RESOLUTION NO. 43-2005

Adopted April 5, 2005

AUTHORIZING AN AMENDED AND RESTATE HUNTER POINT
SHIPYARD SUBLEASE AGREEMENT WITH PATTERNS LIMITED,
INCORPORATED, A CALIFORNIA CORPORATION, DOING BUSINESS
AS THE POINT, TO: (1) REMOVE BUILDINGS 101 AND 110 FROM THE
LEASEHOLD PREMISES; (2) MAKE CHANGES TO RELATED
PROVISIONS CLARIFYING THE SUBLEASE AGREEMENT IN LIGHT OF
THE REMOVAL OF THE TWO BUILDINGS; AND (3) MAKING THE
TERM OF THE SUBLEASE COTERMINOUS WITH THE AGENCY’S
MASTER LEASE WITH THE UNITED STATES DEPARTMENT OF THE
NAVY; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT
AREA

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the Community Redevelopment Law of California, the Redevelopment Agency of the City and County of San Francisco (the “Agency”) has undertaken a program of redevelopment in the area of the City and County of San Francisco (the “City”) known as the Hunters Point Shipyard Project Area (the “Project Area”) pursuant to a Redevelopment Plan (the “Plan”) approved by the Board of Supervisors of the City by Ordinance No. 285-97 adopted July, 1997.

2. The Project Area contains a shipyard known as the Hunters Point Naval Shipyard (the “Shipyard”) that was a major center of employment during and after World War II, providing logistics support, construction and maintenance of conventional and nuclear-powered ships of the United States Department of the Navy (the “Navy”), providing 17,000 jobs to civilian and military personnel at its peak of operations. The Shipyard employed approximately 6,000 persons at the time it was shut down in 1974.

3. In 1991, the Navy designated the Project Area for closure as a shipyard and for potential reuse by the community pursuant to the defense base closure and Realignment Act of 1990, Public Law 101-510, Title XXIX, Section 2901 et seq. (104 Stat. 1808 et seq.), which closure was approved in 1991 by the Base Realignment and Closure Commission with the consent of the President and Congress.

4. Pursuant to Section 2824 of Public Law 101-510, as amended by Section 2834 of Public Law 103-160, the Navy has the authority to convey the Project Area to the City or to a local redevelopment authority approved by the City, for such consideration and under such terms as the Secretary of the Navy considers appropriate.
5. To facilitate the expeditious remediation of Hazardous Materials and timely and productive reuse of the Project Area under the Plan, the Navy agreed that remediation of the Project Area should be accomplished on a parcel-by-parcel basis, and delineated in a series of soil site maps six separate parcels of the real property in the Project Area, namely Parcels A, B, C, D, E and F (collectively the “Parcels” and each a “Parcel”).

6. For over twenty years, the Shipyard has hosted a community of artist studios and small businesses (the “Artists Community”) in certain portions of Buildings 101, 103, 104, 110, 117, 323, 366 and 435 and certain appurtenant yard area (the “Premises”).

7. The Navy entered into a General Purpose Lease with Patterns Limited, Incorporated, doing business as The Point for the Premises to maintain the Artists Community, which consisted of approximately 250 artists and small businesses, for the period covering June 24, 1992 through June 30, 1995. Upon expiration of the General Purpose Lease, The Point continued its tenancy on a month-to-month basis until December 30, 1996.

8. In anticipation of the transfer of the Shipyard from the Navy to the Agency, the Navy desired to transfer the responsibility for maintaining the Artists Community to the Agency. On December 30, 1996, the Navy and the Agency entered into a Master Lease, which has been amended from time to time, for the period covering December 30, 1996 through December 31, 2006 (the “Master Lease”) for the sole and exclusive purpose of subleasing to a private entity to maintain the Artists Community.

9. The Agency and The Point entered into a sublease agreement dated December 31, 1996 (the “Sublease Agreement”), for the Premises for a term not to exceed 120 days (the “Initial Term”), pending the negotiation of a longer term sublease. The Agency and The Point never entered into a longer sublease term; therefore, The Point’s sublease term reverted to a month-to-month tenancy by operation of law upon the expiration of the Initial Term.

10. On March 30, 1997, the Agency selected Lennar – BVHP, LLC (“Lennar”) to be the master developer of certain portions of the Project Area. Subsequently, the Agency and Lennar entered into an Exclusive Negotiations Agreement (Hunters Point Shipyard) dated June 1, 1999, which has been amended from time to time.

11. The Agency and Lennar have also entered into a Disposition and Development Agreement for a portion of the Project Area, dated December 2, 2003 (the “Phase 1 DDA”). In accordance with Attachment 29, Interim Lease of the Phase 1 DDA, Lennar is responsible for managing any Shipyard property conveyed by the Navy to the Agency.

12. On December 3, 2004, in accordance with the Conveyance Agreement between the Navy and the Agency dated March 31, 2004 (the “Conveyance Agreement”), the
Navy conveyed to the Agency a portion of the Shipyard commonly referred to as Parcel A, which consists of approximately 75.452 acres of land. Upon the conveyance of Parcel A, the Navy terminated all of its leases on Parcel A, which included Buildings 101 and 110.

13. On December 3, 2004, the Agency and Lennar executed the Interim Lease ("the Interim Lease") which obligates Lennar to: 1) lease space to the Artist Community on Parcel A in accordance with the terms and conditions set forth in the Interim Lease; and 2) provide the appropriate level of services, at no cost to the Agency, to property conveyed from the Navy to the Agency, as defined in Attachment E, Scope of Required Services of the Interim Lease.

14. Lennar desires to enter into a sublease agreement with The Point for Buildings 101 and 110 and The Point desires to sublease the same from Lennar. In order to do so, the Agency must remove Buildings 101 and 110 from the leasehold Premises under its Sublease Agreement with The Point.

15. On the basis of the foregoing, the Agency seeks to amend the Sublease Agreement to remove Buildings 101 and 110 from the leasehold Premises and make the appropriate modifications more specifically described in the Amended and Restated Hunters Point Shipyard Sublease Agreement.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is hereby authorized to enter into and execute the Amended and Restated Hunters Point Shipyard Sublease Agreement with Patterns Limited, Incorporated, a California corporation, doing business as The Point ("Amended and Restated Sublease Agreement"), to 1) remove Buildings 101 and 110 from the leasehold Premises; 2) change other related provisions to clarify the Sublease Agreement as a result of the removal of the two buildings from the leasehold area; 3) make the term of the Sublease Agreement coterminous with the Agency’s Master Lease with the United States Department of the Navy; and 4) allow the Executive Director to enter into future amendments to the Amended and Restated Sublease Agreement, provided any such amendment does not materially increase the obligations of the Agency, as such Amended and Restated Sublease Agreement is substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel