

RESOLUTION NO. 42-2007

Adopted May 1, 2007

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDED AND RESTATED EXCLUSIVE NEGOTIATIONS AND PLANNING AGREEMENT WITH LENNAR/BVHP, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO: 1) REVISE THE EXISTING NEGOTIATIONS AGREEMENT INCLUDING ITS SCHEDULE OF PERFORMANCE FOR THE DEVELOPMENT OF THE REMAINDER OF THE HUNTERS POINT SHIPYARD; AND 2) PROVIDE AN OPTION GRANTING LENNAR COMMUNITIES, INC., A CALIFORNIA CORPORATION, ADDITIONAL EXCLUSIVE NEGOTIATION RIGHTS FOR THE PROPOSED DEVELOPMENT OF AN INTEGRATED MIXED-USE PROJECT AT THE HUNTERS POINT SHIPYARD AND ON CITY-OWNED PROPERTY AT THE CANDLESTICK POINT AREA OF THE BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. 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").
2. At its meeting of March 30, 1999, after an extensive Request for Qualifications ("RFQ") process, the Commission (the "Commission") selected Lennar-BVHP, LLC as the primary developer (the "Developer" or "Lennar") for the Hunters Point Shipyard Redevelopment Project Area (the "Shipyard").
3. On June 1, 1999, by Resolution No. 68-99, the Commission approved an Exclusive Negotiations Agreement ("Original ENA") with the Developer for the redevelopment of the entire Shipyard.
4. On December 2, 2003, the Commission approved the first set of transaction documents, including the Disposition and Development Agreement Hunters Point Shipyard Phase 1 ("Phase 1 DDA") for a portion of the Shipyard identified as Parcel A-1 and Parcel B-1 (hereinafter collectively "Phase 1"). On that same day, the Commission also approved the Amended and Restated Exclusive Negotiations Agreement ("Phase 2, Hunters Point Shipyard") (herein referred to as the "Agreement" or the "ENA"), which sets forth the terms and conditions under which the Agency and the Developer will negotiate one or more DDAs and related agreements for the remainder of the Shipyard or portions thereof.

5. On March 31, 2004, the United States Department of the Navy (the "Navy") and the Agency executed a conveyance agreement (the "Conveyance Agreement"), which is the framework that sets forth the terms and conditions for the phased clean up and transfer of the Shipyard to the Agency. In accordance with the Conveyance Agreement, the Navy conveyed the first 75 acres of the Shipyard (Parcel A) to the Agency on December 3, 2004. The portion of Parcel B that is included in the Phase 1 DDA is still owned by the Navy and is not anticipated for transfer to the Agency until 2011.
6. On April 5, 2005, the Agency transferred the non-public parcels within Parcel A to the Developer to construct the infrastructure improvements required under the Phase 1 DDA. The Commission also authorized the issuance of approximately \$34.5 million in Mello-Roos bonds to finance the construction of the public infrastructure in the Phase 1 development. On that same date, the Commission approved the First Amendment to the Phase 1 DDA, which included technical corrections and changes that were necessary to clarify the intent of the Phase 1 DDA.
7. Because of the delayed transfer of Parcel B from the Navy to the Agency and declining real estate market conditions, the Developer requested additional changes to the Phase 1 DDA. Therefore, on October 17, 2006, by Resolution No. 141-2006, the Commission approved the Second Amendment to the Phase 1 DDA, which, among other things, removed Parcel B-1 from the Phase 1 development.
8. The Agreement expired on December 2, 2006. Therefore, on December 5, 2006 by Resolution 159-2006, the Commission approved a First Amendment to the Agreement ("First Amendment") to: i) extend the term of the Agreement for the period covering December 3, 2006 through December 31, 2007 and ii) modify existing and establish new terms and conditions under which the Agency and the Developer would continue to negotiate one or more DDAs for the balance of the Shipyard or portions thereof.
9. The Candlestick Point Node of the BVHP Redevelopment Project Area ("Candlestick Point") and 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.
10. 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.

11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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 for the Shipyard to provide for an integrated redevelopment project on Candlestick Point and the Shipyard.

20. 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.
21. 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").
22. The City, the Agency and Lennar have held twenty (20) meetings so far for the purpose of seeking community input into the integrated plan, initial conceptual framework and the preliminary site plan for the redevelopment of Candlestick Point and the Shipyard.
23. 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.
24. 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.
25. 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.
26. 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.

27. 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.
28. 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.
29. Given the facts and circumstances provided above, the Agency and Lennar wish to amend the Agreement 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. Subject to the approval of the Conceptual Framework by the Board of Supervisors, 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.
30. 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

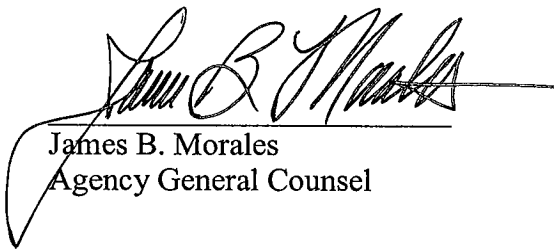
Development Commission ("BCDC"), and State Lands Commission; and, in addition, the project may require amendments to the Shipyard and BVHP Redevelopment Plans, in accordance with the procedural and substantive requirements of the California Community Redevelopment Law.

31. 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 Executive Director is authorized to execute an Amended and Restated Exclusive Negotiations and Planning Agreement with Lennar/BVHP, LLC, substantially in the form lodged with the Agency General Counsel, to: 1) revise the existing exclusive negotiations agreement including its schedule of performance for the development of the remainder of the Hunters Point Shipyard; and 2) provide an option granting Lennar Communities, Inc., a California corporation, additional exclusive negotiation rights for the proposed development of an integrated, mixed-use project on Parcels A-3 and B through E of the Hunters Point Shipyard Redevelopment Project Area and on City-owned property at the Candlestick Point area of the Bayview Hunter Point Project Area, subject to the approval of the Conceptual Framework by the Board of Supervisors of the City and County of San Francisco; Bayview Hunters Point Redevelopment Project Area and Hunters Point Shipyard Redevelopment Project Area.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel