



office of

COMMUNITY INVESTMENT
and INFRASTRUCTURE

450-0932016-002

Agenda Item No. 5(e)
Meeting of October 18, 2016

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Workshop on the 2016 First and Second Quarter Community Benefits Report for the Hunters Point Shipyard Phase 1 and Candlestick Point/Hunters Point Shipyard Phase 2 Disposition and Development Agreements; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII") oversees the implementation of development at Candlestick Point and Hunters Point Shipyard. The development is governed by two separate Disposition and Development Agreements (the "DDAs") entered into between OCII and two affiliated developers. The Hunters Point Shipyard Phase 1 DDA ("Phase 1 DDA") with HPS Development Co., LP ("Phase 1 Developer") governs the project known as Phase 1 of the Hunters Point Shipyard ("Phase 1"), which includes development of up to 1,600 homes and 26 acres of parks and open space on the Hilltop and Hillside sites. The Candlestick Point and Hunters Point Shipyard Phase 2 DDA ("Phase 2 DDA" and together with Phase 1 DDA, the "DDAs") with CP Development Co., LP ("Phase 2 Developer" and together with Phase 1 Developer, the "Developer"), governs the project known as Candlestick Point and Phase 2 of the Hunters Point Shipyard (collectively, "Phase 2"), which includes development of up to 10,500 homes, 3 million square feet of research and development/office space, 635,000 square feet of regional-serving retail, 250,000 square feet of neighborhood-serving retail, and approximately 325 acres of parks and open space on the remainder of the Hunters Point Shipyard site as well as Candlestick Point. Together, the development of Phase 1 and Phase 2 will be referred to as the "Project."

Pursuant to the Phase 1 DDA, Phase 1 Developer entered into a Community Benefits Agreement (the "Phase 1 CBA"). The Phase 2 DDA includes a Community Benefits Plan (the "Phase 2 CBA" and together with the Phase 1 CBA, the "CBAs").

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The CBAs are intended to ensure that the local Bayview Hunters Point ("BVHP") community has the opportunity to participate in, and benefit from, the Project. On November 17, 2015, at the request of the Commission, OCII staff presented a full Community Benefits Workshop and provided a comprehensive memorandum and table detailing the status of each community benefits commitment contained in both the DDAs. For your reference, the November 17th memo is included as **Exhibit C**.

To comply with requirements of the Phase 1 CBA, the Phase 1 Developer must provide quarterly written reports on the status of compliance with community benefits commitments. Attached to this memorandum as **Exhibit A** is the 2016 Quarter 1 and Quarter 2 compliance update provided by the Developer on September 23, 2016.

Background

The Hunters Point Shipyard and Candlestick Point areas are comprised of approximately 780 acres along the southeast waterfront of San Francisco. This land will be developed and transformed into productive areas for jobs, parks, and housing, including affordable housing, through the public-private partnerships between OCII and the Developer established under the DDAs.

The Phase 1 project is entitled for up to 1,600 homes, of which at least 27 percent, and up to 40 percent, will be affordable. Phase 1 is also entitled for 26 acres of parks and open space on the Hilltop and Hillside sites. The Phase 2 project is entitled for up to 10,500 homes, of which approximately 32% of which will be below-market rate housing units, including the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program, up to 3 million square feet of research and development space, and approximately 352 acres of new and renovated parks. In total, the Project will generate over \$6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, and new transit infrastructure, and will provide more than \$90 million in payments for community benefits.

Hunters Point Shipyard & Candlestick Point Public Benefits

The Phase 1 and Phase 2 DDAs require the Developer to provide public benefits that are in addition to the Phase 1 and Phase 2 CBAs. These benefits include providing affordable housing, the creation and rehabilitation of parks and open space, local hire for construction and end-use jobs, and small business participation. These significant benefits are briefly described below.

Affordable Housing

Hunters Point Shipyard - Phase 1 (Hilltop and Hillside)

The Phase 1 development program includes construction of infrastructure and up to 1,600 housing units, of which a minimum of 27% and a maximum of 40% are planned to be affordable. Phase 1 is divided into two areas: the Hilltop and Hillside.

The Hilltop consists of Blocks 1 and Blocks 49 to 57. To date, "Major Phase Approvals," which provide for the development of one or more blocks and include a schedule of performance, housing data tables, basic concept/schematic designs, and a Vertical Disposition and Development Agreement, have been granted to

vertical developers for each of the private development blocks, except for Block 1, for a total of 898 units of housing. So far, 208 units (of the 898 units) on Blocks 49, 50, 51, 53, and 54, have been completed. Construction recently finished on Block 49, Pacific Point, a 60 unit BMR multi-family rental development for low income families. Block 49 fulfills the Phase 1 Developer's obligation to construct units at 50% of Area Median Income ("AMI"). Of the completed market-rate developments (Blocks 50, 51, 53, and 54), there are 15 Inclusionary BMR units at 80% AMI. Site permits, which allow construction activities to start, have been issued for an additional 353 units of housing on the Hilltop of which 30 are BMR units at 80% AMI. OCII has three stand-alone rental housing sites on Hilltop: Blocks 52, 54 and 56. Upon completion, these three blocks will provide, at a minimum, 143 additional BMR units at up to 60% AMI. Predevelopment funding for OCII Blocks 52 and 54, which will accommodate 100 BMR units, was included in OCII's FY 16-17 budget.

The Hillside consists of Block 48 and will be developed in 6 phases. To date, vertical developers have received Major Phase Approvals for all private development blocks on the Hillside: a total of 404 housing units, 56 of which will be BMR units at 80-120% AMI. Site permits have been issued for 97 units, of which 10 are Inclusionary BMR units at 80% AMI and 2 are at 120% AMI. OCII has two stand-alone affordable housing sites on the Hillside. These two sites will accommodate up to 85 BMR units and will be developed after OCII's affordable housing sites on the Hilltop are complete.

Hunters Point Shipyard Phase 2 & Candlestick Point

The Phase 2 DDA between OCII and Phase 2 Developer is a separate agreement from the Phase 1 DDA between OCII and Phase 1 Developer. The Phase 2 DDA provides for an additional 10,500 housing units, 32% of which will be BMR units, and includes the rebuilding of the Alice Griffith Public Housing Development (the "Alice Griffith Project"). The Alice Griffith Project, consists of 504 public housing replacement and new affordable units, and is being developed through five phases. OCII will also develop an additional 1,140 units on 10 stand-alone sites on the remainder of the Shipyard and Candlestick. In March 2015, the first two phases of the Alice Griffith Project broke ground. These first two phases include 184 units of replacement and new affordable housing. Both phases are scheduled for completion in early 2017. February 2016 marked the start of construction on the third phase of the Alice Griffith Project. This most recent phase will include 122 units of replacement and affordable housing, and is scheduled to be completed in November of 2017. In total, the Developer will contribute approximately \$70 million towards the Alice Griffith Project. To date, the Developer has committed \$26.6 million. In addition, the Developer is responsible for delivering buildable sites for all affordable housing projects, including the Alice Griffith Project, at no cost to OCII, in developable condition with all of the requisite infrastructure. The Developer is on schedule to complete the surrounding infrastructure for the first two phases of Alice Griffith. Efforts to coordinate construction logistics with the vertical developer, MBS, are continuing, to ensure that the opening of Alice Griffith will meet the target deadline.

The first Major Phase of development for Candlestick Point proposes 2,214 units of housing, of which 42% are planned to be BMR units, including construction of the Alice Griffith Project described above. The next three "Sub-Phases" of development in Candlestick Point, "Sub-Phases CP-02, 03, and 04," will include a total of 1,710 units, 348 of which are planned to be BMR units. There are four Major Phases for both Candlestick Point and Hunters Point Shipyard. Each Major Phase is divided into Sub-Phases, smaller geographic areas within a major phase. The land that is covered by Sub-Phases CP-02-03-04 includes development blocks in the site of the former

stadium and surrounding development and are bounded by Arelious Walker Drive, the mid-block break between Harney Way and C Street, and the mid-block break between Ingerson Avenue and Gilman Avenue. The BMR housing units will be scattered throughout the site. OCII has two stand-alone housing sites on Candlestick within Sub-Phases CP-02, 03, and 04 (Parcels CPN 10a and CPS 11a) which are located directly across from the new mixed-use, mixed-income retail center in the center of the new Candlestick Point development and will provide an additional 290 BMR units. OCII has selected non-profit development partners for these sites and will seeking Commission approval of pre-development funding for both sites later this year.

Workforce and Contracting

The Project is anticipated to generate more than 12,000 permanent jobs, in addition to hundreds of new construction jobs each year. To ensure that BVHP residents have access to these opportunities, OCII's Contract Compliance staff works closely with contractors, and partners with the Office of Economic & Workforce Development's CityBuild program to remove barriers, foster job creation, and to improve opportunities for small and locally, minority, and women owned businesses to participate on OCII projects. OCII's Small Business Enterprise ("SBE") and Construction Workforce policies are aggressive and have established an overall 50% goal for SBE participation and local construction workforce hiring, with first consideration for Project Area residents, in all contracts that OCII oversees. The Bayview Hunters Point Employment and Contracting Policy ("BVHP ECP") is the umbrella employment and contracting policy for the Project. The policy calls out specific construction hiring goals, permanent and temporary workforce goals, and trainee goals. The ECP specifies that "Agency Action Projects" are subject to agency policies, including the SBE Policy and prevailing wage requirement. A project is considered an "Agency Action Project" when land is developed pursuant to a DDA. Pursuant to the BVHP ECP, a permanent and temporary workforce agreement must be negotiated with the Developer. Such an agreement effectively complies with the City's First Source Hiring Policy. The Developer will work with the CityBuild Sector Academies and community based organizations ("CBOs") to maximize access to professional development opportunities.

Workforce

In the July 2016 Workforce Update (**Exhibit G**), OCII staff separately identified work hours performed in the Hunters Point Shipyard/Candlestick Point Project Area, by individuals residing in the BVHP area (i.e., ZIP codes 94124, 94107, and 94134). Since work began on the Project, contractors have logged approximately 1.3 million work hours, of which approximately 304,000 hours (or 23% of the total) were performed by Project Area residents and approximately 520,000 hours were performed by San Francisco residents (39%, inclusive of BVHP residents). These are the highest levels of local workforce participation of any projects within OCII's purview. This information is further detailed in Exhibit G, the July 2016 Small Business Enterprise and Local Hiring Report Memo. Per the BVHP ECP, OCII and the Developer are currently negotiating the specific terms of the agreement that will govern the permanent workforce hiring policy for Candlestick Retail Center. This agreement will be approved and executed by the Developer and the OCII Executive Director. An update on the Permanent Workforce Agreement will be presented to the Commission in December 2016, in association with the Schematic Designs for Candlestick Retail Center.

Small Business Contracting

To date, the Developer has released \$319 million in contracts for professional services and construction contracting. As with past performance and trends, the Developer's SBE engagement in the field of design and other professional services exceeds OCII's overall 50% goal, reaching 65.5% during the past reporting period (January – June 2016). During the same period, SBE participation in construction and supplies in the Hunters Point Shipyard project area reached 49.5%. The field of construction remains a challenge for SBE participation largely because of the magnitude and nature of work, however, OCII and the Developer continue to work together to ensure that resources and opportunities for small contractors remain accessible.

Parks and Open Space

Phase 1 includes construction of 26 acres of new parks: Hillpoint Park, Innes Court Park and various pocket parks and open space. OCII is working with the Phase 1 Developer as construction of Hillpoint Park, a regional park which includes five OCII commissioned art pieces, nears completion. Innes Court Park and several pocket parks on the Hilltop are also substantially complete.

The Phase 2 plan includes over 325 acres of parks and open space, including a complete renovation of the Candlestick Point State Recreation area. Development on Candlestick requires acquisition of property currently owned by either State Parks or State Lands Commission for development of future housing. In total, the Developer will contribute \$50 million to State Parks for site acquisition, of which \$10 million is designated for operations and maintenance and \$40 million will go towards capital improvements. To date, the Developer has contributed \$3.4 million to State Parks. The second contribution of \$19.4 million will occur next year.

The next phase of development on Candlestick, Sub-Phases CP-02, -03, and -04, will provide several new neighborhood and regional parks and open spaces including the Wedge Park, Alice Griffith Community Garden and Jamestown Walker Slope. Wedge Park provides neighborhood connectivity to planned improvements at Candlestick Point State Recreation Area, acting as Candlestick Point's "Central Park", by connecting the urban core with views of Hunters Point and the Bay. The Alice Griffith Community Garden is an open space community garden that will be located at corner of Arelious Walker Drive and Ingerson Avenue. The design of the garden has been developed in partnership with Alice Griffith residents and other community stakeholders. Jamestown Walker Slope is a habitat enhancement and beautification project that will focus on native species and habitat and connect the new development at Candlestick to the existing Bayview Park.

The Developer has also started a community driven process for the design of the first park in the second phase of the Shipyard - Northside Park. Northside Park is approximately 13 acres and will include opportunities for active and passive recreation along the San Francisco Bay.

Community Benefits Agreements

For Phase 1, community benefits are principally set forth in the Phase 1 DDA, the Phase 1 Vertical Disposition and Development Agreements and the Phase 1 CBA. For Phase 2, community benefits are principally set forth in the Phase 2 DDA, including the Phase 2 CBA. The Phase 1 CBA and the Phase 2 CBA are attached to this memorandum as **Exhibit D** and **F**, respectively. Fully detailed in the November 17th memo (**Exhibit C**), the below is a list of the main categories under which the community benefits for the Project fall:

- 1) Construction Assistance Program
- 2) Community Builder Program
- 3) International African Marketplace
- 4) Cultural/Historic Recognition Program
- 5) Business Incubator Space Program
- 6) Home Buyers' Assistance Program
- 7) Job Training and Employee Assistance Program
- 8) Small Business Assistance Program
- 9) Outreach Program
- 10) Community Real Estate Broker Program
- 11) Community Facilities Lots
- 12) Additional Community Facilities including Replacement Artists' Studios and Commercial Kitchen
- 13) Scholarship Program
- 14) Education Improvement Fund
- 15) Community Health and Wellness Contributions
- 16) Community Benefits Fund
- 17) Community Benefits Status Reports
- 18) Core Community Benefits Agreement

The Legacy Foundation

In accordance with the DDAs, some community benefits are administered by the Legacy Foundation for Bayview Hunters Point ("Legacy Foundation"), an advisory body that, in collaboration with the Hunters Point Shipyard Citizen's Advisory Committee ("CAC"), is responsible for making recommendations to the OCII Commission on the use of certain funds provided by the Developer under the CBAs to the Community Benefits Fund. The Community Benefits Fund is funded under the DDAs, for programs to benefit the BVHP area as a whole.

To date, Phase 1 Developer has provided \$1 million to the Community Benefits Fund to fulfill its commitments under the Phase 1 DDA. Phase 2 Developer has provided \$500,000 in partial fulfillment of the Phase 2 Scholarship Fund. The Legacy Foundation's Board is in the final stages of completing a Strategic Plan, which will be presented to the OCII Commission in late 2016. The Strategic Plan will provide an overview of the organization's proposed work and funding plan for the next 5 years (2016 – 2021).

Discussion

Developer's 2016 First and Second Quarter Compliance Update

The Developer remains in substantial compliance with the community benefits commitments requirements under the CBAs, but must focus on improvements in the following areas, during the next quarter:

1) **Outreach Program:**

Under the Phase 1 CBA, the Phase 1 Developer is required to disseminate project information, in addition to program specific information, via website, quarterly newsletters, special mailings and similar outreach activities. The Phase 1 Developer is also required to translate communications into Chinese, Spanish and Samoan. The Phase 1 Developer has established a project specific website to disseminate information, however, in 2016 no quarterly reports, newsletters, and/or special mailings have been circulated. The Developer has translated some project information into Chinese and Spanish, but has not provided information in Samoan. The Outreach Plan additionally identifies specific BVHP community and cultural organizations which should receive Project information. OCII staff has requested information regarding outreach to these groups. The Outreach Plan requirements are attached to the memo as **Exhibit E**.

2) **Home Buyer Assistance Program:**

Under the Phase 1 CBA, the Phase 1 Developer is required to develop a program to provide assistance to qualified Phase 1 home buyers, including: a) Down Payment Assistance, b) First Time Buyer Financing Program, c) Homeownership Counseling. The Down Payment Assistance and First Time Buyer Financing Programs are set forth in the Vertical DDAs. The Phase 1 CBA requires the Developer to provide homeownership counseling workshops on a quarterly basis. The Developer has previously held homebuyer workshops; however, no homebuyer workshops occurred in Quarter 1 or Quarter 2 of 2016.

3) **Small Business Assistance Program:**

Under the Phase 1 CBA, the Phase 1 Developer is required to identify opportunities to assist small businesses in BVHP with obtaining contracts by: a) creating and bi-annually updating a directory of local small businesses; b) requiring its contractors and consultants to use their best efforts to purchase no less than 20% of the dollar value of all of their Shipyard Project related purchases from BVHP Area Small Businesses (contractors and consultants are required to provide monthly progress reports on the dollars spent with BVHP Area Small Businesses. The Phase 1 Developer is required to include language in their contracts with consultants and contractors regarding this obligation); and c) host quarterly networking workshops for BHVP Area Small Businesses. In 2015, the Phase 1 Developer did not provide language in their contracts with consultants and contractors regarding purchases. To date, the Phase 1 Developer has not included the required purchasing language in its contracts, and has not provided a plan to OCII staff for coming into compliance with this requirement.

4) **Community Builder Program:**

Under the Phase 1 CBA 30% of private housing development lots must be offered for development in partnership with Community Builders. Phase 1 Community Builder lots have been assigned to Community Builders. Three Community Builder agreements have been executed to date. The Phase 1 Developer is

working to finalize the remaining agreements. Staff has requested additional information from the Developer regarding the qualification of all selected and assigned Community Builders. To date OCII has not received all of the information confirming that those Phase 1 Builders selected in 2004 and 2005 remain eligible. Phase 1 Community Builders were qualified through a competitive process in 2004 and 2005.

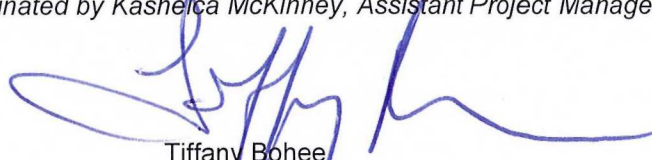
5) Job Training and Employee Assistance Program:

Under the Phase 1 CBA, the Phase 1 Developer must contribute \$225,000 per year to fund community based organization(s) that provide job training services. In 2015, OCII found that the Phase 1 Developer was not in compliance with this requirement and identified a \$410,000 shortfall. In 2015, the Phase 1 Developer committed to accelerating payments through 2018 to address the shortfall. In the first two quarters of 2016, the Phase 1 Developer has spent approximately \$58,000 for job training of the \$225,000 annual obligation, and no funds have been expended to address the prior years' shortfall. The Developer has submitted a plan to OCII to accelerate spending and comply with the CBA, expending \$460,000 over the next 2 years. OCII staff is currently reviewing this proposal.

6) Community Benefits Status Reports:

Under the Phase 1 CBA, the Phase 1 Developer is required to provide a quarterly written status report to OCII and the CAC. Additionally, Phase 1 Developer is required to make a Status Report presentation to the CAC. The Quarter 1 Report was presented to the CAC on April 11, 2016. Quarter 2 has not been presented to the CAC. A reissued, combined, Quarter 1 and Quarter 2 report and supporting documentation was provided to OCII on September 23, 2016.

(Originated by Kashaica McKinney, Assistant Project Manager)



Tiffany Bohee
Executive Director

- Exhibit A: Developer's 2016 First Quarter and Second Quarter Community Benefits Update
- Exhibit B: OCII Community Benefit Compliance Report 2016 Quarters 1 & 2
- Exhibit C: November 17, 2015 Community Benefits Memo to Commissioners and PowerPoint Presentation
- Exhibit D: Phase 1 Community Benefits Agreement
- Exhibit E: Phase 1 Community Benefits Agreement, Exhibit L: Outreach Program
- Exhibit F: Phase 2 DDA Community Benefits Plan
- Exhibit G: July 19, 2016 OCII Small Business Enterprise and Local Hiring Report Memo to Commissioners

HPS 1 and CPHPS 2 Community Benefits Compliance Update Report Q1 and Q2 2016

Presentation Overview

Community Benefits

- ▶ Hunters Point Shipyard Phase 1
- ▶ Hunters Point Shipyard Phase 2/Candlestick Point
- ▶ Implementation Committee
- ▶ Special Projects

Hunters Point Shipyard & Candlestick Point



Phase 1: Disposition & Development Agreement

Phase 1 DDA

Community Benefits Plan

Community Benefits Agreement (2005)

Affordable Housing Program

BVHP Employment & Contracting Policies

Construction & Permanent Jobs

Small & Minority Owned Businesses

Open Space Plan

Financing Plan

Transportation Plan

► **Parties:** OCII & HPS Development Co., LP

► **HPS Phase 1 DDA:** Entered into 2004

► **Phase 1 CBA:** Entered into 2005; amended 2009

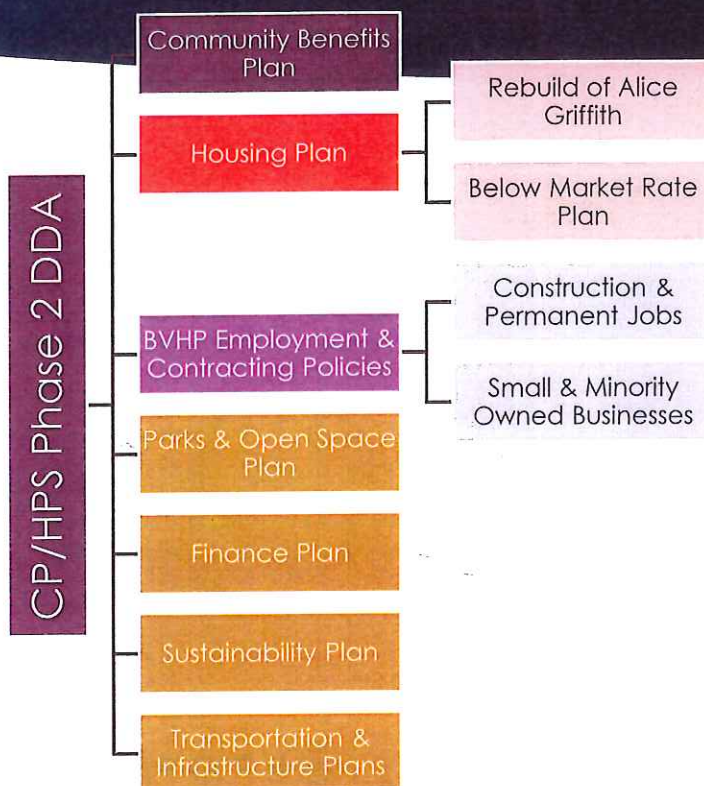
► **CBA Overseen by:**

► Commission on Community Investment and Infrastructure

► HPS Citizens Advisory Committee (CAC)

► Legacy Foundation

Phase 2: Disposition & Development Agreement



Parties: OCII & CP Development Co., LP

CP & HPS Phase 2 DDA:
Entered into 2010

CBA Overseen by:

- ☐ Commission on Community Investment and Infrastructure
- ☐ HPS Citizens Advisory Committee (CAC)
- ☐ Legacy Foundation

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Phase 1: Community Benefits

- ❑ Construction Assistance Program*
- ❑ Community Builder Program *
- ❑ Interim African Marketplace *
- ❑ Local Community Priority Leasing Program Reporting
- ❑ Outreach Program
- ❑ Community Facilities Parcels *
- ❑ Cultural/Historic Recognition Program
- ❑ Business Incubator Space Program *
- ❑ Home Buyers Assistance Program
- ❑ Job Training & Employee Assistance
- ❑ Small Business Assistance Program
- ❑ Community Benefits Fund*

*Denotes Community benefits carried forward into Phase 2

Phase 2: Community Benefits

- ❑ Construction Assistance Program
- ❑ Community Builder Program
- ❑ Interim African Marketplace
- ❑ Community Facilities Space
- ❑ Community Facilities Parcels
- ❑ Community Real Estate Broker Program
- ❑ Business Incubator Space Program
- ❑ Scholarship Fund
- ❑ Education Improvement Fund
- ❑ Community Health and Wellness Contributions

Community Benefits Program Highlights To Date*

- ▶ \$1,960,000 in job training expenditures to date
- ▶ Contractor Assistance Expenditures \$844,649 through Q2 2016.
- ▶ 5445 jobs created
- ▶ 40% of workforce local SF Residents
- ▶ Minorities comprise 65% of the workforce
- ▶ 1,382,290 hours of labor generated
- ▶ 429 units being built with Community Builders on Phase 1 (another *224 anticipated) (includes Block 49 – Pacific Pointe)
- ▶ \$1,715,000 in grants made through the Implementation Committee to date

* Inception to Q2 2016

Overall Construction Workforce Program Performance

Total Project Hours Generated: 1,382,290

San Francisco Residents: Approx. 40%

	Total Hours	% of Total
San Francisco Residents	545,447	39.46%
Total Minorities	910,403	65.86%
Black/African American	304,764	22.05%
Hispanic	566,025	40.95%
Asian/Pacific Islander	33,344	2.41 %
Caucasian	225,655	16.32%
Native American/Alaskan	494,181	36.77 %
Other	246,232	17.81 %
Women	38,975	2.82 %

Phase 1 Housing Units

Block Numbers	Total Units	BMRs
1	224*	TBD
48	404	56
49	60	59
50	25	3
51	63	6
52	77*	9*
53	93	9
54	66	7
55E/W	25/41	3
56A	36	3
57A/B	96	12
* proposed		

Phase 1- Contractor Assistance Program

- ▶ a) Technical Assistance Program: Master Developer has hired Butler Enterprises to administer the Phase 1 and Phase 2 CAP program. Office staff provided technical assistance to FIFTEEN firms during Q1
- ▶ b) Financial Assistance Program: Butler Enterprises continues conduct "Access the Money" workshops and provides other Financial Assistance through the "Mobilization Loan Program". May - 10 contractor visits, including two new firms Workshop: Access to Capital workshop - 13 attendees. June - 10 contractor visits, including two new firms Workshop: Project Submittals 101 - covered the need for submittals, review and approval process and submittal management.
- ▶ c) **Mentorship Program:** The Mentorship Protégé program has been administered by Renaissance Entrepreneurship Center since 2010.
- ▶ d) OCIP: Due to limited insurance market capacity during this time, it was not feasible for Phase 1 Master Developer to purchase a \$145M insurance policy. Consequently, Phase 1 Master Developer resorted to address GL limits by establishing them on a project-by-project basis via insurance requirements in licenses & permits to enter and VDDAs approved by OCII
- ▶ Mobilization Fund: 7 firms received loans, all working on project 6 & 7 BVHP firms; all were able to hire or retain work – average 55% D10 workforce among group \$283K in loans given to date.

Phase 1- Contractor Assistance Program Mentorship Protégé Program

- ▶ Administered by Renaissance Entrepreneurship Center
- ▶ The Protégés received administrative support, project management and marketing services from Light Frame Construction and Big Mouth Productions
- ▶ During the 1st Quarter of 2016, we added three (3) new mentors to the program, including Gary Fetke, Roberts Obayashi, Chris Hutchinson, Clark Construction and Tom Giarrusso, Nibbi Brothers; and obtained tentative mentorship commitments from AECOM Parsons and Cahill.
- ▶ In addition, we added two new protégés to the program, including Kevin Walton, Special K Painting and Alfredo Andrade, AA Pacific Builders.
- ▶ Nearly ninety percent (90%) of our clients are African American men of which sixty percent (60%) are low moderate income and twenty percent (20%) are extremely low-income. All of our clients either live or operate their businesses in District-10.
- ▶ Since 2010 protégés have been able to secure in contracts with a total value of more than \$45,000,000, and have employed more than 180 people, the majority of whom are D10 residents
- ▶ During the First Q1 2016, the protégés secured collectively \$1,273,300 in new contracts-
Q2 \$884,258 in new contracts
- ▶ December 2015- \$774,160. Since last update \$2,931,718 in new work and opportunities

Community Builders Program

Phase 1 Community Builders

Block	Community Builder	Units
1	TBD	224*
48 - A	San Francisco Housing Development Corp.	16
48 - F & J	Shiloh Full Gospel Church	80
48 - K	The Baines Group/ BHPMPSS	26
48 - O	Eagle Environmental Consulting	11
49	AMCAL/YCD	50
52	Al Norman/ Derek Smith	77
53	MDC/C. Churchwell LLC	93
54	BAMEC Inc.	66

Phase 2: OCII Community Builders



Alice Griffith Phase 1
Block 2 93 units
SF Housing Development
Corp.



Alice Griffith Phase 2
Block 4 91 units
Tabernacle Development
Corp.



Alice Griffith Phase 3
Block 1 122 units
SF Housing Development
Corp.

Phase 2 Update: Master
Developer in compliance.

No market-rate blocks have
been assigned for

Community Builders in the 1st
Major Phase of Candlestick.

Obligation will be fulfilled in
future Major Phases

International African Marketplace

- ▶ Phase 1 & Phase 2 Program: The overall purpose of the IAM is to serve as an economic development engine for BVHP by:
- ▶ Housing activities of cultural diversity representing the African Diaspora and its cultural influences worldwide.
- ▶ Serving as an event location for commercial and retail business outlets as well as a business development center for BVHP vendors and artists who need business development guidance.



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International African Marketplace

Phase 1 Update: Master Developer in compliance. Interim IAM events were held annually from 2006 through 2009.

- ▶ Money returned and being held for planning of permanent IAM programing \$83,676

Phase 2 Update: Master Developer in compliance. Two locations have been selected for the permanent IAM

- ▶ Outdoor: Northside Park (HPS)
- ▶ Indoor: Candlestick South Retail (CP) using "Community Facility Space"

Community Facilities Space

- ▶ Phase 2 Program: Master Developer in compliance. Master Developer will make 65k sq. ft. of retail space in the Project available for Community Serving Uses including:
 - ▶ Permanent International African Marketplace
 - ▶ Library Reading Rooms
 - ▶ Candlestick Point State Recreation Area Welcome Center
- ▶ Master Developer to provide 35k sq. ft. in next phase of development at Candlestick. Remaining 30k sq. ft. will be provided in a future Major Phase at the Shipyard.

Community Facilities Lots

Phase 1 & 2 Program: Master Developer will provide OCII 8 acres of developable lots for community facilities.

- ▶ Phase 1: 1.2 acres
- ▶ Phase 2: 6.8 acres

Update: Master Developer in compliance. OCII is facilitating discussions with SFUSD, SFPD, SFFD, SF Public Library and other service providers to determine future needs.

Hunters Point Shipyard & Candlestick Point

Phase	Parcel ID	Parcel Size (ac.)
HP Phase I	2,3,5	1.20
HP Phase II	HPS2	1.95
	HPS4	1.40
	HPS11	1.95
CP Phase II	CPA1	1.50
TOTAL ACREAGE		8.00



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Additional Community Facilities

Phase 2 Program: Master Developer will provide:

- ▶ Replacement Artists' Studios (under construction)
- ▶ Art Center Parcel
- ▶ Replacement Commercial Kitchen (under construction)
- ▶ Fire Station Lot

Phase 2 - Contractor Assistance Program

Obligation: \$2.5 million (\$250,000 per for up to 10years) for implementation of programs to support contractors:

- ▶ Master Developer is in compliance with Phase 2 CAP
- ▶ Master Developer has spent- \$757,220 Since 2014
- ▶ Any shortfall at the end of the 10 year term will be paid to the Community Benefits Fund, or Developer will continue the CAP program beyond the term
- ▶ Master Developer made \$250k contribution towards Surety Bond and Credit Support Program

Job Training and Employee Assistance Program

- ▶ From inception, Master Developer has spent approximately \$1,950,000 on Job Training programs and activities through Q2 2016.
- ▶ Current Job Training Grant with YCD being renewed at \$100k.
- ▶ Master Developer is developing a plan to accelerate Job Training expenditures to achieve compliance by 2018.
 - A) Plan to accelerate spending in process; Scope of work being negotiated with 3rd Street Youth Center & Clinic for 16-month program
 - B) 2nd new program is intended to be with CCSF's Sustainability Certificate Program: There would also be greater funding for recruitment;
 - C) Garden Project \$96K to two years
- ▶ Programs are responding to broader workforce and economic trends per DDA
- ▶ D10 focus, 2year contract to respond to requirement to provide a reasonable measure of sustained funding.

Job Training and Employee Assistance Program - continued

- ▶ During Q1, YCD provided training services for EPA certification program. Including training in resume writing and mock interviews. All participants successfully completed and passed certification exams in the following disciplines: HAZWOPER, OSHA, Asbestos Worker, Lead Abatement, Mold Awareness, Confines Space, and CPR/First Aid.
- ▶ During Q1 and Q2, (14) participants were indentured into Local Unions 261 and 67
- ▶ Cahill Construction, Janus Construction, JBR Construction, Bothman Construction, and PARC Services all hired from the group participants.
- ▶ **To date all participants from the last three (3) cohorts have been placed in employment within the construction industry. Five (5) participants have received long term employment in The Shipyard- 7% Latinos, 40% had no employment history, 60% women, and 93% African American**
- ▶ Master Developer also sponsored business mixer for YCD in February 2016



Development Projects Underway

- ▶ HPSY Blocks 50-51, Blocks 53-54, and Welcome Center
- ▶ HPSY Blocks 56-57
- ▶ HPSY 49 (complete)
- ▶ HPSY Regional Parks- Innes Court/Park & Hillpoint Park Overlook
- ▶ Candlestick Park Demolition (complete)
- ▶ Alice Griffith Infrastructure (CP01)
- ▶ Alice Griffith Gilman Sewer (CP01) (complete)
- ▶ Alice Griffith Demo, Mass Grading & Surcharge (complete)
- ▶ Candlestick Point Surcharge (CP02,03,04)
- ▶ Candlestick Point Wet Utilities (CP02,03,04) (pending award)
- ▶ HPSY Commercial Kitchen
- ▶ HPSY Artist Parcel Demolition, Mass grading & Utilities
- ▶ HPSY Pocket Parks 15-16 (complete)
- ▶ Hilltop Streetscape
- ▶ HPSY Existing Building Abatement - First Phase
- ▶ Hillside Infrastructure (anticipated start = July 2016)
- ▶ HPSY Block 48 (anticipated start = end Q3 2016)
- ▶ HPSY Block 55 (anticipated start = early Q4 2016)

Job Training and Employee Assistance Program - continued

Special Job Training Funding:

- ▶ Barrier Removal Program on-going - with \$13K spent Q1 2016 (\$25K first year of program) with YCD
- ▶ Clients placed in employment with Fineline, JBR Partners, Janus, Anvil, EcoBay, and Clark Construction



FIVEPOINT LENNAR
URBAN

Small Business Assistance Program

- ▶ A) Master Developer currently publishes a directory of local suppliers with contractors through the CAP program, but was not shared with Professional Services consultants not using suppliers. Master Developer has since launched a suppliers website available to all contractors - 33 contractor visits, 6 new firms.
- ▶ B) Master Developer is currently in the process of revising its consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses. Contractors will begin supplying information on compliance, as these contracts are implemented.
- ▶ C) Master Developer has begun to hold networking events for suppliers quarterly. First was March 30th event, and Q2 event was held June 24th - 3rd Annual Meet & Greet BBQ for speakers, contractors, suppliers, and GC's

Business Incubator Space

Phase 1 Program: Facilitate the growth and development of a variety of businesses at the Shipyard through space provided at cost.

- ▶ Phase 1 Update: Master Developer in compliance. Master Developer to provide space in the Phase 2 project.

Phase 2 Program: Master Developer and OCII will work together develop Building 813, an approximately 260k sq. ft. building, for the use as a center for the incubation of emerging businesses and technologies.

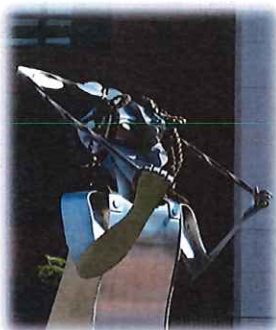
- ▶ Phase 2 Update: Master Developer in compliance. OCII acquired Building 813 from the Navy in September.

Cultural/Historic Recognition Program

Phase 1 Program: Integrate cultural features throughout the Shipyard and to provide opportunities for local artists to participate in the creation of public art.

Phase 1 Update: Developer is compliance. OCII received federal grant funding to implement the Phase 1 program

- ▶ Commission and installation of 9 commissioned artworks by OCII (complete)
- ▶ Installation of 500 square feet of youth tiles by Developer (complete)



Homebuyer Assistance Program

Phase 1 Program: Provide assistance to qualified home buyers, including:

- ▶ Down Payment Assistance
- ▶ First Time Buyer Financing Program
- ▶ Homeownership Counseling

Phase 1 Update: Developer in compliance. Obligation passed to Vertical Developers through VDDAs.

- ▶ Financing options made available to home buyers
- ▶ The Down Payment Assistance and First Time Buyer Financing Programs are set forth in the Vertical DDAs. Master Developers have been working with lenders to provide financing options including K&L community mortgage program.
- ▶ Between 2014-2015, Master Developer has organized 61 first time homebuyer workshops with a total of 1300 attendees

Community Real Estate Broker Program

- ▶ Phase 2 Program: Master Developer is required to hold specific marketing events for Community Brokers and provide Community Brokers with the opportunity to preview and show Phase 2 units ahead of other brokers.
- ▶ Phase 2 Update: Master Developer in compliance. No units are for sale in Phase 2. However, Master Developer has voluntarily extended this program to Phase 1. Developer provides Community Brokers representing buyers with an additional 1% commission as incentive.

Outreach Program

- ▶ Master Developer has spent \$1 million on outreach activities, including events (many of which are provided by the contractor liaison per the Construction Assistance Program).
- ▶ Master Developer relaunched the www.hunterpointcommunity.com website where construction updates, reports by the Project's Environmental Manager, and outreach events related to specific projects are provided.
- ▶ During Q1, Master Developer has conducted two community events for NorthSide Park. This outreach is done in three languages and translation services were provided.
- ▶ During Q1 & Q2, there were 18 CAC meetings – subcommittee and full CAC, where parts of the project were presented and discussed.
- ▶ During Q1-Master Developer provided several tours of the Shipyard project, including with community partners, and local non-profits
- ▶ During Q2, Master Developer met with STAR leadership to provide a project update, but also discussed outreach and program plan to include broader BVHP community moving forward.
- ▶ Master Developer is currently undertaking a series of community meetings and events related to CP02.

Status Report

Phase 1 Program: Master Developer is required to provide a quarterly written status report to OCII and the CAC.

Phase 1 Update: This Community Benefits Report is through Q2 2016

Community Benefit Fund

Program Generally: Community Benefits Fund to be reinvested by OCII in the BVHP Community to:

- ▶ Benefit low- and moderate income families;
- ▶ Eliminate blight; and/or
- ▶ Meet other community development needs of BVHP as determined by the Legacy Foundation, including those related to social services, affordable housing, education, the arts, public safety, assistance for senior citizens and other community services.

Phase 1 Program: Master Developer contributed \$1 million to a Community Benefit Fund.

- ▶ Legacy Foundation – Strategic Plan (Fall 2016)

Phase 2 Program: Master Developer to contribute 0.5% of the first sale price of each market-rate housing unit

- ▶ No market rate homes have sold on Phase 2

Scholarship Fund

Phase 2 Program:

- ▶ Used to assist youth and adults up to age 30 with cost of tuition and/or educational material in pursuit of a higher educational program
- ▶ \$5,000 of the Scholarship Fund are to be set aside annually for the "Will Bass Memorial Educational Travel Scholarship"
- ▶ Awarded to an African American student (18 to 25 years old) from BVHP for education travel to Africa or Asia.
- ▶ \$500k paid to date

Education Fund

Phase 2 Program:

- ▶ Used to support education enhancements within BVHP, which may include new facilities or upgrades to existing education resources and health and wellness education in schools
- ▶ \$500K paid to date

Health & Wellness Fund

Phase 2 Program:

- ▶ The Wellness Contribution is to be used for the expansion of the Southeast Health Center or, in the event that funds are not needed for the Southeast Health Center, for the creation or expansion of the Center for Youth Wellness.
- ▶ \$250k paid to date for Southeast Health Center
- ▶ \$100K paid for Community Health & Wellness fund to date

Implementation Committee Expenditures Phase 2 – CCBA – Not under OCII jurisdiction

GRANTEE	AMOUNT	PURPOSE
JANANESE COMMUNITY YOUTH COUNCIL -6/23/2011 (Workforce Development Fund)	\$140,000	To provide paid summer work experience to 60-75 underemployed D10 youth
YOUNG COMMUNITY DEVELOPERS - 6/28/2011 (Workforce Development Fund)	\$85,000	To conduct a summer youth employment program providing academic enrichment and job readiness skills to D10 youth.
HUNTERS POINT FAMILY (GIRLS 2000) – 7/28/2011 (Workforce Development Fund)	\$70,000	To provide paid summer work experience to 70 underemployed D10 youth.

Implementation Committee Expenditures-continued

GRANTEE	AMOUNT	PURPOSE
YOUNG COMMUNITY DEVELOPERS - 12/1/2012 (Workforce Development Fund)	\$182,000	To provide academic tutorial, enrichment and job and life skills training for 70 San Francisco District 10, 9th and 10 grade students at Phillip and Sala Burton and Thurgood Marshall High Schools.
COMMUNITY CONNECT GRANTS (2012 LISTENING SESSIONS) 8/2/2012 (Workforce Development Fund)	\$140,000	To recruit 18 District 10 CBOs to organize and host listening sessions with D10 residents to inform the IC's workforce and housing grant making strategies.

Implementation Committee Expenditures – continued

GRANTEE	AMOUNT	PURPOSE
SAN FRANCISCO HOUSING DEVELOPMENT CORPORATION 1/16/2014 (Workforce Development Fund & Community First Housing Fund)	\$610,000	To provide financial empowerment services to expand the financial capability of 100 low and moderate income households in D10.
NOR-CAL FDC - 11/13/2014 (Workforce Development Fund)	\$250,000	To create a revolving loan fund to assist owners of 10 D10-based licensed small construction companies acquire short-term, low interest rate financing and construction management assistance.

Implementation Committee Expenditures-continued

GRANTEE	AMOUNT	PURPOSE
SAN FRANCISCO HOUSING DEVELOPMENT CORPORATION 10/01/2015 (Community First Housing Fund)	\$238,000	To provide services to D10 renters to help slow the displacement of Black and Pacific Islander families from D10.
BAYVIEW HUNTERS POINT MULTIPURPOSE SENIOR SERVICES, INC. 12/01/2015 (Community First Housing Fund)	\$1,600,000	To Purchase and Hold the property located at 1676 Newcomb Avenue, San Francisco, CA 94124 on behalf of the Bayview Hunters Point Naval Shipyard CCBA Implementation Committee.
Proposed Workforce Development & Training Grant – Career Ladders & Advancement (Workforce Development Fund)	\$500K-\$600K PENDING	Three sectors: Hospitality -union wages, focus on move up, recruitment in D10 Healthcare – partnership with Kaiser, focus on move up, focus on current employees who live in D10 and eligible for move up with training Maritime – Merchant Seaman – new opportunity for San Francisco, let alone D10

Special Projects

- ▶ Providing household goods to 10 of the senior residents for the Dr. Davis Senior building at 1751 Carroll. All 10 of the COP holders were homeless prior to move in.
- ▶ Provided school uniforms for Immaculate Conception Academy for 2015-16 school year and the current 2016-17 school year all the young women from D10. Last year, we assisted 40 families; this year we are providing uniforms for 65 families
- ▶ Working to develop a revolving loan program concept for the small business owners that will be going into either kiosks, or brick-and-mortar locations along Ingerson. This will eventually be presented to IC for funding.
- ▶ We are one of the sponsors of the BayviewLive! event being planned for October 22nd by Imprint City and a host of community stakeholders.
- ▶ Underwriting a 6-month pop-up series of events and gallery curation with MoAD and the Third Street Village: June – November 2016 in previously vacant spaces along Third St.
- ▶ Block 49- Pacific Pointe- \$1 million subsidy provided

Special Projects – Community Ambassadors

- ▶ CAP is a street-smart public education and safety program designed to bridge tensions in the community due to cultural or linguistic differences. Multiracial, multilingual Ambassador teams act as a visible safety presence, engage the public, and interact with residents, transit riders, merchants, law enforcement, transit, schools and community based organizations. Community Ambassador teams are assigned to several transit/merchant corridors and neighborhoods, including D10.
- ▶ Many Ambassadors were formerly unemployed or underemployed, vulnerable, homeless or economically -at-risk residents. They receive training in violence prevention (Alive & Free), understanding trauma, etc. They also receive some certifications, including CA Guard Card, and NERT
- ▶ To date, we have contributed \$1,000,000 to the program.

