RESOLUTION NO. 40-2007

Adopted May 1, 2007

ENDORSING A CONCEPTUAL FRAMEWORK TO GUIDE THE CITY AND COUNTY OF SAN FRANCISCO, ITS REDEVELOPMENT AGENCY, LENNAR/BVHP, LLC, AND LENNAR COMMUNITIES, INC. IN PLANNING AN INTEGRATED, MIXED-USE PROJECT AT THE CANDLESTICK POINT AREA OF THE BAYVIEW HUNTERS POINT AND THE HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREAS; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Bayview Hunters Point ("BVHP") community has one of the lowest median income and highest unemployment rates in San Francisco; improvement of the quality of life for the residents of the BVHP community is one of the City and County of San Francisco's (the "City") highest priorities.

2. In July 1997, the Board of Supervisors, by Ordinance No. 285-97, adopted a Redevelopment Plan for the revitalization of the Hunters Point Shipyard Redevelopment Project Area (the "Shipyard Redevelopment Plan"), and in June 2006 the Board of Supervisors, by Ordinance No. 113-06, adopted a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area, including land in Candlestick Point (the "BVHP Redevelopment Plan").

3. On March 30, 1999, the Redevelopment Agency of the City and County of San Francisco (the "Agency"), after an extensive competitive process, selected Lennar/BVHP Partners as the primary developer of the Shipyard and subsequently entered into an exclusive negotiations agreement with Lennar/BVHP, LLC on June 1, 1999.

4. The Candlestick Point Node of the BVHP Redevelopment Project Area ("Candlestick Point") and the Hunters Point Shipyard Redevelopment Project Area (the "Shipyard") are in close proximity to one another and make up the largest area of under-utilized land in the City. Over the past decade, the City has planned for the redevelopment of Candlestick Point and the Shipyard on parallel, but separate, paths.

5. Combining and integrating the planning and redevelopment of these two project areas presents the opportunity to create a more coherent overall plan, including, for example, a comprehensive public recreation and open space plan and an integrated transportation and transit plan. An integrated planning effort may also create efficiencies in the financing of infrastructure and development and expedite the revitalization of both areas.

6. An integrated planning and redevelopment effort will also help achieve the proposed public benefits and objectives for this area as set forth in the BVHP and Shipyard Redevelopment Plans.

7. For several years following the adoption of Proposition F by San Francisco voters in June 1997 (the Candlestick Point/Stadium Land Use Measure), the City worked with the 49ers and its developer partner, the Mills Corporation, to pursue a plan for developing the stadium and adjoining entertainment retail shopping center project, but that plan proved to be economically and practically infeasible.

8. In the fall of 2005, the 49ers, after having conducted a competitive process for a new developer partner, selected Lennar Communities, Inc. ("Lennar") to explore the feasibility of a new plan for development of a stadium in the context of a comprehensive mixed-use project at Candlestick Point.

9. Lennar, working in cooperation with the 49ers and the City for over 18 months, created a preliminary plan for Candlestick Point that would provide for a world-class 49ers stadium and related mixed-use development, but the 49ers decided that the proposed plan did not fully meet their needs. On November 8, 2006, the 49ers announced that they would examine the feasibility of a new stadium in Santa Clara.

10. Although the 49ers acknowledged that the preliminary plan for Candlestick Point was a great plan for mixed-use development, the 49ers stated that it did not work adequately for their needs.

11. The City remains committed to addressing the 49ers' concerns and examining a new plan that meets their needs, but at the same time the City's primary goal is to create a plan that is fiscally prudent for the City and that will deliver parks and public open space, jobs, affordable housing and other tangible economic and public benefits to the BVHP community and the City as soon as possible.

12. Following the 49ers' announcement that they would concentrate on exploring the possibility of a new stadium in Santa Clara, Lennar, in cooperation with the City, expended significant resources and began working diligently on a new preliminary plan that would site a new football stadium and related parking on the Shipyard, and would provide for an integrated mixed-use development across both Candlestick Point and the Shipyard.

13. On December 28, 2006, the Mayor sent a letter to the 49ers proposing a new preliminary plan that would combine Candlestick Point and the second phase of development for the Shipyard, which includes Parcels A-3 and B through E, as one integrated project, with a new stadium to be located at the Shipyard.

14. On February 13, 2007, the Board of Supervisors adopted Resolution No. 59-07, endorsing the efforts of the City, the Agency, and Lennar to generate a conceptual proposal for such an integrated mixed-use development on Candlestick Point and the Shipyard as soon as possible, and urging the Agency to amend its exclusive

negotiations agreement with Lennar/BVHP Partners for the Shipyard to provide for an integrated redevelopment project on Candlestick Point and the Shipyard.

15. The development of Candlestick Point and the second phase of the Shipyard, as an integrated mixed-use project would provide much needed parks and open space, employment, and affordable housing opportunities, as well as other tangible economic and public benefits, for the BVHP community in particular and the City as a whole.

16. Following the Board of Supervisor's adoption of Resolution No. 59-07, the City and the Agency began to create an initial conceptual framework to set forth the principles that will guide the City, the Agency and Lennar regarding the integrated redevelopment of Candlestick Point and second phase of the Shipyard, including the possible development of a new stadium for the 49ers ("Conceptual Framework").

17. The City, the Agency and Lennar have begun a process to seek significant community review and input into the integrated plan, initial conceptual framework and the preliminary site plan for the redevelopment of Candlestick Point and the Shipyard, including the following:

    (a) A joint meeting between the Executive Committee of the Hunters Point Shipyard Citizen's Advisory Committee ("CAC") and the Land Use Committee of the BVHP Project Area Committee ("PAC") on February 8, 2007;

    (b) A meeting of the full CAC on February 12, 2007;

    (c) A meeting of the Agency Commission on February 20, 2007;

    (d) A meeting of the Bayview Transportation Improvement Project Ad Hoc Community Advisory Committee on February 26, 2007;

    (e) A meeting of the Planning Committee of the CAC on March 8, 2007;

    (f) A meeting of the full CAC on March 12, 2007;

    (g) A meeting of San Francisco Planning and Urban Research Association on March 15, 2007;

    (h) A meeting of the full PAC on March 15, 2007;

    (i) A joint meeting between the Executive Committee of the CAC and the Land Use Committee of the PAC on March 26, 2007;

    (j) A meeting of the Executive Committee of the CAC on March 28, 2007;

    (k) A meeting with residents of the Alice Griffith Housing Development (also known as Double Rock) on March 29, 2007;

    (l) A meeting of the Executive Committee of the PAC on April 2, 2007;

    (m) A meeting of the San Francisco Park, Recreation and Open Space Advisory Committee on April 3, 2007;

(n) A special workshop with both the CAC and the PAC on April 7, 2007;

(o) A meeting of the full CAC on April 9, 2007;

(p) A joint meeting of the Health and Environment subcommittee of the PAC and the Environment Subcommittee of the CAC on April 10, 2007;

(q) A meeting of the Business and Employment subcommittee of the CAC on April 10, 2007;

(r) A meeting of the Agency Commission on April 17, 2007;

(s) A meeting of the full PAC on April 19, 2007, in which the PAC unanimously recommended approval of the Conceptual Framework to the Agency Commission and the Board of Supervisors; and

(t) A meeting of the full CAC and full PAC on April 23, 2007, in which the CAC unanimously recommended approval of the initial conceptual framework to the Agency Commission and the Board of Supervisors subject to the incorporation of CAC comments from the April 23, 2007 meeting and review by the CAC Executive Committee that such CAC comments have been incorporated.

18. On April 16, 2007, the Conceptual Framework was presented to the Board of Supervisors' Land Use Committee the Conceptual Framework, which reflected input and revisions resulting from the community review process.

19. The Conceptual Framework sets forth goals and principles that would govern the proposed development and includes a preliminary site plan, a preliminary transportation plan, a preliminary hazardous materials remediation plan, and a preliminary State park and public recreation/open space plan.

20. For environmental review purposes, the Conceptual Framework contemplates that the mixed-use project on the integrated project area may include housing of approximately 8,500 units. For such purposes, it may also include the following uses on the Shipyard: a new retail town center, permanent space for the existing artist community and opportunities for major cultural and educational institutions, including a permanent African marketplace (either on the Shipyard or Candlestick Point), up to about 2,000,000 square feet of office, research and development space oriented toward digital arts, green technology and biotechnology uses, a stadium and related parking and other uses, and over 100 acres of waterfront park land on Parcel E and around the entire Bay front perimeter of the Shipyard. For environmental review purposes, the Conceptual Framework also contemplates the following uses on Candlestick Point: a major renovation of the Candlestick Point Recreation Area and a mix of visitor and neighborhood-serving retail and other commercial uses.

21. The Conceptual Framework also recognizes that the housing component of the project may present an opportunity to improve the housing for existing residents by renovating or rebuilding the Alice Griffith Housing Development (also known as Double Rock) subject to review and consultation with the existing residents and the approval by the Housing Authority and the United States Department of

Housing and Urban Development. Any such renovation or rebuilding would also be subject to a number of conditions as set forth in the Conceptual Framework, including but not limited to (i) one-for-one replacement of units at existing low income levels and of the same household size, and (ii) phased construction to ensure that all residents have the right to move to new upgraded units, without being displaced from the existing Alice Griffith Housing Development until the replacement units are ready for occupancy.

22. The consolidated redevelopment plan, as set forth in the Conceptual Framework, also provides for the possibility of developing a new stadium and associated parking on a portion the Shipyard, but contemplates that a mixed-use development and all of its attendant public benefits will proceed regardless of whether a new stadium is ultimately included in the project.

23. The Agency and the City, acting through its Recreation and Park Department, its Planning Department, and the Mayor's Office of Economic and Workforce Development, are entering into a Memorandum of Understanding (the "MOU") to express their commitment to cooperate in taking the steps necessary to plan and process the proposed integration of the Shipyard and Candlestick project sites, to further define their respective roles in the preliminary steps needed to plan and perform appropriate environmental review for the proposed integrated project, and to ensure that appropriate City and Agency costs are paid by the primary developer of the Shipyard as part of the overall project development cost.

24. By separate resolution, the Agency and Lennar/BVHP Partners are amending the existing exclusive negotiations agreement (the "ENA") for the Shipyard to provide the option for Lennar to include Candlestick Point as part of an integrated development project, consistent with this Resolution, the Conceptual Framework, and the MOU. The ENA amendment will include a number of conditions and milestones for the proposed integrated project, including a requirement that Lennar enter into arrangements with other developers with certain expertise for aspects of the project, and a possible vote of the people regarding the reuse of Candlestick Point and possibly other matters relating to the project before the Agency or the City may consider any final approvals for the integrated project.

25. Any project ultimately proposed by the City, the Agency and Lennar shall be subject to a process of thorough public review and input and all necessary and appropriate approvals; that process must include environmental review under the California Environmental Quality Act ("CEQA") before the City or the Agency may consider approving the project; the project will require discretionary approvals by a number of government bodies after public hearings and environmental review, including by the City's Board of Supervisors, Planning Commission, Recreation and Park Commission and Redevelopment Agency Commission; the project also may require approval by various State agencies, such as the State Park and Recreation Commission, Bay Conservation and Development Commission ("BCDC"), and State Lands Commission; and, in addition, the project may require amendments to the Shipyard and BVHP

Redevelopment Plans, in accordance with the procedural and substantive requirements of the California Community Redevelopment Law.

26. Nothing in this Resolution commits, or shall be deemed to commit, the City, the Agency or any other public agency to approve or implement any project, and they may not do so until environmental review of the project as required under CEQA has been completed; accordingly, the references to "the project" (or the like) in this resolution mean a proposed project subject to future environmental review and consideration by the City, the Agency and other public agencies; further, the City, the Agency and any other public agency with jurisdiction over any part of the project each shall have the absolute discretion before approving the project to: (i) make such modifications to the project as may be necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives to avoid or substantially reduce significant environmental impacts; (iii) require the implementation of specific measures to mitigate any specific impacts of the project; (iv) balance the benefits of the project against any significant environmental impacts before taking final action if such significant impacts cannot otherwise be avoided; or (v) determine whether or not to proceed with the project.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Conceptual Framework regarding the integrated redevelopment of the Bayview Hunters Point Redevelopment Project Area and Parcels A-3 and B through E of the Hunters Point Shipyard Redevelopment Project Area is hereby endorsed, substantially in the form attached as Exhibit A, and recommended to the Board of Supervisors for its endorsement; Bayview Hunters Point Redevelopment Project Area and Hunters Point Shipyard Redevelopment Project Area.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel

ATTACHMENT A TO THE CONCEPTUAL FRAMEWORK RESOLUTION

CONCEPTUAL FRAMEWORK FOR DEVELOPMENT

(Mixed-Use Revitalization Project for Candlestick Point and Parcels A-3 and B-E of the Hunters Point Shipyard)

THIS CONCEPTUAL FRAMEWORK FOR DEVELOPMENT (this "Framework") dated for convenience of reference only as of _____, 2007, sets forth the goals and principles that will guide the CITY AND COUNTY OF SAN FRANCISCO (the "City"), acting by and through its Mayor's Office of Economic and Workforce Development, in cooperation with the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Redevelopment Agency" or "Agency"), on the one hand, working with LENNAR/BVHP LLC, a California limited liability company doing business as "Lennar-BVHP Partners" (including any permitted successor or assign, the "Primary Developer") and LENNAR CORPORATION ("Lennar"), on the other, regarding the integrated redevelopment of Candlestick Point and Parcels A-3 and B through E of the Hunters Point Shipyard, including the possible development of a new stadium for the San Francisco Forty Niners (the"49ers"), in San Francisco's Bayview Hunters Point ("BVHP") community.

