DDA; provided, however that if a DDA is executed, the term of the ENA shall continue until such time as the DDA is effective, final, binding and non-appealable or is no longer subject to legal challenge.</p> <p>If, during the Exclusive Negotiation Period, the Raiders get NFL approval to move to another location and the City and County decide not to pursue another NFL team, then the parties will agree to negotiate in good faith to prepare an alternative plan for the Project for 30 days following the date that the NFL approves the relocation of the Raiders. If after the expiration of the 30-day period, the parties are unable to come to an agreement on an alternative Project plan, then any of the parties may, in that party's sole discretion, elect to terminate the ENA.</p> <p>The ENA shall not preclude the Lott Group from negotiating with and bringing on the NFL or other developers or other financing parties in partnership with the Lott Group to pursue the Project, subject to reasonable approval rights of the City and the County.</p>
Tasks to be Completed by the Lott Group During the ENA Term	<p>Prior to the expiration of the Exclusive Negotiation Period, and pursuant to negotiated milestone dates established in the ENA, the Lott Group shall be responsible for completing or diligently continuing to perform, at a minimum, the following tasks:</p> <ul style="list-style-type: none"> <li>• Submit information to the City and County as to the structure and composition of the Lott Group;</li> <li>• Continued negotiations with representatives of the NFL and the Raiders regarding the feasibility of the New Stadium;</li> <li>• Prepare a design and a financial plan for development of the New Stadium that is acceptable to the City and County, the Raiders and the NFL;</li> <li>• Use commercially reasonable efforts to obtain the Raiders' input on the design, development, and construction of the New Stadium and their final commitment to being occupants at the New Stadium;</li> <li>• Prepare a financial model and design plan for development of the Mixed-Use Components, with input from interested developers, that is acceptable to the City and County; and</li> <li>• Negotiate with the City and the County in connection with the proposed DDA and other Transaction Documents.</li> </ul>
Tasks to be Completed by the City/County During the ENA Term	<p>Prior to the expiration of the Exclusive Negotiation Period, the City and County shall be responsible for completing or diligently continue to perform the following tasks:</p> <ul style="list-style-type: none"> <li>• Negotiate with the Lott Group in connection with the proposed DDA and other Transaction Documents;</li> <li>• Review the proposed preliminary development plans in a timely manner;</li> <li>• Provide the Lott Group with documents in the City and County's possession that would assist the Lott Group in conducting due diligence activities, and otherwise</li> </ul>

Concept	Description
	<p>assist in the Lott Group's development efforts;</p> <ul style="list-style-type: none"> <li>• Respond on a timely basis to all complete submittals by the Lott Group made in accordance with the ENA;</li> <li>• Work with the Lott Group to during the Exclusive Negotiation Period pursuant to the time schedule established within the ENA for the negotiation of principal terms of the Transaction documents and the completion of all necessary approvals and permits to develop the Project; and</li> <li>• Provide reasonable cooperative assistance to the Lott Group in preparation for and during any presentation before regulatory or advisory panels in connection with any applications for land use approvals, entitlements or permits and design review that may be required.</li> </ul>
Development Partners	The ENA will include an agreed-upon process and set of qualifications (such as developer capacity, experience, etc.) for selecting future Project development partners.