THANK YOU

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Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 1 § 3	Construction Assistance Program "CAP" Opportunities for BVHP Area Contractors as described in more detail below:	See below	In Progress					
	a) Owner Consolidated Insurance Program	In Compliance	In Progress	Master Developer will address GL Limits by establishing them on project-by-project basis via insurance requirements in licenses & permits to enter and VDDAs approved by OCII.	Slide 11 - Clarify OCIP policy. Is only GL is being addressed? What about performance and payment bonds that would also fall under OCIP? Provide OCII evidence of policies.	In Compliance	In Compliance	In Compliance
	b) Surety Bond Program	In Compliance	In Progress			In Compliance	In Compliance	In Compliance
	c) Technical Assistance Program	In Compliance	In Progress	Master Developer has hired Butler Enterprises to administer the Phase 1 and Phase 2 CAP program. Previously, Business Development Inc. and John Scott Consulting administered the Phase 1 CAP.	Slide 11 - -Provide supporting documentation to demonstrate compliance for Q1 . Report only provided information for Q2.	In Compliance	In Compliance	In Compliance
	d) Financial Assistance Program	In Compliance	In Progress	Butler Enterprises conducts "Access The Money" workshops and provides other Financial Assistance through the "Mobilization Loan Program".	Slide 11 - Provide supporting documentation to demonstrate compliance for Q1 . Report only provided information for Q2.	In Compliance	In Compliance	In Compliance
	e) Mentorship Program	In Compliance	In Progress	The Mentorship Protégé program has been administered by the Renaissance Entrepreneurship Center since 2010. Since Renaissance Entrepreneurship Center has taken over the program, protégés have been able to secure in contracts with a total value of more than \$45,000,000, and have employed more than 180 people, the majority of whom are D10 residents. Since the First Q1 2016, proteges have collectively secured \$1,273,300 in new contracts.	Slide 11	In Compliance	In Compliance	In Compliance

Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 2 § 5.2	Construction Assistance Program a) \$2.5 million (\$250,000/year for up to 10 years) for implementation of programs described below in c)-e)	In Compliance	In Progress	Obligation: \$2.5 million (\$250,000 per for up to 10years) for implementation of programs to support contractors: - Master Developer is in compliance with Phase 2 CAP - Master Developer has spent- \$353k Since 2014 and \$272k remains to be spent - Since 2014 any shortfall at the end of the 10 year term will be paid to the Community Benefits Fund, or Developer will continue the CAP program beyond the term - Master Developer made \$250k contribution towards Surety Bond and Credit Support Program - Phase 1 & 2 for both Master Developer and contractor assistance services has spent \$1.16 million.	Slide 21 - Need additional information on performance and utilization. Please provide explanation for "to be spent" obligation.	In Compliance	In Compliance	In Compliance
	b) Insurance and Credit Support (\$1 million for OCII surety bond and credit support program)	In Compliance	In Progress	Master Developer has made the first \$250,000 payment in accordance with the project schedule.		In Compliance	In Compliance	In Compliance
	c) Technical Assistance Program (on-site contractor liaison)	In Compliance	In Progress	Butler Enterprises has administered the Phase 2 CAP program since August 2013.		In Compliance	In Compliance	In Compliance
	d) Contractor Workshops	In Compliance	In Progress	Butler Enterprises has to-date organized 20 workshops.	Provide supporting documentation to demonstrate compliance for Q1 . No information in report, supporting documents only provided information for Q2.	In Compliance	In Compliance	In Compliance
	e) Trucking Program	In Compliance	In Progress	Butler Enterprises administers the Trucking Program as part of the CAP.	Provide supporting documentation to demonstrate compliance for Q1 . No information in report, supporting documents only provided information for Q2.	In Compliance	In Compliance	In Compliance
Phase 1 § 4	Community Builder Program 30% of private housing developments lots to be offered for development in partnership with Community Builders	Partial Compliance	In Progress	Phase 1 Community Builder lots have been assigned to Community Builders. Three Community Builder agreements have been executed to date; Master Developer is working to finalize the remaining agreements. Block Community Builder Units . 53 - MDC/C. Churchwell LLC (93) 54 - BAMEC Inc. (66) 48 – F & J - Shiloh Full Gospel Church (80) 1 - TBD (224*) 52 AI Norman Development/ Marinship (77) 48 - A - San Francisco Housing Development Corp. (16) 48 - K - The Baines Group/ BHPMPSS (26) 48 - O - Eagle Environmental Consulting (11)	Slide 14 - Update and provide information on finalization of any agreements. Provide information regarding the qualification of all selected Community Builders.	In Compliance	Additional information requested regarding the qualifications of Community Builders. Block 1 Community Developer is not named in report.	Additional information requested regarding the qualifications of Community Builders. Block 1 Community Developer is not named in report.
Phase 2 § 5.1	Community Builder Program Master Developer will make available 500 units for development by Community Builders in Phase 2	In Compliance	Anticipated to commence in next Major Phase of development.	No Phase 2 Community Builder lots have been assigned for the initial Candlestick Point Major Phase. Obligation will be fulfilled in future Major Phases on Candlestick and/or the Hunters Point Shipyard. OCII has engaged community partners on Phases 1-3 of Alice Griffith, totaling 306 units.		In Compliance	In Compliance	In Compliance

Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 1 § 5	Interim African Marketplace Master Developer must establish an Interim African Marketplace until the permanent site is completed	In Compliance	In Progress	Master Developer organized events in 2006 and 2007 and has subsequently provided a \$180,000 cash contribution to OCII to continue work in fulfillment of the IAM program. OCII organized events in 2008 and 2009. The remaining \$80,000 balance has been returned to Master Developer, who is working with CAC to plan future events.		In Compliance	In Compliance	In Compliance
Phase 2 § 3.2 -	Community Facilities Space Master Developer shall make available to OCII 7.5% of the aggregate retail space in the project (not to exceed 65,000 sf) for community serving uses	In Compliance	In Progress	Master Developer to provide 35,000 square feet of retail space in Candlestick, to be approved by OCII in Sub-Phase approval for CP 02, 03, and 04. Remaining 30k square feet will be provided in a future Major Phase at the Shipyard.	Slide 17	In Compliance	In Compliance	In Compliance
Phase 2 § 3.2 -	Community Facilities Space for International African Marketplace (IAM) (i) A portion of the Community Facilities Space within retail Vertical Projects on the Candlestick Site shall be used for an indoor IAM	In Compliance	In Progress	The planned location for the permanent outdoor IAM is in s Northside Park. The indoor IAM is proposed to be located on Block CP South 8a, the square footage of the indoor IAM will be determined through Schematic Design process.	Slide 16	In Compliance	In Compliance	In Compliance
Phase 2 § 3.2 -	Community Facilities Space for other uses (ii) a portion of the Community Facilities Spaces will be used for San Francisco Public Library Facilities (iii) 3,000 sf will be used for a information center for the CP State Recreation Area	In Compliance	In Progress	The CP State Recreation Area will be provided in space developed in Sub-Phase CP-17. OCII staff to continue working with the San Francisco Public Library to identify needs in Candlestick.	Slide 17	In Compliance	In Compliance	In Compliance
Phase 1 § 7	Cultural Historic Recognition Program Master Developer is obligated to: a) create a public art program that provides opportunities for local artists; b) install 500 sf of youth tiles; c) create historic walkway; and d) engage and maintain a fundraising consultant to secure funding	In Compliance	In Progress	OCII has implemented the Shipyard Public Art program with federal funding; Master Developer has installed initial youth tiles and will complete tile installation of remaining youth tiles as park construction progresses; historic walkway to be located along the Coleman Promenade.	Slide 28	In Compliance	In Compliance	In Compliance
Phase 1 § 7	Business Incubator Space Program Master Developer is obligated to provide Business Incubator Space within the Shipyard. The space will be provided to OCII at cost (without profit) for operation of a business incubator program.	In Compliance	In Progress	Phase 1 Program: Facilitate the growth and development of a variety of businesses at the Shipyard through space provided at cost. > Phase 1 Update: Master Developer to provide space in the Phase 2 project. > Phase 2 Program: Master Developer and OCII will work together develop Building 813, an approximately 260k sq. ft. building, for the use as a center for the incubation of emerging businesses and technologies. > Phase 2 Update: OCII acquired Building 813 from the Navy in September.	Slide 27 -	In Compliance	In Compliance	In Compliance

Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 1 § 8	Home Buyer Assistance Program Master Developer is required to develop a program to provide assistance to qualified Phase 1 home buyers, including: a) Down Payment Assistance, b) First Time Buyer Financing Program, c) Homeownership Counseling	Partial Compliance	In Progress	The Down Payment Assistance and First Time Buyer Financing Programs are set forth in the Vertical DDAs. Master Developer and Vertical Developers have been working with lenders to provide financing options including K&L community mortgage program. Between 2014-2015 Master Developer has organized 61 first time homebuyer workshops with a total of 1300 attendees.	Slide 29 - Have any workshops been held in Q1 2016 or Q2 2016? Are any additional workshops planned for 2016?	In Compliance	No homeownership workshops held in Q1 or Q2 for 2016.	No homeownership workshops held in Q1 or Q2 for 2016.
Phase 1 § 9	Job Training and Employee Assistance Program Master Developer must contribute \$225,000 per year to fund community based organization that provide suitable job training services.	Partial Compliance	In Progress	Total funding obligation to date (2005-2014) is \$ 2,250,000. To date, Master Developer has provided a total of approximately \$ 1,950,000. Master Developer has presented a plan to accelerate Job Training expenditures to achieve compliance by 2018. > <i>Current Job Training Grant with YCD being renewed at \$100k.</i> > <i>Master Developer is developing a plan to accelerate Job Training expenditures to achieve compliance by 2018.</i> <i>A) Plan to accelerate spending in process; Scope of work being negotiated with 3rd Street Youth Center & Clinic for 16-month program</i> <i>B) 2nd new program is intended to be with CCSF's Sustainability Certificate Program: There would also be greater funding for recruitment;</i>	Slide 22-23 - Developer committed to acceleration of payments in Nov. 2015 to account for \$410,000 deficient in spending in prior years. Report and supplemental information show \$58k spent through Q2 2016.	Not Compliant. In Nov. 2015, the Developer's obligation was to provide \$2,250,000. To date, Developer has provided \$1,840,000.	Partial Compliance. Additional Information needed to determine compliance. Was RFP released to select training provider? To date, for 2016, Master Developer has spent approx. \$58k for job training of \$225k/year obligation + prior year shortfall.	Partial Compliance. Additional Information needed to determine compliance. Was RFP released to select training provider? To date, for 2016, Master Developer has spent approx. \$58k for job training of \$225k/year obligation + prior year shortfall.
Phase 1 § 10	Local Community Priority Leasing Program Master Developer must encourage local businesses to lease available retail spaces within Phase 1 by actively notifying local businesses of upcoming leasing opportunities	In Compliance	Not Applicable	To date no retail space has been developed in Phase 1.		In Compliance	In Compliance	In Compliance
Phase 1 § 11	Small Business Assistance Program Master Developer is required to identify opportunities to assist small businesses in BVHP with obtaining contracts by: a) creating and bi-annually updating a directory of local small businesses, b) requiring its contractors and consultants to use their best efforts to purchase no less than 20% of the dollar value of all of their Shipyard Project related purchases from BVHP Area Small Businesses. Contractors and consultants are required to provide monthly progress reports on the dollars spent with BVHP Area Small Businesses. Lennar is required to include language in their contracts with consultants and contractors regarding this obligation. c) host quarterly networking workshops for BVHP Area Small Businesses	Partial Compliance	In Progress	A) Master Developer currently publishes a directory of local suppliers with contractors through the CAP program, but was not shared with Professional Services consultants not using suppliers. Master Developer has since launched a suppliers website available to all contractors. B) Master Developer is currently in the process of revising its consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses. Contractors will begin supplying information on compliance, as these contracts are implemented. C) Master Developer has begun to hold networking events for suppliers quarterly. First was March 30th event; Q2 event was June 24th	Slide 26 - Developer remains out of compliance by not including language in consultant and contractor contracts.	Developer does not include language in their consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses.	Developer does not include language in their consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses.	Developer does not include language in their consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses.

Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 1 § 12	Outreach Program Master Developer is required to disseminate project information, in addition to program specific information, via website, quarterly newsletters, special mailings and similar outreach activities. Master Developer is also required to translate communications into Chinese, Spanish and Samoan.	Partial Compliance	In Progress	Master Developer has spent nearly \$1 million on outreach activities, including events (many of which are provided by the contractor liaison per the Construction Assistance Program). > In addition to the work Master Developer is already doing, Master Developer relaunched the hunterpointcommunity.com website where construction updates, reports CAC reports by the Project's Environmental Manger, and outreach events related to specific projects are provided. Also during this first quarter, Master Developer has conducted two community events for NorthSide Park. This outreach is done in three languages and translation services were provided.	Slide 31 - Provide compliance in context of CBA Exhibit L - Outreach Program, which requires newsletters, special mailings, frequently updated website, posters/fliers, contractor fairs, community colleges, partnership programs with CBOs, phone tree, translation of materials into Chinese, Samoan and Spanish, local news outlets, community resource center outles, and on site program	Partial Compliance	Partial Compliance	Partial Compliance
Phase 1 § 13	Status Reports Master Developer is required to provide a quarterly written status report to OCII and CAC. Additionally, Master Developer is required to make a Status Report presentation to CAC.	Partial Compliance	In Progress	Lennar has not provided required quarterly reports to OCII and the CAC since November 2015. The Q1 Report was presented to the CAC on April 11, 2016. Q2 has not been presented to the CAC. Th e combined Q1 and Q2 report and supporting documentation was provided to OCII on September 23, 2016.	Slide 32 - Developer will need to provide Community Benefit Reports within a month of the quarter ending (i.e. Q3 report is due by the end of October; Q4 report due the end of January)	Partial Compliance	Partial Compliance	Partial Compliance
Phase 2 § 5.3	Community Real Estate Broker Program Master Developer is required to hold specific marketing events for Community Brokers and provide Community Brokers with the opportunity to preview and show Phase 2 units ahead of other brokers.	In Compliance	In Progress	No Phase 2 units are available to date, however, Master Developer has voluntarily expanded the program to Phase 1. Master Developer also provides additional 1% incentive fee to Community Brokers.	Slide 30	In Compliance	In Compliance	In Compliance
Phase 1 § 12	Community Facilities Parcel Master Developer is required to provide a 1.2 acre developable lot for community uses. (The remaining 4.8 acres will be provided in Phase 2)	In Compliance	In Progress	A 1.2 acre lot has been assigned as Phase 1 Community Facilities Parcel. Master Developer will provide the parcel to OCII as developable lot.	Slide 16-19	In Compliance	In Compliance	In Compliance
Phase 2 § 3.3	Community Facilities Lots Master Developer is required to provide a total of 4.8 acres of developable lots for community facilities.	In Compliance	In Progress	Phase 2 Community Facilities Lots have been preliminary identified, subject to revision in accordance with the Phase 2 DDA. A planning process to determine use of Community Facilities Lots is underway; OCII is facilitating discussions with San Francisco Unified School District, San Francisco Police Department, San Francisco Fire Department, San Francisco Public Library, and other service providers to determine future service needs to the Project.	Slide 18	In Compliance	In Compliance	In Compliance
	Additional Community Facilities The Phase 2 CBA provides for additional Community Facilities as listed below: a) Arts and Cultural Facilities	See below	In Progress					
		In Compliance	In Progress	Master Developer is in the process of constructing Replacement Artist Studios of approximately 90,000 square feet and Replacement Commercial Kitchen of approximately 10,000 square feet, and completing Infrastructure for Building 101. A parcel for a future Arts Center has been assigned.	Slide 20 - Construction has not started on replacement Studios.	In Compliance	In Compliance	In Compliance

Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Nov-15	Q1	Q2
Phase 1 § 12	b) Parks and Open Space Facilities	In Compliance	In Progress	Master Developer will construct a variety of passive and active public open spaces in accordance with the Parks and Open Space Plan.		In Compliance	In Compliance	In Compliance
	c) Emerging Business Incubator (Building 813)	In Compliance	In Progress	Master Development plans for Building 813 to be determined with first major phase of development at HP Phase 2.		In Compliance	In Compliance	In Compliance
	d) Fire Station Lot	In Compliance	In Progress	The location of the fire station lot has been determined. Master Developer will provide infrastructure in concurrence with the sub-phase.		In Compliance	In Compliance	In Compliance
Phase 2 § 1.1	Scholarship Program Master Developer must contribute \$3.5 million. Contribution are to be made in accordance with specified Project Milestones	In Compliance	In Progress	Master Developer has made first \$500,000 payment in accordance with the Phase 2 DDA. The Legacy Foundation is undertaking a planning process to make recommendations for the use of these funds.	Slide 34	In Compliance	In Compliance	In Compliance
Phase 2 § 1.2	Education Improvement Fund Developer must contribute \$10 million in several installments in accordance with specified Project Milestones	In Compliance	In Progress	Master Developer has made first \$500,000 payment in accordance with the Phase 2 DDA. The funds are being held by OCII. Use of funds will be determined through a community process including representatives of the San Francisco Unified School District, Bayview Hunters Point, the Mayor's Office of Economic and Workforce Development, OCII and Lennar.	Slide 35	In Compliance	In Compliance	In Compliance
Phase 2 § 2.1	Wellness Contribution Master Developer must contribute \$2 million for the expansion of the Southeast Health Center. Contributions are due in accordance with specified Project Milestones	In Compliance	In Progress	Master Developer has made first \$100,000 payment in accordance with the Phase 2 DDA. The funds have been transferred to the Department of Public Health.	Slide 36	In Compliance	In Compliance	In Compliance
Phase 2 § 2.1	Southeast Health Center Master Developer must contribute \$250,000 for predevelopment expenses associated with the expansion of the Southeast Health Center.	In Compliance	In Progress	Master Developer has made \$250,000 payment in accordance with the Phase 2 DDA. The funds have been transferred to the Department of Public Health.	Slide 36	In Compliance	In Compliance	In Compliance
Phase 1 - 5th Amendment	Community Benefits Fund Master Developer must contribute \$1 million to the Community Benefits Fund	In Compliance	In Progress	Master Developer has contributed \$1 million to Community Benefits Fund in accordance with the Phase 1 DDA (\$500,000 in June 2012 and \$500,000 in June 2013). The Legacy Foundation is undertaking a planning process to make recommendations for the use of these funds.	Slide 33	In Compliance	In Compliance	In Compliance
Phase 2 § 2.1	Community Benefits Fund Master Developer must contribute to the Community Benefits Fund 0.5% of the sales price of each Phase 2 market rate unit.	In Compliance	In Progress	Initial home closings for Phase 2, and associated payments to the Community Benefits Fund, are currently anticipated in late 2018, with continued payments to the CBF anticipated thereafter.	Slide 33	In Compliance	In Compliance	In Compliance

450-0872015-002

Agenda Item No. 5(d)
Meeting of November 17, 2015**MEMORANDUM**

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Workshop on the Community Benefits provided through the Hunters Point Shipyard Phase 1 and Candlestick Point/Hunters Point Shipyard Phase 2 Disposition and Development Agreements; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) oversees the implementation of development at Candlestick Point and Hunters Point Shipyard (“HPS/CP”). The development is governed by two separate Disposition and Development Agreements (the “DDAs”) entered into between OCII and two Master Developers, both affiliates of Lennar Urban. The Hunters Point Shipyard Phase 1 DDA (“Phase 1 DDA”) with HPS Development Co., LP (“Phase 1 Master Developer”) governs the Phase 1 project, which includes development of up to 1,600 homes and 26 acres of parks and open space on the Hilltop and Hillside sites. The Candlestick Point and Hunters Point Shipyard Phase 2 DDA (“Phase 2 DDA”, together with Phase 1 DDA, “DDAs”) with CP Development Co., LP (“Phase 2 Master Developer”), governs the Phase 2 project, which includes development of up to 10,500 homes, 3 million square feet of research and development/office space, 635,000 square feet of regional-serving retail, 250,000 square feet of neighborhood-serving retail, and approximately 325 acres of parks and open space on the remainder of the Hunters Point Shipyard site as well as Candlestick Point. Together, the development of Phase 1 and Phase 2 projects will be referred to as the “Project.”

At the request of the Commission on Community Investment and Infrastructure (“Commission”), this memorandum provides an overview and status on the Master Developers’ compliance with community benefits commitments contained in the Phase 1 and Phase 2 DDAs. This memorandum provides a short description of each benefit and a compliance analysis. A table of the Master Developers’ compliance with all the community benefits for each phase is provided in Attachment 1, HPS/CP Community Benefits Compliance Tracker.

Both the Phase 1 and Phase 2 DDAs contain robust Community Benefit commitments to be fulfilled by the Master Developers. For Phase 1, these community benefits are principally set forth in the Phase 1 DDA, the Phase 1 Vertical Disposition and Development Agreements (the “VDDAs”) and the Phase 1 Community Benefits Agreement, as amended (the “Phase 1 CBA”). For Phase 2, these community benefits are principally set forth in the Phase 2 DDA, including its Community Benefits Plan (the “Phase 2 CBA” and, together with the Phase 1 CBA, the

“CBAs”). The Phase 1 CBA and the Phase 2 CBA are attached to this memorandum as Attachment 2 and Attachment 3, respectively.

As illustrated in the attached Community Benefits Compliance Tracker (see, Attachment 1), the Master Developer is mostly in compliance with its requirements under the CBAs and has provided an array of benefits to the District 10 neighborhood. Where requirements have not been fully met in recent years, this memorandum addresses the reasons for non-compliance and proposed corrective actions moving forward.

BACKGROUND

Project Overview

The Hunters Point Shipyard and Candlestick Point areas are comprised of approximately 780 acres along the southeast waterfront of San Francisco. This land will be developed and transformed into productive areas for jobs, parks, and housing, including affordable housing, through the public-private partnerships between OCII and the Master Developers established under the DDAs. The Project is being implemented in two phases by affiliated, but separate, Master Developers managed by Lennar Urban under separate DDAs.

The Phase 1 project is entitled for up to 1,600 homes, of which at least 27 percent, and up to 40 percent, will be affordable. Phase 1 is also entitled for 26 acres of parks and open space on the Hilltop and Hillside sites. The Phase 2 project is entitled for up to 10,500 homes, of which approximately 32% of which will be below-market rate housing units, including the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program, up to 3 million square feet of research and development space, and approximately 352 acres of new and renovated parks. In total, the Project will generate over \$6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, and new transit infrastructure, and will provide more than \$90 million in payments for community benefits.

Phase 1 DDA and associated Community Benefit Agreements

Starting in 1997, with the adoption of the Hunters Point Shipyard Redevelopment Plan, the former San Francisco Redevelopment Agency (“SFRA”) engaged in an intensive community-based planning process that resulted in the execution of a Disposition and Development Agreement for Phase 1 (i.e., the Phase 1 DDA). The Phase 1 DDA was authorized by the SFRA Commission on December 2, 2003 by Resolution No. 179-2003.

The Phase 1 DDA has been amended since its approval in December 2003. The SFRA Commission authorized: 1) on April 5, 2005, by Resolution No. 3-2005, a First Amendment to the Phase 1 DDA; 2) on October 17, 2006, by Resolution No. 141-2006, a Second Amendment to the Phase 1 DDA; 3) on August 5, 2008, by Resolution No. 84-2008, a Third Amendment to the Phase 1 DDA; 4) on August 19, 2008, by Resolution No. 86-2008, a Fourth Amendment to the Phase 1 DDA; and 5) on November 3, 2009 by Resolution No. 125-2009, a Fifth Amendment

to the Phase 1 DDA. The Phase 1 DDA has been further amended under a Sixth Amendment authorized by the OCII Oversight Board on December 10, 2012 by Resolution 15-2012.

On December 14, 2012, the California State Department of Finance (“DOF”) issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 that the Shipyard’s Phase 1 DDA is an enforceable obligations that survived the dissolution of the former Redevelopment Agency.

The Phase 1 DDA includes Parcel A of the Shipyard (i.e. Hilltop and Hillside), and binds Phase 1 Master Developer to construct the infrastructure necessary to support the vertical development of up to 1,600 residential units, , of which at least 27 percent, and up to 40 percent, will be affordable, and 26 acres of open space and parks.

Attachment 24B of the Phase 1 DDA in its original form established the scope for certain community benefit programs and required the execution of the Phase 1 CBA as a closing condition for the Parcel A transfer. The Phase 1 CBA was executed on April 4, 2005 and describes 11 programs that are intended to provide training, assistance, and contracting opportunities to community residents and organizations, as well as a Community Builder Program to offer 30 percent of the units to be constructed in Phase 1 to Bayview Hunters Point-based developers and contractors. The Phase 1 CBA was amended on November 3, 2009 by Resolution No. 125-2009 to update the Community Builder Program.

Phase 2 DDA and associated Community Benefit Agreements

On June 3, 2010, the SFRA Commission approved the Phase 2 DDA between SFRA and Phase 2 Master Developer by Resolution No. 69-2010. The Phase 2 DDA has been amended under a First Amendment authorized by the OCII Oversight Board on December 10, 2012 by Resolution No. 16-2012. On December 14, 2012, DOF issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 that the Shipyard’s Phase 2 DDA is an enforceable obligations that survived the dissolution of the former Redevelopment Agency.

The Phase 2 DDA binds the Phase 2 Master Developer to construct the infrastructure necessary to support the development of up to 10,500 homes, of which approximately 32% of which will be below-market rate housing units, including the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program, up to 885,000 square feet of regional and neighborhood-serving retail space, approximately 3 million square feet of commercial, light industrial, research and development and office space, up to 100,000 square feet of new community uses, including replacement space for the Shipyard artists and a new arts center, and approximately 326 acres of additional and improved public parks and open spaces.

The Phase 2 DDA includes as Exhibit G a Community Benefits Plan (i.e., the Phase 2 CBA). The Phase 2 CBA includes some of the same programs as the Phase 1 CBA and adds new community benefits, which are primarily cash payments.

Community Benefits Overview

The CBAs’ goals are to ensure that the local Bayview Hunters Point (“BVHP”) community has the opportunity to participate in, and benefit from, the Project. Most community benefits are

captured in the Phase 1 and/or Phase 2 CBAs. However in some instances related benefits are included in other legal agreements, such as other exhibits to the Phase 1 DDA, or required by the Hunters Point Shipyard Redevelopment Plan, as noted below.

The Phase 1 and Phase 2 DDAs also require additional benefits to the community, located outside of Phase 1 and Phase 2 CBA. These benefits include providing affordable housing, the creation and rehabilitation of parks and open space, local hire for construction and end-use jobs, and small business participation. These benefits, while significant, are outside of the scope of this memorandum.

In addition to the Phase 1 and Phase 2 CBAs, Phase 2 Master Developer is party to a separate Core Community Benefits Agreement (“CCBA”) with the Alliance for District 10 (“AD10”). The CCBA provides for an approximately \$28 million Community First Housing Fund and an approximately \$8 million Workforce Development Fund. The CCBA is a private agreement, and as such, neither OCII nor the City, is a party to the CCBA and cannot enforce its implementation.

Additionally, some community benefits are administered by the Legacy Foundation for Bayview Hunters Point (“Legacy Foundation”), an organization that was created in accordance with the Phase 1 DDA and that, in collaboration with the Mayor’s Hunters Point Citizens Advisory Committee (“CAC”), is charged with analyzing community needs and making recommendations to the Commission on the use of certain funds provided by the Master Developers under the CBAs to the Community Benefits Fund (sometimes referred to as the Legacy Fund), as more particularly described below. The Legacy Foundation is sometimes referred to in the DDAs as the BVHP Representative Entity. As described below, the Phase 1 Master Developer has provided \$1 million to the Community Benefits Fund, and the Phase 2 Master Developer has provided \$500,000 in partial fulfillment of the Phase 2 Scholarship Fund. The Legacy Foundation is currently going through a strategic planning process. Once this process is completed (anticipated in early 2016), the Legacy Foundation will provide the Commission with an overview of the organization’s work plan and funding recommendations for the upcoming 3 to 5 years.

This memorandum is organized into 19 sections, each addressing a Phase 1 or Phase 2 Community Benefit. Where Phase 1 community benefits were carried over into Phase 2, they are presented in the same section. The table below provides the structure for the memorandum:

Phase 1 Community Benefit and Phase 1 CBA Section or Other Location of Requirement		Phase 2 Community Benefit and Phase 2 CBA Section or Other Location of Requirement	
1	Construction Assistance Program (Section 3)	Construction Assistance Program (Section 5.2)	
2	Community Builder Program (Section 4)	Community Builder Program (Section 5.1)	
3	Interim African Marketplace (Section 5)	Community Facilities Space (Section 3.2)	
4	Cultural/Historic Recognition Program (Section 6) and 0.5% for Art requirement for Phase 1 (Hunters Point Shipyard	0.5% for Art requirement for Phase 2 (Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans)	

	Redevelopment Plan)	
5	Business Incubator Space Program (Section 7)	Community Facilities Space (Section 3.2)
6	Home Buyer's Assistance Program (Section 8)	
7	Job Training and Employee Assistance Program (Section 9)	
8	Local Community Priority Leasing Program (Section 10)	
9	Small Business Assistance Programs (Section 11)	
10	Outreach Program (Section 12)	
11		Community Real Estate Broker Program (Section 5.3)
12	Community Facilities Parcels – Phase 1 DDA, Attachment 23	Community Facilities Lots (Section 3.3)
13		Additional Community Facilities (Section 3.4) – Artist Complex, Building 813 and Fire Station Lot
14		Scholarship Fund (Section 1.1)
15		Education Improvement Fund (Section 1.2)
16		Community Health and Wellness Contributions (Section 2)
17	Community Benefits Fund (Fifth Amendment to Phase 1 DDA)	Community Benefits Fund (Section 6)
18	Status Reports (Section 13)	
19		Core Community Benefits Agreement (Section 4)

A more detailed program-by-program description of community benefits and their status updates is provided in the subsequent pages of this memorandum.

1) Construction Assistance Program (“CAP”)

Program Description: The CAP applies to Phase 1 and Phase 2. The Phase 1 program is described in Phase 1 CBA Section 3 and has the following elements:

- a) Owner Consolidated Insurance Program (OCIP) that allows interested contractors to sign up for general liability coverage;
- b) Surety Bond Program that relieves BVHP Area Contractors from posting surety bonds for work on the Phase 1 Project;
- c) Technical Assistance in the form of a Contractor Liaison who assists contractors with navigating through the process of contracting for work for the Phase 1 Project;
- d) Financial Assistance in the form of connecting BVHP Area Contractors who are in need of financing with financial institutions; and

- e) Mentorship Program to support emerging MBE/WBE construction related BVHP enterprises by teaming them with experienced mentors.

The Phase 2 CAP as outlined in Phase 2 CBA Section 5.2 provides for a \$1 million contribution to OCII's Surety Bond Program which will be used to assist BVHP contractors in obtaining insurance and credit support that may be required in order to participate in the development of the Phase 2 Project. The Phase 2 CAP also carries forward the Technical Assistance, Contractor Workshops and Training program with a total financial obligation of \$2.5 million over 10 years. The Mentorship Program is limited to Phase 1.

Status Update for Phase 1:

As required, the Master Developer has provided the OCIP and has been waiving Surety Bond requirements for BVHP Area Contractors. With the exception of a limited period of time when construction activities stopped, the Phase 1 Master Developer has contracted with consultants to provide Technical Assistance. Butler Enterprises currently administers the Phase 1 and Phase 2 CAP. Previously, Business Development Inc. and John Scott Consulting administered the Phase 1 CAP.

The Mentorship Protégé program was initially administered by Clear Focus and has been subsequently carried out by Renaissance Entrepreneurship Center since 2010. Since Renaissance Entrepreneurship Center has taken over the program, protégés have been able to secure in contracts with a total value of more than \$45,000,000, and have employed more than 180 people, the majority of whom are D10 residents.

Status Update for Phase 2: In 2013, the Phase 2 Master Developer hired Butler Enterprises to develop and implement the Phase 2 CAP out of a site office on the Shipyard (Galvez Ave. at Donahue St.) that is staffed Monday through Friday during regular business hours. The CAP staff includes a contract liaison, a project administrator, a trucking administrator and an outreach and technical assistance liaison. To date, Butler Enterprises has organized 20 workshops or classes on topics such as: access the money, estimating and tracking, project execution, contract administration and similar topics. As part of the Financial Assistance obligation, Butler Enterprises has developed a financial guide for community contractors and has started introducing community contractors to bank representatives.

Under the Phase 2 CBA, as part of the CAP, the Phase 2 Master Developer is required to run program to assist truckers residing or based in BVHP in securing contracts for the trucking services needed to complete the demolition, grading and infrastructure for the Phase 2 Project. The Phase 1 Master Developer also utilizes this program for the development of the Phase 1 Project's infrastructure and new homes.

The Phase 2 CBA requires the developer to expend \$250,000 annually on the CAP program for 10 years. To date, the Phase 2 CAP has been operating for almost two years, during which the Phase 2 Master Developer has expended approximately \$265,000, resulting in a shortfall of approximately \$235,000. In accordance with the Phase 2 CBA, the Phase 2 Master Developer will either provide the resulting shortfall to the Legacy Foundation, or continue the CAP beyond the 10 year term until the totality of the \$2.5 million obligation is satisfied.

In accordance with the Phase 2 CBA payment schedule, an initial surety bond contribution of \$250,000 was made by Phase 2 Master Developer 90 days after the first Major Phase Approval by the OCII Commission in January 2014. OCII is working with the City and County of San Francisco ("City") to determine if OCII can participate in the City's Surety Bond Assistance Program, which provides bonding, financial, and business management assistance to local small businesses. Funds from the community benefits program, including the \$250,000 contributed by Phase 2 Master Developer in the spring of 2014, would be used to capitalize bid, performance, and payment bond guarantees of up to 40 percent of a contractor's bond amount, subject to a maximum dollar limit per contractor to ensure benefits accrue to as many small businesses as possible. If OCII is unable to participate in the City's Surety Bond Assistance Program, OCII will explore the possibility of establishing a program that is similar to the City's program.

2) Community Builder Program

Program Description: As part of the Phase 1 CBA, the Phase 1 Master Developer agreed that 30 percent of market-rate housing lots in Phase 1 would be offered for development in partnership with Community Builders. Community Builders are builders whose business or residence is located in BVHP, or BVHP non-profit groups with the requisite proficiency and experience to develop the project.

Further, in accordance with Section 5.1 of the Phase 2 CBA, the Phase 2 Master Developer agreed to also make available 500 units across a spectrum of affordability levels for development by Community Builders. Additionally, OCII has an obligation to use good faith efforts to involve community partners in the development of at least 300 Agency Affordable Units. Community partners are non-profit organizations that provide services to the residents of the greater southeast interested and qualified to develop, co-develop, or provide social or clinical services to the residents for the Agency Affordable Projects.

The Phase 1 and Phase 2 CBAs provide for Community Builders have to access the program in the following ways:

- a) Acquire assigned lots and develop these lots as an Independent Community Builder;
- b) Jointly acquire an assigned lot with an affiliate of Master Developer and develop the site as a Joint Venture Community Builder; or
- c) Assist a Vertical Developer as a Fee Developer Community Builder without being required to contribute to the costs of the lot purchase or development.

Status Update for Phase 1: Community Builder lots have been assigned to eight Community Builders. Community Builder Agreements have been executed for the following Blocks in the Phase 1 Project in accordance with the Community Builder Program:

<u>Phase 1 Block Number</u>	<u>Community Builder</u>
Block 53	MDC/C. Churchwell LLC (Rhody McCoy/Dr. Churchwell)
Block 54	BAMEC Inc. (Thomas Shuen)
Blocks 48 F and J	Shiloh Full Gospel Church (Bishop George Lee)

Phase 1 Master Developer is working to finalize Community Builder Agreements with these Community Builders.

<u>Phase 1 Block Number</u>	<u>Community Builder</u>
Block 1	Tabernacle Community Development Corporation
Block 52	Al Norman/Derek Smith (Marinship)
Block 48 A	San Francisco Housing Development Corporation
Block 48 K	The Baines Group
Block 48 O	Eagle Environment Consulting

Status Update for Phase 2: No Community Builder Lots have been assigned for the initial Candlestick Point Major Phase. The Phase 2 Master Developer's 500 unit Community Builder obligation will be fulfilled in future Major Phases on Candlestick and/or the Hunters Point Shipyard.

OCII has engaged community partners on the development of the Alice Griffith Replacement Housing Project ("Alice Griffith"). At completion, Alice Griffith will replace all 256 existing public housing units and provide an additional 248 units of new, affordable housing. To date, construction has started on the first two phases of Alice Griffith, and OCII has engaged community partners for the first three phases. For Phases 1 and 3 of Alice Griffith, San Francisco Housing Development Corporation ("SFHDC") has partnered with McCormack Baron Salazar ("MBS"). On Phase 2, Tabernacle Community Development Corporation is a development partner with MBS. Together, Phases 1, 2, and 3 of Alice Griffith will provide 306 housing units, of which 207 are public housing replacement units and 99 are new, affordable units.

3) International African Marketplace ("IAM")

Program Description: In accordance with the Phase 1 CBA, Phase 1 Master Developer agreed to establish an Interim African Marketplace: a music, entertainment, cultural, and tourist destination in the form of an African-themed temporary festive outdoor setting for the display and sale of goods and wholesome foods as well as a venue for musical performances. The Interim African Marketplace was intended to be moved to a permanent location in Phase 2. The Phase 2 CBA requires that a portion of the Phase 2 open space and a portion of the Community Facilities Space within retail facilities on Candlestick be used for an African-themed, festive setting for the display and sale of arts, crafts, sculptures, fabrics and clothing, and books.

Status Update for Phase 1: In 2006 and 2007, Phase 1 Master Developer organized Interim African Marketplace events that spanned several consecutive weekends. In response to community feedback, the event format was changed to focus on one weekend. OCII staff and the Phase 1 Master Developer agreed that Phase 1 Master Developer would satisfy its requirement with respect to the Interim African Marketplace through payment of \$180,000 to OCII, which OCII would use to solicit contractors to organize Interim African Marketplace events. OCII organized such events in 2008 and in 2009. Following feedback from the CAC, the IAM was

put on hold after the 2009 event. Recently, due to the requirements of state Dissolution Law, OCII returned the remaining fund balance of approximately \$80,000 to Phase 1 Master Developer, which is holding these funds for future events or planning for the permanent IAM in Phase 2. Phase 1 Master Developer is currently working with the CAC to plan for the future use of these funds.

Status Update for Phase 2: There are two planned locations for the IAM in Phase 2:

- a) IAM Northside Park. Under the Phase 2 DDA, Phase 2 Master Developer is required to construct a variety of passive and active public open spaces. Part of this open space shall include open space, currently planned to be located in the Northside Park to be built on property adjacent to Block 1, to be used as (i) a venue for musical performances, including performances of gospel, jazz, blues, African and world music and (ii) an occasional outdoor venue that will serve as (1) an African-themed marketplace for the display and sale of arts, crafts, sculptures, fabrics and clothing, and books; and (2) a marketplace for farmer and antique markets, including the sale of fresh, wholesome and healthy foods. The location of Northside Park is scheduled to be conveyed by the Navy to OCII next year. Under the Phase 2 DDA, Phase 2 Master Developer is scheduled to provide schematic designs for Northside Park in the first Major Phase Application for the Hunters Point portion of the Phase 2 Project. Northside Park, and its associated IAM, is anticipated to be complete by 2021.
- b) IAM Candlestick Retail. The Phase 2 CBA requires that a portion of the Community Facilities Space within retail facilities on Candlestick be used for an African-themed, festive setting for the display and sale of arts, crafts, sculptures, fabrics and clothing, and books. Under the Phase 2 CBA, Community Facilities Space is to be made available in “cold-shell” condition, meaning the IAM will be responsible for funding all tenant improvements. The Community Facilities Space is to be provided without a base rent or sales price, but the tenant will be responsible for payment of its proportionate share of pass-through and other charges, including property taxes and assessments, insurance and maintenance and other operating expenses. The Candlestick IAM will be located in a mixed-use development on Block CPS 8a in Sub-Phase CP-04, the final square footage will be determined through schematic design submittals. The block has direct access to Wedge Park Plaza, which may be used by the IAM for events, and will be part of the retail district that includes the Candlestick Retail Center. The Candlestick IAM is planned to be built in conjunction with the Candlestick Retail Center, which is anticipated to open in Spring 2018.

4) Cultural/Historic Recognition Program (“CHRP”)

Program Description: The Phase 1 CHRP program’s vision was to integrate cultural features throughout the Shipyard and to provide opportunities for local artists to participate in the creation of public art. CHRP elements include the installation of 500 square feet of tiles designed by youth participants a San Francisco Bayview Opera House program and the creation of a walkway with a timeline of events. No funding obligation was included with the CHRP program requirement. Instead, under the Phase 1 CBA, Phase 1 Master Developer was required to engage

a fundraising consultant to pursue government, foundation and private funding to underwrite the creation of the arts program, the public art and the implementation of the CHRP.

Additional public art will be funded from the art fee requirement in the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans. In accordance with those requirements, 0.5% of the hard cost of initial construction (excluding costs of infrastructure and tenant improvements) of any new office building in excess of 25,000 square feet constructed within the Project Area is to be used for the installation and maintenance of works of arts in the public realm within the Project Area. Only Phase 2 will include office buildings in excess of 25,000 square feet.

For Phase 2, the Mitigation, Monitoring, and Reporting Program (“MMRP”) additionally requires interpretive displays depicting the history of Hunters Point Shipyard to be installed at Heritage Park in Dry Docks Number 2 and 3. For Candlestick, the Signage Master Plan, approved by the Commission on January 7, 2014, requires the Phase 2 Master Developer to provide visual reminders of historic activity in the public realm.

Status Update for Phase 1: From March 2005 through December 2006, Lennar contracted with LSM Legacies to conduct planning and fundraising services in furtherance of CHRP. In 2009, the SFRA initiated the “Shipyard Public Art” project by securing nearly \$1.5 million of federal grant funds from the U.S. Department of Commerce, Economic Development Administration (“EDA”). The EDA grant was used by SFRA, and subsequently OCII, to commission public art pieces for the Hilltop portion of the Phase1 Project. Nine public art pieces are in the process of being installed and the project will be completed by November 2015. On October 9, 2015, the San Francisco Chronicle covered the Phase 1 Arts Program in an article “Sculpture suitable for framing at Hunters Point” by Sam Whiting. A copy of their coverage is available here: <http://www.sfchronicle.com/art/article/Sculpture-suitable-for-framing-at-Hunters-Point-6561430.php>.

As part of the creation of the Hilltop parks and open space, the required 500 square feet of youth tiles will be installed by Phase 1 Master Developer. Further, a segment of the walkway/timeline will also be located in the Hilltop parks, with the remainder being located in Phase 2.

Status Update for Phase 2: No public art fee has been collected to-date, because no new office buildings in excess of 25,000 square feet have been constructed within the Project Area. The Phase 2 Master Developer will provide designs for the Hunters Point Shipyard interpretive displays to OCII during the schematic design review of Heritage Park, which is in the second Major Phase for Hunters Point Shipyard (“2-HP”). For Candlestick, in preparing the final signage, the Phase 2 Master Developer will use existing resources, including the Bayview Library’s Oral Histories Project. Final signage will be approved by the Commission through the Schematic Design process.

5) Business Incubator Space Program (“BISP”)

Program Description: In the Phase 1 CBA, the BISP’s goal is to facilitate the growth and development of a variety of businesses at the Shipyard. In furtherance of this vision, Phase 1

Master Developer agreed to provide a business incubator space within Shipyard. The space will be provided in a vertical development that includes retail space developed by an affiliate of Phase 1 Master Developer, and will be provided at cost (without profit), to a BISP facilitator who will develop and manage the business incubator program.

The Phase 2 CBA identifies Building 813 on the Shipyard, an approximately 260,000 gross square foot building, for the use as a center for the incubation of emerging businesses and technologies.

Status Update Phase 1: To date, no retail space has been developed as part of Phase 1. Given the small size of the retail planned in Phase 1 it is anticipated that any incubator space would be provided in Phase 2 of the Shipyard. This is consistent with the CBA requirement.

Status Update Phase 2: On September 16, 2015, OCII acquired Building 813 and the land upon which it is situated, as described in the Phase 2 DDA. Upon the completion of the Developer's obligation to construct infrastructure to serve the building by no later than 2025, Building 813 will be sold at fair market value, subject to considerations related to the Phase 2 CBA, which specify the property's use "as a center for the incubation of emerging businesses and technologies, including, but not limited to, clean tech, biotech, green business, arts and digital media."

6) Home Buyers' Assistance Program

Program Description: The Phase 1 CBA requires Phase 1 Master Developer to develop a program to provide assistance to qualified Phase 1 home buyers of affordable as well as market rate homes, including:

- a) Down Payment Assistance
- b) First Time Buyer Financing Programs, and
- c) Homeownership Counseling Services.

Status Update for Phase 1: The Down Payment Assistance and First Time Buyer Financing Programs are set forth in the VDDAs. Under the VDDAs, the Vertical Developer is to provide information to qualified buyers of Market-Rate Residential Units regarding any 0% down payment options offered by preferred lenders for the Phase 1 Project. In addition, the Vertical Developer is to work with OCII and local community economic development organizations to identify (i) programs that could be the source of "gift" funds that may be used by qualified buyers for two percent (2%) of the required down payment on an Affordable Residential Unit in the Phase 1 Project pursuant to the Affordable Housing Plan, and (ii) programs that could provide other forms of financial assistance for such qualified buyers, and to provide qualified buyers with a list of such programs. Further, the Vertical Developer is to work with its preferred lenders to provide information to qualified home buyers regarding any available fixed-rate financing for low and moderate-income first-time home buyers (individuals who have not owned a home within the past three years).

Down Payment Assistance and First Time Buyer Financing Programs. For the current blocks in Phase 1, there are a number of first time homebuyer programs that are offered by the preferred lenders (UAMC, Wells Fargo, and K&L Capital), including a 97% loan-to-value first time buyer program. The main first time home buyer program that K&L Capital offers is a community mortgage program that is eligible for properties located in a low to moderate income census tracts (the Project is eligible). Three buyers in the first two blocks (Blocks 50 and 51) qualified under this program, which is 5% down and no Private Mortgage Insurance (“PMI”).

Homeownership Counseling Services. Since the beginning of Phase 1, the Phase 1 Master Developer has organized 59 first time homebuyer workshops with a total of nearly 1,200 attendees.

In 2014 and 2015, the Phase 1 Master Developer hosted quarterly workshops in accordance with the Home Buyer’s Assistance Program. The workshops provided an overview of OCII’s limited equity program and first time home buyer opportunities from the Phase 1 Master Developer. Approximately 110 participants attended the four workshops that took place in 2014 and 45 participants attended the first two workshops in 2015.

7) Job Training and Employee Assistance Program (“JTP”)

Program Description: Phase 1 Master Developer is obligated to create a JTP by:

- a) Working with existing community based job training and assistance programs with a successful track record of identifying job training needs for the Shipyard;
- b) Designing the JTP to specifically address training and employment needs at the Shipyard;
- c) Including in the JTP the creation of after school, summer school and vacation employment via internships or partnering with local summer jobs programs.

In furtherance of the JTP, Phase 1 Master Developer agreed to fund community based organizations that provide suitable services. Phase 1 Master Developer’s annual funding obligation is \$225,000, which started with the close of escrow for Parcel A and continues until Phase 1 infrastructure is substantially complete, which is estimated to occur in 2017.

Status Update for Phase 1: The total funding obligation under the JTP for the 10 years from 2005 – 2014 is \$2,250,000. Through the end of 2014, the Phase 1 Master Developer has provided a total of approximately \$1,840,000 to over a dozen community based organizations, a short fall of \$410,000. The JTP has been successful in preparing local workers for the job opportunities available at the projects, which have achieved significant local workforce participation. However, because the total funding obligation has not been met, OCII finds the Phase 1 Master Developer not in compliance with the CBA.

Explanation and Corrective Action: Phase 1 Master Developer reduced expenditures during a period of development inactivity between 2009 and 2012, and is in the process of accelerating training expenditures commensurate with increased construction. The Phase 1 Developer is developing programs that will accelerate the Phase 1 Master Developer’s JTP spending by \$300,000 in fiscal year 2016. The remaining deficit of \$110,000 will be expended the following

fiscal year, thus bringing Phase 1 Master Developer's spending in line with the JTP obligation by the end of fiscal year 2017.

Local Community Priority Leasing Program

Program Description: As part of Section 10 of the Phase 1 CBA, the Phase 1 Master Developer agreed to encourage local businesses to lease available retail spaces within the Phase 1 Project Area by actively notifying local businesses of upcoming leasing opportunities, and working with local partners like the Bayview Business Resource Center and the Bayview Merchant Association to outreach to local businesses.

Status Update for Phase 1: To date, no retail spaces have been developed in Phase 1.

8) Small Business Assistance Program ("SBAP")

Program Description: As part of Section 11 of the Phase 1 CBA, Phase 1 Master Developer is required to identify opportunities to assist small businesses in the BVHP area with obtaining contracts for, and participating in, other business opportunities at the Shipyard. In furtherance of this requirement, Phase 1 Master Developer is required to create and update no less than bi-annually a directory of local small businesses. Additionally, the Phase 1 Master Developer must require its Phase 1 contractors and consultants to use their best efforts to purchase no less than 20% of the dollar value of all their Shipyard Project-related purchases from BVHP area small businesses and require them to provide monthly progress reports on dollars they spend with BVHP area small businesses. Additionally, in order to facilitate networking opportunities for BVHP Area Small Businesses, the Phase 1 Master Developer's Community Benefits Manager is to assign a member of its project team to be responsible for operating the SBAP and ensuring that all of the components of the program are implemented as described.

Status Update for Phase 1: Master Developers currently publish a directory of local suppliers that is shared with all contractors that obtain contracts on the project. Separately, Master Developers maintain a list of other local small businesses. The Master Developers also host networking events for suppliers as frequently as two times per year.

The Phase 1 Master Developer has required contractors for horizontal and vertical development projects to hire local small business enterprises and procure local supplies, as stipulated by OCII's Small Business Enterprise policy (which requires good faith efforts to locally hire and procure for construction projects). However, the Phase 1 Master Developer has not been tracking contractors' performance. Additionally, the Phase 1 Master Developer has not required all other consultants to procure local supplies.

Given the lack of performance tracking in regards to local procurement of supplies, OCII finds Phase 1 Master Developer not in compliance with CBA requirements for the SBAP.

Explanation and Corrective Action: The Phase 1 Master Developer has focused on construction activities and has not been tracking contractors' and consultant's performance concerning locally procured supplies. Moving forward, the Phase 1 Master Developer will monitor the

implementation of the SBAP and will also increase the frequency of networking events to at least once per quarter.

9) Outreach Program

Program Description: Exhibit L of the Phase 1 CBA outlines certain tools and activities that Phase 1 Master Developer is required to carry out in order to facilitate the dissemination of important information, deadlines, and updates pertaining to opportunities resulting from the redevelopment of the Shipyard. These tools include a website, a quarterly newsletter, special mailings, contractor fairs and similar outreach activities.

Status Update for Phase 1: The Phase 1 Master Developer has spent nearly \$1 million on outreach efforts, including a significant number of events specifically for contractors to allow them to engage with other professionals in the trades, and for them to gain information about the Project in an ongoing way. These events include, among others, CAP open houses, BBQ Contractor Networking Events, Construction Assistance Program office Open Houses, Suppliers Meet and Greet networking events and Informational events for local community trucking companies. The Phase 1 Master Developer also communicates with the contracting community regularly with its pre-bid outreach and electronic flyers that are also disseminated through the CAP. As part of the Phase 1 Below Market Rate (“BMR”) Housing Program there are special mailings for Certificate of Preference holders.

The Phase 1 Master Developer and Phase 2 Master Developer are engaged in a Door Hanger Outreach project, which began in Visitacion Valley. To date, Master Developers have distributed 3,000 door hangers (in English, Spanish and Chinese) with information about the Project, including specifically the Candlestick District portion of the Phase 2 Project.

In addition, Master Developers currently runs MUNI bus advertisements in partnership with a local artist. The bus ads advertise the Project and the Project website, which has a page dedicated to the BMR Program and additional resources such as construction updates, environmental updates, community building information, active requests for proposals and similar important information.

Explanation and Corrective Action: The Phase 1 Master Developer has not met all outreach requirements as listed in Exhibit L of the CBA. However, Master Developers have conducted certain additional outreach activities that are not required (door hanger and bus advertisements), as provided above. Phase 1 Master Developer has committed in writing to full compliance with all outreach requirements moving forward.

10) Community Real Estate Broker Program (“CREBP”)

Program Description: The Phase 2 CREBP provides licensed real estate brokers and salespersons with offices in BVHP (“Community Brokers”) with the opportunity to preview and show units in Phase 2 residential projects ahead of other brokers. Additionally, Phase 2 Master Developer will host specific marketing events for Community Brokers and provide Community Brokers with marketing materials to assist them with marketing units to their clients.

Status Update: Phase 2 Master Developer will provide CREBP services and assistance to Community Brokers as soon as Phase 2 units become available.

While the CREBP program is not required in Phase 1, the Phase 1 Master Developer has voluntarily expanded the CRECP to Phase 1 and has provided the CREBP to local real estate brokers who are interested in working with prospective Phase 1 residents.

Community Brokers participating in the Phase 1 CREBP receive the following benefits:

- 1) Have the first opportunity to preview and show units in the new residential developments to clients of the Community Brokers;
- 2) Receive invitations to marketing events for Community Brokers for the new developments;
- 3) Receive marketing materials for the units to assist with marketing such units to clients of the Community Brokers; and
- 4) Receive recognition and participation opportunities at homebuyer workshops related to the new developments.

Further, Community Brokers in Phase 1 are being offered a 2.5% commission on market rate homes and below market rate homes and an additional 1% incentive commission is available only for Community Brokers whose clients purchase a home. The 1% incentive commission is in excess of what is customarily provided in the market.

11) Community Facilities Lots

Program Description: Community Facilities Lots are developable pads that are served by new, permanent infrastructure and graded for development. These lots may be used for a range of civic or community needs, including facilities for school, police and fire. The prepared land is provided for free to OCII, and Master Developers are not responsible for funding the vertical construction. Community Facilities Lots are required under both DDAs. Phase 1 originally required 6 acres of land within Parcel A and Parcel B to be designated as Community Lots within Phase 1 (Parcel B was originally part of Phase 1). However, with the exclusion of Parcel B from Phase 1, only 1.2 acres remained in Phase 1 and the remaining 4.8 acres were distributed throughout the Phase 2 Project.

Status Update: The locations of Community Facilities Lots in Phase 1 and 2 have been finalized, subject to revision in accordance with the Phase 2 DDA, and a planning process to determine use of Community Facilities Lots is underway. OCII is facilitating discussions with San Francisco Unified School District, San Francisco Police Department, San Francisco Fire Department, the San Francisco Public Library, and other service providers to determine future service needs to the Projects.

12) Additional Community Facilities

Program Description: The Phase 2 CBA provides for additional Community Facilities which include:

- a) Arts and Cultural Facilities (replacement artist studios, infrastructure for Building 101 and land for a future arts center);
- b) Parks and Open Space Facilities in accordance with the Parks and Open Space Plan and the applicable Major Phase and Sub-Phase Approvals;
- c) Reasonable collaboration with OCII to facilitate the rehabilitation of Building 813 for use as an innovation center; and
- d) Completion of Infrastructure for a Fire Station Lot in accordance with the Infrastructure Plan.

Status Update: Phase 2 Master Developer is in the process of constructing replacement facilities for the existing Shipyard tenants. The replacement commercial kitchen will be a 10,000 square foot facility serving approximately 30 small businesses. It is currently under construction and will be occupied by early next year. The replacement artists' studio building will accommodate 140 artists in 130 studios. Construction of the 90,000 square foot replacement artists' studio building is scheduled to begin in Spring 2016, with artists moving into the building by the end of 2017. The Phase 1 Master Developer is also about to commence infrastructure work for Building 101, which will be retained and continue to house approximately 150 artists. Together, the replacement commercial kitchen, replacement artists' studios and Building 101 infrastructure have a cost of \$30 million.

In fulfillment of developing the Parks and Open Space, the Phase 2 Master Developer has provided Schematic Designs with their Sub-Phase applications for Candlestick Sub-Phases CP-01, CP-02, -03, and -04. These applications include a portion of Alice Griffith Neighborhood Park, Wedge Park Plaza, and the first acre of Wedge Park, Jamestown Walker Slope, Bayview Hillside Open Space, and Earl Street Boulevard Park. Combined, these open spaces total approximately 8.6 acres of parks and open space. Additionally, in fulfillment of the State Park Agreement, the Phase 2 Master Developer provided the Candlestick Point State Recreation Area ("CPSRA") \$3.3 million for operations and maintenance funding in July 2014. In Spring 2016, the Phase 2 Master Developer will provide CPSRA an additional \$19.4 million, of which \$6.6 million will be used for operations and maintenance and \$12.5 million will be used for capital improvements within the CPSRA.

Building 813 and the Fire Station Lot are both in the second Major Phase of Hunters Point Shipyard (2-HP). OCII staff will coordinate with the Phase 2 Master Developer to ensure fulfillment of these obligations.

13) Scholarship Program

Program Description: In accordance with Phase 2 CBA Section 1.1, Phase 2 Master Developer must contribute \$3.5 million to the "Lennar Bayview Scholarship Fund" to be used to assist youth and adults up to age 30 with cost of tuition and/or educational material in pursuit of a higher educational program that grants a diploma, degree or certificate of completion. \$5,000 of the Lennar Bayview Scholarship Fund are to be set aside annually for the "Will Bass Memorial

Educational Travel Scholarship” which will be awarded to an African American student (18 to 25 years old) from BVHP for education travel to Africa or Asia. These contributions are to be made in accordance with specified Project milestones.

Status Update: In accordance with the payment schedule under the Phase 2 CBA, the first payment of \$500,000 was made by Phase 2 Master Developer 90 days after the first Major Phase Approval by the OCII Commission in January 2014. As stipulated in Section 1.1, these funds must be held by the Community Benefits Fund, which is administered by the Legacy Foundation. The Legacy Foundation is undertaking a strategic planning process to make disbursement recommendations to the OCII Commission for these initial funds.

14) Education Improvement Fund

Program Description: In accordance with the Phase 2 CBA Section 1.2, the Phase 2 Master Developer is required to contribute \$10 million to the to the “Lennar Bayview Education Improvement Fund” to be used to support education enhancements within BVHP, which may include new facilities or upgrades to existing education resources and health and wellness education in schools. These contributions are to be made in accordance with specified Project milestones, but may be accelerated on the agreement of Phase 2 Master Developer and OCII for the construction of new educational facilities in BVHP.

Status Update: In accordance with the payment schedule under the Phase 2 CBA, the first payment of \$500,000 was made by Phase 2 Master Developer 90 days after the first Major Phase Approval by the OCII Commission in January 2014. Use of funds will be determined through a community-based process that includes representatives of the San Francisco Unified School District, BVHP, the Office of Economic and Workforce Development, OCII and Lennar. OCII has initiated a dialogue with the San Francisco Unified School District about the opportunity to construct a new educational facility at the Shipyard and/or Candlestick. OCII will work with BVHP residents and other stakeholders on any proposed education facility.

15) Community Health and Wellness Contributions

Program Description: In accordance with Phase 2 CBA Section 2, the Phase 2 Master Developer is required to contribute \$2 million for a Wellness Contribution and \$250,000 for the expansion of the Southeast Health Center. The Wellness Contribution is also to be used for the expansion of the Southeast Health Center or, in the event that funds are not needed for the Southeast Health Center, for the creation or expansion of the Center for Youth Wellness. These contributions are to be made in accordance with specified Project milestones.

Status Update: In accordance with the payment schedule under the Phase 2 CBA, payments totaling \$350,000 were made by Phase 2 Master Developer 90 days after the first Major Phase Approval by the OCII Commission in January 2014. OCII has transferred those funds to the Department of Public Health to be used to cover predevelopment expenses for the Southeast Health Center expansion.

16) Community Benefits Fund

Program Description: In accordance with the Fifth Amendment to the Phase 1 DDA and Phase 2 CBA Section 6, Master Developers are required to make certain contributions to a fund (“Community Benefits Fund”), which is to be reinvested by OCII in the Project Site and BVHP to:

- a) Benefit low- and moderate income families;
- b) Eliminate blight; and /or
- c) Meet other community development needs of BVHP as determined by the Legacy Foundation, including those related to social services, affordable housing, education, the arts, public safety, assistance for senior citizens and other community services.

These funds are to be reinvested by OCII following consultation with the Legacy Foundation and the CAC and are to be subject to the approval of the OCII Commission.

Status Update: To date, the Phase 1 Master Developer has contributed \$1 million in accordance with the Fifth Amendment of the Phase 1 DDA - \$500,000 in June 2012 and \$500,000 in June 2013. These funds remain in the community benefits Fund pending recommendations to the OCII Commission from the Legacy Foundation. Additionally, 0.5% of the sales price of each Phase 2 market rate unit will become due to the community benefits fund at the close of escrow of the initial sale of each Phase 2 market rate unit. Initial home closings for Phase 2, and associated payments to the community benefits fund, are currently anticipated in late 2018, with continued closings anticipated thereafter.

17) Community Benefits Status Reports

Program Description: In accordance with Section 13 of the Phase 1 CBA, the Phase 1 Master Developer is required to provide the CAC and OCII with a written Status Report on all of the community benefits programs on a quarterly basis. Additionally, the Phase 1 Developer is required to present the contents of each Status Report to the CAC.

Status Update: Phase 1 Master Developer initially provided Status Reports in compliance with the Phase 1 CBA. More recently, Master Developers have provided the CAC with a verbal development update that also includes some programmatic elements. However, OCII has not received a written Status Report since September 2013. Therefore, OCII finds Phase 1 Master Developer not in compliance with this requirement.

Explanation and Corrective Action: Moving forward, the Phase 1 Master Developer will fully comply with the requirement. This informational memorandum fulfills the Status Report requirement for the fourth quarter of 2015. The next Status Report for the first quarter of 2016 will be provided in written form and presented to the CAC by the Phase 1 Master Developer in April 2016.

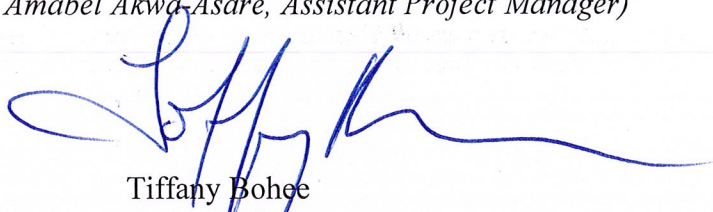
18) Core Community Benefits Agreement

Program Description: The Phase 2 CBA also references the CCBA, which is a separate agreement between Phase 2 Master Developer and AD10. AD10 representatives include the Alliance of Californians for Community Empowerment, the San Francisco Organizing Project and the San Francisco Labor Council. OCII is not party to this agreement and does not monitor or regulate its implementation. Under the CCBA, the Phase 2 Master Developer has contributed \$2,100,000 for workforce training, \$5,500,000 for affordable housing, and \$225,000 for implementation.

Future Updates

Per the Phase 1 CBA, the Phase 1 Master Developer is required to provide quarterly written status reports on all Phase 1 community benefits programs and make presentations to the CAC. The next quarterly community update will occur in April 2016 and cover the period from January through March 2016. At the Commission's request, OCII staff and the Master Developers will provide future summary Community Benefit Program updates, which will continue to illustrate the cumulative impact of the Phase 1 and Phase 2 CBAs.

(Originated by Amabel Akwa-Asare, Assistant Project Manager)



Tiffany Bohee
Executive Director

Attachment 1:	Community Benefits Compliance Tracker
Attachment 2:	Phase 1 Community Benefits Agreement
Attachment 3:	Phase 2 Community Benefits Plan

1

Community Benefits Update: Hunters Point Shipyard Phase 1 & Hunters Points Shipyard Phase 2/Candlestick Point

Tamsen Drew

Office of Community Investment and Infrastructure (OCII)

November 17, 2015



Presentation Overview

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- Project Background
- Community Benefits
 - Hunters Point Shipyard Phase 1
 - Hunters Point Shipyard Phase 2/Candlestick Point

Hunters Point Shipyard & Candlestick Point

3



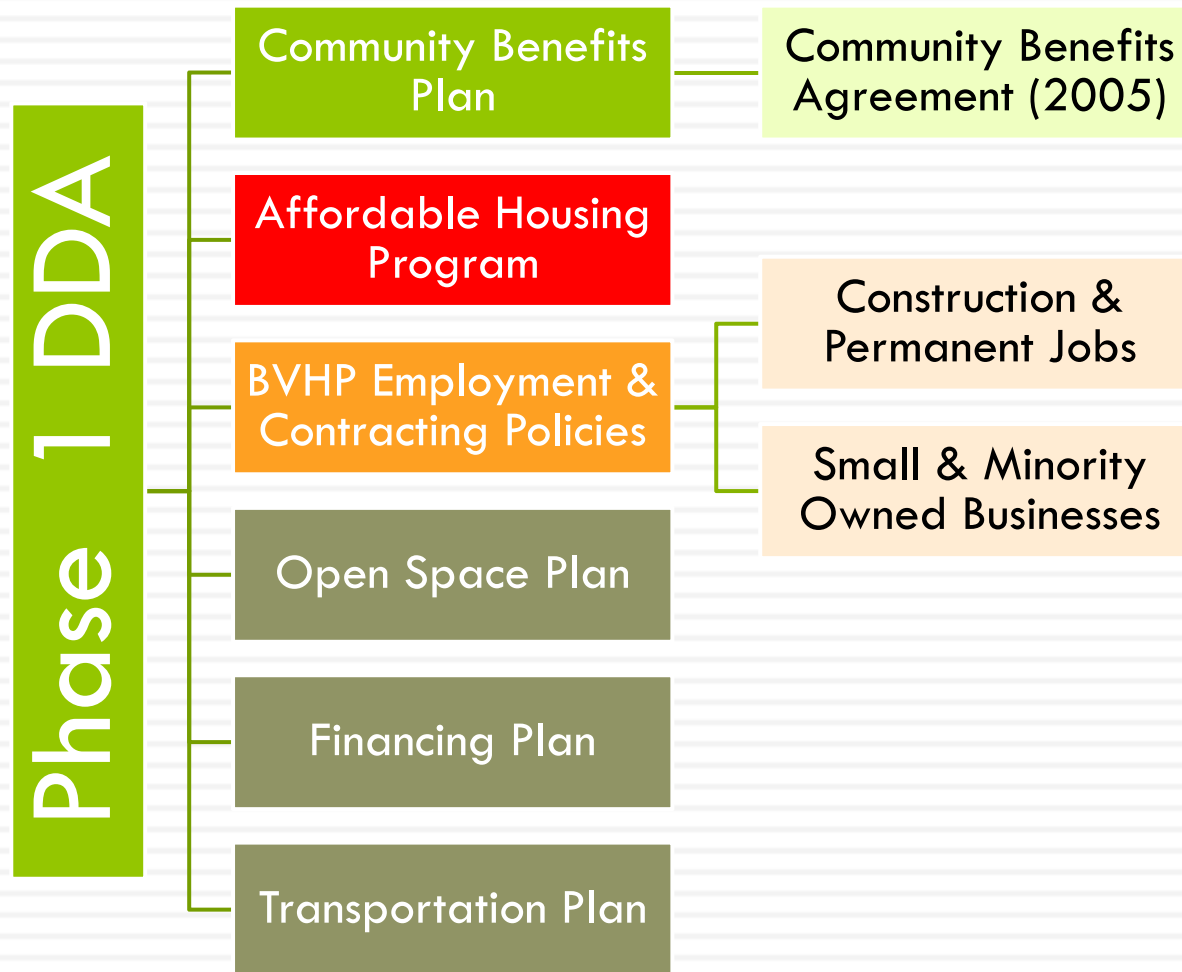
Project Timeline:

4

Year	Event
1974	Hunters Point Shipyard Closed
1997	BoS Adopts Hunters Point Redevelopment Plan
2003	HPS Phase 1 Disposition and Development Agreement (DDA) Adopted (OCII & Lennar)
2007	BoS Endorses CP/HPS Phase 2 Conceptual Framework
May 2008	Core Community Benefits Agreement (Lennar & AD 10)
June 2008	SF Voters Approve Proposition G
2010	CP/HPS Phase 2 DDA Adopted (OCII & Lennar)
2015	1 st Residents Move into HPS Phase 1 Development

Phase 1: Disposition & Development Agreement

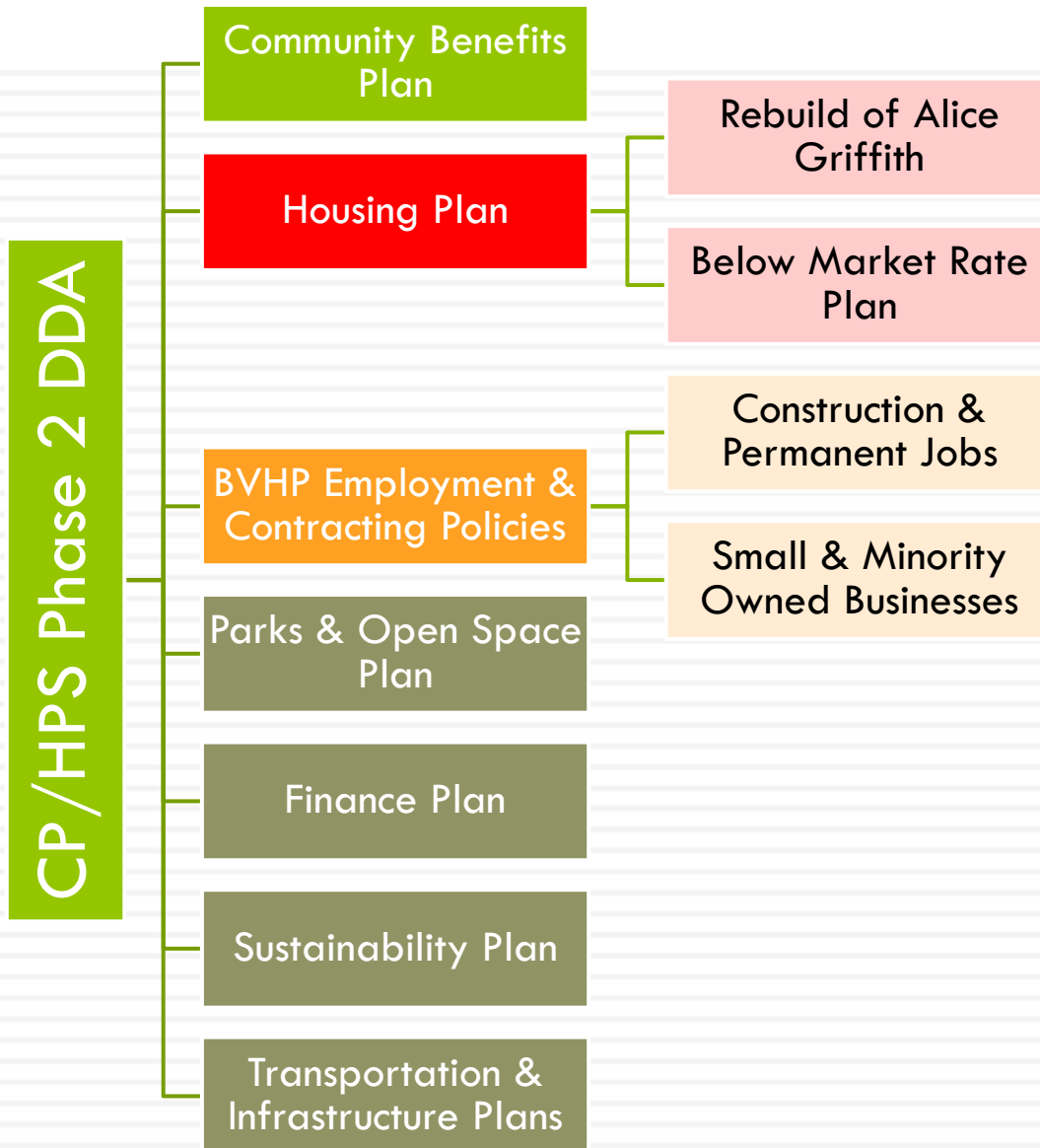
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- **Parties:** OCII & HPS Development Co., LP
- **HPS Phase 1 DDA:** Entered into 2004
- **Phase 1 CBA:** Entered into 2005; amended 2009
- **CBA Overseen by:**
 - ▣ Commission on Community Investment and Infrastructure
 - ▣ HPS Citizens Advisory Committee (CAC)
 - ▣ Legacy Foundation

Phase 2: Disposition & Development Agreement

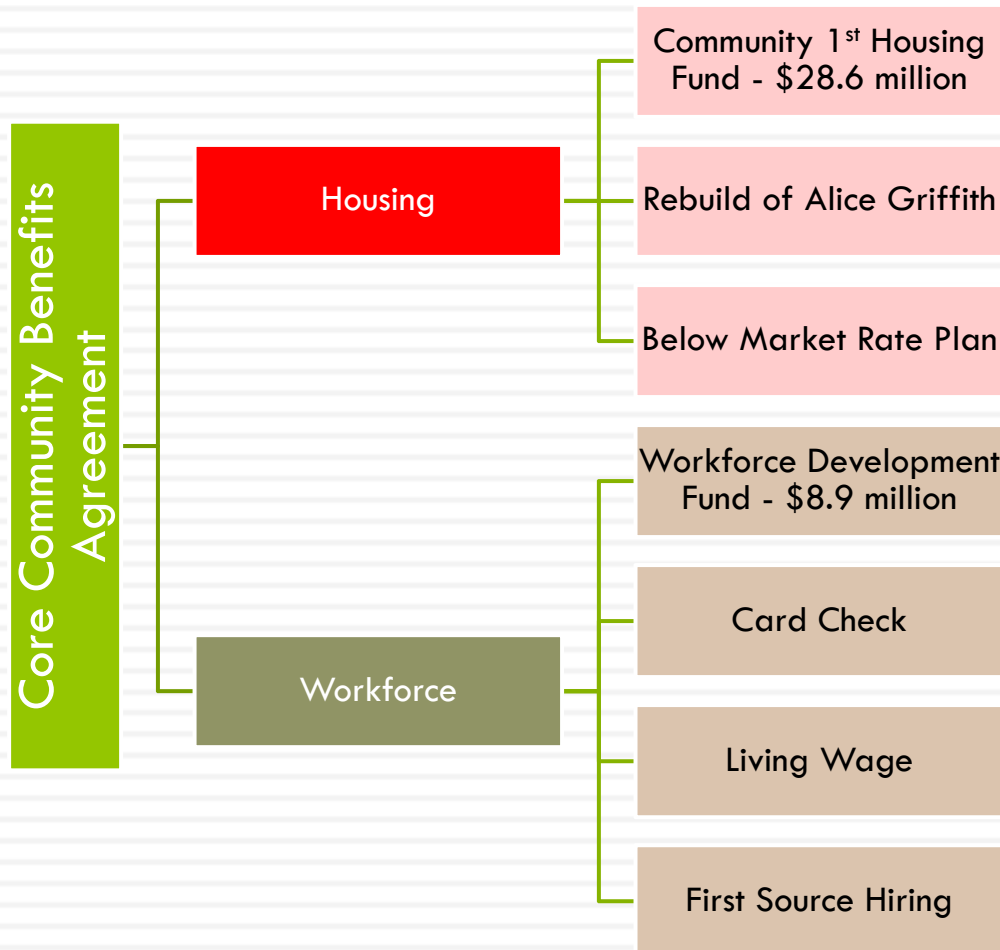
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- **Parties:** OCII & CP Development Co., LP
- **CP & HPS Phase 2 DDA:** Entered into 2010
- **CBA Overseen by:**
 - Commission on Community Investment and Infrastructure
 - HPS Citizens Advisory Committee (CAC)
 - Legacy Foundation

2008: Core Community Benefits Agreement

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- **Agreements Between:**
Lennar & Alliance for District 10 (AD 10)
- **Entered:** into in 2008
- **Overseen by:**
Implementation Committee
 - ▣ Lennar Urban
 - ▣ SF Labor Council (SFLC)
 - ▣ San Francisco Organizing Project (SFOP)
 - ▣ SF ACORN (now ACCE)
 - ▣ HPS CAC
 - ▣ BVHP Project Area Committee (PAC)
 - ▣ “At large” member

Phase 1 – BMR Housing

- 57 inclusionary for sale units for households earning up to 80% Area Median Income (“AMI”) throughout approved Hilltop and Hillside market rate developments
- 59 rental units for households earning up to 50% AMI on Block 49



Alice Griffith – Phase 2 BMR Housing

	Phases 1 - 5 (504 units)		Total Cash Provided to Date Phases 1-3B (306 Units)	Total Letter of Credit ("LOC") Provided to Date
OCII Loans				
OCII Funding Base	\$40,667,200		\$16,303,300	
OCII Funding "Cost Overruns"	\$20,442,381	Estimated Total OCII Contribution	\$9,362,325	
Total OCII Funding	\$61,109,581	\$61,109,581	\$25,665,625	
CPDC Funding Base	\$40,400,000		\$15,160,000	
CPDC Funding "Cost Overruns"	\$28,155,855	Estimated Total CPDC Contribution	\$0	\$11,522,460
Total Master Developer Subsidy	\$68,555,855	\$68,555,855	\$15,160,000	\$11,522,460
Total Permanent Loan Amount (OCII + CPDC)		\$129,665,436		

SBE & Workforce Phases 1 & 2

10

□ Overall OCII Small Business Enterprise (SBE) Program Performance

■ SBE Participation: 54.2% achievement

	Dollars (\$1000's)	% of Total
Total Contracts	\$ 258,941	
Total SBEs	140,354	54.2%
San Francisco SBEs	71,822	27.7%
BVHP SBEs	41,914	16.2%
MBEs (male minorities)	42,218	16.3%
WMBEs (women minorities)	5,305	2.0%
WBEs (women non-minorities)	6,577	2.5%

■ Bayview Hunters Point/District 10 (BVHP) area SBEs received \$42M or 16.2% of total contracts

■ Contract dollars to BVHP SBEs are 58.4% of all SF-SBE dollars (\$42M/\$72M)

SBE & Workforce Phases 1 & 2

11

- Overall OCII Construction Workforce Program Performance
 - San Francisco Residents: 42.5%
 - Bayview Hunters Point/District 10 (BVHP) Residents: 23.9%

	Total Hours	% of Total
Total Shipyard Projects	1,747,676	
San Francisco Residents	742,382	42.5%
BVHP Residents	416,996	23.9%
Total Minorities (excludes Other)	1,189,045	68.0%
American Indian	10,153	0.6%
Asian American	74,698	4.3%
Black/African American	398,372	22.8%
Latino	705,822	40.4%
Other	218,809	12.5%
Women	59,770	3.4%

Phase 1: Community Benefits

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☐ Construction Assistance Program

☐ Cultural/Historic Recognition Program

☐ Community Builder Program

☐ Business Incubator Space Program

☐ Interim African Marketplace

☐ Home Buyers Assistance Program

☐ Local Community Priority Leasing Program

☐ Job Training & Employee Assistance Program

☐ Outreach Program

☐ Small Business Assistance Program

☐ Community Facilities Parcels

☐ Community Benefits Fund

☐ Reporting

Phase 2: Community Benefits

13

☐ Construction Assistance Program*

☐ Business Incubator Space Program*

☐ Community Builder Program*

☐ Scholarship Fund

☐ Interim African Marketplace*

☐ Education Improvement Fund

☐ Community Facilities Space

☐ Community Health and Wellness Contributions

☐ Community Facilities Parcels*

☐ Community Benefits Fund*

☐ Community Real Estate Broker Program

* Denotes Phase 1 Program carried forward into Phase 2

Construction Assistance Program

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Phase 1 and 2 Program: Provide opportunities for BVHP Area Contractors through:

- 1) Owner Consolidated Insurance Program (Phase 1 only)
- 2) Surety Bond Program
- 3) Technical Assistance Program
- 4) Financial Assistance Program
- 5) Mentorship Program (Phase 1 only)

Construction Assistance Program

15

Phase 1 Update: Developer is in compliance with the Phase 1 CAP program.

- Butler Enterprises administers the Technical Assistance and Financial Assistance Program.
- Surety Bond requirements are waived for BVHP Area Contractors
- Renaissance Entrepreneurship Center administers the Mentorship Program

Construction Assistance Program

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Phase 2 Update: Developer is in compliance with Phase 2 CAP

- Funding: Developer required to spend \$250k/year for 10 years (\$2.5 million total)
 - Developer has spent \$265k over two years – a shortfall of \$235k
 - Any shortfall at the end of the 10 year term will be paid to the Community Benefits Fund, or Developer will continue the CAP program beyond the term
- Developer made \$250k contribution towards Surety Bond and Credit Support Program
- Butler Enterprises administers the Technical Assistance Program and Contractor Workshops.

Job Training and Employee Assistance

17

Phase 1 Program: Developer will contribute \$225k/year to fund CBOs providing job training services

Phase 1 Update: Developer is not in compliance. The Developer's obligation is to provide \$2,250,000. To date, Developer has provided \$1,840,000.

- ▣ **Corrective Action:** Developer to accelerate job training expenditures over the next two years to be compliant by 2018.

Small Business Assistance Program

18

Phase 1 Program: Assist BVHP Small Businesses by:

- 1) Creating a directory of local small businesses,
- 2) Requiring contractors and consultants to use their best efforts to purchase no less than 20% of the dollar value of all of their Shipyard Project related purchases from BVHP Area Small Businesses
- 3) Hosting quarterly networking workshops for BHVP Area Small Businesses

Small Business Program

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Phase 1 Update: Developer is not in compliance.

- 1) Developer currently publishes a directory of local suppliers that is shared with contractors through the CAP program, but is not shared with all consultants
- 2) Developer does not include language in their consultant and contractor contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses.
- 3) Developer hosts networking events for suppliers as frequent as two times per year, not quarterly as required.

Small Business Program

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Corrective Action

- 1) Developer will share directory of BVHP Small Businesses with all contractors and consultants
- 2) Developer will meet with OCII Contract Compliance staff to determine strategy for implementing the Small Business Program
- 3) Networking events will be increased to quarterly

Community Builder Program

21

- **Phase 1 Program:** 30% of market-rate lots will be developed in partnership with BVHP Community Builders
- **Phase 2 Program:** 500 units of market-rate housing
- **OClI Obligation:** Involve community partners in the development of at least 300 Agency Affordable Units.

Community Builder Program

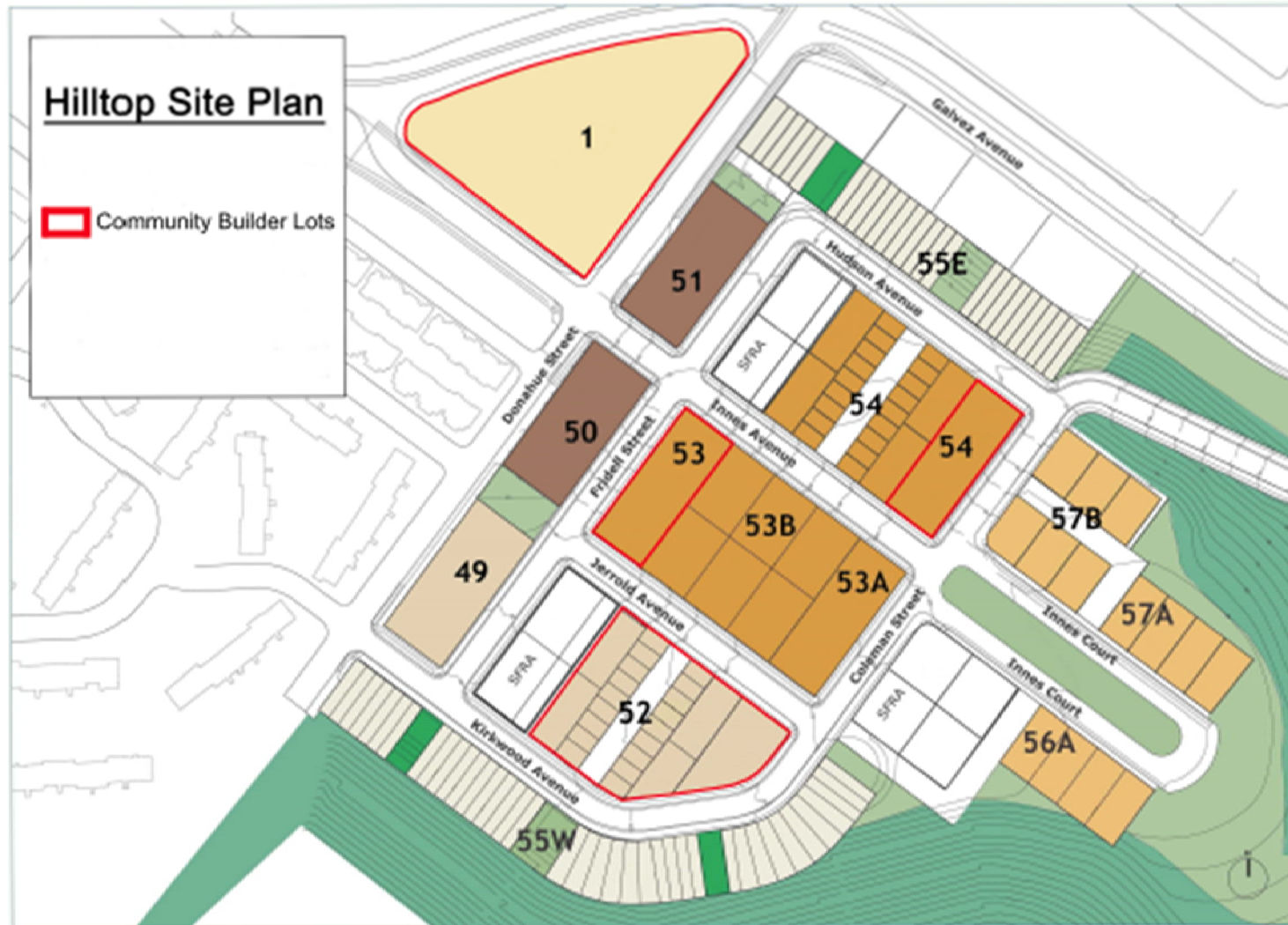
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Phase 1 Update: Developer is in compliance. All Phase 1 Community Builder Lots have been assigned. Community Builder Agreements have been executed for 4 blocks.

Block	Community Builder	Executed Agreement
53	MDC/C. Churchwell LLC	Yes
54	BAMEC Inc.	Yes
48 – F	Shiloh Full Gospel Church	Yes
48 – J	Shiloh Full Gospel Church	Yes
1	Tabernacle Community Development Corp.	No
52	Al Norman/Derek Smith	No
48 – A	San Francisco Housing Development Corp.	No
48 – K	The Baines Group	No
48 – O	Eagle Environmental Consulting	No

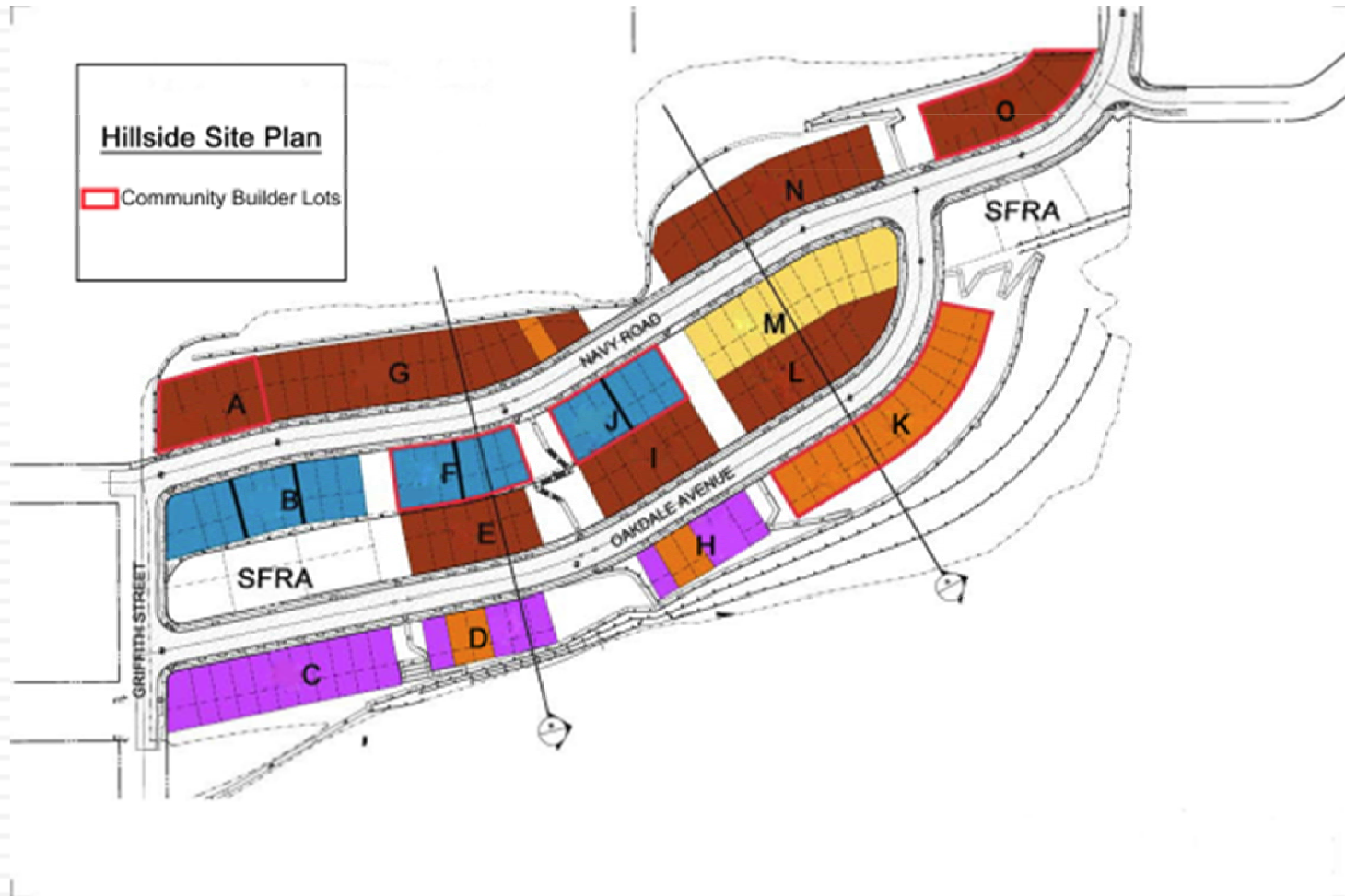
Phase 1 – Hilltop

23



Phase 1 - Hillside

24



Phase 1 Community Builders

25



Block 52 Al Norman/Derek Smith



Block 53/54 MDC/C. Churchwell
& BAMEC Inc.



Block 48 Parcel O – Eagle Environmental

Community Builder Program

26

Phase 2 Update: Developer in compliance.

- No market-rate blocks have been assigned for Community Builders in the 1st Major Phase of Candlestick. Obligation will be fulfilled in future Major Phases.

OCII Obligation:

AG Phase	Community Builder	No. Units
1	San Francisco Housing Development Corp.	93
2	Tabernacle Community Development Corp.	91
3	San Francisco Housing Development Corp.	122

Phase 2: OCII Community Builders

27



Alice Griffith Phase 1
Block 2

SF Housing Development
Corp.



Alice Griffith Phase 2
Block 4

Tabernacle Development
Corp.

International African Marketplace

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Phase 1 & Phase 2 Program: The overall purpose of the IAM is to serve as an economic development engine for BVHP by:

- Housing activities of cultural diversity representing the African Diaspora and its cultural influences worldwide.
- Serving as an event location for commercial and retail business outlets as well as a business development center for BVHP vendors and artists who need business development guidance.



International African Marketplace

29

Phase 1 Update: Developer in compliance. Interim IAM events were held annually from 2006 through 2009.

Phase 2 Update: Developer in compliance. Two locations have been selected for the permanent IAM

- Outdoor: Northside Park (HPS)
- Indoor: Candlestick South Retail (CP) using “Community Facility Space”

Community Facilities Space

30

Phase 2 Program: Developer will make 65k sq. ft. of retail space in the Project available for Community Serving Uses including:

- Permanent International African Marketplace
- Library Reading Rooms
- Candlestick Point State Recreation Area Welcome Center

Phase 2 Update: Developer in compliance. Developer to provide 35k sq. ft. in next phase of development at Candlestick. Remaining 30k sq. ft. will be provided in a future Major Phase at the Shipyard.

Community Facilities Lots

31

Phase 1 & 2 Program: Developer will provide OCII 8 acres of developable lots for community facilities.

