Staff Report

Date: April 5, 2016

To: City Council/City Council Sitting as the Local Reuse Authority

From: Valerie J. Barone, City Manager

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Subject: **Selection of a Master Developer to negotiate a Disposition and Development Agreement to implement the First Phase of the Concord Reuse Project (CRP) Area Plan**

Report in Brief

On April 14, 2015, the City Council, sitting as the Local Reuse Authority (LRA), selected Catellus Development Corporation (Catellus) and Lennar Concord LLC (Lennar) as the two semi-finalists in the Master Developer selection process for implementation of the first phase of the Concord Naval Weapons Station (CNWS) CRP Area Plan (Area Plan). Following that decision, staff initiated separate, but parallel, negotiations with each firm. These negotiations resulted in two Term Sheets which were summarized and compared in a staff report to the LRA dated September 29, 2015 (Sept. 29, 2015 Staff Report). The selection process was put on hold shortly after the publication of that staff report so that a series of issues familiar to the City Council and public could be addressed, and the selection process is now slated to resume on April 5, 2016.

In order to re-start the selection process the LRA staff met separately with both Master Developer firms starting with Catellus on March 14, 2016. In the meeting and through subsequent letters on March 17 and March 22, 2016, Catellus requested changes to its Agreement to Negotiate and Disposition and Development Agreement (DDA) Term Sheet (Term Sheet). At a special meeting on March 28, 2016, the City Council sitting as the LRA voted to not accept Catellus' proposed Term Sheet changes, and instead, to approve Catellus' alternative request to return its good faith deposit in exchange for a settlement and release of all claims. Following City Council action, Catellus signed the settlement agreement and has withdrawn its proposal to be the Master Developer for Phase I of the Area Plan. Lennar remains the final qualified firm to be considered for selection as the Master Developer for Phase I of the Area Plan.

As noted in the Sept. 29, 2015 Staff Report, staff concluded that "Catellus and Lennar are both very high quality firms and bring the experience and financial strength required for completion of a successful development at CNWS." The benefits to the City from selection of either firm was highlighted in tables A, B and C on pages 12-16 of the Sept. 29, 2015 Staff Report. The Sept. 29, 2015 Staff Report, the Lennar Term Sheet attached to that report, along with minor corrections to Table A noted in the Errata Sheet (Attachment 1 to this Updated Staff Report), constitute the basis for tonight's discussion. The benefits to the City of selecting Lennar are listed on pages 27-29 of the Sept. 29, 2015 Staff Report. Notwithstanding Lennar's significant qualifications to serve effectively as Master Developer, and many positive elements of its Term Sheet, staff has identified five primary areas of concern that they believe need refinement to bring the Lennar Term Sheet closer to City Council and community expectations.

Primary areas of concern:

1. Use of binding arbitration to resolve disputes over reimbursement of City costs (Sec 8.f.iii)
2. Transfer of the Remaining Development Footprint (Sec 7. B.ii and Sec 25. a.b.c.)
3. Affordable Housing Gap Subsidies (Sec 3 d.e. and Exhibit H Sec 4)
4. Offsite Improvements (Sec 6 and Exhibit I)
5. Use of a limited liability corporation structure and the relationship to Five Point Holdings (Sec 25)

The City Council and community may raise other topics or issues with Lennar's Term Sheet during tonight's meeting that merit discussion, attention by staff and consideration by the City Council prior to taking action.

Recommended Action
Request staff to re-open negotiations with Lennar on the five primary areas of concern noted above as well as any others that the Council identifies at tonight's meeting and defer the selection of Lennar to be the Master Developer until staff can return with a revised Term Sheet for Council consideration.

Background
Introduction
This Updated Staff Report provides information to assist the LRA in considering the selection of Lennar as the Master Developer for Phase I of the Area Plan. Attached to this Updated Staff Report are the previously published Sept. 29, 2015 Staff Report, Lennar's Term Sheet, and its Exhibits. The Sept. 29, 2015 Staff Report retains all of the original text that presented and compared the Lennar and Catellus Term Sheets, and

the discussion of material differences between them. This updated staff report, however, is focused solely on the Lennar Term Sheet which is now the only one before the City Council for consideration. Also attached to this Updated Staff Report is an errata sheet that corrects certain information about the Lennar Term Sheet as presented in the Sept. 29, 2015 Staff Report. It is important to remember that the selection of a Master Developer is the beginning of the implementation phase of the project and the materials herein will be significantly refined during negotiations with the Navy, preparation of a Specific Plan and drafting of a comprehensive DDA.

Project Entitlements

The Sept. 29, 2015 Staff Report, in Sec II (starting on page 2) provides key definitions of the contractual documents that have been or will be prepared to implement the Area Plan. The definitions defining the purpose of those legal documents are not repeated here: staff refers the reader to those materials starting on page 3 of the Sept. 29, 2015 Staff Report. Because of their importance, this Updated Staff Report repeats the following objectives staff had in negotiating the Term Sheets:

1. Outline the key points the developer would agree to include in a Disposition and Development Agreement (DDA).
2. Evaluate the financial feasibility of the Development Phase I proposed by the developer.
3. Ensure the proposed terms were acceptable, based on existing City policy documents and guidance provided by the LRA, while recognizing that the key terms would be further fleshed out and set forth in a comprehensive DDA and Development Agreement (DA) to be considered for approval by the LRA.
4. Identify how the proposed terms would support land transfer from the U.S. Navy to the City of Concord.

Following selection of a Master Developer by the LRA, staff will initiate preparation of a DDA with the selected team. The DDA will provide contractual language for many of the topics discussed at a high level in the Term Sheet. The DDA will include a proposed form of DA as an exhibit. The DA will provide vested rights to develop in accordance with the land use regulations to be set out in the Specific Plan. The DA would not be executed until the Specific Plan is adopted as most of the terms in the DA, defining rights to develop, will be spelled out in the Specific Plan. Below is a graphic overview of this process, as well as the general timeline expected for the Concord Reuse Project.

The Specific Plan would be prepared by Lennar, if selected, at its own cost and would be subject to approvals of City Boards and Commissions and the Council sitting as the LRA. The Specific Plan will be subject to environmental review under the California Environmental Quality Act (CEQA). The LRA will independently conduct the environmental review using funding provided by the Master Developer. As noted in the graphic, the Specific Planning process could take 18-24 months from the point of selection and will include extensive community input.

Analysis

Development Program

The Lennar development program remains unchanged from the description in and attachments to the Sept. 29, 2015 Staff Report.

The development program is described on page 8-10 of the Sept. 29, 2015 Staff Report and is consistent with the adopted Area Plan. Lennar's Phase I development is proposed to be divided into three stages over a period of roughly 10 years. Exhibits C, D, and E to the Lennar Term Sheet provides graphic representations of the three stages.

Financial Deal

Lennar is one of the nation's largest diversified homebuilding companies, has a significant portfolio of closed military base redevelopments and has the financial capacity to make the long term investment needed for a successful project in Concord.

As part of the Term Sheet negotiations, Lennar was required to provide the LRA negotiating team with a detailed financial feasibility model, which the LRA team agreed to maintain as confidential proprietary business information, other than a few key summary pages included as Term Sheet Exhibit B. The LRA's independent consulting team reviewed Lennar's financial model in detail and concluded that it is based on reasonable assumptions for this stage of the implementation process. However, actual results may differ from these projections for a number of reasons, including changes required as a result of the pending Specific Plan process, further negotiations with the U.S. Navy regarding the Economic Development Conveyance, further negotiations with federal and state permitting agencies, and changes in market conditions between now and when construction commences.

The three tables (A, B, and C,) on pages 12-16 of the Sept. 29, 2015 Staff Report provide side-by-side comparisons for three categories of information about Lennar and Catellus Term Sheets as modified by the Errata Sheet mentioned above. For the purpose of tonight's meeting, staff recommends that the LRA direct its attention to only the right-hand column with Lennar's information, now that Catellus has withdrawn from the selection process. Table A focuses on the financial structure of Lennar's proposal. Table B highlights the profit participation component. Table C shows the on-site infrastructure and off-site roadway improvements proposed. Attachment 1 to this report lists updates to those tables, as well as a few changes to the text.

The Lennar Term Sheet and financial projections offer a guaranteed Economic Development Conveyance Program Improvement Program (EPIP) fund and one of two elective profit participation approaches one of which, if selected by the LRA, would also be guaranteed. Subject to future LRA decisions, the Lennar profit participation proceeds could also be used for affordable housing subsidies, among other options identified for expenditure from the EPIP Fund.

<u>Remainder of First Transfer Parcel and Future Phases</u>
Lennar has built into its Term Sheet the guaranteed ability to develop future phases if certain milestones are met. Lennar would have an option to purchase Phase II (likely an additional 800 acres +/-) if: (a) Lennar has pulled building permits for at least 60% of the residential units for Phase I, and (b) Lennar is not in default under the Phase I DDA and is in compliance with the Schedule of Performance. Lennar's option rights for the balance of the Economic Development Conveyance (EDC) property (i.e. Phase III which would likely consist of the last 800 +/- acres) would be negotiated by the parties and set forth in the DDA for Phase II. While Lennar's proposal will incentivize the development entity to make progress on construction of the residential units, the City would be bound to work only with Lennar on subsequent phases and to present subsequent development phase DDAs for approval to the LRA on terms generally commensurate

with the Phase I DDA if Lennar meets the milestone requirements and, therefore, the City should expect to have less leverage in negotiations for future phase DDAs.

Affordable Housing

Lennar is committed to providing improved building pads with infrastructure at the property line at no cost to affordable housing developers to help meet the LRA's commitment of 25% of the housing being affordable to lower incomes. Land and utilities will be in quantities and locations that leverage third party funding sources for low income housing.

Lennar is committing to deliver 165 moderate-income inclusionary units (representing approximately 4% of the total units and approximately 5% of the market rate units). To meet the balance of the affordability requirement (approximately 21% of the total units), Lennar will provide free, development-ready pads to accommodate affordable housing at a range of affordability levels. Lennar has also indicated a desire to meet a portion of the balance of the affordability requirement by including some affordable units within mixed-income 80/20 multi-family projects (i.e. 80% market rate, 20% affordable). This would require land value subsidy. At the time of publication of the Sept. 29, 2015 Staff Report the value of the subsidy had not been included in Lennar's pro forma, so staff has not validated its impact. Lennar's Term Sheet does not make any other specific gap subsidy commitments to support the development of low and lower income housing. However, they have guaranteed $30 Million towards an EPIP Fund ($20 Million in annual payments to the City and $10 Million in proceeds from a fee paid by Lennar on commercial and certain residential development, which with inflation rounds to $36 Million over the ten year life of Phase I development) which the LRA has the discretion to designate in whole or in part for gap funding for affordable housing. There could be an additional $24 Million waterfall profit participation payment, (if the LRA were to elect the guaranteed LRA participation option) which could also be directed, in whole or in part, toward potential affordable housing gap subsidies at the discretion of the LRA.

Approach to Land Transfer

Lennar proposes that the LRA transfer portions of the site to Lennar in fee for installation of backbone infrastructure after certain conditions have been met. Lennar would then construct the backbone infrastructure and, once completed, transfer the completed portion of the site to a vertical developer for construction and development. Lennar would provide completion and labor and materials bonds to the City as security to ensure performance of the backbone infrastructure work.

Schedule of Performance

Lennar has proposed three development stages, with milestones for development in each stage. All property within the first stage would be transferred to Lennar within two years of transfer to the City from the Navy and approval of the Specific Plan and Development Agreement. Construction would be completed approximately three years thereafter. The second stage would be transferred within five years, with all construction completed two years thereafter, and the third stage would be transferred within eight years, with all construction completed two years thereafter. Lennar's schedules are subject to force majeure provisions that will extend the time for performance in the event of unanticipated conditions, such as acts of God or litigation delays. The force majeure provisions also include extensions for severe economic downturns.

Approach to Vertical Development

Lennar is a fully integrated Master Developer, with numerous residential and commercial divisions. Therefore, Lennar will likely be the vertical developer for a substantial portion of the development within Phase I. In order to provide opportunities for third party homebuilders, Lennar's Term Sheet includes a commitment to sell land corresponding to a minimum 40% of the total residential units (including affordable units) within Development Phase I to third-party vertical developers.

Financial Capacity

Lennar Urban is a public company (NYSE: LEN), and operates both as a Master Developer that acquires land and implements horizontal development, and undertakes vertical development of residential and commercial uses. It also sells improved sites to other vertical builders. For the Area Plan project, Lennar has created a special-purpose entity called Lennar Concord, LLC, which is wholly owned by Lennar Homes California, Inc., which in turn is wholly owned by Lennar Corporation. Lennar Urban-San Francisco, a division of Lennar created primarily to implement base re-use development projects in the San Francisco Bay Area, will provide overall project management. Other divisions of Lennar, including Lennar Residential (single-family), Lennar Multifamily (apartments) and Lennar Commercial (retail) will provide development support.

As noted in Lennar's Term Sheet, the company made a filing with the U.S. Securities and Exchange Commission last fall announcing that it had agreed to contribute its interests in certain projects to subsidiaries of Five Point Holdings, Inc. The contribution is conditioned upon Five Point's completion of an initial public offering of its common stock. If consummated, the contribution would result in a new publicly traded company that, through subsidiaries, would assume responsibility for certain large-scale, multi-year, California military base reuse and redevelopment projects. The Lennar Development Phase I for the Area Plan is not part of the initial contribution. However, it is possible that Lennar would seek to transfer its direct or indirect interests in the Area

Plan to a subsidiary of the new public company. In connection with any such proposed transfer, Lennar would provide the LRA with appropriate financial, management, and other customary information regarding Five Point Holdings, Inc. Upon receipt of this information, and prior to the LRA considering any DDA for approval, staff will determine whether Five Point Holdings, Inc. has sufficient financial capacity to undertake the Phase I Development.

Discussions and Tours

Members of the City Council, key staff and members of the public visited two Lennar project sites: El Toro/Great Park Communities in Irvine and the Hunters Pt. Naval Shipyard/Candlestick in San Francisco. A link to minutes from those tours is found in the Sept. 29, 2015 Staff Report on page 24.

Primary Areas of Concern

1. Use of binding arbitration to resolve disputes over reimbursement of City costs (Section 8.f.iii) – City staff believe the approach in the Term Sheet is not in the City's best interest because the arbitrator selection process is stacked in favor of the developer.
2. Transfer of the Remaining Development Footprint (Sections 7. B.ii and 25. a.b.c.) – As noted in the discussion above, the approach in the Term Sheet would leave the City with limited leverage in negotiating for future phases so long as Lennar met its milestone requirements.
3. Affordable Housing Gap Subsidies (Section 3 d.e. and Exhibit H Section 4) – To ensure affordable housing can be constructed pursuant to the City's commitment, additional, specific subsidies for affordable housing would be beneficial to the community.
4. Offsite Improvements (Section 6 and Exhibit I) – Staff believes additional offsite improvements beyond those assumed in the Term Sheet are likely needed to support Development Phase I and allow it to successfully blend into the community.
5. Use of a limited liability corporation structure and the relationship to Five Point Holdings, Inc. (Section 25) – The City is concerned that it is basing financial capacity evaluations on the parent company and does not have information regarding the assets of the LLC and its ability to perform in the long term.

Master Developer Selection Options

Staff has defined the following three options for the LRA in relation to possible next steps:

1. Accept the Term Sheet of Lennar attached to the Sept. 29, 2015 Staff Report and select Lennar to serve as the Master Developer of Phase I, or
2. Request staff to re-open negotiations with Lennar on the five primary areas above as well as any other areas of concern the Council identifies at tonight's meeting and defer the selection of Lennar to be the Master Developer until staff can return with a revised Term Sheet, or
3. Direct staff to return with a plan and process to start over with the Master Developer selection.

The benefits to choosing Lennar are listed on pages 27-29 of the Sept. 29, 2015 Staff Report, as is a discussion as to why, in staff's opinion, making no selection or restarting the selection process is not in the City's best interest. Based on the analysis of Lennar's Term Sheet as presented in the Sept. 29, 2015 Staff Report, staff recommends that the LRA pursue Option 2. Staff conservatively estimates that 4 to 5 weeks will be necessary to negotiate these issues and bring the revised Term Sheet back to the Council sitting as the LRA.

Public Contact

The agenda has been posted in accordance with legal requirements.

Attachments

1. Errata Sheet to September 29, 2015 Staff Report
2. September 29, 2015 Staff Report
3. Letters of Community Support and Professional References
4. Recent Lennar Media Highlights
5. Lennar Media Highlights
6. Correspondence from Concord Citizen Steve Dunn

3/30/16

Errata – corrections to the 9/29/15 staff report

Deletions shown in ~~strike-out~~; additions shown underlined.

