

**RESOLUTION NO. 263-2000**

**(Adopted December 19, 2000)**

AUTHORIZING A FIRST AMENDMENT TO THE LEGAL SERVICES CONTRACT WITH KUTAK ROCK IN AN AMOUNT NOT TO EXCEED \$120,000 FOR A TOTAL AGGREGATE AMOUNT OF \$220,000 FOR LEGAL SERVICES RELATED TO THE TRANSFER OF THE SHIPYARD FROM THE NAVY TO THE AGENCY AND THE CITY; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

**BASIS FOR RESOLUTION**

1. The Hunters Point Shipyard Redevelopment Project Area (the "Project Area") was established by the Board of Supervisors of the City and County of San Francisco by Ordinance No. 285-97, dated July, 1997, in accordance with the California Community Redevelopment Law.
2. On March 28, 2000, by Resolution No. 44-2000, the Redevelopment Agency of the City and County of San Francisco (the "Agency") authorized a contract with Kutak Rock, a Washington based law firm, to provide legal services to the Agency and the City and County of San Francisco (the "City") relating to the clean-up and transfer of the Hunters Point Shipyard (the "Shipyard") from the United States Navy (the "Navy") to the Agency, as the City's designee.
3. In order to redevelop the Project Area, the Agency and the City must negotiate a transfer of the Shipyard property from the Navy. On November 2, 2000, the City and the Navy entered into a Memorandum of Agreement (the "MOA") establishing a schedule for remediation and conveyance of the Shipyard, setting minimum clean-up standards and addressing protection and management services provided by the Navy prior to conveyance.
4. The clean up and conveyance of the Shipyard will be done in phases, with the Agency and City receiving deeds to the parcels, pending the completion of hazardous materials remediation by the Navy. The transfer will require drafting and negotiating documents including a conveyance agreement, deeds, easements and related documents.
5. The transactions documents for the first Parcel A which is targeted for conveyance in Spring, 2001 and Parcel B which is expected to follow by the end of 2001 is time critical to facilitate both the transfer and cleanup of the Shipyard by the Navy, and to allow the Agency and the City to move forward in further negotiations with the master developer.

6. The legal drafting, review and negotiations on the conveyance documents for the Shipyard will be performed by the Agency and City legal staff and Washington, D.C. outside counsel specialized in federal transfer and cleanup issues.
7. The Agency seeks to amend the contract with Kutak Rock in an amount not to exceed \$120,000 for a total aggregate amount not to exceed \$220,000 to assist the Agency and City as outside counsel on the preparation and negotiation of conveyance documents related to the remediation, transfer and reuse of the first parcel in the Shipyard since the firm has specialized expertise on base closure issues.
8. On June 1, 1999, by Resolution No. 68-99, the Agency authorized an Exclusive Negotiations Agreement (the "ENA") with Lennar/BVHP, LLC (the "Developer") to be the Primary Developer of the Hunters Point Shipyard (the "Project"). The ENA has been amended five times to revise the Term, Schedule of Performance and Project budget.
9. Under the ENA, Lennar is obligated to pay transaction costs that the Agency and the City incur in connection with the negotiations of the project agreements with the Navy. The amended budget for the legal costs includes \$350,000 for outside legal expenses. Lennar will reimburse the Agency for costs of the Kutak Rock contract.
10. Staff recommends that the Commission approve a Legal Services Contract with Kutak Rock for up to \$120,000 for legal services related to negotiations with the Navy regarding the conveyance of the Hunters Point Shipyard.

## RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a First Amendment to the Legal Services Contract with Kutak Rock, for legal services related to transfer of the Hunters Point Shipyard from the Navy, in an amount not to exceed \$120,000 for an aggregate total amount not to exceed \$220,000, substantially in the form lodged with Agency General Counsel.

APPROVED AS TO FORM:



Bertha A. Ontiveros  
Bertha A. Ontiveros  
Agency General Counsel