- Phase 1: 1.2 acres
- Phase 2: 6.8 acres

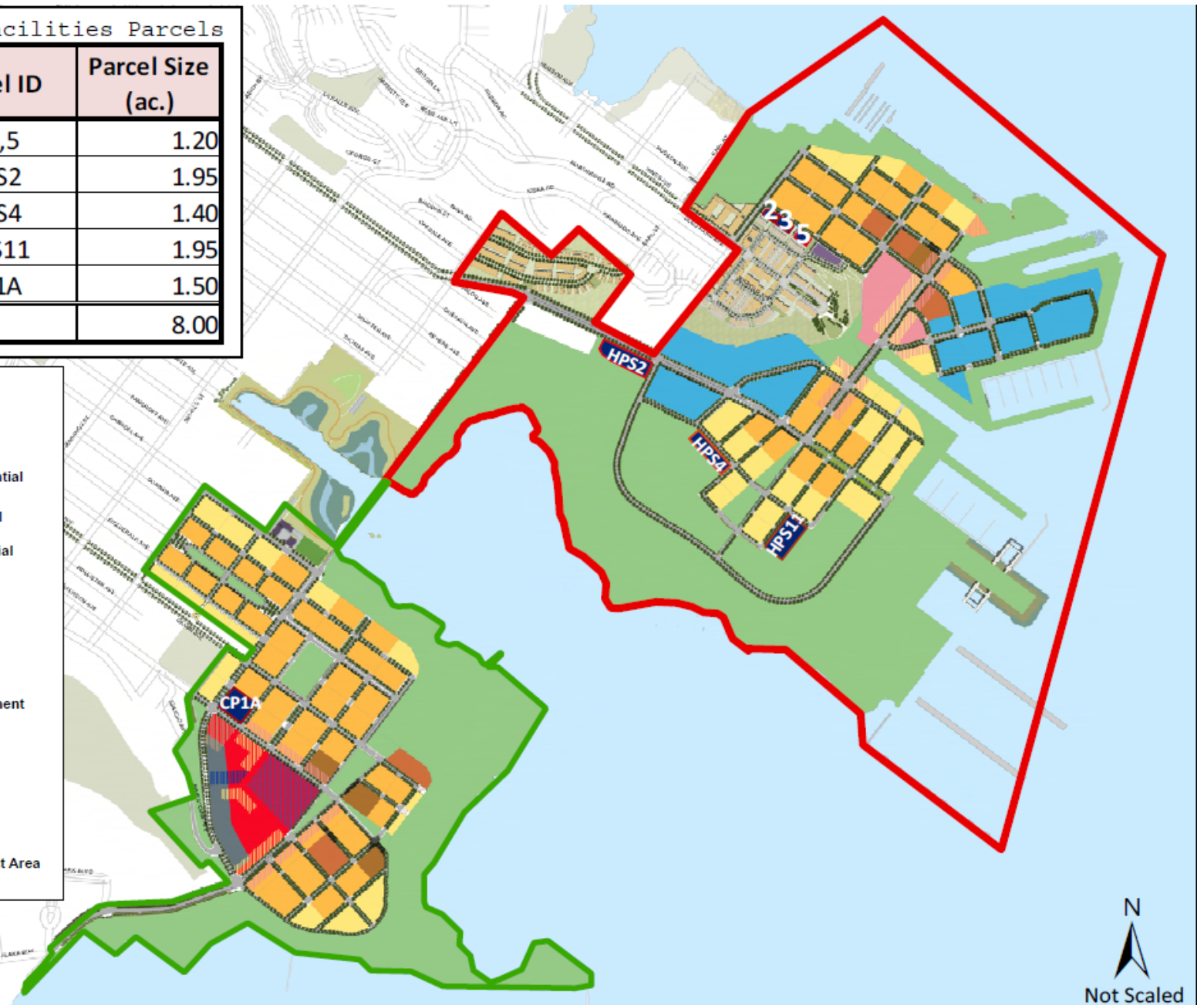
Update: Developer in compliance. OCII is facilitating discussions with SFUSD, SFPD, SFFD, SF Public Library and other service providers to determine future needs.

TABLE: Community Facilities Parcels

Phase	Parcel ID	Parcel Size (ac.)
HP Phase I	2,3,5	1.20
HP Phase II	HPS2	1.95
	HPS4	1.40
	HPS11	1.95
CP Phase II	CP1A	1.50
TOTAL ACREAGE		8.00

LEGEND

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Tower Density Residential
- Neighborhood Retail
- Regional Retail
- Office
- Research and Development
- Community Facility
- Parks & Open Space
- Shipyard Project Area
- Candlestick Park Project Area



Community Facilities Lots Map

Additional Community Facilities

33

Phase 2 Program: Developer will provide:

- Replacement Artists' Studios
- Art Center Parcel
- Replacement Commercial Kitchen
- Fire Station Lot
- Building 813 Emerging Business Incubator

Community Facilities

34



Replacement Artists
Studio Building

Replacement Commercial
Kitchen Facility



Business Incubator Space

35

Phase 1 Program: Facilitate the growth and development of a variety of businesses at the Shipyard through space provided at cost.

- **Phase 1 Update:** Developer in compliance. Developer to provide space in the Phase 2 project.

Phase 2 Program: Developer and OCII will work together develop Building 813, an approximately 260k sq. ft. building, for the use as a center for the incubation of emerging businesses and technologies.

- **Phase 2 Update:** Developer in compliance. OCII acquired Building 813 from the Navy in September.

Cultural/Historic Recognition Program

36

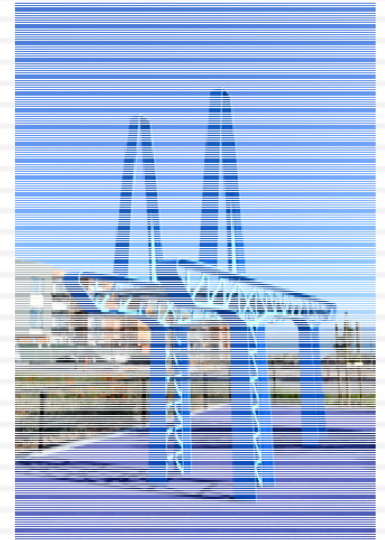
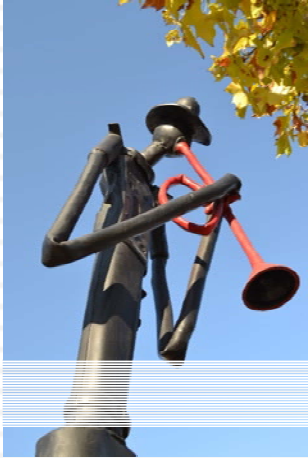
Phase 1 Program: Integrate cultural features throughout the Shipyard and to provide opportunities for local artists to participate in the creation of public art.

Phase 1 Update: Developer is compliance. OCII received federal grant funding to implement the Phase 1 program

- Commission and installation of 9 commissioned artworks by OCII (complete)
- Installation of 500 square feet of youth tiles by Developer (underway)

Cultural/Historic Recognition Program

37



Homebuyer Assistance Program

38

Phase 1 Program: Provide assistance to qualified home buyers, including:

- ▣ Down Payment Assistance
- ▣ First Time Buyer Financing Program
- ▣ Homeownership Counseling

Phase 1 Update: Developer in compliance. Obligation passed to Vertical Developers through VDDAs.

- ▣ Financing options made available to home buyers
- ▣ Master Developer organized 59 first time homebuyer workshops

Community Real Estate Broker Program

39

Phase 2 Program: Developer is required to hold specific marketing events for Community Brokers and provide Community Brokers with the opportunity to preview and show Phase 2 units ahead of other brokers.

Phase 2 Update: Developer in compliance. No units are for sale in Phase 2. However, Developer has voluntarily extended this program to Phase 1. Developer provides Community Brokers with an additional 1% incentive fee.

Outreach Program

40

Phase 1 Program: Developer is required to disseminate project information via website, quarterly newsletters, special mailings etc. Communications should be translated into Chinese, Spanish and Samoan.

Phase 1 Update: Developer is in partial compliance. They conduct certain outreach activities, but do not keep and maintain a website, quarterly newsletter, or translate communications.

- ▣ **Corrective Action:** Developer is working on launching the website in December, and will work on coming into compliance with remaining provisions in the Outreach program.

Status Reports

41

Phase 1 Program: Developer is required to provide a quarterly written status report to OCII and the CAC, which will be presented at the CAC.

Phase 1 Update: Developer is not in compliance. Quarterly reports have not been provided since September 2013.

- **Corrective Action:** Developer will commence quarterly reports starting in next calendar year. The first report on Q1 2016 will be provided to OCII and the CAC in April.

Community Benefit Fund

42

Program Generally: Community Benefits Fund to be reinvested by OCII in the BVHP Community to:

- Benefit low- and moderate income families;
- Eliminate blight; and/or
- Meet other community development needs of BVHP as determined by the Legacy Foundation, including those related to social services, affordable housing, education, the arts, public safety, assistance for senior citizens and other community services.

Phase 1 Program: Developer contributed \$1 million to a Community Benefit Fund.

- Legacy Foundation – Strategic Plan (Early 2016)

Phase 2 Program: Developer to contribute 0.5% of the first sale price of each market-rate housing unit

- No market rate homes have sold on Phase 2

Phase 2 Contributions

43

Phase 2 Program: Developer makes contributions to the following funds in accordance with project milestones

Phase 2 Update: Developer is in compliance:

Program	Total Amount	Total Paid
Scholarship Program	\$3.5 million	\$500,000
Education Improvement Fund	\$10 million	\$500,000
Wellness Contribution	\$2 million	\$100,000
Southeast Health Center	\$250,000	\$250,000

Scholarship Fund

44

- Used to assist youth and adults up to age 30 with cost of tuition and/or educational material in pursuit of a higher educational program
- \$5,000 of the Scholarship Fund are to be set aside annually for the “Will Bass Memorial Educational Travel Scholarship”
 - Awarded to an African American student (18 to 25 years old) from BVHP for education travel to Africa or Asia.

Education Fund

45

- Used to support education enhancements within BVHP, which may include new facilities or upgrades to existing education resources and health and wellness education in schools

Health & Wellness Fund

46

- The Wellness Contribution is to be used for the expansion of the Southeast Health Center or, in the event that funds are not needed for the Southeast Health Center, for the creation or expansion of the Center for Youth Wellness.

THANK YOU



Alice Griffith – Phase 2 BMR Housing

	Phase 1 (Block 2 - 93 units)	Phase 2 (Block 4 - 91 units)	Phases 3A/3B (Block 1 - 122 units*)	Est. Phase 3C*** (Block 5 19 units)	Est. Phase 4** (Block 8, 14 and 9 - 47 units)	Est. Phase 5** Block 9- 132 units	Phases 1 - 5 (504 units)		Total Cash Provided to Date	Total Letter of Credit ("LOC") Provided to Date
OCII Loans										
OCII Funding Base	\$2,743,650	\$2,797,550	\$10,762,100	\$2,337,950	\$5,783,350	\$16,242,600	\$40,667,200		\$16,303,300	
OCII Funding "Cost Overruns"	\$3,494,496	\$3,582,239	\$2,285,590	\$786,398	\$2,339,700	\$7,953,958	\$20,442,381	Estimated Total OCII Contribution	\$9,362,325	
Total OCII Funding	\$6,238,146	\$6,379,789	\$13,047,690	\$3,124,348	\$8,123,050	\$24,196,558	\$61,109,581	\$61,109,581	\$25,665,625	
CPDC Funding Base	\$7,670,000	\$7,490,000	\$10,400,000	\$1,590,000	\$4,010,000	\$9,240,000	\$40,400,000		\$15,160,000	
CPDC Funding "Cost Overruns"	\$5,790,878	\$5,731,582	\$7,272,332	\$1,703,863	\$7,657,200	\$0	\$28,155,855	Estimated Total CPDC Contribution	\$0	\$11,522,460
Total Master Developer Subsidy	\$13,460,878	\$13,221,582	\$17,672,332	\$3,293,863	\$11,667,200	\$9,240,000	\$68,555,855	\$68,555,855	\$15,160,000	\$11,522,460
Total Permanent Loan Amount (OCII + CPDC)	\$19,699,024	\$19,601,371	\$30,720,022	\$6,418,211	\$19,790,250	\$33,436,558		\$129,665,436		

COMMUNITY BENEFITS AGREEMENT

**HUNTERS POINT SHIPYARD
PHASE 1**

between

LENNAR-BVHP, LLC,

and

**THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF
SAN FRANCISCO**

Dated: April 4, 2005

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EXHIBIT L	OUTREACH PROGRAM
EXHIBIT M	ASSUMPTION AGREEMENT

COMMUNITY BENEFITS AGREEMENT

HUNTERS POINT SHIPYARD **PHASE 1**

THIS COMMUNITY BENEFITS AGREEMENT (this "Agreement"), dated as of April 4, 2005, is entered into by and between the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, exercising its functions and powers organized and existing under the Community Redevelopment Law of the State of California (together with any successor public agency designated by or pursuant to law, the "Agency"), and LENNAR-BVHP, LLC, a California limited liability company doing business as Lennar/BVHP Partners ("Lennar/BVHP"). Agency and Lennar/BVHP are each a "Party" and collectively are the "Parties". Lennar/BVHP's obligations under this Agreement arise from its obligations under that certain Disposition and Development Agreement dated as of December 2, 2003, and entered into by and between the Agency and Lennar/BVHP (the "DDA").

This Agreement is made with reference to the following facts and circumstances:

A. Section 6.6(c)(8)(k) of the DDA requires that Lennar/BVHP enter into an agreement appropriate to implement the Additional Business, Employment, Construction Assistance/Opportunities and Community Benefit Program set forth in Attachment 24B to the DDA.

B. Developer and Agency agree that this Agreement satisfies the requirement of Section 6.6(c)(8)(k) of the DDA.

NOW, THEREFORE, in consideration of the mutual terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the terms set forth herein.

SECTION 1. DEFINED TERMS.

Capitalized terms not separately defined herein shall have the same meaning provided in the DDA.

SECTION 2. TERM OF AGREEMENT.

2.1. Relationship Between Terms and Conditions Applicable to Lennar/BVHP and Vertical Developers. Lennar/BVHP is responsible and shall remain responsible for the satisfaction of its obligations under this Agreement for the duration of Phase 1, or as otherwise provided herein. Some obligations under this Agreement also apply to certain Vertical Developers, as will be further described below, and this Agreement shall be incorporated by reference into all Vertical DDAs. Lennar/BVHP shall include in all purchase agreements for Lots with Vertical Developers ("Purchase Agreements"), a closing condition that each Vertical Developer shall execute an agreement substantially in the form of Exhibit M in which such Vertical Developer assumes its obligations under this Agreement (the "Assumption Agreement"). Lennar/BVHP may coordinate with the Affiliate Lot Owners (as defined in Section 2.1(c)) and the Joint Venture Builders (as defined in Section 2.1(b) below) and delegate certain responsibilities of Lennar/BVHP to such owners with respect to obligations that affect the Lots owned by such owners; however, Lennar/BVHP must maintain diligent oversight over such delegated activities and will remain responsible for ensuring delivery of the obligations by

delegatee or for meeting such obligations itself. Any delegation or coordination by Lennar/BVHP of its obligations under this Agreement shall be specifically set forth in the Assumption Agreement that such owners will enter into with Lennar/BVHP and the Agency.

(a) **Independent Community Builders and Qualified Buyers.** Independent Community Builders and Qualified Buyers shall be bound by and subject to the terms and obligations of this Agreement, but shall have no obligation to implement the programs set forth under this Agreement other than to (i) implement the homeowner counseling services, outreach and affordable housing qualification process requirements set forth in Sections 8.2(c), (d) and (e) of this Agreement; (ii) participate in the Mentorship Program (as defined in Section 3.6 below) in a significant manner which shall be mutually agreed upon by the Agency, Lennar/BVHP and the Independent Community Builder or Qualified Buyer, as applicable, and set forth in the Assumption Agreement executed by Independent Community Builder and Qualified Builder; and (iii) implement the Outreach Program (as defined in Section 12 hereof), revised if necessary to, among other things, reflect the financial ability of each Independent Community Builder or Qualified Buyer, all as mutually agreed upon by the Agency and each applicable Independent Community Builder or Qualified Buyer, as applicable, as set forth in the Assumption Agreement executed by each Community Builder or Qualified Buyer.

(b) **Joint Venture Builder.** Each owner of a Community Builder Lot that includes an Affiliate and a Joint Venture Community Builder (collectively, a "Joint Venture Builder") shall be bound by and subject to the terms and obligations of this Agreement, but shall have no obligation to implement the programs set forth under this Agreement other than (i) the Construction Assistance Program (as defined in Section 3.1 below), except that the Joint Venture Builder will not be required to create a new Mentorship Program if it significantly participates in and helps to fund the Mentorship Program as mutually agreed upon by the Agency, Lennar/BVHP and the Joint Venture Community Builder and set forth in the Assumption Agreement executed by such Joint Venture Community Builder; (ii) the Homebuyer's Assistance Program (as defined in Section 8.1 below); and (iii) the Outreach Program.

(c) **Affiliate.** Each Affiliate that owns an Affiliate Lot, or any portion thereof ("Affiliate Lot Owner"), shall be bound by and subject to the terms and obligations of this Agreement, but shall have no obligation to implement the programs set forth under this Agreement other than (i) the Construction Assistance Program, except that the Affiliate Lot Owner shall not be required to create a new Mentorship Program if it significantly participates in and helps to fund the Mentorship Program as mutually agreed upon by the Agency, Lennar/BVHP and such Affiliate Lot Owner and set forth in the Assumption Agreement executed by such Affiliate Lot Owner; (ii) the Business Incubator Space Program, provided that such Lot has been mutually agreed upon by the Agency and Lennar/BVHP to include the Business Incubator Space; (iii) the Homebuyer's Assistance Program; (iv) the Local Community Priority Leasing Program; and (v) the Outreach Program.

(d) **Release.** Notwithstanding the foregoing, upon the conveyance by Lennar/BVHP of a Lot to a Vertical Developer and the recordation of a fully executed Vertical DDA for such Lot, Lennar/BVHP shall be released from any and all further liability for implementing the following programs with respect to such Lot: (i) the Construction Assistance Program, except for the Technical Assistance Program (as defined in Section 3.4 below) and the Mentorship Program; and (ii) provided that the Purchase Agreement for such Lot requires the Vertical Developer to implement the same, the Local Community Priority Leasing Program.

SECTION 3. CONSTRUCTION ASSISTANCE PROGRAM.

3.1. Introduction. Pursuant to Section 2 of DDA Attachment 24B, Lennar/BVHP shall implement the following program in accordance with the terms set forth below in order to ensure that BVHP Area Contractors (as defined in Section 3.2 below) are given the opportunity to obtain needed insurance, technical, and financial assistance, and are not required to provide payment or performance bonds, in order to fully participate in the demolition and renovation of existing buildings, and construction of infrastructure and new residential, cultural, commercial, and community facilities at the Shipyard (the "Construction Assistance Program"). The Construction Assistance Program shall include the following five (5) programs, each as more specifically described herein.

- (a) Owner Consolidated Insurance Program (OCIP);
- (b) Surety Bond Program;
- (c) Technical Assistance Program;
- (d) Financial Assistance Program; and
- (e) Mentorship Program.

3.2. Owner Consolidated Insurance Program (OCIP).

(a) **General Information.** To ensure that all Lennar Contractors (as defined below) are covered by general liability insurance while conducting business on the Shipyard, except with respect to the Excluded Parties (as described in clause (b) immediately below), Lennar/BVHP shall provide general liability insurance coverage to all contractors and subcontractors who contract with Lennar/BVHP, any of its Affiliates, developers in which Lennar/BVHP or any of its Affiliates own an ownership interest, and the contractors or subcontractors of any of the foregoing to work at the Shipyard during Phase 1 (individually, a "Lennar Contractor," and collectively, "Lennar Contractors") who have enrolled in the Lennar/BVHP Owner Consolidated Insurance Program (the "OCIP"). The area of San Francisco, California located within the portions of the 94124, 94134 and 94107 zip code areas (or any successor zip codes) that are located in Supervisorial District 10, as shown on that certain Map of the City and County of San Francisco showing Precincts and Legislative Districts, prepared by the Department of Elections and dated January 2004, shall hereinafter be referred to as the "BVHP Area". Lennar Contractors that (i) are doing business in and have a primary business address in the BVHP Area with an established, fixed office in a non portable building where regular construction-related work is conducted; (ii) are listed in the Permits and License Tax Paid File with the City and County of San Francisco with a primary business address in the BVHP Area; and (iii) possess a current Business Tax Registration Certificate issued by the City and County of San Francisco that shows a primary business address in the BVHP Area shall also be referred to as "BVHP Area Contractors". Lennar/BVHP represents and warrants that the OCIP described herein has no less favorable terms and requirements than other OCIPs that Lennar/BVHP has used in the past and/or is using currently on other projects.

(b) Excluded Parties.

- (i) Architects, surveyors, and engineers;
- (ii) Soil testing engineers and their consultants;
- (iii) Hazardous waste removal and/or transport companies;

- (iv) Vendors;
- (v) Consultants;
- (vi) Suppliers, fabricators, and materials dealers;
- (vii) Truckers, haulers, drivers and others who merely transport, pick-up, deliver or carry materials, personnel, parts, equipment and other items to or from the Shipyard; and
- (viii) Any other trade or profession designated by Lennar/BVHP, which in no event shall include construction skilled trade professions not specifically set forth above as excluded parties.

(c) **Eligibility Requirements.** Lennar/BVHP shall include in each deconstruction and demolition and construction bid package issued for work on the Shipyard the OCIP Addendum attached hereto as Exhibit A, the OCIP Enrollment Application attached hereto as Exhibit B and a copy of the OCIP policy which shall be available upon request. Each bid package shall also include clear instructions regarding the required completion and submission of the OCIP Enrollment Application and contractor or subcontractor initialed OCIP Addendum with each bid. Lennar/BVHP agrees that all prospective Lennar Contractors, other than Excluded Parties, who satisfy all requirements to win a bid are eligible to enroll in the OCIP; therefore no prospective Lennar Contractor, other than an Excluded Party, who wins a bid shall be determined ineligible for enrollment in the OCIP. The administrator of the OCIP (the "OCIP Administrator") shall forward certificates of insurance to each enrolled Lennar Contractor, evidencing the Lennar Contractor as a named insured for the Shipyard project.

(d) **General Liability Limits.**

- (i) The general liability limits under the OCIP are as follows:

Primary CGL Policy

Annual Limits of Liability Shared by All Insureds

Each Occurrence/General Aggregate	\$7,500,000
Products/Completed Operations*	\$10,000,000
Personal/Advertising Injury Any One Person or Organization	\$7,500,000

Excess Liability Coverage

Annual Limits of Liability Shared by All Insureds

Each Occurrence and in Aggregate	\$140,000,000
Products/Completed Operations Each Occurrence and in Aggregate*	\$140,000,000

* Products/completed operations coverage is extended to the shorter of (a) the applicable statute of limitations or (b) ten (10) years after the acceptance of the work completed by the Lennar Contractor pursuant to the terms of the contract entered into by the Lennar Contractor.

(ii) These insurance policy limits renew annually and are subject to market availability and affordability. At a minimum, these limits are evaluated for adequacy at each policy renewal, which is currently November 1.

(iii) As of the date of this Agreement, XL Europe Ltd., provides \$20,000,000 excess of the primary \$7,500,000. Interstate Fire & Casualty, AWAC, Endurance, and Starr Excess provide \$120,000,000 excess of XL Europe Ltd..

(e) **Self-Insured Obligation.**

(i) The self-insured obligation amounts listed in clause (ii) below (the "Self-Insured Obligations") apply to the applicable Lennar Contractor to the extent losses payable under the OCIP are attributable to work performed by such Lennar Contractor, or any other entity or party for whom such Lennar Contractor is responsible. In the event of such loss, such Lennar Contractor shall pay to Lennar/BVHP the sum of the applicable Self-Insured Obligation set forth below, or the cost to repair attributable to the Lennar Contractor, whichever is less, for each OCIP occurrence, including losses, judgments, court costs, attorneys fees and cost of defense for bodily injury and property damage, when any covered loss is paid under the OCIP. Lennar/BVHP may backcharge the applicable Lennar Contractor, withhold from monies otherwise owing to such Lennar Contractor or collect by any other lawful means, the amounts owed by such Lennar Contractor. The Self-Insured Obligation cannot be insured by Lennar Contractors and will not be covered by the OCIP. The Self-Insured Obligations are subject to annual review by Lennar/BVHP; however, Lennar/BVHP agrees that any increases to such levels will not amount to more than one quarter of one percent (.25%) annually. Lennar/BVHP agrees that the Self-Insured Obligations set forth below are and will continue to be determined by the risk level of the trade of the applicable Lennar Contractor and not by any other factor, including, without limitation, the business location, financial condition, litigation history or insurance claims history of the Lennar Contractor.

(ii) The list of trades applicable to construction at the Shipyard that fall into the various risk categories below is attached hereto as Exhibit C.

<u>Trade Risk Tier</u>	<u>Self-insured Obligation</u>
Low Risk	\$5,000
Medium Risk Trades	\$5,000
High Risk Trades	\$10,000
Extremely High Risk Trades	\$15,000

(f) **Key General Liability OCIP Program Benefits.** Some of the key features of the Lennar OCIP program are as follows:

(i) Insurance Services Office (ISO-GCL Occurrence Policy Form (10/01));

(ii) Extended Products/Completed Operations coverage for the shorter of (a) the applicable statute of limitation or (b) ten (10) years after the acceptance of the work completed by the Lennar Contractor pursuant to the terms of the contract entered into by the Lennar Contractor; and

(iii) No exclusion for subsidence.

(g) **Coverages Not Included.** Lennar/BVHP agrees to clearly explain and emphasize the following to prospective Lennar Contractors in writing and orally during the deconstruction and demolition and construction phases of the Shipyard development, including, without limitation, in the bid packages and in workshops conducted to describe the OCIP and on other occasions when Lennar/BVHP discusses the OCIP with Lennar Contractors:

(i) Although enrollment in the OCIP will cause the Lennar Contractors to meet Lennar/BVHP's general liability insurance requirements, such enrollment does not limit Lennar Contractors' liability exposure under the indemnity provisions of each individual contract or subcontract.

(ii) Each Lennar Contractor must independently assess with its own business advisors the necessity of supplemental, excess or umbrella liability coverage and whether or not the OCIP is adequate coverage for its business needs.

(iii) Each Lennar Contractor will be responsible for insuring its own equipment and materials prior to installation and for the general liability exposure off the Shipyard and on the other projects on which such Lennar Contractor works.

(iv) Each Lennar Contractor must maintain workers' compensation and automobile liability insurance, subject to Lennar/BVHP's standard insurance requirements.

(v) Each Lennar Contractor bears the risk of loss for its own equipment at all times, as well as the risk of loss to its materials before installation. The OCIP does not provide such builders risk and business personal property coverages.

(vi) Each Lennar Contractor must provide the certificates and endorsements for workers' compensation, automobile liability insurance and any other required insurance on a timely basis as required by its individual contract or subcontract.

(vii) Neither the Self-Insured Obligation limitation, nor the OCIP policy shall apply to (A) any obligation of the Lennar Contractor to provide customer service or to correct defective materials or workmanship arising during the term of the Lennar Contractor's warranty, or (B) any claim not covered by the OCIP (a claim or demand for which the OCIP does not provide a defense and/or indemnity).

(h) **Claims Procedures.** Lennar/BVHP shall inform all Lennar Contractors of the OCIP's claims procedures in writing and orally during the deconstruction and demolition and construction phases of the Shipyard development, including, without limitation, in the bid packages and in workshops conducted to describe the OCIP and on other occasions when Lennar/BVHP discusses the OCIP with Lennar Contractors.

(i) **Determination of Insurance Cost.** Lennar/BVHP shall pay the OCIP premium and shall explain the following procedure for determining the cost of the OCIP to the Lennar Contractors in writing and orally, including, without limitation, in the bid packages and in workshops conducted to describe the OCIP and on other occasions when Lennar/BVHP discusses the OCIP with Lennar Contractors. To offset Lennar/BVHP's costs, each prospective Lennar Contractor is required to identify the insurance costs it would normally pay to its general liability insurer and deduct such cost from its bid for the contract price. Each prospective Lennar

Contractor shall represent and warrant that its bid for the contract price does not include its own general liability policy costs. The bid deduction amount must be included in the OCIP Enrollment Application or in the bid for the contract price and the bid deduction must be shown as a percentage of the bid. Lennar/ BVHP is entitled to receive reasonable contract price reductions equal to the cost of general liability insurance resulting from any scope of work changes, additional work, or information discovered during any audits, which justify the taking of additional insurance credits. No contract price reduction based on the increased cost of general liability insurance resulting from any scope of work changes, additional work, or information discovered during any audits, shall be effective until Lennar/BVHP performs the following: No later than thirty (30) days prior to any such contract price reduction, Lennar/BVHP shall provide a detailed written explanation of the proposed contract price reduction to the applicable Lennar Contractor, and shall meet and confer with such Lennar Contractor in order to give such Lennar Contractor the opportunity to discuss and ask questions regarding the proposed action. Lennar/BVHP shall provide such Lennar Contractor with prompt and detailed answers to the Lennar Contractor's questions about the contract price reductions.

Prospective Lennar Contractors must submit all documentation reasonably requested by Lennar/BVHP or the OCIP Administrator in connection with the bid deduction, including, without limitation, copies of insurance policies and rate schedule pages, and if applicable, information on self-insured retention programs and documentation of the total cost of risk in any self-insured program. If a prospective Lennar Contractor does not provide Lennar/BVHP with information sufficient to allow verification of the bid deduction, then Lennar/BVHP may independently calculate a bid deduction based on commercially reasonable undiscounted or "manual" rates, calculated in accordance with construction insurance industry standards.

(j) **Termination.** Lennar/BVHP's obligation to provide the OCIP, or as set forth below, to provide a comparable owners consolidated insurance program or pay the cost of the Lennar Contractors' general liability insurance, shall continue until the completion of all work by Lennar/BVHP and its Affiliates on the Shipyard during Phase 1. No Lennar Contractor shall be terminated from the OCIP unless such Lennar Contractor's contract with Lennar/BVHP or an Affiliate also has been terminated or has expired, or the OCIP or the comparable replacement owners consolidated insurance program terminates for all Lennar Contractors. In the event that Lennar/BVHP terminates the OCIP, it shall immediately replace it with a comparable owners consolidated insurance program or give Lennar Contractors no less than thirty (30) days to obtain general liability insurance. No Lennar Contractor shall be deemed in default under its construction contract for lack of general liability insurance during such thirty (30) day period, or a mutually agreed upon extended period of time within which the Lennar Contractor must obtain general liability insurance. Lennar/BVHP shall increase the contract price payable to the Lennar Contractors by the cost of the general liability insurance obtained by the Lennar Contractors due to Lennar's failure to maintain the OCIP. Lennar/BVHP shall advance the cost of the general liability insurance premium to the Lennar Contractors at no cost to the Lennar Contractors if the general liability insurance premium is required to be paid prior to the Lennar Contractors' next receipt of installment payments under the contract with Lennar/BVHP or Affiliate, or if such contract payment is less than the amount of the general liability insurance premium due.

(k) **Modification.** Lennar/BVHP may modify the OCIP coverage, Self Insured Obligations subject to the terms of Section 3.2(e) above, or the limits of liability of the OCIP policy only upon no less than thirty (30) days' prior written notice of such modification to all Lennar Contractors, the Agency and the Executive Committee of the Hunter's Point Citizens Advisory Committee.

(l) **Subcontractors.** Each contract with a Lennar Contractor must provide that each Lennar Contractor must include the OCIP Addendum and Lennar/BVHP insurance requirements in all subcontracts of lower tier eligible subcontractors and must provide them with a copy of the OCIP Manual attached hereto as Exhibit D.

(m) **Conflicts.** Notwithstanding the terms of the OCIP Policy, OCIP Addendum, OCIP Application or OCIP Manual, in the event of any conflict between any of those documents and this Agreement, the terms of this Agreement shall prevail.

3.3. Surety Bond Program. Neither Lennar/BVHP nor any Affiliate or any developer in which Lennar/BVHP or an Affiliate of Lennar/BVHP owns an ownership interest shall require any Lennar Contractor to obtain surety bonds for work on the Shipyard. Lennar/BVHP, Affiliates and developers in which Lennar/BVHP or an Affiliate owns an ownership interest shall include in all contracts with Lennar Contractors and require that all Lennar Contractors provide in their contracts with subcontractors on the Shipyard, that such Lennar Contractor or subcontractor shall not be required to post any surety bonds for work on the Shipyard. Additionally, such contracts shall state that any request of a Lennar Contractor to obtain surety bonds shall be an event of default under such contract and shall entitle the Lennar Contractor to exercise all remedies at law and in equity.

3.4. Technical Assistance. Lennar/BVHP shall develop a technical assistance program ("Technical Assistance Program"). As part of the Technical Assistance Program, Lennar/BVHP shall establish, fund and maintain a Contractor Liaison (as defined in clause (a) below) position and a Contractor Liaison Office to be located in the Project Office (both as defined in clause (b) below). Lennar/BVHP also must host workshops that cover a range of topics related to the opportunities on the Shipyard, how to access such opportunities, financial assistance programs and other programs as deemed appropriate for each segment of the Shipyard development.

(a) **Contractor Liaison.** No less than thirty (30) days prior to the first bid advertisement for work on the Shipyard, Lennar/BVHP shall have entered into a contract with an individual who provides satisfactory evidence to Lennar/BVHP that such individual lives in the BVHP Area, or with an entity doing business in and with a primary business address in the BVHP Area (the "Contractor Liaison"). The Contractor Liaison shall have relevant experience and shall assist contractors with navigating through the process of contracting for work on the Shipyard. The Contractor Liaison's tasks shall include, without limitation, responding to questions about and providing assistance with completion and submission of bid packages, application completion, explaining submission and other deadlines, reviewing plans and other materials as necessary and providing information about the OCIP and other programs available to contractors at the Shipyard. The Contractor Liaison's position shall be a project cost recoverable by Lennar/BVHP from project revenues; provided, however, that if a replacement for the Contractor Liaison is necessary, Lennar/BVHP uses its best efforts, and conducts extensive outreach in the BVHP Area, to locate a replacement Contractor Liaison that lives in or has a primary business address in the BVHP Area.

(b) **Contractor Liaison Office.** No less than thirty (30) days prior to the first bid advertisement for work at the Shipyard, Lennar/BVHP shall establish the office for the Contractor Liaison (the "Contractor Liaison Office") in the office established by Lennar/BVHP on the Shipyard as its project office ("Project Office."). The Contractor Liaison Office shall be equipped with the equipment and furniture necessary for the Contractor Liaison to accomplish its duties in a professional and efficient manner and shall include sufficient space to comfortably accommodate at least ten (10) average-sized, adults in addition to the Contractor Liaison and the Contractor Liaison's equipment and furniture. The Contractor Liaison shall maintain in the Contractor Liaison Office plans and specifications for deconstruction, demolition and

construction work on the Shipyard, and shall maintain a sufficient supply of bid packages, applications and other information pertinent to providing information to contractors about the opportunities for contractors who are performing or wish to perform work at the Shipyard. The office will be open during normal business hours, Monday through Friday, excluding holidays. The allocation of the Contractor Liaison's time to perform its Shipyard-related duties shall be evaluated on an on-going basis. Lennar/BVHP shall obtain prior written approval from the project Decision Team (as defined in the DDA) prior to permitting any reduction of the Contractor Liaison's work hours from forty hours per week.

(c) **Contractor Workshops.** Notice shall be given to BVHP Area residents, businesses and community based organizations in accordance with the Outreach Program no less than fifteen (15) days prior to the first workshop to be held regarding construction opportunities on the Shipyard. Where appropriate, community based organizations will also be invited to participate in workshops as presenters or panelists. The workshops will be designed to address the different phases of the project, in addition to matters generally related to the construction industry, and will include deconstruction and demolition, Infrastructure Improvements, Vertical Development and general construction industry matters. Each workshop will cover a set of basic topics, which include:

- (i) Contractor opportunities and applications for bidding process;
- (ii) OCIP Program and opportunities;
- (iii) Contractor pre-qualification process;
- (iv) MBE/WBE (for the purposes of this Agreement, "MBE/WBE" shall have the definition set forth in the DDA, or the successor definition used in any successor program to the Agency's Equal Opportunity Program that the Agency may adopt) and local hiring requirements;
- (v) Overview of technical assistance program, including plan room overview, Project Office orientation, and introduction of Constructor Liaison;
- (vi) Required accounting procedures;
- (vii) Bid package review and dissemination;
- (viii) Key dates review;
- (ix) Questions and answers;
- (x) Safety requirements;
- (xi) Contractor expectations;
- (xii) Financial assistance programs; and
- (xiii) Mentorship Program

(d) **Deconstruction and Demolition Community Benefits Workshop.** The first construction-related opportunity to work at the Shipyard will occur during the deconstruction and demolition phase, which will include the removal of specific buildings and site preparation for Infrastructure Improvements. Lennar/BVHP shall conduct a workshop no less than fifteen (15) days prior to advertising the first contract for demolition and deconstruction

work (the "Deconstruction and Demolition Community Benefits Workshop"). The Deconstruction and Demolition Community Benefits Workshop shall include information in clause (c) immediately above, as well as specific information about the deconstruction and demolition phase of the project.

(e) **Infrastructure Improvements Community Benefits Workshop.** The second segment of development at the Shipyard will focus on Infrastructure Improvements for the Shipyard, which will include the construction and installation of water systems, sewer systems, street grading and paving, street lighting, telecommunication and other wire components. Lennar/BVHP shall conduct a workshop no less than fifteen (15) days prior to advertising the first contract for the construction of Infrastructure Improvements, which will include the information in clause (c) above, and information on the Infrastructure Improvements requirements, schedules of performance, scope of work, contractor opportunities and other relevant information necessary for the successful completion of the Infrastructure Improvements ("Infrastructure Improvements Community Benefits Workshop").

(f) **Vertical Development Community Benefits Workshop Series.** The third segment of development at the Shipyard will focus on the Vertical Development of the Shipyard. Lennar/BVHP shall conduct the first workshop no less than one hundred twenty (120) days prior to the sale of the first Lot on the Shipyard which will include the information in clause (c) above, and information that will outline the scope, needs and opportunities presented with the construction of the residential and commercial developments. As the Vertical Development phase will likely be complicated, Lennar/BVHP shall host a series of workshops, in addition to the first workshop, to best address the multifaceted components of this part of the project (the "Vertical Development Community Benefits Workshop Series"). Lennar/BVHP may hold separate commercial and residential workshops to address the unique attributes of each type of construction process. Lennar/BVHP will work with its general and primary contractors to make sure that sufficient programs are in place to address local workforce hiring practices and local and MBE/WBE subcontractors as set forth in the DDA.

(g) **General Construction Industry Matters Community Benefits Workshop.** On a quarterly basis commencing within sixty (60) days after the Deconstruction and Demolition Community Benefits Workshop, Lennar/BVHP shall host a workshop that addresses general construction industry matters that may include, without limitation, accounting, legal, insurance, labor or other issues related to the construction industry.

3.5. Financial Assistance Program. Within no less than sixty (60) days prior to the advertisement of the first contract for each of the deconstruction and demolition, Infrastructure Improvements and Vertical Development phases, and at least one (1) more time during each such phase, Lennar/BVHP shall initiate outreach to financial institutions with whom it currently has relationships to introduce them to the Shipyard development, explain the general financial needs of the BVHP Area Contractors, and assist BVHP Area Contractors in accessing necessary financing such as lines of credit, loans, or other financial assistance based on conventional underwriting practices as follows (the "Financial Assistance Program"):

(a) **Identification of Financial Partners.** Lennar/BVHP shall contact the financial institutions with which it does business and other financial institutions that have a reputation for assisting with community development projects ("Financial Partners"), and shall use good faith commercially reasonable efforts to encourage such financial institutions to provide financial assistance to BVHP Area Contractors.

(b) **Property Tour and Immersion Event.** Lennar/BVHP shall conduct a property tour and immersion event at the Shipyard for the Financial Partners. The event shall

also include a briefing on the three (3) major phases of development, and a discussion regarding the financial needs of the BVHP Area Contractors.

(c) **Contractor Introduction Event.** Lennar/BVHP shall host an event to introduce BVHP Contractors to Financial Partners to review financial needs, distribute loan applications and to discuss other information required for financial assistance.

(d) **Technical Assistance Resources.** Lennar/BVHP shall create a list of technical and financial assistance programs in the BVHP Area and elsewhere available to help companies that need to qualify for loans.

(e) **Ongoing.** Lennar/BVHP shall, on an ongoing basis, be a resource, and provide information, to financial institutions regarding the development of the Shipyard.

3.6. MBE/WBE Mentorship Program. Lennar/BVHP shall institute a mentorship program to support emerging MBE/WBE construction-related enterprises doing business in and with a primary business address in the BVHP Area or with an owner who provides satisfactory evidence to Lennar/BVHP that such owner lives in the BVHP Area ("Protégés") as set forth herein (the "Mentorship Program"). The two main goals of the Mentorship Program shall be to increase the volume of work that Protégés are capable of winning in open competition, and to broaden the base of activity, increase the long-term stability, and expand the services in the construction industry of the Protégés. Lennar/BVHP shall commence full operation of the Mentorship Program within one hundred twenty days after the Close of Escrow.

(a) **Selection of Mentorship Program Sponsor.** Lennar/BVHP shall secure a qualified individual or entity, which may include, without limitation, a public agency, a private trade association, and/or the Contractor Liaison, at Lennar/BVHP's expense, in collaboration with the Agency to administer the Mentorship Program (the "Mentorship Program Sponsor"). The Mentorship Program Sponsor must possess the resources and demonstrate the relevant experience to successfully manage a Mentorship Program. Lennar/BVHP agrees that the Mentorship Program Sponsor shall be under contract approved by the Agency with Lennar/BVHP prior to the commencement of deconstruction and demolition work.

(b) **Duties of the Mentorship Program Sponsor.** The following shall be included in the Lennar/BVHP contract with the Mentorship Program Sponsor. The Mentorship Program Sponsor shall be the Mentorship Program organizer and coordinator, and will bear the responsibility for the program's administration. In accordance with the terms of its contract, the Mentorship Program Sponsor may solicit assistance from qualified individuals or organizations, including, without limitation, well-established companies, trade associations, private owners and public agencies in order to fulfill its duties, which duties shall include the following:

- (i) Advertising and promoting the Mentorship Program;
- (ii) Organizing related business events;
- (iii) Identifying potential Mentors (as described below);
- (iv) Identifying potential Protégés;
- (v) Informing and reminding Mentors and Protégés of their roles and responsibilities;
- (vi) Scheduling all meetings;

- (vii) Providing or contracting for all needed meeting space;
 - (viii) Collecting status reports;
 - (ix) Maintaining Mentorship Program records;
 - (x) Contracting for management, accounting and other professional services that Protégés will need;
 - (xi) Monitoring the sufficiency and effectiveness of the professional services received by Protégés;
 - (xii) Identifying the necessary sources of Mentorship Program funding;
- and
- (xiii) Organizing and facilitating the meetings of the Advisory Board (described below).

(c) **Advisory Board.** The Mentorship Program Sponsor shall select representatives of reputable and successful companies and individuals in the construction industry, and the financial and surety companies that serve the San Francisco Bay Area business community to provide guidance to the Mentorship Program Sponsor throughout the Mentorship Program (the "Advisory Board."). The Advisory Board will advise the Mentorship Program Sponsor but the administrative responsibilities and the decision-making power regarding the Mentorship Program shall remain with the Mentorship Program Sponsor. To the extent the Mentorship Program Sponsor finds it helpful, the Advisory Board will:

- (i) Recommend policies for the Mentorship Program;
- (ii) Participate in the selection and assignment of Mentors and Protégés; and
- (iii) Help select the Mentorship Program's Professional Services Provider (described below).

(d) **Professional Services Provider.** At the cost of Lennar/BVHP, the Mentorship Program Sponsor shall contract with one (1) or more reputable and successful organizations and/or individuals that will use its knowledge of construction business issues to educate Protégés and provide them with professional services, including, without limitation, financial administration, insurance and bonding, business management and other services that Protégés and Mentors may identify as beneficial to Protégés (collectively, "Professional Services Provider"). Lennar/BVHP shall provide the Agency with a copy of all contracts and amendments thereto for the Professional Services Provider within five (5) days after full execution thereof. The Professional Services Provider shall participate in the regular meetings between Mentors and their Protégés. They shall also respond to any requests for assistance.

(e) **Mentors.** The Mentorship Program Sponsor shall select reputable and successful individuals and companies with at least seven (7) years experience in the construction industry to assist Protégés in achieving goals identified in the Mentorship Program ("Mentors"). Lennar/BVHP acknowledges that the number and quality of the Mentors will be key to the success of the Mentorship Program. Lennar/BVHP shall be a Mentor and shall prominently display information about the Mentorship Program on its website and on the Shipyard website and shall encourage its business partners and other business contacts to participate in the Mentorship Program. Lennar/BVHP shall also assist the Mentorship Program Sponsor in

contacting potential Mentors by providing introductions to qualified companies with which Lennar/BVHP does or has done business. Mentors shall assist Protégés with setting targets for improvement, setting deadlines for reaching such targets and meeting the set deadlines. Minimum responsibilities of Mentors shall be to:

(i) Make themselves available to their assigned Protégés by attending all required meetings including, without limitation, the regularly scheduled monthly meetings to be scheduled by the Mentorship Program Sponsor;

(ii) Make themselves available to their assigned Protégés at other times to help them address significant business issues that may arise;

(iii) Regularly review their assigned Protégés' business and action plans;

(iv) Monitor their assigned Protégés' key business indicators, including cash flow, work in progress and recent bids, as their Protégés grow and develop; and

(v) Teach their assigned Protégés how to market a construction company.

