

**RESOLUTION NO. 84-2002**  
Adopted May 21, 2002

**AUTHORIZING A LETTER AGREEMENT WITH THE MAYOR'S OFFICE OF PUBLIC FINANCE FOR REIMBURSEMENT OF CONSULTANT COSTS IN AN AMOUNT NOT TO EXCEED \$50,000 IN FURTHERANCE OF EXCLUSIVE NEGOTIATIONS WITH THE HUNTERS POINT SHIPYARD PRIMARY DEVELOPER; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA**

**BASIS FOR RESOLUTION**

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") issued a Request for Qualifications ("RFQ") to solicit submittals of qualifications and visions from development teams for the conveyance, management and redevelopment of the Hunters Point Naval Shipyard (the "Shipyard") on April 22, 1998, pursuant to Agency Resolution 70-98.
2. The Agency Commission determined Lennar/BVHP Partners, LLC, a California Limited Liability Company ("Lennar") to have the best qualifications, capacity and financial resources necessary to be the Primary Developer of the Shipyard and authorized the Executive Director to enter into Exclusive Negotiations with Lennar on April 22, 1999, pursuant to Resolution 43-99.
3. The Agency and Lennar entered into an Exclusive Negotiating Agreement ("ENA") setting forth the terms and conditions under which the parties would seek to negotiate transaction documents for the conveyance, management and redevelopment of the Shipyard (the "Transaction Documents") on June 1, 1999, pursuant to Agency Resolution 68-99. Under the terms of the ENA, Lennar is required to reimburse the Agency for certain costs, including consultant costs, related to the drafting and negotiation of the Transaction Documents. These costs are estimated in a Transaction Cost Budget.
4. Lennar and the Agency and the City and County of San Francisco ("City") acting by and through its Mayor's Office of Economic Development (collectively with the Agency, "HPSY Negotiating Team") have negotiated in good faith and have made significant progress toward reaching agreement on a Conceptual Framework, which is the next milestone in the ENA.
5. Several Amendments have been made to the ENA to modify the performance schedule and Transaction Cost Budget. The Agency Commission approved a Sixth Amendment to the ENA on November 20, 2001, pursuant to Agency Resolution 199-2001. The Sixth Amendment extended the expiration date of the ENA for a twelve-month period to November 30, 2002, revised the Schedule of Performance, and provided for a

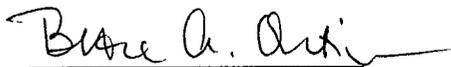
for a Transaction Cost Budget in an amount not to exceed \$2.8 million for the twelve month extension period.

6. The City Negotiating Team has asked the Mayor's Office of Public Finance ("MOPF") to advise the Agency on issues related to the financing of development of the Shipyard in connection with the Transaction Documents. In connection therewith, on April 29, 2002, MOPF entered into a consulting contract with the firm of Public Financial Management, Inc. ("PFM") dated for convenience as of October 1, 2001, for a maximum compensation of \$50,000 (plus \$1,000 in expenses) to perform a financial advisory services related to negotiation of the ENA and public financing of any redevelopment at the Shipyard (the "Contract"), on the condition that the Agency agrees to reimburse MOPF for all of the costs of such Contract.
7. Agency staff recommends authorization to enter into the Letter Agreement with MOPF. The MOU provides a vehicle for the reimbursement of the consultant costs generated by the MOPF Contract. Use of funds for this purpose was budgeted for in the ENA Sixth Amendment and remains available.

#### **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute the Letter Agreement substantially in the form lodged with Agency General Counsel, which provides for funding an amount not to exceed \$51,000 to reimburse the City and County of San Francisco, acting by and through it's Mayors Office of Public Finance, for consultant costs related to public finance issues in furtherance of negotiations for the development of the first phase of the Hunters Point Shipyard Redevelopment Project Area.

APPROVED AS TO FORM:



Bertha A. Ontiveros  
Agency General Counsel