Table A (Pages 12 through 14): Comparisons of Candidate Master Developer Term Sheet Provisions Regarding Financial Structure

Topic[1]	***Catellus***	***Lennar***
Project Financing	Catellus equity only.	Lennar equity and possibly third-party debt, although pro forma includes equity only.
Investment Return Thresholds (IRR)	Greater of: (a) 15% of total gross land sales; or (b) 15% IRR after repayment of all project costs and eligible fees (e.g., annual project administration fee, construction management fee, commissions on land sales (residential and commercial). Earnings above 15% IRR eligible for sharing with the City for benefit of the project (see "Waterfall").	Minimum 20% IRR after repayment of all project costs and eligible fees (e.g., annual project administration fee; no commissions taken on sales). Earnings above 20% IRR eligible for sharing with the City for benefit of the project (see "Waterfall").
Financial Information Sharing With City	"Open Book" approach with revenue escrow accounts for sales revenues, public financing proceeds and any other source; DDA to include itemized project costs and cost categories eligible for reimbursed from revenue accounts; discussions with City about intended development at each stage.	~~Not specifically addressed except for sharing of information about earnings above 20% IRR for profit participation "waterfall"; DDA to include itemized costs.~~ Reasonably-detailed annual statements to the City accompanied by an accounting, consistent with the DDA, showing the cumulative IRR since the DDA execution date.
Sales to Vertical Builders	Competitive RFP process for all residential; may self-develop some commercial.	Competitive sales process for ~~about~~ a minimum of 40% of residential; may self-develop up to 60% of residential and all commercial.
Public Financing Assistance	Mello-Roos Community Facilities District (CFD), plus Enhanced Infrastructure Financing District (EIFD) based on 75% of City property tax share and 50-75% shares of other non-school taxing entities All subject to independent City analysis and City revenue neutrality demonstration.	Mello-Roos Community Facilities District (CFD), plus Enhanced Infrastructure Financing District (EIFD) based on 100% of City property tax share only. All subject to independent City analysis and City revenue neutrality demonstration.
Reimbursement of City Costs	Full reimbursement of applicable City direct and indirect staff and consultant costs to support project	Full reimbursement of applicable City direct and indirect staff and consultant costs to support project

Topic[1]	*Catellus*	*Lennar*
	implementation.	implementation.
Attorneys' Fees/Arbitration	In the event of a dispute between the parties, the prevailing party would be entitled to recover its attorneys' fees from the losing party. No binding arbitration on City cost reimbursement.	Each side would be expected to bear its own attorneys' fees and costs in the event of a litigation dispute between the parties. Binding arbitration on dispute of City cost reimbursement.
Affordable Housing	Improved pads for 25% of units plus $56 million for homeless/Habitat, very low/low subsidy gap and moderate price reduction; funding may be re-programmed by the LRA if other housing funds become available; costs reflected in net land sales.	4% moderate inclusionary (i.e. 5% of the market rate units) with the balance of the 25% requirement met through delivery of improved pads and potentially through inclusionary (80% market-rate/20% affordable multi-family) projects; no specific set-aside for gap subsidies, but EPIP[2] and "waterfall" funds (up to $60 Million depending on option selected) could be used at the LRA's discretion, and allocated annually per DDA; will assist in seeking other affordable housing funds~~; costs reflected in net land sales~~.
Project Revenue Sources		
Net Land Sales	$726 million	$768 million
Community Facilities District Revenue	$117 million	$128 million
Enhanced Infrastructure Financing District	$89 million	$33 million
Revenue	N/A	$6 million
Grant Funds		
Total Revenues	*$933 million*	*$935 million*
Project Hard Costs		
Infrastructure[3]	$359 million	$327 million
Remediation	$1 million	$6 million
Habitat/Enviro. Mitigation	$14 million[4]	$6 million $39 million
Schools	$41 million	$26 million
Parks/Open Space	[5]	$20 million
Community Facilities	$123 million	$80 million
General Conditions/ Contractor Fee/ Contingency	$538 million	$504 million
Subtotal Hard Costs		
Project Soft Costs		
Professional Fees/ Permits/City Cost Reimburs't/Other	$107 million	$98 million
Contingency	$11 million	[6]
Subtotal Soft Costs	$118 million	$98 million
Other Project Costs		
Construction Mgmt/	$32 million	$29 million

Topic[1]	*Catellus*	*Lennar*
Base Maint./Other Marketing/Insurance/ Project Admin/Other Closing Costs Developer Commissions Subtotal Other Costs	$9 million $9 million $23 million *$73 million*	$37 million N/A N/A $66 million
Subtotal Develop't Costs	$729 million	$668 million
EPIP Fund[7] Land Sale Fee 15% IRR Adjustment *Total Project Costs*	$49 million $109 million $11 million *$898 million*	$36 million (guaranteed) N/A N/A *$704 million*
Net Cash Flow Before Waterfall Calculations EPIP Fund Add-Back Net Available Cash Flow	$35 million $49 million $84 million	$231 million N/A $231 million
IRR Before Profit Participation	15%	~~22%~~ 20%

[1] All dollar amounts in nominal dollars (i.e., with inflation); values rounded. Catellus' Term Sheet text is also in nominal dollars, while the text in Lennar's Term Sheet is in constant, 2015 dollars without inflation.
[2] EPIP" = EDC Property Improvements Program
[3] Includes demolition, mass grading, off-site infrastructure, backbone streets and utilities, in-tract infrastructure, and for Lennar, Concord Circulator.
[4] $16 million in school fees, along with a fully improved site, is deducted as a cost in the net land sales calculations. Additional funding as needed available in Hard Costs Contingency.
[5] To be determined during Specific Plan preparation; funds available in Hard Costs Contingency.
[6] Soft cost contingency is included in Lennar's $98 million Project Soft Costs total.
[7] "EPIP" = EDC Property Improvements Program for developer-provided additional public improvements and amenities for the benefit of the project, with specific improvements and amenities subject to LRA determination, per each Term Sheet.

Table C: Comparison of the On- and Off-site Infrastructure Assumed in each Proposer's Proposal

Topic	*Catellus*	*Lennar*
On-site Infrastructure	• Development Phase One demolition, site clearing, and grading • Development Phase One roads, sewer, storm, water supply and storage, recycled water, dry utilities, electrical distribution network	• Development Phase One demolition, site clearing, and grading • Development Phase One roads, sewer, storm, water supply and storage, recycled water, dry utilities, electrical distribution network
Off-site Roadway Improvements[1]	• Willow Pass Road widening to 4 lanes – SR 4 to Landana • Willow Pass Bridge rebuild and widen to 4 lanes • Panoramic/Port Chicago Highway intersection improvements • Willow Pass/Avila Road intersection improvements • Panoramic Pedestrian Bridge over BART tracks • Evora Road extension to Port Chicago Highway • Connection from Development Phase One Property to Willow Pass Road near Clayton Way, including bridge over the adjacent Contra Costa Canal • Improvements to Willow Pass Road & Highway 4 ramps • Additional off-site improvements consistent with City plans for Phase One buildout	• Willow Pass Road widening to 4 lanes – where it passes through or adjacent to Stages 1 and 2, excluding the bridge • Panoramic/Port Chicago Highway intersection improvements • Willow Pass/Avila Road intersection improvements • Panoramic/BART intersection improvements • Panoramic on-site connection to BART • Evora Road extension to Port Chicago Highway • Arnold/Port Chicago Highway intersection improvements • Additional off-site improvements as proportional share of mitigations required consistent with the Mitigation and Monitoring Program

[1] Estimated off-site roadway improvements are $67 Million for Catellus and $~~16~~29 Million for Lennar.

Page 17 – Second paragraph following Table C

The Lennar Term Sheet and financial projections, while comparable to Catellus on several individual development budget line items (e.g., overall revenues and some development cost categories) offer a guaranteed EPIP Fund (albeit less than the non-guaranteed Catellus projection) and one of two elective profit participation approaches which, if selected by the LRA, would also be guaranteed. Subject to future LRA decisions, the Lennar EPIP Fund and profit participation proceeds could also be used for affordable housing subsidies, among other options. But the non-guaranteed profit participation option would be determined using a ~~significantly~~ higher investment return threshold than Catellus is using for this purpose, and the percentage share of net cash flow to the City would be lower than what Catellus offers.

Page 25 – Item 1

1. **Open Book Financial Structure with Revenue Sharing.** Under the Catellus approach, Catellus' and the City's interests are very closely aligned in seeking the best possible project. Once project costs and the developer fees have been paid, and minimum investment return thresholds have been achieved, the majority of the cash flow proceeds go to the City for a decision on how best to reinvest the money into the project. The City's portion of the proceeds is currently estimated to exceed $53 million, of which $49 million would be committed ~~early~~ to project enhancements as noted below. This is in addition to improvements built into the project, such as $56 million in subsidies for affordable housing (approximately 1,100 units), and $41 million for parks and civic facilities. Catellus' investment return threshold is the greater of a 15% land sales fee, or a 15% Internal Rate of Return (IRR), which is lower than what typically applies for land development projects of this scale and complexity, however this assumes commission fees and closing costs that Catellus receives are project costs. Staff estimates their IRR would be slightly below 19% if closing costs and commission fees were not treated as project costs.

   Catellus will set up an Economic Development Conveyance Property Improvement (EPIP) Fund as a means for the City to share in, and further enhance, the success of the project through additional amenities, parks, and/or open space as identified by the City as priorities for the project. Catellus' financials project $49 million will be available for this purpose during the latter four years of Development Phase One. Financial performance benchmarks will be audited annually and the EPIP Fund monies will be made available to City before project close out so they can be reinvested in the Development Phase One Property.

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4. **Experience with BRAC and Projects of Similar Scale/Scope.** Lennar has significant experience creating new communities from closed military bases, including ~~four~~ five military bases in partnership with cities in California: Hunters Point Shipyard and Treasure Island (both in San Francisco), Mare Island in Vallejo, Marine Corps Air Station in Tustin and El Toro in Irvine. Other Lennar projects in California include the 1,250-acre Natomas Park in the Sacramento area, and Windermere – a 2,320-acre project in San Ramon. In addition, Lennar is currently working in partnership with the City of Fremont to develop the BART Warm Springs Innovation District, a vibrant mixed-use development including homes, technology offices, public plazas, and a new school near the South Fremont BART station.

REPORT TO MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY

TO THE HONORABLE MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY:

DATE: September 29, 2015

SUBJECT: COUNCIL SELECTION OF A MASTER DEVELOPER PARTNER TO NEGOTIATE A DISPOSITION AND DEVELOPMENT AGREEMENT TO IMPLEMENT THE FIRST PHASE OF THE CONCORD REUSE PROJECT (CRP) AREA PLAN

Report in Brief

On April 14, 2015, the City Council, sitting as the Local Reuse Authority (LRA), selected Catellus Development Corporation and Lennar Urban as the two semi-finalists in the Master Developer selection process. Following that decision, staff initiated separate, but parallel, negotiations with each firm. These negotiations resulted in the two Term Sheets attached to this report. A Term Sheet is the outline of the contract with the City (acting in its capacity as the LRA) that would be drafted once the LRA makes a final selection of the Master Developer. It establishes the mutually agreed framework for the most important parts of the disposition and development agreement (DDA) that will ultimately be negotiated in good faith between the City and the selected Master Developer.

The Term Sheets respectively negotiated with Catellus Development Company and Lennar Urban include similar standard contract terms, procedures for reimbursement of City costs, entitlement, fiscal neutrality to the City, infrastructure over sizing, project labor agreements, local hire policies, and remediation and habitat mitigation provisions. There are, however, several key differences in the Term Sheets, which are highlighted in this report.

The staff and its team of technical advisors believe that both companies have the financial wherewithal, experience, and skills to successfully implement the CRP Area Plan.

Staff recommends that Council, sitting as the LRA, take public comments and consider selection of either Catellus Development Company or Lennar Urban to become the Master Developer.

I. Introduction

This report provides information to assist the LRA, to select a single Master Developer to be the City's partner in implementing the Concord Area Plan for reuse of the Phase One portion of the

former Concord Naval Weapons Station. Attached to this report are the final, detailed Term Sheets negotiated with the two Master Developer semi-finalists and other supporting documents. This report provides summary information for the portions of the Term Sheets where there are material differences between the two documents to help inform the LRA's selection decision. It is important to remember that the selection of a Master Developer is the beginning of the implementation phase of the project and the materials herein will be significantly refined during negotiations with the Navy, preparation of a Specific Plan and drafting of a comprehensive DDA.

Beyond the Section I (**Introduction**) portion, the staff report is organized in four primary sections. **Section II. Process and Entitlement** defines and updates the steps in the negotiation process both with the semi-finalist developers (post selection) and the Navy. It also lists some of the future project entitlement steps. The entitlement process is key not only for the guidance that it provides for the specific design and land use mix, but its completion is a key milestone for the conveyance of land to the Master Developer as noted in both Term Sheets.

Section III. Discussion contains comparisons of the key differences between the two Term Sheets.

Section IV. Additional Selection Information provides other non-Term Sheet information that should also inform the LRA's selection.

Section V. Benefits or Consequences of Each of the Three Possible Council Selection Decision Options.

II. Process and Entitlement

The selection of the Master Developer to launch the implementation of the Area Plan is an important step in successfully transforming the former military base to civilian use, and realizing the Area Plan's projected economic, fiscal, urban design and environmental benefits. Not only must the LRA identify and successfully negotiate with the development company best suited to the task, the process of selecting that company must be done in a way that is objective and fair and can readily be observed by the Navy, the development community and the public. From the Local Reuse Authority's (LRA's) perspective, it is also important that this selection be accomplished in a timely manner.

At the April 14, 2015 City Council meeting, the LRA chose Catellus Development Corporation and Lennar Urban as the two semi-finalists in the Master Developer selection process. Following this decision, staff initiated separate, but parallel, negotiations with each firm. The results of the negotiations are the two Term Sheets in Attachments A and B.

In negotiating Term Sheets, staff had the following objectives:

1. Outline the key points each semi-finalist would agree to include in a DDA in sufficient detail for the LRA to select between the two.
2. Evaluate the financial feasibility of the Development Phase One proposed by each semi-finalist.
3. Ensure the proposed terms were acceptable, based on existing City policy documents and guidance provided by the LRA, while recognizing that the key terms would be further fleshed out and set forth in a comprehensive DDA to be considered for approval by the LRA.
4. Identify how the proposed terms would support land transfer from the U.S. Navy to the City of Concord.

The definition/purpose of the different legal documents mentioned above are as follows:

- **Term Sheet**

  A Term Sheet is essentially an outline of a contract that is yet to be drafted by the parties. It provides the most important parts of the agreement between the parties in much the same way that an outline of a research paper provides a guide to the final paper. A Term Sheet is often used to summarize and clarify complex terms that will later be included in the agreement. Because a Term Sheet does not include all salient business terms of the complex transaction that is the subject of the Term Sheet, it typically is not legally binding in the same way as a comprehensive agreement, such as a DDA. Nevertheless a Term Sheet coupled with a negotiating agreement does impose obligations on the parties to conduct further negotiations and work together collaboratively and in good faith to draft such a comprehensive agreement in a manner that is consistent with the Term Sheet. In this case the City, once it selects a single Master Developer, will be contractually bound, per the terms of Section 3.2.1 of the Negotiating Agreement, to work exclusively with the selected Master Developer for the next 9 months, or such later date as may be mutually agreed upon by the City and the selected Master Developer, on the negotiating and drafting of a comprehensive DDA.

- **Disposition and Development Agreement (DDA)**

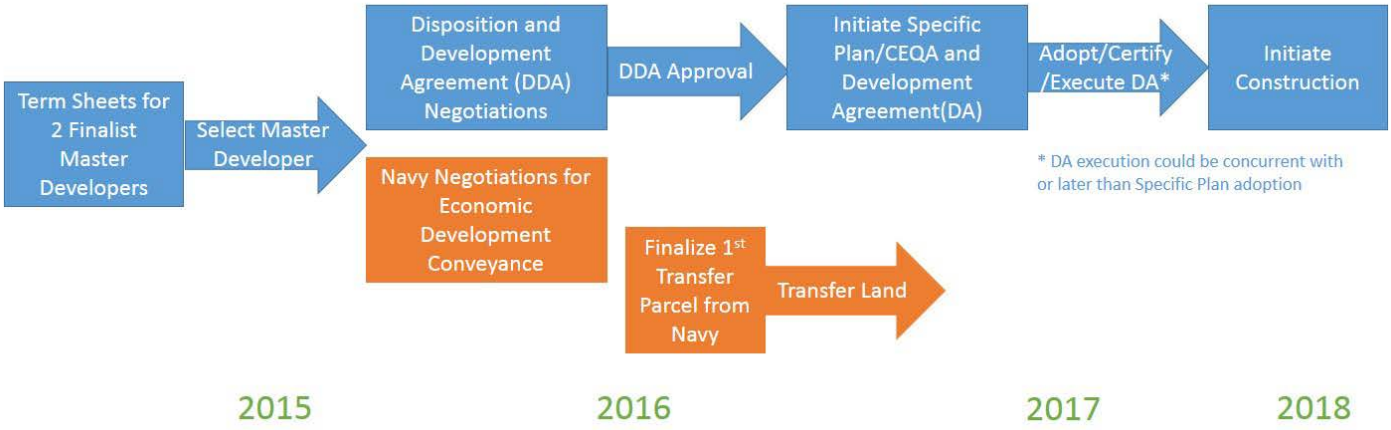
  The Lennar and Catellus Term Sheets set forth a foundation for a DDA (essentially a purchase and sale contract) that will be prepared and negotiated with one of the proposed Master Developers after the selection process is complete. The DDA to be negotiated and drafted by the parties will be based on the City's template form of DDA

that was attached to the City's RFP document with appropriate modifications and additions as set forth in the selected Master Developer's Term Sheet. In other words, upon selection of a single Master Developer, both the City and the selected Master Developer will be bound to work together in good faith to attempt to reach formal documentation on the major business terms set forth in the Term Sheet. Because the two Term Sheets outline the basic financial commitments of the Master Developer semi-finalists and the benefits from those commitments that would accrue to the community, the documents provide the LRA with key guidance as to the competing developers' "bottom line," and are therefore an important tool in evaluating the advantages and shortcomings that each developer poses if selected by the LRA.

- **Development Agreement**

An exhibit to the DDA will be a Development Agreement (DA). A DDA is essentially a purchase and sale contract between a city/seller and developer/purchaser where the city sells or conveys land to the developer and the developer agrees to develop the property in accordance with certain requirements and scheduling milestones. A Development Agreement (DA) is a contract between a city and a developer governing land uses of a project where the developer obtains vested rights to develop in accordance with then current zoning and entitlements and often provides certain community benefits in exchange. A DDA is only be used if there is property being conveyed and may be used in combination with a DA. If there is no property being conveyed, only a DA would be applicable.

Following selection of a Master Developer by the LRA, staff will initiate preparation of a DDA with the selected team. The DDA will provide contractual language for many of the topics discussed at a high level in the Term Sheet. The DDA will include a proposed form of DA as an exhibit. The DA will provide vested rights to develop in accordance with the land use regulations to be set out in the Specific Plan. The DA would not be executed until the Specific Plan is adopted as most of the terms in the DA, defining rights to develop, will be spelled out in the Specific Plan. Following is a graphic overview of this process, as well as the general timeline expected for the Concord Reuse Project.



A Specific Plan will be prepared by the selected Master Developer in conjunction with the community and, ultimately will be considered for adoption by the LRA. This process will include environmental review consistent with the California Environmental Quality Act (CEQA). City staff will lead the preparation of the CEQA document to ensure it is an arms-length review of the potential impacts that would result from implementation of the Specific Plan. The selected developer will fund both the Specific Plan and environmental review activities.

All Specific Plans are required by State law to define land uses and open space, on-site and off-site infrastructure, how natural/cultural resources will be protected, implementation procedures, and the relationship to the General Plan. As specified in the Term Sheets, the Specific Plan will be consistent with the Area Plan and have the following key features:

1. Further refine the boundary and land uses for Development Phase One.
2. Reflect substantial community input, including input from the neighborhoods most directly impacted by the initial development.
3. Be reviewed by City boards and commissions, subject to final approval by the LRA.
4. Identify infrastructure to support Development Phase One and future phases.
5. Provide design standards and guidelines that translate the goals and objectives of the CRP Area Plan into detailed policies for public and private spaces.
6. Create a process for reviewing subsequent applications for permits required to develop Development Phase One.

As noted in the illustration above, it will take at least 24 months from the point of selection of a Master Developer partner to the completion of the specific planning process. It is also important to note that once the specific planning process is complete, a host of typical entitlement steps, including engineering and planning department reviews of plans and drawings, will need to take place before any horizontal or vertical construction would commence.

III. Discussion

The following sections focus on the key components and comparisons of the Term Sheets. The purpose of the Term Sheet negotiations undertaken by staff with the two Master Developer semi-finalists is to support selection of a partner for the City to work with over the next ten to fifteen years. That partner will work with the City to implement, through their proposed Phase One Development, the community's vision, as expressed in the Area Plan and Specific Plan. As noted above, the resulting Term Sheets set a foundation for completion of a DDA between the developer and the LRA that would ultimately be considered for approval by the City Council, sitting as the LRA. There are a number of the sections of the Term Sheets (Attachments A and B) that are substantially the same reflecting standard contract terms, reimbursement of City costs, entitlement, fiscal neutrality to the City, infrastructure over sizing, project labor agreements, local hire policies, and remediation and habitat mitigation requirements, and consequently are not real discriminators between the two firms. The following nine sub sections (A-I) discuss the areas where there are distinct differences between the Terms Sheets.

The key issues with substantive differences are:

A. Development Program Comparison

Both semi-finalists have proposed Development Phase One programs and diagrams consistent with the adopted CRP Area Plan. Their conceptual development programs are summarized below and will be further refined as the Specific Plan is prepared for Development Phase One. They include housing at a range of densities, including higher-density housing near the North Concord BART station, 25% affordable housing, neighborhood-serving retail uses, substantial parks, open space and other public amenities, and commercial uses expected to generate permanent employment beyond that created by the construction phase. Both provide shuttle service within the CRP Area and connecting to key destinations in Concord, such as Todos Santos Plaza.