**III. DISPOSITION AND DEVELOPMENT AGREEMENT SUMMARY**

<b>Concept</b>	<b>Description</b>
DDA Summary	<p>The parties will negotiate and enter into a Lease Disposition and Development Agreement or a Disposition and Development Agreement (either, the “<b>DDA</b>”) which shall govern the conveyance of the Project site (in its entirety or in phases) and construction, development, and operations of the Project according to negotiated terms and conditions. The DDA shall include among other things negotiated pre-conveyance conditions, Project development covenants and schedules, ongoing use restrictions, and customary force majeure, default and remedy provisions.</p> <p>The DDA shall provide for conveyance (either by lease or in fee, to be determined as part of the negotiations) of those portions of the Project Site designated for the New Stadium and designated for dedicated or reciprocal parking serving the New Stadium upon the receipt of necessary approvals for the New Stadium. For the avoidance of doubt, the parties agree that the necessary approvals shall include, without limitation, the following items:</p> <ul style="list-style-type: none"> <li>• Approval by governmental agencies of all entitlements, permits, or approvals required for the construction of the New Stadium.</li> <li>• Approval by the NFL of the financing plan for the New Stadium, including approval of the NFL contribution to the financing of the New Stadium.</li> <li>• Financial agreement with the Raiders for the construction and operation of the New Stadium and a nonrelocation agreement with the Raiders regarding occupancy of the New Stadium.</li> <li>• Land-use plan and development schedule for the New Stadium and the balance of the Project Site showing the integration of the New Stadium and any other uses on the Project Site.</li> <li>• Approval by the City of a public financing plan for site improvements (including infrastructure) of the New Stadium and any other elements of the larger Project.</li> <li>• Identification of development partners for the Mixed Use Components or establishment of a developer selection process that includes the City and County in the process.</li> </ul> <p>The parties acknowledge that the Lott Group intends to apply for and pursue a statutory development agreement under Cal. Gov’t. Code Section 65864, et seq. in connection with the Project.</p>
DDA Execution Timeframe	The parties agree to work towards negotiations and execution of a DDA, within the time frames set forth in the ENA.
DDA Term	The DDA will commence upon the approval of the DDA by the City and County and full execution thereof. Commencement of construction shall commence after all of the entitlements for the particular Project component are approved and are final, binding and non-appealable and building permits are issued that allow for commencement of construction and shall continue until all parcels within the Project Site are conveyed and improvements are complete.

**IV. MISCELLANEOUS TERMS AND PROVISIONS**

<b>Concept</b>	<b>Description</b>
Confidentiality	<p>The Lott Group acknowledges and agrees that the City and County are public entities with responsibility and, in many cases, legal obligation to conduct their business in a manner open and available to the public. Accordingly, any information provided by the Lott Group to the City and County with respect to the Project may be disclosed to the public either purposely, inadvertently, or as a result of a public demand or order. However, in order to successfully negotiate the complex transaction that this Term Sheet contemplates, the parties believe that there will be specific documents that they will want to exchange in order to review and understand the potential transaction. The Lott Group shall identify with specificity any submitted documents which the Lott Group wants the City and County to maintain as confidential documents and a statement as to why the request is consistent and complies with the provisions of the California Public Records Act and the Oakland Sunshine Ordinance. The City and County shall not disseminate such information and shall take all reasonable steps to maintain such confidentiality unless otherwise required by law. The City and County acknowledge that some of the documents provided by the Lott Group related to the transaction may be exempt from disclosure under the California Public Records Act and the cases interpreting the Public Records Act. In the event that the City and County obtain a request pursuant to the provisions of the California Public Records Act and/or the Oakland Sunshine Ordinance to disclose any of the Lott Group's information which the Lott Group has requested remain confidential, the City and County shall provide the Lott Group with prompt written notice thereof and, subject to the time periods imposed by the California Public Records Act and the Oakland Sunshine Ordinance for responses to public record requests, and shall give the Lott Group a reasonable opportunity to interpose an objection or to seek a protective order, subject to the time limitations. The parties shall use reasonable efforts to promptly identify any applicable exemptions from disclosure under the California Public Records Act and the Oakland Sunshine Ordinance. If a legal action is filed against the City or County seeking to compel disclosure of any information the Lott Group has requested remain confidential, the City or County, as applicable, shall give prompt notice of the filing of such action to the Lott Group and the Lott Group shall defend and indemnify the City and the County from all costs and expenses of such defense, including reasonable attorneys' fees of the City and County or attorneys' fees awarded by a court arising out of such action unless the Lott Group waives its right to require that the information be kept confidential.</p> <p>Notwithstanding anything else in this Term Sheet to the contrary, the matters set forth in this section shall be binding and enforceable against all of the parties upon the execution of this Term Sheet.</p>
Miscellaneous	<p>The City and the County shall not be liable for any real estate commissions or brokerage fees that may arise as a consequence of any transaction involving this Term Sheet, the Project or any part thereof, except to the extent the same resulted from an agreement (written or otherwise) between the City and/or County and any party so entitled to such fees.</p> <p>Notwithstanding any language in this Term Sheet or any other representation or warranty to the contrary, neither the City nor the County shall be deemed to be a partner or joint venturer of the Lott Group, and neither the City nor the County shall be responsible for any debt of the Lott Group or of any operator or manager of the Lott Group.</p> <p>The Lott Group acknowledges that the City and the County are engaged in ongoing negotiations regarding the transfer of the County's interest in the Project Site to the City</p>