(f) **Protégés.** Subject to excused absences based on rules developed by the Mentorship Program Sponsor, Protégés shall be required to attend all regularly scheduled meetings and help determine the agenda for those meetings. Between such meetings, Protégés shall be required to make every effort to implement the business decisions that the meetings produce. Additionally Protégés shall be required to perform the following activities:

(i) Work with the Professional Services Provider;

(ii) Attend seminars and/or other relevant educational programs;

(iii) Implement specific changes in the management or operation of their business, as necessary and appropriate;

(iv) Provide to the Mentorship Program Sponsor complete and up-to-date information on their businesses, including their business and action plans, cash flow information, latest bids, and work in progress; and

(v) Take the initiative to request whatever additional assistance they may need to address significant business issues.

(g) **Surety Companies.** The Mentorship Program Sponsor shall be required to encourage surety companies and brokers that serve the BVHP Area and other San Francisco Bay Area business communities to take an active role in the Mentorship Program even though Lennar/BVHP will not require that Lennar Contractors obtain payment or performance bonds to be eligible to work on the Shipyard. The Mentorship Program Sponsor shall arrange workshops and meetings with the surety companies and brokers and Protégés so that the surety companies and brokers can explain the purpose and function of surety bonds, and help the Protégés develop the underwriting files that will enable them to obtain bonds for other projects.

(h) **Financial Institutions.** The Mentorship Program Sponsor shall arrange workshops and meetings with banks and other lenders within and outside of the BVHP Area to explain how to apply for, and assist Protégés in applying for credit or increasing credit limits.

These workshops can be coordinated with those conducted as part of the Financial Assistance Program.

(i) **Protégés Performance Standards.** The Mentorship Program Sponsor shall set and monitor quarterly and annual performance standards for the Protégés in the following areas:

- (i) Capital base, including:
 - Working capital;
 - Depreciated value of equipment owned or leased;
 - Payroll;
 - Material expensed;
 - Overhead expensed;
 - Net profit; and
 - Available credit.
- (ii) Bonding limits, per job and in the aggregate;
- (iii) Value of current and future work;
- (iv) Success in getting profitable work outside any government program for small, minority, women or disadvantaged business enterprises;
- (v) Retention of reliable and productive employees; and
- (vi) Customer loyalty resulting in repeat business.

(j) **Selection of Mentors.** With assistance from the Advisory Board and Lennar/BVHP, if requested by the Mentorship Program Sponsor, the Mentorship Program Sponsor shall identify and interview all potential Mentors. In the course of the interview, and in other ways that it finds effective, the Mentorship Program Sponsor will assure itself that the candidate understands and accepts the goals of the Mentorship Program and is truly committed to making the Mentorship Program work.

(k) **Selection of Protégés.** The Advisory Board and Mentorship Program Sponsor shall invite the potential Protégés to enroll in the Mentorship Program. Members of the Advisory Board and the Mentorship Program Sponsor shall interview the prospective Protégés that apply, to identify and/or clarify the needs of each prospective Protégé. The invitation to enroll in the Mentorship Program shall make it clear that all applicants must complete and submit a Mentorship Program application, a balance sheet and an income statement. The Advisory Board and Mentorship Program Sponsor shall use the submitted balance sheet and income statement to conduct a limited financial review before interviewing the applicant. The limited financial review will include a comparison with standard industry ratios. The Advisory Board and Mentorship Program Sponsor may elect to require that all applicants have a minimum number of years in business, and will not likely accept start-up companies for the Mentorship Program.

(l) **Assignment of Mentors to Protégés.** Subject to the availability of Mentors, the Advisory Board and Mentorship Program Sponsor shall designate two (2) Mentors for each Protégé. In deference to federal and other antitrust laws, the Advisory Board and Mentorship Program Sponsor will hesitate to pair Mentors and Protégés that compete for the same work.

(m) **Meetings.** Mentors, their Protégés, the Professional Services Provider, and the Mentorship Program Sponsor shall meet at least once each month, at a regularly scheduled time and place. The Mentorship Program Sponsor shall arrange these meetings and prepare a written agenda for each meeting. The participants shall review the items on the Protégé's business and action plans and shall make appropriate changes to such plans. The Professional Services Provider shall take notes at the meeting and within a reasonable time after each meeting, distribute a written report on the meeting to all of the participants. The report shall outline the applicable Protégé's most recent efforts to implement its business and action plan and the results of those efforts. The report shall also list the applicable Protégé's current needs. Mentors and Protégés shall use this report to guide their next steps, and the Mentorship Program Sponsor will use it to prepare the agenda for the next month's meeting.

(n) **Progress Reports.** For each month, quarter and year of enrollment, the Mentorship Program Sponsor will produce a progress report on each Protégé, based on the performance standards that the Mentorship Program recommends. Progress reports shall include information and be written in a manner that helps the Mentorship Program participants assess the actual results of the Mentorship Program. The progress reports should be used as a tool to help improve the Mentorship Program, clarify, if necessary, and strengthen the roles and effectiveness of the participants. The Mentorship Program Sponsor shall deliver the progress reports to the applicable Protégés, their Mentors and the Agency within fifteen (15) days after the end of the each month, thirty (30) days after the end of each quarter and sixty days after the end of each year. The Mentorship Program Sponsor shall provide an aggregate of all progress report data to the Advisory Board.

(o) **Other Reports.** Every six (6) months, the Mentorship Program Sponsor and Professional Services Provider shall summarize all of their activities for the previous six (6) month period and provide such written summaries to the Advisory Board and the Agency.

(p) **Additional Details.** Commencing with the Deconstruction and Demolition Community Benefits Workshop and continuing for all workshops during Phase 1, Lennar/BVHP and the Vertical Developers shall include a discussion of the Mentorship Program. Additionally, Lennar/BVHP and the Vertical Developers shall encourage contractors hoping to bid and win major projects during the deconstruction and demolition, Infrastructure Improvements and Vertical Development phases of the Shipyard development to partner with BVHP Area MBE/WBE construction-related enterprises immediately and participate in the Mentorship Program or develop a mentorship program that will provide measurable results for BVHP Area MBE/WBE construction-related enterprises. Lennar/BVHP or the Vertical Developer, as applicable, shall maintain a list of BVHP Area MBE/WBE construction-related enterprises that shall be available at all workshops and in the Project Office.

Lennar/BVHP and the Vertical Developers shall require companies that bid on work at the Shipyard to submit documentation that outlines their MBE/WBE experience, including the names of the MBE/WBE entities such companies have partnered with, the level of guidance and support offered to the MBE/WBE entity by such companies, and the level of success that these MBE/WBE enterprises have accomplished as part of their business or mentorship relationship with such companies. Contract bidders shall also be required to describe how they will utilize an MBE/WBE partner during the applicable phase of the Shipyard development.

SECTION 4. COMMUNITY BUILDER PROGRAM.

4.1. Introduction.

(a) **General Information.** Pursuant to Section 3 of DDA Attachment 24B, with respect to Parcel A', Lennar/BVHP agrees that thirty percent (30%) of the Phase 1 Lots designated for private housing development must be developed in partnership with BVHP Area Builders (defined below) selected from the Joint Venture Community Builders Pool (defined below) ("Joint Venture Community Builders"), or by BVHP Area Builders included in the Independent Community Builders Pool ("Independent Community Builders," and together with Joint Venture Community Builders, collectively, "Qualified Community Builders"). "BVHP Area Builders" means developers and builders that (i) do business in and have a primary business address in the BVHP Area with an established, fixed office in a non-portable building where regular construction-related work is conducted; (ii) are listed in the Permits and License Tax Paid File with the City and County of San Francisco with a business address in the BVHP Area; (iii) possess a current Business Tax Registration Certificate issued by the City and County of San Francisco that shows a primary business address in the BVHP Area; (iv) have a demonstrated history of working in the BVHP Area; and/or (v) are established, construction-related businesses that include an owner, or owners, of at least 51% of the ownership interest in the company who provide satisfactory evidence to the Selection Panel that such owner(s) lives in the BVHP Area. Such developers and builders may include faith-based development organizations in the BVHP Area. The Agency and Lennar/BVHP, in consultation with the CAC, will develop an appropriate Community Builder Program for Parcel B'. Lennar/BVHP shall implement the program to benefit the Qualified Community Builders (the "Community Builder Program") as set forth below in order to provide capacity building opportunities to Qualified Community Builders, including but not limited to faith-based development organizations, during the Phase 1 Vertical Development.

(b) **Community Builder Lots.** The Community Builder Lots shall be located in areas shown on Exhibit E attached hereto. However, upon mutual agreement between the Agency and Lennar/BVHP, such locations may be changed to create more flexibility for the Qualified Community Builders and Lennar/BVHP based on the housing types most suitable for such designated locations. The following provisions establish the process whereby Lennar/BVHP will select Joint Venture Community Builders from a Joint Venture Community Builder Pool and create an Independent Community Builder Pool from which Independent Community Builders can bid on Community Builder Lots.

4.2. Outreach Process. Within sixty (60) days after the Close of Escrow, Lennar/BVHP shall inform potential Qualified Community Builders of the opportunity to joint venture or bid on property to develop independently. Lennar/BVHP shall perform the following activities in order to compile a list of potential Qualified Community Builders:

(a) Outreach, as described in the Outreach Program, which may include, but is not limited to, advertising, direct mail, e-mail and flyers targeted at BVHP Area Builders.

(b) Provide, or cause others to provide, a Community Builder Application (defined below) to each potential Qualified Community Builders who requests an application. Community Builder Applications shall also be posted on Lennar/BVHP's website and the Agency's website. Potential Qualified Community Builders can request consideration to qualify as both Joint Venture Community Builders and Independent Community Builders.

(c) Notify potential Qualified Community Builders of receipt of the submitted Community Builder Application and request any additional information needed to complete the Community Builder Application within ten (10) business days after receipt of the Community Builder Application. Lennar/BVHP shall keep a list of all persons who request and submit a Community Builder Application ("Potential Qualified Community Builder List") and shall consult with the Agency to supplement such list with additional names of potential Qualified Community Builders. Lennar/BVHP shall encourage potential Qualified Community Builders to

submit completed Community Builder Applications within one hundred twenty (120) days after the Close of Escrow. The due date is calculated to provide ample time prior to the Community Builder Lots becoming available for Vertical Development, for the completion of the review of the Community Builder Application, the selection of the Qualified Community Builder for either the Joint Venture Community Builder Pool or the Independent Community Builder Pool, and with respect to the Joint Venture Community Builders, the negotiation and execution of the joint venture agreement. Nevertheless, Lennar/BVHP shall accept Community Builder Applications until a Vertical DDA has been executed for the last Community Builder Lot.

(d) Conduct workshops designed to explain the Community Builder opportunities on the Shipyard and the application process.

(e) Staff the Project Office during normal business hours Monday through Friday, excluding holidays, to answer questions about the Community Builder Program and to assist in completing the Community Builder Application.

4.3. Joint Venture Community Builder Requirements.

(a) **Duties.** Through partnerships with the Joint Venture Community Builders, Lennar/BVHP shall provide the Joint Venture Community Builders with significant development experience and shall introduce the Joint Venture Community Builders to financial and professional resources during the development of Community Builder Lots with Lennar/BVHP or its Affiliates. A primary goal of the joint venture relationships is for Lennar/BVHP and the Joint Venture Community Builders to work together in such a way that based on the experience obtained from the joint venture, the Joint Venture Community Builders will secure future development projects on their own. To help satisfy the ultimate goal of the joint venture relationship, Lennar/BVHP shall require the Joint Venture Community Builder to perform duties that are economically significant to the joint venture and actively and substantially participate in the day-to-day financial and policy decision-making responsibilities of the joint venture.

(b) **No Restrictions.** Regardless of the ownership interest of the Joint Venture Community Builder in the joint venture, Lennar/BVHP shall not place any formal or informal restrictions on the Joint Venture Community Builder that would limit the customary discretion of a joint venture partner with a significant ownership interest in the joint venture. The Joint Venture Community Builder must have authority to manage significant aspects in the joint venture business and the development of the Vertical Improvements, including, without limitation:

- (i) Hiring and firing personnel;
- (ii) Selecting and supervising the contractors, subcontractors, legal, financial and other consultants;
- (iii) Approving the various development plans, construction documents, marketing strategies and project budgets; and
- (iv) Negotiating and approving various contracts in connection with the project, including, without limitation, approving the Vertical DDA to be entered into with the Agency.

(c) **Joint Venture Agreement.** For the joint venture between a Joint Venture Community Builder and Lennar/BVHP or its Affiliate to be effective, the Agency must approve the governing joint venture agreement between the Joint Venture Community Builder and

Lennar/BVHP or its Affiliate (the "Joint Venture Agreement"). The form of the Joint Venture Agreement shall be finalized after the selection of the Joint Venture Community Builder Pool following approval of such form by the Agency in consultation with the CAC. The Joint Venture Agreement must require compliance with the requirements set forth in Section 4.3 (a) and (b) above and shall include sufficient remedies for the Joint Venture Community Builder to address the failure of Lennar/BVHP or its Affiliate to so comply.

4.4. Joint Venture Community Builder Application. As shown in the Community Builder Application attached hereto as Exhibit G, and in order to demonstrate the capability to successfully undertake all activities necessary to fulfill its role as a joint venture partner for the Vertical Development, the Joint Venture Community Builder must provide information in the Community Builder Application that documents its technical proficiency, relevant experience, financial history and litigation history, as described below:

(a) **Technical Proficiency.** Documentation of technical qualifications related to the proposed development, including resumes of all members of the development entity and the identification of licenses, certificates and relevant educational training;

(b) **Relevant Experience.** Documentation of direct or related experience, including but not limited to financial, construction, engineering and development experience, and a detailed explanation of previous development projects, including project location, size, cost, capital and financing sources used, economic performance, project timeline, and a description of the role of the development entity or its members in the project;

(c) **Financial History.** To the extent available, the following financial information: four (4) years of annual credit reports, annual reports, audited financial statements or tax returns of the development entity and its principal members and real estate portfolios, recent history of obtaining financing commitments, a description of all projects currently underway but not completed, including the financial commitment required of the development entity, identification of equity and debt capital and the relationship between the developer and the financing source; and

(d) **Litigation History.** Detailed information regarding any litigation concerning a real estate project that involved the development entity or any of its principal members.

4.5. Selection of Joint Venture Community Builder Pool.

(a) **Selection Panel.** A selection panel comprised of representatives from Lennar/BVHP and the Agency (the "Selection Panel") shall create a pool of Joint Venture Community Builders ("Joint Venture Community Builders Pool") from which Lennar/BVHP or a Lennar/BVHP Affiliate shall select all of its Qualified Joint Venture Community Builder partners. Lennar/BVHP shall notify the Agency of which representatives of Lennar/BVHP will be on the Selection Panel within ninety (90) days after the Close of Escrow. Lennar/BVHP shall ensure that joint venture opportunities are made available to as large a number of different members of the Joint Venture Community Builders Pool as possible. The Selection Panel may request additional information from the prospective Joint Venture Community Builder in order to clarify or supplement information provided in the Community Builder Application.

(b) **Selection Criteria.** The selection criteria for Joint Venture Community Builders shall be significantly less stringent than that for Independent Community Builders because the objective of the selection will be to choose entities that have demonstrated the potential to be successful developers with limited regard to the financial ability of such entity to develop a portion of the Vertical Improvements. Joint Venture Community Builders must

demonstrate technical proficiency and relevant experience to perform duties that are economically significant to the joint venture and must actively and substantially participate in the day-to-day, financial and policy decision-making responsibilities of the joint venture. More specific criteria shall be as set forth in the Community Builders Application, however, to be considered for inclusion in the Joint Venture Community Builders Pool, BVHP Area Builders must have at least two (2) years construction experience.

(c) **Community Builders Application Updates.** Due to the phased nature of the development of the Lots in the Shipyard, membership in the Joint Venture Community Builders Pool may occur well in advance of the completion of Horizontal Improvements on the applicable Community Builder Lots. As a result, information provided for selection as a Joint Venture Community Builder may not be current at the time of Lennar/BVHP's selection of such Joint Venture Community Builder from the Joint Venture Community Builders Pool. As such, within a reasonable period of time, not to exceed thirty (30) days after Lennar/BVHP's selection of a Joint Venture Community Builder from the Joint Venture Community Builders Pool, such Joint Venture Community Builder must provide the Selection Panel with information required by the Selection Panel to update the information provided in the Community Builder Application. Failure to provide such information within the request time, or the existence of changed circumstances that would have prevented the Selection Committee from including the BVHP Area Contractor in the Joint Venture Community Builders Pool if such circumstances existed at the time of the selection to the Joint Venture Community Builders Pool, may render such BVHP Area Contractor ineligible to remain in the Joint Venture Community Builders Pool and ineligible to joint venture with Lennar/BVHP or its Affiliates. In the event of such ineligibility, Lennar/BVHP shall select another BVHP Area Contractor from the Joint Venture Community Builders Pool.

4.6. Independent Community Builder Requirements. Of the Community Builder Lots not developed in joint venture with the Lennar/BVHP, the balance will be eligible for purchase and development by Independent Community Builders. The Independent Community Builder must demonstrate the capability to successfully undertake all the activities necessary to fulfill its role as a Vertical Developer in Phase 1 of the Shipyard. The Independent Community Builder must demonstrate the financial capability or access to minimum capital sources to purchase the Community Builder Lot at the Minimum Purchase Price in accordance with the terms set forth in the DDA; and must demonstrate the ability to complete the Vertical Improvements on the Community Builder Lot in accordance with the schedule of performance required by the applicable Vertical DDA.

4.7. Independent Community Builder Application. As shown in the attached Community Builders Application, potential Independent Community Builders must provide information in the Community Builders Application that documents its technical expertise, relevant experience, financial history and financial capacity and litigation history as described below:

(a) **Technical Expertise.** Documentation of technical qualifications related to the proposed development, including resumes of all members of the development entity and the identification of licenses, certificates and relevant educational training. Documentation of a proven track record as a contractor or builder, including demonstrable record as either a builder or developer of a housing or commercial development. List of client references.

(b) **Relevant Experience.** Documentation of direct or related experience, including but not limited to financial, construction, engineering and development experience and a detailed explanation of previous development projects, including location, size, cost, capital and financing sources used, economic performance, project timeline, and a description of the role of development entity or its members in the project. Proven track record of meeting a project

timeline as well as the ability to hire and manage sub-contractors, schedule trades and materials, and secure permits.

(c) **Financial History and Financial Capacity.** Documentation of successful bid and job completion. Documentation of the following financial information: four years of annual credit reports, annual reports, audited financial statements of the development entity and its principal members and real estate portfolios, recent history of obtaining financing commitments, a description of all projects currently underway but not completed, including the financial commitment required of the development entity, identification of equity and debt capital and the relationship between the developer and the financing source.

(d) **Litigation History.** Documentation of detailed information regarding any litigation concerning a real estate project that involved the development entity or any of its principal members.

4.8. Selection of Independent Community Builders Pool.

(a) **Selection Panel.** The Selection Panel shall create a pool of Independent Community Builders (the "Independent Community Builders Pool"). In accordance with the provisions of Section 15.4 of the DDA, members of the Independent Community Builders Pool shall be allowed to participate in a competitive bid process for purchase of each Community Builder Lot eligible for purchase by Independent Community Builders. The Selection Panel may request additional information from the potential Independent Community Builders in order to clarify or supplement information provided in the Community Builders Application.

(b) **Selection Criteria.** The selection criteria for the Independent Community Builders shall be significantly more rigid than that for Joint Venture Community Builders because the Independent Community Builders must demonstrate, among other things, successful completion of residential or commercial development and the financial capacity to purchase the applicable Community Builder Lot at no less than the Minimum Purchase Price, and the ability to develop such Community Builder Lot in accordance with the applicable Vertical DDA. More specific criteria shall be as set forth in the Community Builders Application; however, to be considered for inclusion in the Independent Community Builders Pool, BVHP Area Builders must have at least two (2) years construction experience.

(c) **Community Builders Application Updates.** Due to the phased nature of the development of the Lots in the Shipyard, membership in the Independent Community Builders Pool may occur well in advance of the completion of Horizontal Improvements on the applicable Community Builder Lots. As a result, information provided for selection as an Independent Community Builder may not be current at the time the Independent Community Builders bid on a Community Builder Lot. As such, the competitive bid process will require that all Independent Community Builders who bid on Community Builder Lots must provide to the Selection Panel, within a reasonable period of time prior to the bid, information required by the Selection Panel to update the information provided in the Community Builder Application. Failure to provide such information within the request time, or the existence of changed circumstances that would have prevented the Selection Committee from including the BVHP Area Builder in the Independent Community Builders Pool if such circumstances existed at the time of the selection to the Independent Community Builders Pool, may render such BVHP Area Builder ineligible to remain in the Independent Community Builders Pool and ineligible to bid on a Community Builder Lot.

4.9. Other Capacity Building Elements. As part of the Lennar/BVHP's on-site support for the Community Builder Program, Lennar/BVHP shall provide to BVHP Area Contractors information on real estate and business development as well as training programs

available at local colleges. This information shall also be made available through Lennar/BVHP's outreach efforts in support of the Community Builder Program.

SECTION 5. INTERIM AFRICAN MARKETPLACE.

5.1. Introduction. Pursuant to Section 4 of DDA Attachment 24B, Lennar/BVHP shall establish an "Interim African Marketplace" to serve as an African-themed temporary festive outdoor setting for the display and sale of: a) arts, crafts, sculptures, fabrics and clothing, and books; and b) fresh, wholesome and healthy foods as commonly found in a Farmer's Market. Additionally, it will serve as a venue for the presentation of musical performances, such as gospel, jazz and blues and African and world music. The musical events could occur in conjunction with, or independent of, the African Marketplace. The Interim African Marketplace will establish the Shipyard as a music, entertainment, cultural, and tourist destination and will provide economic opportunities for local artists.

5.2. Location. Lennar/BVHP shall locate the Interim African Marketplace on an approximately 1.2 acre site at the base of the hill between Galvez Steps, Galvez Avenue, the Hilltop and the parking lot north of Building 101, as more specifically identified on the map attached hereto as Exhibit H ("Interim African Marketplace Site"). Lennar/BVHP shall move the Interim African Marketplace to a permanent location on Parcel B that will be mutually agreed upon by the Agency and Lennar/BVHP.

5.3. Implementation Plan.

(a) Primary Consultants. Lennar/BVHP has selected the Los Angeles African Marketplace Inc. (LAAM) to be the operator of the Interim African Marketplace (the "Interim African Marketplace Operator"). Lennar/BVHP has contracted with the Interim African Marketplace Operator to, among other things, develop the operating plan for the Interim African Marketplace. In addition, within sixty (60) days following the Close of Escrow, Lennar/BVHP shall contract with a local, community-based arts and cultural development organization approved by the Agency (a "LACDO") to work on outreach matters and otherwise assist the Interim African Marketplace Operator. The scope of work for Lennar/BVHP's contract with the LACDO shall include the duties set forth in Exhibit I attached hereto. The scope of work for Lennar/BVHP's contract with LAAM shall include the duties set forth in Exhibit J attached hereto. Lennar acknowledges and agrees that notwithstanding its contracts with the LACDO and LAAM, Lennar remains responsible for establishing the Interim African Marketplace pursuant to the terms hereof.

(b) Operating Plan. Lennar/BVHP and its consultants shall prepare an operations plan that includes, among other requirements, a vendor recruitment plan, a public relations and marketing plan, an outreach plan for working with local arts groups, ecumenical groups, merchant and business associations and others to identify performers and vendors for the Interim African Marketplace, and a financial plan for the continued operation of the Interim African Marketplace. In addition, as part of the operations plan, Lennar/BVHP and its consultants shall prepare a study that identifies estimated visitors to the Interim African Marketplace, mode of travel and need for and availability of transportation-related facilities such as bicycle and vehicle parking and transit facilities to support the operations. If the study identifies an unmet need for transportation-related facilities associated with the operations, the operations plan shall include a transportation management implementation plan that is consistent with the Redevelopment Plan, Design for Development and adopted traffic-related mitigation measures identified in the Final Environmental Impact Report.

(c) Additional Consultants. To support Lennar/BVHP in the establishment of the Interim African Marketplace and to assist the LACDO and LAAM, within thirty (30) days

after the Close of Escrow, or such later time as may be permitted by the Agency following a written extension request from Lennar/BVHP, Lennar/BVHP shall contract with the consultants described below for the services described below, after consultation with the Agency. Lennar/BVHP shall use best efforts to inform members of the BVHP Area community through extensive outreach about, and make available to such members, the consultant opportunities, and include provisions in the contracts of its selected consultants requiring such consultants to use best efforts to maximize the participation of members of BVHP Area community in all aspects of the planning and operation of the Interim African Marketplace. Lennar/BVHP shall provide the Agency with copies of the contracts entered into by Lennar/BVHP with the below described consultants for the below described services:

- (i) Planning/architectural consultant to design the character of the site.
- (ii) Financial consultant to:
 - (A) prepare an operations/financial feasibility study to determine the criteria for selecting vendors that will contribute to an operationally and financially successful Interim African Marketplace;
 - (B) develop a revenue/cost structure that will yield at least a "break-even financial scenario" for operating the African Marketplace;
 - (C) recommend an Interim African Marketplace Operator's leasing program, including lease rates for the Interim African Marketplace Operator and its vendors; and
 - (D) identify all potential sources of operating revenues (vendor rents and funds from sponsors like radio, television stations and beverage companies, etc.) as well as public funding sources to cover operating expenses (advertising, promotions, maintenance, operations, etc.).
- (iii) Marketing and public relations consultant to:
 - (A) recommend a marketing and public relations plan that is an integral part of the overall marketing and operations plan for Phase 1 of the Shipyard. The plan shall place the Interim African Marketplace and the Shipyard "on the map" for local residents, for the City and Bay Area region, and for tourists;
 - (B) Create a distinctive "look" for materials related to the Marketplace (letterhead, brochures, signage, etc.); and
 - (C) Create an attractive, informative Interim African Marketplace brochure and website to assist with the Interim African Marketplace Operator's marketing/public relations and outreach plans.
- (iv) Engineering consultant to make basic improvements to the site, including to:
 - (A) pave the Interim African Marketplace Site (including a performance area);
 - (B) provide utilities to the Interim African Marketplace Site;and

(C) provide a parking area and trailer to serve as the administrative and assistance center for the Interim African Marketplace Operator and its vendors.

5.4. Timeline. Lennar/BVHP shall comply with the following timeline which shall be followed to the extent it may be feasibly coordinated with the construction processes of Phase 1 to ensure safety to the public and the construction workers, to avoid impediments to the construction efforts, and to foster an environment conducive to the contemplated, vibrant atmosphere of the Interim African Marketplace.

(a) **Before Close of Escrow.** Lennar/BVHP shall have entered into a contract with LAAM to accomplish the scope of services required to launch the Interim African Marketplace.

(b) **90 Days After Close of Escrow.** Working with the CAC, Lennar/BVHP and its consultants shall prepare an implementation plan for the Interim African Marketplace for review and endorsement by the Agency.

(c) **120 Days After Close of Escrow.** Lennar/BVHP shall present a draft implementation plan to the BVHP Area community in cooperation with the CAC.

(d) **150 Days After Close of Escrow.** Lennar/BVHP, in cooperation with LAAM and the LACDO shall finalize the implementation plan and will commence the implementation of such plan.

(e) **210 Days After Close of Escrow.** The Interim African Marketplace shall be established and the Interim African Marketplace Operator shall be ready to host its first event. The Interim African Marketplace will continue to operate from the Interim African Marketplace Site until the permanent facility on Parcel B is completed.

SECTION 6. CULTURAL/HISTORICAL RECOGNITION PROGRAM.

6.1. Introduction. Pursuant to Section 5.1 of DDA Attachment 24B, Lennar/BVHP shall develop a design program that (a) through the urban design process identifies opportunities for recognizing and enhancing the cultural and historical context of the Shipyard and its surrounding community in both the development and design of the Shipyard; (b) integrates cultural features and facilities throughout the Shipyard, starting with Phase 1 through the Interim African Marketplace; and (c) provides opportunities for local artists (both at the Shipyard and from the surrounding community) to participate in creating public art for the Shipyard, working with the community to identify appropriate locations and art forms for public art program.

6.2. Program Description. Lennar/BVHP, in collaboration with the CAC and members of the BVHP Area community, developed certain cultural and historical recognition design concepts for the Shipyard, and in satisfaction of its obligations described in Section 6.1 above, Lennar/BVHP agrees to implement the following program (the "Cultural/Historical Recognition Program"):

(a) **Open Space Master Plan.** Lennar/BVHP agrees to include in the Open Space Master Plan required by the DDA, the location for the installation of 500 square feet of tiles designed by youth participants at a San Francisco Bayview Opera House program, and the creation of a walkway connecting Galvez Steps to the site of the Interim African Marketplace. The walkway shall incorporate the following three (3) elements identified in the design process:

- (i) A timeline of events to recognize all the inhabitants of the Shipyard from the earliest settlers to today;
- (ii) Anecdotal narratives to preserve the stories of the people who worked at the former Shipyard Naval base through oral, written and illustrative works; and
- (iii) Physical markers to incorporate into the Shipyard certain artifacts, representations or symbols of its early Native American inhabitants, the shipbuilding era, the African Diaspora and more.

(b) **Interim African Marketplace.** Lennar/BVHP shall develop the Interim African Marketplace as described in Section 5 in a manner that will integrate cultural features and facilities on the Shipyard in Phase 1. Lennar/BVHP recognizes that its obligation to integrate cultural features and facilities throughout the Shipyard shall be a continuing obligation during all other Phases of Shipyard development in which Lennar/BVHP or an Affiliate obtains any development rights.

(c) **Art Program and Implementation.** Within one hundred twenty (120) days after the Close of Escrow, Lennar/BVHP shall form an exploratory committee with representatives of BVHP Area arts organizations and artists, BVHP Area residents and the CAC to (i) design an arts program that provides opportunities for local artists (both at the Shipyard and from the surrounding community) to participate in creating public art for the Shipyard and identify appropriate locations and art forms for such arts program; and (ii) develop a strategy for implementing the Cultural/Historical Recognition Program. Lennar/BVHP shall provide the Agency and the CAC with a written report ("Progress Report") describing in detail the arts program and the implementation strategy within two hundred ten (210) days after the Close of Escrow, and shall revise such strategy as requested by the Agency and the CAC.

(d) **Fundraising Consultant.** As part of its commitment to the success of the Cultural/Historical Recognition Program, within sixty (60) days after the Close of Escrow, Lennar/BVHP shall engage and maintain a fundraising consultant to pursue government, foundation and private funding to underwrite the creation of the arts program, the public art and the implementation of the Cultural/Historical Recognition Program.

6.3. Progress Report. If Lennar/BVHP fails to provide the Progress Report within the required time period, or if the Progress Report demonstrates that Lennar/BVHP has not diligently complied with its obligations under the proposed Cultural/Historical Recognition Program, at the Agency's option, and within no less than ten (10) business days after written demand by the Agency, Lennar/BVHP shall pay to the Agency the sum reasonably determined by the Agency to be sufficient for the Agency to implement the proposed Cultural/Historical Recognition Program, which sum may include, without limitation, the cost of working with Myles Stevens or a comparable cultural historian, landscape artists and other artists.

SECTION 7. BUSINESS INCUBATOR SPACE PROGRAM.

7.1. Introduction. Pursuant to Section 5.2 of DDA Attachment 24B, Lennar/BVHP shall set aside space in accordance with the terms set forth herein ("Business Incubator Space") for a small business incubator program in an effort to facilitate the growth and development of a variety of businesses at the Shipyard. Lennar/BVHP shall provide the Business Incubator Space or will cause the Business Incubator Space to be provided in the Shipyard, at cost (without profit), pursuant to the program described below ("Business Incubator Space Program). This obligation shall be a covenant running with the land and shall be included in all appropriate Vertical DDAs. Lennar/BVHP shall not be responsible for the management of the day-to-day

operation of the actual business incubator program that will operate in the space provided by Lennar/BVHP (the "Business Incubator Program"), the staffing, or selection of the participants in the Business Incubator Program. Lennar/BVHP acknowledges that the intent of the Business Incubator Space Program is for Lennar/BVHP to create a place where emerging businesses doing business in and with a primary business address in, or with an owner, or owners, of at least fifty-one percent (51%) of the ownership interest in the entity who provide satisfactory evidence to Lennar/BVHP that such owner(s) lives in the BVHP Area, and entrepreneurs who provide satisfactory evidence to Lennar/BVHP that such entrepreneurs live in the BVHP Area (collectively, "Emerging BVHP Area Businesses") have at their disposal a below-market location on the Shipyard to operate.

7.2. Program Specifics.

(a) **Business Incubator Space Plan.** In order to facilitate Lennar/BVHP's satisfaction of its obligations under the Business Incubator Space Program, Lennar/BVHP shall include in the Purchase Agreements for all Lots zoned to permit retail space, provisions that require the applicable Vertical Developers to (i) cooperate with Lennar/BVHP in drafting and revising as required by the Agency, the Business Incubator Space Plan (as defined below) and submit such plan to the Agency for approval prior to awarding any vertical commercial contracts on an Affiliate Lot; and (ii) provide the lease for the Business Incubator Program Space to the Agency for prior approval. Prior to the awarding of the first vertical commercial construction contract, Lennar/BVHP shall submit to the Agency, for the Agency's review and approval, a proposed plan delineating the outline and square footage of the premises proposed for the Business Incubator Space and a budget of the development costs (including developer's overhead and cost of funds, but excluding profit) and resulting rent required to recover such costs (the "Business Incubator Space Plan"). The Business Incubator Space must be located on an Affiliate Lot. No vertical contract for the subject Lot shall be awarded until the Agency approves the Business Incubator Space Plan.

(b) **Business Incubator Program Facilitator.** Within thirty (30) days after the Agency's written approval of the Business Incubator Space Plan, Lennar/BVHP, in collaboration with the Agency, shall begin the interview and selection process to choose a business incubator program facilitator to create and manage the Business Incubator Program. If Lennar/BVHP fails to initiate the selection process within such thirty (30) day period, or such extended period of time permitted by the Agency upon Lennar/BVHP's written request, then at the Agency's option, and upon reasonable written notice by the Agency, the Agency may select the business incubator program facilitator without input from Lennar/BVHP and Lennar/BVHP shall be responsible to pay all of Agency's costs in connection with selecting the business incubator program facilitator. The business incubator program facilitator will be required to perform at least the following activities:

- (i) Develop a Business Incubator Program or refine an existing Business Incubator Program that has met with success in similar situations;
- (ii) Determine tenant improvements to the Business Incubator Space that would be required for the Business Incubator Program (to be installed by the facilitator or to be included in development costs and rent);
- (iii) Demonstrate the ability to adequately fund the program for the long-term;
- (iv) Conduct outreach to the BVHP Area community to seek involvement in the Business Incubator Program;

(v) Manage workshops to describe the Business Incubator Program to interested parties;

(vi) Select Business Incubator Program participants from the BVHP Area;

(vii) Manage day-to-day activities of the Business Incubator Program; and

(viii) Identify opportunities at the Shipyard, within and outside of the Business Incubator Space, for start up companies with a primary business address in the BVHP Area or with an owner or owners, of at least fifty-one percent (51%) of the ownership interest in the entity, who provide satisfactory evidence to the business incubator program facilitator that such owner(s) lives in the BVHP Area.

(c) **Lease.** The lease for the Business Incubator Space shall not be effective without the prior approval of the Agency.

SECTION 8. HOME BUYERS' ASSISTANCE PROGRAM.

8.1. Introduction. Pursuant to Section 5.3 of DDA Attachment 24B, Lennar/BVHP shall develop a program to provide assistance to qualified Shipyard home buyers of affordable as well as market rate homes. The program shall include: (a) Down Payment Assistance, (b) First-Time Buyer Financing Programs, and (c) Homeownership Counseling Services. Lennar/BVHP agrees to implement the program described below (the "Home Buyers' Assistance Program") to equally service prospective market rate and affordable home buyers as permitted under the terms of the Agency's Limited Equity Homeownership Program (described in the DDA).

8.2. Program Description.

(a) Down Payment Assistance.

(i) For market-rate home buyers, Lennar/BVHP, through its affiliate mortgage company Universal American Mortgage Company (UAMC) shall offer a zero down-payment option to qualified buyers.

(ii) For affordable home buyers, under the terms of the Affordable Housing Program (Attachment 22 of the DDA), pursuant to the rules established by the Agency, qualified buyers of affordable homes must provide a down payment of five percent (5%) of the purchase price. Up to two percent (2%) may be a gift, but the balance (three percent (3%)) must be the buyer's funds. In light of the foregoing, Lennar/BVHP, working with local community economic development organizations, shall provide qualified buyers with a list of programs that could be the source of "gift" funds for two percent (2%) of the required down payment.

(b) First-Time Buyer Financing Programs.

(i) Lennar/BVHP, in conjunction with UAMC, shall provide qualified home buyers with a choice of financial lenders that provide 30-year fixed loans to low and moderate-income, first-time home buyers. When processed by UAMC, buyers may qualify for a waiver of mortgage insurance.

(ii) First-time home buyers are defined as individuals who have not owned a home within the past three (3) years. The loan application process will require buyers to provide tax returns for the previous three (3) years to verify the absence of any deductions taken for mortgage interest payments. Applicants may also be required to submit a list of assets.

(c) **Homeownership Counseling Services.** The Agency currently contracts with the San Francisco Housing Development Corporation and the Mission Economic Development Association for homeownership counseling services. Lennar/BVHP shall notify these and other community-based homeownership counseling services, such as the Consumer Credit Counseling of San Francisco, of the opportunity for homeownership at the Shipyard in advance of marketing the homes for sale. Lennar/BVHP shall also provide an orientation to the counseling services' staff and application information for prospective homeowners.

(d) **Outreach.**

(i) Within sixty (60) days after Close of Escrow, Lennar/BVHP shall conduct an outreach program in cooperation with the CAC and local credit counseling services to ensure BVHP Area residents are aware of the homeownership opportunities well in advance of homes being marketed for sale. On a quarterly basis, after the initial outreach program, Lennar/BVHP in cooperation with the CAC and local credit counseling services shall conduct seminars on homeownership opportunities and the qualification process.

(ii) Within sixty (60) days after the Close of Escrow, Lennar/BVHP shall require UAMC to provide information to credit counseling services regarding UAMC's eligibility requirements for zero down payment, first time home buyer and other programs available to prospective home purchasers.

(iii) Within sixty (60) days after the close of escrow for the first Lot sold on the Shipyard, and quarterly thereafter until the last home is sold on the last Lot sold, Lennar/BVHP shall, and shall require Vertical Developers, to host quarterly workshops on homeownership opportunities and the qualification process.

(e) **Affordable Housing Qualification Process.** Lennar/BVHP shall provide the following information to prospective home purchasers:

(i) Buyers of homes offered under the Agency's Limited Equity Homeownership Program will qualify for the program based on:

(A) Income (below 80% AMI), which eligibility is determined based on the U.S. Department of Housing and Urban Development's calculation of Area Median Income (AMI). The standard qualifying AMI has been adjusted to account for the economics of the Bayview Hunters Point community;

(B) First time home buyer status;

(C) Five percent (5%) downpayment (3% own funds); and

(D) Agreement to occupy the home as a principal residence.

(ii) As required by the Agency, qualified low- and moderate-income, first-time home buyers will be selected through a lottery system. Qualified affordable home buyers will be entered into a lottery and selected at random to establish a ranking according to the priorities established by the DDA. Qualified applicants will continue to be entered into a lottery for each available affordable home until they purchase a home or choose to remove themselves from the lottery process.

(iii) Following the lottery, each applicant will be evaluated based on the preference criteria established by the DDA. Priorities (listed in order) are:

- (A) Hunters Point Certificate Holders;
- (B) Western Addition Certificate Holders;
- (C) Rent Burdened or Assisted Housing Residents who live in San Francisco;
- (D) San Francisco residents; and
- (E) Members of general public.

(iv) Certificates of Preference were given to persons who were displaced by redevelopment activities in the past. The Certificates allow their holders certain priorities in accessing new housing. All Certificates will be verified by the Agency.

(f) **Failure to Comply.** Unless an extension of time is requested in writing by Lennar/BVHP, or a Vertical Developer, as applicable, prior to the deadlines set forth herein, and granted by the Agency, if Lennar/BVHP, or applicable Vertical Developer, fails to comply, and until it does comply, with the terms of the Home Buyers' Assistance Program, at the sole option of the Agency, and upon prior written notice, neither UAMC nor any other affiliate mortgage company of Lennar/BVHP shall be permitted to pre-qualify prospective homeowners or provide mortgages for prospective Shipyard homeowners. Additionally, Lennar/BVHP and Vertical Developers shall be prohibited from conducting any marketing, entering into any home sales contracts or closing any home sales.

SECTION 9. JOB TRAINING AND EMPLOYEE ASSISTANCE PROGRAM.

9.1. Introduction. Pursuant to Section 5.4 of DDA Attachment 24B, Lennar/BVHP shall create a job training and employee assistance program ("Job Training Program") by (i) working with existing community based job training and assistance programs with successful track records to identify job training needs for the Shipyard, including social service needs that support job training programs; (ii) designing the Job Training Program to specifically address training and employment needs at the Shipyard, rather than incorporating the program into more geographically expansive jobs programs; (iii) including in the Jobs Training Program the creation of after school, summer school and vacation employment via internships or partnering with local summer jobs programs; (iv) in consultation with the Agency and CAC, establishing a process initially to determine, then annually to review the job training and employee assistance needs of the Shipyard; and (v) in consultation with the Agency and CAC, establishing a process to determine which of these programs will receive funding from the Two Hundred Twenty-Five Thousand Dollar (\$225,000) job training fund ("Job Training Fund") required to be established and funded by Lennar/BVHP at the Close of Escrow, and subsequently funded by Lennar/BVHP

on the annual anniversary of the Close of Escrow until Substantial Completion of the Infrastructure.

9.2. Job Training Needs. Lennar/BVHP conducted a labor needs analysis for Phase 1 of the Shipyard development, surveyed existing job training organizations in the BVHP Area, reviewed projected growth sectors and gathered information about existing BVHP Area youth programs that focus on job or career preparation. The methodology used for the foregoing and the data used as the basis for the Job Training Program are more specifically set forth in the attached Exhibit L. To satisfy Lennar/BVHP's obligations set forth in Section 9.1 above, Lennar/BVHP shall implement the Job Training Program as set forth herein. The Job Training Program addresses four (4) main training areas consisting of (a) construction skilled trades pre apprenticeship training, (b) non-construction occupational skills training, (c) professional services trainee training and (d) youth development.

9.3. Plan For Skilled Trades Pre-Apprenticeship Job Training.

(a) **Lennar/BVHP's Findings.** The construction activities in Phase 1 will generate a significant number of apprenticeship or entry-level positions in several skilled trade areas. Currently there are several existing pre-apprenticeship training programs available to BVHP Area residents. At this time, the City and County of San Francisco and the Agency are directing considerable job training funding towards pre-apprenticeship training for BVHP Area residents. The greatest concentration of training is in carpentry pre-apprenticeship. There is also some training available in truck driving, and a small electrical program. However, little or no pre-apprenticeship training is currently available in the following three (3) fields that will be in highest demand at the Shipyard during Phase 1:

- (i) Plumbing;
- (ii) Heavy equipment operation; and
- (iii) Electrical.

(b) **Job Training Fund Allocation.** Based on the foregoing, Lennar/BVHP shall make a percentage of the Job Training Fund available per year for two (2) years to existing organizations experienced in pre-apprenticeship training. Through the Request for Proposal (RFP) solicitation process described below ("RFP Process"), Lennar/BVHP shall encourage existing organizations experienced in pre-apprenticeship training to expand into plumbing, heavy equipment operation and electrical pre-apprenticeship training. To the extent feasible, training programs shall include supportive services resources or referrals to available supportive services resources to meet client needs. To the extent feasible, the Job Training Funds shall be leveraged with other governmental and/or private sources of funds.

9.4. Plan For Professional Service Trainee Job Training.

(a) **Lennar/BVHP's Findings.** There will be approximately thirty-five (35) trainee positions generated by Lennar/BVHP's consultants in Phase 1. These are on-the-job training positions. Although not one (1) community program currently exists that addresses the specific needs of professional service consultants, one (1) organization, Visitacion Valley Jobs Education & Training (VVJET) has proposed a five-month training program for a construction assistant. Public training dollars are not currently being spent in the BVHP Area to provide this type of training. Because the local construction industry remains a growth area, professional services consultant employment opportunities should also expand. Employment in this area includes a variety of career options, ranging from those that can be entered with minimal education and training such as materials testers to those such as project management, engineering

and architecture that require college degrees. During the course of Phase 1, the Shipyard's professional service trainee positions should provide unique training opportunities for BVHP Area residents. Further, some of these positions could play a role in providing BVHP Area youth, including school age and college students, with exposure to these careers and industry specific job training.

(b) **Job Training Fund Allocation.** Based on the foregoing, Lennar/BVHP shall make a percentage of the Job Training Fund available per year for two (2) years to existing experienced job training organizations. Through the RFP Process, Lennar/BVHP shall encourage existing experienced job training organizations to create or augment an occupational skills program that focuses on professional services and/or focuses on providing career exposure and training for youth.

9.5. Plan For Non-Construction Occupational Job Training.

(a) **Lennar/BVHP's Findings.** A large portion of the existing job training efforts conducted by BVHP Area community-based agencies currently focuses on the skilled construction trades to the exclusion of other types of training options. City College of San Francisco's Southeast Center provides the majority of occupational skills training offered to BVHP Area residents. The two (2) biotechnology occupational skills training programs surveyed operate as partnerships between BVHP Area agencies and City College of San Francisco's Southeast Center. These partnerships have resulted in bringing BVHP Area residents into the college structure, promoting achievement within that structure, and providing training that leads directly to employment in an employment sector with a great deal of career advancement and growth potential. Occupational skills training focuses on permanent, long-term sustained employment opportunities, which have been identified as a BVHP Area priority and such training generates opportunities for residents in the BVHP Area, particularly women, who may not be interested in construction work.