<u>Catellus Development Program</u>

The Catellus Development Phase One has a very strong focus on the North Concord/Martinez BART station, completing much of the CRP Area Plan acreage dedicated

to Transit Oriented Development (TOD) Core and TOD Neighborhoods in this first phase of development. The Central Neighborhoods, slightly further from BART, would include single-family development. Although acreage and development are not included in Catellus' development program for the BART property, Catellus is expecting to work with BART to develop the 18 acres of the parking lot and focus office and commercial development on the property in very close proximity to the North Concord/Martinez BART station, supporting transit ridership to new job-generating uses. Catellus would also incorporate new parking facilities to accommodate the existing and future parking demands of the BART station. The development adjacent to the BART station would happen toward the end of Development Phase One, but public spaces near BART and other nearby development would happen early on. The Catellus plan has strong connections to the future regional park via a trail network, as well as a first phase of the tournament sports facility envisioned in the Area Plan. Regional retail uses envisioned near the intersection of Willow Pass Road and Highway 4 would provide services for new and existing residents, as well as sales tax revenue for the City of Concord. Additional retail would be included on the ground floor of multi-family residential buildings. Exhibit C to the Term Sheet has been included in this report for illustrative purposes.

Catellus -- All numbers approximate

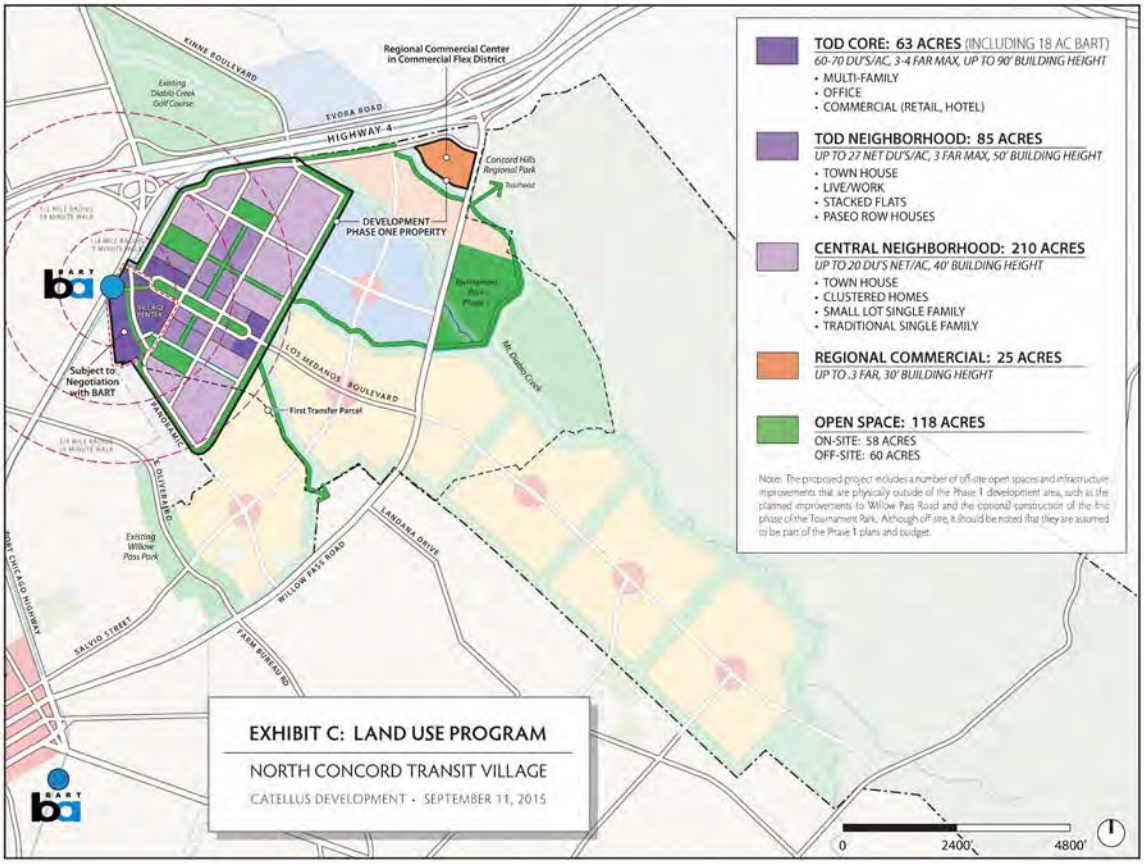
District	Acres	Affordable Multi-Family/Attached Single-Family Housing Units	Affordable Single-Family Housing Units	Market Rate Multi-Family/Attached Single-Family Housing Units	Market Rate Single-Family Housing Units	Housing Units	Commercial Floor Space (Square Feet)
North Concord TOD Core* and **	45	450	-	842	-	1,292	150,000
North Concord TOD Neighborhoods (all)	85	298	20	776	350	1,444	-
Central Neighborhoods (all)	210	298	34	300	1,033	1,665	-
Village Centers (all)	-	-	-	-	-	-	-
Village Neighborhoods (all)	-	-	-	-	-	-	-
Commercial Flex	25	-	-	-	-	-	333,000
Campus	-	-	-	-	-	-	-
First Responder Training Center	-	-	-	-	-	-	-
Greenways and Citywide Parks***	118	-	-	-	-	-	-
Conservation Open Space	-	-	-	-	-	-	-
Total	**483**	**1,046**	**54**	**1,918**	**1,383**	**4,401**	**483,000**
Maximum Planning Area-wide Total	5,046					12,272	6,115,718

*Does not include BART property. An add'l +/-1.7mm sq. ft. of commercial on BART land could be added to TOD Core.

**Homeless housing is currently included in the TOD Core.

***Includes 60 acres of "offsite" parks and open space such as the Tournament Facility. Excludes Mt. Diablo golf course.

Approximately 30% of the affordable units will be prioritized for veterans/families/seniors consistent with the affordable housing resolution.



Lennar Development Program

The Lennar development program includes high-intensity development around the BART station, but also extends further into the rest of the site, toward Willow Pass Road, with single-family housing in what would be the first of the planned Village Neighborhoods. That single-family district is the focus of the first stage of development, with construction around the BART station, including public space near BART, taking place toward the end of Development Phase One. The Lennar proposal for Development Phase One includes more commercial uses near the intersection of Highway 4 and Willow Pass Road. It includes substantial public spaces, featuring a school, parks, greenways and two new community centers. Exhibit E from the Lennar Term Sheet provides a graphic representation for illustrative purposes. (Table on next page).

Lennar -- All numbers approximate

District	Acres	Affordable Multi-Family/Attached Single-Family Housing Units	Affordable Single-Family Housing Units	Market Rate Multi-Family/Attached Single-Family Housing Units	Market Rate Single-Family Housing Units	Housing Units	Commercial Floor Space (Square Feet)
North Concord TOD Core	25	100		200		300	881,654
North Concord TOD Neighborhoods (all)	76	668		1,558		2,226	Ground floor retail in four blocks closest to BART.
Central Neighborhoods (all)	46	100		22	297	419	
Village Centers (all) *	16						Retail shop (approx. 1k sq. ft. expected)
Village Neighborhoods (all)	176	150			1,217	1,367	
Commercial Flex***	82	80				80	810,216
Campus							
First Responder Training Center							
Greenways and Citywide Parks **	79						
Conservation Open Space							
Total	**500**	**1,098**	**-**	**1,780**	**1,514**	**4,392**	**1,691,870**
Maximum Planning Area-wide Total	5046					12,272	6,115,718

* Primarily community facilities, so neither housing units nor substantial commercial floor space are associated with this acreage

** Excluding Mt. Diablo Golf Course

*** Homeless housing proposed for edge of Commercial Flex, which enables both proximity to services (food bank facility anticipated in future phases) and adjacency to future residential areas.

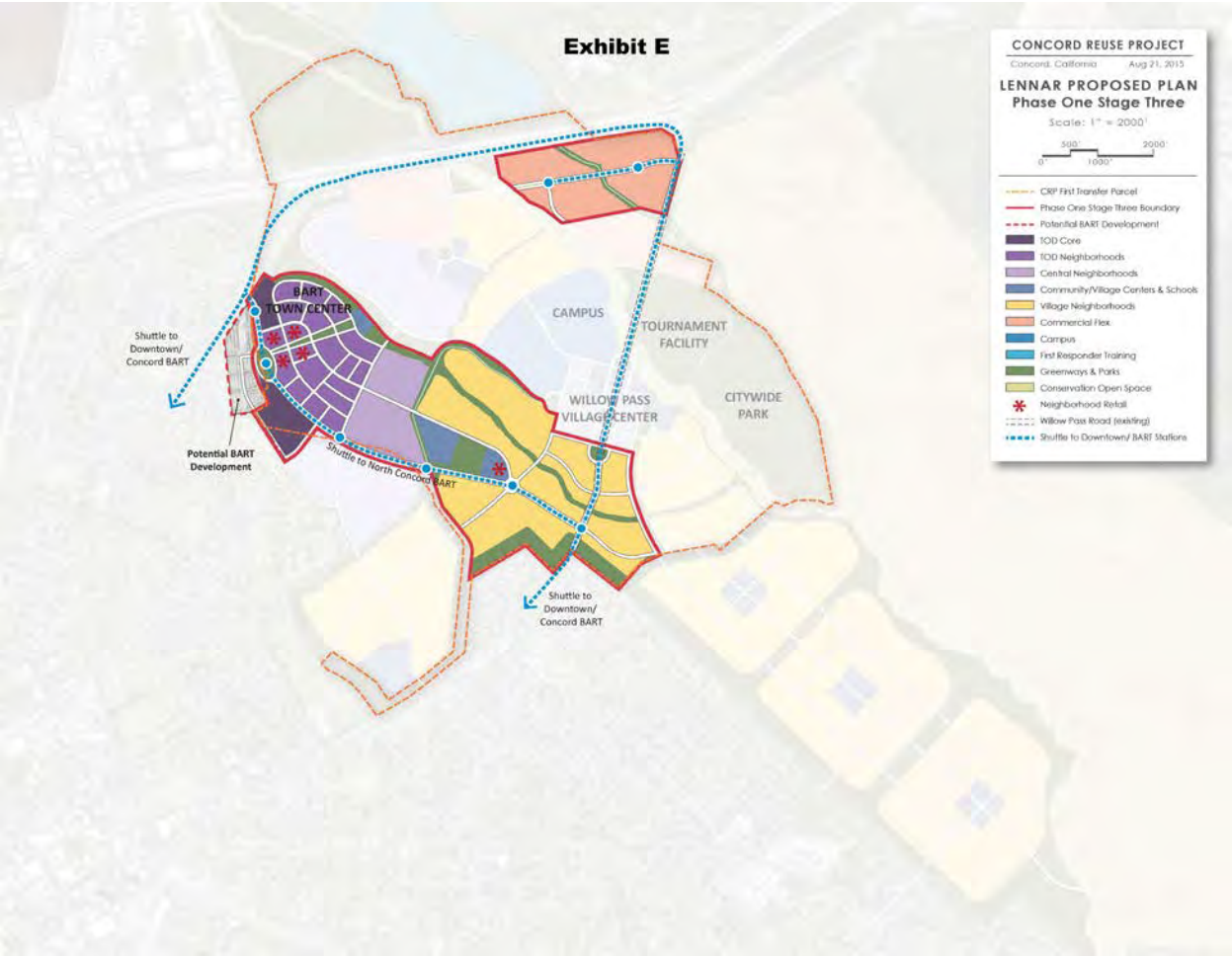


Exhibit E
CONCORD REUSE PROJECT
Concord, California
Aug 21, 2015
LENNAR PROPOSED PLAN
Phase One Stage Three
Scale: 1" = 2000'
0'
500'
1000'
2000'
CRP First Transfer Parcel
Phase One Stage Three Boundary
Potential BART Development
TOD Core
TOD Neighborhoods
Central Neighborhoods
Community/Village Centers & Schools
Village Neighborhoods
Commercial Flex
Campus
First Responder Training
Greenways & Parks
Conservation Open Space
Neighborhood Retail
Willow Pass Road (existing)
Shuttle to Downtown/ BART Stations
BART TOWN CENTER
CAMPUS
TOURNAMENT FACILITY
WILLOW PASS VILLAGE CENTER
CITYWIDE PARK
Shuttle to Downtown/ Concord BART
Potential BART Development
Shuttle to North Concord BART
Shuttle to Downtown/ Concord BART

B. Financial Deal

As part of the Term Sheet negotiations, Catellus and Lennar were required to provide the City negotiating team with a detailed financial feasibility model, which the City team agreed to maintain as confidential proprietary business information, other than a few key summary pages that would be included as Term Sheet Exhibits. Both firms made various revisions to the financial feasibility models during the course of the Term Sheet negotiation to reflect changes in their respective proposals. The City's independent consulting team reviewed the developers' financial models in detail and concluded that they are based on reasonable assumptions for this stage of the implementation process. However, actual results may differ from these projections for a number of reasons, including changes required as a result of the pending Specific Plan process, further negotiations with the U.S. Navy regarding the Economic Development Conveyance, further negotiations with federal and state permitting agencies, and changes in market conditions between now and when construction is ready to commence.

The three tables below (A, B, and C) address three sets of information in a side by side comparison format. Table A is focused on the proposed financial structure of each term sheet. Table B compares the profit participation component as proposed by each firm. Table C compares the on-site infrastructure and off-site roadway improvements proposed by each firm.

At the end of Table C, (page 17) the staff report provides a summary comparison taking into account information in all three tables and the potential benefit to the City.

Table A: Comparisons of Candidate Master Developer Term Sheet Provisions Regarding Financial Structure

Topic[1]	*Catellus*	*Lennar*
Project Financing	Catellus equity only.	Lennar equity and possibly third-party debt, although pro forma includes equity only.
Investment Return Thresholds (IRR)	Greater of: (a) 15% of total gross land sales; or (b) 15% IRR after repayment of all project costs and eligible fees (e.g., annual project administration fee, construction management fee, commissions on land sales (residential and commercial). Earnings above 15% IRR eligible for sharing with the City for benefit of the project (see "Waterfall").	Minimum 20% IRR after repayment of all project costs and eligible fees (e.g., annual project administration fee; no commissions taken on sales). Earnings above 20% IRR eligible for sharing with the City for benefit of the project (see "Waterfall").
Financial Information Sharing With City	"Open Book" approach with revenue escrow accounts for sales revenues, public financing proceeds and any other source; DDA to include itemized project costs and cost categories eligible for reimbursed from revenue accounts; discussions with City about intended development at each stage.	Not specifically addressed except for sharing of information about earnings above 20% IRR for profit participation "waterfall"; DDA to include itemized costs.
Sales to Vertical Builders	Competitive RFP process for all residential; may self-develop some commercial.	Competitive sales process for about 40% of residential; may self-develop up to 60% of residential and all commercial.
Public Financing Assistance	Mello-Roos Community Facilities District (CFD), plus Enhanced Infrastructure Financing District (EIFD) based on 75% of City property tax share and 50-75% shares of other non-school taxing entities All subject to independent City analysis and City revenue neutrality demonstration.	Mello-Roos Community Facilities District (CFD), plus Enhanced Infrastructure Financing District (EIFD) based on 100% of City property tax share only. All subject to independent City analysis and City revenue neutrality demonstration.
Reimbursement of City Costs	Full reimbursement of applicable City direct and indirect staff and consultant costs to support project implementation.	Full reimbursement of applicable City direct and indirect staff and consultant costs to support project implementation.

Topic[1]	***Catellus***	***Lennar***
Attorneys' Fees/Arbitration	In the event of a dispute between the parties, the prevailing party would be entitled to recover its attorneys' fees from the losing party. No binding arbitration on City cost reimbursement.	Each side would be expected to bear its own attorneys' fees and costs in the event of a litigation dispute between the parties. Binding arbitration on dispute of City cost reimbursement.
Affordable Housing	Improved pads for 25% of units plus $56 million for homeless/Habitat, very low/low subsidy gap and moderate price reduction; funding may be re-programmed by the LRA if other housing funds become available; costs reflected in net land sales.	4% moderate inclusionary (i.e. 5% of the market rate units) with the balance of the 25% requirement met through delivery of improved pads; no specific set-aside for gap subsidies, but EPIP[2] and "waterfall" funds (up to $60 Million depending on option selected) could be used at the LRA's discretion, and allocated annually per DDA; will assist in seeking other affordable housing funds; costs reflected in net land sales.
Project Revenue Sources		
Net Land Sales	$726 million	$768 million
Community Facilities District Revenue	$117 million	$128 million
Enhanced Infrastructure Financing District Revenue	$89 million	$33 million
Grant Funds	N/A	$6 million
Total Revenues	*$933 million*	*$935 million*
Project Hard Costs		
Infrastructure[3]	$359 million	$327 million
Remediation	$1 million	$6 million
Habitat/Enviro. Mitigation	$14 million	$6 million
Schools	[4]	$39 million
Parks/Open Space	$41 million	$26 million
Community Facilities	[5]	$20 million
General Conditions/ Contractor Fee/ Contingency	$123 million	$80 million
Subtotal Hard Costs	$538 million	$504 million
Project Soft Costs		
Professional Fees/ Permits/City Cost Reimburs't/Other	$107 million	$98 million
Contingency	$11 million	[6]
Subtotal Soft Costs	$118 million	$98 million

Topic[1]	***Catellus***	***Lennar***
Other Project Costs		
Construction Mgmt/ Base Maint./Other	$32 million	$29 million
Marketing/Insurance/ Project Admin/Other	$9 million	$37 million
Closing Costs	$9 million	N/A
Developer Commissions	$23 million	N/A
Subtotal Other Costs	*$73 million*	$66 million
Subtotal Develop't Costs	$729 million	$668 million
EPIP Fund[7]	$49 million	$36 million (guaranteed)
Land Sale Fee	$109 million	N/A
15% IRR Adjustment	$11 million	N/A
Total Project Costs	*$898 million*	*$704 million*
Net Cash Flow Before Waterfall Calculations	$35 million	$231 million
EPIP Fund Add-Back	$49 million	N/A
Net Available Cash Flow	$84 million	$231 million
IRR Before Profit Participation	15%	22%

[1] All dollar amounts in nominal dollars (i.e., with inflation); values rounded. Catellus' Term Sheet text is also in nominal dollars, while the text in Lennar's Term Sheet is in constant, 2015 dollars without inflation.
[2] EPIP" = EDC Property Improvements Program
[3] Includes demolition, mass grading, off-site infrastructure, backbone streets and utilities, in-tract infrastructure, and for Lennar, Concord Circulator.
[4] $16 million in school fees, along with a fully improved site, is deducted as a cost in the net land sales calculations. Additional funding as needed available in Hard Costs Contingency.
[5] To be determined during Specific Plan preparation; funds available in Hard Costs Contingency.
[6] Soft cost contingency is included in Lennar's $98 million Project Soft Costs total.
[7] "EPIP" = EDC Property Improvements Program for developer-provided additional public improvements and amenities for the benefit of the project, with specific improvements and amenities subject to LRAl determination, per each Term Sheet.