INTRODUCTION

This Framework is shaped by the following facts and circumstances:

A. The BVHP community has one of the highest concentrations of very low-income residents and one of the highest unemployment rates in the San Francisco. It has a limited amount of quality open spaces and public parks, including active recreation facilities for neighborhood youth, and is need of housing, business and job opportunities for its residents. The betterment of the quality of life for the residents of the BVHP community is one of the City's highest priorities.

B. The Candlestick Point Node of the Bayview Hunters Point Redevelopment Project Area ("Candlestick Point") and the Hunters Point Shipyard Redevelopment Project Area (the "Shipyard") are in close proximity to one another, separated only by the Yosemite Slough and South Basin. Together, they comprise about 790 acres, and make up the largest area of underutilized land in the City. As further described below, over the past decade the redevelopment of Candlestick Point and the Hunters Point Shipyard have proceeded on parallel though largely separate paths. Recent developments have afforded the City and the Agency the chance to revisit the planning for these two project areas and to consider redeveloping them together. The integrated redevelopment of Candlestick Point and Parcels A-3 and B through E of the Hunters Point Shipyard with a mixed-use project provides an opportunity to realize a number of objectives for the City, Agency and the BVHP community, including much needed parks and open space, business, employment, and housing opportunities affordable for BVHP residents, as well as other tangible

economic and public benefits for the BVHP community in particular and the City as a whole.

C. Combining the planning and redevelopment of these two project areas further presents the prospect of creating a more coherent overall plan for the neighboring properties, including, for example, a comprehensive public recreation and open space plan and an integrated transportation and transit plan, of providing ways to increase efficiencies to finance infrastructure and development, and of allowing the City and the Agency to expedite the revitalization of both areas, whether or not a new stadium for the 49ers is built.

The Redevelopment of the Hunters Point Shipyard:

D. The United States Navy ceased operations at the Hunters Point Shipyard in 1974 and officially closed the base in 1988. The Shipyard was then included on the Department of Defense's 1991 Base Realignment and Closure (BRAC) list. In 1993, following designation of the Shipyard by the City's Board of Supervisors as a redevelopment survey area, the City and the Agency began a community process to create a plan for the economic reuse of the Shipyard and the remediation and conveyance of the property by the Navy. In planning for the redevelopment of the Shipyard, the Agency and City worked closely with the Hunters Point Shipyard Citizen's Advisory Committee ("CAC"). The CAC is a group of San Francisco community residents and business owners who are selected by the Mayor to oversee the redevelopment process for the Shipyard. Originally convened in 1993, the CAC was instrumental in developing the redevelopment plan for the Hunters Point Shipyard as well as the planning process for the reuse of the Shipyard. The Agency will continue to work through the CAC and with the community throughout the process of implementing revitalization activities under the Shipyard Redevelopment Plan.

E. In July 1997, the Board of Supervisors, by Ordinance No. 285-97, adopted a Redevelopment Plan for the revitalization of the approximately 500-acre Hunters Point Shipyard Project Area (the "Shipyard Redevelopment Plan"). The Shipyard Redevelopment Plan divides the Shipyard into five parcels, Parcels A-E. It contemplates the development of residential uses on Parcel A, mixed-use residential and commercial uses on Parcel B, cultural, institutional and research and development uses on Parcel C, research and development and light industrial uses on Parcel D, and light industrial and parks and open space on Parcel E, with a greenbelt around the waterfront perimeter of the Shipyard.

F. In March 1999, the Agency, through a competitive process, selected the Primary Developer as the "master developer" of the Hunters Point Shipyard, in furtherance of the implementation of the Shipyard Redevelopment Plan. The Agency entered in an Exclusive Negotiations Agreement (the "ENA") with the Primary Developer, giving the Primary Developer the exclusive rights to negotiate for the redevelopment of the Shipyard subject to a number of conditions, including the Primary Developer's obligation to pay for the costs of the Agency and the City in planning for development of the Shipyard and negotiating the transaction documents.

G. On November 7, 2000, the electors of the City and County of San Francisco passed, with an 87% margin of approval, Proposition P ("Proposition P"), which calls upon the Navy to remediate the Hunters Point Shipyard to the highest levels practical to assure the flexible reuse of the property. The Navy is required under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund, to take community acceptance into account in its clean-up decisions. On July 30, 2001, the Board of Supervisors passed unanimously Resolution No. 634-01 implementing the will of the voters as expressed by Proposition P. The Resolution confirms as a City policy that the Hunters Point Shipyard should be cleaned of toxic and hazardous pollution by the Navy to the highest practical level.

H. The Primary Developer has since been working with the City, Agency and the Navy to facilitate the redevelopment and economic reuse of the former base. In 2003, the Primary Developer and the Agency entered into the Phase 1 Disposition and Development Agreement (the "Phase 1 DDA") for the development of 1,600 residential units on Parcel A and a portion of Parcel B–30% of which are required to be at below-market rates. The Phase 1 DDA also requires the Primary Developer to create approximately 25 acres of public parks and open space on Parcel A.

I. In March 2004, the Agency, in cooperation with the City and the Primary Developer, and in furtherance of Proposition P, negotiated a comprehensive agreement with the United States Navy governing the terms and conditions of the phased conveyance of the Shipyard by the Navy to the Agency (the "Conveyance Agreement"). The Conveyance Agreement obligates the Navy to remediate hazardous materials on the entire Shipyard and to convey parcels to the Agency as it successfully completes the remediation.

J. In 2005, the Navy conveyed Parcel A to the Agency under the Conveyance Agreement, and the Agency then closed escrow on its transfer of a portion of Parcel A to the Primary Developer under the terms of the Phase 1 DDA. This conveyance allowed the Primary Developer to begin site preparation and infrastructure development for the construction of new housing under Phase 1 of the Shipyard redevelopment.

K. In 2006, the Agency and the Primary Developer amended the Phase 1 DDA to remove a portion of Parcel B from Phase 1 and to modify the mix of for-sale and rental housing required under the market rate housing plan. The parties also began negotiations for Phase 2 of the development of the Shipyard.

<u>The Redevelopment of Candlestick Point</u>:

L. In June 1997, the electors of the City and County of San Francisco adopted two measures–Proposition D and Proposition F–providing for the development of a new state-of-the-art stadium for the San Francisco 49ers and entertainment retail shopping center at Candlestick Point. Under Proposition F, the people of San Francisco adopted a policy that Candlestick Point and the surrounding area is the most suitable location in San Francisco for the construction of a new 49ers stadium and that the development associated with the stadium development would assist in revitalizing the economy of the BVHP area and provide jobs. Proposition F included the establishment of a Special Use

District for Candlestick Point, which allowed a new stadium for the 49ers, a 1,400,000 square foot entertainment and shopping center, and other conditional uses, including residential uses, subject to the approval of the City's Planning Commission.

M. For several years following the approval of Propositions D and F, the City worked with the 49ers and its developer partner, the Mills Corporation, to pursue a plan for developing the stadium and adjoining entertainment retail shopping center project, but that plan proved to be economically and practically infeasible, and in the Spring of 2005, the 49ers terminated their exclusive negotiation arrangement with the Mills Corporation. In the fall of 2005, the 49ers, after having conducted a competitive process for a new developer partner, selected Lennar Corporation ("Lennar") to explore the feasibility of a new plan for development of a stadium in the context of a comprehensive mixed-use project at Candlestick Point. Over the course of about 18 months, Lennar, working in cooperation with the 49ers and the City, explored a new preliminary plan that would provide for a world-class 49ers stadium and related mixed-use development at Candlestick Point, consisting of about 6,500 new housing units, retail and commercial uses, new public open spaces and major improvements to the state park, and substantial transportation improvements at Candlestick Point.

N. In June 2006, following a 10-year planning process, the Board of Supervisors, by Ordinance No. 113-06, adopted the Redevelopment Plan for the Bayview Hunters Point Project Area (the "BVHP Redevelopment Plan"). The BVHP Redevelopment Plan amends and renames the previous Hunters Point Redevelopment Plan and adds a considerable amount of new territory, including Candlestick Point. The primary objective of the BVHP Redevelopment Plan is to revitalize the BVHP community through economic development, affordable housing and community enhancement programs for the benefit of existing BVHP residents and businesses. The policies and programs of the BVHP Redevelopment Plan incorporate community goals and objectives expressed in a Concept Plan that was adopted in 2000 following hundreds of community planning meetings, by the BVHP Project Area Committee ("PAC"). The PAC is a body that was formed in 1997 through a public election by BVHP voters, to work with the Agency and the City and represent the interests of the BVHP community in planning for its future, as required by the Community Redevelopment Law. The Agency will continue to work through the PAC and with the community throughout the process of implementing revitalization activities under the BVHP Redevelopment Plan.

O. In March 2006, the Board of Supervisors, by Resolution No. 132-06, adopted interim zoning controls (the "Interim Controls") for the Hunters Point Shoreline Area, which is also referred to as Area C and as the Hunters Point Shoreline Activity Node in the BVHP Redevelopment Plan (the "Hunters Point Shoreline Area"). In adopting the Interim Controls, the Board of Supervisors found that "further planning [of this area] is needed to develop appropriate land use controls to assure that the community vision . . . is realized." (Interim Controls at page 3.) In particular, the Board of Supervisors found that "further planning will provide an opportunity to assure that the land use plan for the Hunters Point Shoreline Area is integrated with the most recent nearby development plans . . . in the area of the Hunters Point Shipyard Redevelopment Plan . . . ." (Interim Controls at page 4.) In connection with the adoption of the BVHP Redevelopment Plan,

the Board of Supervisors confirmed the City's policy to continue further planning and analysis of the Hunters Point Shoreline Area for possible later inclusion in the redevelopment project area. The Hunters Point Shoreline Area is located along the Bay waterfront next to the Shipyard, and planning for this area should be coordinated with redevelopment of the Shipyard and Candlestick Point.

P. In the fall of 2006, the 49ers decided that the proposed plan for Candlestick Point did not fully meet their needs for a new football stadium, and on November 8th the 49ers announced that they would instead focus on examining the feasibility of a new stadium in Santa Clara. On November 21, 2006, Lennar, in conjunction with the Mayor's Office of Economic and Workforce Development, presented at a public hearing before the full Board of Supervisors the preliminary plan for the stadium-related development of Candlestick Point that resulted from the due diligence and site planning efforts that Lennar, together with the 49ers and in consultation with the City, had undertaken for the past 18 months. The 49ers stated that the plan did not work adequately for them or their fans mainly because of concerns about the inclusion of a large parking garage for stadium parking, the costs and risks associated with many expensive but required transportation improvements, the impacts on stadium operations during the construction of the mixed-use development adjacent to the stadium, and the risks of the entitlement process.

Q. The 49ers are an important source of civic pride and are closely identified with San Francisco, having played in San Francisco since the 1940s and at Candlestick Point since the early 1970s, and have contributed to the BVHP community. The City remains committed to working with the Primary Developer to attempt to address the 49ers' concerns consistent with the goals and principles set forth in this Framework and to propose a new plan that the 49ers would determine to be feasible. At the same time the City's primary goal is to assure that it can produce a plan that is fiscally prudent for the City and that will deliver parks and public open space, jobs, housing affordable for BVHP residents and other tangible economic and public benefits to the BVHP community and the City as soon as possible. The City does not intend to delay proceeding with plans to provide those benefits while the 49ers determine whether it is feasible to build a new stadium in Santa Clara.

R. The stadium at Candlestick Point is nearing the end of its useful life, and the City's lease of the stadium and paved parking area to the 49ers is scheduled to expire in May 2013, unless the 49ers exercise options to extend. The restoration and improvement of the adjoining Candlestick Point State Recreation Area has been a long-time goal of the state, City and BVHP community.

