

RESOLUTION NO. 3-2005

Adopted January 18, 2005

**ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT AND
AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A FIRST
AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT
HUNTERS POINT SHIPYARD PHASE I BETWEEN THE AGENCY AND
LENNAR/BVHP, LLC, AND TO TRANSFER BY QUITCLAIM DEED PARCEL
A-1 AND PARCEL A-2 OF THE HUNTERS POINT NAVAL SHIPYARD TO
LENNAR/BVHP, LLC UPON THE SATISFACTION OF CONDITIONS TO
CLOSING UNDER THE DISPOSITION AND DEVELOPMENT AGREEMENT
HUNTERS POINT SHIPYARD PHASE I; HUNTERS POINT SHIPYARD
REDEVELOPMENT PROJECT AREA**

BASIS FOR RESOLUTION

1. At its regular meeting on December 2, 2003, the Commission authorized the Disposition and Development Agreement Hunters Point Shipyard Phase I of the Hunters Point Shipyard (the "DDA") between the Redevelopment Agency of the City and County of San Francisco (the "Agency") and Lennar/BVHP, LLC ("Lennar/BVHP") for development of Parcel A-1, Parcel A-2 (sometimes collectively, "Parcel A") and portions of Parcel B ("Parcel B-1") (all together, the "Phase I Area") of the Hunters Point Naval Shipyard ("Shipyard").
2. The DDA sets forth the basic financial terms upon which the Agency will transfer the Phase I Area to Lennar/BVHP, and requires a number of closing conditions to be satisfied, including (i) Agency approval of a number of key matters that have yet to be resolved, and (ii) the negotiation and finalization of various ancillary documents (the "DDA Closing Conditions") prior to the Agency's transfer of Parcel A to Lennar/BVHP.
3. Since the Commission's authorization of the DDA on December 2, 2003, the Agency and Lennar/BVHP have, pursuant to the terms of the DDA, negotiated and finalized the ancillary documents required to be attached to the DDA: (i) the Design Review and Document Approval Procedure for Infrastructure Development; (ii) the Interagency Cooperation Agreement; (iii) the Subdivision Map Ordinance; (iv) the San Francisco Public Health Code Article 31 which satisfies both the requirement for a Soil and Ground Water Management Plan for Parcel A and the requirement for a final version of the Plan for Environmental Investigation and Remediation During Development at Hunters Point Shipyard for Parcel A; (v) the Vertical DDA which is to replace the Outline of Provisions of Vertical Disposition and Development Agreement currently attached to the

DDA as Attachment 27; (vi) the Design Review and Document Approval Procedure for Vertical Improvements; and (vii) the Acquisition Agreement for Public Financing; (viii) the Open Space Build-Out Schedule of Performance and (ix) legal description of Phase I (excluding Agency Parcels), all of which have been presented to the CAC and the Commission in various workshops as described in the related staff memorandum. Additionally, the Amended Design for Development for Vertical Improvements has also been finalized, however, rather than including it as an Attachment to the DDA, it shall be incorporated by reference.

4. The remaining DDA Closing Conditions have either been satisfied, waived or the requirement has been modified as set forth in Attachment 1 hereto.
5. In addition to the attachment of the ancillary documents finalized since December 2003, minor amendments to the DDA which do not affect the financial terms and basic transaction structure contemplated thereunder are necessary in order to integrate the DDA with the ancillary documents and to address the revised handling of certain DDA Closing Conditions as set forth in Attachment 1 hereto.
6. Subject to the modifications set forth below, all DDA closing conditions precedent to the Agency's transfer of Parcel A to Lennar/BVHP are satisfied or shall be satisfied imminently.
7. Approving the transfer of Parcel A from the Agency to Lennar/BVHP will further the implementation of the Hunters Point Shipyard Redevelopment Plan (the "Plan").

FINDINGS

1. On February 8, 2000, the Agency Commission and the San Francisco Planning Commission, by adopting Resolution No. 11-2000 and Motion No. 14981, respectively, acting together as co-lead agencies for conducting environmental review for the Plan and its implementing actions, certified a Final Environmental Impact Report ("Shipyard FEIR") for the acquisition and reuse of the Shipyard as contemplated in the Plan. On February 8, 2000, by Resolution No. 12-2000 the Agency Commission adopted findings pursuant to the California Environmental Quality Act (California Public Resources Code Sections 21000 *et seq.*) ("CEQA"), to support the adoption of the Plan, which findings are incorporated herein by this reference.
2. On November 19, 2003, the Planning Department issued an Addendum in contemplation of the DDA (the "Addendum").
3. The Commission previously adopted Resolution Nos. 135-2004 and 50-2004 concerning findings in relation to actions in furtherance of the implementation of the Plan, of which the approval actions in this Resolution form a part. Resolution Nos. 135-2004 and 50-2004 are incorporated herein by this reference.
4. In light of the whole record before the Commission, the Commission finds on the basis of substantial evidence that: (a) there are no modifications in the Shipyard project and reflected in the approval before the Commission that will require important revisions to the Shipyard FEIR due to the involvement of new

significant environmental effects or a substantial increase in the severity of previously identified significant effects; (b) no substantial changes have occurred with respect to the circumstances under which the Shipyard project and the implementing actions will be undertaken that would require major revisions to the Shipyard FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Shipyard FEIR; (c) no new information of substantial importance to the Shipyard project and the implementing actions has become available since the publication of the Addendum which would indicate (i) the Shipyard project or implementing actions will have significant effects not discussed in the Shipyard FEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found infeasible that would reduce one or more significant effects have become feasible; (iv) mitigation measures or alternatives that are considerably different from those in the Shipyard FEIR would substantially reduce one or more significant effects on the environment; (v) the implementing actions are within the scope of the Shipyard project analyzed in the Shipyard FEIR; and (vi) no new environmental documentation is required.