Table B: Comparison of Profit Participation

Topic[1]	***Catellus***	***Lennar***
"Waterfall" Profit Participation in Surplus Cash Flow for Benefit of the Project Per Term Sheets	At 15% IRR, 70% of the first $70 million to City; plus At 20% IRR, 30% of net cash flow above $70 million to City; plus At 20%+ IRR, 70% of net cash flow above $70 million to City	**Option #1** (no guaranteed cash, but a lower participation threshold): At 20-25% IRR, 35% of net cash flow to City At 25-30% IRR, 40% of net cash flow to City At 30%+ IRR, 50% of net cash flow to City **Option #2** (guaranteed cash plus additional participation, but at a higher IRR threshold): $24 million in annual payments guaranteed, plus At 25-30% IRR, 35% of net cash flow to City, and At 30-35% IRR, 40% of net cash flow to City At 35%+ IRR, 50% net cash flow to City
Currently Projected Profit Participation to City for Benefit of the Project	First $49 million to be allocated over last four years of development; and $4 million at 20% IRR (final year).	Option #1: $38 million (in final year) <u>or</u> Option #2: $24 million (incremental each year; guaranteed)

[1]All dollar amounts in nominal dollars (i.e., with inflation); values rounded. Catellus' Term Sheet text is also in nominal dollars, while the text in Lennar's Term Sheet is in constant, 2015 dollars without inflation.

C. Infrastructure

Table C: Comparison of the On- and Off-site Infrastructure Assumed in each Proposer's Proposal

Topic	*Catellus*	*Lennar*
On-site Infrastructure	• Development Phase One demolition, site clearing, and grading • Development Phase One roads, sewer, storm, water supply and storage, recycled water, dry utilities, electrical distribution network	• Development Phase One demolition, site clearing, and grading • Development Phase One roads, sewer, storm, water supply and storage, recycled water, dry utilities, electrical distribution network
Off-site Roadway Improvements[1]	• Willow Pass Road widening to 4 lanes – SR 4 to Landana • Willow Pass Bridge rebuild and widen to 4 lanes • Panoramic/Port Chicago Highway intersection improvements • Willow Pass/Avila Road intersection improvements • Panoramic Pedestrian Bridge over BART tracks • Evora Road extension to Port Chicago Highway • Connection from Development Phase One Property to Willow Pass Road near Clayton Way, including bridge over the adjacent Contra Costa Canal • Improvements to Willow Pass Road & Highway 4 ramps • Additional off-site improvements consistent with City plans for Phase One buildout	• Willow Pass Road widening to 4 lanes – where it passes through or adjacent to Stages 1 and 2, excluding the bridge • Panoramic/Port Chicago Highway intersection improvements • Willow Pass/Avila Road intersection improvements • Panoramic/BART intersection improvements • Panoramic on-site connection to BART • Evora Road extension to Port Chicago Highway • Arnold/Port Chicago Highway intersection improvements

[1] Estimated off-site roadway improvements are $67 Million for Catellus and $16 Million for Lennar.

In summary, the Catellus Term Sheet and Development Phase One financial projections offer the City a more collaborative process for assessing the annual financial performance of Development Phase One; a vertical development implementation process that provides more variety and more opportunity for local homebuilders; specific dollar allocation subsidies to help deliver the full 25% of planned housing, with units across the affordability spectrum; a wider range of funded infrastructure improvements (e.g., widening of Willow Pass Road bridge); a more generous development budget for parks/open space and remediation/habitat mitigation; a larger, though not guaranteed, EDC Property Improvements Program (EPIP) Fund commitment; a lower investment return threshold for profit participation with the City (notwithstanding collection of sales commissions and certain other fees); and as a result, greater opportunity for profit participation with the City and/or land value sharing with the U.S. Navy over the long term.

The Lennar Term Sheet and financial projections, while comparable to Catellus on several individual development budget line items (e.g., overall revenues and some development cost categories) offer a guaranteed EPIP Fund (albeit less than the non-guaranteed Catellus projection) and one of two elective profit participation approaches which, if selected by the LRA, would also be guaranteed. Subject to future LRA decisions, the Lennar EPIP Fund and profit participation proceeds could also be used for affordable housing subsidies, among other options. But the non-guaranteed profit participation option would be determined using a significantly higher investment return threshold than Catellus is using for this purpose, and the percentage share of net cash flow to the City would be lower than what Catellus offers.

D. Remainder of First Transfer Parcel/Future Phases

The semi-finalists have addressed the issue of rights to future phases in a very different manner. Catellus has agreed that it has no guaranteed right to develop future phases. The Catellus' team anticipates the City will want to negotiate with Catellus after seeing the progress of the first phase. Lennar, on the other hand, has built into its Term Sheet the guaranteed ability to develop future phases if certain milestones are met. Lennar would have an option to purchase the Phase Two (likely an additional 800 acres +/-) if: (a) Lennar has pulled building permits for at least 60 percent of the residential units for Phase One, and (b) Lennar is not in default under the Phase One DDA and is in compliance with the Schedule of Performance. Lennar's option rights for the balance of the Economic Development Conveyance (EDC) property (i.e. Phase Three which would likely consist of the last 800 +/- acres) would be negotiated by the parties and set forth in the DDA for Phase Two. Catellus' proposal provides the most flexibility for the City in terms of future phases. While Lennar's proposal will incentivize them to make progress on the residential units, the City will be bound to work only with Lennar on subsequent phases and to present to the LRA for approval subsequent development phase DDAs on terms generally commensurate with the Phase One

DDA if Lennar meets the milestone requirements and, therefore, the City should expect to have less leverage in negotiations for future phase DDAs. Both Catellus and Lennar have designed their Term Sheets such that if the City selects a different Master Developer for subsequent phases of development, the City would be obligated to cause the new Master Developer to reimburse Catellus or Lennar, as applicable, for its pro rata share of the costs of oversized infrastructure and accelerated habitat or species mitigation work that the new Master Developer of the subsequent phase(s) would otherwise have been obligated to undertake.

E. Affordable Housing

The approaches to the provision of affordable housing have similarities, in that both candidates have committed to meet the requirement to provide 25% of the residential units as affordable and provide land ready for development to affordable housing developers at no cost. Both Catellus and Lennar anticipate that their affordable housing development partners would leverage third party funding sources, such as federal low-income housing tax credits, to pay a portion of the costs of developing that housing. However, there is a significant difference with respect to their commitments to provide further subsidies to ensure development of affordable housing. Catellus, in addition to providing free, completed pads for 25% of the housing, is committing $56 million as a project cost to subsidize the development of affordable housing (1,100 units). The City could redirect these funds to other purposes if additional sources of affordable housing monies become available through new state funding programs or other third party sources. Lennar is committing to deliver 165 moderate-income inclusionary units (representing approximately 4% of the total units and approximately 5% of the market rate units). To meet the balance of the affordability requirement (approximately 21% of the total units), Lennar will provide free, completed pads to accommodate affordable housing at a range of affordability levels. Lennar has also indicated a desire to meet a portion of the balance of the affordability requirement by including some affordable units within mixed-income 80/20 multi-family projects (i.e. 80% market rate, 20% affordable). This would require land value subsidy that at the time of publication has not been included in their pro forma so staff has not validated its impact. Lennar has not made any other specific subsidy commitment to support the development of low and lower income housing. However, the City could use some or all of the funds from Lennar's $36M EDC Property Improvements (EPIP) Fund (and $24M waterfall profit participation payment, if the City were to elect the guaranteed City participation option) toward potential affordable housing gap subsidies.

F. Interim Approach to Transferring Land [right of entry vs. purchase]

Catellus and Lennar have different approaches to land transfer. Lennar proposes that the City transfer portions of the site to Lennar in fee for installation of backbone infrastructure

after certain conditions have been met. Lennar would then construct the backbone infrastructure and, once completed, transfer the completed portion of the site to a vertical developer for construction and development. Lennar would provide completion and labor and materials bonds to the City as security to ensure performance of the backbone infrastructure work. Catellus, on the other hand, proposes that the City lease, rather than transfer in fee, portions of the site to Catellus for the construction of backbone infrastructure. Only after completion of the backbone infrastructure, would the City transfer land to Catellus who would then immediately convey that land to the vertical developer. Under Catellus' approach, the City, at its option, could convey land directly to the vertical builder after they have been selected by Catellus using a competitive selection process. Like Lennar, Catellus would also deliver completion and labor and materials bonds to ensure performance of the backbone infrastructure work. Catellus' approach allows the City to retain a greater degree of control over the site for a longer period of time and allows Catellus to save the carrying costs of holding title to the property, which costs can be reinvested into the project. Under the Catellus approach the City would also have greater leverage in terms of remedies, since, in the event of a default by Catellus, the City would be able to terminate the lease and then sell the land, potentially with some backbone infrastructure already in place, to a different Master Developer.

G. Schedule of Performance (Commitment to pace of development)

Both semi-finalists have proposed schedules of performance to ensure completion of Development Phase One within certain time limits. Lennar has proposed three development stages, with milestones for development in each phase. All property within the first stage would be transferred to Lennar within two years of transfer to the City from the Navy and approval of the Specific Plan and Development Agreement. Construction would be completed approximately three years thereafter. The second stage would be transferred within five years, with all construction completed two years thereafter, and the third stage would be transferred within eight years, with all construction completed two years thereafter. Catellus proposes that within 30 months of land transfer by the Navy to the City and the City's approval of the Specific Plan and Development Agreement, Catellus would initially take down, via lease, a minimum of 25 acres and then a minimum of 40 acres each year thereafter (on a rolling three-year average) for installation of backbone infrastructure. Catellus would have to acquire fee title (or facilitate sale directly to vertical developers) and ensure that vertical development commences within one to two years after taking down the land via lease, and then have vertical construction completed within five years after commencement. Lennar has made more definitive commitments with respect to timing, including somewhat shorter time-frames for completion of vertical construction after commencement. Catellus proposes more flexibility in terms of timing, which it likely needs given that it is not a homebuilder and will therefore need to market and sell residential development sites to third party

homebuilders. Both developers' schedules are subject to force majeure provisions that will extend the time for performance in the event of unanticipated conditions, such as acts of God or litigation delays. Both force majeure provisions also include extensions for severe economic downturns. Therefore, if market conditions are such that no Master Developer could proceed with profitable development, the time frames for development by Catellus or Lennar would be extended.

H. Approach to vertical development

The semi-finalists will approach vertical development in different ways based on their company structures and business models. Lennar is a fully integrated Master Developer, with numerous residential and commercial divisions. Therefore, Lennar will likely be the vertical developer for a substantial portion of Development Phase One. In order to provide opportunities for third party homebuilders, Lennar's Term Sheet includes a commitment to sell land corresponding to at least 40% of the total residential units (including affordable units) within Development Phase One to third-party vertical developers. Catellus, on the other hand, is not a homebuilder, although it sometimes builds commercial projects. Therefore, Catellus anticipates that it will sell, or facilitate sale of, all residential subdivisions to third party homebuilders. Although Catellus could develop some of the commercial sites itself, those portions may also be sold to others. Because vertical developers will be required to assume the Master Developer's obligations under the DDA with respect to the portion of the site being transferred, the obligation to meet development milestones will be the same regardless of the identity of the vertical builder.

IV. Additional Selection Information

The two semi-finalists have reached this point in the Master Developer selection process on the basis of an in-depth review of qualifications, and of their detailed proposals during the previous stages of the selection process. In addition, concurrent with review of those materials and the Term Sheet negotiations, the LRA and staff conducted due diligence to learn more about the experiences of other communities working with the two semi-finalists. This information will also inform the LRA's selection decision. Following are brief descriptions of the due diligence efforts.

A. Financial Capacity

In developing the scoring for candidate Master Developers to undertake Area Plan implementation during the Request for Proposals (RFP) part of the selection process, the City's evaluation board considered an assessment of financial capacity provided by HR&A Advisors, Inc. (HR&A), one of the LRA's technical advisors. HR&A was responsible for reviewing confidential financial information submitted by Catellus (a private company), as

well as the publicly available financial information about Lennar, a public company. Both Catellus and Lennar provided timely and complete responses to all of the financial disclosure information required by the RFP, including three or more years of independently audited financial statements with consolidated balance sheets, consolidated income and expense statements and detailed notes and supplemental accounting schedules, and representatives of both companies provided timely and complete responses to questions during telephone interviews with HR&A. Staff's review demonstrates that both firms are financially sound and capable of fulfilling their commitments as expressed in the Term Sheets. The Lennar discussion (and Term Sheet) also provides new information about the potential for an Initial Public Offering concerning a Lennar affiliate, Five Point Communities, and how that might impact the City should Lennar be selected.

Catellus Financial Capacity

Catellus is a privately held real estate owner, investor, and developer, with 17 active projects, mostly in the western U.S. "Catellus" actually refers to two related entities, Catellus Acquisition Company, LLC, the parent company (formed in 2010), and Catellus Development Company, the operating company (i.e., provides the professional and administrative staff to implement and manage real estate projects) that is a wholly owned subsidiary of Catellus Acquisition Company. Catellus Acquisition Company is owned by TPG Capital, one of the world's largest private investment firms, with about $57 billion in diversified and global assets under management. Catellus' corporate history dates from its origins in the 1980s as Santa Fe Pacific Realty Corporation, the real estate arm of Santa Fe Southern Pacific Corporation, and subsequent private, public and now private again ownership changes, during which the company name was changed to Catellus.

Catellus is primarily a "Master Developer," meaning that its typical mode of operation is to acquire land, manage the horizontal development and improvement of land, including all infrastructure, and then sell or lease improved sites to individual vertical builders on a competitive basis. It does, however, also own, manage and receive income from some individual completed real estate assets. Catellus' individual development projects are typically held in the name of a project-specific Limited Liability Company or Limited Partnership, which is standard practice in the real estate development industry. Catellus Acquisition Company will likely serve as the Managing Member or Managing Partner of the entity formed to implement the CNWS Area Plan, if Catellus is selected by the LRA.

Catellus' response to the RFP included four years (2010-2013) of independently audited (by Ernst & Young) consolidated financial statements, including balance sheets, operating statements, detailed notes and supplemental financial schedules for all of its project-specific development operating entities. Ernst & Young concludes from its audits that the financial

information presented in the consolidated statements are "fairly stated in all material respects." As a private company, Catellus does not have a credit rating. The financial information is based on the Catellus organization itself, and does not rely on a Financially Responsible Party.

Catellus proposes to finance its work on the CNWS Area Plan using internal equity, which enables a prompt financial commitment with no financing contingencies beyond internal approvals. As HR&A previously reported to staff at the Request for Qualifications stage of the selection process, TPG advised HR&A in a lengthy phone interview that it had conducted significant financial and performance due diligence before buying Catellus, including conducting interviews with City staff from areas around the U.S. where Catellus has major projects, and received positive responses. HR&A's review of Catellus' financial statements indicated that it had sufficient resources to commit the equity required to undertake its proposed Development Phase One.

Lennar Financial Capacity

Lennar Corporation is one of the nation's largest diversified homebuilding companies. It operates in numerous states and completed about 21,000 new homes in 2014. Lennar was founded as a local Miami homebuilder in 1954, and completed its initial public offering in 1971. It then began to expand its operations nationally through both organic growth and acquisitions. Later, Lennar added financial services operations for its home buyers (e.g., conforming conventional, FHA-insured and VA-guaranteed residential mortgage loan products, as well as title insurance, closing services and homeowners insurance). Lennar also created Rialto, a commercial real estate investment, investment management, and finance company. More recently, new business units have been added to specialize in office and retail development (Lennar Commercial) and multifamily development (Lennar Multifamily), a consolidated, privately held joint venture that was formed to manage master planned mixed use developments (FivePoint Communities[2]), and installation and financing of state-of-the-art home solar systems (SunStreet Energy Group).

Lennar differs from Catellus in that it is a public company (NYSE: LEN), and operates both as a Master Developer that acquires land and implements horizontal development, and also undertakes vertical development of residential and commercial uses. It also sells improved sites to other vertical builders. For the CRP Area Plan project, Lennar has already created a single-purpose entity called Lennar Concord, LLC, which is wholly owned by

[2] FivePoint Communities was the lead Lennar entity proposer during the RFQ process, and was replaced by Lennar Urban at the RFP stage, but the Lennar Corporation is the parent entity of both of these operating units.

Lennar Homes California, Inc., which in turn is wholly owned by Lennar Corporation. Lennar Urban-San Francisco, a division of Lennar created primarily to implement base re-use development projects in the San Francisco Bay Area, will provide overall project management. Other divisions of Lennar, including Lennar Residential (single-family), Lennar Multifamily (apartments) and Lennar Commercial (retail) will provide development support.

Lennar's response to the RFP included its 2013 Annual Report (covering its fiscal years 2011-2013[3]), with independently audited financial statements (by Deloitte), including balance sheets, operating statements, detailed notes and supplemental financial schedules for all of Lennar's four consolidated reporting segments (i.e., Lennar Homebuilding, Rialto Investments, Lennar Financial Services and Lennar Multifamily).

Deloitte concludes from its audit that the financial information presented in the consolidated statements present "fairly, in all material respects" Lennar's financial position, and expresses an "unqualified opinion" about of its internal controls over financial reporting. Lennar provided a copy of its Standard & Poor's credit rating (BB, upgraded from BB-; Outlook Stable) dated September 19, 2014, which concludes, among other things, that the company meets its liquidity requirements. Lennar also included a letter from its Treasurer in response to the Financially Responsible Party requirement in the RFP. HR&A's review of Lennar' financial statements indicated that it had sufficient resources to commit the equity required to undertake its proposed Development Phase One.

As noted in Lennar's Term Sheet, the company recently made a filing with the U.S. Securities and Exchange Commission announcing that it had agreed to contribute its interests in certain projects to subsidiaries of Five Point Holdings, Inc. The contribution is conditioned upon Five Point's completion of an initial public offering of its common stock. If consummated, the contribution would result in a new publicly traded company that, through subsidiaries, would assume responsibility for certain large-scale, multi-year, California military base reuse and redevelopment projects. The Lennar Development Phase One is not part of the contribution. However, it is possible that Lennar would seek to transfer its direct or indirect interests in the CNWS project to a subsidiary of the new public company. If so, Lennar has assured staff that day-to-day management and staffing of the existing project entity are not expected to change and will remain under the leadership of Kofi Bonner, who will continue to run the San Francisco Bay Area office of Five Point Communities/Lennar Urban. In connection with any such proposed transfer, Lennar would provide the City with appropriate financial, management, and other customary information regarding Five Point

[3] Lennar's 2014 Annual Report and Form 10-K filing with the Securities and Exchange Commission were issued after the close of the RFP due date, but were also reviewed by HR&A and generally show an improving financial condition.

Communities requested by the City prior to City considering any DDA for approval, so that the City may determine in its reasonable discretion whether Five Point Communities has sufficient financial capacity to undertake the Development Phase One.

B. Discussions and Tours with Jurisdictions in Which Semi-Finalists Have Worked

City Council members, key City staff, and members of the public visited four project sites, two each from each of the two semi-finalists. A minimum of one member of the public attended each tour, with greater public participation in the two tours local to the Bay Area. All four projects included development types similar to those called for by the CRP Area Plan and appealing community amenities. All four also were described as successful by community representatives. Following are brief summaries of the tours. Minutes from each tour are attached as Attachment C, and additional materials, including the public notices, are available on the project website: http://www.concordreuseproject.org/.

