

CITY OF OAKLAND

Office of the Mayor
Libby Schaaf



FORTRESS
INVESTMENT GROUP LLC



WILMA CHAN
President, Board of Supervisors

March 23, 2017

Roger Goodell, Commissioner
Eric P. Grubman, Executive Vice President
National Football League
345 Park Avenue
New York, NY 10154

RE: Oakland Raiders Stadium Project

Dear Mr. Grubman:

The City of Oakland, the County of Alameda, the Oakland City Pro Football Group, and Fortress Investment Group remain committed to participate in the effort to develop a new stadium for the Oakland Raiders in Oakland. Together we have put together a viable and responsible proposal to underwrite the development of a new stadium and the necessary infrastructure improvements, combined with an unparalleled opportunity for complimentary mixed-use development that meets the needs of the Raiders and the NFL while advancing the City and County's economic development goals. We appreciate the feedback you have provided us, and address the concerns you raise in your March 17, 2017 letter to the Mayor below.

We appreciate the feedback you have provided us during the past few months as it has helped focus on those aspects of the proposal that will result in a feasible deal. We have taken your advice about being clear and specific, sequencing necessary actions within a reasonable amount of time and clearing major contingencies. This letter provides a more detailed framework for a new Raiders stadium at the Coliseum site, with additional financial and other key information to address the concerns that have been raised.

You asked for more detail on the terms under which the land would be made available and the stadium would be developed and operated. We have provided you with plans, budgets and schedules that are the basis for proceeding with the new stadium project. As to the land, the City and County have offered to convey up to 130 acres of land, with a market value of \$150 million, for stadium and mixed-use development, with full consideration to be paid on the back end through profit participation with the Lott Group and Fortress. Fortress would then use the up-front value of the land to make a \$150 million investment in stadium development. The City and County have full site control over the land.

As the Lott Group and Fortress have discussed with the NFL, they would fill the primary role in the stadium financing, providing certainty to the City, County and the Raiders as it relates to seat licenses and sponsorships as well as construction and completion guarantees. As for seat license

sales, Fortress would serve in a typical vendor role charging a market negotiated percentage of the seat license sales, suites, club tickets and sponsorship sales. Depending on what the Raiders prefer regarding seat licenses and sponsorship, Fortress is willing to expand this role in guaranteeing minimum amounts if the economics can be negotiated. To the extent the Raiders would prefer to go down a more traditional borrowing route, Fortress would be willing, in lieu of a vendor/guarantor role, to commit to \$600 million traditional loan on terms similar to what is contemplated in Las Vegas, which, combined with \$500 million of NFL/seat license financings, and the \$200 million in infrastructure funding would fully fund the new stadium project.

The City would be responsible for making a \$200 million investment in infrastructure and site improvements necessary for stadium development. \$150 million would be advanced by Fortress until the tax increments are realized. The City will use its share of taxes generated by the stadium and mixed-use development to fund the necessary infrastructure. Fortress will provide the City with the needed bridge financing to build the infrastructure before the necessary taxes are generated. In addition, the City has applied to a regional transportation agency for a \$50 million transit grant to improve the connection of the site to the nearby Coliseum BART station, and BART has studied and is considering an expansion of the Coliseum BART Station if a new stadium is built.

The 55 acre southern portion of the site is immediately available for stadium construction. The City has taken great steps to secure land use entitlements, and will continue to facilitate remaining approvals and permits for the project. The City has already prepared and adopted a Specific Plan and an Environmental Impact Report for the area that incorporates development of a new football stadium and ancillary mixed-use development. The mixture of uses provided for in the Specific Plan are flexible and allow a wide variety of intensities and types that can complement the stadium project. Zoning to accommodate the project is fully in place. Having the adopted Specific Plan, EIR and zoning will save the project one to two years.

You expressed concern regarding the feasibility of siting a new stadium adjacent to the existing Coliseum. The Raiders have, in the past, expressed a preference for a north-south orientation, which would pose certain challenges with respect to creek improvements. We have studied both a north-south and an east-west orientation, and have budgeted, in the City's \$200 million infrastructure commitment, the funds required to resolve the issues posed by the preferred north-south orientation. It has been difficult to resolve this issue without the cooperation of the Raiders, but the NFL should be assured that it is entirely feasible to locate a new stadium on the 55 acres south of the existing Coliseum.

Your most fundamental concerns are regarding the status of the Oakland A's current rights to remain in the Coliseum. The issue of the suitability of the offered site for a new stadium also apparently relates to the A's and their continued presence at the Coliseum. Your request that the A's rights to the Coliseum be truncated to accommodate a new stadium on the site of the existing Coliseum is a very problematic request, and we earnestly hope that your request is not a take-it-or-leave-it condition. Our opinion is that we do not need to choose between the A's and the Raiders because we are convinced there is an excellent site available for the new stadium with the Coliseum still in place, obviating any need for temporary relocation of either team. There are examples elsewhere of the NFL sharing sites with a major league ballpark, where the football stadium was built after the ballpark; these include Seattle, Baltimore, and Arlington. It is unclear

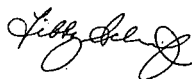
why the rules should be different for Oakland in terms of viability. We understand that every situation is different, but taken together, these examples refute the notion that a football stadium and a ballpark cannot coexist.

We believe we have a superior proposal, at a proven site, in a much stronger market, the preservation of which would be in the best interests of the NFL and the Raiders. The Bay Area ranks as the sixth largest media market in the country, while Las Vegas is ranked number 40. The Oakland market is local (not requiring fly-in market to sustain it) and passionate, and – with a winning football team – the Raiders have demonstrated they can sell out a stadium. The cost to build an open-air facility in the weather friendly Bay Area will be about \$600-\$700 million less than the Las Vegas proposal. The site available to the Raiders in Oakland has unparalleled public transit (BART, Amtrak and bus) and freeway automobile access. Parking and tailgating are available in a weather friendly (not sunbaked or cold) environment.

The City and County believe that the partnership with the Lott Group and Fortress is the ideal relationship to deliver the Raiders a new stadium. The overlapping financial interests in the success of the stadium and the mixed-use development ensure a continuity of interests and an assurance that the mixed-use development and the new stadium will be compatible. Fortress' ability to "bridge" fund the land and the infrastructure, avoids loading those costs onto the stadium financing.

We are requesting that you give Oakland the consideration it deserves and help bring the Raiders back to the negotiating table. We commit to negotiate in good faith. However, we recognize that the Raiders will only come to the table if they are encouraged by the NFL and fellow league owners to engage with us in an effort to stay and play in a new stadium. We believe we have a superior proposal at a proven site, in a much stronger market, and the preservation of professional football in Oakland would be in the best interests of the Raiders and the NFL.

Yours truly,



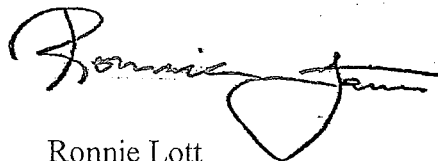
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