S. Following the 49ers' announcement in November 2006 that they would concentrate on exploring the feasibility of building a new stadium in Santa Clara, Lennar expended significant resources and worked diligently in cooperation with the City on a new preliminary plan that would site the stadium and related parking on the Hunters Point Shipyard, and would provide for an integrated mixed-use development across both Candlestick Point and the Hunters Point Shipyard. Lennar is willing to continue to incur substantial pre-development costs including the obligation to pay certain costs of the Agency and the City associated with this planning going forward as further provided in

the ENA so long as the Agency, at the request of the City, extends an option for exclusive negotiation rights to Lennar with regard to redevelopment of the City's land in Candlestick Point, recognizing that such rights are subject to a number of conditions and approvals as further described in this Framework below and in the amendment to the ENA described below.

Integrated Development of
Parcels A-3 and B through E of the Shipyard and Candlestick Point:

T. On February 13, 2007, the Board of Supervisors passed, and on February 15, 2007 the Mayor signed, Resolution No. 59-07 (the "Board Resolution"), urging the Redevelopment Agency to amend its ENA with the Primary Developer for the Hunters Point Shipyard to provide for the integrated planning and redevelopment of Parcels A-3 and B through E of the Shipyard with Candlestick Point with a mixed-use project, including possibly a new 49ers stadium, subject to certain conditions. A copy of the Resolution is attached as Exhibit B to this Framework.

U. As described in the Board Resolution, the policy goals adopted by the People of San Francisco under Proposition F, as well as the public benefits and objectives for this area under the BVHP and Shipyard Redevelopment Plans adopted by the Board of Supervisors can best be achieved by consolidating the revitalization of Candlestick Point and the Hunters Point Shipyard as a single project. The Board Resolution contemplates creating a development plan that will revitalize the Candlestick Point and Shipyard areas and provide public benefits even if the 49ers do not build a new stadium. To date, the 49ers have indicated a willingness to work with the City, the Agency and the Primary Developer to consider the feasibility of locating a new stadium and associated parking on the Shipyard. In addition, in light of the policy goals adopted by the Board of Supervisors in the Interim Controls, the revitalization plan for Candlestick Point and Shipyard areas should be coordinated with the planning for the Hunters Point Shoreline Area.

V. As contemplated by the Board Resolution, the planning effort for Candlestick Point and Parcels A-3 and B through E of the Shipyard should explore the construction of hundreds of acres of new waterfront parks and open space, approximately 8,500 new units of housing, including a robust affordable housing program, extensive job-generating retail and research and development space, and permanent space for the artist colony at the Hunters Point Shipyard. The resulting consolidated development plan should provide a viable opportunity for the 49ers to develop a new stadium and associated parking on a portion the Hunters Point Shipyard, but the revitalization of these combined areas and the realization of all of its attendant public benefits should proceed consistent with this Framework, even if the 49ers ultimately determine not to pursue a new stadium on the site. To allow the City and Agency to meet the 49ers' timeline and to move forward with realizing community benefits, the consolidated plan should involve examining a series of phased "early transfers" by the Navy of parcels in the Hunters Point Shipyard, as set forth in Exhibit D attached to this Framework.

W. An integrated development plan should include demolition of the existing stadium and reuse of the City's approximately 77-acres of land at Candlestick Point on which the

stadium is located on upon expiration of the lease with the 49ers, subject to recommendation by the City's Recreation and Park Department ("RecPark") and all required approvals for the reuse of such land, including approval of the voters of San Francisco for any conveyance of such land for redevelopment and approval of the Board of Supervisors of the agreement for such conveyance. Consistent with the Board Resolution, the Recreation and Park Commission, by its Resolution No. 0704-019, adopted on April 19, 2007 (the "RecPark Resolution"), requested the Agency include the RecPark property under the ENA subject to the conditions set forth in the Board Resolution and this Framework and has agreed to cooperate in this Project as set forth in the MOU.

X. Any development plan for an integrated project will involve coordination with, among others, the State Park and Recreation Commission, the Housing Authority of the City and County of San Francisco (the "Housing Authority"), and the BVHP community to produce the best possible project boundaries to achieve all of the sought after public benefits, including significant open space and recreation opportunities.

Y. The main purposes of this Framework, consistent with the Board Resolution, are threefold: (1) to set forth the goals and principles that will guide the proposal to redevelop the site for the proposed project: (2) to present a proposed preliminary plan for the integration of the sites for consideration by the Board of Supervisors as to whether the plan is likely to be fiscally feasible and is likely to deliver the intended public benefits, such that the City may begin environmental review of the project under California Environmental Quality Act ("CEQA") consistent with Administrative Code Chapter 29; and (3) to set forth the parameters for the City and the Agency, in cooperation with the Primary Developer and in consultation with other government agencies with jurisdiction over the project, to begin an extensive community and public review process of the preliminary proposal, including consideration by the CAC and PAC, as that proposal may be modified and updated during the public review and planning process.

Z. On or about the same time as the City's Board of Supervisors is considering endorsing this Framework, the Agency and the City, acting through its Recreation and Park Department, its Planning Department, the Mayor's Office of Economic and Workforce Development, are entering into a Memorandum of Understanding ("MOU") to express their commitment to cooperate in taking the steps necessary to plan and process the proposed integration of the Shipyard and Candlestick project sites, to further define their respective roles in the preliminary steps needed to plan and perform appropriate environmental review for the proposed integrated project, and to ensure that appropriate City and Agency costs are paid by the Primary Developer as part of the overall project development cost.

AA. Also on or about the same time as the City's Board of Supervisors is considering endorsing this Framework, the Agency and the Primary Developer and Lennar are amending the ENA for the Shipyard to provide the option for Lennar to include Candlestick Point as part of an integrated development project, consistent with the Board Resolution, [the RecPark Resolution], this Framework, and the MOU. The ENA amendment includes a number of conditions and milestones for the proposed integrated

project, including: Lennar exercising the option to expand the scope of the ENA to include Candlestick Point by satisfying certain conditions, including entering into arrangements with other developers with certain expertise for aspects of the project, as further provided in the ENA amendment; public review and endorsement by the Agency of a Preliminary Development Concept and later a Term Sheet; and a possible vote of the electors regarding the reuse of Candlestick Point and possibly other matters relating to the project; all before the Agency or the City may consider any final approvals for integrated development of the Candlestick and Hunters Point Shipyard sites.

DEVELOPMENT FRAMEWORK

ACCORDINGLY, this Framework contemplates that the City, the Agency and the Primary Developer will work together as follows to proceed with a redevelopment proposal:

1. Guiding Principles.

I. Overview

Any proposal for development of a project on Candlestick Point and Parcels A-3 and B through E of the Hunters Point Shipyard (the "Project Site") shall be consistent with the goals and guiding principles set forth in this Section. The purpose of these goals and guiding principles is to provide the framework for the Primary Developer, and its development partners, in cooperation with the City, the Agency, the Housing Authority, other State agencies with jurisdiction and the community, to develop a mixed-use revitalization project on the Project Site (the "Project").

These goals and principles envision a plan to finance a mixed-use development, including an alternative for possible development of a new 49ers stadium on approximately 27 acres of the Hunters Point Shipyard, that is similar to the financing of the San Francisco Giants ballpark and Mission Bay and the proposed financing of Treasure Island. As a result, neither the revenue bonds authorized under Proposition D nor any other General Fund debt will be used in connection with any stadium development, or any part of the mixed-use project. In addition, no property tax increment from any area outside the Project Site will be used to finance any improvements in the Project Site, including, but not limited to, tax increment from Phase 1 of the Shipyard, other than the Agency's possible use of its City-wide Affordable Housing Fund for the development of affordable housing.

Proposition F (June 1997) allows a variety of uses that meet the policies of the voters for developing Candlestick Point, including residential uses with conditional use approval by the City's Planning Commission. As set forth below, incorporating housing together with retail and other commercial elements as part of the development of Candlestick Point will help achieve a number of important physical and economic public benefits for San Francisco residents generally and members of the BVHP community in particular.

Any proposed development at the Project Site must be consistent with applicable voter-adopted measures and the planning effort for the Hunters Point Shoreline Area envisioned by the Interim Controls. In addition, any proposed development will be subject to a process of thorough public review and input, including by the BVHP community. For the portion of the

Project involving redevelopment of the Candlestick Point area, that process is anticipated to involve a new measure presented by the City to the voters after there is sufficient community review of the proposal. The public process must also include environmental review of the proposed development under CEQA before the City or the Agency may consider approving the Project. The Agency, in cooperation with the City and the Primary Developer, shall afford the PAC and the CAC ample opportunity to review and consider the proposed development plans. The Project will likely require amendments to the BVHP Redevelopment Plan and the Shipyard Redevelopment Plan, in accordance with the applicable procedural and substantive requirements of the California Community Redevelopment Law, and such plan amendments would require an extensive community review process, including consideration by the PAC for the BVHP Project Area and the CAC for the Shipyard.

In addition to environmental review under CEQA the proposed Project will require discretionary approvals by a number of government bodies after public hearings and environmental review, including by the City's Board of Supervisors, Planning Commission, Recreation and Park Commission and Port Commission, and the Redevelopment Agency Commission. The proposed Project also may require approval by various State agencies, such as the State Park and Recreation Commission, Bay Conservation and Development Commission ("BCDC"), the Housing Authority and State Lands Commission.

II. Goals for Development of the Project

The City and the Agency, working with the Primary Developer, Lennar and the 49ers, will strive to achieve the following goals throughout the planning process and ultimately for development of the Project:

1. Achieve Fiscal Prudence and Self-Sufficiency

- Structure the financing for development and operation of the Project, with or without a new 49ers stadium, so that there is no net negative impact on the City's General Fund.

2. Produce Tangible Physical and Economic Community Benefits

- Improve the Candlestick Point State Recreation Area to enhance access by residents and visitors to the waterfront, and create great new public recreational and open spaces in the Project Site, including the shoreline park area at the Hunters Point Shipyard.

- Provide substantial opportunities for new affordable housing particularly intended to benefit the BVHP community, consisting of inclusionary affordable housing units and Agency sponsored affordable housing units, including new units that address the demand in the community for housing that is suitable for families, seniors, young adults, including emancipated youth, and others with special needs.

- Afford a range of important job and economic development opportunities for local economically disadvantaged individuals and local economically disadvantaged business enterprises, particularly for residents and businesses located in the BVHP community.

- Create permanent affordable space at the Shipyard appropriate for the existing artists.

- Provide other tangible economic and public benefits from the Project for San Francisco residents generally and for residents and businesses of the BVHP community specifically.

- Provide these public benefits from the Project regardless of whether the 49ers proceed with a new stadium in the Project Site or move elsewhere, recognizing that that the delivery of public benefits associated with the current stadium site at Candlestick Point depends on when that real property becomes available for development.

- Support the community objectives of the Shipyard and BVHP Redevelopment Plans and complement the City-sponsored initiatives and projects for the larger BVHP area.

3. Reflect Exceptional Urban Planning and Design

- Foster development on the Project Site that (i) alleviates conditions of blight and revitalizes the Project Site, (ii) is based on sound urban design principles and environmental sustainability values in light of the site's exceptional waterfront setting, (iii) is walkable and connected to public transit, and (iv) creates a vibrant mixed-use neighborhood.

- Substantially improve transportation infrastructure to the Project to both accommodate traffic impacts from the Project on the surrounding community and better connect the Project Site and the larger BVHP area to the rest of the City.

- Deliver high quality park and recreation facilities that provide local and regional open space attractions integrated with new development and the surrounding community.

- Coordinate planning of the Project Site with planning of the Hunters Point Shoreline Area to help ensure that the development of the Project will be integrated with the development of the surrounding community.

4. Incorporate Model Sustainability Concepts

- For the entire Project become a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the design and development process.

- Apply sustainability principles and best practices to create the infrastructure plan, including wastewater, stormwater, utility and transportation systems and public open spaces and recreation facilities.

- Apply green building construction practices, especially energy efficient design for new development.

5. Create a Viable Opportunity for the 49ers to Develop a New Stadium on the Shipyard

- Provide a viable plan for a new stadium on the Shipyard for the 49ers to continue to play their home games in San Francisco.

- The development of the stadium should not involve the issuance of lease revenue bonds (including, but not limited to the Proposition D-authorized bonds), general obligation bonds or similar General Fund debt.

- Maximize the year-round beneficial use of the stadium and associated uses, including beyond 10 to 12 NFL games annually at the stadium.

- Provide for other appropriate sports and recreational uses that complement the stadium.

- Ensure the revitalization of the Project Site, comprised of Candlestick Point and Phase 2 of the Shipyard, and the generation of public benefits to the community and the City from development, even if the 49ers do not build a new stadium at the site.