Mueller, Austin, Texas, Catellus – The former home of Austin's municipal airport, being developed as new single- and multi-family housing (including free-standing affordable and inclusionary affordable housing), a children's hospital, a children's museum, and commercial uses, as well as parks and other community facilities.

El Toro/Great Park Communities, Irvine, California, Lennar – A former military base, including a nearly-complete single-family residential neighborhood (including Irvine's first single-story homes in recent years, designed to support multi-generational living), with associated parks and community facilities, and an affordable senior housing project.

Alameda Landing, Alameda, California, Catellus – A former military base, including the new single- and multi-family housing, as well as shopping areas and parks and community facilities.

Hunters Point/Shipyard/Candlestick, San Francisco, California, Lennar – A former military base, and the former home of the San Francisco 49ers, including existing multi-family residential development and associated convenience retail, and planned major commercial uses.

V. Master Developer Selection Options

The LRA has three decision options: 1) select Catellus; 2) select Lennar Urban; or 3) select neither firm and either request more information from staff so the matter can be reconsidered at a later date, or direct staff to re-initiate the entire developer selection process. Either of the first two options would benefit the City by initiating implementation of the City's CRP Area

Plan vision. Failure to select one of the two semi-finalists could have severe schedule delay implications, among other implications, for the implementation process. Staff believes that Catellus and Lennar Urban are both very high quality firms and bring the experience and financial strength required for completion of a successful development at CNWS. The benefits to the City from selection of either of the firms are highlighted below along with potential consequences of the no-selection alternative.

A. Benefits of a Catellus Selection

1. **Open Book Financial Structure with Revenue Sharing.** Under the Catellus approach, Catellus' and the City's interests are very closely aligned in seeking the best possible project. Once project costs and the developer fees have been paid, and minimum investment return thresholds have been achieved, the majority of the cash flow proceeds go to the City for a decision on how best to reinvest the money into the project. The City's portion of the proceeds is currently estimated to exceed $53 million, of which $49 million would be committed early to project enhancements as noted below. This is in addition to improvements built into the project, such as $56 million in subsidies for affordable housing (approximately 1,100 units), and $41 million for parks and civic facilities. Catellus' investment return threshold is the greater of a 15% land sales fee, or a 15% Internal Rate of Return (IRR), which is lower than what typically applies for land development projects of this scale and complexity, however this assumes commission fees and closing costs that Catellus receives are project costs. Staff estimates their IRR would be slightly below 19% if closing costs and commission fees were not treated as project costs.

   Catellus will set up an Economic Development Conveyance Property Improvement (EPIP) Fund as a means for the City to share in, and further enhance, the success of the project through additional amenities, parks, and/or open space as identified by the City as priorities for the project. Catellus' financials project $49 million will be available for this purpose during the latter four years of Development Phase One. Financial performance benchmarks will be audited annually and the EPIP Fund monies will be made available to City before project close out so they can be reinvested in the Development Phase One Property.

2. **No Reliance on Third Party Financial Partners.** Catellus does not rely on third party financial partners, lenders, or investors for its land development activity. Rather, Catellus will finance the project with internal equity, eliminating any dependency on outside partners (and the inherent complexity of decision making they can sometimes bring to a project).

3. **Local Hire and Labor**. Catellus is committed to enter negotiations on project labor agreements to create good paying local jobs and training programs to support construction of the project. Catellus is a Master Developer, and not a residential homebuilder; therefore all residential development will be completed by others. This offers the potential for a higher percentage of the residential units to be constructed by local developers. Catellus will use a time-tested competitive bidding process to ensure that land values are maximized. The vertical builders selection will be in a manner that implements Hire Concord First policies by providing preference for local, best-in-class homebuilders.

4. **Experience with BRAC and Projects of Similar Scale/Scope**. Catellus has nearly 30 years of experience transforming former brownfields, military land and airports into high-quality, mixed-use developments that include retail, commercial, residential and other public uses. Local BRAC (Navy) projects include Bay Point Alameda and Alameda Landing, and nationally, Willow Grove Naval Air Station NAS. The redevelopment of Mission Bay with its transit oriented development (TOD) and Pacific Commons in Fremont are other examples of local projects with similar scale and scope. Catellus' successful and popular redevelopment of the Mueller Airport in Austin, Texas is an award winning example of a sustainable master planned community.

5. **Parks, Civic Facilities, Affordable Housing**. Catellus' Development Phase One clearly reflects the community's vision, developed through years of planning and expressed in the CRP Area Plan. It will provide $41 million in funding for a total of 118 acres of parks, community centers, open space, and public plazas. These include a ten acre, 200 foot wide Central Park adjoined on either side by the central roadway connecting the Village Center and BART to Willow Pass Road, a civic plaza serving as the project's gateway to the BART station, trails connecting the project to the Regional Park, and an optional first phase of the Tournament Park. In addition, Catellus has budgeted improvements to the entire length of Willow Pass Road, including the bridge, as well as improvements to other key offsite infrastructure. Initial subsidy of a public shuttle is also included to help cement the transit oriented development goal expressed in the Area Plan. Catellus is committed to not only providing free, improved building pads that will accommodate the City's goal for 25% of all housing to be affordable to low and moderate-income households, but has also earmarked $56 million of project cost to ensure that these affordable units are actually delivered.

6. **Project Implementation.** Catellus will execute the horizontal development of backbone infrastructure under a lease from the City. This approach provides the City

with a greater degree of control over the land than in the usual arrangement where the Master Developer takes fee title to the land prior to commencing horizontal development. Risk associated with a longer period of City fee ownership will be transferred to Catellus via the Lease Addendum structure whereby Catellus will assume "operator" liability for purposes of federal environmental law known as CERCLA and take the lead in interfacing with the Navy to address any unknown contamination that may be discovered during the development process. In addition, this structure defers some of the transaction and carrying costs of land transfers (property transfer tax, closing costs, etc.) until the property is ready to be transferred to vertical builders, allowing the money saved to flow to the City through the project's profit sharing arrangement.

7. **Right to Future Phases**. Under the Catellus Term Sheet, the City is not obligated to partner with Catellus on future phases of the base redevelopment. Catellus requires no guarantee, and acknowledges no right of any kind as to development rights for future phases.

8. **Binding Arbitration**. Catellus is not requiring binding arbitration for resolution of disputes over City reimbursement costs.

B. Benefits of a Lennar Selection

1. **Guaranteed Funding to Implement EDC Property Priorities.** Lennar offers the City two options to fund improvements that benefit the CNWS. The LRA would be able to select from the following two options, each of which would provide guaranteed funds to pay for EDC Property amenities over and above the public improvements and facilities included within the project:

   a. $60,000,000 in guaranteed funds, paid out at about $6,000,000 per year over 10 years commencing with the first land sales by Lennar plus back-end profit participation commencing when Lennar reaches a 25% internal rate of return (IRR), if the LRA elects to take Lennar's waterfall profit participation option #2.

   or

   b. $36,000,000 in guaranteed funds, paid out at $3,600,000 per year over 10 years commencing with the first land sales by Lennar plus back-end profit participation

commencing when Lennar reaches a 20% IRR, if the LRA elects to take Lennar's waterfall profit participation option #1.[4]

2. **Financial Approach.** Lennar's development model is a land-based internal rate of return (IRR) model. Distribution of profits from the project to the Master Developer occurs at the back-end of the project following recovery of costs, including Lennar's delivery of project improvement elements (schools, parks, community facilities, etc.), the EDC Property Improvement Program Fund, and the Concord Circulator. Lennar's model does not include any sales or leasing commissions to the Master Developer on transfers to vertical builders.

3. **Local Hire and Labor.** Lennar is committed to enter negotiations on project labor agreements to create good paying local jobs and training programs to support construction of the project. Lennar will sell land corresponding to at least 40% of the total residential units within Development Phase One to third-party vertical developers. Lennar will also implement Hire Concord First policies by providing qualified local development firms with the opportunity to acquire, at competitive prices resulting from a structured bidding process, the sites reserved for third-party vertical developers. Opportunities to develop residential, commercial, and recreational facilities not constructed by Lennar or its subsidiaries, would focus on Concord builders first, then Contra Costa County or the nine Bay Area counties.

4. **Experience with BRAC and Projects of Similar Scale/Scope.** Lennar has experience creating new communities from closed military bases, including four military bases in partnership with cities: Hunters Point Shipyard and Treasure Island (both in San Francisco), Mare Island in Vallejo, and El Toro in Irvine. Other Lennar projects in California include the 1,250-acre Natomas Park in the Sacramento area, and Windermere – a 2,320-acre project in San Ramon. In addition, Lennar is currently working in partnership with the City of Fremont to develop the BART Warm Springs Innovation District, a vibrant mixed-use development including homes, technology offices, public plazas, and a new school near the South Fremont BART station.

5. **Schools, Parks, Community Centers, and Affordable Housing.** Lennar's financial pro forma includes funds ($39 million in hard costs) to either refurbish an existing school and/or construct a new school, as determined by the Mt. Diablo Unified School District. Lennar will also provide $26 million for creating approximately 80 acres of improved parks, greenways, and open spaces within Development Phase One, including the

[4] Note that all dollar amounts in this staff report are in nominal dollars (i.e., with inflation); values rounded. The text in Lennar's term sheet is in constant, 2015 dollars without inflation.

Ridgetop Park, extension of the Ridgetop Trail to connect the Ridgetop Park to Willow Pass Road, and connection of the Delta DeAnza Regional Trail. Parks will include bike and pedestrian trails and will create green linkages between the BART station and the surrounding community. Lennar has budgeted $20 million for two community centers. The community centers will include a range of specialized facilities and programming that will offer recreational opportunities to both project residents and the broader Concord

Lennar proposes to implement the City's 25% affordable housing policy through a combination of strategies, including free, improved building pads, inclusionary housing and mixed-income projects where they would provide subsidies to reduce land costs. In addition, the City could elect to dedicate some portion of the EDC Property Improvement Program Fund (see options above) to provide direct gap subsidies, and Lennar would guarantee up to $24 million of such funding. Lennar also commits to using its experience to help non-profit affordable housing developers to secure other required funding.

6. **Schedule of Performance**. While both Master Developer candidates have agreed to definitive performance milestones, Lennar, as a fully integrated development company with numerous residential and commercial divisions, has made somewhat more aggressive commitments with respect to timing, including shorter time-frames for completion of vertical construction after commencement.

7. **Attorney's Fees.** Lennar's proposal states that each side would bear its own attorneys' fees, rather than the calling for the prevailing party to recover its attorneys' fees from the losing party. This approach is potentially more favorable to the City because private parties' fees would typically be higher than public sector fees in any litigation dispute.

C. No Selection

Not choosing either Catellus or Lennar Urban will not benefit the City. It is clear that the City's process has identified two highly qualified, highly capable firms. Either of these firms could complete the project in a manner consistent with the Community's vision and the Council's adopted General Plan for the area. Therefore, not selecting one of the firms would cause a loss of Navy and community confidence in the City's process, and most likely cause significant delays (3-5 years minimum) in property transfer and redevelopment. It is also possible that the Navy could elect to go back to a public auction method of disposal, which would reduce the City's ability to control the reuse of the Base.

Staff Recommendation

Staff recommends the City Council, sitting as the LRA, take public comment and consider selection of either Catellus Development Company or Lennar Urban to be the Master Developer.

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Attachment A – Catellus Term Sheet
Attachment B – Lennar Term Sheet
Attachment C – Minutes of Site Tours
Attachment D - Correspondence

CONCORD NAVAL WEAPONS STATION

**TERM SHEET FOR
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN CITY OF CONCORD, IN ITS CAPACITY AS THE LOCAL REUSE AUTHORITY ("CITY" OR "LRA") AND
CATELLUS DEVELOPMENT CORPORATION ("DEVELOPER")**

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CONCORD NAVAL WEAPONS STATION

TERM SHEET FOR
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN CITY OF CONCORD, IN ITS CAPACITY AS THE LOCAL REUSE AUTHORITY ("CITY" OR "LRA") AND
CATELLUS DEVELOPMENT CORPORATION ("DEVELOPER")

1. Purpose of the Term Sheet and DDA

The purpose of this term sheet is to set forth the key business terms to be included in a Disposition and Development Agreement ("DDA") between City of Concord ("City") and Catellus ("Developer") if City selects Developer as the preferred master developer and the parties enter the DDA Stage (as defined in the Agreement to Negotiate dated May 26, 2015 by and between City and Developer, as amended). The purpose of the DDA is to (a) provide for the disposition of the Development Phase One Property, as defined below, to Developer through multiple phased closings and (b) effectuate the timely development of the Development Phase One Property with a range of land uses substantially consistent with the desires set forth by the community in the CRP Area Plan, as defined below, including parks and open space, public amenities and facilities as well as residential and commercial uses.

The following are defined terms for discrete geographic areas that are referred to throughout the Term Sheet document:

a. Concord Reuse Project Area ("CRP Area"). Approximately 5,028 acres known as the Inland Area of the Concord Naval Weapons Station.

b. Concord Reuse Project Area Plan ("CRP Area Plan"). The vision, policies, and standards set forth by the community and approved by City Council on January 24, 2012 for the transformation of the Concord Naval Weapons Station into the City's newest neighborhoods and open spaces.

c. Regional Park. Approximately 2,700 acres of the CRP Area that will be set aside for habitat conservation/restoration, open space and passive recreation pursuant to a public benefit conveyance from the United States government to a regional parks agency.

d. Public Benefit Conveyance ("PBC") Areas. Approximately 80 acres of the CRP Area that will be set aside for various public benefit uses including, potentially, a first responder training facility.

e. Development Footprint or EDC Property. Approximately 2,248 acres of the CRP Area that will be transferred in phases by Navy to City under the economic development conveyance provisions of the Base Closure and Realignment Commission ("BRAC").

f. First Transfer Parcel. Approximately 1,400 acres of the Development Footprint that will be transferred in the first phase by Navy to City.

g. Development Phase One Property. Approximately 423 acres as depicted in **Exhibit A – Development Phase One Property**. The Development Phase One Property is a portion of the First Transfer Parcel.

2. Project Summary

Developer's vision for the Development Phase One Property is to establish a world-class, sustainable, transit oriented village early on in the evolution of the EDC Property. The focus of the Development Phase One Property is the adjacency to the North Concord BART Station which the Developer believes is the single most important factor in achieving this vision.

Developer's proposal for the Development Phase One Property contemplates development in a manner consistent with the community's vision as outlined in the CRP Area Plan by focusing on key project assets like the North Concord BART Station and adding new amenities such as a 10 acre, 200 foot wide "Central Park" in the heart of the Development Phase One Property. In order to meet the goals of the CRP Area Plan with respect to transit, sustainability, walkability, and bike accessibility, Developer's proposed development of the Development Phase One Property is focused on developing commercial and residential uses within a 5 – 15 minute walk of the North Concord BART Station. New development is organized around a walkable grid that undulates with the topography, heightens diversity, and builds connections to amenities and resources that will add to the quality of life of existing and future Concord residents. The contemplated development of the Development Phase One Property will include a "Village Center" with employment and tax generating uses that will become an economic engine for the City and region. See **Exhibit A** for location of the Village Center.

As described in Section 3 below, Developer anticipates that it will develop the Development Phase One Property with approximately 4,401 residential units (25% of which will be affordable units), up to 150,000 square feet of TOD Core (as defined in the CRP Area Plan) and neighborhood-serving retail, a 333,000 square foot regional retail center, and approximately 118 acres of public parks and greenways (collectively, the "Project"). The Project will be designed to include approximately 18 acres of land owned by BART (subject to negotiation with BART). The BART property could accommodate a substantial amount of employment generating office, commercial, and retail uses adjacent to the North Concord BART Station. In the event the BART property does not become part of the Development Phase One Property, Developer will reprogram the Village Center to ensure employment generating office and commercial uses are included in the Development Phase One Property, adjacent to the BART station.

3. Project Description and Phasing of Project Components

The CRP Area Plan requires that the development of the Project be governed by a Specific Plan that sets forth detailed development standards, policies, guidelines, and infrastructure requirements (the "Specific Plan"). The Specific Plan will be developed with significant community input through a series of design community workshops and planning meetings to insure public feedback is understood and incorporated.

While the details of the proposed Project, including permitted uses, building heights, design guidelines, requirements for phasing and financing of infrastructure, will be set forth in and subject to the Specific Plan and related Project entitlements (the "Project Entitlements") and subject to other regulatory approvals for development of the Project (together with the Project Entitlements, the "Project Approvals"), the parties agree that the Project proposed to be developed by Developer will include the key components and amenities in all material respects as set forth in this Section 3, which will be developed according to the schedule and phasing requirements subject to the provisions of Section 4 below.

Developer intends to phase the development of the Project with the goal of establishing:

- A robust level of improved parks and open space benefitting all of Concord;
- The development of community facilities, including schools, consistent with the rate of residential and commercial development;
- The development of affordable housing at a pace commensurate with development of market rate housing; and
- The development of the Transit Oriented Development ("TOD") Core (as defined in the CRP Area Plan) and neighborhood serving retail consistent with the goals of the CRP Area Plan.

Developer will commit to complete certain key elements of the Project, such as recreational amenities, affordable housing, community facilities, neighborhood serving retail, and development in the TOD Core, as detailed in this Section 3. Additional Project improvements and amenities will be added to the Project in accordance with the EDC Property Improvement Fund discussed at the end of Section 3 and in Section 11 below.

The Specific Plan will include an anticipated phasing plan for development of the Project including specific proposed sub-phases. Each sub-phase will identify the anticipated acreage for market rate housing and commercial development, the anticipated public utility systems and street network (the "Backbone Infrastructure") required to serve the sub-phase, and the anticipated parks and community facilities within the sub-phase. Backbone Infrastructure will be designed to accommodate the ultimate build out of the EDC Property. For illustrative purposes, a Conceptual Phasing Strategy has been attached as **Exhibit B – Conceptual Phasing Strategy**. A summary of the Conceptual Phasing Strategy is provided in the table below; however, the phasing plan for the Project will be further refined during the Specific Plan process.

Summary of Conceptual Phasing Strategy – Years 1-10

Conceptual Phasing Program
Catellus - Development Phase One Property
Concord Naval Weapons Station

Year	Parks/Open Space (Acres)	Single Family Detached (Units)	Multi-Family & Single-Family Attached (Units)	Total Residential (Units)	Regional Retail Center (Sq. Ft.)	Village Center Mixed-Use Commercial & Neighborhood Retail (Sq. Ft.)
One	9	126	103	229	-	-
Two	5	126	191	317	333,000	-
Three	10	126	240	366	-	20,000
Four	11	168	247	415	-	-
Five	12	210	254	464	-	-
Six	21	210	586	796	-	-
Seven	20	177	574	751	-	-
Eight	17	126	514	640	-	-
Nine	13	84	304	388	-	130,000
Ten	-	30	5	35	-	-
Total	**118**	**1,383**	**3,018**	**4,401**	**333,000**	**150,000**

*Figures are based on market studies for residential and commerical development and are estimates only.