(b) **Job Training Fund Allocation.** Based on the foregoing, Lennar/BVHP shall make a percentage of the Job Training Fund available per year for two (2) years to existing experienced job training organizations. Through the RFP Process, Lennar/BVHP shall encourage existing experienced job training organizations to create or augment an occupational skills program that operates as a partnership between a BVHP Area organization or group of such organizations and the City College of San Francisco's Southeast Center (or another such educational institution) in a field that has been identified as a growth area, and is directly connected to employment opportunities for BVHP Area residents. Such employment opportunities must pay at least a minimum living wage (as defined by the San Francisco Living Wage Ordinance).

9.6. Plan For Youth Employment Job Training.

(a) **Lennar/BVHP's Findings.** Many programs exist in the BVHP Area for youth. However, most of these programs have an academic, tutorial or recreation emphasis. There is a lack of job training programs for youth in the BVHP Area. The few that exist are not industry specific, with the exception of the program operated by the San Francisco Black Firefighters. An opportunity exists with the Shipyard development to develop industry /sector specific career exposure and training. There would be great interest in a program that marketed, exposed and prepared young people for apprenticeship opportunities and/or other construction – related career paths.

(b) **Job Training Fund Allocation.** Based on the foregoing, Lennar/BVHP shall make a percentage of the Job Training Fund available per year for two (2) years to existing experienced job training organizations that serve youth. Through the RFP Process,

Lennar/BVHP shall encourage existing experienced job training organizations that serve youth to create or augment a program that provides field or industry specific career exposure and training. The selected field/industry should be one that has been identified as either a San Francisco Bay Area growth area or is directly connected to specific employment.

9.7. Overview of RFP and Contract Management Process. In order to ensure an equitable and transparent procedure for distributing the Job Training Fund, Lennar/BVHP shall utilize the RFP Process as set forth herein.

(a) Issuance of the First RFP. Lennar/BVHP shall be responsible for initiating and managing the RFP process throughout Phase 1. Lennar/BVHP shall solicit job training organizations that operate in the BVHP Area ("BVHP Area Job Training Organizations") by issuing a series of RFPs. Lennar/BVHP, in consultation with the Agency, shall produce and distribute the RFPs. Lennar/BVHP shall release the first RFP within thirty (30) days after the Close of Escrow and the selection of the first recipient of funds shall occur no later than ninety (90) days after the Close of Escrow. The RFP application for 2005/2006 shall request proposals in the following four (4) training areas: (i) pre-apprenticeship training in the skilled trades, (ii) professional services, (iii) non-construction occupational skills training and (iv) youth development. BVHP Area Job Training Organizations shall have the opportunity to seek funding for programs in one or more of the foregoing job training areas.

(b) Outreach. Lennar shall notify BVHP Area Job Training Organizations of the Job Training Fund availability by direct mailing to BVHP Area Job Training Organizations, publishing the RFP on Lennar/BVHP's, Agency's, and CAC's websites, and in the BVHP Shipyard Newsletter. Lennar shall also use the other outreach means set forth in the Lennar/BVHP Outreach Program, including, without limitation, placing notices in publications that serve the BVHP Area. After the publication and distribution of the RFP, Lennar/BVHP shall host an information meeting for interested job training organizations to discuss the RFP Process.

(c) RFP Requirements. Lennar/BVHP recognizes that the Job Training Fund generally will not be adequate to create stand alone programs, recipients of the funds must be experienced in the field of job training and have a proven track record, and the success of the Job Training Program requires performance standards and accountability. In light of the foregoing, the RFP shall request that each respondent provide specific details regarding the following and the applicable documents listed below:

(i) How the respondent will utilize the Job Training Fund award to augment an existing program or expand the organization's ability to offer expanded training;

(ii) How the respondent will provide needed supportive services, such as transportation, childcare, legal aid, medical/dental care, assistance with special clothing or equipment, etc. to BVHP Area clients that are not covered by other sources of funding;

(iii) How the respondent will leverage funds from other sources;

(iv) How the respondent satisfies the criteria regarding qualifications set forth in clause (d) immediately below;

(v) A description of clearly stated and measurable program goals and measures of performance;

(vi) A schedule for reporting the progress and outcome of the applicable program;

(vii) A plan for tracking and documenting training activities and services delivered to trainees; and

(viii) A detailed Job Training Fund utilization plan, including labor costs, supportive services expenses, supply costs and other direct training costs.

(d) **Recipient Qualifications.** The RFP shall clearly set forth desired qualifications for recipients of the Job Training Fund awards. Examples of some of the most basic qualifications that the recipients will need to satisfy are as follows:

(i) Must be an existing organization serving residents of the BVHP Area;

(ii) Must have training experience and a proven positive track record;

(iii) Must be able to address supportive services needs of trainees;

(iv) Must have a proven track record of fiscal accountability;

(v) Must demonstrate ability to recruit and retain BVHP Area trainees that reflect the diversity of the BVHP Area;

(vi) Must demonstrate an understanding of the training, educational and supportive services needs of BVHP Area clients; and

(vii) Must have the means to accurately track and report on trainee progress.

(e) **RFP Submission Deadlines.** The RFPs shall include specified dates and times for submission beyond which dates and times, such RFPs shall not be accepted.

(f) **Selection Panel.** Lennar/BVHP shall assemble a selection panel to review submitted proposal and select the Job Training Fund awardees (the "Job Training Fund Selection Panel"). The Job Training Fund Selection Panel shall make the final selection of the awardees based on the proposal submissions and interviews with each respondent that submits a complete and timely proposal. At minimum, the Job Training Fund Selection Panel shall consist of the following individuals and representatives from the following entities:

(i) Lennar/BVHP;

(ii) The Agency;

(iii) The CAC;

(iv) A workforce development expert from outside the City and County of San Francisco who is familiar with the needs of residents similar to BVHP Area residents;

(v) A youth program and/or youth employment expert from outside of the City and County of San Francisco who is familiar with the needs of youth similar to BVHP Area youth; and

(vi) A member of the philanthropic community.

(g) **Job Training Contracts.** Lennar shall notify the Job Training Fund awardees of their Job Training Fund awards and shall negotiate a contract with each such awardee. These contracts will be in conformity with Lennar/BVHP's other contracts with consultants and shall require approval from the Agency prior to becoming effective. The terms of the contracts shall be two (2) years to allow the awardees a reasonable measure of sustained funding while allowing Lennar/BVHP and the Agency to remain responsive to changes in Shipyard job training needs. A specific scope of services reflecting what was requested in the RFP will be detailed in the contract along with all insurance, fiscal reporting requirements and program reporting. Lennar/BVHP shall administer or cause the administration of the Job Training Fund contracts. The Job Training Fund awards shall be released in portions, either monthly, quarterly, or at other time periods mutually agreed upon by Lennar/BVHP and the Agency, and payment shall be tied to meeting key performance benchmarks as well as submitting timely progress reports.

(h) **Job Training Needs Review.** For the duration of Phase 1, Lennar/BVHP shall review project labor and training needs every two (2) years. It is critical that the investment in training remain responsive to actual Shipyard activities and conditions as well as wider workforce development and economic trends. Prior to completion of the initial RFP funding cycle, Lennar/BVHP shall review the solicitation process and, in collaboration with the Agency, shall make improvements or changes as needed to ensure that the subsequent RFP solicitations meet the needs of the BVHP Area residents and the Shipyard development (the "Job Training Needs Review"). Lennar/BVHP and the Agency shall determine the actual configuration of the Job Training Fund allocation process during the review period, including, without limitation, determining whether funds should be allocated to all four (4) job training categories, consolidated into fewer job training categories or allocated to different job training categories and whether the funding cycles should be expanded to more than two (2) years or shortened. Each two (2) year period after the date of the Close of Escrow, or such longer or shorter period determined in the Job Training Needs Review, shall be referred to as a "Funding Cycle." Lennar/BVHP shall initiate the first Job Training Needs Review prior to the end of the first Funding Cycle, and each subsequent Job Training Needs Review prior to the end of the next successive Funding Cycle. Lennar/BVHP shall complete each Job Training Needs Review within enough time to issue an RFP, select and enter into contracts with RFP awardees and begin disbursing Job Training Funds within sixty (60) days after the end of the Funding Cycle for which the Job Training Needs Review is conducted.

(i) **Monitoring.** During each Funding Cycle, Lennar/BVHP shall be responsible for monitoring and preparing written reports on the progress of the job training programs funded by the Job Training Fund. Lennar/BVHP may conduct the monitoring itself or, at its sole cost, and if permitted under such contract, utilize monitoring services provided by the Agency through the Agency's existing contract with the San Francisco Private Industry Council, or another organization approved by the Agency. The monitoring reports shall provide the basis upon which progress payments will be made to the job training program providers. Lennar/BVHP, in collaboration with the Agency, shall determine the monitoring standards during the RFP proposal review and selection process; however, at minimum, as part of its monitoring obligation, Lennar/BVHP will require that each job training provider submit monthly reports detailing the following: (i) the number of trainees participating in the program, (ii) the number of trainees completing the program, (iii) the supportive services provided to each trainee, (iv) the monthly training schedule, (v) job placement information for each trainee to include name of employer, type of job, salary level, and length of employment, (vi) the job retention services and activities provided each trainee, (vii) the follow-up activities to document trainee progress after completion of training at 30 days, 60 days, 180 days and 365 days, and (viii) monthly and cumulative financial expenditures for training. Lennar/BVHP shall visit the job

training provider's site at least once each quarter. Additionally, all job training providers will be required to (A) submit annual reports that detail training outcomes financial information including the job training providers' annual financial reports reviewed by independent accounting firms, and (B) provide to the CAC summary reports on the applicable job training program funded by the Job Training Fund.

9.8. Failure to Comply. At the option of the Agency, if Lennar/BVHP fails to comply with the terms of the Job Training Program, Lennar/BVHP agrees to increase Job Training Fund by \$15,000 after the first such failure and written demand by the Agency, \$30,000 after the second such failure and written demand by the Agency and \$50,000 after the third such failure and written demand by the Agency. After the third such failure, and upon written notice from the Agency, the Agency shall have the right to take over the administrative responsibilities of the program at the cost of Lennar/BVHP, and Lennar/BVHP shall continue to be responsible for funding the Job Training Fund in accordance with the terms of the Job Training Program. At the Agency's request, Lennar shall assign all Job Training Program contracts to the Agency after the Agency's written notice to Lennar of its third failure to comply with the Job Training Program.

SECTION 10. LOCAL COMMUNITY PRIORITY LEASING PROGRAM.

10.1. Introduction. Pursuant to Section 5.5 of DDA Attachment 24B, Lennar/BVHP and all Vertical Developers shall implement a local priority leasing program for businesses that (i) have a primary business address in the BVHP Area with an established, fixed office in a non-portable building where regular business is transacted and that is appropriately equipped for the business of the enterprise; (ii) are listed in the Permits and License Tax Paid File with the City and County of San Francisco with a business address in the BVHP Area; (iii) possess a current Business Tax Registration Certificate issued by the City and County of San Francisco and shows a primary business address in the BVHP Area, and/or (iv) have one or more owners with at least a fifty-one percent (51%) ownership interest in the business who provide Lennar/BVHP or the applicable Vertical Developer with satisfactory evidence that such owner(s) lives in the BVHP Area ("BVHP Area Businesses"), which program satisfies the goals set forth below, includes the elements set forth below and is approved by the Agency (the "Local Community Priority Leasing Program").

(a) Vertical Developers. Lennar/BVHP shall include in all Purchase Agreements for the Lots the requirements that:

(i) Within ninety (90) days following commencement of the Vertical Development on the applicable Lot, the Vertical Developer shall provide to the Agency for the Agency's approval, a leasing plan ("Leasing Plan") that satisfies the goals and leasing plan elements set forth below;

(ii) If the Leasing Plan is not submitted to the Agency with such ninety (90) day period, on the ninety-first (91st) day, all vertical construction shall cease until a Leasing Plan is delivered to and approved by the Agency;

(iii) BVHP Area Businesses that lease space on the Shipyard shall be equitably distributed throughout the retail areas, both geographically and qualitatively, so that BVHP Area Businesses enjoy equitable benefits in terms of pedestrian and vehicle access, visibility, proximity to anchor tenants and other desirable retail or service business characteristics. BVHP Area Businesses shall not be clustered in any particular area; and

(iv) Any violation of the equitable distribution requirement or the terms of the Leasing Plan shall permit the Agency to prohibit any additional leasing until such violations are cured to the satisfaction of the Agency.

(b) **No Required Concessions.** The Agency and Lennar/BVHP acknowledge that no Vertical Developer shall be required to make special concessions for BVHP Area Businesses in terms of lease rates, sales prices, credit requirements, or other terms customarily required of lessees of similar commercial properties.

(c) **Local Community Priority Leasing Program Goals.**

(i) To generate interest from BVHP Area Businesses so that a significant portion of the total prospective tenants who make inquiries, request brochures, attend tours and make offers on available lease space are BVHP Area Businesses.

(ii) To give priority consideration to displaced BVHP Area Businesses.

(d) **Elements of a Leasing Plan.** Elements of the Leasing Plan shall include the following outreach activities:

(i) Vertical Developers shall work with local partners, like the Bayview Business Resource Center and the Bayview Merchants Association to identify BVHP Area Businesses. BVHP Area Businesses can be both retail and service based, and should be, when possible, MBE/WBE businesses.

(ii) Vertical Developers must proactively notify BVHP Area Businesses by direct mail and in local advertising outlets about the leasing opportunities available at the Shipyard for relocation and/or expansion of their operations to the Shipyard. Vertical Developers shall also notify BVHP Area Businesses of orientation meetings for those interested in operating at the Shipyard.

(iii) Vertical Developers shall host a series of orientation meetings for BVHP Area Businesses that wish to sign up for the Local Priority Leasing Program, learn more about the leasing opportunities and tour the new facilities.

SECTION 11. SMALL BUSINESS ASSISTANCE PROGRAMS.

11.1. Introduction. Pursuant to Section 5.6 of DDA Attachment 24B, Lennar/BVHP shall establish or fund an existing small business assistance program located in the BVHP Area (the "Small Business Assistance Program"). The Small Business Assistance Program shall identify opportunities to assist small businesses in the BVHP Area to obtain contracts for and participate in other business opportunities at the Shipyard. The term "small business operating in the BVHP Area", or "BVHP Area Small Businesses", shall mean any business located in and with a principal business address in the BVHP Area and which has fewer than fifty (50) employees, based on information provided by such business.

11.2. Program. Lennar/BVHP shall implement the following Small Business Assistance Program, which will have four (4) main components:

(a) **Database of BVHP Area Small Businesses.** Lennar/BVHP shall generate and maintain a database of BVHP Area Small Businesses, including for each such

business, contact information, a description of the business and how that business can provide products and services needed by Shipyard contractors, consultants and other parties doing business at the Shipyard or associated with the Shipyard Project ("Directory"). Lennar/BVHP shall also include in the Directory similar information regarding BHVP Small Businesses from existing databases created by applicable entities such as applicable government agencies and community-based organizations. The purposes of this Directory are to facilitate networking among businesses and to serve as "yellow pages" for prime construction contractors and other contractors and consultants to identify and market BVHP Area Small Businesses. Lennar/BVHP shall use reasonable efforts to cause the Directory to be comprehensive and to reflect a wide variety of anticipated business needs such as catering/restaurants, copying and reproduction, legal and accounting services, construction suppliers, office supplies, furniture suppliers, etc. Lennar/BVHP shall develop and post the Directory on the Shipyard website, and make it available at the Project Office and other outreach venues described in the Outreach Program within sixty (60) days after the Close of Escrow. Lennar/BVHP shall update the Directory periodically, but no less than biannually. Upon the mutual agreement of the Agency and Lennar/BVHP, and with reasonable prior notice to the BVHP Area Small Businesses, the definition of "BVHP Area Small Businesses" may be revised to adjust the maximum number of employees, if based on information gathered during the implementation of this Small Business Assistance Program, the Agency and Lennar/BVHP determine that a different employee number would more accurately reflect the size of the majority of the businesses in the BVHP Area that can provide Shipyard Project-related products and services.

(b) Contract Requirements. Lennar/BVHP shall require its contractors and consultants (other than legal and auditing) engaged in connection with the Shipyard Project to use their best efforts to purchase no less than twenty percent (20%) of the dollar value of all of their Shipyard Project-related purchases from BVHP Area Small Businesses. Lennar/BVHP shall (i) supply each of such contractors and consultants with the current copy of the Directory prior to executing its contracts with them and (ii) require them to provide monthly progress reports on the dollars they spend with BVHP Area Small Businesses (A) compared with the dollars they spend on their total Shipyard Project-related purchases; and (B) compared with the dollars they spend on their Shipyard Project-related purchases with non-BVHP Area businesses with less than fifty (50) employees. Lennar/BVHP shall include in all of its contracts with such contractors and consultants that failure to comply with the above requirements shall be a default under such contracts. In determining whether such requirements have been met, each contractor and consultant that does not meet the 20% goal shall provide Lennar/BVHP with evidence satisfactory to the Agency and Lennar/BVHP that it used best efforts to meet the 20% purchasing goal, including, with limitation:

(i) A detailed, written description of its efforts to purchase Shipyard Project-related supplies and/or services from BVHP Area Small Businesses, including from those relevant sources listed in the Directory;

(ii) A detailed, written description of responses, if any, received from BVHP Area Small Businesses to its bid, pricing, solicitation or other requests to purchase supplies or services; and

(iii) A detailed, written description stating why responses from BVHP Area Small Businesses did not satisfy its selection requirements, including, without limitation, whether price quotes given by the responding BVHP Area Small Businesses were reasonably competitive considering the amounts that could reasonably be attributed to the increased costs generally faced by small businesses.

Lennar/BVHP shall encourage its contractors and consultants to exceed this 20% requirement and will evaluate the contractors' and consultants' efforts to do so in determining future contract opportunities. Lennar/BVHP shall develop an effective procedure for verifying and reporting to the Agency the progress of, and any failure of, its contractors and consultants to meet the requirements of this paragraph (b).

(c) Marketing and Networking Opportunities.

(i) At least once each quarter during Phase 1, or less if such lesser number is determined by the Agency and Lennar/BVHP to be warranted, Lennar/BVHP shall host a small business networking workshop for BVHP Area Small Businesses. The purpose of the workshop will be two-fold:

(A) To inform BVHP Area Small Businesses of the upcoming needs of contractors, consultants and Shipyard businesses; and

(B) To provide BVHP Area Small Businesses with an opportunity to market their goods and services to Lennar/BVHP and its contractors and consultants.

(ii) Lennar/BVHP shall hold the first BVHP Area Small Business networking workshop within ninety (90) days from Close of Escrow.

(iii) Lennar/BVHP shall also outreach to the various merchants and business associations in the BVHP Area (such as the Rotary), utilize the media and coordinate with organizations such as the San Francisco Mayor's Office and the Small Business Administration to keep them informed of opportunities for small businesses and vendors at the Shipyard, encourage their members to submit information to Lennar/BVHP for distribution to contractors and consultants, and to participate in the networking workshops.

(iv) Lennar/BVHP shall conduct a quarterly survey of Shipyard businesses, contractors, consultants and tenants via its website, at its Project Office, via mail, fax or through face-to-face meetings, in order to collect updated information about the Shipyard businesses, contractors, consultants and tenants, their contract needs, and supplies and services they use. This survey shall be used to assess the quality of the Small Business Assistance Program, to determine the extent of dollars getting into the BVHP Area community from the program and to focus on critical supplies and services needed for the networking workshops.

(v) Lennar/BVHP shall feature a BVHP Area Small Business in each Shipyard newsletter and on the website to promote and advertise the utilization of these businesses by Lennar/BVHP, and contractors, consultants and other businesses at the Shipyard.

(d) Community Benefits Manager. Lennar/BVHP shall assign a member of its project team to be responsible for operating the Small Business Assistance Program and ensuring that all of the components of the program are implemented as described herein.

SECTION 12. OUTREACH PROGRAM.

Lennar/BVHP shall implement and refine as necessary, the outreach program described in Exhibit L (the "Outreach Program") to facilitate the dissemination of important information,

deadlines, updates and other information about the programs described in this Agreement as well as other information regarding Phase 1 of the Shipyard development.

SECTION 13. COMMUNITY BENEFITS STATUS REPORT.

Each quarter commencing immediately after the Close of Escrow for the duration of Phase 1, and more often if requested by the Agency or the CAC, Lennar/BVHP shall provide the CAC and the Agency with a written status report on all of the community benefits programs discussed in this Community Benefits Agreement ("Status Report"), then shall present the contents of each Status Report to the appropriate CAC subcommittees and full CAC meeting occurring in the month the Status Reports are released. Failure to provide the required Status Reports or to make requisite presentations at the full CAC meetings, or other meeting requested by the CAC, shall be a default under this Agreement and the DDA.

SECTION 14. INDEMNITY.

14.1. General Indemnity. Except as provided in Section 14.2, Lennar/BVHP and all applicable Vertical Developers shall respectively defend, indemnify and hold harmless the Indemnified Parties and their successors and assigns from and against all Losses arising from or as a result of (a) the noncompliance of Lennar/BVHP or applicable Vertical Developers, respectively, with this Agreement, (b) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur in the Redevelopment Area and which shall be directly or indirectly caused, respectively, by the negligent or willful act or omission of Lennar/BVHP, any Vertical Developer, or their officers, employees, agents, contractors, subcontractors or others for whom they are responsible, except (as to any particular Indemnified Party) to the extent caused, respectively, by the willful misconduct or the active negligence of that Indemnified Party. In addition to the foregoing, Lennar/BVHP and all applicable Vertical Developers shall, respectively, defend, indemnify and hold harmless the Indemnified Parties and their successors and assigns from and against all Losses arising directly or indirectly out of or connected with contracts or agreements entered into by Lennar/BVHP or any applicable Vertical Developer, respectively, in connection with its performance of its obligations under this Agreement, except (as to any particular Indemnified Party), to the extent caused by the willful misconduct or the active negligence of that Indemnified Party.

14.2. Common Law Remedies. The agreement to indemnify, defend and hold harmless set forth in Section 14.1 is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities which Lennar/BVHP or applicable Vertical Developer may have to the Agency in this Agreement, the DDA or any Vertical DDA at common law or otherwise except as same may be limited by the provisions of Section 15.

14.3. Defense of Claims. The Agency will give prompt notice to Lennar/BVHP, and all applicable Vertical Developers with respect to any suit or claim initiated or threatened against the Agency which the Agency believes is likely to give rise to a claim for indemnity hereunder. In no event will such notice be given later than the earlier of (a) ten (10) days after valid service of process as to any filed suit or (b) fifteen (15) days after receiving written notification of the filing of such suit or the assertion of such claim. If notice is not given to Lennar/BVHP or all applicable Vertical Developers within the time periods specified above, then Lennar/BVHP's or the applicable Vertical Developer's liability hereunder shall continue except to the extent Lennar/BVHP or the applicable Vertical Developer can show that it was prejudiced as a result of such delay. At its option, but subject to the reasonable consent and approval of the Agency, Lennar/BVHP and all applicable Vertical Developers shall be entitled to control the defense, compromise or settlement of any such matter through counsel of Lennar/BVHP's or the applicable Vertical Developer's own choice; provided, however, that in all cases the Agency

shall be entitled to participate in such defense, compromise or settlement at its own expense. If Lennar/BVHP or the applicable Vertical Developer shall fail, however, in the Agency's reasonable judgment, within a reasonable time following notice from the Agency alleging such failure (which in no event will exceed thirty (30) days after Lennar/BVHP's or the applicable Vertical Developer's receipt of such notice), to take reasonable and appropriate action to defend, compromise or settle such suit or claim, then the Agency shall have the right promptly to hire counsel at Lennar/BVHP's and the applicable Vertical Developer's sole expense to carry out such defense, compromise or settlement, which expense shall be immediately due and payable to the Agency upon the Agency's delivery to Lennar/BVHP or the applicable Vertical Developer of a properly detailed invoice therefor.

SECTION 15. DEFAULTS AND REMEDIES.

15.1. General. Except as otherwise expressly provided in this Agreement, in the event of any default in or breach of this Agreement by Lennar/BVHP or Vertical Developer the Agency may deliver a notice of default to Lennar/BVHP and Vertical Developer, as applicable, regarding such default or breach. The notice of default shall state with reasonable specificity the nature of the alleged default, the provisions under which the default is claimed to arise and the manner in which the failure of performance may be satisfactorily cured. Upon receipt of such notice of default, unless a shorter time is provided for in this Agreement Lennar/BVHP, or Vertical Developer shall commence within a reasonable time not to exceed thirty (30) days to cure or remedy such default or breach, and shall thereafter pursue such cure or remedy diligently to completion.

15.2. Meet and Confer. Upon delivery of a notice of default, the Agency and Lennar/BVHP or Vertical Developer shall promptly meet to discuss the alleged default or breach and the manner in which Lennar/BVHP or Vertical Developer can cure or remedy the same so as to satisfy the Agency's concerns. Lennar/BVHP or Vertical Developer and the Agency shall continue meeting regularly, discussing, investigating and considering alternatives during the cure period permitted under this Agreement for the particular default. If, at any time, the Agency no longer holds the view that Lennar/BVHP or Vertical Developer is in default the Agency shall issue a written acknowledgement of the Agency's cure or remedy of the matter which was the subject of the notice of default.

15.3. Institution of Proceedings. If (a) remedial action is not diligently taken or pursued, or the default or breach shall not be cured or remedied within the cure period permitted under this Agreement or (b) either Lennar/BVHP or Vertical Developer shall refuse to meet and discuss as described above, then the Agency may institute such proceedings (except as otherwise provided in this Agreement) as may be necessary or desirable in its opinion to cure such default or breach, including without limitation, proceedings to compel specific performance by Lennar/BVHP or Vertical Developer for breach of its obligations. Nothing in this Section 15.3 shall require the Agency to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to the Agency or the BVHP Area community.

15.4. Default by Lennar/BVHP, Vertical Developers or Guarantor(s). The occurrence of any one of the following events or circumstances shall constitute an "Event of Default" by Lennar/BVHP, Vertical Developer or Guarantor, as applicable, under this Agreement:

(a) Lennar/BVHP or Vertical Developer, as applicable, fails to commence and diligently pursue implementation of the programs under this Agreement within the time periods set forth in this Agreement, and such failure continues for a period of thirty (30) days following Lennar/BVHP's receipt of written notice thereof from the Agency as to such failure;

(b) Lennar/BVHP or Vertical Developer, as applicable, fails to pay any amount required to be paid hereunder, and such failure continues for a period of ten (10) Business Days following Lennar/BVHP's receipt of written notice thereof from the Agency;

(c) Lennar/BVHP or Vertical Developer, as applicable, does not submit to the Agency and the CAC any Status Reports, Progress Reports and other written documents required to be submitted to the Agency and/or the CAC as required by this Agreement within the periods of time specified in this Agreement, and such failure continues for a period of thirty (30) days following Lennar/BVHP's receipt of written notice thereof from the Agency;

(d) Lennar/BVHP or Vertical Developer, as applicable, fails to perform any other agreements or obligations on Lennar/BVHP's or Vertical Developer's part, as applicable, to be performed under this Agreement, and such failure continues for the period of time for any cure or the expiration of any grace period specified in this Agreement therefor, or if no such time or grace period is specified, within thirty (30) days after Lennar/BVHP's or Vertical Developer's, as applicable, receipt of written notice thereof from the Agency, or in the case of a default that is curable but is not susceptible of cure within thirty (30) days, Lennar/BVHP or Vertical Developer, as applicable, fails promptly to commence to cure such default and thereafter diligently to prosecute such cure to completion within a reasonable time, but in no event to exceed sixty (60) days;

(e) Lennar/BVHP or Vertical Developer, as applicable, fails to conduct outreach for the programs under this Agreement in accordance with the terms of this Agreement, including, without, limitation in accordance with the Outreach Program;

(f) Lennar/BVHP fails to enter into contracts with the consultants listed in Section 5 of this Agreement for the Interim African Marketplace within the specified times set forth in this Agreement, and such failure continues for a period of thirty (30) days following Lennar/BVHP's receipt of written notice thereof from the Agency;

(g) Lennar/BVHP or Vertical Developer, as applicable, defaults under or breaches the terms of any contract required to be entered into by Lennar/BVHP or Vertical Developer pursuant to the terms of this Agreement, including, without, limitation, a default or breach for failure to timely and accurately pay the following persons or entities in accordance with the terms of the applicable contracts: the Contractor Liaison, Mentorship Program Sponsor, Professional Services Provider, Interim African Marketplace Operator, Los Angeles African Marketplace Inc., the following consultants for the Interim African Marketplace: the planning/architectural consultant, the financial consultant, the marketing and public relations consultant and the engineering consultant, and the fundraising consultant for, and any consultant required to assist with implementation of, the Cultural/Historical Recognition Program;

(h) Lennar/BVHP defaults or breaches under the terms of any contract for Job Training Fund and fails to assign any such contract or increase the Job Training Fund in accordance with the terms of this Agreement; or

(i) Either or both Guarantor(s) default under the Guaranty.

15.5. Agency's Remedies.

(a) **Self Help.** If Lennar/BVHP fails to cure a default within the cure period permitted under this Agreement, and after exhaustion by the Agency of the applicable remedies, if any, specifically set forth within the description of the specific program under which such default occurred, following written notice to Lennar/BVHP, the Agency shall have the right to perform the obligations that Lennar/BVHP failed to perform at Lennar/BVHP's full cost payable from Lennar/BVHP's share of Net Revenues. The Agency shall receive such payment for performing Lennar/BVHP's obligations prior to any distribution of Net Revenues to Lennar/BVHP.

(b) **Specific Performance.** Subject to Section 15.12 below, the Agency shall have the right to institute an action for specific performance of this Agreement.

(c) **Other Remedies.** The remedies provided for herein are in addition to and not in limitation of other remedies available to the Agency, including, without limitation, those provided in the DDA, Guaranty or Vertical DDA, as applicable; and (ii) the remedies set forth elsewhere in this Agreement and any other remedies available in equity and at law.

15.6. Default by Agency.

(a) **No Obligations.** The Parties acknowledge that the Agency only enters into this Agreement to assist Lennar/BVHP satisfy its obligation under the DDA to enter into an agreement appropriate to implement Lennar/BVHP's obligations set forth in DDA Attachment 24B. The Agency's sole role under this Agreement is to enforce Lennar/BVHP's and applicable Vertical Developer's obligations under this Agreement and the Agency would not have entered into this Agreement otherwise. Based on the foregoing, the Agency shall have no obligations whatsoever under this Agreement. The Agency has the rights set forth in this Agreement, including, without limitation those described below, but no obligation to assist with staffing the selection panels for the Qualified Community Builders, the business incubator program facilitator, or the Job Training Fund recipients, to approve the contract for the Mentorship Program Sponsor, the Business Incubator Program Space Plan, the lease agreement for the Business Incubator Program Space, the RFP and recipient contracts for the Job Training and Employee Assistance Program, preparing the Job Training and Employee Assistance Program RFPs, the consultants contracts in connection with the Interim African Marketplace, or the Leasing Plan for the Local Community Priority Leasing Program. The Agency may waive any of its foregoing rights in writing.

(b) **Agency Delay.** Any delay in Lennar/BVHP's or Vertical Developer's ability to meet a deadline set forth in this Agreement in satisfaction of an obligation under this Agreement caused solely by the Agency's failure to timely waive any of its foregoing rights or failure to exercise any its foregoing rights in a timely manner, and not for any other reason, including Lennar/BVHP's or applicable Vertical Developer's failure to submit documents required by the terms of this Agreement to the Agency in a timely manner or to provide the Agency with written notice in a timely manner of the need to staff a selection committee (an "Agency Delay"), shall extend Lennar/BVHP's or applicable Vertical Developer's time within which such obligation was required to be satisfied under the terms of this Agreement by one (1) day for each day of Agency Delay ("Agency Delay Extension"). Notwithstanding the foregoing, there shall be no Agency Delay or Agency Delay Extension if either of the following occurs:

(i) Lennar BVHP or Vertical Developer, as applicable, did not provide the Agency with written notice at least five (5) days prior to the effective date of Agency Delay Extension, including detailed information regarding the dates required notices or documents were provided to the Agency and dates of the

applicable deadline that Lennar/BVHP or Vertical Developer will miss due to the Agency's actions or inaction which Lennar/BVHP or Vertical Developer, as applicable, assert are the basis for the Agency Delay; or

(ii) Lennar/BVHP or Vertical Developer, as applicable, did not provide the Agency with at least thirty (30) days prior written notice of the need to staff a selection panel and/or did not deliver all documents for review by the Agency to the Agency with a minimum thirty (30) day period for the Agency to review and comment on such documents after each submission of such documents by Lennar/BVHP or Vertical Developer.

15.7. Remedies. Lennar /BVHP or Vertical Developer, as applicable, shall be entitled to dispute the Agency's notice of default in accordance with the provisions of Section 15.2 above, and subject to Section 15.8 below, shall be entitled to dispute the Agency's determination of an Event of Default by exercising all remedies permitted by law.

15.8. Limitation on Damages. The Agency shall not be liable to Lennar/BVHP or Vertical Developer, as applicable, for monetary damages caused by any actions, or failure to act, of the Agency under this Agreement, or required to expend money to cure any default by the Agency, except as provided in Section 15.9 below, subject to the limitation contained in Section 15.12.

15.9. Agency Liability. The Agency shall be liable for reasonable attorneys' fees and costs and other payments allowed under Section 16.4 incurred by Lennar/BVHP if Lennar/BVHP prevails in enforcing its rights hereunder, and is entitled to the same under Section 16.4. Except as expressly set forth in Section 16.4, the Agency shall have no liability whatsoever for monetary damages, and in no event will the Agency be liable for lost opportunities, lost profits or other damages of a consequential or incidental nature.

15.10. Rights and Remedies Cumulative. Except with respect to any provision in this Agreement to the contrary, the rights and remedies of the Parties, whether provided by law or this Agreement, shall be cumulative, and the exercise by the Parties of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies for the same Event of Default by the other Party.

15.11. No Implied Waiver. No waiver made by a waiving Party with respect to the performance or manner or time thereof (including an extension of time for performance) of any obligations of the other Party, or of any condition to the waiving Party's own obligations, shall be considered a waiver of the waiving Party's rights with respect to any obligation of the other Party or any condition to the waiving Party's own obligations beyond those expressly waived in writing.

15.12. Limitation on Liability. No commissioners, members, supervisors, officers, agents or employees, attorneys, contractors or lenders of the Agency or City (or of their successors or assigns) shall be personally liable to Lennar/BVHP or Vertical Developer, nor shall any officers, directors, shareholders, agents or employees of Lennar/BVHP or Vertical Developer (or of their successor or assigns) be personally liable to the Agency in the event of any Event of Default under this Agreement by the Agency or Lennar/BVHP or for any amount which may become due to Lennar/BVHP or the Agency or any obligations under this Agreement (except as expressly provided in the Guaranty).

15.13. Criteria For Specific Performance. Both Parties recognize that the obligations of Lennar/BVHP and the applicable Vertical Developers to provide the significant benefits to the BVHP Area community in compliance with the terms of this Agreement, are special, unique and

of extraordinary character, and if Lennar/BVHP or any applicable Vertical Developer fails to perform such obligations, the Agency will not have an adequate remedy at law. Under such circumstances, the Agency, in addition to any other rights which it may have, shall be entitled to injunctive relief to enforce any such obligations. In the event proceedings are brought in equity to enforce such obligations, Lennar/BVHP nor any applicable Vertical Developer shall raise as a defense that there is an adequate remedy at law as to such obligations.

SECTION 16. MISCELLANEOUS PROVISIONS.

16.1. Incorporation of Exhibits and Recitals. Each Exhibit attached to this Agreement is incorporated herein and made a part hereof as if set forth in full.

16.2. Notices. A notice or communication under this Agreement by either Party to the other shall be sufficiently given or delivered if dispatched by hand, a nationally recognized courier, or by registered or certified mail, postage prepaid, addressed as follows:

In the case of a notice of communication to the Agency:

San Francisco Redevelopment Agency
770 Golden Gate Avenue
San Francisco, California 94102-3102
Attn: Executive Director
Facsimile: (415) 749-2525

with a copy to:

San Francisco Redevelopment Agency
770 Golden Gate Avenue
San Francisco, California 94102-3102
Attn: Legal Division
Facsimile: (415) 749-2575

In the case of a notice or communication to Lennar/BVHP:

Lennar/BVHP Partners
c/o Lennar Partners
49 Stevenson Street, #525
San Francisco, California 94105
Attn: Hunters Point Asset Manager
Facsimile: (415) 995-1778

with copies to:

Sheppard, Mullin, Richter & Hampton, LLP
Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4106
Attn: Robert A. Thompson, Esq.
Facsimile: (415) 434-3947

For the convenience of the Parties, copies of notices may also be given by facsimile, but such copies do not constitute official notice.

Every notice given to a Party hereto, pursuant to the terms of this Agreement, must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this Agreement pursuant to which the notice is given and the action or response required, if any;

(b) if applicable, the period of time within which the recipient of the notice must respond thereto;

(c) if applicable, that the failure to object to the notice within a stated time period will be deemed to be the equivalent of the recipient's approval or disapproval or consent to the subject matter of the notice;

(d) if approval is being requested, shall be clearly marked "Request for Approval"; and

(e) if a notice of a disapproval or an objection which requires reasonableness, shall specify with particularity the reasons therefor.

Any mailing address or facsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. No Party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a facsimile copy of the notice.

16.3. Time for Performance.

(a) **Days.** Except as provided herein, all performance (including cure) dates expire at 5:00 p.m. California time on the performance or cure date. Provisions in this Agreement relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day.

(b) **Time is of the Essence.** Time is of the essence in the performance of all the terms and conditions of this Agreement.

16.4. Attorneys' Fees. Should either Party institute any action or proceeding in court to enforce any provision hereof, or should the Agency institute any action or proceeding in court for damages by reason of an alleged breach of any provision of this Agreement, the prevailing Party shall be entitled to receive from the losing Party court costs or expenses incurred by the prevailing Party, including without limitation expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as the court may adjudge to be reasonable attorneys' fees for the services rendered the prevailing Party in such action or proceeding. Attorneys' fees under this Section 16.4 include attorneys' fees on any appeal, and, in addition, a Party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action.

For purposes of this Agreement, reasonable fees of attorneys and any in-house counsel for the Agency or Lennar/BVHP shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the Agency's or Lennar/BVHP's in-house counsel's services were rendered who practice in the City in law firms.

16.5. Successors and Assigns/No Third-Party Beneficiary. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Agency, applicable Vertical Developer, Lennar/BVHP, as applicable, and the Lennar/BVHP, and where the term "Agency" "Vertical Developer" or "Lennar/BVHP" is used in this Agreement, it shall mean and include their respective successors and assigns. This Agreement is made and entered into only for the protection and benefit of the Parties and their successors and assigns.

16.6. Estoppel Certificates. The Agency or Lennar/BVHP, within fifteen (15) days after receipt of written notice from the other, shall execute and deliver to the requesting Party an estoppel certificate certified by Lennar/BVHP or the Agency, as applicable, and containing the following information:

(a) Whether or not this Agreement is unmodified and in full force and effect. If there has been a modification of this Agreement, the certificate shall state that this Agreement is in full force and effect as modified, and shall set forth the modification, and if this Agreement is not in full force and effect, the certificate shall so state;

(b) Whether or not the Agency or Lennar/BVHP contends that the other Party has committed an Event of Default under this Agreement, or whether any event, act or omission has occurred that, with notice and the expiration of any cure period without cure, would become an Event of Default by the other Party; and

(c) Whether or not there are then existing set-offs or defenses against the enforcement of any right, remedy, duty or obligation of the other Party.

16.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. It is the responsibility of Lennar/BVHP to be informed of local, state and federal laws and requirements applicable to this Agreement, and to perform all obligations hereunder in compliance with those laws and requirements.

16.8. Authority and Enforceability. Lennar/BVHP and the Agency each represents and warrants to the other that the execution and delivery of this Agreement, and the performance of its respective obligations hereunder, have been duly authorized by all necessary action on its part, will not conflict with, result in any violation of, or constitute a default under, any provision of any agreement or other instrument binding upon or applicable to it, nor of any present law or governmental regulation or court decree binding upon or applicable to it.

16.9. Further Assurances. Lennar/BVHP and the Agency each covenant, on behalf of itself and its successors and assigns, to take all actions and to do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be reasonably necessary or proper to achieve the purposes and objectives, or to correct inadvertent errors, in the drafting of this Agreement. The Agency's Executive Director is authorized to execute on behalf of the Agency any additional documents and any contracts, agreements, memoranda or similar documents with state, regional and local entities or enter into any tolling agreement with any person or entity that are necessary or proper to achieve the purposes and objectives of this Agreement, if the Executive Director determines that the document or Agreement is necessary or proper and is in the Agency's best interests.

16.10. Severability. Invalidation of any provision of this Agreement, or of its application to any person or entity, by judgment or court order shall not affect any other provision of this Agreement or its application to any other person or entity or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as invalidated would be unreasonable or grossly inequitable under all relevant circumstances or would frustrate the fundamental purposes of this Agreement.

16.11. Entire Agreement. This Agreement (including all Exhibits) and the DDA. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Lennar/BVHP or the Agency or other entity or person and no court or other body shall consider those drafts in interpreting this Agreement.

16.12. No Party Drafter. Although certain provisions of this Agreement were drafted by the Agency and certain provisions were drafted by Lennar/BVHP, the provisions of this Agreement shall be construed as a whole according to their common meaning and not strictly for or against either Party in order to achieve the objectives and purposes of the parties.

16.13. Approvals and Consents. Unless otherwise expressly provided in this Agreement, whenever approval, consent or satisfaction is required of either Lennar/BVHP or the Agency pursuant to this Agreement, it shall not be unreasonably withheld or delayed. The reasons for disapproval of consent shall be stated in reasonable detail in writing. Approval by Lennar/BVHP or the Agency of any act or request by the other shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests. Unless otherwise expressly provided in writing, approvals or consents of the Agency will be given by the Agency's Executive Director; provided that, only the Agency Commission has authority to amend this Agreement. The requirements for approvals under this Agreement shall extend to and bind the partners, officers, directors, shareholders, trustees, beneficiaries, agents, elective or appointive boards, commissions, employees and other authorized representatives of Lennar/BVHP, applicable Vertical Lennar/BVHP and the Agency, and each such Person shall make or enter into, or take any action in connection with, any approval in accordance with these requirements.

16.14. Represented By Counsel. Lennar/BVHP and the Agency each acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of its choice in connection with the rights and remedies of and waivers by it contained in this Agreement and after such advice and consultation has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive and relinquish those rights and remedies to the extent specified in this Agreement, and to rely solely on the remedies provided for in this Agreement with respect to any Event of Default by the other Party, or any other right that either Lennar/BVHP or the Agency seeks to exercise. The language of this Agreement must be construed as a whole according to its fair meaning.

16.15. Recordation. After complete execution, the Agency may record this Agreement in the City's official records. If this Agreement is terminated pursuant to its terms, either Party may record a notice of termination as provided in Section 6.9 of the DDA.

16.16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts may be assembled to form a single document.

16.17. Modification. Any modification or waiver of any provision of this Agreement or any amendment to it must be in writing and signed by an entity or person having authority to do so, on behalf of both the Agency and Lennar/BVHP.

SECTION 17. GUARANTY.

17.1. Guaranty. Lennar/BVHP's obligations under the DDA have been guaranteed by Lennar Corporation, a Delaware corporation, and LNR Property Corporation, a Delaware corporation (collectively, the "Guarantor"), under that certain Guaranty Agreement (the "Guaranty"), in the form attached as Attachment 8 to the DDA. Lennar/BVHP acknowledges that Lennar/BVHP is required to enter into this Agreement pursuant to the terms of the DDA; therefore all of its obligations hereunder are obligations under the DDA and are "Guaranteed Obligations" as defined in the Guaranty dated December 2, 2003.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

AGENCY:

Authorized by Agency Resolution
No. 179-2003, adopted December 2, 2003

Redevelopment Agency of the City and
County of San Francisco

APPROVED AS TO FORM:

By: [Signature]
for James Morales
Agency General Counsel

By: Maria Rosell
[Executive Director]

By: _____
[Secretary]

DEVELOPER:

LENNAR-BVHP, LLC, a California limited
liability company

By: Lennar Southland I, Inc., a California
corporation, its managing member.

By: [Signature]

Its: VP

EXHIBIT L
OUTREACH PROGRAM

Area businesses CBOs, MBE/WBES, artists, members of the PAC, CAC and other civic/community organizations, Shipyard businesses, and residents adjacent to the Shipyard.

- Website
 - **Current Events** – www.hunterspointshipyard.com is designed to provide up-to-date information on the redevelopment of the Shipyard. It provides a calendar of upcoming CAC and community meetings along with current newsletter, project description and legal documents governing the project. The url is included in all printed materials to offer another access point to information about opportunities at the Shipyard.
- Posters/Fliers
 - **Meeting Announcements** – Special posters/fliers will be distributed to key locations and door-to-door if needed throughout the BVHP Area to announce community meetings and workshops pertaining to developments at the Shipyard. These are meant to supplement the existing means of direct communication. As part of this program, religious organizations including churches will be approached to help get the word out through placing ads in their programs and fliers on their bulletin boards.
- Contractor Fairs
 - **Minority Chambers of Commerce** – A series of presentations on contractor and business opportunities will be hosted in conjunction with the different minority chambers of commerce, including but not limited to: Black, Hispanic, and Chinese Chambers. In addition, where possible, notices will be mailed to members and included in their newsletters.
- Community Colleges
 - **Southeast Community Facility** – Considered a local hub for the community, the Southeast Community Facility will play an important role in our community outreach efforts. Job training programs already exist there, community groups meet there on a regular basis and the local community has come to expect to get information at the center. Additionally, the Facility has ample space for community meetings and forums that can be utilized for offsite meetings if the need arises. Copies of all outreach material will be available at the Facility.
- Community Based Organizations
 - **Partnership Programs – CBO's** – Local CBOs have existing outreach programs to residents with specific interests. Where appropriate, we will partner with CBOs to distribute information of import to their service populations via newsletters, flyer distribution or public announcements at meetings.
- Phone Tree –
 - Within no less than five (5) business days before workshops or public meetings concerning the Community Benefits Programs, Lennar/BVHP shall make telephone contact with BVHP Area Community organizations and businesses to which fliers, newsletters, media announcements or other forms of outreach were directed announcing such workshops and meetings
- Translation Programs
 - **PSA/Newsletter/Fliers** – To make sure potential stakeholders are effectively reached, communication materials will be translated into Chinese, Samoan and Spanish. Among the materials translated are the online version of the newsletter,

Appendix 1

**Community Organizations
&
Media Outlets**

As of December 20, 2004

(Lennar/BVHP shall update the list of organizations and media outlets throughout the course of Phase 1 and shall solicit CAC, Agency and community feedback.)