III Principles to Guide Implementing the Goals for Development

In seeking to achieve the overarching goals described above, the City and the Agency, working with the Primary Developer, Lennar and the 49ers, will apply these guiding principles throughout the planning for the Project and if the Project is approved, its implementation:

A. Generally Applicable Principles

i. To ensure the timely development of the Project and realization of the public benefits that it generates, the Project as a whole must be well designed, appropriately phased and financially feasible for the City, the Agency and the Primary Developer.

ii. Any development at the Project Site must result in a diverse and economically and environmentally sustainable mixed-use project that revitalizes the Project Site in furtherance of the approved redevelopment plans, with employment, entrepreneurial and housing opportunities and other tangible public benefits for the BVHP community specifically and the City generally. Development should be dense enough to create a distinctive urban form in keeping with San

Francisco's denser residential districts and densities should be at a level sufficient to generate revenues to make the Project financially viable and self-sufficient, help pay for transportation and other infrastructure improvements, and achieve the economic and public benefits described in this document.

iii. The proposed Project to be analyzed for environmental review purposes may include housing of approximately 8,500 units. For such purposes, it may also include, in addition to residential use, the following uses on the Shipyard: a new retail town center, permanent space for the existing artist colony and opportunities for major cultural and educational institutions, including a permanent African marketplace (either on the Shipyard or Candlestick Point), up to about 2,000,000 square feet of office, research and development space oriented toward digital arts, green technology and biotechnology uses, a stadium and related parking and other uses, and over 100 acres of waterfront park land on Parcel E and around the entire Bay front perimeter of the Shipyard. For environmental review purposes, the Project may include the following uses, in addition to residential use, on Candlestick Point: a major renovation of the Candlestick Point Recreation Area and a mix of visitor and neighborhood-serving retail and other commercial uses. An illustrative concept plan is attached as Exhibit A, subject to change based on the public review and planning process.

iv. The housing program will consist of a mix of market-rate and affordable rental and ownership units. Consistent with the objectives of the BVHP and Shipyard Redevelopment Plans, at least 25% of the new housing units produced as part of the Project will be affordable units (excluding from such minimum percentage replacement units built in the renovation or reconstruction of the Alice Griffith Housing Development subject to the conditions described below), substantially exceeding the minimum amount that California redevelopment law and the City's inclusionary housing ordinance require. The affordable units will serve a range of income levels and household sizes and generations, and will be integrated into the Project as a whole with the market-rate housing. The affordable housing program will be shaped to serve the BVHP community, where the median income of residents is lower than that of the City as a whole. In addition, the affordable housing program will include preferences for Agency Certificate of Preference holders, rent burdened residents (persons paying more than 50% of their income for housing), and assisted residents (persons residing in public housing or project-based Section 8 housing.)

v. The Project shall provide at affordable rates new or renovated permanent space at the Shipyard sufficient to accommodate the existing artists. The construction of the Project must be phased to ensure that the existing artists have the right to move to the new or renovated permanent space, without being displaced from the Shipyard. To achieve these objectives, the City, the Agency and the Primary Developer will work in consultation with the artists

to create the plan for the permanent affordable facilities, including any relocation plan.

vi. The Project shall include a community benefits package that strives to achieve the community objectives incorporated in the Phase 1 DDA (i.e. a range of opportunities for the BVHP community to participate in the economic benefits stemming from development). The City, the Agency and the Primary Developer will work with the PAC and the CAC to create specific programs that best achieve these objectives.

vii. Consistent with the objectives of the BVHP and Shipyard Redevelopment Plans, the Project will fund and support a robust employment and contracting program incorporating the Agency's minimum compensation and prevailing wage policies to make available permanent and construction jobs to economically disadvantaged individuals who become eligible through appropriate job-training programs sponsored or approved by the City or the Agency, with first consideration going to BVHP residents. The Project will also fund or furnish suitable opportunities for local economically disadvantaged business enterprises, including in the design and construction of the Project.

viii. In addition to providing such job and contracting opportunities, the commercial component of the Project will include neighborhood serving retail uses to serve community residents.

ix. The Project will enhance open spaces by revitalizing the Candlestick Point State Recreation Area and developing great new parks and public open spaces in the Project Site in connection with the mixed-use development. In rehabilitating the state recreation area, the Project will construct improvements that make the park more usable for residents and visitors alike, including enhancing access to the waterfront for public use, providing views of the Bay, and extending the Bay Trail system through the Project Site and providing for connections to shoreline improvements in Area C of the BVHP Redevelopment Plan.

x. The Project will include access improvements to and from the Project Site and connections to the City's transportation system not just by automobile but also by public transit and alternative means such as foot, bicycle and, if practicable, water, in furtherance of the City's transit first policy. The Project will incorporate innovative, feasible transportation solutions that reduce the impacts of traffic associated with the Project, on the surrounding BVHP neighborhoods.

xi. The design of the Project should take into account and respond to its context in view of existing and anticipated future conditions of neighboring portions

of the community and develop streets and open space systems that integrate with the surrounding neighborhood.

xii. The Project should incorporate leading environmental sustainability principles in an integrated land use plan, including green technologies in designing, building and maintaining the improvements, as well as the public recreation facilities and open spaces and other public infrastructure, including stormwater, wastewater, transportation and utility systems.

xiii. The Project should create opportunities to use renewable energy sources, such as solar power, and should explore the feasibility of using power provided by the City's Public Utilities Commission.

xiv. The Project as a whole must be financially self-sufficient, such that the anticipated net tax revenues and any other revenues that the City and the Agency receive from the Project will cover the projected City costs of providing and maintaining public facilities and services needed for new development and public infrastructure (including parks) in the Project Site. In order to deliver the public benefits contemplated by this Framework without adversely impacting the City's General Fund, the Project, like Mission Bay, Treasure Island and the first phase of development at the Shipyard, will probably have to be financed with hundreds of millions of dollars of private capital that can leverage tax-exempt public financing mechanisms based on Project revenues or secured by land in the Project Site, such as property tax increment and Mello-Roos bonds. The extent to which the Project can leverage these funds and thus the amount of public benefits that the Project can produce, will likely depend significantly on the amount of land value created by the planning and entitlement process for the Project Site. Ultimately, the realization of public benefits, and the array of those benefits, will depend on the Project being financially feasible for the Primary Developer, the City and the Agency.

xv. No property tax increment from any area outside of the Project Site, including any other part of the BVHP Plan or Hunters Point Shipyard Project Areas, will be used to finance any improvements in the Project Site. The only exception to this prohibition against importing any tax increment is that the Agency may elect to use property tax increment from its City-wide Affordable Housing Fund to help finance Agency-sponsored affordable housing projects in the Project Site.

xvi. Consistent with the BVHP and Hunters Pont Shipyard Plans and City policy for tax increment financing, the City and the Agency may allocate property tax increment generated in the Project Site to (i) help finance the construction of affordable housing in the Project and elsewhere in the Shipyard and BVHP Redevelopment Project Areas, (ii) build or improve public infrastructure approved in advance by the City, such as parks, trails and open space, roads

and other transportation facilities, and utilities, and, more generally, the greening of BVHP neighborhood streetscapes, (iii) build community facilities, such as schools, libraries and health centers, and (iv) fund workforce and economic development programs to assist in creating job and contracting opportunities for area residents and businesses, and to assist local small businesses.

xvii. In recognition of the inclusion of the existing stadium site on Candlestick Point that is under RecPark's jurisdiction, upon expiration of the current stadium lease, the Project shall generate revenues to RecPark for recreational purposes or provide recreational facilities for RecPark, or both.

xviii. Private commercial and market-rate residential property developed on the Project Site may be subject to establishing one or more community facility (Mello Roos) or special assessment districts that levy special taxes on that property to help finance the development, maintenance and operation of public parks and open space improvements (including, but not limited to, programs for park use), roads and other public infrastructure.

xix. The Primary Developer will provide financial and contractual assurances to assure the City and the Agency that the planned public infrastructure for which the Primary Developer is responsible will be built on time and in accordance with City requirements.

xx. In accord with the limitations set forth in the BVHP Redevelopment Plan, neither the City nor the Agency will use eminent domain to acquire any residential property in assembling land needed for the Project and will otherwise abide with the BVHP Redevelopment Plan's restrictions and limitations on eminent domain for non-residential property.

xxi. To the extent the Project includes former tidelands that continue to be controlled by the public trust, the Project must be consistent with any applicable requirements under public trust law, subject to any property exchange or other agreements authorized by State law. Any changes to the proposed trust exchange for the Shipyard shall be subject to prior review and comment by the CAC.

xxii. The Project must ensure that the stadium on Candlestick Point is demolished at no cost to the City, including the Recreation and Park Department, or the Agency, when the 49ers lease of the existing stadium expires.

xxiii. The City, the Agency and the Primary Developer should work with the Navy and the various environmental regulatory agencies with jurisdiction over the Shipyard to explore how to best expedite the cleanup and transfer of the Shipyard, including possibly through one or more "early transfers" of the Shipyard if any such early transfer would otherwise accelerate realization of

the goals and public benefits from redevelopment of the Project and still be protective of human health and the environment, as set forth in Exhibit D attached to this Framework.

xxiv. To help ensure that the mix of uses planned for the Project is built and to help diversify development risk, the developer should enter into joint ventures or other appropriate contractual arrangements with other entities that have the expertise and wherewithal to develop key aspects of the Project, subject to approval by the Agency under the ENA and related option agreement as applicable.

xxv. The Primary Developer should cooperate in the planning efforts of the City and Agency for Area C of the BVHP Redevelopment Plan, also referred to as the Hunters Point Shoreline Area, so that the Project is integrated with development of Area C.

xxvi. The Primary Developer should explore the feasibility of including in the Project an arena building, suitable for hosting a variety of public events year round.

B. Principles Relating to Possible Inclusion of Alice Griffith Housing Development (Double Rock)

i. Subject to consultation with the residents of the Alice Griffith Housing Development (also known as Double Rock) and to approval by the Housing Authority and the United States Department of Housing and Urban Development ("HUD"), the housing component for the Project may present an opportunity to achieve the goal of improving the housing for existing residents by renovating or rebuilding the Alice Griffith Housing Development. If so, the Alice Griffith land may be made part of the Project Site so long as the Project provides for at least one-for-one replacement of units at existing low income levels and of the same household size and the construction of the Project must be phased to ensure that the Alice Griffith residents have the right to move to the new upgraded units, without being displaced from the Alice Griffith Housing Development until the replacement units are ready for occupancy.

ii. If renovation or reconstruction of the Alice Griffith Housing Development is undertaken in conjunction with the Project, such renovation or reconstruction shall comply with all applicable Housing Authority and HUD requirements and be consistent with the City's Community of Opportunities program and with the HOPE SF principles adopted by the Public Housing Task Force appointed by the Mayor and Supervisor Maxwell, as the same may be modified as endorsed by the City and the Housing Authority. (See Exhibit F attached to this Framework for the HOPE SF principles adopted by the Task Force in March 2007.)

C. Principles Applicable to the Stadium Alternative

(i) The 49ers will be responsible for financing the construction of a new world-class NFL stadium. Accordingly, the City will not issue the revenue bonds authorized under Proposition D, passed in June 1997, nor any general obligation bonds or other similar General Fund indebtedness for the stadium-related development. In addition, no property increment shall be used to finance the construction of the stadium itself, except for any public infrastructure, including, but not limited to, public plazas or other public improvements, that may be connected to the outside of the stadium structure.

(ii) Neither the City nor the Agency will incur any liabilities regarding development or maintenance of the new stadium, including any construction cost overruns or marketing of stadium interests.

(iii) To allow the stadium construction to be financed without the Proposition D-authorized revenue bonds or other General Fund indebtedness, the 49ers may directly, or through contracts with others, capture commercial revenues associated with the new stadium, such as naming rights, and with the related mixed-use development. But such ability will be subject to the right of the City or the Agency, as applicable, to participate in net revenues after the 49ers and its developer partners receive a commercially reasonable return taking into account market-based requirements to repay the private financing and the risks they assume by privately developing and operating the stadium.

(iv) In addition to paved parking areas, the Project should create as much green parking area as practicable, similar to the turf parking serving the Stanford stadium and that provides public recreational uses when not used for parking. The Project should also create opportunities to use stadium parking areas to serve commercial uses in the Project, including local area transit shuttles, to reduce the need for parking facilities for those uses.

(v) To the extent necessary to make the Project financially feasible and achieve the required public benefits, the City or the Agency, as applicable, may enter into a long-term ground lease or possibly conveyance of land at less than fair market or nominal value, so long as the goals and other guiding principles for the Project described in this document are satisfied. If leased, the ground lease for the new stadium will be net to the City or the Agency, as applicable, meaning that the 49ers will be responsible for performing maintenance, operation and repair of the stadium.