** Actual phasing will depend on market demand. Figures include affordable housing.

***Village Center will be designed to include 18 acres of BART land (subject to negotiations) & +/- 1.7mm sq. ft. of commercial development

a. Residential Development. Consistent with the CRP Area Plan, Developer will provide a range of residential product types at varying densities and prices, including 25% affordable housing as discussed below. The Project would include approximately 4,401 residential units (unit count assumes the First Transfer Parcel includes the CRP Area Plan land adjacent to the Coast Guard Housing site) as generally shown in the Land Use Program table attached as **Exhibit C – Land Use Program**. Unit count, density, and product types will be further refined during the Specific Plan process.

b. Neighborhood Serving Retail Development. In order to provide new residents and employees with retail shopping, retail services, and restaurant options within close proximity of their homes or offices, a minimum of 30,000 square feet of neighborhood serving retail will be located in the TOD Core and/or TOD Neighborhood areas (as defined in the CRP Area Plan). Developer will commence construction of the Backbone Infrastructure to serve neighborhood-serving retail parcels as depicted in **Exhibit B – Conceptual Phasing Strategy**, concurrently with the Certificate of Occupancy of the 200th market rate residential unit, and diligently pursue vertical development of same in accordance with the time frames set forth in the Schedule of Performance (more particularly described in Section 4). Neighborhood serving retail may include grocery, restaurants, and daily needs retail such as banking and pharmacy.

c. TOD Core Development. Consistent with the CRP Area Plan, the TOD Core will be planned as a region-serving mixed-use employment center within a short walking distance of BART, with Class A offices, retail shopping, services, restaurants, plazas and open spaces. Developer is proposing multi-family residential, office, commercial, and retail in a "Village Center" format. Consistent with the CRP Area Plan, the TOD Core will include multi-family residential product types with ground floor retail and services. Residential development will include market rate for sale units, market rate rental units, and affordable units.

The Village Center will be designed to incorporate both the TOD Core and approximately 18 acres of land currently owned by BART, which will be targeted to employment generating commercial/office/retail uses (subject to successful negotiations with BART). Retail development in the Village Center will be in the range of 30,000 to 150,000 square feet depending on community feedback. Other potential uses include hotel services and entertainment.

In order to provide new residents and employees with immediate access to BART, Developer will complete pedestrian, bicycle, and vehicular connections to the TOD Core and the North Concord BART Station as depicted in **Exhibit B – Conceptual Phasing Strategy**, concurrently with development of the first development sub-phase. Developer will commence construction of the Backbone Infrastructure necessary to serve the Village Center concurrently with the Certificate of Occupancy of the 750th market rate residential unit, and diligently pursue vertical development of same in accordance with the time frames set forth in the Schedule of Performance.

d. Recreational/Civic Amenities Development. In order to provide a wide variety of parks and recreational facilities as well as maximize open space, Developer will develop and construct the key recreational and civic amenities and public spaces detailed below and depicted on the attached **Exhibit D – Proposed Recreational/Civic Amenities**, subject to further refinement during the Specific Plan process. Additional recreational and civic amenities may be added to the Project in accordance with the EDC Property Improvement Fund discussed at the end of Section 3 and in Section 11 below.

Parks and boundary linear parks will have limited roadways designed to be minimally intrusive and will include Class 1 bike lanes, be designed with traffic calming features and for vehicular exclusion for special events, high pedestrian/bike uses, etc. Roads crossing parks will be limited to the extent feasible and designed in a manner that protects pedestrian connectivity and recreational use.

Parks will be completed at a pace commensurate with the completion of market rate residential units, on a per acre basis. Developer will commence construction of the parks in each sub-phase no later than the issuance of Certificates of Occupancy for fifty percent (50%) of the residential units in that sub-phase, and will diligently continue construction to completion.

i. BART Gateway Public Plaza. A two acre public plaza adjacent to the North Concord BART Station connecting the residential areas of the Project to BART via pedestrian pathways, bicycle pathways, and vehicular connections. In order to provide immediate access to BART for the first new residents, the plaza will be completed concurrently with development of the first sub-phase.

ii. Central Park. A ten acre, 200 foot wide central green, adjoined on either side by the central roadway connecting the Village Center and BART to Willow Pass Road. The Central Park will be completed in no more than four (4) phases concurrently with the adjacent residential development sub-phases, with construction of each phase of the Central Park being commenced no later than the certificate of occupancy for the residential unit representing fifty percent (50%) of the residential units in the applicable sub-phase.

iii. Hilltop Park. An eleven acre promontory park located on the central ridgeline.

iv. South Park. A nine acre community park.

v. Perimeter Greenways/Buffers. Pedestrian paths and Class 1 biking paths totaling approximately sixteen acres.

vi. School Park. Approximately nine acres will be set aside within the Development Phase One Property for a potential joint use neighborhood school and park. See Section 3.f below. The portion of the school site used for the school park will be counted toward satisfaction of Developer's park dedication obligations pursuant to the Quimby Act and the City's Municipal Code, in accordance with applicable law.

vii. Canal and/or Mt. Diablo Creek Greenways. Buffers connecting the Development Phase One Property to the Regional Park, Willow Pass Park, and the local and regional trail system (including initial connectivity to the Delta DeAnza Regional Trail) totaling approximately twenty one acres. Recreational trail connectivity will be provided in consultation with the East Bay Regional Park District ("EBRPD") and consistent with the requirements of resource agencies. Consistent with the CRP Area Plan and subject to

agreement with the resource agencies, Developer will include a minimum 300 foot wide corridor along Mt. Diablo Creek (150 ft. on either side of center) for conservation/restoration. Developer will work with the City, EBRPD, and the resource agencies to enhance and restore Mt. Diablo Creek.

viii. Tournament Sports Facility. The CRP Area Plan identifies the 75 acre Tournament Sports Facility as an important community facility to be included within the Development Footprint. Developer's Project proforma has set aside funds for completion of approximately 40 acres of the Tournament Sports Facility, including active sport facility improvements of approximately 18 acres with the balance of the 40 acres improved as parks and open space.

ix. Neighborhood Parks. In addition to the 118 acres of master planned parks discussed above, each individual residential neighborhood will feature at least a two acre neighborhood pocket park as a central neighborhood feature.

x. Entry Gateways / Monuments. Entry gateways and monuments will be completed at major ingress and egress points throughout the Project with careful consideration not to create "two Concords". Specifications will be determined with community input in the Specific Plan process.

e. Affordable Housing Development. Developer will deliver affordable housing in an amount equal to twenty five percent (25%) of the total amount of residential units in the Project. Developer will work with the City to accommodate Homeless Housing requirements as required under BRAC. See Section 15 below.

f. School Development. Developer will set aside approximately 10 acres within the Project, generally consistent with the size and requirements for an elementary school, so long as the Mt. Diablo Unified School District (the "School District") deems a school site to be necessary. Developer will diligently work with the School District on construction timing and phasing. In the event the School District decides the Project will not generate sufficient demand for a new school or if an alternative (such as re-opening a closed school) is preferred, Developer and City will collaborate as to the final land use for the designated school site. Actual size and location of the planned school site will be determined during the Specific Plan process.

g. Regional Retail Center Development. Developer intends to construct a 333,000-square-foot regional retail center at the corner of Willow Pass Road and Highway 4 to serve Project residents and which will provide an additional shopping center amenity for Concord residents and will increase

the City's sales tax collection. The regional retail center will be located within the CRP Area Plan's commercial flex district that encourages a range of commercial uses including retail, business, industrial park, or hotel. Developer will diligently pursue vertical development of same in accordance with the time frames set forth in the Schedule of Performance. The commercial flex district and the regional retail center will be connected to the North Concord BART Station, TOD Core, and new housing areas via a proposed frontage road that will include pedestrian, bicycle, and vehicular pathways.

h. Golf Course/Evora Road. Consistent with the CRP Area Plan, in order to create an east-west connection north of Highway 4 and provide additional pedestrian and bicycle connections from the CRP Area to existing neighborhoods within the City, Developer will construct an extension of Evora Road from Port Chicago Highway to the existing cul-de-sac adjacent to Willow Pass Court, and reconfigure and reconstruct portions of the municipal golf course adjacent to the First Transfer Parcel, as needed to support the Project. City will maintain ownership of the municipal golf course, including that portion currently owned by the Navy.

i. Sustainability, Transit, and Neighborhood Benefits.

i. The Specific Plan will be consistent with the community's vision set forth in the CRP Area Plan and Climate Action Plan and shall implement or exceed the goals and objectives of the CRP Area Plan and Climate Action Plan, including those regarding sustainability, transit, community character, and economic vitality.

ii. Developer will establish a transportation demand management program ("TDM") to ensure compliance with the CRP Area Plan's goal for a convenient, multi-model transportation system including encouraging walking, bicycling, and transit use.

1. The TDM program will provide for a subsidized shuttle service, funded by TDM assessments. Developer will use best efforts to come to an agreement with County Connection to become the shuttle provider.

iii. Developer will prepare and implement a bicycle and pedestrian connectivity plan to provide for safe connections from surrounding neighborhoods into the Project.

iv. Developer will endeavor to accommodate seniors with a variety of needs and resources, including residents of the Concord area who may be looking for options that allow them to stay in the community. In addition to the affordable housing component, the Project will include a range of housing types from compact single-

family homes to apartments in higher density buildings that are specifically designed with the needs of seniors in mind.

v. Developer is committed to sustainable design throughout the Project consistent with the CRP Area Plan. Developer intends to meet or exceed the CRP Area Plan's Sitewide Green Building Standard CA-3 to achieve net positive energy production within the Development Phase One Property.

vi. Developer will coordinate with CCTA, and other relevant agencies and stakeholders, to ensure that county and regional transportation infrastructure investments are aligned to reduce vehicle miles traveled ("VMTs") and ensure transit ridership and reduction of congestion.

vii. Developer will comply with the CRP Area Plan requirements for smart growth and compact development standards.

viii. Developer will pursue water neutrality consistent with the CRP Area Plan, including the design of grey water systems into the Project where feasible and permitted by State health agencies.

j. EDC Property Improvement Fund. EDC Property Improvement Fund: The Project will provide a comprehensive package of public amenities, including the affordable housing, neighborhood-serving retail, TOD Core, recreational/civic amenities, parks and plazas, and school site described in this Section 3, as well as substantial public improvements to City's infrastructure, including transportation and utility systems. Developer anticipates that the inclusion of these amenities and public improvements will greatly enhance the success of the Project, both as a community and financially. Developer also recognizes that, given the long-term nature of the Project, City may desire to enhance or accelerate the construction of certain anticipated amenities or to add other currently unanticipated amenities in the future. In order to create an opportunity for City to share in, and further enhance, the success of the Project thought provision of such amenities, Developer proposes to create an "EDC Property Improvement Fund" (as defined in Section 11). In the event that the Project is performing such that the parties anticipate that proceeds from the Lookback Waterfall (as defined in Section 11) will be available, the DDA will require the City to use the EDC Property Improvement Fund to invest in additional amenities or public infrastructure for the benefit of the Development Phase One Property. For example, when funds become available in the EDC Property Improvement Fund, City could decide to enhance or accelerate the construction of the Tournament Park. The details of the EDC Property Improvement Fund are further described in Section 11.

4. Schedule of Performance

a. Commitment to Schedule of Performance. Developer will commit to a detailed schedule of performance (the "Schedule of Performance") to be included in the DDA, which will provide the City with the right to terminate the DDA and/or exercise certain repurchase rights if Developer does not meet outside dates for achieving various milestone targets. Although Developer will not be obligated to proceed if certain conditions precedent to Developer's obligation to commence Backbone Infrastructure, as described in Section 9, or conditions precedent to Developer's obligation to acquire land, as described in Section 10, are not satisfied or waived, City will retain its termination rights if Developer fails to meet the outside dates in the Schedule of Performance. This approach gives the City long-term control over the land in the event of non-performance by Developer.

b. In-Tract Infrastructure. Developer will complete Backbone Infrastructure pursuant to the "Lease Addendum" (defined below) prior to conveyance of land in accordance with Section 5 below. Developer will also have the right, but not the obligation, to concurrently construct any in-tract streets, utilities and other infrastructure required for vertical development of a sub-phase ("In-Tract Infrastructure") pursuant to the Lease Addendum. Installation of Backbone Infrastructure in each applicable phase will allow the release of specific parcels of land for conveyance to Developer or other vertical builders.

c. Construction and Conveyance Milestones. The Schedule of Performance in the DDA will establish outside dates for the commencement of construction of the Backbone Infrastructure and the conveyance of land in connection with the commencement of vertical construction, as set forth below (the "Construction and Conveyance Milestones"). If Developer (or the vertical builder) fails to meet these dates, the City will have remedies, including termination. The following are the Construction and Conveyance Milestones and outside dates for vertical construction:

i. Construction of Backbone Infrastructure. Commencement of construction of Backbone Infrastructure on the initial portion of the Development Phase One Property will occur not later than the date (the "Outside Construction Commencement Date") which is thirty (30) months following the date upon which (A) the Federal Government will have conveyed the real property that is the subject of the "Initial Takedown" (defined below) to the City by deed including the covenant provided for in CERCLA section 120(h)(3)(A)(ii) (except to the extent such property is conveyed under a FOSET rather than a FOST), (B) the City will have approved the Specific Plan and the Development Agreement and approved a CEQA document in connection therewith, and (C) the City will have approved a large lot tentative map, and

corresponding improvement agreements and payment and performance bonds, and approved any development permit required for construction of the Backbone Infrastructure for the Initial Takedown. Developer shall submit a large lot tentative map application to the City within twelve (12) months following execution of the Development Agreement and approval of the Specific Plan. The date upon which all of the foregoing events have occurred may be referred to as the "Trigger Date".

ii. Initial Transfer of Property. Transfer of the initial portion of the Development Phase One Property consisting of not less than twenty five (25) acres ("Initial Takedown") to Developer or a vertical builder for commencement of vertical construction will occur no later than thirty (30) months following the Outside Construction Commencement Date (the "Outside Initial Takedown Date").

iii. Subsequent Transfers. Following the date upon which the Initial Takedown actually occurs (the "Actual Initial Takedown Date"), Developer will acquire a minimum of forty (40) acres (each a "Takedown") per year (each, including the Actual Initial Takedown Date, a "Takedown Date") calculated on a three (3) year rolling cumulative average as of each anniversary of the Actual Initial Takedown Date, subject to satisfaction of the Conditions Precedent to Conveyance of Parcels (defined in Section 10).

In calculating the acreage for purposes of each Takedown, acreage for net developable land, Backbone Infrastructure, In-Tract Infrastructure, and Parks will be included.

iv. Annual Updates. Developer will provide the City with annual updates describing the portions of the Development Phase One Property acquired as of such update and the portions of the Development Phase One Property anticipated to be acquired by Developer in the two (2) years following the date of such update.

v. Retail Construction. The vertical builder (including potentially Developer, Developer Affiliate and/or third-party vertical developer), will commence vertical construction on any parcel of retail land acquired by such vertical builder no later than twelve (12) months following the applicable Takedown Date for such parcel and will complete construction no later than sixty (60) months following the applicable commencement date.

vi. Office Construction. The vertical builder (including potentially Developer, Developer Affiliate and/or third-party vertical developer), will commence vertical construction on any parcel of office land acquired by such vertical builder no later than twenty four (24)

months following the applicable Takedown Date for such parcel and will complete construction no later than sixty (60) months following the applicable commencement date.

vii. Residential Construction. The vertical builder, will commence vertical construction on any parcel of residential land acquired by such vertical builder no later than twenty four (24) months following the applicable Takedown Date for such parcel and will complete construction no later than sixty (60) months following the applicable commencement date.

viii. Conditions and Milestones. Developer's obligation to commence construction of the Backbone Infrastructure is subject to satisfaction of the "Backbone Infrastructure Commencement Conditions" (defined below). Developer's obligation to acquire, and City's obligation to convey, the Initial Takedown and any subsequent Takedown is subject to satisfaction of the Conditions Precedent to Conveyance of Parcels. Notwithstanding the foregoing though, any failure to achieve the vertical construction milestones described in the Construction and Conveyance Milestones will trigger certain land repurchase rights in favor of the City, as set forth in Section 22 (Default and Remedies).

5. Interim Lease

a. Property Management. Developer will enter into an "Interim Lease" with City upon conveyance of the First Transfer Parcel from the Navy to the City, which will provide for Developer to manage and maintain the First Transfer Parcel, including the following terms:

i. Developer as a Project Cost, will operate, manage and maintain the entirety of the First Transfer Parcel, including providing security, maintenance and management of grazing or other leases.

ii. As additional EDC Property is conveyed by the Navy to the City, such property will be automatically added to the premises covered by the Interim Lease.

iii. Developer will cooperate with the Navy and EBRPD to explore joint security and property management arrangements under which the entirety of the Concord Naval Weapons Station property, including the First Transfer Parcel, the PBC Property and that portion of the EDC Property not yet transferred by the Navy, could be managed by one party with the costs shared among Developer, EBRPD and the Navy.

iv. The Interim Lease will be terminated in part if, and to the extent that, fee title to portions of the Development Phase One Property

are transferred to Developer or vertical builder pursuant to the terms of the DDA.

v. City will acknowledge in the Interim Lease, through appropriate recitals and indemnification and other provisions, that Developer is not accepting financial responsibility for hazardous materials on the leased property except to the extent that Developer's management of the leased land causes a new release of hazardous materials or worsens a release existing as of the commencement of the Interim Lease. The Interim Lease will confirm the parties' commitment to cooperate so as to maximize the benefit of the Navy's obligations to remediate, or fund the remediation of, hazardous materials present as of the Navy's conveyance(s) to the City, whether the physical remediation occurs in one or more discrete projects or in conjunction with Developer's activities (e.g., construction of Backbone Infrastructure).

b. Backbone Infrastructure Lease Addendum. Developer proposes to construct Backbone Infrastructure within the Phase One Development Property via a Backbone Infrastructure "Lease Addendum" to the Interim Lease, rather than taking fee title to the land. Below is a summary of the benefits to the City as well as an overview of the proposed process.

Benefits of a Backbone Infrastructure Lease Addendum:

i. The City will continue to own the land as Developer funds and installs Backbone Infrastructure, ensuring that the City controls the land until Backbone Infrastructure is complete and the land is ready for vertical development. This approach ensures that, in the event of a Developer default, City will not need to pursue legal remedies such as a foreclosure or other reconveyance proceedings in order to regain ownership and control of the land.

ii. The Project does not immediately incur carrying costs of taking title to the land (property taxes, transfer tax, closing costs, etc.). Deferring Project carrying costs will allow the money saved to flow back into the Project and be invested in other EDC Property improvements and amenities and/or provide the City and Navy with more profit sharing in the Lookback Waterfall.

Backbone Infrastructure Construction Process under a Lease Addendum:

i. Developer and City enter into an Interim Lease for the First Transfer Parcel upon conveyance of the First Transfer Parcel from Navy to City.

ii. The City and Developer identify a sub-phase of development and prioritize public improvements and amenities and confirm financial viability.

iii. When Conditions Precedent to Commencement of Backbone Infrastructure have been met (Section 9), Developer and City enter into a Lease Addendum pursuant to which Developer constructs Backbone Infrastructure to serve the parcel or sub-phase. As provided in Section 13.c below, Developer will coordinate all remediation on the Development Phase One Property and will interface with Navy to address and remediate hazardous materials that may be discovered on the Development Phase One Property during installation of Backbone Infrastructure. Further, Developer acknowledges and agrees that upon the effective date of the Lease Addendum, as between Catellus and City only, Developer will be deemed an "operator" for purposes of liability under CERCLA (42 USC section 9601 *et seq.*) with respect to the parcel or sub-phase that is the subject of the Lease Addendum.

iv. After Developer completes Backbone Infrastructure and satisfies all other Conditions Precedent to Conveyance of Parcels, City conveys the land to Developer or the vertical builder for vertical construction.

v. If conveyance of land does not occur by the applicable Takedown Date, City has remedies, including termination of the DDA.

vi. After conveyance of land, vertical builder has deadlines to commence and complete vertical construction (Section 4). If vertical builder does not meet deadlines, the City has remedies, including land repurchase rights.