Church Contact List

Organization	Address	Phone	Contact	Email / Website
Allen Chapel African Methodist Episcopal Church	195 Scotia Ave San Francisco CA 94124	(415) 468-8406	Rev. Carolyn Habersham, Pastor	
Bayview Missionary Baptist Church	1509 Oakdale Ave San Francisco CA	(415) 822-4844	Rev. Milton Williams	
Bayview Tabernacle Baptist Church	1775 LaSalle St San Francisco CA 94124	(415) 641-5835	Rev. Fred Muse, Jr.	
Cornerstone Missionary Baptist Church	6190 Third Street San Francisco CA 94124	(415) 822-4071	Rev. Kenneth Reece, Pastor	
Double Rock Baptist Church	1595 Shafter Ave. San Francisco, CA 94124	(415) 822-4566	Victor Meerias	
Ingleside Presbyterian Church	1345 Ocean Ave San Francisco, CA	(415) 587-4472	Rev. Roland Gordon	
Pilgrim Community Church, UCC	400 Randolph St San Francisco CA 94124	(415) 586-3124	Harold Pierre, Pastor	
Providence Baptist Church	1601 McKinnon Ave San Francisco, CA	(415) 641-8719	Rev. Calvin Jones Jr., Pastor	
San Francisco Christian Center	5845 Mission St. San Francisco, CA 94112	(415) 584-5515	Bishop Donald E. Green	bishopgreen@sfchristiancenter.org
St. John Missionary Baptist Church	825 Newhall St San Francisco CA 94124	(415) 826-5639	Rev. Mervin Redmond, Pastor	
St. Paul Tabernacle Baptist Church	1789 Oakdale Ave San Francisco CA		Rev. Arthur Eberhardt, Sr.	
True Hope Church of God In Christ	950 Gilman Ave. San Francisco, CA 94124	(415) 822-5647	Dr. Arellious Walker, Pastor	

Bayview Hunters Point Senior Citizens Multipurpose Center	1706 Yosemite Ave. San Francisco, CA 94124	(415) 822-1444	George Davis	
Bayview Merchants Association		(415) 374-8972		
Black American Political Association of California	BAPAC P.O. Box 25474 Los Angeles, CA 90025-0475	626-578-0345	Derf Butler	bapac.com
Black Builders Organization of San Francisco	4917 3rd St. San Francisco, CA 94124	(415) 671-0314	Willy Ratcliffe	
Carpenter Union Local #22	2085 3rd Street San Francisco, CA 94107	(415) 355-1322	Pat Mulligan	
Center for African And African American Art & Culture	762 Fulton St. San Francisco, CA	(415) 928-8546	Kola Akintola-Thomas	www.caaac.org. Media contact: Selam Terrefe, 346-2565
Center for Self Improvement and Community Development	195 Kiska Road San Francisco, CA 94124	(415) 671-0662	Minister Christopher Muhammed	
Chinese Chamber of Commerce	730 Sacramento St. San Francisco, CA 94108	(415) 982-3000	Francis So	
Earl P. Mill Building	100 Whitney Circle San Francisco, CA 94124			
Haight Street Mortgage	600 Haight Street San Francisco CA 94117	(415) 431-7655	Tracy Dearman	www.hsmsf.com
Hispanic Chamber of Commerce	703 Market St. Suite 611 San Francisco, CA 94103	(415) 278-9611	Richard Ventura	www.sfhcc.com
Housing Conservation & Development Corporation (HCDC)	301 Junipero Serra Blvd., Suite 240 San Francisco, CA 94127	(415) 586-8000	Rex Whisand	http://www.hcdcsf.org/
Hunters Point Tenants Association	227 West Point Road San Francisco CA 94124	(415) 282-3544	Tessie Ester	

Network for Elders	1555 Burke Ave. Suite A San Francisco, CA 94124	(415) 647- 5353	Shireen McSpadden	
Office of Samoan Affairs	1800 Oakdale Av, Suite 420 SF, CA 94124	(415) 577- 7702	Fia Valentino	
Portola Heights Association	149 Harvard St. San Francisco, CA 94134			
Residents of the Southeast Sector (ROSES)	PO Box 24127 San Francisco, CA 94124	(415) 671- 0116	Esther Blanchard	Roses41194@msn.com
Ridgeview Terrace Retirement Home	140 Cashmere St. San Francisco, CA 94124	(415) 821- 7440	Regina Coleman	
Samoan Community Center	2055 Sunnydale Ave. San Francisco, CA 94134	(415) 841- 1086	Robert Uhrle	http://www.sfusd.k12.ca.us/dept/dol/empower/scc.html
San Francisco Bayview Rotary Club	3801 3rd St. Box 1211 San Francisco, CA 94124	(415) 330- 1448	Maurice Quillen	http://www.sfbayviewrotary.org/
San Francisco Black Chamber of Commerce	33 New Montgomery St. Suite 210 San Francisco, CA 94105	(415) 777- 8550	Mel Washington	mwashington@sfbcc.org
San Francisco Black Firefighters	4936 3rd St. San Francisco, CA 94124	(415) 822- 3454	Kevin Smith	http://www.sfbfa.org/
San Francisco Center for Economic Development	235 Montgomery Avenue, 12 th FL San Francisco CA 94104	(415) 352- 8853	Dennis Conaghan, Exec Dir.	www.sfcad.org
San Francisco Chamber of Commerce	564 Market St. San Francisco, CA 94105	(415) 352- 8888	Jamie Rossi	jrossi@sfchamber.com
San Francisco Family Connections Center	2565 San Bruno Ave. San Francisco, CA 94134	(415) 715- 6746	Maryanne Fleming, Exec Dir	www.familyconnectionsportola.org
San Francisco Housing Development Corporation	5266 3rd Street San Francisco, CA 94124	(415) 822- 1022	Regina Davis	http://www.sfhdc.org/contact.htm
San Francisco Housing Tenants Association	131 Middle Point Road San Francisco CA 94124			

YMCA (Bayview HP Branch)	3801 3rd St. Suite 205 San Francisco, CA 94124	(415) 822-7728	Cheryl Smith	csmith@ymcasf.org
Young Community Developers	1715 Yosemite Ave. San Francisco, CA 94124	(415) 822-3491		www.ycdjobs.org

MEDIA ORGANIZATIONS

Outlet	Address	Phone	Email / Website
Independent	488 Market St. San Francisco, CA 94102	(415) 826-1100	sfindependent.com
Porter View	953 De Haro St. San Francisco, CA 94107	(415) 824-7516	mistersf.com/links/index
San Francisco Bay Guardian	135 Mississippi St. San Francisco, CA 94107	(415) 255-3100	sfbg.com
San Francisco Bayview	4908 Third St. San Francisco, CA 94124	(415) 671-0449	sfbayview.com
San Francisco Chronicle	901 Mission St. San Francisco, CA 94103	(415) 777-1111	sfgate.com
San Francisco Examiner	988 Market St. San Francisco, CA 94102	(415) 359-2600	examiner.com
San Francisco Sentinel			sanfranciscosentinel.com
San Francisco Weekly	185 Berry St. Lobby 4 Suite 3800 San Francisco, CA 94107	(415) 536-8100	sfweekly.com
Sing Tao	625 Kearny St. San Francisco, CA 94108	(415) 989-7111	sintaousa.com
The Sun-Reporter	1791 Bancroft Avenue San Francisco, CA 94124	(415) 671-1000	sunreporter.com
El Tecolote	2958 24 th Street San Francisco, CA 94110	(415) 648-1045	eltecolote.com
El Latino	3284 23 rd Street San Francisco, CA 94410	(415) 648-1670	sflatino.com
El Reportero	2601 Mission Street Suite 402 San Francisco, Ca 94110	(415) 648-3711	elreporterosf.com
Asian Week	809 Sacramento Street San Francisco, CA 94108	(415) 397-0220	asianweek.com

LOCAL RADIO STATIONS				
Outlet	Address	Phone	Email / Website	Notes
KABL (960 AM)	340 Townsend #5-960 San Francisco, CA 94107	(415) 977-0960	960kabl@960kabl.com	
KALW (91.7 FM)	500 Mansell St. San Francisco, CA 94134	(415) 841-4121	kalw.org	News Talk (NPR)
KBLX (102.9 FM)	55 Hawthorne St. Suite 900 San Francisco, CA 94105	(415) 284-1029	kblx.com	Light Rock
KBZS (1220 AM)	10 Lombard St. San Francisco, CA 94111	(415) 434-1220	kbzs.com	Business News
KCBS (740 AM)	865 Battery St. Suite 3 San Francisco, CA 94111	(415) 765-4000	kpbsnews@cbs.com	
KCSM (91.1 FM)	1700 W. Hillside Blvd. San Mateo, CA 94402	(650) 574-6586	kcsm.org	News Talk (NPR)
KDFC (102.1 FM)	455 Market St. #2300 San Francisco, CA 94105	(415) 764-1021	kdfc.com	Classical Music
KFAX (1100 AM)	PO Box 8125 Fremont, CA 94537		kfax.com	Christian Radio
KFBK (1530 AM)	1440 Ethan Way, Suite 200 Sacramento, CA 95825	(916) 929-5325	kfbknews@clearchannel.com	News Talk
KFOG (104.5 FM)	55 Hawthorne St. Suite 1100 San Francisco, CA 94105	(415) 817-5364	kfog.com	Rock Music
KFRC (99.7 FM)	500 Washington St. 2nd Fl. San Francisco, CA 94111	(415) 391-9970	kfr.com	Oldies Music
KGO (810 AM)	900 Front St. San Francisco, CA 94111	(415) 954-8183	kgoam810.com	
KIOI (101.3 FM)	340 Townsend San Francisco, CA 94107	(415) 538-1013	star1013fm.com	Popular Music

Sing Tao Chinese Radio (96.1 FM) Mandarin Language	625 Kearny St. San Francisco, CA 94108	(415) 989- 7111	singtaousa.com	Foreign
WILD 949 (94.9 FM)	340 Townsend Ave. Suite 4-949 San Francisco, CA 94107	(415) 538- 9494	wild949.com	Hip Hop

Public Library Contacts		
ZIP CODES 94124, 94134, 94107		
Bayview/Anna E. Waden	5075 3 rd Street (@ Revere) San Francisco, CA 94124	415 355-5757
Golden Gate Valley *not wheelchair accessible	1801 Green Street (@ Octavia) San Francisco, CA 94124	415 355-5666
Ingleside	1649 Ocean Avenue (@ Faxon) San Francisco, CA 94124	415 355-2898
Merced *not wheelchair accessible	155 Winston Drive (@ 19 th Street) San Francisco, CA 94124	415 355-2825
Portola	2450 San Bruno Avenue (@ Silliman) San Francisco, CA 94124	415 355-5660
Potrero *not wheelchair accessible	1616 20 th Street (near Connecticut) San Francisco, CA 94107	415 355-2822
Visitacion Valley *note wheelchair accessible	45 Leland Avenue (near Bayshore) San Francisco, CA 94134	415 355-2848

Organization	Address	Phone	Contact	Notes
Bret Harte Elementary School	1035 Gilman Ave. San Francisco, CA 94124	(415) 330-1520	Principal Vidrale Franklin	Elementary
Dr. Charles Drew Elementary School	50 Pomona Ave. San Francisco, CA 94124	(415) 330-1526	Principal Cheryl Cotton	Elementary
Dr. George Washington Carver Elementary School	1360 Oakdale St. San Francisco, CA 94124	(415) 330-1540	Principal Emily Wade Thompson	Elementary
E.R. Taylor Elementary School	423 Burrows St. San Francisco, CA 94134	(415) 330-1530	Principal Virginia Dold	Elementary
Gloria Davis Middle School	1195 Hudson Ave. San Francisco, CA 94124	(415) 695-5390	Principal George Sloan	Middle School
Malcolm X Elementary School	350 Harbor Rd. San Francisco, CA 94124	(415) 695-5950	Principal Rosalind Sarah	Elementary
Martin Luther King Jr. Middle School	350 Girard St. San Francisco, CA 94134	(415) 330-1500	Principal James Taylor	Middle School
Thurgood Marshall High School	45 Conkling San Francisco, CA 94124	(415) 695-5612	Principal Dr. Frank Thom	High School
Twenty-First Century Academy Elementary School	2055 Silver Ave. San Francisco, CA 94124	(415) 695-5400	Principal Denise Culvert	Elementary

COMMUNITY BENEFITS AGREEMENT
ASSUMPTION AGREEMENT

This Community Benefits Agreement Assumption Agreement (the "Agreement") is made as of _____, 200_, between the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, exercising its functions and powers organized and existing under the Community Redevelopment Law of State of California (together with any successor public agency designated by or pursuant to law, the "Agency"), LENNAR-BVHP, LLC, a California limited liability company doing business as Lennar/BVHP Partners ("Lennar/BVHP"), and _____, a _____ ("Vertical Developer"), with reference to the following facts:

A. Lennar/BVHP and the Agency entered into that certain Community Benefits Agreement dated as of _____ (attached hereto as Exhibit A, and as it may be amended from time to time, the "Community Benefits Agreement") to satisfy Lennar/BVHP's obligation under Section 6.6(c)(8)(k) of that certain Development and Disposition Agreement dated as of December 2, 2003 and entered into by and between the Agency and Lennar/BVHP (the "DDA")

B. On _____, Vertical Developer and Lennar/BVHP entered into a purchase and sale agreement for certain property located in the City and County of San Francisco, as more specifically described in Exhibit B attached hereto (the "Property").

C. The Property is or shall be subject to terms of a vertical disposition and development agreement by and between Vertical Developer, the Agency and Lennar/BVHP (the "Vertical DDA"). The Vertical DDA requires that the Vertical Developer complies with the terms of the Community Benefits Agreement and the Community Benefits Agreement requires that Lennar/BVHP and Vertical Developer perform certain obligations under the Community Benefits Agreement.

D. Vertical Developer wishes to enter into this Agreement to assume its obligations under the Community Benefits Agreement.

E. All capitalized terms used but not defined herein shall have the applicable meaning set forth in the Community Benefits Agreement.

NOW, THEREFORE, the Agency, Vertical Developer and Lennar/BVHP (the "Parties") agree as follows:

1. Assumption.

Vertical Developer agrees that it is [an Independent Community Builder/ a Qualified Buyer/a Joint Venture Builder/ an Affiliate] and Vertical Developer under the Community Benefits Agreement and as of the Effective Date, Vertical Developer assumes its obligations to

9. Effective Date.

This Agreement shall become effective as of the date of the close of escrow under the Purchase Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

Authorized by Agency Resolution
No. _____, adopted _____, _____

APPROVED AS TO FORM:

By: _____
James Morales
Agency General Counsel

AGENCY:
Redevelopment Agency of the City and
County of San Francisco

By: _____
[Executive Director]

By: _____
[Secretary]

DEVELOPER:
LENNAR-BVHP, LLC, a California limited
liability company

By: Lennar Southland I, Inc., a California
corporation, its managing member.

By: _____

Its: _____

VERTICAL DEVELOPER:

_____, a _____

By: _____

Its: _____

EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY

**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

COMMUNITY BENEFITS PLAN

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LIST OF EXHIBITS

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**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

COMMUNITY BENEFITS PLAN

This COMMUNITY BENEFITS PLAN implements and is part of the DDA. As used herein, the capitalized terms defined in Section 7.6 have the meanings ascribed to them in Section 7.6. Capitalized terms used but not otherwise defined in this Community Benefits Plan shall have the meanings for such terms set forth in the DDA.

1. EDUCATION

Section 1.1 Scholarship Program. Developer shall contribute (or cause the contribution of) Three Million Five Hundred Thousand Dollars (\$3,500,000) in all cash (the “**Scholarship Fund Contribution**”) to the “Lennar Bayview Scholarship Fund” to be held as part of the Community Benefits Fund (as defined below) and to be used to assist youth and adults up to age thirty (30) living in BVHP with the cost of tuition and/or educational materials for any course in support of any educational program that grants a diploma, degree or certificate of completion that is offered by a college, university, community college, technical or trade school recognized by any of the six regional higher education accreditors, including the Western Association of Schools and Colleges. In addition, the Lennar Bayview Scholarship Fund will be used to fund “The Will Bass Memorial Educational Travel Scholarship” which will annually award Five Thousand Dollars (\$5,000) for educational travel to Africa or Asia to one African American student (18 to 25 years old) from BVHP. The obligation to contribute the Scholarship Fund Contribution shall accrue and be made as follows: (i) Five Hundred Thousand Dollars (\$500,000) on the date that is ninety (90) days after the first Major Phase Approval and (ii) Three Hundred Thousand Dollars (\$300,000) on the date that is sixty (60) days after the date that Developer obtains each thousandth (e.g. the 1,000th, 2,000th, 3,000th, etc.) Unit Credit, as described in the Below-Market Housing Plan.

Section 1.2 Education Improvement Fund. Developer shall contribute (or cause the contribution of) Ten Million Dollars (\$10,000,000) in all cash (the “**Education Improvement Fund Contribution**”) to the “Lennar Bayview Education Improvement Fund” to be used to support education enhancements within BVHP, which may include new facilities or upgrades to existing education resources and health and wellness education in schools. The use of these funds will be determined through a community-based process that includes representatives of the San Francisco Unified School District, BVHP, OEWD, the Agency and Developer. The Education Improvement Fund Contribution shall be made to the entity specified by the Agency within sixty (60) days after receipt of written notice from the Agency to Developer that such Education Improvement Fund Contribution (or a portion thereof as set forth in such notice) is required to implement the priorities established by the community-based process; provided, however, that the obligation to contribute (or cause the contribution of) the Education Improvement Fund Contribution shall accrue as follows: (i) Five Hundred Thousand Dollars (\$500,000) on the date that is ninety (90) days after the first Major Phase Approval and (ii) Nine Hundred Fifty Thousand Dollars (\$950,000) upon the date that Developer obtains each thousandth (e.g. the 1,000th, 2,000th, 3,000th, etc.) Unit Credit. Developer and the Agency may

agree to accelerate the payment of the Education Improvement Fund for the construction of new educational facilities in BVHP.

2. COMMUNITY HEALTH AND WELLNESS

Section 2.1 Wellness Contribution. Developer shall contribute (or cause the contribution of) Two Million Dollars (\$2,000,000) in all cash (the “**Wellness Contribution**”) to be used in accordance with this Article 2. Developer’s obligation to contribute the Wellness Contribution shall accrue and be made as follows: (i) One Hundred Thousand Dollars (\$100,000) to the Agency on the date that is ninety (90) days after the first Major Phase Approval, to be used by the Agency for predevelopment expenses in connection with the proposed expansion of the Southeast Health Center; (ii) thereafter, up to Two Hundred Thousand Dollars (\$200,000) on the date that is the later of (a) the date that the Agency and DPH Directors have each approved a financial plan for the expansion of the Southeast Health Center and (b) thirty (30) days after notice from the Agency, to be used as may be needed for additional predevelopment expenses for such expansion; and (iii) thereafter, the balance of the Wellness Contribution on the date this is thirty (30) days after notice thereof from the Agency to be used for the Southeast Health Center as set forth in Section 2.2 or for the Center for Youth Wellness as set forth in Section 2.3. The Agency shall not send such notice under clause (iii) above until, as applicable, (A) the Agency, DPH, or its designee has received authorization to enter into a construction contract for the expansion of Southeast Health Center or such funds are otherwise required by the Agency in order to fulfill the requirements of a new markets tax credit financing or similar financing for such construction, or (B) the funds are required for the Center for Youth Wellness as set forth in Section 2.3 and the Agency provides reasonable evidence to Developer of the same. If all of the Wellness Contribution has not been contributed by the date that Developer obtains its five thousand two hundred fiftieth (5,250th) Unit Credit (the “**Mid-Point Date**”), then, unless the Agency determines that planning for the Southeast Health Center or the Center for Youth Wellness requires additional time, Developer shall contribute the remainder of the Wellness Contribution to the Community Benefits Fund in five (5) equal annual installments commencing ninety (90) days following the Mid-Point Date. In such event, such Wellness Contribution shall be used for programming related to the health and wellness of residents in the Project Site and in BVHP, including respiratory illness prevention and treatment. In any event, the use and expenditure of the Wellness Contribution shall be made in consultation with the PAC and the CAC.

Section 2.2 Southeast Health Center. Developer shall contribute (or cause the contribution of) Two Hundred and Fifty Thousand Dollars (\$250,000) in all cash (the “**Healthcare Predevelopment Contribution**”) to the Agency (or its designee) to be used for predevelopment expenses associated with the expansion of the Southeast Health Center, including an assessment of the programmatic needs of an expanded center in light of other health care services in the area. The obligation to contribute the Healthcare Predevelopment Contribution shall accrue and be made on the date that is ninety (90) days after the first Major Phase Approval. Based on current projections, the capital costs for expanding the Southeast Health Center will be funded through a combination of (i) tax increment generated in Zone 2 of the BVHP Redevelopment Plan Area, (ii) the \$2,000,000 Wellness Contribution paid by Developer, and (iii) the City’s ability to finance savings that would accrue to the DPH by moving from leased space into owned space at an expanded Southeast Health Center; should the final

budget for a Southeast Health Center expansion be different from current projections, the portion of the Wellness Contribution paid by Developer for the expansion of the Southeast Health Center may be modified by the mutual consent of Developer and the Agency; if Developer's contribution for the Southeast Health Center is reduced, any remaining portion of the Wellness Contribution shall be used for other health needs in BVHP, as set forth in Section 2.3.

Section 2.3 Pediatric Wellness. If the Agency determines that the Wellness Contribution, or a portion thereof, is not needed for use in accordance with Section 2.2, the Wellness Contribution will be used to expand, develop, finance and/or create a center focused on the health and well being of children, youth and their families, which center may include the Southeast Health Center (the "**Center for Youth Wellness**"). Any Center for Youth Wellness will be developed with the assistance of the San Francisco District Attorney's Office, the Department of Public Health, and others with expertise in the field as determined by the Agency.

3. COMMUNITY FACILITIES

Section 3.1 General. Developer (or Vertical Developers, as applicable) shall (A) make available to the Agency seven and a half percent (7.5%) of the aggregate retail space in the Project (but not to exceed a maximum of 65,000 gross square feet) (the "**Community Facilities Space**"), as more particularly set forth in Section 3.2), (B) Complete the Infrastructure for the approximately four and eight tenths (4.8) acres of land identified on the Development Plan as "Community Facilities Lots" (the "**Community Facilities Lots**") in accordance with the applicable portions of the Infrastructure Plan and Schedule of Performance, as more particularly set forth in Section 3.3, and (C) provide the additional facilities as more particularly set forth in Section 3.4 (collectively, the "**Additional Community Facilities**", and together with the Community Facilities Lots and the Community Facilities Space, the "**Community Facilities**"). The Community Facilities shall be designed to provide, preserve and leverage such critical local resources as social services, education, the arts and other community services, including public safety facilities such as fire and police stations and facilities for the benefit of senior citizens. As guiding principles governing the development of the Community Facilities, the Community Facilities should be used to (1) enhance the overall quality of life of residents in the Project Site and in BVHP and (2) support the creation of a vibrant new neighborhood in the Project Site. The Community Facilities, Completed in accordance with applicable provisions of the DDA (including this Community Benefits Plan), shall be delivered to the Agency or the City or to an organization selected by the Agency and Approved by Developer or Vertical Developer, as applicable, as set forth in Section 3.2 (each, a "**Community Facilities Entity**").

Section 3.2 Community Facilities Space. The Agency and Developer acknowledge and agree that the Community Facilities Space shall be generally distributed throughout the Project Site, although they anticipate that a significant portion of the Community Facilities Space shall be provided in the regional retail portion of the Project anticipated on the Candlestick Site. Developer shall use good faith efforts to work with the Agency to agree upon the location of any Community Facilities Spaces within a Major Phase before the submission of the applicable Major Phase Application and within each applicable Sub-Phase before the submission of the applicable Sub-Phase Application. If Developer and the Agency Approve the location of a Community Facilities Space, then such Community Facilities Space shall be included in the applicable Sub-Phase Application. If Developer and the Agency have not Approved the

locations of the Community Facility Spaces within a Sub-Phase, if any, then the Agency may be permitted in its sole and absolute discretion to withhold the Sub-Phase Approval until such locations have been Approved by Developer and the Agency. Following the Sub-Phase Approval related to such Sub-Phase, the Agency shall no later than twelve (12) months following the Commencement of construction of the applicable Vertical Project (the “**Community Facilities Entity Selection Date**”) select an appropriate Community Facilities Entity for such Community Facilities Space and notify Developer or, if applicable, Vertical Developer of the applicable Vertical Project of such selection and the proposed use of the Community Facilities Space. Developer or Vertical Developer, as applicable, shall within thirty (30) days of receipt of such notice either give Approval of such Community Facilities Entity or provide a detailed statement of the reasons for its disapproval. Following any such disapproval, the Agency and Developer or Vertical Developer, as applicable, shall negotiate in good faith until a Community Facilities Entity has been Approved by the Agency and Developer or Vertical Developer, as applicable. Upon any vacancy of the Community Facilities Space, the above process for identification of a Community Facilities Entity shall be repeated, and an appropriate restriction will be recorded against the Community Facilities Space so that it remains Community Facilities Space for the life of the Vertical Project (subject to Vertical Developer’s right to lease the Community Facilities Space to others if a new Community Facilities Entity is not selected within six (6) months as set forth below). If the Agency does not select a Community Facilities Entity before the Community Facilities Entity Selection Date, then Vertical Developer shall give the Agency notice and permit the Agency an additional ninety (90) days following the Agency’s receipt of such notice to select the Community Facilities Entity. If the Agency has not selected the Community Facilities Entity within the above ninety (90) day period, then Vertical Developer shall have the right to rent or convey the Community Facilities Space to any user without restriction.

The Community Facilities Space shall be provided by Vertical Developer to the Approved Community Facilities Entity in Cold Shell condition and on the same general terms and conditions as are provided to other similar Community Facilities Entities for other similar Community Facilities Space within the Project and as are provided to other users within the Sub-Phase and Major Phase of which the Community Facilities Space is a part, subject to the provisions set forth below. The conveyance agreement(s) applicable to such Community Facilities Space (the “**Community Facilities Space Agreement**”) shall at a minimum require the Community Facilities Entity to (1) continually use such space (subject to damage and destruction and reasonable hours of operation consistent with other comparable facilities), (2) provide commercially reasonable insurance coverage, (3) adhere to maintenance and security protocols and (4) timely pay its proportionate share of all pass-through and other charges, including applicable property taxes and assessments (including in-lieu payments), insurance and maintenance, and other operating expenses, all generally consistent with other tenants or owners in the applicable Vertical Project. The Community Facilities Entity shall not, however, pay a purchase price or base rent for the Community Facilities Space. If Vertical Developer and the Community Facilities Entity are not able to reach agreement on the final form of the Community Facilities Space Agreement within six (6) months after the identification of such Community Facilities Entity notwithstanding good faith negotiations on the part of both parties, or if the Community Facilities Entity defaults in its obligations under the Community Facilities Space Agreement (after the expiration of notice and cure periods contained therein), then Vertical Developer and the Agency shall work together in good faith to find a new Community Facilities

Entity for the Community Facilities Space and provide such Community Facilities Space, each as set forth above. If Vertical Developer and the Agency are unable to select a new Community Facilities Entity within six (6) months after the date Developer or Vertical Developer notifies Agency that negotiations for the Community Facilities Space Agreement have terminated or that the Community Facilities Entity has vacated the space or otherwise defaulted in its obligations as set forth above, then Vertical Developer shall have the right to rent or convey the Community Facilities Space to any user without restriction; provided, in the event of a rental, the applicable Community Facilities Space shall be offered again to a new Community Facilities Entity on the expiration of that rental under the process described above.

(a) Specific Use of Community Facilities Space.

(i) *International African Marketplace.* A portion of the Community Facilities Space within retail Vertical Projects on the Candlestick Site and identified as set forth above shall be used for an indoor African Marketplace that will serve as an African-themed, festive setting for the display and sale of arts, crafts, sculptures, fabrics and clothing, and books.

(ii) *Library Reading Rooms.* A portion of the Community Facilities Space within certain Vertical Projects identified as set forth above shall be used for facilities operated by the San Francisco Public Library (the “**SFPL**”), such as (i) a library reading room of not less than one thousand five hundred (1,500) gross square feet and (ii) automated book pick-up and drop-off kiosks (“**Bookautomatons**”), each to be operated by the SFPL. Developer will work cooperatively with the Agency and the City, including the SFPL, on the phasing of such improvements and the appropriate locations for the reading rooms and Bookautomatons.

(iii) *CP State Recreation Area.* Three thousand (3,000) gross square feet of the Community Facilities Space on the Candlestick Site within a Vertical Project Approved by Developer, the Agency and State Parks, shall be used by State Parks for a welcoming or information center for the CP State Recreation Area.

Section 3.3 Community Facilities Lots. The Community Facilities Lots shall be provided in fee to the Agency at no cost to the Agency and (A) shall be used in a manner that is (x) consistent with the Redevelopment Requirements and (y) determined by the Agency, in its sole discretion after consultation with Developer, applicable City departments, the PAC and the CAC and (B) to the extent that Developer holds title to such Community Facilities Lots, shall not be transferred to the Agency until such time that the Agency determines that such land may be transferred to a community development corporation, community land trust, public entity, or not-for-profit organization, or the Agency otherwise agrees to accept the fee conveyance of the Community Facility Lot under the terms of the DDA (including this Community Benefits Plan). The Agency shall use commercially reasonable efforts to (I) select the use of such land and the identity of such transferee as soon as reasonably feasible and (II) secure the maximum feasible amount of third-party, local, state, and federal funding to pay for the completion of such selected

uses so as to ensure that the benefits thereof to residents in the Project Site and BVHP may be realized in a timely fashion.

(a) Additional One Acre Lot. If and to the extent that the approximately one (1) acre of land on the Candlestick Site identified on the Development Plan for public facilities and labeled the “Mixed-use Facility” is not required for a fire station, police station or school, as determined in the reasonable discretion of the Agency in connection with the applicable Sub-Phase Approval, then following the Completion of Infrastructure in accordance with the Infrastructure Plan and the Schedule of Performance, Developer shall be entitled to acquire and dispose of such land (or the portion not retained by the Agency for public facilities) in the same manner as other land designated for development in the applicable Major Phase and consistent with the Redevelopment Requirements and the applicable Major Phase Approval and Sub-Phase Approval.

Section 3.4 Additional Community Facilities.

(a) Arts and Cultural Facilities.

(i) *Artist Relocation Plan.* The construction of the Project must be phased to ensure that the existing artists lawfully occupying the Shipyard Site (the “**Existing Artists**”) who are required to move in connection with any rehabilitation, renovation or new development on the Project Site, including artists who lawfully occupied Building 103 after July 1, 2008 but were required to move before the Reference Date, have the right (but not the obligation) to move to the New Shipyard Artist Studios without being displaced from the Project Site. An artist relocation plan will be developed in consultation with the artists affected as well as applicable City departments, the PAC and the CAC, and must be completed by Developer and Approved by the Agency Commission (the “**Artist Relocation Plan**”) before the relocation of any of the Existing Artists. The Artist Relocation Plan shall provide that (1) Developer and the Agency will reasonably endeavor to ensure that all Relocating Artists are provided the opportunity to move directly into the New Shipyard Artist Studios, (2) Relocating Artists in Buildings 104, 115, 116 and 117 may remain in their existing studios until the New Shipyard Artist Studios are available for occupancy, (3) if safe for occupancy, Building 103 will be made available for use by Relocating Artists from Buildings 110 and 125 until the New Shipyard Artists Studios are available for occupancy and (4) if studio space in Building 103 is insufficient to accommodate all Relocating Artists, then additional temporary studio space required to accommodate such remaining Relocating Artists shall be made available, including in other existing buildings on Parcels A and B that are not scheduled to be demolished in the Initial Sub-Phases and are safe for occupancy.

(ii) *Artist Rents.* Subject to the approval of a management agreement by the Agency Commission, the Agency shall lease the Shipyard Artist Studios at rates necessary to reimburse the Agency for its costs, including any operation and maintenance costs, reserves and any administrative fees, but the Agency shall not charge more than is required to reimburse such costs to the Agency.

(iii) *New Shipyard Artist Studios.* Developer shall convey to the Agency, at no cost to the Agency, fee title to new permanent artist studio space (the “**New Shipyard Artist Studios**”) in accordance with the applicable Major Phase Approval and Sub-Phase Approval, the Schedule of Performance and the Artist Relocation Plan. The New Shipyard Artist Studios shall be sufficient to accommodate the Existing Artists (but not including those in Building 101, who will have the right to remain in Building 101) who elect to relocate there in accordance with the Artist Relocation Plan (the “**Relocating Artists**”) (approximately 106,000 gross square feet) and shall be appropriate for the production of art. The Agency shall grant a license and Permit to Enter to Developer, at no cost to Developer, for portions of Parcel A owned by the Agency that are proximate to Building 101 and on which Developer may construct the New Shipyard Artist Studios.

(iv) *Building 101.* Developer shall Complete the Infrastructure for Building 101 in accordance with the Infrastructure Plan and the applicable Major Phase Approval and Sub-Phase Approval, which Infrastructure shall include reasonable water, waste water, auxiliary water, electricity, data and gas connections to Building 101 (the Building 101 artist studios, together with the New Shipyard Artist Studios, the “**Shipyard Artist Studios**”), but shall have no obligation to renovate or pay any amount for the renovation or other improvement of Building 101. The Agency shall not undertake any renovation of Building 101, or set the amount of any rent increase to support such renovations, without the consent of a majority of the affected Existing Artists.

(v) *Arts Center.* Developer shall work cooperatively with the Agency and the artists on the Shipyard Site, and as the case may be in consultation with the PAC and CAC, to complement the Shipyard Artist Studios by providing to the Agency, at no cost to the Agency, a parcel of land equal to between fifteen thousand (15,000) and thirty thousand (30,000) square feet on which an Arts Center may be constructed.

(vi) *Arts District Design Elements.* Developer shall integrate opportunities for the display of art on the Project Site in accordance with the applicable Major Phase Approval and Sub-Phase Approval and the Schedule of Performance.

(b) Parks and Open Space Facilities. Developer shall construct a variety of passive and active public open spaces in accordance with the Parks and Open Space Plan and the applicable Major Phase Approvals and Sub-Phase Approvals and at the times required by the Schedule of Performance. The parks and open space may be used by Governmental Entities with applicable jurisdiction to provide additional, integrated community facilities that support the programming and operation of such parks and open space. Part of this open space shall include open space on Parcel B to be used as (i) a venue for musical performances, including for performances of gospel, jazz, blues, African and world music and (ii) an occasional outdoor venue that will serve as (1) an African-themed marketplace for the display and sale of arts, crafts, sculptures, fabrics and

clothing, and books; and (2) a marketplace for farmer and antique markets, including the sale of fresh, wholesome and healthy foods. As set forth in the Parks and Open Space Plan and as more particularly set forth in the applicable Major Phase Approval or Sub-Phase Approval, certain portions of the park land shall be dedicated for park maintenance facilities.

(c) Emerging Business Incubator. Developer shall reasonably cooperate with the Agency and the City, and as the case may be in consultation with the PAC and CAC, to facilitate the rehabilitation of Building 813 on the Shipyard Site, which totals approximately two hundred sixty thousand (260,000) gross square feet, for use as a center for the incubation of emerging businesses and technologies, including, but not limited to, clean tech, biotech, green business, arts and digital media. Developer shall reasonably cooperate with the Agency to ensure the timely availability of interim and permanent infrastructure to support the renovated building.

(d) Fire Station Lot. Developer shall Complete the Infrastructure for the approximately one-half (.5) acre of land on the Shipyard Site identified on the Development Plan as “Fire Station Lot” (the “**Fire Station Lot**”) in accordance with the Infrastructure Plan and the Schedule of Performance and, to the extent Developer holds fee title to such Fire Station Lot, Developer shall convey such land in fee to the City, at no cost to the City, following Completion of such Infrastructure.

4. CORE COMMUNITY BENEFITS AGREEMENT

Section 4.1 Community First Housing Fund. The CCBA provides that, based on a Project that is entitled for ten thousand five hundred (10,500) Units, Developer shall contribute (or cause the contribution of) a maximum of Twenty Eight Million Six-Hundred Sixty-Five Thousand Dollars (\$28,665,000) on the schedule set forth in the CCBA to a Community First Housing Fund (the “**Community First Housing Fund Contribution**”). Under the terms of the CCBA, the Community First Housing Fund will be used to assist qualifying residents in the purchase of Units in District 10 through opportunities such as down payment assistance, rent-to-own opportunities, purchase of buildable pads, and/or the purchase of Units, inside or outside of the Project, including those specifically designed for senior citizens.

Section 4.2 Workforce Development Fund. The CCBA provides that, based on a Project that is entitled for ten thousand five hundred (10,500) Units, Developer shall contribute (or cause the contribution of) a maximum of Eight Million Nine Hundred and Twenty-Five Thousand Dollars (\$8,925,000) on the schedule set forth in the CCBA to a Workforce Development Fund (the “**Workforce Contribution**”). Under the terms of the CCBA, the Workforce Development Fund will be used for workforce development programs designed to create a gateway to career development first for residents of District 10 and secondly for “at risk job applicants” as defined in Section 30.21 of the City’s Administrative Code, citywide. Subject to the fiscal and other provisions of the City’s Charter, the Parties understand that the City intends to match the Workforce Contribution in services and programs for workforce development in BVHP and as otherwise set forth herein.

Section 4.3 Implementation Committee. The CCBA provides that Developer shall contribute (or cause the contribution of) Seventy Five Thousand Dollars (\$75,000) per year during the term of the CCBA for the operation of the “Implementation Committee” established under the CCBA (the “**Implementation Committee Contribution**”).

5. **BUSINESS DEVELOPMENT/COMMUNITY ASSET BUILDING**

Section 5.1 Community Builder Program.

(a) **Community Builder Program.** During the build out of the Project, five hundred (500) Units (not including Agency Affordable Units) across a spectrum of affordability levels (the “**Community Builder Units**”) will be made available for development by or with the assistance of Community Builders. The Community Builder Units will be distributed throughout the Project Site on Lots that are identified and Approved by the Agency in the Major Phase Approval for each Major Phase which contains Residential Projects (each such Lot, a “**Community Builder Lot**”). To increase the likelihood that Community Builders are able to participate in the development of the Community Builder Lots irrespective of their capital capacity and risk tolerance, Community Builder Units will be available for development under three (3) separate models, each of which will afford Community Builders with the opportunity to actively and substantially participate in the day-to-day responsibilities associated with the development of the Community Builder Units. Such models, each of which are more particularly described in Exhibit G-A, permit the development of Community Builder Units: (1) directly by a Community Builder (an Independent Community Builder (as defined in Exhibit G-A)); (2) by a Community Builder as an assistant developer to Vertical Developer (a Fee Developer Community Builder (as defined in Exhibit G-A)); and (3) in a joint venture consisting of a Community Builder and a Vertical Developer (including a Vertical Developer comprised of a Qualified Buyer, Developer and/or its Affiliate) (a Joint Venture Community Builder (as defined in Exhibit G-A)). The services to be provided, capital required and return or compensation associated with each model are as follows:

Model	Services	Capital Required	Return/Compensation
Independent Community Builder	All development required to construct and dispose of Community Builder Units.	Required to fund all of the costs of acquiring the applicable Lot(s) and thereafter developing the Community Builder Units in accordance with the DDA.	Any profits (or losses) applicable to such Community Builder Units.
Joint Venture Community Builder	Assist Vertical Developer with all development required to construct and dispose of Community Builder	Required to contribute a material portion of the costs of acquiring the applicable Lot(s) and thereafter developing the	Commercially reasonable return commensurate with the portion of the costs contributed by the Community Builder.

	Units.	Community Builder Units in accordance with the applicable joint venture agreement and the DDA.	
Fee Developer Community Builder	Assist Vertical Developer with development required to construct and dispose of Community Builder Units in accordance with the applicable development services agreement and the DDA.	None.	Commercially reasonable development fee commensurate with the services performed by the Community Builder.

Criteria for the selection of Community Builders and other processes and procedures of the Community Builder Program are set forth in Exhibit G-A.

(b) Agency Community Builder Protégé Program. The Agency may, at its expense, provide a protégé program that would pair Community Builders with experienced developers and real estate professionals (not including Developer or its Affiliates). Such mentors would provide Community Builders with technical support and coaching to equip such Community Builders with the skills necessary to meaningfully participate in the Community Builder program.

(c) Agency Community Partners. In keeping with the Agency's customary practice, the Agency will use good faith efforts to involve community partners in the development of not less than three hundred (300) Agency Affordable Units. Community partners include but are not limited to non-profit organizations providing services to the residents of the greater Southeast interested and qualified to develop, co-develop, or provide social or clinical services to residents of the Agency Affordable Projects.

Section 5.2 Construction Assistance.

(a) Purpose. Developer shall provide (or cause to be provided) Two Hundred Fifty Thousand Dollars (\$250,000) per year during the development of the Project by Developer or a Transferee to an aggregate maximum amount of not more than Two Million Five Hundred Thousand Dollars (\$2,500,000) (the "**Construction Assistance Fund Contribution**") to implement those components of the Construction Assistance Program outlined in Section 5.2(c) – (e). The obligation to provide the Construction Assistance Fund Contribution shall commence as of the date that Developer Commences the Infrastructure in the first Sub-Phase and shall accrue on each annual anniversary thereof during every year in which Developer is actively constructing the Project. Any amounts not used in a year shall carry forward to future years of the Project or, at the option of the Agency, be paid into the Community Benefits Fund.

(b) Insurance and Credit Support. In addition to the contributions set forth in Section 5.2(a), Developer shall contribute (or cause the contribution of) One Million Dollars (\$1,000,000) in all cash (the “**Credit Support Contribution**”) to the Agency. The Agency shall use the Credit Support Contribution as part of a surety bond and credit support program solely in connection with the Project. Such program, which will augment the Agency’s existing surety bond program, will provide security to assist contractors from BVHP in obtaining insurance and credit support that may be required in order to participate in the development of the Project. The obligation to contribute the Credit Support Contribution shall accrue and be made in installments of Two Hundred Fifty Thousand Dollars (\$250,000) on the date that is sixty (60) days after each of the first four (4) Major Phase Approvals (but not including the Major Phase Approval of the Stadium Major Phase, if any). To the extent any of these funds remain in the Agency’s possession upon the final Completion of the Project, the Agency shall deposit such funds in the Community Benefits Fund. In addition, Developer shall work with the Agency to provide commercially reasonable insurance or risk-management policies or programs for the benefit of contractors from BVHP such that they may participate in the development of the Project.

(c) Technical Assistance. Throughout development of the Project by Developer or a Transferee, Developer shall provide (or cause to be provided) a contractor assistant in the Project office to serve as a liaison to contractors seeking contracts for the Project. Duties of the person in that position will include providing assistance to contractors with respect to the contract bidding process and accessing the public benefits available to contractors as described in this Community Benefits Plan. In addition, the Agency and/or the City shall provide a Small Business Contracting Advocate, at their expense, whose duties shall include assisting contractors working on the Project with issues such as prompt payment and insurance and surety requirements.

(d) Contractor Workshops. Developer, the Agency and the City shall together conduct workshops to address matters related to the construction industry such as worksite safety matters, accounting procedures, legal, insurance, labor matters and other topics. Developer shall solicit requests from contractors in BVHP for additional topics of interest.

(e) Trucking Program. Developer shall maintain or develop (or cause to be maintained or developed) a program to assist truckers residing or based in BVHP in securing contracts for the trucking services needed to complete the demolition, grading, and infrastructure for the Project. The Trucking Program shall include outreach to truckers residing or based in BVHP, who will be screened for appropriate qualifications and Developer shall form and maintain a list of eligible truckers.

Section 5.3 Community Real Estate Broker Program. For each Residential Project in which Vertical Developer is Developer or its Affiliate, Vertical Developer shall use good faith efforts to provide licensed brokers and salespersons with offices in BVHP (“**Community Brokers**”) with the following:

- (a) First opportunity to preview and show Units in such Residential Project to clients of the Community Brokers;
- (b) Invitation to marketing events for Community Brokers for such Residential Project;
- (c) Marketing materials for the Units in such Residential Project to assist with marketing such Units to clients of the Community Brokers; and
- (d) Recognition and participation opportunities at homebuyer workshops related to such Residential Project.

6. COMMUNITY BENEFITS FUND

Section 6.1 General. The Agency shall establish and maintain a separate account or sub-account (the “**Community Benefits Fund**”) to be funded under this Article 6 and as otherwise specified in the DDA (including this Community Benefits Plan). One hundred percent (100%) of the Community Benefits Fund shall be reinvested by the Agency in the Project Site and BVHP to (a) benefit low- and moderate-income families; (b) eliminate blight; and/or (c) meet other community development needs of BVHP as determined by the BVHP Representative Entity, including those related to social services, affordable housing, education, the arts, public safety, assistance for senior citizens and other community services. Such reinvestment shall be made by the Agency following consultation as applicable with the CAC and the PAC and shall be subject to approval by the Agency Commission as a part of each of its community benefits budgets. Until such time as the BVHP Representative Entity is formed and independently operating, expenditures from the Community Benefits Fund shall be determined by the Agency Director following consultation with the CAC and the PAC as applicable.