(vi) The Primary Developer shall provide such financial and contractual assurances as the City may require assuring the City, the Agency and the

49ers that the transportation infrastructure needed for the stadium is complete and in service before the new stadium opens.

D. Principles Applicable to the Non-Stadium Alternative

(i) If the 49ers do not proceed with a new stadium, ensure that the land on the Shipyard that would otherwise be developed for stadium uses and land at Candlestick Point when it becomes available are redeveloped in a manner consistent with this Framework and the Shipyard Redevelopment Plan and provide additional tangible public benefits, such as new or improved recreational opportunities, beyond those what would have been provided under the stadium alternative.

(ii) Ensure that the Project Site is revitalized, and that the City in general and the community in particular realize public benefits from development of the Project Site, even if the 49ers do not build a new stadium there.

2. **Preliminary Site Plan.** For planning purposes, a preliminary development plan for the Project Site is attached as Exhibit A to this Framework. The preliminary plan includes an alternative for a new stadium for the 49ers primarily on Parcel D of the Shipyard.

A. Alice Griffith Housing Development (Double Rock). For planning purposes of this document, the Project Site may include the Alice Griffith Housing Development (also known as Double Rock), subject to the applicable principles set forth in Section 1 of this Framework, including consultation with existing residents and approvals from the Housing Authority and HUD. Notwithstanding anything suggested to the contrary in this Framework, the ENA or the MOU, the Primary Developer shall not by virtue of helping facilitate the planning efforts of the City and the Agency, in cooperation with the Housing Authority, to examine the possibility of a reconstruction or rehabilitation of the Alice Griffith Housing Development, have any rights to undertake any such development.

B. RecPark Land. For planning purposes, the Project Site also includes the City's approximately 77-acres, currently under lease to the 49ers, subject to the applicable principles set forth in Section 1 of this Framework and to the MOU.

C. Public Trust Land. For planning purposes, the Project Site includes various strips of land, including paper streets, that consist of filled tidelands and may be impressed with the public trust. Some of those lands on Candlestick Point are under the jurisdiction of the City's Port. With regard to Candlestick Point, the Project is anticipated to entail the termination of the trust, exchange of trust lands within the Project Site, or other agreements involving the use of such lands, or a combination, as contemplated by Senate Bill No. 1641 (1998), as the same may need to be amended for the Project, and subject to agreement by the State Park and Recreation Commission and State Lands Commission and by the Port Commission as the case may be.

3. **Transportation Infrastructure.** The preliminary plan for transportation infrastructure to serve the Project is described on the attached Exhibit C.

4. **Hazardous Materials Remediation.** The preliminary plan for remediation of hazardous materials for Parcels A-3 and B through E of the Hunters Point Shipyard to accommodate the development of uses and schedule for the Project is described in the attached Exhibit D.

5. **State Parks and Public Recreation and Open Space.** The preliminary plan for improvement of the State park land is attached as Exhibit E.

6. **CEQA Review.** While this Framework summarizes the initial development concept for a proposed Project and certain essential terms to be included in any future transaction documents, it does not set forth all of the material aspects of the Project or the terms and conditions of those documents. This Framework is not intended to be, and will not become, binding on the City, the Agency the Primary Developer or Lennar, and no legal obligation will exist (other than those set forth in the ENA) unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA environmental review process and on other public review and hearing processes and subject to all applicable governmental approvals, consistent with all applicable laws. The City and the Agency each retain the absolute discretion before action on the Project by the Board of Supervisors, the Agency Commission, the Planning Commission, the Recreation and Park Commission, or any other government agency, as applicable, to (i) make such modifications to the Project as may be necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid significant environmental impacts, (iii) balance the benefits against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine whether or not to proceed with the Project. If as a result of the environmental review or other public approval process there are any proposed material modifications to the Project that are not acceptable to the parties in their respective sole discretion, then, there shall not be deemed to be any understanding of the parties to proceed with the Project under the terms or principles outlined in this Framework.

CONCEPTUAL FRAMEWORK FOR DEVELOPMENT

LIST OF EXHIBITS

EXHIBIT A	Preliminary Site Plan
	Preliminary Development Program Summary
	3d Perspective View
	Project Location
EXHIBIT B	Board of Supervisors Resolution No. 59-07
EXHIBIT C	Preliminary Transportation Infrastructure Plan
EXHIBIT D	Preliminary Hazardous Materials Remediation Plan
EXHIBIT E	Preliminary State Park and Public Recreation/Open Space Plan
EXHIBIT F	HOPE SF Principles

NOTE: Exhibits A, C, D and E reflect the stadium alternative

EXHIBIT A

PRELIMINARY SITE PLAN

[plan map showing site and land uses]

EXHIBIT A – PRELIMINARY SITE PLAN

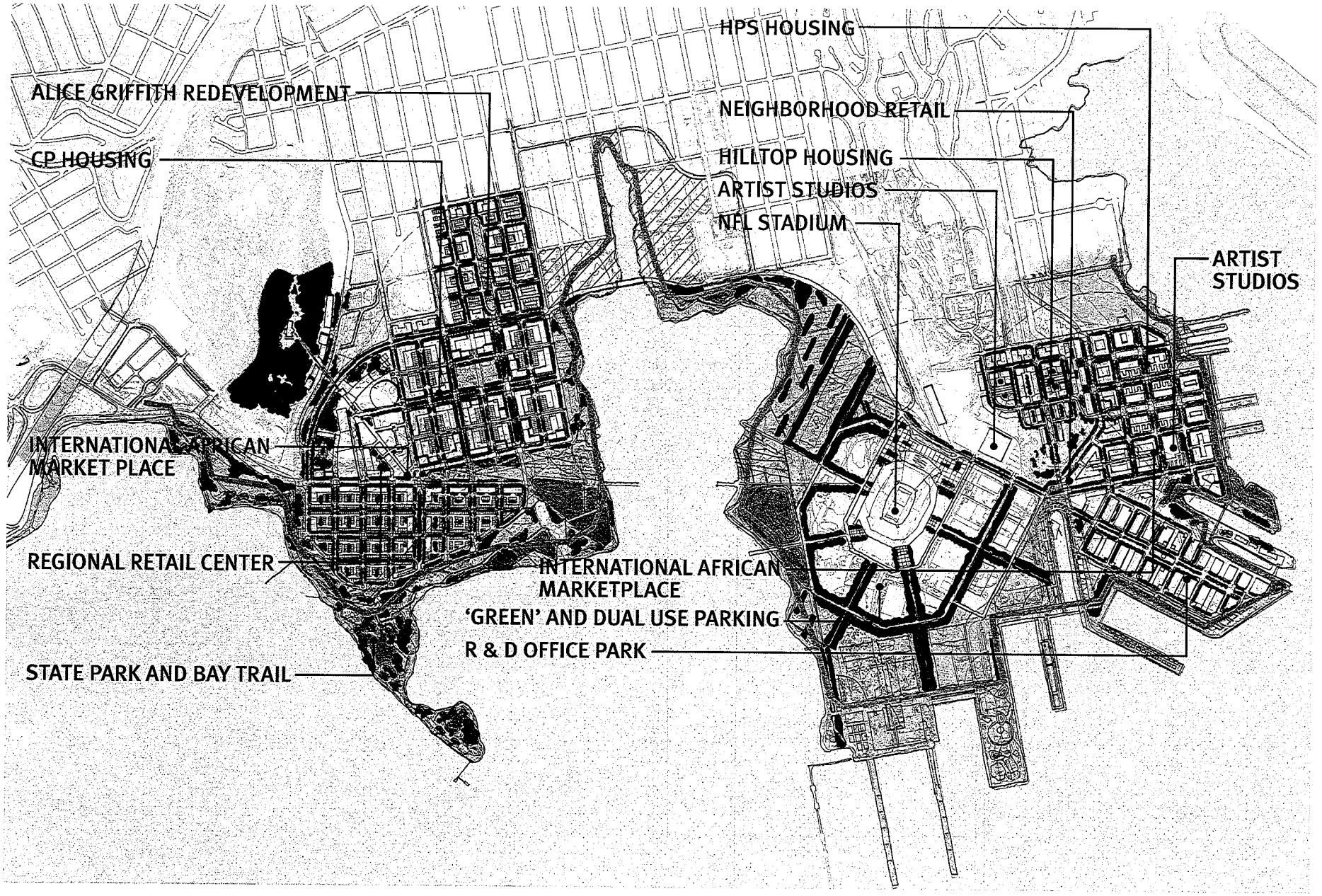

EXHIBIT A – PRELIMINARY DEVELOPMENT PROGRAM

– 6,500 homes on Candlestick Point & 2,000 homes on the Shipyard

– Both Rental & For-sale

– 2M sq. ft. of R & D

– Rebuild of Double Rock - No Resident Displacement

– 500,000 - 700,000 sq. ft. of Retail

– Over 300 acres of Open Space

– Approximately 150,000 sq. ft. of Office Space

– Space for 49ers Stadium

– Approximately 80,000 sq. ft. of Neighborhood Serving Retail

– African Marketplace

– Artists Studios

– Space for an Arena

EXHIBIT A – 3D PERSPECTIVE VIEW

EXHIBIT B

BOARD OF SUPERVISORS RESOLUTION

EXHIBIT B

Amendment of the Whole
in Board
2/13/07

FILE NO. 070099 RESOLUTION NO. 59-07

[Redevelopment of Candlestick Point and the Hunters Point Shipyard for an integrated mixed-use project, including possibly a new 49ers stadium.]

Resolution endorsing the efforts of the City, the Redevelopment Agency and Lennar Corporation to generate a conceptual proposal for a mixed-use development on Candlestick Point and Hunters Point Shipyard that includes the possibility of a new state-of-the art stadium and associated parking for the San Francisco 49ers and that will provide parks and open space, jobs, affordable housing and other tangible economic and other public benefits for the Bayview Hunters Point community as soon as possible, and urging the Redevelopment Agency to work with the City to amend its exclusive negotiations agreement with Lennar/ BVHP Partners for the Hunters Point Shipyard to provide for an integrated redevelopment project on Candlestick Point and the Shipyard.

WHEREAS, The Bayview Hunters Point ("BVHP") community has one of the lowest median income and highest unemployment rates in the San Francisco, and the betterment of the quality of life for the residents of the BVHP Community is one of the City's highest priorities; and,

WHEREAS, Redevelopment of the Candlestick Point and Hunters Point Shipyard areas with a mixed-use project would provide much needed parks and open space, employment, and affordable housing opportunities, as well as other tangible economic and public benefits, for the BVHP community in particular and the City as a whole; and,

WHEREAS, In June 1997, the electors of the City and County of San Francisco adopted two measures – Proposition D and Proposition F – providing for the development of a new state-of-the-art stadium for the San Francisco 49ers and entertainment retail shopping center at Candlestick Point; and,

WHEREAS, Under Proposition F the people of San Francisco adopted a policy that Candlestick Point and the surrounding area is the most suitable location in San Francisco for the construction of a new 49ers stadium and that the development associated with the stadium development would assist in revitalizing the economy of the BVHP area and provide jobs; and,

WHEREAS, For several years following the approval of Propositions D and F, the City worked with the 49ers and its developer partner, the Mills Corporation, to pursue a plan for developing the stadium and adjoining entertainment retail shopping center project, but that plan proved to be economically and practically infeasible, and in the Fall of 2005, the 49ers terminated their exclusive negotiation arrangement with the Mills Corporation; and,

WHEREAS, In the Fall of 2005, the 49ers, after having conducted a competitive process for a new developer partner, selected Lennar Corporation ("Lennar") to explore the feasibility of a new plan for development of a stadium in the context of a comprehensive mixed-use project at Candlestick Point; and,

WHEREAS, Over the course of about 18 months, Lennar, working in cooperation with the 49ers and the City, created a new preliminary plan that would provide for a world-class 49ers stadium and related mixed-use development at Candlestick Point, consisting of about 6,500 new housing units, including affordable units and the replacement of the Alice Griffith Public Housing Development, together with retail and commercial uses, new public open spaces and major improvements to the state park, and substantial transportation improvements at Candlestick Point; and,

WHEREAS, In the Fall of 2006, the 49ers decided that the proposed plan for Candlestick Point did not fully meet their needs for a new football stadium, and on November

8th the 49ers announced that they would instead focus on examining the feasibility of a new stadium in Santa Clara; and,

WHEREAS, On November 21, 2006, Lennar, in conjunction with the Mayor's Office of Economic and Workforce Development, presented at a public hearing before the full Board of Supervisors the preliminary plan for the stadium related development Candlestick Point; and,