Concept	Description
	<p>and that if such a transfer occurs during the term of this Term Sheet, the City will succeed to all of the County's rights and obligations under this Term Sheet.</p> <p>The Lott Group and its component members are aware of and shall abide by the prohibition on campaign contributions from contractors doing business with the City between commencement of contract negotiations and either (a) one-hundred eighty (180) days from completion of contract negotiations, or (b) termination of contract negotiations, as set forth in the Oakland Campaign Reform Act. The Lott Group acknowledges that it has executed and submitted to the City a Contractor Acknowledgement of City of Oakland Campaign Contribution Limits.</p> <p>All waivers of the provisions of this Term Sheet must be in writing and signed by the appropriate authorities of the party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate representatives of the City, the County and the Lott Group.</p>
Counterparts	<p>This Term Sheet may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Term Sheet. This Term Sheet may be executed by facsimile and/or .pdf signatures which shall be binding as originals on the Parties.</p>
Expenses	<p>Each party shall be responsible for any costs incurred by such party in connection with work undertaken pursuant to this Term Sheet from and after the Effective Date until the execution of the ENA.</p> <p>Notwithstanding anything else in this Term Sheet to the contrary, the matters set forth in this section shall be binding and enforceable against all of the parties upon the execution of this Term Sheet.</p>
Assignment	<p>The Lott Group shall not assign this Term Sheet without the prior written approval of the City and County, which shall not be unreasonably withheld, conditioned or delayed. The City and County agree that, notwithstanding the foregoing, the Lott Group may assign without the City and County's prior written approval, but with thirty (30) days prior written notice to the City and County, its rights under this Term Sheet to a limited liability company, corporation, trust, or partnership of which the Lott Group owns the majority beneficial interest and has operational control, or to an entity under common control with the Lott Group.</p>
Exclusivity	<p>In consideration of the Lott Group's effort with respect to the transaction and the Project, including, without limitation, the Lott Group's expenditure of time and expense in analyzing the transaction and the Project, the City and County agree that until the earlier of (i) the expiration of the ENA Negotiating Term or (ii) the date on which the parties have executed the ENA, the City and County will not accept, negotiate or otherwise pursue any offers to consummate any transactions (which shall include, but not be limited to, any proposals which cover the same subject matter as the Transaction and/or the Project or any discussions with the Raiders for the development of new facilities to replace the existing Coliseum Complex) with respect to development of the Project. This provision shall not preclude the City and/or the County from (1) negotiating or pursuing transactions with the Oakland A's or their representatives or Major League Baseball for development of a new ballpark and reciprocal parking on the sites reserved for such uses under this Term Sheet; (2) negotiating with BART or other transit agencies over improvements to the Coliseum BART Station or development of the Transit Hub; (3) negotiating with the A's, Raiders, or Golden State Warriors regarding their respective</p>