Section 6.2 Proceeds from Sale of Market Rate Units. Each Vertical Developer shall pay (or cause payment) to the Community Benefits Fund upon the close of escrow of the initial sale to an Owner/Occupant of each Market Rate Unit an amount equal to one-half of one percent (0.5%) of the sale price of such Market Rate Unit.

7. MISCELLANEOUS

Section 7.1 Agency Discretion. Notwithstanding anything to the contrary set forth in this Community Benefits Plan, (i) the Agency shall have the right to make such changes to the use and distribution of funds within the control of the Agency as may be required by applicable law, and (ii) in no event shall the Agency be responsible for Developer’s costs, liabilities or obligations under the CCBA.

Section 7.2 Community Benefits Coordinator. At all times throughout development of the Project by Developer or a Transferee, Developer shall maintain a Community Benefits Coordinator who shall be the primary point of contact for issues relating to Developer’s obligations under this Community Benefits Plan.

Section 7.3 Severability. If any provision of this Community Benefits Plan, or its application to any Person or circumstance, is held invalid by any court, the invalidity or

inapplicability of such provision shall not affect any other provision of this Community Benefits Plan or the application of such provision to any other Person or circumstance, and the remaining portions of this Community Benefits Plan shall continue in full force and effect. Without limiting the foregoing, in the event that any applicable law prevents or precludes compliance with any term of this Community Benefits Plan, the Parties shall promptly modify this Community Benefits Plan to the extent necessary to comply with such law in a manner that preserves, to the greatest extent possible, the benefits to each of the Parties. In connection with the foregoing, the Parties shall develop an alternative of substantially equal, but not greater, cost and benefit to Developer and any applicable Vertical Developer so as to realize from the Project substantially the same (i) overall benefit (from a cost perspective) to the public and (ii) overall benefit to Developer and any applicable Vertical Developer. Nothing in this Section 7.3 shall be deemed to permit the Agency to amend the CCBA, require greater overall commitments than those contained therein or otherwise abrogate the commitments contained therein.

Section 7.4 No Third Party Beneficiary. Except to the extent set forth in the DDA, there are no express or implied third party beneficiaries to this Community Benefits Plan.

Section 7.5 Lot Maintenance Standards. The Agency shall use good faith efforts to maintain or cause all Community Facilities under its control to be maintained in a safe and orderly condition to the extent that there is available tax increment generated from the Project Site to do so.

Section 7.6 Definitions.

“**Additional Community Facilities**” is defined in Section 3.1.

“**Artist Relocation Plan**” is defined in Section 3.4(a).

“**Bookautomatons**” is defined in Section 3.2(a)(2).

“**BVHP**” is defined in the DDA.

“**BVHP Area Builders**” means:

- (a) developers or builders who do business in and have a primary business address in BVHP and have an established, fixed office in a non-portable building in BVHP where regular construction-related work is conducted;
- (b) developers or builders who are listed in the Permits and License Tax Paid File with the City and County of San Francisco with a business address in BVHP;
- (c) developers or builders who possess a current Business Tax Registration Certificate issued by the City and County of San Francisco that shows a primary business address in BVHP;
- (d) developers or builders who have a demonstrated history of working in BVHP;

(e) established, construction-related companies that include an owner, or owners, who live in BVHP and who possess at least fifty one percent (51%) of the ownership interest in such company; and/or

(f) non-profits, including faith-based organization(s), based in BVHP (“**BVHP Non-Profit Group**”) that provide satisfactory evidence to the Selection Panel that such BVHP Non-Profit Group either (i) itself possesses the requisite technical proficiency and experience or (ii) has a contractual relationship with a developer, builder or established, construction-related company (the “**Development Assistant**”) which provides the BVHP Non-Profit Group with the requisite Technical Qualifications (as defined below).

“**BVHP Representative Entity**” means the quasi-public entity formed under the HPS Phase 1 DDA to analyze community needs and make recommendations to the Agency Commission on the use of the Community Benefits Fund, and any successor Approved by the Agency.

“**Cold Shell**” means an unfinished interior lacking heating, ventilating, and air conditioning (commonly known as HVAC); lighting; plumbing; ceilings; elevators; and interior walls, but that includes connections to the HVAC, plumbing and other building systems.

“**Community Benefits Fund**” is defined in Section 6.1.

“**Community Benefits Payments**” means, individually or collectively as the context requires, the Scholarship Fund Contribution, the Education Improvement Fund Contribution, the Wellness Contribution, the Healthcare Predevelopment Contribution and the Credit Support Contribution.

“**Community Brokers**” is defined in Section 5.3.

“**Community Builder**” means a BVHP Area Builder selected from the Community Builders Pool in accordance with Exhibit G-A.

“**Community Builder Lot**” is defined in Section 5.1(a).

“**Community Builder Program**” means the program outlined in Section 5.1 and as more particularly described in Exhibit G-A.

“**Community Builder Units**” is defined in Section 5.1(a).

“**Community Facilities**” is defined in Section 3.1.

“**Community Facilities Entity**” is defined in Section 3.1.

“**Community Facilities Entity Selection Date**” is defined in Section 3.2.

“**Community Facilities Lots**” is defined in Section 3.1.

“Community Facilities Space” is defined in Section 3.1.

“Community Facilities Space Agreement” is defined in Section 3.2.

“Community First Housing Fund Contribution” is defined in Section 4.1.

“Construction Assistance Fund Contribution” is defined in Section 5.2(a).

“Credit Support Contribution” is defined in Section 5.2(b).

“DDA” is defined in that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) to which this Community Benefits Plan is attached.

“DPH” means the San Francisco Department of Public Health.

“Education Improvement Fund Contribution” is defined in Section 1.2.

“Existing Artists” is defined in Section 3.4(a).

“Fire Station Lot” is defined in Section 3.4(d).

“Healthcare Predevelopment Contribution” is defined in Section 2.2.

“Implementation Committee Contribution” is defined in Section 4.3.

“Market Rate Unit” is defined in the Below-Market Rate Housing Plan.

“Mid-Point Date” is defined in Section 2.1.

“Net Project Proceeds” is defined in the Financing Plan.

“New Shipyard Artist Studios” is defined in Section 3.4(a).

“OEWD” means the Mayor’s Office of Economic and Workforce Development.

“Owner/Occupant” is defined in the Below-Market Rate Housing Plan.

“Relocating Artists” is defined in Section 3.4(a).

“Residential Lot” is defined in the Below-Market Rate Housing Plan.

“Scholarship Fund Contribution” is defined in Section 1.1.

“SFPL” is defined in Section 3.2(a)(2).

“Shipyard Artist Studios” is defined in Section 3.4(a).

“Unit” is defined in the Below-Market Rate Housing Plan.

“Unit Credit” is defined in the Below-Market Rate Housing Plan.

“Wellness Contribution” is defined in Section 2.1.

“Workforce Contribution” is defined in Section 4.2.

EXHIBIT G-A

COMMUNITY BUILDER PROGRAM PROCEDURES

1. SELECTION OF COMMUNITY BUILDERS

Section 1.1 Applicant Outreach Process. Promptly following the first Sub-Phase Approval for a Sub-Phase that contains a Community Builder Lot in each Major Phase, as warranted in accordance with Section 1.2(c), and from time to time thereafter in Developer's discretion, Developer shall identify and inform potential BVHP Area Builders of the opportunity to participate in the Community Builder Program by employing such efforts as Developer believes are reasonably necessary in order to elicit sufficient applicants to ensure that the goals of the Community Builder Program can be fulfilled (the "**Applicant Outreach Process**"). Such efforts may include, but are not limited to:

- (a) Conducting community outreach, which may include, but is not limited to, advertising, direct mail, e-mail and flyers targeted at BVHP Area Builders;
- (b) Providing the Community Builder Application (as defined below) to each BVHP Area Builder who requests an application and posting the Community Builder Application on Developer's and the Agency's website;
- (c) Conducting workshops designed to explain the Community Builder Program and the application process therefor; and
- (d) Staffing the Project office to answer questions about the Community Builder Program and to assist in completing the Community Builder Application.

Section 1.2 Community Builder Application.

(a) Form. The "**Community Builder Application**" shall be the application form prepared by Developer and Approved by the Agency from time to time. The Community Builder Application must provide, to the extent available, the information described below:

(i) *Technical Proficiency.* Documentation of technical qualifications related to the proposed development, including resumes of all members of the applicant and the identification of licenses, certificates and relevant educational training. Documentation of a proven track record as a developer or builder, including demonstrable record as either a developer or builder of a housing or commercial development, including a list of client references.

(ii) *Relevant Experience.* Documentation of direct or related experience, including but not limited to investment, construction, engineering and development experience and a detailed explanation of previous development projects, including location, size, cost, capital and financing sources used, economic performance, project timeline and a description of the role of the applicant or its constituent members in the project. Proven track record of

meeting a project timeline as well as the ability to hire and manage sub-contractors, schedule trades and materials and secure permits.

(iii) *Financial History and Financial Capacity.* Documentation of successful bid and job completion. Documentation of the following financial information: four (4) years of annual credit reports, annual reports, audited financial statements or tax returns of the applicant and its constituent members and real estate portfolios, recent history of obtaining financing commitments, a description of all projects currently underway but not completed, including the financial commitment required of the applicant, identification of equity and debt capital and the relationship between the developer and the financing source.

(iv) *Litigation History.* Detailed information regarding any litigation that involved the applicant or any of its direct or indirect constituent members.

(v) *Formation.* Documentation evidencing that the applicant and its constituent members, if any, have been duly formed, made all filings and are in good standing in the State of California and in the state of their respective incorporation. If the applicant is a (x) joint venture or (y) a BVHP Non-Profit Group with a Development Assistant, then the applicant shall provide evidence demonstrating the existence of a duly executed contractual relationship between the applicable parties.

(b) Process. Developer shall provide applicants with a reasonable period of time in which to submit a Community Builder Application. Developer shall notify applicants of receipt of the submitted Community Builder Application, keep a list of all persons who submit a Community Builder Application and consult with the Agency to supplement such list with additional names of potential Community Builders (each, a “**Community Builder Applicant**”, and collectively, the “**Community Builder Applicants**”).

(c) Updates. Due to the phased nature of the Project, the Community Builders Pool may be formed and Community Builders may be selected therefrom significantly in advance of the Completion of the Infrastructure for a particular Community Builder Lot. In order to ensure that the qualifications stated by Community Builders in their respective Community Builder Applications remain current, the Agency or Developer may from time to time issue a written request to a Community Builder (the “**Update Request**”) for an update to the information provided in the Community Builder Application previously submitted. Responses to Update Requests shall be handled as follows:

(i) Failure to respond in writing within forty five (45) days following receipt of an Update Request will result in the disqualification of such Community Builder from participating in the Community Builder Program. In the event of a disqualification, Developer shall have the sole and absolute discretion to (i) select a new Community Builder from the Community Builders Pool and/or (ii) conduct the Applicant Outreach Process to increase the available number of potential Community Builders in the Community Builders Pool and

thereafter select a new Community Builder from the Community Builders Pool (the “**Disqualification Procedures**”).

(ii) In the event that a Community Builder timely responds to the Update Request, but advises of a change in any of the material information or qualifications included on its application that the Selection Panel believes is materially adverse, then the Selection Panel shall provide to the Community Builder written notice of specific deficiencies in the information provided in response to the Update Request (the “**Cure Notice**”). The Community Builder will have forty five (45) days (the “**Resolution Period**”) to provide information to the Selection Panel sufficient to address the concerns specified in the Cure Notice. If a Cure Notice is sent to a Community Builder that is comprised of a BVHP Non-Profit Group and its Development Assistant, then the BVHP Non-Profit Group shall provide the Selection Panel during the Resolution Period with an updated Community Builder Application, which may propose a replacement Development Assistant (the “**Replacement Development Assistant**”) if necessary to address the deficiencies noted in the Cure Notice. Within fifteen (15) days following the last day of the Resolution Period, the Selection Panel shall by mutual agreement determine whether the information submitted by the Community Builder (or the BVHP Non-Profit Group) adequately cures the deficiencies outlined in the Cure Notice and shall inform such Community Builder (or the BVHP Non-Profit Group) in writing of such determination. If the Selection Panel determines that the information submitted by the Community Builder (or the BVHP Non-Profit Group) does not adequately cure the deficiencies outlined in the Cure Notice, then the Selection Panel may by mutual agreement elect to issue a subsequent Cure Notice or direct Developer to follow the Disqualification Procedures.

Section 1.3 Selection.

(a) Selection Panel. A selection panel comprised of two (2) representatives appointed by each of the Agency and Developer (the “**Selection Panel**”) shall by mutual agreement create a pool of potential Community Builders selected from the Community Builder Applicants (the “**Community Builders Pool**”). Representatives appointed to the Selection Panel shall be employees of the party that appointed such representative and shall be experienced in real estate development matters. Representatives may be replaced from time to time by the party that originally appointed such representative by providing notice thereof to the other appointing party.

(b) Selection Criteria for Inclusion in the Community Builders Pool. To be included in the Community Builders Pool, the Selection Panel must find (the “**Qualification Finding**”) that the applicant (1) qualifies as a BVHP Area Builder, (2) has technical proficiency and relevant experience (including at least two (2) years of development or construction experience) to perform duties that are economically significant to the development of a Community Builder Lot (the “**Technical Qualifications**”) and (3) has the capacity to actively and substantially participate in the

day-to-day, financial and policy decision-making responsibilities associated with the acquisition and development of a Community Builder Lot.

(c) Selection of Community Builders. Developer shall have the sole and absolute discretion to select Community Builders from the Community Builders Pool and to assign such Community Builders to Community Builder Lots. Upon such selection and assignment, Developer shall provide written notice thereof to the Community Builders, those in the Community Builders Pool and the Agency and the selected Community Builder shall no longer be considered part of the Community Builders Pool.

2. FORM OF PARTICIPATION BY COMMUNITY BUILDER

Section 2.1 Independent Community Builder. An “**Independent Community Builder**” is a Community Builder which possesses the capacity to (1) acquire its assigned Community Builder Lot in accordance with the terms set forth in the DDA, (2) negotiate a Vertical DDA mutually acceptable to such Community Builder and the Agency and (3) complete the Vertical Improvements for such Community Builder Lot in accordance with the terms of such Vertical DDA. Under such model, the Independent Community Builder would be solely responsible for acquiring and developing the applicable Community Builder Lot in accordance with the terms of this Agreement, the DDA and the Vertical DDA.

Section 2.2 Joint Venture Community Builder. A “**Joint Venture Community Builder**” is a Community Builder which forms a joint venture with Developer, an Affiliate of Developer and/or a Qualified Buyer (such joint venture, the “**Developer/Community Builder Venture**”) pursuant to a joint venture agreement mutually agreed upon by Developer (or an Affiliate of Developer) and the Community Builder (the “**Developer/Community Builder Joint Venture Agreement**”). The Developer/Community Builder Joint Venture Agreement shall require the Community Builder to contribute a material portion of the anticipated costs of acquiring its assigned Community Builder Lot in accordance with the terms set forth in the DDA and the anticipated costs of completing the anticipated Vertical Improvements for such Community Builder Lot and the return thereon shall be commensurate with the portion so contributed by the Community Builder.

Section 2.3 Fee Developer Community Builder. A “**Fee Developer Community Builder**” is a Community Builder which enters into a customary development services agreement (the “**Fee Developer Agreement**”) with the Vertical Developer the applicable Community Builder Lot pursuant to which the Fee Developer Community Builder participates in the day-to-day development of the applicable Community Builder Lot. The Fee Developer Agreement will not require the Community Builder to contribute capital to either (i) acquire the applicable Community Builder Lot or (ii) complete the Vertical Improvements for such Community Builder Lot. In consideration of such participation, the Fee Developer Community Builder will receive compensation (the “**Development Fee**”) of up to three percent (3%) of either: (a) the direct costs associated with the vertical construction of the applicable Community Builder Lot (the “**Cost Model**”) or (b) the gross revenues of the applicable Community Builder Lot (the “**Revenue Model**”). Under (x) the Cost Model, the Development Fee will be paid based on the payment date and amount of qualifying costs and (y) the Revenue Model, the Development Fee will be paid monthly based on the anticipated gross revenues, with a portion of

such Development Fee to be disbursed after and to the extent the development of the Community Builder Lot has resulted in a commercially reasonable rate of return. The Development Fee, the final amount and method of calculation of which will be included in the Fee Developer Agreement, may be adjusted downward, if at all, based on the level of services to be provided by the Community Builder.



113-0122016-002

Agenda Item No. 5(f)
Meeting of July 19, 2016

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Workshop on the January – June 2016 Reports on OCII Small Business Enterprise and local hiring goals practices

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII"), as successor agency to the Redevelopment Agency of the City and County of San Francisco, has a long history of promoting equal opportunity in contracting and workforce employment among professional services consultants and contractors performing work on Agency-assisted contracts. OCII adopted and continues to actively implement the Equal Opportunity Programs ("EOP") of the prior Redevelopment Agency. These EOP programs are comprehensive and include:

- Small Business Enterprise Policy
- Nondiscrimination in Contracts and Equal Benefits Policy
- Minimum Compensation Policy
- Health Care Accountability Policy
- Prevailing Wage Provisions (Labor Standards)
- Construction Workforce Policy
- Permanent Workforce Policy

Edwin M. Lee
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The focus of this report is on OCII's Small Business Enterprise ("SBE") and Construction Workforce programs, and their performance during the period January 1 through June 30, 2016. Under the Agency's SBE and Construction Workforce policies, OCII establishes an overall 50% goal for SBE participation and local construction workforce hiring in contracts that it oversees. Contractors are required to perform extensive good faith efforts in an attempt to meet the goals, and OCII staff works closely with each developer and/or their lead architects and contractors to ensure compliance.

During the past six months, there are 11 projects under OCII's jurisdiction which were awarded contracts at a value of over \$211 million. On an aggregate basis, there are 55 projects totaling nearly \$1.6 billion dollars that are being monitored by OCII as of June 30, 2016, and these projects are at various stages of design and construction. These projects include private market rate housing, stand-alone and inclusionary affordable housing, private commercial developments, and public infrastructure improvements.

Some project sponsors performed better than others, with some meeting or exceeding the Agency's 50% goal while others falling below the goal despite good faith efforts by the project sponsors. Overall, projects initiated during this reporting period yielded higher SBE participation than the last reporting period, averaging 45% of SBE commitments. As with prior performances, SBE participation on professional services contracts consistently exceed the Agency's goal of 50% and achieved 65% during this reporting period while commitments on construction contracts are at 39%. Notably, SBE participation on construction contracts was above the Agency's average of 37% and is attributed to contractors' efforts to remain proactive in engaging small businesses.

On the construction workforce front, the overall local hiring rate is approximately 24.7% of total work hours. Although this percentage falls short of OCII's overall goal (which is set at a high threshold that exceeds City standards), the absolute dollar value and number of work hours for local workers is significant. Approximately 1.6 million work hours were logged during the period, of which over 401,000 hours were performed by San Francisco residents.

BACKGROUND

Small Business Enterprises (SBE) Contracting

The OCII SBE Policy was adopted in November 2004 and replaced the Former Agency's Minority and Women Business Enterprise (W/MBE) Policy, which was not limited to San Francisco-based businesses. The objective of the SBE Policy is to level the playing field for small businesses, particularly San Francisco-based small businesses, to compete on OCII-assisted projects. In keeping with the overall objective of redevelopment, OCII continued the principle of "First Consideration" offering priority to local businesses for employment and contracting opportunities. OCII's SBE Policy establishes an ambitiously high overall SBE goal of 50% to encourage aggressive and proactive measures to engage SBEs. These measures include incentives for engaging SBEs in construction joint ventures and professional services associations (such as associate architects) to foster capacity building among SBEs. OCII's SBE Policy applies to all OCII-assisted contracts, including Development and Disposition Agreements (DDAs) and loan agreements.

As part of the SBE Policy, the Agency adopted the practice of averaging a firm's gross receipts over its immediate prior three years to determine business size. In an effort to mitigate marketplace confusion and improve program administration, OCII adopted size standards in July 2015 to conform to the City and County of San Francisco. In order to qualify as a small business, a firm's gross receipts (averaged over three years) must not exceed the following thresholds for the respective classifications:

Industry	OCII SBE Size Standard
Construction Contractors	\$20,000,000
Specialty Construction Contractors	\$14,000,000
Suppliers (goods/materials/ equipment and general services)	\$10,000,000
Professional Services	\$2,500,000
Trucking	\$3,500,000

OCII's SBE program is designed to encourage SBE participation by requiring developers and contractors to perform extensive good faith efforts to include SBEs in Agency-assisted contracts or agreements, and any subsequent agreements between the developer and its contractors or consultants. If SBE participation goals are not met, good faith efforts must be documented and provided to OCII.¹ In accordance with the SBE Policy, the developer or contractor shall give priority in awarding any Agency-assisted contracts in the following order: (1) Project and Survey Area SBEs, (2) Local SBEs (outside an OCII Project or Survey Area, but within San Francisco), and (3) all other SBEs (outside of San Francisco). Non-local SBEs are allowed to satisfy participation goals only if Project and Survey Area SBEs or Local SBEs are neither available nor qualified, or if their bids or fees are significantly higher than those of non-local SBEs. OCII staff works closely with developers and contractors to ensure good faith efforts are diligently performed.

Although OCII has an overall SBE participation goal of 50 percent, the overall goal may be adjusted either upward or downward on a contract-by-contract basis depending on the availability of SBEs to perform the requested work. These adjustments may be necessary to account for a specific circumstance (such as the lack of available SBE firms to perform a particular trade) and follow, to a large degree, the industry concept of establishing contract-specific participation goals based on the number of firms ready, willing, and able to perform. During this period, OCII staff did not make any adjustments to the overall goal. Staff opted instead to maintain the goal at 50% to remain ambitious and encouraged developers and contractors to modify scopes of work to allow SBEs opportunities to team with non-SBEs to form joint ventures or associations as an effort to meet the goal. Notably, no adjustments have ever been made on any Agency-assisted contracts.

For this report, OCII staff looked at projects and contracts that were reviewed and approved by the Commission, or awarded by developers and their contractors between the periods of January 1 through June 30, 2016. OCII staff utilized contract award information gathered from developers, contractors, and information from OCII's web-based reporting tool, Elation Systems. Information was confirmed with the developers and contractors, and updated where applicable. Payment information is gathered from pay applications on affordable housing projects and from close-out reports when a project is complete.

During this reporting period 11 contracts valued at over \$211 million were awarded for design and construction services. These contracts support a variety of projects, ranging from market rate, inclusionary, and stand-alone affordable housing to public infrastructure projects. Under the SBE Policy and existing practice, joint ventures and associations that include significant SBE participation are given SBE credits toward meeting the SBE goal of 50 percent. For the past six months, more than \$93.8 million were credited to SBEs, representing 44.5% of the value of the contracts, and actual awards to SBE exceeded \$74.7 million or 35.4% of all awards. The following is a summary of this period's performance.

¹ "Good faith" efforts include unbundling or dividing contracts in order to facilitate SBE participation; advertising contracting opportunities to the small business community; allowing SBEs sufficient time to respond to requests for bids or proposals; following up with SBEs that have expressed an interest in a particular contract; convening pre-bid or pre-solicitation conferences; assisting SBEs with plans and specifications, among others; and documenting efforts to engage SBEs in the solicitation and award process.

Summary of Contracts Awarded January – June 2016

Project Type	# of Projects	Total	SBE Credit \$	SBE Credit %	SBE Participation \$	SBE %
Infrastructure (construction)	3	\$14,498,725	\$8,143,871	56.2%	\$8,143,871	56.2%
Market Rate/Inclusionary Housing (construction and design/professional services)	2	\$51,029,060	\$6,306,193	12.4%	\$6,306,193	12.4%
Standalone Affordable Housing - OCII funded (construction and design/professional services)	5	\$128,796,914	\$68,151,383	52.9%	\$55,016,524	42.7%
Commercial and Mixed-Use Development (design/professional services)	1	\$16,831,868	\$11,281,612	67.0%	\$5,319,971	31.6%
TOTAL	11	\$211,156,567	\$93,883,059	44.5%	\$74,786,559	35.4%

By industry work type, SBEs consistently meet the 50% goal for professional services. The following is a breakdown of awards to SBEs by industry category during January to June 2016.

January – June 2016 Summary by Work Type

<i>Summary</i>	Total Dollars (in Millions)	SBE Dollars (in Millions)	% of Total
Professional Services	\$44.0	\$28.6	65.1%
Construction and Supplies	\$167.2	\$65.3	39.0%
Total	\$211.2	\$93.9	44.5%

Ongoing efforts are continuing to be made to separately identify construction contracts from supply contracts. However, the Construction and Supplies category continues to aggregate all construction activities because bid information from construction subcontractors continues to be primarily in a lump sum basis and do not separately disaggregate supply costs. Bids from subcontractors are often times based on take-offs with industry cost measures and without specific identity of suppliers and, consistent with federal reporting practices, OCII credits a small business subcontractor with the full value of its contract towards the SBE goal irrespective of where it procures its supplies as long as it does not subcontract its work to another firm. To the extent where suppliers are identified by non-SBE contractors to meet the SBE goal of a project, staff collects this information and reports it within the overall goal of a project.

January – June 2016 Results by Project Area

The following percentages represent SBE participation dollars as a percentage of total contract awards by project area.

<i>Summary</i>	Bayview Hunters Point*	Hunters Point Shipyard	Mission Bay	Transbay	Other	TOTAL
Professional Services	0.0%	96.6%	64.7%	63.9%	0.0%	65.1%
Construction and Supplies	0.0%	50.8%	35.0%	31.0%	0.0%	39.0%
Total	n/a	51.6%	60.4%	37.1%	n/a	44.5%

* No new contracts for Hunters View

As with past performance and trends, SBE engagement in the field of design and other professional services consistently exceeds OCII's overall 50% goal, reaching 65% during the period and exceeded the prior period of 54%. SBE participation in construction reached 39% and, while below the overall agency goal of 50%, surpasses the prior average of 37%. The field of construction remains a challenge for SBE participation, especially on high rise tower projects such as Transbay Block 9. Although only three trades have been bid and awarded thus far, the largest package for Transbay Block 9 is worth \$41 million and is in concrete foundation, which yielded only 4% SBE participation in peripheral supplies. Because of the magnitude and nature of work, the bulk of the package is in concrete material that has limited to no SBE availability. Discussions have been held regarding dealers and brokers of concrete material to ensure SBE suppliers are performing a commercially useful function and not serving as a pass-through. In the case of Transbay Block 9, SBE suppliers will be supplying peripheral material.

On an accumulated running total basis (from each project's inception until June 30, 2016), the overall SBE credit on all OCII-assisted contracts is 39.7%, which is a slight increase of 0.7% from the prior reporting period. This increase is of minimal consequence as the figure is expected to fluctuate from period to period. Notably, contracts to SBEs for professional services remain above the Agency's goal of 50%, reaching 58.7%. For Construction and Supplies, the percentage figure remains in a band of 36-37%. The accumulated total and changes from prior period are shown below.

<i>Summary</i>	SBE Dollars Credited Towards Goal (in Millions)	Total Dollars (in Millions)	% of Total	Change from Prior Report
Professional Services	\$134.0	\$228.4	58.7%	+1.5%
Construction and Supplies	\$550.3	\$1,494.4	36.8%	+0.3%
Total	\$684.4	\$1,722.8	39.7%	0.7%

Please refer to Attachments A-1 and A-2 for individual project details for January through June 2016 and an accumulated total of active projects, respectively. In addition, Attachment A-3 is a detail listing of vendors for the January through June period.

At the request of the Commission, OCII staff tracks actual dollars paid to SBEs in addition to award information. Collection of payment information is improving to include completed contracts and those contracts in OCII's affordable housing program. Staff collects data from pay applications and close-out reports. Staff continues to assess the viability of collecting payment information from private developers on non-affordable housing projects. The following are projects completed during the reporting period and show an improvement in SBE utilization from commitments to actual payments.

Project	Awards and Commitments			Actual Payments	
	Total	SBE \$	SBE %	SBE \$	SBE %
Carroll Avenue Senior Housing	39,270,478	16,922,462	43.1%	18,050,346	44.9%
HPSY Phase I: Block 49 - 350 Friedell Street	20,213,835	11,632,579	57.5%	12,114,740	53.3%
MB Block 12E - ARDEN	103,920,593	23,206,015	22.3%	25,536,937	18.5%

Furthermore, at the request of the Commission, OCII staff gathers minority and women ownership data on the make-up of SBE firms participating in OCII-assisted contracts. OCII staff gathers data from the General Services Agency's Contract Monitoring Division and several publicly available databases, including the California Unified Certification Program database of DBEs (disadvantaged business enterprises), the California Public Utilities Commission Supplier Clearinghouse of W/MBEs (women and minority owned firms), and the U.S. Small Business Administration (SBA) Dynamic Small Business Search database (http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm). During the past six months, minority-owned business enterprises (both male and female owned MBEs) were awarded 13.5% of the total value of contracts; and non-minority women-owned business enterprises (WBE) were awarded 3.8%, representing a total W/MBE figure of 17.3% of all contract awards. This comprises approximately 40% of all SBE dollars, while the remaining SBE dollars were awarded to non-minority male SBEs.

In the past, an observation was made that there was a low percentage of participation among Latino-owned firms. Staff undertook efforts to improve the participation rate of Latino-owned firms by increasing awareness among developers and contractors. For this reporting period, overall Latino-owned business participation is 3.4%, which is a continuing improvement from the prior reports of 3.1% in December 2015 and 1.5% in June 2015. To determine, for informational purposes, if minority and women-owned firms received a proportionate share of contracts on a dollar volume basis, staff evaluated the distribution of SBE dollars among ethnic and gender categories and performed a simple availability and utilization comparison (see tables below). Overall, MBE firms received 37% of SBE dollars compared to an availability of 43% based on certified data from the City's LBE database and contract data for non-LBE certified small businesses. Notably, non-minority female-owned firms continue to show a shortfall. The following is a gender and ethnic breakdown of awardees for this reporting period, broken down for professional services and construction, and combined in the last table.

SBE Profile for Professional Services Contracts during January - June 2016

	SBE\$	SBE % All Awards	Distribution (% of Total)	No. of Firms	Distribution (% No. of Firms)	SBE Availability*	% of Total
Asian/Pacific American	1,893,287	4.3%	6.6%	19	19.6%	84	18.1%
Black/African American	2,357,095	5.4%	8.2%	4	4.1%	21	4.5%
Latino	4,387,188	10.0%	15.3%	9	9.3%	37	8.0%
Other	1,584,589	3.6%	5.5%	7	7.2%	39	8.4%
Subcontinent Asian	100,000	0.2%	0.3%	1	1.0%	5	1.1%
Non-Minority Female	2,245,894	5.1%	7.8%	12	12.4%	108	23.3%
Non-Minority Male	16,062,124	36.5%	56.1%	45	46.4%	170	36.6%
TOTAL	28,630,177	65.1%	100.0%	97	100.0%	464	100.0%

SBE Profile for Construction Contracts during January - June 2016

	SBE\$	SBE % All Awards	Distribution (% of Total)	No. of Firms	Distribution (% No. of Firms)	SBE Availability*	% of Total
Asian/Pacific American	5,235,287	3.1%	8.0%	12	11.3%	69	21.8%
Black/African American	15,992,489	9.6%	24.5%	11	10.4%	37	11.7%
Latino	2,742,833	1.6%	4.2%	4	3.8%	35	11.1%
Other	339,121	0.2%	0.5%	3	2.8%	7	2.2%
Subcontinent Asian	-	0.0%	0.0%	-	0.0%	3	0.9%
Non-Minority Female	5,884,263	3.5%	9.0%	9	8.5%	30	9.5%
Non-Minority Male	35,058,889	21.0%	53.7%	67	63.2%	135	42.7%
TOTAL	65,252,882	39.0%	100.0%	106	100.0%	316	100.0%

**SBE Profile for All Contracts during January - June 2016
(Professional Services and Construction)**

	SBE\$	SBE % All Awards	Distribution (% of Total)	No. of Firms	Distribution (% No. of Firms)	SBE Availability*	% of Total
Asian/Pacific American	7,128,574	3.4%	7.6%	31	15.3%	153	19.6%
Black/African American	18,349,584	8.7%	19.5%	15	7.4%	58	7.4%
Latino	7,130,021	3.4%	7.6%	13	6.4%	72	9.2%
Other	1,923,710	0.9%	2.0%	10	4.9%	46	5.9%
Subcontinent Asian	100,000	0.0%	0.1%	1	0.5%	8	1.0%
Non-Minority Female	8,130,157	3.9%	8.7%	21	10.3%	138	17.7%
Non-Minority Male	51,121,013	24.2%	54.5%	112	55.2%	305	39.1%
TOTAL	93,883,059	44.5%	100.0%	203	100.0%	780	100.0%

*SBE Availability figure is derived from bid data and the City and County of San Francisco LBE database for professional services and construction

During this past six months, concerns were raised regarding firms that repeatedly obtain contracts on OCII projects. In addition, inquiries were made as to how OCII can foster small business development through capacity building. Staff conducted a detailed analysis of contracts awarded this past six months and determined that 42 firms received multiple contracts comprising 19% of all contract awards. The majority of contracts (i.e. 81% of all contracts) were awarded firms that received one contract. Of the 42 firms, 58% of the dollar value went to SBEs, of which 25% are San Francisco-based SBEs. Upon closer analysis, those that received three or more contracts were essentially all SBEs (with the exception of one) and 81% are San Francisco-based SBEs. It appears contractors are awarding multiple contracts to San Francisco-based SBEs in an attempt to meet the SBE goal. In addition, those non-SBE firms that receive two contracts appear to have been awarded based on specialized services or competitive pricing. The following table lists all firms that received multiple contracts this past six months.

January - June 2016 Multiple Awards

Vendor	No. of Contracts	Amount	SBE Amount	SF-SBE	Informational Purposes Only: Ethnicity/Gender
Bright Green Strategies	4	\$91,330.00	\$91,330.00	\$0.00	Asian Pac
Specialties Etc.	4	\$356,303.00	\$356,303.00	\$356,303.00	Non-Minority Female
Temper Insulation	4	\$170,000.00	\$150,000.00	\$150,000.00	Asian Pac
Alcal	3	\$898,077.00	\$0.00	\$0.00	
E350	3	\$397,830.00	\$397,830.00	\$397,830.00	
Martin M. Ron & Associates	3	\$207,800.00	\$207,800.00	\$207,800.00	
Monica Wilson	3	\$83,000.00	\$83,000.00	\$83,000.00	Latina
The Papadimos Group, Inc.	3	\$146,200.00	\$146,200.00	\$146,200.00	
Tommy Sui & Associates	3	\$310,000.00	\$310,000.00	\$310,000.00	Asian Pac
Urban Design Consulting Engineers	3	\$389,386.00	\$389,386.00	\$389,386.00	Asian Pac
Y.A. Studios	3	\$2,320,625.00	\$2,320,625.00	\$2,320,625.00	Black/African American
ACCO	2	\$4,252,987.00	\$0.00	\$0.00	
American Trash Management	2	\$21,579.00	\$0.00	\$0.00	
Baines/Nibbi JV	2	\$10,138,785.00	\$10,138,785.00	\$0.00	Black/African American
Bay City Mechanical	2	\$3,464,800.00	\$0.00	\$0.00	
Bello & Associates	2	\$393,504.00	\$393,704.00	\$393,704.00	Asian Pac
Bruce Baumann	2	\$257,899.00	\$0.00	\$0.00	
Butler Enterprise Group	2	\$54,870.00	\$54,870.00	\$54,870.00	Black/African American
Coast Building Products	2	\$670,621.00	\$0.00	\$0.00	
CS Caulkins	2	\$132,160.00	\$132,160.00	\$0.00	
DFS	2	\$2,422,603.00	\$2,422,603.00	\$0.00	
Edgett Williams	2	\$114,019.00	\$114,019.00	\$0.00	
Eggli	2	\$1,051,301.00	\$1,051,301.00	\$0.00	
ESA Cultural Resources	2	\$75,178.00	\$0.00	\$0.00	
European Paving	2	\$338,891.00	\$338,891.00	\$0.00	
Heintges	2	\$619,223.00	\$0.00	\$0.00	
House Construction	2	\$1,788,653.00	\$1,788,653.00	\$0.00	
KPFF/ Rivera Consulting Group	2	\$341,650.00	\$341,650.00	\$341,650.00	Latino
MKA	2	\$1,284,561.00	\$0.00	\$0.00	
Otis Elevator	2	\$1,531,887.00	\$0.00	\$0.00	
Pacific Stair Corporation	2	\$2,241,093.00	\$0.00	\$0.00	
Peninsulators	2	\$170,091.00	\$170,091.00	\$0.00	
Premier Stone and Tile	2	\$227,002.00	\$227,002.00	\$227,002.00	
Scaffold Inspection & Testing Co (SITCO)	2	\$17,000.00	\$17,000.00	\$0.00	
Smart Plotting	2	\$350,000.00	\$350,000.00	\$350,000.00	Other
Stafford Environmental Services, Inc.	2	\$35,225.00	\$35,225.00	\$0.00	
Sun Light & Power	2	\$633,603.00	\$633,603.00	\$0.00	
Surface Design	2	\$344,530.00	\$344,530.00	\$0.00	
The Fire Consultants	2	\$242,768.00	\$242,768.00	\$0.00	
Thornton Tomasetti	2	\$1,346,227.00	\$0.00	\$0.00	
Universal Plastics	2	\$61,695.00	\$61,695.00	\$0.00	
William Self	2	\$51,258.00	\$51,258.00	\$0.00	
TOTAL (42 Firms)		\$40,046,214.00*	\$23,362,282.00	\$5,728,370.00	
<i>*19% of All Contracts Valued at \$211M</i>					

Furthermore, staff analyzed the top twenty contractors awarded the largest contracts this reporting period and there were no instances where a contractor received more than two contracts. These contracts comprised 62% of all contract awards and are detailed below. Notably, a majority of these contracts were awarded to non-SBEs and staff recognizes that incentivizing these contractors to partner with SBEs would be critical to the success of OCII's SBE Program.

January - June 2016 Top Twenty Largest Contracts

Vendor	No. of Contracts	Amount	SBE Amount	SF-SBE	Ethnicity/Gender
Webcor Concrete	1	\$41,012,562.00	\$0.00		
Baines/Nibbi JV (joint venture between Baines Group and Nibbi Bros)*	2	\$10,138,785.00	\$10,138,785.00		Black/African American
Country Builders	1	\$7,471,258.00	\$0.00		
Cahill Contractors Inc.	1	\$6,592,560.00	\$0.00		
Brayer Electric Company	1	\$6,266,753.00	\$0.00		
SHoP (association with Quesada Architecture) *	1	\$5,716,315.00	\$5,716,315.00	\$5,716,315.00	Latino
Olson & Co. Steel	1	\$5,316,831.00	\$0.00		
Frey Inc	1	\$5,179,970.00	\$5,179,970.00		
Sierra Electric	1	\$4,777,232.00	\$4,777,232.00	\$4,777,232.00	Non-Minority Female
OMA	1	\$4,254,407.00	\$0.00		
ACCO	2	\$4,252,987.00	\$0.00		
DeSilva Gates	1	\$4,112,924.00	\$0.00		
HKS (association with Y.A. Studios) *	1	\$3,950,263.00	\$3,950,263.00	\$3,950,263.00	Black/African American
Bay City Mechanical	2	\$3,464,800.00	\$0.00		
Egan Plumbing, Inc.	1	\$3,407,333.00	\$3,407,333.00		
Anvil Builders	1	\$3,239,400.00	\$3,239,400.00	\$3,239,400.00	Asian Pac
Daley's Drywall	1	\$2,995,541.00	\$0.00		
Eco Bay Services, Inc.	1	\$2,904,479.00	\$2,904,479.00	\$2,904,479.00	
Cahill/TSM General Building Contractor (joint venture between TSM General Building and Cahill)*	1	\$2,454,482.00	\$2,454,482.00	\$2,454,482.00	Black/African American
DFS	2	\$2,422,603.00	\$2,422,603.00		
TOTAL		\$129,931,485.00**	\$44,190,862.00	\$23,042,171.00	

*Joint Venture or Association

**62% of All Contracts Valued at \$211M

Building the capacity of small businesses has been a focused effort of OCII. In addition to the four Joint Ventures and Associations listed above, there are another six Associations awarded contracts this reporting period. These ten Joint Ventures and Associations were credited with \$23 million in SBE participation and benefit primarily minority business owners. Four of the ten partnerships are with Black/African American business owners, while three are with Latinos and one with an Asian-Pacific American. Staff will continue to encourage partnerships to the greatest extent possible, including the formation of Joint Ventures or Associations at the prime contracting level. Four of the ten aforementioned partnerships are at the prime level.

Construction Workforce

Prior to the City's adoption of its local hiring policy for construction, OCII had implemented, on a contract-by-contract basis, a local workforce requirement on Agency-assisted construction projects. OCII's local workforce practice is aggressive and unique in that it establishes a local hiring goal of 50 percent, with First Consideration for Project Area residents and requires contractors to adhere to State prevailing wage requirements, even on projects entirely funded with private dollars. OCII monitors workforce compliance through a web-based monitoring and reporting system, Elation Systems. Contractors and subcontractors are required to submit certified payroll reports through this system which tracks, by project and trade, each hour worked by a contractor's or subcontractor's employees. The system also tracks employee information such as residence and, in most cases, ethnic and gender data, which is requested optionally. OCII staff monitors payroll submissions for deficiency and gathers missing payroll reports when delinquent. In addition, OCII has an agreement² with the Office of Economic and Workforce Development ("OEWD") through their CityBuild department to provide day-to-day construction workforce compliance services. CityBuild implements the day-to-day program and works with contractors and subcontractors on worker referrals and compliance. OCII staff meets bi-weekly with CityBuild to discuss and assess progress of the Agency's workforce program, and meets monthly with CityBuild and general contractors in the Hunters Point Shipyard project area to assess progress on the hiring of Bayview Hunters Point residents.

For this report, OCII staff extracted data from Elation Systems and separately identified and reported those work hours performed by San Francisco residents, and those performed by individuals residing in the ZIP codes: 94124, 94107, and 94134 ("BVHP" area). In addition, data on minority and women workers is provided for informational purposes.

During this past six months from January 1 through June 30, 2016, contractors logged 1,671,096 work hours, of which 408,685 hours (or 24.5% of the total) were performed by San Francisco residents. This is a decrease from 27% reported for the prior six months from July through December 2015, and reflects the continuing challenge of a tight labor market within a booming construction industry in San Francisco.

<i>Construction Workforce January-June 2016</i>	Bayview Hunters Point*	Hunters Point Shipyard	Mission Bay	Transbay	Other**	TOTAL
Local Hours	41,185	139,617	70,598	152,103	5,182	408,685
TOTAL Hours	148,539	386,356	355,837	710,157	70,207	1,671,096
Local %	27.7%	36.1%	19.8%	21.4%	7.4%	24.5%

*Hunters View and Carroll Avenue Senior Housing

**72 Townsend, 1450 Franklin, and 680 Folsom

On an accumulated basis (i.e., since each project's inception), approximately 6 million work hours have been logged as of June 30, 2016. Of this amount, over 1,591,280 hours (or 26.4 percent) were performed by San Francisco residents. This is a slight decrease from the 26.8 percent reported in the last report.

² OCII is presently working with the Office of Economic and Workforce Development to extend the Memorandum of Understanding to include additional services for trainee and end-use employment.

<i>All Active Projects</i>	Bayview Hunters Point	Hunters Point Shipyard	Mission Bay	Transbay	Other	TOTAL
Local Hours	128,535	520,642	601,365	152,576	188,163	1,591,281
TOTAL Hours	381,059	1,323,307	2,730,159	713,419	869,223	6,017,167
Local %	33.7%	39.3%	22.0%	21.4%	21.6%	26.4%

Although this percentage may appear low, it is important to note that over 16,980 workers have had a hand in constructing OCII-assisted projects; over 3,430 are San Francisco residents, of which 1,330 are from the Bayview Hunters Point neighborhood. On average, individual local workers performed 424 hours on OCII-assisted projects while non-residents performed 297 hours, reflecting the impact of OCII's Construction Workforce program. Current industry dynamics and constraints on construction labor, however, have adversely impacted contractors' achievement towards the goal. Demand for construction labor is currently high as a result of increasing developments and economic expansion, resulting in a shortage of construction workers. In addition, the City's Local Hiring Policy was enacted in August 2014 to expand local hiring requirements to apply to private projects on public land. This expansion has increased the demand on the current pool of local workforce. To address these issues, CityBuild has added additional specialized construction training classes on weekends under their Academy Program; performed additional outreach to attract potential students; continued to work with private industry, the San Francisco Unified School District, the San Francisco Conservation Corp, and other community based organizations to expand recruitment and training efforts; and added an additional Academy cycle to its program year, which now totals three. Currently, CityBuild Academy graduates approximately 100 students per year. Notably, a majority of the graduates in the CityBuild Academy completed in December 2015 have been hired by contractors and are working on projects based in San Francisco.

OCII staff, along with OEWD, will continue to assess the progress of each project and work closely with developers and contractors to ensure compliance, which includes on-going good faith efforts on the part of contractors. Because of current labor constraints, contractors are recognized for their good faith efforts when their requests for workers are unmet. Please refer to Attachments B-1 and B-2 for individual project details for January through June 2016 and on an accumulated basis, respectively. Attachment B-3 shows the ethnic and gender breakdown of workers by hour performed on all projects during the January through June reporting period.

(Originated by Raymond Lee, Contract Compliance Supervisor)



Tiffany Bohee
Executive Director

- Attachment A-1: January-June 2016 SBE Dollars by Project Summary Report
- Attachment A-2: Accumulated SBE Dollars by Project Summary Report
- Attachment A-3: January-June 2016 SBE Dollars by Project Detail Report
- Attachment B-1: January-June 2016 Work Force Summary Report
- Attachment B-2: Accumulated Work Force Summary Report
- Attachment B-3: January-June 2016 Work Force Report by Ethnicity and Gender