WHEREAS, Although the 49ers acknowledged that the preliminary plan for Candlestick Point was a great plan for mixed-use development, the 49ers stated that it did not work adequately for their football needs mainly because of concerns about the inclusion of a large parking garage that would serve 49ers fans, the cost and risk of completion of the necessary transportation improvements, the impacts on stadium operations during the construction of the development, and the risk of the entitlement process; and,

WHEREAS, The 49ers are an important source of civic pride and are closely identified with San Francisco, having played in San Francisco since the 1940s and at Candlestick Point since the early 1970s; and,

WHEREAS, The City remains committed to addressing the 49ers' concerns and examining a new plan that meets their needs, but at the same time the City's primary goal is to assure that it can produce a plan that is fiscally prudent for the City and that will deliver parks and public open space, jobs, affordable housing and other tangible economic and public benefits to the BVHP community and the City as soon as possible; and,

WHEREAS, In March 1999 the Redevelopment Agency of the City and County of San Francisco (the "Agency"), through a competitive process, selected Lennar/ BVHP Partners, an affiliate of Lennar, as the primary developer of the Hunters Point Shipyard, and Lennar/ BVHP Partners has since been working diligently with the City, Agency and the United States Navy

to provide for the environmental remediation and transfer of the Shipyard by the Navy to facilitate the redevelopment and economic revitalizations of the former base; and,

WHEREAS, In July 1997, the Board of Supervisors, by Ordinance No. 285-97, adopted a Redevelopment Plan for the revitalization of the Hunters Point Shipyard Project Area, and in June 2006, the Board of Supervisors, by Ordinance No. 113-06, adopted a Redevelopment Plan for the Bayview Hunters Point Project Area, including land in Candlestick Point; and,

WHEREAS, Following the 49ers' announcement in November 2006 that they would concentrate on exploring the feasibility of building a new stadium in Santa Clara, Lennar, in cooperation with the City, has expended significant resources and has been working diligently on a new preliminary plan that would site the stadium and related parking on the Hunters Point Shipyard, and would provide for an integrated mixed-use development across both Candlestick Point and the Hunters Point Shipyard; and,

WHEREAS, In the Mayor's December 28, 2006 letter to the 49ers, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 070099, which is hereby declared to be a part of this resolution as if set forth fully herein, the Mayor set forth a new preliminary plan based on such planning work, treating Candlestick Point and the second phase of development for the Hunters Point Shipyard as an integrated project; and,

WHEREAS, The policy goals adopted by the People of San Francisco under Proposition F, as well as the objectives for this area under the BVHP and Shipyard Redevelopment Plans adopted by the Board of Supervisors and the public benefits under the earlier Lennar plan for Candlestick Point can best be achieved by consolidating the revitalization of Candlestick Point and the Hunters Point Shipyard as a single project; and,

WHEREAS, The 49ers have indicated a willingness to work with the City and Lennar to consider the feasibility of a possible plan for a new stadium and associated parking on the Shipyard; and,

WHEREAS, On or before March 31, 2007, the Mayor's Office of Economic and Workforce Development intends to present, and the Board wishes to consider at a public hearing, the new preliminary plan for the Candlestick Point and the Shipyard to determine if the integrated plan is fiscally feasible and responsibly delivers sufficient public benefits, and whether environmental review should commence; and,

WHEREAS, The lease with the 49ers of the current stadium on Candlestick Point is currently scheduled to expire on May 31, 2013; and,

WHEREAS, The new consolidated development plan should include, without limitation, the City's approximately 77-acres of land at Candlestick Point that the stadium is located on as well as the site of the Alice Griffith Public Housing Development, and the remainder of the Hunters Point Shipyard, and should involve coordination with, among others, the State Parks Department, to produce the best possible project boundaries to achieve all of the aforementioned public benefits, including significant open space and recreation opportunities; and,

WHEREAS, The new consolidated development plan should explore the construction of hundreds of acres of new waterfront parks and open space, 8,500 new units of housing, including replacing the Alice Griffith Public Housing Development as part of a larger affordable housing program, extensive job-generating retail and research and development space, and permanent space for the artists at the Hunters Point Shipyard, and should be consistent with the applicable guiding principles for development on file with the Clerk of the Board of

Supervisors in File No. 070099, which is hereby declared to be a part of this resolution as if set forth fully herein; and,

WHEREAS, The consolidated development plan should also provide for the possibility of developing a new stadium and associated parking on a portion the Hunters Point Shipyard, if the 49ers timely determine that such a stadium is feasible, but the plan should allow the rest of the mixed-use development and all of its attendant public benefits to proceed regardless of the 49ers' final decision about the location of a new stadium; and,

WHEREAS, Any integrated project ultimately proposed by the City, the Agency and Lennar shall be subject to a process of thorough public review and input and all necessary and appropriate approvals; that process must include environmental review under the California Environmental Quality Act ("CEQA") before the City or the Agency may consider approving the project; the project will require discretionary approvals by a number of government bodies after public hearings and environmental review, including by the City's Board of Supervisors, Planning Commission, Recreation and Park Commission and Redevelopment Agency Commission; the project also may require approval by various State agencies, such as the State Park and Recreation Commission, Bay Conservation and Development Commission ("BCDC"), and State Lands Commission; and, in addition, the project may require amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans, in accordance with the procedural and substantive requirements of the California Community Redevelopment Law; and,

WHEREAS, Nothing in this resolution commits, or shall be deemed to commit, the City, the Agency or any other public agency to approve or implement the project, and they may not do so until environmental review of the project as required under CEQA has been completed; accordingly, the references to "the project" (or the like) in this resolution mean a proposed

project subject to future environmental review and consideration by the City, Agency and other public agencies; further, the City, the Agency and any other public agency with jurisdiction over any part of the project each shall have the absolute discretion before approving the project to: (i) make such modifications to the project as may be necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives to avoid or substantially reduce significant environmental impacts; (iii) require the implementation of specific measures to mitigate any specific impacts of the project; (iv) balance the benefits of the project against any significant environmental impacts before taking final action if such significant impacts cannot otherwise be avoided; or (v) determine whether or not to proceed with the project; now, therefore, be it

RESOLVED, The Board endorses the efforts of Lennar, working in close cooperation with all of the appropriate City departments (including, without limitation, the Recreation and Park and Planning Departments) and the Agency, to generate an integrated development plan for a mixed-use development on Candlestick Point and the Hunters Point Shipyard that includes the possibility of a new state-of-the art stadium and associated parking for the San Francisco 49ers on a portion of the Shipyard and that also provide parks and open space, jobs, affordable housing and other tangible economic and public benefits for the BVHP community, consistent with the relevant principles on file with the Clerk of the Board of Supervisors in File No. 070099, which is hereby declared to be a part of this resolution as if set forth fully herein; and, be it

FURTHER RESOLVED, That any new development that involves the site of the current Alice Griffith Housing Development must provide for at least the 1:1 replacement at existing low income levels of such housing and phase the development so that the current residents of

the Alice Griffith Housing Development will not be displaced from Alice Griffith until the replacement units are ready for occupancy.

FURTHER RESOLVED, That the Board of Supervisors encourages the 49ers to work diligently with the City, the Agency and Lennar to examine the feasibility of siting a new stadium and associated parking at the Shipyard and to make a timely determination about the feasibility of such plan; and,

FURTHER RESOLVED, That the Board of Supervisors urges the Redevelopment Agency to work with the City to amend the Agency's Exclusive Negotiations Agreement ("ENA") with Lennar/ BVHP Partners for the Hunters Point Shipyard to include redevelopment of Candlestick Point, consistent with the objectives of this resolution, provided that the ENA amendment should include provisions (i) granting an appropriate extension in the term of the ENA to allow for environmental review of the integrated project, with such interim milestones as the City and Agency typically incorporate into exclusive negotiation agreements to help assure that timely progress is made, including milestones relating to arrangements with the 49ers, and (ii) conditioning the terms of any transfer and reuse of the City's land in Candlestick Point on approval by the Recreation and Parks Commission and the Board of Supervisors, and such other possible approvals, including voter approval, as may be required; and, be it

FURTHER RESOLVED, That the Board of Supervisors urges the Mayors Office of Economic and Workforce Development and the Agency, working in cooperation with Lennar, to give a status report on or before March 31, 2007 to the Board of Supervisors on such planning efforts, and to present to the Board by such date, if possible, a preliminary plan for consideration by the Board; and, be it

FURTHER RESOLVED, That the Board of Supervisors urges the Navy and the environmental regulatory agencies with jurisdiction over the Shipyard, working in cooperation with City departments, the Agency and Lennar, to take such actions as may be required to facilitate the expeditious hazardous materials remediation and transfer by the Navy of the Shipyard, and to integrate remediation with the development plan, so that the remaining of parcels of the Shipyard may be redeveloped to achieve tangible public benefits for the BVHP community as soon as possible; and, be it

FURTHER RESOLVED, That the Board of Supervisors urges the federal and state governments to provide grant funding to the City to assist in developing the transportation infrastructure improvements that are necessary to revitalize Candlestick Point and the Shipyard, including possibly a new stadium for the 49ers, and that will serve the BVHP residents, the City as a whole and the region.

City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 070099 **Date Passed:**

Resolution endorsing the efforts of the City, the Redevelopment Agency and Lennar Corporation to generate a conceptual proposal for a mixed-use development on Candlestick Point and Hunters Point Shipyard that includes the possibility of a new state-of-the-art stadium and associated parking for the San Francisco 49ers and that will provide parks and open space, jobs, affordable housing and other tangible economic and other public benefits for the Bayview Hunters Point community as soon as possible, and urging the Redevelopment Agency to work with the City to amend its exclusive negotiations agreement with Lennar/BVHP Partners for the Hunters Point Shipyard to provide for an integrated redevelopment project on Candlestick Point and the Shipyard.

January 30, 2007 Board of Supervisors — REFERRED: Land Use and Economic Development Committee

February 13, 2007 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 8 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Maxwell, Mirkarimi, Peskin, Sandoval
Noes: 2 - Daly, Jew
Absent: 1 - McGoldrick

February 13, 2007 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 8 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Maxwell, Mirkarimi, Peskin, Sandoval
Noes: 2 - Daly, Jew
Absent: 1 - McGoldrick

File No. 070099

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on February 13, 2007 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

FEB 15 2007

Date Approved

Mayor Gavin Newsom

EXHIBIT C

PRELIMINARY TRANSPORTATION INFRASTRUCTURE PLAN

EXHIBIT C – PRELIMINARY TRANSPORTATION INFRASTRUCTURE PLAN

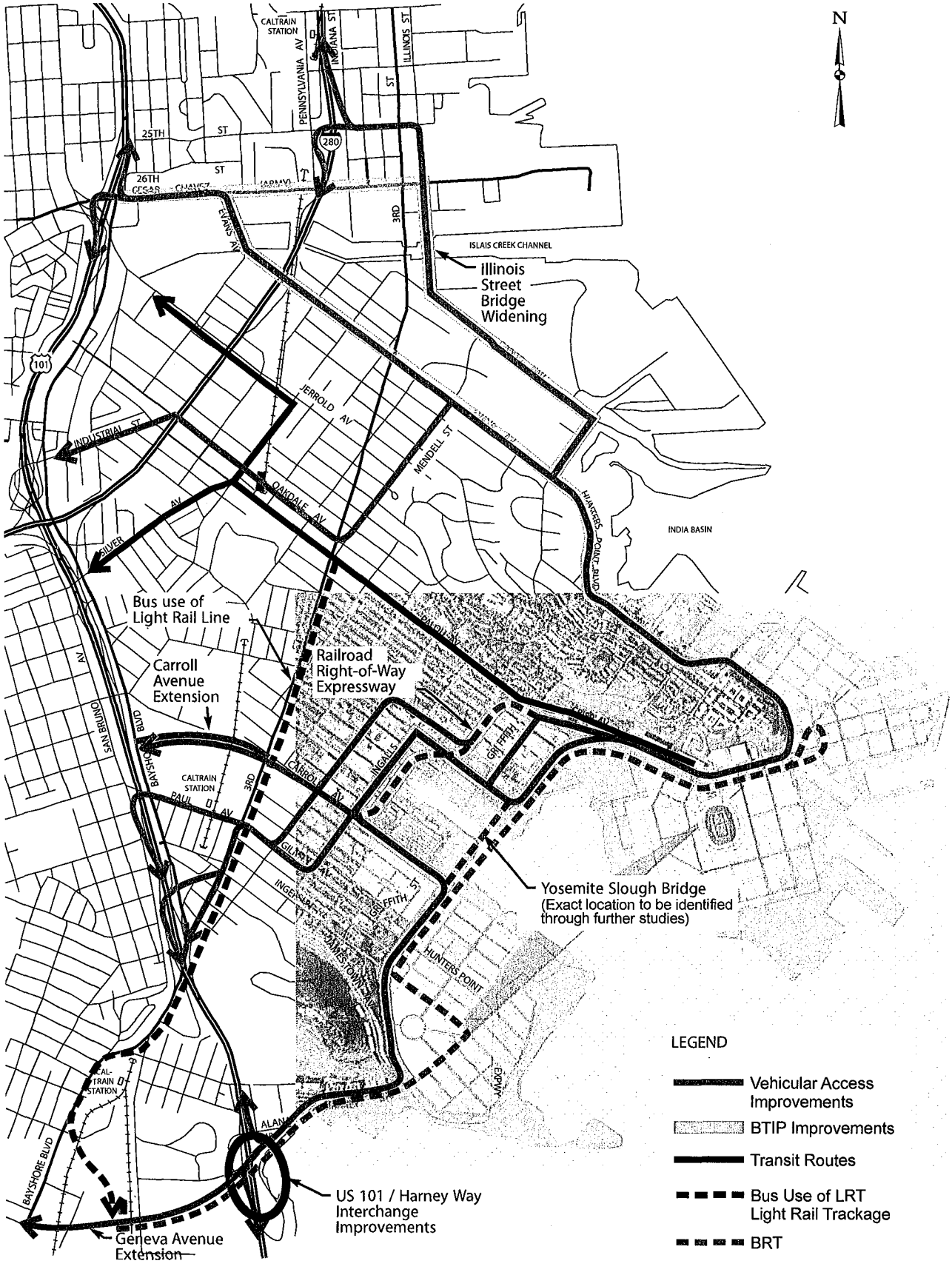

EXHIBIT D

PRELIMINARY HAZARDOUS MATERIALS REMEDIATION PLAN
(Parcels A-3 and B through E of the Hunters Point Shipyard)