Concept	Description
	licenses or other operational issues at the Coliseum Complex; (4) discussing Project issues with the NFL; (5) negotiating or discussing Project community benefits with community stakeholders; (6) negotiating with each other; or (7) complying with any law requiring the City or County to accept or otherwise pursue any other offers regarding the Project Site. Notwithstanding anything in this Term Sheet to the contrary, this paragraph shall be binding and enforceable upon the parties hereto.
Retention of Discretion	<p>Except as set forth in the Exclusivity, Expenses, and Confidentiality sections of this Term Sheet, this Term Sheet is not intended to be contractual in nature, but is a statement of the general terms and conditions upon which representatives of the parties are prepared to consider and discuss entering into binding agreements pertaining to the Project. Approval of the transaction will be subject to the independent discretionary approvals of the Oakland City Council and the Alameda County Board of Supervisors. As to those matters, nothing herein shall obligate the City or County to exercise their discretion in any particular manner, and any exercise of discretion required by law, other than abuse of discretion, shall not be deemed to constitute a breach of City and County duties under this Term Sheet. Nothing herein commits the City or the County to convey the Project Site or any portion thereof. The parties understand and acknowledge that any Transaction Document resulting from the negotiations arising from this Term Sheet shall become effective only if and after such Transaction Document has been considered and approved by the Oakland City Council and the Alameda County Board of Supervisors in their sole and absolute discretion and has been fully executed by the authorized agents or officers for each party thereto. The parties understand that no City or County commitment to move forward with the Project can be made other than by ordinances or resolutions of the Oakland City Council and the Alameda County Board of Supervisors respectively at public hearings called for that purpose, and only after compliance with the California Environmental Quality Act and applicable state laws governing the transfer of property and other governmental actions in furtherance of the Project, and understand that adoption of any such ordinance will be at the sole and absolute discretion of the City and the County, respectively. Without limiting the foregoing, before entering into final Transaction Documents, the City and County retain the absolute discretion to (a) make modifications to the proposed Project and any proposed agreements as are deemed necessary to mitigate significant environmental impacts, (b) select other feasible alternatives to avoid such impacts, (c) balance benefits against unavoidable significant impacts before taking final action if such significant impacts cannot otherwise be avoided, or (d) determine not to proceed with the proposed Project based upon the information generated by the environmental review process. Also, before entering into final Transaction Documents, the Lott Group retains the absolute discretion to make modifications to the proposed Project and to determine not to proceed with the proposed Project, subject to the terms and conditions of the ENA.</p> <p>If the terms of a mutually satisfactory ENA or DDA are not successfully negotiated by the parties to this Term Sheet, or if the Oakland City Council and/or the Alameda County Board of Supervisors decline to authorize execution of the ENA or DDA (or similar instruments) for any reason, then, without further action, these negotiations shall automatically terminate and no party shall have further responsibilities with respect to the others. Any approvals or consents given by the City or County pursuant to this Term Sheet shall be in their proprietary capacity and shall in no way constitute regulatory approval of any development concepts presented by the Lott Group.</p>

*[Signatures on the Next Page]*

If the terms contained in this Term Sheet are acceptable, please so indicate by signing in the spaces provided below.

**“CITY”**

**CITY OF OAKLAND, a municipal corporation**

By: \_\_\_\_\_  
City Administrator

Approved as to form and legality:

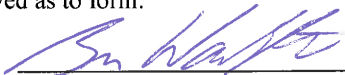
By: \_\_\_\_\_  
Deputy City Attorney

**“COUNTY”**

**COUNTY OF ALAMEDA, a political subdivision of the State of California**

By: \_\_\_\_\_  
County Administrator

Approved as to form:

By:  \_\_\_\_\_  
County Counsel

**“LOTT GROUP”**

**OAKLAND CITY PRO FOOTBALL GROUP, LLC, a California limited liability company**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FORTRESS INVESTMENT GROUP, LLC, a Delaware limited liability company**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**