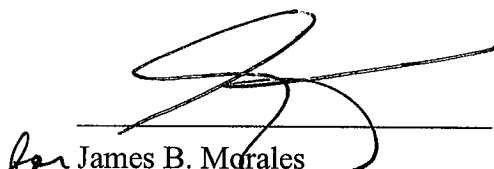
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that (i) it has reviewed and considered the Shipyard FEIR and Addendum and hereby adopts the environmental findings set forth herein; and (ii) the Executive Director is authorized (a) to execute a First Amendment to Disposition and Development Agreement Hunters Point Shipyard Phase I, substantially in the form lodged with the Agency General Counsel; and (b) to transfer by quitclaim deed Parcel A1 and Parcel A-2 of the Hunters Point Naval Shipyard to Lennar/BVHP, LLC upon the satisfaction of conditions to closing under the Disposition and Development Agreement Hunters Point Shipyard Phase I, subject to the modifications set forth below (capitalized terms not defined in this resolution have the meanings ascribed to them in the DDA).

1. Lennar/BVHP must reimburse the Agency for its costs to the extent allowed under applicable tax laws with Mello-Roos bond proceeds or Lennar funds no later than the earliest of: (i) 60 days after the Close of Escrow; (ii) 45 days after the Agency Commission authorizes the issuance of the Mello-Roos Bonds; or (iii) the availability of bond funds. The balance of Agency costs must be paid at or before the Close of Escrow.
2. Lennar/BVHP must provide the letter(s) of credit required by Section 2.1 of Attachment 25 no later than one month before the anticipated bond issue date.
3. The DDA closing condition that Lennar/BVHP must provide, and the Agency must approve, a detailed construction cost estimate for the Infrastructure prepared by a cost estimator reasonably acceptable to the Agency, consistent with the construction cost for Infrastructure set forth in the Preliminary Budget shall be satisfied by the Preliminary Budget, and the requirement for an additional cost estimate prepared by a cost estimator is waived.
4. Lennar/BVHP must satisfy DDA provisions relating to lands subject to the public trust under the jurisdiction of the State Lands Commission, and must provide documentation satisfactory to the Agency on the location of any Infrastructure proposed to be constructed on public trust exchange parcels.

5. The requirement that Lennar/BVHP achieve a sufficient subdivision to create legal parcels comprising (i) Parcels A and B; (ii) the Agency Housing Parcels; (iii) the Community Facilities Parcels; (iv) the Open Space and (v) parcels subject to the public trust by the close of escrow is modified and superseded by the requirement (as set forth in the Horizontal DRDAP) to require that Lennar/BVHP obtain: (i) an approved tentative subdivision map for any parcel in Parcel A either before Lennar/BVHP's first permit to construct public improvements in the proposed future right-of-way on that parcel will be issued, or any permit issued must be conditioned upon Lennar/BVHP's obtaining an approved tentative subdivision map before commencing to construct public improvements in the proposed future right-of-way on that parcel; and (ii) an approved final subdivision map before the sale of the first Lot.
6. The requirement that Agency and Lennar/BVHP shall have agreed-upon mutually satisfactory forms for all documents regarding the sale of the Mello-Roos Bonds, in commercially reasonable forms consistent with customary underwriting standards prior to the date of Closing, and the agreed-upon instruments shall have been formally adopted by the Agency Commission and the City's Board of Supervisors, where required, is modified to require mutually satisfactory forms of documents before the Commission is requested to authorize bond issuance.
7. The requirement that Agency and Lennar/BVHP shall have agreed upon the Open Space Master Plan (including the Streetscape Plan) and a funding plan for maintaining and operating the Open Space prior to the date of closing, and the agreed-upon instruments shall have been formally adopted by the Agency Commission and the City's Board of Supervisors, where required, is modified as follows: (i) Lennar/BVHP must provide additional development of the Streetscape Plan satisfactory to Agency staff before the Close of Escrow; (ii) Lennar/BVHP must propose and Agency staff must approve a phasing plan for construction of the Open Space before the Close of Escrow; (iii) Lennar/BVHP must obtain review of the Streetscape Plan by the Arts Commission before review and approval by the Agency Commission; (iv) Agency Commission approval of the Open Space Master Plan, including the Streetscape Plan will be required before the Agency or the City must consider Lennar/BVHP's first application for infrastructure improvements; and (v) Lennar/BVHP must complete a funding plan for operation and maintenance of the Open Space satisfactory to Agency staff before the sale of the first Lot.
8. The requirement that Agency and Lennar/BVHP shall have agreed upon legal descriptions for Phase I, the Project Site and the Agency Parcels before the Close of Escrow is modified to provide for revised legal descriptions to be recorded before the sale of the first Lot.
9. The requirement that the Open Space Master Plan (including the Streetscape Plan) and the Amended Design for Development for Vertical Improvements be attached to the DDA when and if agreed upon is modified to provide for incorporation of those documents by reference into the DDA, rather than physical attachment to the DDA.

APPROVED AS TO FORM:


for James B. Morales
Agency General Counsel