EXHIBIT D

PRELIMINARY HAZARDOUS MATERIALS REMEDIATION PLAN

Background

The City and County of San Francisco and the San Francisco Redevelopment Agency ("City") are working to transform the former Hunters Point Shipyard into a source of jobs and economic development, parks and affordable housing for the Bayview Hunters Point Community. While the City has had a programmatic redevelopment plan in place for the Shipyard since 1997 and a Phase 1 development agreement in place since 2003, actual reuse depends on the Navy completing the remediation and transfer of the land. Based on the progress that was made around the Conveyance Agreement in 2004, Parcel A was successfully transferred to the City in 2005 and construction of the first phase of development on the Shipyard started immediately thereafter.

The City is ready to move forward in earnest with the planning and redevelopment of the rest of the Shipyard, including the possibility of locating a new stadium for the San Francisco 49ers on portions of the Shipyard as part of a larger mixed-use development project that integrates both Candlestick Point and the Hunters Point Shipyard. Over the years, one of the greatest barriers to moving forward with the redevelopment of the Hunters Point Shipyard has been uncertainty regarding the nature, extent and timing of the Navy's cleanup of the base. Fortunately, since the Conveyance Agreement was signed by the Navy and the City in 2004, the Shipyard has received unprecedented levels of cleanup funding. To date, the Navy has spent almost $500,000,000 on the remediation of the Shipyard, far more than any other closed Navy base in the country. Of course, the Navy still has a long way to go and may need to spend at least that much money or more to finish the job.

In light of the work that has been completed to date and the work that remains, City staff, working with the Navy and federal and state environmental regulators, are working to formulate a specific strategy to expedite the cleanup and transfer of the Shipyard to both meet the 49ers timelines and to allow us to move forward with community benefits like parks, affordable housing and jobs for the Bayview. With or without the 49ers, there is an urgent need for the Navy to fulfill its obligations under the Conveyance Agreement and to remediate and convey this land to the City as quickly as possible in a condition that is consistent with the City's reuse plans.

Summary of Remediation Strategy

In summary, the City's suggested approach is as follows:

- Phased Early Transfers. The City is willing to pursue a series of phased "early transfers" of the Shipyard. Under an early transfer, the City would assume responsibility for completing certain remaining environmental remediation, which would be financed by the Navy through an Environmental Services Cooperative Agreement (ESCA) grant. In the past, the City has not been willing to pursue early transfers at the Shipyard. However, because sufficient progress has been made over the last few years in characterizing and remediating large portions of the base, early transfer is now a feasible option, particularly for Parcels B and D. As noted further below, the assumption of environmental responsibility would not include the radiological program, which under the proposal must be completed before any early transfer. In exchange for assuming environmental responsibility, the Navy would pay the City, under the ESCA, an amount equal to what would have been the Navy's cost of completing that particular cleanup work. The City would then transfer the environmental cleanup obligation and the funds to a specialized remediation firm – either directly or through Lennar – who would, in turn, guaranty the work under a fixed-price or similar remediation contract and environmental insurance. The remediation work would be completed in conjunction with development work, including possibly preparing the stadium footprint area for the 49ers. In any event, completing the physical cleanup work in conjunction with the physical development work at the site will save significant time and is key to meeting the proposed schedule with the 49ers and expediting delivery of the community benefits associated with the project.

- Conditions to Early Transfer. The regulators, Navy technical staff and the City agree that the City should not consummate an early transfer on any parcel until the Navy's radiological work on that parcel is complete and approved by the regulators. The City is also suggesting that certain other major removal actions be completed prior to early transfer. As a result, unlike other early transfers, the remaining cleanup work that would be assumed under an early transfer at the Shipyard would be limited to implementing environmentally appropriate cover remedies like a "cap", often in the form of streets, parks and building foundations. This approach avoids the inefficiencies caused by the Navy implementing a cap remedy, then transferring the land to the City, and then having our developers breach and rebuild the cap as part of redevelopment. It also significantly reduces the risks to the City and Lennar of an early transfer because most of the actual "removal actions" will have been completed by the Navy first.

- Phasing. The key to this strategy from a timing perspective, both for the 49ers and for the larger development itself, is that the early transfers and the work that needs to be done prior to the early transfers must be phased strategically. If we simply wait for all of the radiological and regulatory work that needs to be done to transfer the whole base at once, it will take many, many years before we can even begin any development. But if we work cooperatively with the Navy to prioritize sites like Parcels B and D that are already well along in the remediation process, we can begin development much sooner – including on the stadium site. And we can design our development plans so that we are ready to develop parcels as soon as the Navy has the next phase of work ready for another early transfer, until all of the work is done.

- Funding. As always, our ability to implement cleanup plans for the Shipyard depends on the Navy providing adequate funding. We are working with the Navy and our Congressional delegation to ensure that the Shipyard continues to receive the robust levels of funding that are needed. But given the long timelines for redevelopment of the Shipyard, we do not need all of the money at once. Instead, we are focused on a phased funding strategy that allows us to prioritize the cleanup of certain areas as we are ready to develop them.

- Stadium Site. As a practical matter, early transfer is an especially important tool if we are to meet the 49ers' deadline for being in a new stadium by the beginning of the 2012 football season. Based on our preliminary discussions with the Navy, Federal Environmental Protection Agency (USEPA), California Department of Toxic Substances Control (DTSC), and Regional Water Quality Control Board (RWQCB), and the evaluation of the current status of cleanup activities by City staff and consultants, we believe it is feasible to coordinate construction of the new stadium with the cleanup activities to meet this deadline. However, for a number of financial and logistical reasons, title to the property must pass from the Navy to the City before commencement of physical site preparation work on the stadium site.

Discussion of Specific Issues and Needs

Top-Level Management Oversight of Project. To succeed, the City's approach will require regular, hands-on involvement from top-level management of all the parties including the Navy, USEPA, DTSC, the RWQCB, City, Lennar, community organizations and interested Congressional representatives. The City has already begun convening meetings of top-level management to monitor progress and resolve problems in real-time.

Phase 1 Area. The first-phase early transfer would occur by May 2009, and encompass the 27-acre stadium footprint –mainly on Parcel D - and related site preparation areas and roadway and utility corridors. If feasible from a resource perspective, Phase 1 should also include Parcel B. Inclusion of Parcel B in the Phase 1 early transfer would facilitate resolution of many of the problems that have arisen with the Navy's proposed institutional controls for that parcel and would help expedite the delivery of a number of important community benefits. Given the Navy's currently-defined schedules, we expect that much of the Parcel B remediation work has already been programmed into the Navy's plans and budgets to meet that timeline.

To meet these deadlines, we need to accomplish the following:

- The Navy needs to prioritize its radiological surveys and obtain a free release designation from the appropriate regulatory authorities of all impacted buildings and underground areas (primarily utilities) in the Phase 1 area so as to complete this work in early 2009 in time for completion of an early transfer before July 2009. Based on extensive conversations with technical staff, including the affected regulatory agencies, we believe that deadline is fully achievable.

- The Navy, City, USEPA, DTSC and RWQCB need to work together closely over the next four months to reach agreement on how remediation of groundwater contamination in the Phase 1 area can be accelerated to meet these deadlines. These discussions should focus on whether groundwater treatment in any form, such as an injection remedy, is needed at all given the intended reuse; if it is, whether it is best accomplished through focused remediation treatability studies conducted prior to transfer and commencement of construction or through integration of the installation of the remedy with construction after transfer.

- The Navy, City, USEPA, DTSC and RWQCB need to work together over the rest of this calendar year to confirm that the expected conceptual cleanup plan for all of the soil sites in Phase 1 will involve a combination of removal of hot spots and placement of cover, with conditions imposed on removal or disturbance of the cover. Further, we must concur on a process ensuring that the cover remedy can be implemented in conjunction with either construction

of the stadium and parking lots or other development activities as the final remedy or a component of the final remedy for these sites.

- The City, Navy, USEPA, DTSC, and RWQCB need to develop a risk management plan that sets forth specific site management and construction requirements which, if followed, do not require subsequent approvals by the regulators (except in special circumstances, e.g., discovery of unknown conditions in the subsurface) before engaging in grading and construction activities or allowing residential construction and occupancy.

Subsequent Phases. The next phase early transfer would occur by April 2011, and would encompass include as much of the remainder of Parcels B, D and E as resources allow, although the City has reservations about including Parcel E-2 (the landfill) in an early transfer, as discussed below. Depending upon which portions have been included in the first two transfers, and which portions may become suitable for a FOST transfer in the meantime, it may make sense to transfer the remaining Parcels in a third phase early transfer some time after 2011.

However configured, for each transfer, the City would assume responsibility for completing the remaining environmental remediation, which would be financed by the Navy through an Environmental Services Cooperative Agreement (ESCA) grant. As noted above, the assumption of environmental responsibility would not include the radiological program, which would be completed before the early transfer dates. And, as with the soil sites in Phase 1, the Navy, City, USEPA, DTSC, and RWQCB need to work together to confirm that any remedial actions covered by an early transfer can be effectively implemented during construction.

Parcel E-2. The City does not currently believe it is prudent to purse an early transfer of the parcel E-2 landfill at this time. Nevertheless, the City may be willing to consider an early transfer of Parcel E-2 after the ROD has been issued and the remedy has been designed, if the Navy can assist in establishing a satisfactory financial assurance mechanism for the long-term operation and maintenance of the remedy, such as funding a conservation trust to hold and maintain the parcel as open space and parkland.

Phased Early Transfer Schedule

From now until 4/1/11: Navy and BCT Regulators aggressively continue to implement the current cleanup program and issue the Records of Decision for each parcel in accordance with the current schedule, re-prioritized to focus on sites identified by the City, including the stadium footprint, and to ensure completion of the radiological program within Phase 1 by 7/1/2009 and within Phase 2 by 4/1/11.

By 5/31/07: Reach conceptual agreement among City, Lennar, Navy, USEPA, DTSC, and RWQCB about process, schedule and structure of the Phase 1 early transfer, and in particular reach agreement on how to fast-track remedial decision making related to groundwater

contamination within the stadium footprint and associated areas, as described in more detail below.

(*The rest of the schedule set forth below is rough, subject to agreement by 5/31/07 among all the parties, and assumes that Parcel B will be included in Phase 1*)

6/1/07 to 12/ 31/07: Given the existing knowledge of the property, reach conceptual agreement (without a formal legal decision) with Navy and regulators about the nature of the remedies to be implemented after early transfer at each site where the City/Lennar would be assuming environmental responsibility to allow the Navy and the City/Lennar to negotiate a realistic ESCA grant. A conceptual agreement should also be reached about the manner in which the institutional controls for Parcel B will be structured under an early transfer to address issues with the currently proposed institutional controls discussed above.

1/1/08 to 6/30/08:

Negotiate the language of an ESCA for the Phase 1 early transfer between Navy and City and any pass-through agreement between City and Lennar and/or a specialized remediation contractor.

Negotiate the language of an Administrative Order on Consent (AOC) governing the cleanup for Phase 1 after transfer and the associated land use covenants (LUCs).