**Project Summary**

<b>Concept</b>	<b>Description</b>
Long Term Lease with New Stadium Tenant	The parties intend to enter into a long term lease with a tenant for the New Stadium on or about the date that is the last day of the first quarter 2018.
Design / Engineering / Construction	The Lott Group intends to have construction of the New Stadium commencing on or about the first quarter of 2018 for a period of approximately 36 months, subject to force majeure and other schedule considerations, including interagency cooperation.
Stadium Opening	Subject to the completion of the New Stadium in accordance with the DDA, the parties anticipate that the New Stadium will be opened prior to the commencement of the 2021-2022 NFL Season (the “ <b>Target Date</b> ”).
Potential New Stadium Cost Overruns	The Lott Group or the tenant, as the case may be, or a provider of capital obtained by the Lott Group, will be responsible for cost overruns beyond the New Stadium budget.
Site Improvements/ Infrastructure Description	Site and infrastructure improvements include utility replacement and relocation, creek improvements, transportation improvements and demolition; focus has been on the Coliseum site and transit hub improvements to connect BART, to be more specifically described in the DDA.
Site Improvements/ Infrastructure Design and Construction	The Lott Group will be responsible for the design and construction of the site improvements/infrastructure for the New Stadium as more particularly described in the DDA.
Estimated Site Improvements/ Infrastructure Budget	The parties anticipate that the infrastructure budget for estimated site improvements will be finalized upon the completion of the DDA.
New Stadium Completion Responsibility	The Lott Group or the tenant, as the case may be, will guarantee substantial completion of the New Stadium by the Target Date.
Parking	During the construction of the New Stadium, the Lott Group will maintain parking spaces at the Coliseum Complex necessary for construction operations. Prior to the Target Date, the Lott Group will maintain approximately 7,000 parking spaces which will be used for Raiders games.
Stadium Ownership	To be determined.
Stadium Operating Expenses	The Raiders and/or the Lott Group, at the Lott Group’s discretion, will be responsible for the payment of all operating expenses for the New Stadium.
Major Conditions Precedent to Development	<ul style="list-style-type: none"><li>• County-City bond defeasance on the existing Oakland-Alameda County Coliseum.</li></ul>

	<ul style="list-style-type: none"> <li>• Project entitlements completed and finally approved by the City and County.</li> <li>• DDA and other Transaction Documents approved by the City and County and executed by all parties.</li> <li>• Financing plan finalized and approved</li> <li>• Satisfactory evidence that the funding for the Transit Hub public improvements are in place. If such funding is not in place by at date which will be agreed upon in the DDA, the Lott Group, the County and the City will agree to negotiate in good faith an alternative to the agreed upon Project plan for a reasonable amount of time. If after the expiration of a reasonable amount of time, the County, the City and the Lott Group are unable to agree upon an alternative Project plan, then the Lott Group may, in its sole discretion, terminate the DDA.</li> </ul>
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**EXHIBIT B**

**Sources and Uses of New Stadium Capital**

*[attached]*

## **EXHIBIT B**

### **Financing Plan Framework Summary**

#### **Stadium / Coliseum Site**

**Assuming Stadium Cost \$1.1 B; Infrastructure Cost \$200 M; Total Cost \$1.3 B**

<b><u>Source of Funds to Pay the \$1.3 B Cost</u></b>		<b><u>Funds Generated</u></b>
<b>Public Investment</b>		
<b><u>To Pay For Public Site Improvements &amp; Infrastructure @ Coliseum Site</u></b>		
Stadium PIT/Property Tax <i>(City Share Monetized by Private Placement Bond)</i>		\$70 M
Stadium "But For" Taxes <i>(Monetized by Private Placement Bond)</i>		\$30 M
Bridge Financing by LG; Take Out by EIFD Bond <i>(No General Fund Risk)</i>		\$100 M
Subtotal		<u>\$200 M</u>
<b><u>To Generate Additional Funds</u></b>		
Coliseum Site Value In Exchange For Future Participation		\$150 M
<b>TOTAL Public Investment</b>		<u><b>\$350 M</b></u>
<b>Lott Group (LG) Investment</b>		<b>\$400 M</b>
<b>NFL &amp; Raiders/LG Seat License Investment</b>		<b>\$500 M</b>
<b>TOTAL Stadium and Coliseum Site Funds Identified</b>		<u><b>\$1.25 B</b></u>
<b><i>Versus Assumed \$1.3 B Cost</i></b>		<b><i>Gap: \$50 M</i></b>

**EXHIBIT C**

**Project Site**

*[attached]*

## Project Site Description

### Coliseum Site



**Project Site Description**  
**Transit Hub Site**

