

RESOLUTION NO. 86-2008

Adopted August 19, 2008

AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE CERTAIN ACTIONS RELATED TO LENNAR'S SATISFACTION OF THE "PARTNER REQUIREMENT" UNDER THE PHASE 2 ENA BY BRINGING ON ADDITIONAL PARTNERS WITH EXPERIENCE AND FINANCIAL CAPABILITIES BENEFICIAL TO THE DEVELOPMENT OF PHASE 2 OF THE HUNTERS POINT SHIPYARD AND CANDLESTICK POINT AND ASSIGNING AND AMENDING CERTAIN RIGHTS AND OBLIGATIONS UNDER THE PHASE 1 DDA AND THE PHASE 2 ENA TO SUCH ADDITIONAL PARTNERS; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On December 2, 2003, the Redevelopment Agency of the City and County of San Francisco (the "Agency") and Lennar - BVHP, LLC, a California limited liability company doing business as Lennar/BVHP Partners ("Lennar BVHP" or the "Developer"), entered into that certain Disposition and Development Agreement Hunters Point Shipyard Phase 1 (as amended, the "Phase 1 DDA").
2. The members of Lennar BVHP include an affiliate of (i) Lennar Corporation (together with its other subsidiaries and affiliates, as relevant, "Lennar") and (ii) LNR Property Corporation ("LNR").
3. On May 1, 2007, the Agency and Lennar entered into that certain Second Amended and Restated Exclusive Negotiations and Planning Agreement, covering Phase 2 of the Hunters Point Shipyard and Candlestick Point (the "Phase 2 ENA").
4. The Phase 2 ENA requires Lennar to bring on additional partners with expertise in retail, infrastructure and/or Research & Development/Biotech, as well as additional equity partners with the financial capacity to ensure that the development of the Integrated Project Site (as defined in the ENA) can expeditiously proceed through all predevelopment and development phases notwithstanding fluctuations in the marketplace (together, the "Partner Requirement", as more particularly described in the Phase 2 ENA) and to form one or more new joint ventures with such new partners.
5. In satisfaction of the Partner Requirement under the Phase 2 ENA, Lennar has already identified Kimco Developers, Inc. ("Kimco") and MACTEC Development Corporation ("MACTEC") as key strategic partners in the areas of retail and infrastructure respectively, and has identified as equity partners (i) Scala Real Estate Partners, LP, (ii) Hillwood and (iii) Estein and Associates USA, Ltd. (collectively, the "New Equity Partners") and intends to enter into one or more joint ventures with such New Equity Partners for the purpose of satisfying the Partner Requirement under the Phase 2 ENA (the "Joint Venture").

6. A summary of the relevant qualifications and financial capabilities of Kimco, MACTEC, and the New Equity Partners has been included in the Commission Memorandum accompanying this Resolution.
7. Subject to the Executive Director's review and approval of final partnership and financial documentation related to the New Equity Partners and documentation related to the transfer of obligations to the new joint venture, the Executive Director has determined that the New Equity Partners, together with Kimco and MACTEC, will satisfy the Partner Requirement under the Phase 2 ENA.
8. In addition to satisfying the Partner Requirement under the Phase 2 ENA, Lennar intends to reconstitute Lennar BVHP as a subsidiary of the Joint Venture and, among other things, replace LNR with the New Equity Partners.
9. Certain amendments to the Phase 1 DDA, Phase 2 ENA and other legal documentation will be required to transfer rights and obligations under the Phase 1 DDA and the Phase 2 ENA as contemplated under the new joint venture.
10. Agency authorization of actions by the Executive Director related to Lennar's satisfaction of the Partner Requirement in the Phase 2 ENA does not constitute a project, pursuant to the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), and does not result in any physical change in the environment.
11. On February 8, 2000, the Agency Commission (and the San Francisco Planning Commission) certified a Final Environmental Impact Report (the "Final EIR") for the acquisition and reuse of the Shipyard as contemplated in the Hunters Point Shipyard Redevelopment Plan, and adopted findings pursuant to CEQA. Subsequent to the certification of the Final EIR, refinements were made to the Shipyard development program resulting in Addendum No. 1 to the Final EIR published on November 19, 2003 and Addendum No. 2 to the Final EIR published on July 13, 2006. The addenda concluded, based on the findings of the Final EIR, that the proposed refinements would not create any significant environmental impacts not already studied in the Final EIR and that the conclusions reached in Final EIR remained valid.
12. The proposed changes assigning and amending certain rights and obligations in the Phase 1 DDA would not result in any significant effect that has not already been analyzed in the Final EIR and addenda. There will be no significant environmental effect caused by the change that has not already been analyzed in the Final EIR and addenda.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that, subject to the Executive Director's review and approval of final partnership and financial documentation related to the New Equity Partners and the Joint Venture, the Agency Commission authorizes the Executive Director to enter into all

documents and amendments necessary to transfer and assign rights and obligations under the Phase 1 DDA and the Phase 2 ENA to project specific subsidiaries of the Joint Venture consistent with this Resolution, including but not limited to revising the transfer provisions in the ENA to conform to the Joint Venture and to permit certain transfers of interest among the Joint Venture members provided the Executive Director determines, in his sole discretion and after due diligence that such documents and amendments sufficiently protect the interests of the Agency in ensuring the timely performance of all obligations under the Phase 1 DDA and the Phase 2 ENA, including, without limitation:

(i) terminating and releasing LNR's obligations as a co-guarantor under the Phase 1 DDA and under the Phase 2 ENA, provided that (a) Lennar replaces such guaranties with guaranties containing the same substantive terms as are currently contained in the Phase 1 DDA guaranty and the Phase 2 ENA guaranty, respectively, and (b) Lennar meets the total net worth requirement set forth in the Phase 1 DDA guaranty;

(ii) setting the date for satisfaction of the Phase 2 ENA Milestone for completion of the Term Sheet at November 30, 2008 and for completion of the Transaction Documents at 14 months following endorsement of the Term Sheet; and

(iii) amending the Phase 1 DDA to provide that the Developer's rights under Section 13.3(c) of the Phase 1 DDA to receive the return of the Reversionary Quitclaim Deed upon recordation of a final Certificate of Completion certifying that the Horizontal Improvements are complete may additionally be satisfied if Developer provides the Agency with an irrevocable standby letter of credit, payment and performance bonds or other similar instruments from an issuer and in a form acceptable to the Agency, in an amount equal to at least two times the remaining cost of completing the Horizontal Improvements, as determined by the Executive Director in his sole discretion and that the Agency's rights under such section shall apply only to an Event of Default pertaining to Infrastructure construction for which the New Equity Partners have been given an opportunity to cure; and be it

FURTHER RESOLVED, that this Commission authorizes the Executive Director and Agency staff to take such additional actions, as may be necessary or appropriate to implement this Resolution, including the execution of such additional documents and instruments as may be necessary or appropriate to further the intent of this Resolution and that are consistent with the Phase 1 DDA and the Phase 2 ENA, as amended by this Resolution.

APPROVED AS TO FORM:


for James B. Morales
Agency General Counsel