Negotiate term sheets for guaranteed fixed-price remediation contract and environmental insurance program.

Navy to prepare the administrative draft Finding of Suitability for Early Transfer (FOSET) for Phase 1.

7/1/08 – 101/08: Administrative Draft FOSET for Phase 1 circulated to City and regulators; comments are discussed and addressed.

10/1/08- 12/31/08:

Navy to Circulate Draft FOSET for Phase 1 for public comments and prepares responses to public comments.

Finalize language of ESCA and pass-through agreement, AOC, interim LUCs, deeds, remediation contract and environmental insurance program.

1/1/09-1/31/09: Responses to Public Comments on FOSET for Phase 1 issued; Navy headquarters final review of early transfer documents.

2/1/09: Navy's formal covenant deferral request for Phase 1 forwarded to EPA Regional Administrator and Governor.

2/1- 4/1/09: Governor and Regional Administrator review and approve covenant deferral request.

4/1 to 7/1/09: Title and conveyance paperwork for Phase 1 finalized. Execute ESCA and pass-through agreement, AOC, remediation contract, environmental insurance program, interim LUCs and deeds.

7/1/09 to 4/1/11: Commence construction on Phase 1 immediately after transfer, integrating remaining remediation activities and regulatory closure approvals with construction. Also, the ESCA/FOSET/AOC, *et al* process described above is repeated for Phase 2, and again if a third phase early transfer is deemed necessary and desirable at that time.

EXHIBIT E

PRELIMINARY STATE PARK AND PUBLIC RECREATION ND OPEN SPACE PLAN

EXHIBIT E – PRELIMINARY STATE PARK AND PUBLIC RECREATION/OPEN SPACE PLAN

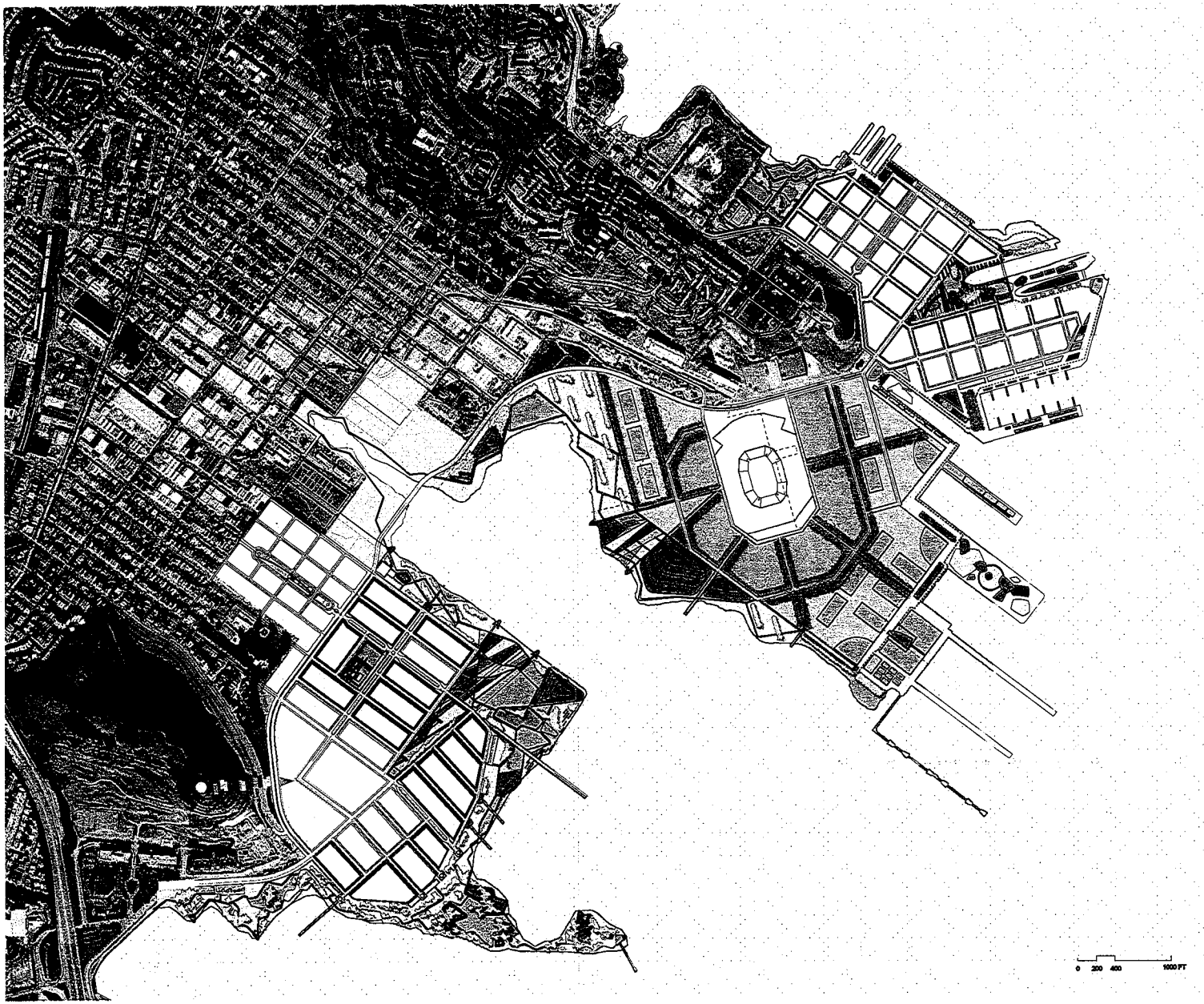

EXHIBIT E – PRELIMINARY OPEN SPACE PROGRAM

NEIGHBORHOOD PARKS

- 1a Hunters Point Shipyard
- 1b Candlestick Point/Alice Griffith

HUNTERS POINT SHIPYARD RECREATIONAL PARKS & OPEN SPACE

- 2 Urban Neighborhood Promenade
- 3 Cultural Heritage Park
- 4 Urban Waterfront
- 5 Civic Plaza
- 6 Active Urban Recreation
- 7 Grassland Ecology Park
- 8 State Park Around Yosemite Slough

CANDLESTICK POINT STATE PARK

- A Last Port
- B The Neck
- C Heart of the Park
- D The Point
- E Wind Meadow
- F Bio-filtration pond
- G The Last Rubble
- H Bayview Eco Gardens
- I Grasslands
- J Nature Interpretive Center
- K Picnic Grasslands
- L The Mounds
- M The Overlook

STADIUM OPEN SPACE

- GP Grass Parking
- DU Dual Use Areas

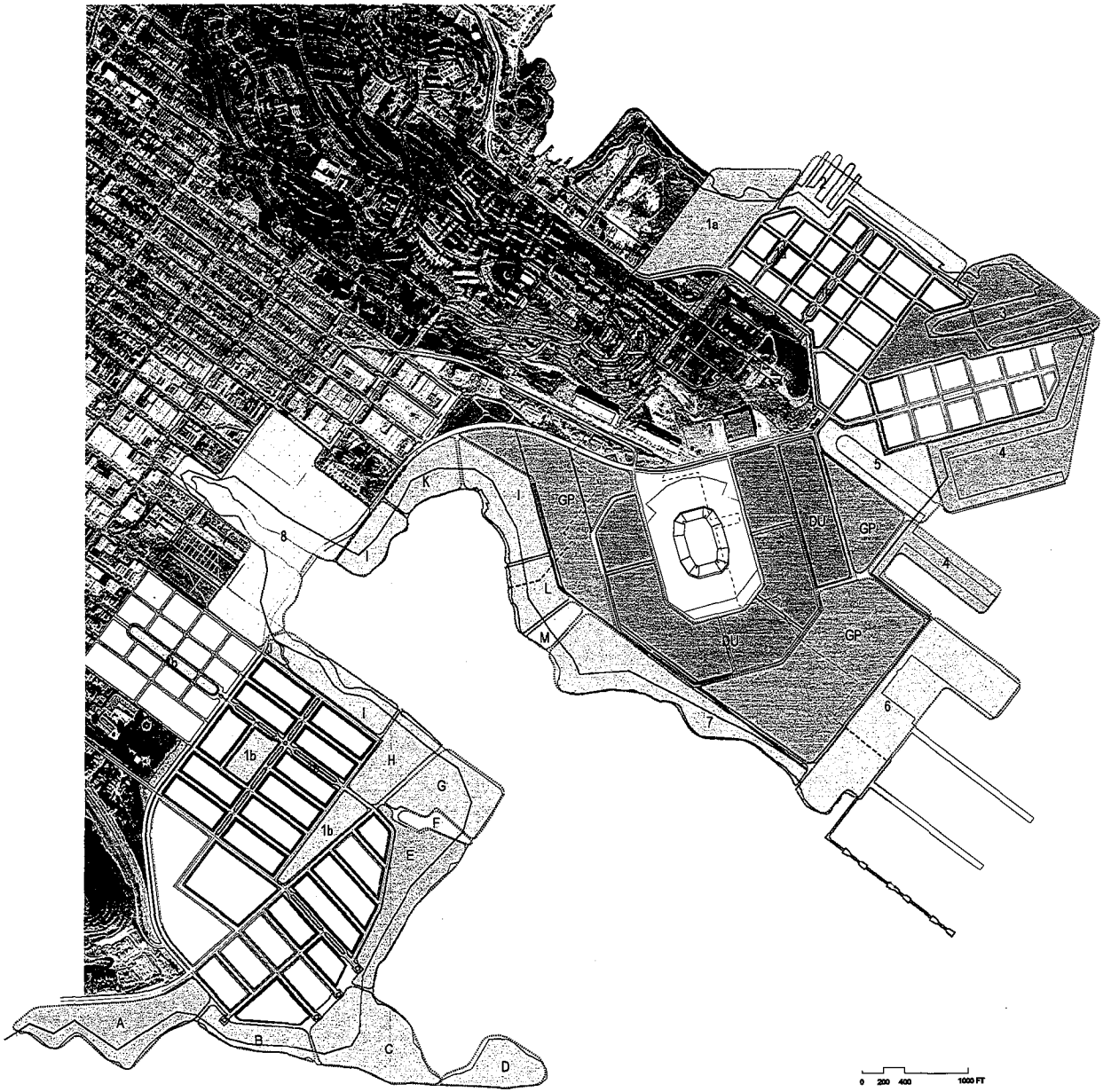

EXHIBIT F

HOPE SF PRINCIPLES

EXHIBIT F

HOPE SF PRINCIPLES

In the fall of 2006, Mayor Newsom and Supervisor Maxwell selected a broad-based task force to provide recommendations for addressing the conditions in San Francisco's most distressed public housing while also enhancing the lives of its current residents. On March 23, 2007, the task force published its recommendations and suggestions for crucial next steps to address these issues. In its report, the task force set forth the following principles for rebuilding the City's most distressed public housing, such as the Alice Griffith Housing Development (also known as Double Rock):

1. **Ensure No Loss of Public Housing:**

    - One for One Replacement Public Housing Units
    - Make Every Unit Modern and of High Quality
    - Commit to Minimize Displacement of Existing Residents
    - Phase the Rebuilding of the Sites
    - Emphasize On-Site Relocation

2. **Create an Economically Integrated Community:**

    - Build a housing ladder that includes:
        - Public Housing
        - Affordable Housing
        - Market Rate Housing
    - Emphasis on the Priority Needs for Family Housing

3. **Maximize the Creation of New Affordable Housing:**

    - In addition to one for one replacement of public housing, create as much affordable rental and ownership housing as possible on the sites
    - Fund the rebuilding of the public housing using profits from the market-rate housing

4. **Involve Residents in the Highest Levels of Participation in Entire Project:**

    - Resident Engagement in Planning and Implementation
    - Develop Mechanisms for Residents to Engage in the Process
    - Resident-Driven Occupancy Criteria

5. **Provide Economic Opportunities Through the Rebuilding Process:**

    - Connect Appropriate Job Training and Service Strategies such as CityBuild and Communities of Opportunity to the Development Process
    - Create Viable Employment Opportunities (Jobs) for Existing Residents through the Development Process
    - Take Advantage of Contracting Opportunities:

        - Existing Residents

- Local Entrepreneurs
- Small and Disadvantage Businesses

6. **Integrate Process with Neighborhood Improvement Plans:**

   - School Improvement and Reform
   - Parks Improvements
   - Improved Transportation
   - Enhanced Public Safety
   - Neighborhood Economic Development

7. **Create Environmentally Sustainable and Accessible Communities:**

   - Incorporate Green Building Principles
   - Include Design Elements that Meet Long-Term Accessibility Needs

8. **Build a Strong Sense of Community:**

   - Solicit Input from Entire Community in Planning and Development Process
   - Include Current and Prospective Residents
   - Reach Out to and Engage Neighbors