

RESOLUTION NO. 16-2012
Adopted December 10, 2012

RESOLUTION ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING AN AMENDMENT TO AN ENFORCEABLE OBLIGATION UNDER THE DISSOLUTION LAW APPROVING AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) BETWEEN THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO AND CP DEVELOPMENT CO., LP, AND AUTHORIZING ACTIONS CONSISTENT WITH THE FIRST AMENDMENT; FINDING THAT THE FIRST AMENDMENT IS IN THE BEST INTERESTS OF TAXING ENTITIES; HUNTERS POINT SHIPYARD AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS.

WHEREAS, The Hunters Point Shipyard/Candlestick Point Project is one of San Francisco's three critical redevelopment legacy projects that the Successor Agency must continue to implement under the Dissolution Law (defined below). The Project is divided into two related parts, called Phase 1 and Phase 2, each with a separate disposition and development agreement. The disposition and development agreements, together with a number of related binding agreements attached to or referenced in the text of the disposition and development agreement, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Shipyard development project. The disposition and development agreements are binding contractual agreements that provide for the transfer of land from the former Redevelopment Agency of the City and County of San Francisco (the "Agency") to developers, the developers' and the Agency's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing these projects. Phase 1 covers approximately 75 acres and Phase 2 is significantly larger, covering over 700 acres at the Shipyard and at the adjacent Candlestick Point. A more detailed discussion of the projects and the disposition and development agreements was attached as Exhibit B-3 to the Oversight Board Resolution No. 5-2012, and is incorporated herein; and,

WHEREAS, In connection with the Candlestick Point and Phase 2 of Hunters Point Shipyard project (the "Project"), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco ("Successor Agency") and CP Development Co., LP ("Developer") entered into a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated June 3, 2010 (the "DDA"); and,

WHEREAS, The Oversight Board and the California Department of Finance have recognized the DDA as an Enforceable Obligation under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the "Dissolution Law");

WHEREAS, The Dissolution Law, in particular California Health and Safety Code Section 34177, provides that the Successor Agency is required to (1) perform obligations required pursuant to any Enforceable Obligation, and (2) continue to

oversee development of properties until the contracted work has been completed; and,

WHEREAS, In connection with Developer's efforts to obtain third-party financing to develop the Project as contemplated under the DDA, the Successor Agency and Developer have negotiated certain amendments to the DDA (the "DDA First Amendment") that will aid Developer's efforts to obtain financing and therefore expedite the development of the Project as described in the DDA, for the benefit of the Agency, the City and the taxing entities; and,

WHEREAS, Under the DDA First Amendment, (1) the Successor Agency will release its reversionary interest in real property, or not require a reversionary deed from Developer in the first instance, if Developer provides alternative security equal to 125% of the estimated costs of completing Developer's obligations in a Sub-Phase, and (2) Developer shall have the right to mortgage its interest in the Project and the property, together with the neighboring Shipyard Phase 1 project and property ("Shipyard Phase 1"), so that a single lender would have the right to take action against the affiliated developers on both projects simultaneously following a default by either developer; and,

WHEREAS, The First Amendment will facilitate real estate development financing for the Project, expedite the Project, and retain appropriate security and guaranties for the benefit of the Successor Agency that are consistent with other major mixed-use development projects in the City and County of San Francisco, thereby enhancing and promoting the development and completion of the Project, which will benefit the taxing entities through the increased tax base, the potential acceleration of the completion of the financing for the Project, the community revitalization that will encourage further investment in the area, and the winding down of the Agency's affairs; and,

WHEREAS, The DDA First Amendment will not reduce the amount of tax increment available for distribution to the taxing entities or otherwise negatively affect the taxing entities in any way; and,

WHEREAS, The Successor Agency is seeking approval for a sixth amendment to the disposition and development agreement for Shipyard Phase 1 concurrently with the DDA First Amendment, and upon approval, the mortgagee protection and certain security provisions for both projects will be the same, and will be consistent with other large, mixed-use development projects in the City; and,

WHEREAS, The Agency and the San Francisco Planning Commission certified the Final Environmental Impact Report (EIR) for the Project and the Agency adopted CEQA findings and statement of overriding considerations in support of approval of the Project, which are incorporated in this Resolution by this reference; and,

WHEREAS, The action proposed by this Resolution will further the implementation of the Project as described by the EIR and is, therefore, within the scope of the environmental analysis in the EIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the EIR. The EIR and any supporting documents have been made available to the Oversight Board and the public, are on file with the Secretary of the Oversight Board; now therefore, be it

RESOLVED, That the Oversight Board finds that (1) implementation of the action as set forth in this Resolution does not require revisions in the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the EIR will be undertaken that would require major revisions to the EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the EIR, and (3) no new information of substantial importance to the project has become available that would indicate that (i) the Project will have significant effects not discussed in the EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives which are considerably different from those in the EIR will substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, That the Oversight Board approves the DDA First Amendment substantially in the form on file with the Secretary of the Oversight Board consistent with its fiduciary responsibilities under Health and Safety Code section 34179(i), and finds that the DDA First Amendment is in the best interest of the taxing entities through the increased tax base, the potential acceleration of the completion of the financing of the Project, the community revitalization that will encourage further investment in the area, and the winding down of the affairs of the Agency; and, be it further

RESOLVED, The Successor Agency is authorized (a) to execute the DDA First Amendment in substantially the form on file with the Secretary of the Oversight Board, and (b) to execute all documents, amendments, agreements and instruments that the Executive Director determines, in consultation with the City Attorney's Office, reasonably determines are (i) in the Successor Agency's best interest or are necessary or convenient to implement the DDA First Amendment to further the goals of the Hunters Point Shipyard Redevelopment Plan, the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project and the DDA, (ii) do not materially increase the Successor Agency's obligations or liabilities in connection with the DDA, and (iii) do not negatively impact the availability of property tax revenues for the taxing entities; and, be it further

RESOLVED, That the Oversight Board authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with the City Attorney's Office, to effectuate the purpose of the intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of December 10, 2012.

Natasha Jones
Board Secretary