

## RESOLUTION NO. 15-2006

*Adopted February 7, 2006  
(5 ayes, 1 nay, 1 absent)*

**AUTHORIZING A RETROACTIVE LETTER AGREEMENT WITH THE DEPARTMENT OF PUBLIC WORKS FOR THE CITY AND COUNTY OF SAN FRANCISCO TO COORDINATE ALL NECESSARY CITY APPROVALS IN CONNECTION WITH THE CONSTRUCTION OF HORIZONTAL IMPROVEMENTS AT THE HUNTERS POINT SHIPYARD PURSUANT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT - HUNTERS POINT SHIPYARD PHASE I, FOR AN AMOUNT CONSISTENT WITH THE APPROVED BUDGET SET FORTH IN THAT DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA**

### BASIS FOR RESOLUTION

1. On December 2, 2003, the Redevelopment Agency of the City and County of San Francisco ("Agency") and Lennar/BVHP, LLC ("Lennar") entered into that certain Disposition and Development Agreement Hunters Point Shipyard Phase I, as amended by that certain First Amendment to Disposition and Development Agreement Hunters Point Shipyard Phase I, dated April 4, 2005, and as the same may be amended from time to time ("Horizontal DDA") for the development of Parcels A-1, A-2 (sometimes collectively, "Parcel A") and portions of Parcel B ("Parcel B-1") (altogether, the "Phase I Area"), of the Hunters Point Naval Shipyard ("Shipyard"). The Horizontal DDA sets forth, among other things, Lennar's obligations with respect to the construction of public infrastructure improvements for Phase I of the Shipyard.
2. The Horizontal DDA includes as an attachment, the Hunters Point Shipyard Phase I Horizontal Design Review and Document Approval Procedure for Infrastructure Development, as the same may be amended from time to time ("H-DRDAP"), which sets forth the procedure for design, plan and specification review of the Phase I horizontal infrastructure improvements that Lennar is required to construct under the terms of the Horizontal DDA.
3. The Agency and the City and County of San Francisco ("City") have entered into that certain Interagency Cooperation Letter Agreement with a final execution date of January 5, 2005, as the same may be amended from time to time ("ICA Letter Agreement"), which sets forth the process for expediting City review of plans and other materials that City departments will need to evaluate in connection with the Phase I horizontal development of Parcel A. Pursuant to the ICA Letter Agreement, the Agency has requested that the Mayor's Office facilitate the coordinated City review of the various documents needed to implement the Phase I horizontal improvements. The Mayor's Office has designated DPW as the lead agency in this effort.

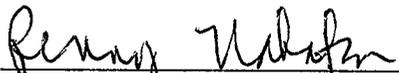
4. The Horizontal DDA includes an Attachment 25, a Financing and Revenue Sharing Plan (“Financing Plan”) that provides for financing the construction of the horizontal improvements for Phase I of the Shipyard through the formation of a community facilities district (“CFD No. 7”). As part of the formation of CFD No. 7 the Agency and Lennar entered into that certain Acquisition Agreement dated as of April 5, 2005, as the same may be amended from time to time (“Acquisition Agreement”), which, among other things, provides for the Agency’s and the City’s acquisition of the horizontal improvements with bond proceeds, and which sets forth specific processes, requirements and procedures regarding (i) the role of DPW in the ultimate acquisition process, (ii) the handling of contracts and change orders, (iii) inspections, and (iv) the handling and processing of payment requests for completed horizontal improvement facilities. Though the Acquisition Agreement requires the approval of plans and specifications for the horizontal improvements from appropriate agencies and departments, it does not set forth a detailed payment processing procedure for the primary pre-acquisition level of review and approval to be conducted by DPW and other City departments.
  
5. Section 10 of the Horizontal DDA provides for the establishment of a fee for service mechanism according to which the Agency will be reimbursed by Lennar for costs incurred by City departments pursuant to the ICA Letter Agreement, in connection with the City’s review, approval and oversight obligations related to the development of the Phase I horizontal improvements. As such, the Agency and DPW wish to set forth the understanding of both parties regarding (i) the review, approval and oversight services provided by DPW pursuant to the terms of the ICA Letter Agreement, H-DRDAP, Acquisition Agreement and any subsequent agreement covering the same subjects in relation to construction of Phase I horizontal improvements at the Shipyard; and (ii) procedures pursuant to which the Agency will pay DPW for the cost of those services with the understanding that DPW will in turn administer the payment of the appropriate individual City departments (“DPW Letter Agreement”). The following are key terms of the DPW Letter Agreement.
  - A. The effective date of the DPW Letter Agreement is April 5, 2005 and it relates to the development of Phase I horizontal improvements at the Shipyard pursuant to the Horizontal DDA. However, the Agency and DPW intend for the DPW Letter Agreement to be amended in the future to cover subsequent phases of Shipyard horizontal development. Therefore, it is anticipated that soon after the execution of each horizontal disposition and development agreement for a future phase at the Shipyard (as well as any related agreements for that future phase akin to the H-DRDAP, ICA Letter Agreement and Acquisition Agreement), the DPW Letter Agreement will be amended to include an addendum that sets forth the necessary and appropriate phase-specific provisions, document citations and attachments. Each initial amendment of the DPW Letter Agreement for a future phase of Shipyard development shall be brought to the Agency Commission for approval.

- B. The DPW Letter Agreement currently includes a budget amount of \$4,550,000, (as set forth in Exhibit D thereto) which is subject to the limits set forth in the Financing Plan. The budget will be modified and approved according to the annual budget update process set forth in the Financing Plan. The Agency may, however, in its sole and absolute discretion, periodically choose to review the budget outside of the annual budget update process, as more specifically described in the Financing Plan.

### RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to (1) execute a letter agreement with the Department of Public Works for the City and County of San Francisco, to coordinate all necessary City approvals in connection with the construction of horizontal improvements at the Hunters Point Shipyard pursuant to the Horizontal DDA (as defined above), for an amount consistent with the Approved Budget set forth in the Horizontal DDA, as the same may be amended from time to time pursuant to the Financing Plan (as defined above), substantially in the form lodged with the Agency General Counsel; and (2) amend the letter agreement provided the amendment does not materially increase the regulatory or financial obligations of the Agency.

**APPROVED AS TO FORM:**

*for*   
James B. Morales  
Agency General Counsel