6. Backbone Infrastructure

a. Backbone Infrastructure Completion Schedule. Backbone Infrastructure will be designed and constructed in accordance with an infrastructure completion schedule to be mutually agreed upon by Developer and City and included in the DDA Schedule of Performance. A list of the general Backbone Infrastructure that is included in Developer's proforma is attached as **Exhibit E – Backbone Infrastructure**. A preliminary Backbone Infrastructure master phasing plan will be attached to the DDA as an exhibit. The master phasing plan will be used in the same manner as the Project Proforma (i.e., for planning purposes, not as a performance standard for Developer).

b. Developer Obligation. Developer will be responsible for all Backbone Infrastructure regardless of the nature of disposition of each site and

regardless of whether vertical development is subsequently performed by Developer, Developer Affiliate or third-party vertical developers or end users.

c. Utilities. The parties will cooperate to solve utility issues and work with current and new utility providers.

d. Utility Oversizing. The parties acknowledge that the Backbone Infrastructure will include utilities sized to accommodate the development of the entire Development Footprint, including the balance of the First Transfer Parcel and potential future uses for the North Concord BART Station based on coordination with BART.

7. Project Entitlements

a. Specific Plan. As noted in Section 3 above, the details of the Project to be developed will be set forth in a Specific Plan to be prepared by Developer. The Specific Plan will be prepared in accordance with California law, will be consistent with the CRP Area Plan and Climate Action Plan, and will:

i. Be based on substantial community input, review by the City's Boards and Commissions (including Planning Commission, Design Review Board, and the Parks, Recreation and Open Space Commission) and final approval by the City Council;

ii. Reflect consultation with key stakeholders, the general Concord community, residents in the immediate vicinity, BART and EBRPD;

iii. Include appropriate management planning documents to minimize construction impacts on existing residents and protect public health and safety;

iv. Include a minimum 300 foot wide corridor along Mt. Diablo Creek (150 ft. on either side of center) for conservation/restoration and flood control;

v. Identify Backbone Infrastructure needed to support the development of the Project, as well as the entire Development Footprint, which may include requirements outside the Project boundaries, such as the North Concord BART station property; and

vi. Include design standards and guidelines, as set forth below, as well as a process for implementation:

1. Design Guidelines. The Specific Plan will establish design guidelines for all vertical development within the Project. The design guidelines will be consistent with the community's vision set forth in the CRP Area Plan and

Climate Action Plan and shall implement or exceed the goals and objectives of the CRP Area Plan and Climate Action Plan contained therein (including those regarding sustainability, transit, community character, and economic vitality).

2. Site Plan Approval and Design Review. Site plan approval and design review applications will be reviewed for consistency with the Specific Plan and design guidelines and will follow a process which will be set forth in the Specific Plan. Unless otherwise agreed to by the parties, the Specific Plan will require approval of all applications for site plan approval and design review by the Planning Commission, subject to appeal to the City Council. The Specific Plan will provide a process for approval of amendments to site plan approvals and design review approvals by the Planning Manager. Site plan approval and design review applications may be processed consecutively or concurrently, at Developer's election.

b. Development Agreement. Concurrently with approval of a Specific Plan, Developer will enter into a Development Agreement with City that provides the following:

i. An initial term of fifteen (15) years with, upon written request to City from Developer, an option to extend for an additional seven (7) years if Developer has not committed an uncured event of default within such 15 year period and is on target to satisfy those Construction and Conveyance Milestones, if any, required to be achieved after year 15.

ii. Vested rights to develop in accordance with the Project Approvals and applicable City laws and regulations in effect as of the effective date of the Development Agreement ("Applicable City Laws"). New City laws that conflict with the Project Entitlements or Applicable City Laws will not apply; provided, however, the Project will remain subject to applicable building codes, new City laws that do not conflict with the Project Approvals and Applicable City Laws, and new City laws necessary to protect public health and safety.

iii. Project improvements and amenities consistent with Section 3.

iv. Developer to pay all processing fees, at rates then in effect.

v. Public infrastructure and other public facilities (including land therefor) dedicated by Developer will be counted toward satisfaction of Developer's City impact fee obligations with respect

to impact fees that otherwise would be collected to fund such infrastructure and facilities. These fees will include, without limitation, City impact fees for storm water, traffic, parks, affordable housing, and other applicable City impact fees.

vi. The Development Phase One Property will be subject to all City impact fees in effect as of the effective date, including any fee escalation provisions in effect as of the effective date, or if no such fee escalation provision exists, a fee escalation based on an index agreed upon by the parties. Except as otherwise provided above, new or increased City impact fees will not apply to the Development Phase One Property for a period of ten (10) years after the Effective Date. This initial period will be extended for the term of the Development Agreement if Developer has not committed an uncured event of default within such 10 year period andis on target to satisfy those Construction and Conveyance Milestones, if any, required to be achieved after year 10.

vii. Assignment rights and remedies consistent with the DDA.

c. California Environmental Quality Act ("CEQA"). City will analyze the Specific Plan and related Project Entitlements under CEQA at Developer's expense. Developer will comply with all applicable mitigation measures and monitoring and reporting requirements in accordance with and as required by the Final EIR for the CRP Area Plan, the Addendum for the CRP Area Plan, additional environmental review required to approve the DDA, if any, and the additional environmental review required in connection with the Specific Plan and related Project Entitlements. This CEQA review is expected to include, and build upon, the mitigation measures incorporated into the mitigation monitoring and reporting program for the CRP Area Plan Final EIR. City shall retain discretion in accordance with applicable law before action on the Project by the City Council to (i) identify and impose mitigation measures to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid significant environmental impacts, (iii) balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the Project.

8. Reimbursement of City Costs

Developer will enter into a reimbursement agreement with City to provide for the payment of City's and the Local Reuse Authority's ("LRA") internal, third party and consultant costs in connection with the review and processing of Developer's Specific Plan, Development Agreement, CEQA compliance, land use entitlement and permit applications and interim lease agreements, and applications for federal, state and other regulatory agencies to complete the transfer process from the Navy and associated

activities. Developer would acknowledge that City may retain third-party professionals to assist City staff in negotiating, drafting, processing and implementing the DDA, Development Agreement, Specific Plan and all subsequent project agreements, plans, permits, and/or other entitlements, including related environmental review. Developer shall have the right to retain a third-party consultant or consultants of its choosing for the purpose of preparing its Specific Plan, subject to the approval of the City. Costs would be payable within thirty (30) days of City's written demand which shall be accompanied by copies of invoices or other reasonable evidence of such costs. The reimbursement agreement would provide for an "evergreen deposit", in the amount of $550,000, to secure Developer's obligations to pay such costs. If the City draws on the deposit to pay any such costs, Developer would be obligated to deposit with City additional funds to fully replenish the Deposit within forty five (45) days of City's demand therefor. The following City and LRA internal, third party and consultant costs would be paid pursuant to the reimbursement agreement:

a. City Staffing. City's fully loaded costs to maintain a suitable level of staffing for the Project, which the parties currently estimate will be 2.5 full-time equivalent staffing within the Community and Economic Development Department, made up of a dedicated principal planner supported by up to an additional 1.5 full-time equivalent staffing at a variety of levels, to (i) participate in the preparation and review of the Specific Plan, such as review scope of work and approach to outreach process, meet regularly with Developer and consultants, review interim and final deliverables, and prepare staff reports for Council and Board/Commission review; (ii) lead and expedite review of Project development applications; and (iii) interface with other City departments on the Developer's behalf.

b. LRA Staffing. City's fully loaded costs to maintain 2.0 full-time staffing equivalents for LRA project management.

c. CEQA Review. Actual costs associated with City-led CEQA review, including (i) outside consultant costs to prepare environmental documents and studies; and (ii) costs of consultants and outside legal counsel to manage, review and oversee the CEQA process.

d. Outside Consultants. Actual costs of outside consultants and legal counsel to provide support to the City and LRA in implementation of the DDA, including but not limited to negotiation, drafting, processing and implementing the Development Agreement, Specific Plan and all subsequent project agreements and entitlements, and the LRA's project management costs to complete the negotiations and transfer process with the Navy.

e. Administration Fee. An administration mark-up fee of 6.5% on the costs described in subsections a. and b. above to cover time spent by other City departments, including the City Manager, City Clerk, City Attorney, Engineering Division and Police Department (i.e. departments other than

Community and Economic Development Department and the LRA which are addressed above).

9. Conditions Precedent to Commencement of Backbone Infrastructure

Developer's obligation to commence construction of Backbone Infrastructure within any phase or sub-phase of development of the Development Phase One Property (each a "Parcel") will be subject to satisfaction (or waiver by the benefitted party) of the following conditions precedent (the "Backbone Infrastructure Commencement Conditions"):

a. Fee Title. The Federal Government will have conveyed the Parcel to the City by deed including the covenant provided for in CERCLA section 120(h)(3)(A)(ii) (except to the extent such Parcel is conveyed under a FOSET rather than a FOST – this caveat can be removed if all of the Project is FOST).

b. Project Approvals. The City will have approved the Specific Plan and the Development Agreement as to the Project.

c. Approvals for Backbone Infrastructure. The City will have approved a large lot tentative map, and corresponding improvement agreements and payment and performance bonds, and approved any development permit required for the construction of the Backbone Infrastructure for the particular Parcel and other applicable agencies will have approved other Project Approvals necessary to construct the Backbone Infrastructure in the applicable phase.

d. Insurance Policies. Developer will have submitted to the City evidence of the insurance required to be submitted to City, and any environmental insurance obtained by City before City's conveyance of the Parcel will be on terms subject to Developer's reasonable review and approval unless Developer elects to obtain its own environmental insurance.

e. Commitment to Commence Improvements. Developer will demonstrate to the reasonable satisfaction of the LRA Executive Director that Developer will commence the required Backbone Infrastructure and is committed to continuously and diligently prosecute such Backbone Infrastructure to completion within the time provided in the Schedule of Performance.

f. Targeted Hurdle. Developer will have determined in good faith through Project pro forma(s) that Developer will achieve the Developer Profit with respect to the applicable phase.

g. Lease Addendum. The City and Developer will have approved the Lease Addendum for the applicable phase.

By way of clarification, Developer's failure to satisfy any of the Backbone Infrastructure Commencement Conditions described in subsections d

through g will have no impact on the time frames set forth in the Schedule of Performance, all of which shall remain unchanged, or City's remedies for Developer's failure to meet such time frames.

10. Conditions Precedent to Conveyance of Parcels

City will convey each Parcel comprising the Development Phase One Property to Developer (or to one or more vertical builders) by grant deed in multiple phases corresponding with Developer's phased build-out of the Backbone Infrastructure upon the satisfaction (or waiver by the benefitted party) of the following conditions precedent (the "Conditions Precedent to Conveyance of Parcels"):

a. Satisfaction/Waiver of Backbone Infrastructure Commencement Conditions. The Backbone Infrastructure Commencement Conditions will have been satisfied (or waived) by the applicable party for the applicable phase.

b. Approval of Assignee. If applicable, the City will have approved the proposed assignee if required under Section 21 including, without limitation, the ability of the assignee to fulfill its obligations.

c. Assignee Formation Documents. If applicable, the assignee will have delivered to the City entity formation and other relevant documentation relating to the corporate, partnership, limited liability or other similar status, as the case may be, of the entity to which Developer intends to assign its rights under the DDA as to such Parcel.

d. Related Backbone Infrastructure. All Backbone Infrastructure required to serve the applicable Parcel will have been completed or bonded for or insured around.

e. Approvals and Permits. Developer or the assignee will have obtained all discretionary Project Approvals required for the construction of the vertical improvements on such Parcel.

f. Insurance Policies. If applicable, the assignee will have submitted to the City evidence of required insurance policies pursuant to the DDA.

g. Commitment to Commence Vertical Improvements. Developer or the assignee will demonstrate to the reasonable satisfaction of the LRA Executive Director that the Developer or assignee will commence the vertical improvements and is committed to continuously and diligently prosecute such vertical improvements to completion within the time provided therefor in the Schedule of Performance.

h. Map Act Compliance. The conveyance of the applicable Parcel will not constitute a violation of the California Subdivision Map Act.

i. Miscellaneous Standard Closing Conditions. The parties will have submitted executed closing documents into escrow, title insurance policies will be ready to be issued and other standard conditions precedent to the transfer of real property must be satisfied (or waived).

If, despite the diligent good faith efforts of Developer and the City, any of the Conditions Precedent to Conveyance of Parcels have not been satisfied (or waived) prior to the applicable Takedown Date (described in Section 4) then either Developer or the City will have the right to terminate the DDA with respect to the Parcels not yet conveyed, and, in such event, Developer will be entitled to reimbursement from the City for all Project Costs incurred by Developer that are reasonably allocable to any Parcels not then acquired by Developer, which reimbursement obligation will be payable only from revenue received by the City from Project Revenue Sources for which such Project Costs would otherwise be eligible for reimbursement (including revenue generated from subsequent sales of such Parcels), which reimbursement obligation will be secured in a manner to be determined in the DDA.

11. Financial Deal Structure

a. Proposed Financial Deal Structure. Developer proposes a financial deal structure that aligns public and private interests through an open sharing of information and profits. Under the proposed structure, each sub-phase of development will proceed only when Developer and the City have agreed on the private and public improvements and amenities to be constructed for a specific Parcel or in a sub-phase, and have jointly determined that Project Revenue Sources (defined below) are sufficient to fund both Project Costs (as defined below) and Developer Profit (as defined below) associated with such development. This structure allows the City to play a direct role in prioritizing the provision of public improvements and amenities, as well as allowing the City and the Navy to share in the profits of Project success. Some highlights of the deal structure are as follows, with additional detail further below:

i. Completely open book partnership allowing Developer and the City to prioritize EDC Property public improvements and amenities based on available Project Revenue Sources.

ii. Developer advances the money needed for land development with internal equity, which eliminates any dependency on third party financial partners. Developer is projecting to invest approximately $700 million of its own money in the Project.

iii. Developer undertakes one hundred percent (100%) of the risk in obtaining an acceptable return; City provides no guarantee.

iv. Developer will rely solely on Project Revenue Sources, the City will NOT be responsible for any Project Costs.

v. The Project benefits from the maximum amount of public amenities, quality local jobs, affordability, sustainability, and public improvements resulting from the EDC Project Improvements Fund (defined below) and the Lookback Waterfall (defined below).

vi. The proposed structure allows the City and Developer to determine the Project's priorities and how to make the Project balance financially.

b. Development Process. Developer will manage the implementation of the Project:

i. Developer will enter into contracts with, and will manage, the consultants and contractors required to entitle, process, and construct the Backbone Infrastructure, as detailed in Section 6, In-Tract Infrastructure and other horizontal development costs associated with the Project, including remediating hazardous materials, as needed, to complete the Backbone Infrastructure and In-Tract Infrastructure constructed by Developer.

ii. Developer will manage the process of selling land to vertical builders using a competitive bidding "Request For Proposal" process ("RFP Process") to select the builders for each phase of development. This process will allow Developer to select multiple, best-in-class builders, provide diverse architecture, and generate the highest land sale proceeds. Maximizing the land sale proceeds will maximize the benefits to the EDC Property, such as additional services, parks and open space, sustainability, and affordable housing. As part of the land sale process, Developer will manage ongoing compliance with the Project Approvals.

iii. City and Developer will cooperate to optimize the use of public financing wherever possible during the course of development of the Project.

iv. Developer will fund the cost of all eligible Project Costs and will be reimbursed for Project Costs incurred from Project Revenue Sources (defined below) and will earn a Developer Profit (defined below). City will not be responsible for any Project Costs.

v. Upon completion of the Project, after Developer has been reimbursed for Project Costs incurred and paid the Developer Profit, surplus proceeds will be shared with the City for the benefit of the EDC Property according to the Lookback Waterfall (defined below).

c. Revenue Sources. The following sources of revenues ("Revenue Sources") will be accrued in a Project revenue fund available to reimburse

Developer for Project Costs and pay the Developer Profit, with all subsequent funds being shared between the City and Developer, all as detailed in this Section 11.

i. Land Sales to Third Parties. Developer will notify the City that Developer is "going to market" with a site (i.e., is ready to commence an RFP Process to identify potential vertical builders for a particular Parcel). Once a preferred third party vertical builder has been selected by the Developer, the City will convey the applicable Parcel either to the Developer who will then convey to the third party vertical builder or directly to the third party builder (if acceptable to the City). Developer will use commercially reasonable efforts to sell land to non-affiliated third parties at purchase prices generally at or higher than similar prices then paid in the open market.

ii. Land Sales to Developer Affiliate as Vertical Builder. In some cases (such as commercial development), a Developer Affiliate will act as the vertical builder. In this event, the following process will be followed to determine fair market value for the Parcel:

Step 1. Developer will notify City that a Developer affiliate intends to purchase a Parcel for vertical development.

Step 2. Developer will obtain an independent appraisal based on the proposed use to determine the fair market value of the Parcel, subject to City's reasonable review and approval.

Step 3. Developer and City will agree on the Parcel purchase price as determined by the independent appraisal.

iii. Profit Participation. Any and all profit participation payments paid to Developer by end users or vertical builders (the "Profit Participation Payments") will be considered Revenue Sources.

iv. Public Financing. Public financing, including proceeds from any Community Facility Districts, Enhanced Infrastructure Finance Districts, or other such infrastructure funding mechanisms, will be considered Revenue Sources.

v. Other Sources. Other Revenue Sources can include grants, insurance proceeds, condemnation proceeds, interim revenue (e.g. rents), and other cash payments made to Developer in connection with its development of the Project. Other Sources would also include reimbursements from the Department of Defense pursuant to its statutory obligation(s) to indemnify City and/or Developer for costs associated with the investigation and remediation of hazardous materials.

d. Project Costs. A detailed summary of Project Costs will be included in the DDA, but will generally include any and all actual and reasonable fees, costs and expenses incurred by Developer (or by City and reimbursed by Developer) that are necessary and reasonably related to the development, maintenance, and ownership of the Development Phase One Property or First Transfer Parcel in accordance with City's and Developer's obligations under the DDA, Development Agreement, Specific Plan and ancillary agreements. Project Costs will also include the following types of costs, all of which are reimbursed or paid to Developer through Project Revenue sources (not by the City).

i. Developer Fees and Expenses. Developer is entitled to a project administration fee of $750,000 per year, a construction management fee of four percent on hard and soft costs including infrastructure and site preparation costs, and commissions of three percent on single family residential land sales, four percent on land sales from other product types (commissions would be paid at closing of any land sales and split if land sales involve a co-broker), seven and one-half percent (7.5%) of any other sources (e.g., grants and awards obtained by Developer).

ii. City Costs. City costs to be reimbursed by Developer are further described in Section 8.

e. EDC Property Improvement Fund. If the Project is performing such that City and Developer mutually agree that there is a high likelihood of future Lookback Waterfall Proceeds (as defined below), a portion of such expected proceeds will be required to be re-invested for the benefit of the Development Phase One Property through an EDC Property Improvement Fund. The "EDC Property Improvement Fund" will be established to allow the City and Developer to direct the investment of Project proceeds into additional amenities and improvements, above and beyond those amenities listed above and which have yet to be determined at this early state of planning. Expenditures can include additional community centers, community pools, additional parks, additional affordable housing and/or updating, improving or accelerating existing amenities within the Project. Expenditures of EDC Property Improvement Funds on Project amenities shall be considered a Project Cost as defined herein.

f. Developer Profit. Developer is entitled to the greater of fifteen percent (15%) of total gross land sales revenue ("Land Sales Fee") or a fifteen percent (15%) Internal Rate of Return (compounded monthly on a cumulative basis using the amount and duration of Developer's contribution of equity to the payment of Project Costs) (the "IRR"). Developer advances Project Costs using its own money. For any land sale revenue, Developer will receive its Land Sales Fee and the remaining revenue goes into a "Project Revenue Escrow Account." The Project

Revenue Escrow Account is then used to reimburse Developer for any money advanced to pay for prior Project Costs and also set aside for future Project Costs. Separately, an accounting will be made of all money advanced by Developer and reimbursed out of the Project Revenue Escrow Account including the Land Sales Fee paid to Developer. To the extent that the money reimbursed to Developer from the Project Revenue Escrow Account, including the Land Sales Fee, is not enough to provide Developer with a fifteen percent (15%) IRR as described above, Developer would be entitled to additional monies from the Project Revenue Escrow Account to get Developer to a fifteen percent (15%) IRR (an "IRR Shortfall Payment"). All remaining monies after any required IRR Shortfall Payment will be distributed to the City and Developer according to the Lookback Waterfall described below.

g. Lookback Waterfall. The net remaining cash flow after all Project Costs have been reimbursed to Developer, Developer's Land Sales Fee has been paid, and any required IRR Shortfall Payments have been paid, will be split as follows:

   i. For the first seventy million dollars ($70,000,000) of Lookback Waterfall Proceeds, seventy percent (70%) to the EDC Property Improvement Fund and thirty percent (30%) to Developer.

   ii. Next, thirty percent (30%) to City, seventy percent (70%) to Developer until Developer achieves a twenty percent (20%) IRR.

   iii. Thereafter, seventy percent (70%) to City and thirty percent (30%) to Developer.

   iv. As part of the negotiations with the Navy, Developer and City will work with the Navy to determine appropriate Navy participation in the portion of the Lookback Waterfall not allocable to Catellus.

h. Project Accounting. Separate escrows will be established for the various Revenue Sources (e.g. land sales revenue proceeds and public finance funds). Project Costs will be paid from each escrow account in the agreed upon order (i.e. funds from public financing will be used to pay certain types of eligible Project Costs, then the land sales revenues are used until depleted, then Developer's equity contributions, if needed, are used). The types of accounts are set forth as follows:

   i. Project Revenue Escrow Account. The Project Revenue Escrow Account will include land sales proceeds, Profit Participation Payments from vertical builders, ground lease payments, fees, costs and other amounts paid by buyers / vertical builders.

   ii. Public Finance Escrow Account. The Public Finance Escrow Account will include proceeds from any Community Facilities

District tax / bonds, Enhanced Infrastructure Finance District, or other available public finance methods.

iii. Other. Additional accounts may be set up for other Revenue Sources, such as grants, insurance proceeds, or condemnation proceeds.

12. Fiscal Neutrality - Financing of Public Improvements and Publically Accessible Private Improvements

a. Fiscal Neutrality. Developer recognizes that the City's general fund may not be adversely affected by the development of the Project. Simply stated, the revenues generated by the development from property taxes, sales taxes, and other sources must exceed the costs of providing City services to the Project such as fire, police, and maintenance of the Project's public roads, parks, and facilities.

b. Community Facilities District. To finance the cost of construction of Backbone Infrastructure, Developer may propose establishing one or more community facilities district(s) ("CFD"). The City will cooperate with Developer in establishing one or more CFDs and issuing bonds secured by a lien on some or all of the Property as is designated by Developer. The City's general fund will not be adversely impacted because the bonds are repaid directly by property tax assessments on each applicable Project land parcel.

c. Municipal Services District. To finance the cost of the long term maintenance of public improvements and public services, Developer will establish a CFD and/or Municipal Services District ("MSD"). Similar to a CFD, MSD assessments are secured by a lien on the Property, and not the City's general fund.

d. Tax Increment. If tax increment financing is utilized to fund the cost of public infrastructure, the City and Developer will work cooperatively to balance the use of future tax increment generated by the Project with CFD and MSD revenue funds in order to ensure there is no adverse impact on the City's general fund.

e. Publicly Accessible Private Improvements. Private infrastructure and open space will be publicly accessible and will be maintained by assessments on private associations, without requiring any expenditure from the City's general fund.

f. Project Improvements Program Fund. City and Developer will cooperate to generate sufficient revenue proceeds for development of the Project as well as to fund ongoing maintenance costs for the public infrastructure and other Project improvements. Additional revenue sources could include

TDM revenues, HOA assessments, grant funding, reimbursements from third parties or other available sources of funds.

13. Hazardous Materials and Remediation

a. Finding of Suitability for Transfer.

i. City, in consultation with Developer, will obtain from the Navy a Finding of Suitability to Transfer ("FOST") applicable to certain initial portions of the First Transfer Parcel (the "Initial Transfer Parcels"), as substantially depicted in **Exhibit F – CRP Area Plan**. The Initial Transfer Parcels will include carve outs of areas that will not be included in the Initial Transfer Parcels pending further investigation. City currently anticipates obtaining the FOST in early 2016.

ii. The FOST will contain standard land use controls regarding asbestos containing materials and lead. Areas that are not subject to specific land use controls stated in the FOST documentation will be eligible for unrestricted use, subject to the land use controls contained in the Navy deed, land use restrictions required by resource agencies or as may otherwise be imposed by governmental authorities under applicable State or Federal Law or the Project Entitlements established under Section 7.

b. Finding of Suitability for Early Transfer ("FOSET"). In the event an end user or other use opportunity exists to develop a parcel of land within the Development Footprint, but outside the First Transfer Parcel, and a FOSET is required, the City and Developer will work together to cause the Navy to convey the land via a FOSET with an Environmental Services Cooperative Agreement ("ESCA") for private remediation. Areas that are not subject to specific land use controls required by regulatory agencies will be eligible for unrestricted use, subject to the Project Entitlements.

c. Remediation. Developer will coordinate all remediation on the Development Phase One Property and will interface with Navy to address and remediate hazardous materials that may be discovered on the Development Phase One Property during installation of Backbone Infrastructure or In-Tract Infrastructure or other development activities and following completion of Navy's initial remediation program. City will transfer the Development Phase One Property to Developer with any CERCLA covenants received by Navy. Land anticipated for residential use is expected to be cleaned to appropriate residential standards, subject to CERCLA covenants and/or other applicable land use controls.

d. Environmental Insurance. The parties will obtain, at no cost to the City, a pollution legal liability policy ("PLL Policy") for the First Transfer Parcel

with an initial term of 5-10 years with extension provisions, approximately $25 million in policy limits, and coverage for both first party (e.g., discovery of unexpected contamination) and third party claims. The parties will use best efforts to obtain a PLL Policy which provides coverage to both the City and Developer (as a pre-approved additional named insured or otherwise) with Developer's coverage becoming effective upon Developer assuming maintenance responsibility for the First Transfer Parcel, and for the duration of the term of the PLL Policy, including any extension(s) beyond the original term including a replacement policy or policies. City and Developer will comply with all terms of the PLL Policy, including but not limited to disclosures, reporting, and notifications of claim events.

e. Indemnification. City and Developer are both indemnified parties pursuant to Section 330 of the National Defense Authorization Act of 1993, PL 102-484, 106, October 23, 1992, Stat 2315, as amended by the National Defense Authorization Act For Fiscal Year 1994, PL 103-160, November 30, 1993, 107 Stat 1547 (the "DOD Indemnity"). City and Developer will cooperate and coordinate in pursuing any applicable coverage available pursuant to the DOD Indemnity, with Developer taking lead responsibility consistent with its role as generally stated throughout this Term Sheet. Developer will indemnify City for hazardous materials only to the extent that costs associated with such hazardous materials are not covered by either the DOD Indemnity or the PLL Policy.

14. Habitat & Species Mitigation and Resource Agency Permitting

a. Resource Agency Permits.

i. The parties will cooperate, at Developer's expense to obtain from the various resource agencies, including the U.S. Fish and Wildlife Service ("USFWS"), the U.S. Army Corps of Engineers ("ACOE"), the California Department of Fish and Wildlife ("CDFW"), and the San Francisco Bay Regional Water Quality Control Board ("RWQCB"), all permits and approvals, and associated environmental reviews, which are necessary to implement reuse of the Project in accordance with the CRP Area Plan and the Specific Plan (other than, as specified further below, activities that may be conducted by EBRPD).

ii. Developer understands that City has initiated the permit process for the entirety of the CRP Area Plan and the Specific Plan, and that City desires to secure a single ACOE individual permit, including a single Section 401 certification from the RWQCB and Section 7 biological opinion and incidental take statement from the USFWS, for the entire plan area (including the Project). City further desires to secure from CDFW a Master Lake and Streambed Alteration Agreement, and incidental take permit (or Section 2080.1

concurrence) for the entirety of the Area Plan. Coverage under the National Environmental Policy Act would be provided through the EIS under preparation by the Department of the Navy, although this EIS may be supplemented by the ACOE for purposes of considering issuance of the individual permit.

iii. City and Developer will endeavor to ensure that the permits described in subsection (ii) above, although plan-wide in nature, (x) provide sufficiently-specific authorizations to allow Developer to develop the Project without the need for additional Project-level permits; (y) provide for severability of liability so that, except as otherwise specified herein, Developer will not be responsible for the actions or inactions of other parties (e.g., EBRPD, Phase Two developers, City) who may rely upon the plan-wide permits; and (z) are otherwise in form and substance adequate for Developer to pursue development of the Development Phase One Property in accordance with a mutually-agreeable schedule ("Permit Schedule") to be set forth in the DDA. If City does not receive site-wide permits from the ACOE, RWQCB, and/or CDFW, Developer will be required to identify and secure any necessary project-specific permits from those agencies. The DDA will contain terms allowing Developer to shift to a Project-specific permit strategy if it becomes reasonably likely that the programmatic permits described in subsection (ii) above cannot be secured in accordance with the Permit Schedule.

iv. City and Developer will work together in pursuing all permits, developing work product, and meeting with and responding to consultants and agencies. Concurrently with the DDA, City and Developer will enter into a reimbursement agreement to establish an account for payment of consultants and City's overhead costs, and to provide for reimbursement to Developer of a fair share of costs (including, without limitation, mitigation costs) attributable to the permitting of areas within the CRP Area Plan but outside the Development Phase One Property that would otherwise be considered Project Costs.

b. Mitigation.

i. The parties mutually desire that to the maximum feasible extent all state and federal endangered species mitigation for the EDC Property (including both the USFWS and CDFW enhancement and preservation requirements) occur on the Regional Park property, that the Mt. Diablo Creek restoration and mitigation occur within the Mt. Diablo Creek conservation areas, and that all of the wetland and aquatic resource mitigation needed as part of the ACOE permit and RWQCB certification occur outside of the Development Phase

One Property and the balance of the First Transfer Parcel, with the exception provided in the last sentence of this paragraph. Further, City's goal is to obtain approval of a solution that would allow sufficient mitigation to occur on the Regional Park property to serve the mitigation needs of both the Development Phase One Property and the balance of the First Transfer Parcel. If offsite mitigation is required, best efforts will be made to mitigate within the Mt. Diablo or Kirker Creek watersheds. Developer will work with the lead land manager for the Regional Park and the City as to Mt. Diablo Creek conservation areas, in an effort to meet aquatic resource/wetlands and endangered species mitigation for the EDC property development on the Regional Park property, on the Mt. Diablo Creek conservation areas, or outside of the Development Phase One Property to the maximum feasible extent. Final determinations regarding the amount of mitigation credit will be reflected in permits or other authorizations issued by the resource agencies, and Developer will bear all costs of such mitigation requirements whether on or off of the Regional Park property. City and Developer will use best efforts to avoid use of the Development Phase One Property for mitigation purposes; provided, however, that Developer acknowledges that certain wetland mitigation may occur within the Development Phase One Property and that setbacks may be needed to accommodate the Mt. Diablo Creek conservation areas.

ii. City and Developer will endeavor to structure any site-wide permit in a manner that allows for phased mitigation so that the mitigation is roughly proportional to the impact of new development; provided, however, that they recognize that the resource agencies may require some, or a substantial amount, of mitigation in advance of development impacts in order to accommodate all of the mitigation on the Regional Park property and to minimize temporal loss. Moreover, although the programmatic permits will not authorize any fill of jurisdictional waters on the Regional Park property in connection with EBRPD related uses, the state and federal endangered species authorizations may include mitigation for EBRPD activities, and City and Developer will endeavor to have those approval documents specify the mitigation measures that are applicable to EBRPD. City and Developer will work with the resource agencies to identify in the permitting documents and approvals the mitigation necessary to offset impacts from the Project, the balance of the First Transfer Parcel development and subsequent development to the extent feasible. To the extent that permits do not clearly distinguish the impacts and offsetting mitigation as between the Development Phase One Property and the balance of the First Transfer Parcel, then such determination will be made by mutual agreement of City and Developer.

c. MOU. City, in cooperation with Developer, will enter into an MOU with EBRPD to provide for mitigation, open space monitoring and management, conservation easements/deed restrictions, balancing of park and mitigation uses, financial security, and other provisions necessary to accommodate such mitigation on the Regional Park property. As the understandings with EBRPD develop further as the permit process proceeds, the parties will consider whether and the extent to which Developer should be in a direct contractual relationship with EBRPD in light of Developer's responsibilities under the permits.

d. Endowment Fund. Prior to issuance of the first grading permit, Developer and City will cooperate in the establishment of an endowment fund or other financial mechanism acceptable to the resource agencies to pay certain ongoing costs of mitigating impacts to species, aquatic resources, and other resources subject to the resource agency permits and authorizations. The endowment fund or other acceptable financial mechanism will be in an amount deemed sufficient by the resource agencies to fund long-term management and monitoring of the conservation areas. While a non-wasting endowment will be required to fund certain creation, restoration, enhancement, start-up, and interim management and monitoring obligations associated with the mitigation program, the parties acknowledge that it may be appropriate for other mitigation obligations to be secured through other financial tools (for example, letters of credit, bonding, etc.). The parties agree to pursue the most cost-effective combination of funding mechanisms available through the resource agency permitting process.

15. Affordable Housing

a. Affordable Housing Program.

i. Developer will deliver development-ready pads, as further discussed below ("Affordable Housing Pads"), at no cost to affordable housing builders, for construction of affordable housing in an amount equal to twenty five percent (25%) of the total amount of residential units in the Project. This twenty five (25%) will include rental housing affordable to households with incomes at sixty percent (60%) or less of the Area Median Income (AMI) for Contra Costa County. Developer's proforma has assumed fifty eight percent (58%) of the affordable housing will be for low and very-low incomes, as defined in the City's Housing Element.

ii. Developer will prioritize partnerships with local, non-profit, mission oriented, San Francisco Bay Area-focused developers for development of the affordable housing.

iii. Developer has assumed $56 million dollars of gap subsidy for affordable housing in the Project, including very low, low and moderate income units, Habitat for Humanity and homeless housing. This money, or a portion thereof, could be allocated to other Project improvements and amenities, such as parks, if replacement outside financing becomes available to the affordable housing builders.

iv. Developer will provide Affordable Housing Pads to accommodate the affordable housing, including clean developable pads, at no cost, with utilities to the curb line, no requirements for major grading, environmental standards for residential development, and lien-free with clear title.

v. In addition to income-qualified individuals and families, the affordable housing will also address the needs of lower-income seniors, veterans, teachers, families, workers, and people who are homeless and with special needs.

vi. Affordable Housing Pads will be distributed throughout the Project with generally the same advantages and desirability as market rate sites, including access to transit and site amenities. Developer will locate Affordable Housing Pads for low and very-low incomes to support medium to high density development throughout the Project and to ensure maximum points in the nine percent (9%) and/or four percent (4%) low-income housing tax credit scoring process.

vii. Developer will provide Affordable Housing Pads that are appropriate for medium to high density projects.

viii. The affordable housing will include both affordable homes for rent as well as affordable homes for sale by non-profit firms such as Habitat for Humanity that utilize the “sweat equity” model. Some for sale affordable homes, other than “sweat equity” could be included in the program.

ix. The first building permits for affordable housing development will be required after the 200th market rate unit is constructed and utilities can be made available to the affordable housing site(s).

x. The affordable units will be delivered at generally the same pace as the market rate residential units, measured on an aggregate basis. Because the Development Phase One Property will be developed in phases over time, the actual percentage of affordable housing in each sub-phase may be more or less than twenty five percent (25%) of the aggregate residential units in that sub-phase; provided

that, at no time will the aggregate amount of affordable housing completed or for which Backbone Infrastructure served land has been made available be less than twenty percent (20%) of the aggregate amount of residential units for all sub-phases completed or under development.

xi. Homeless Housing will be located adjacent to one or more other affordable housing developments in order to facilitate provision of supportive services and programs to the residents of such transitional housing.

b. Administration of the Affordable Housing Program. In an effort to establish and maintain long term affordability of housing at the Project and to minimize the cost burden of long term administration by the City, Developer and City will determine an approach to an appropriate affordable housing administration program.

16. Labor Policies

Developer will address local hire and labor concerns by committing to the following:

a. Project Labor Agreement. Developer will work to enter into one or more Project Labor Agreement(s) ("PLA") covering construction related to the build-out of the Project.

b. Third-Party Contracts. Developer will pursue opportunities to include local hire provisions in third party contracts such as the good faith goal of meeting the forty percent (40%) local hire target as set forth in the Hire Concord First provisions.

c. Veteran Job Placement. Developer will pursue training and employment opportunities for returning military veterans. Developer will work with veteran job placement groups, such as Swords to Plowshares, Helmets to Hard Hats, the Employment Development Department, Veterans Employment Committee of Contra Costa County, and Eastbay Works to establish a job placement program at the Project. Developer will pursue opportunities for contractors to enroll and post job openings in the programs available for veteran job placement.

d. Training Program. Consistent with the CRP Area Plan, Developer will pursue opportunities to provide certified apprenticeships, internships and other employment development programs in accordance with the State certified Joint Labor Management Apprenticeship Training Program.

e. Local Resident Job Placement. Developer will pursue opportunities to work with established organizations such as the Greater Concord Chamber of Commerce, the Mt. Diablo Unified School District, East Bay Works, the Contra Costa Workforce Development Board, Cal State East

Bay, and the California Employment Development Department to provide adult education and vocational training at the Project, in an effort to link new jobs created at the Project to local residents.

f. Local Businesses. Developer will pursue opportunities to purchase materials and supplies from local businesses for the development of the Project.

g. Local Vertical Builders. Developer will pursue opportunities to work with local vertical builders for the development of the Project.

h. Labor Peace. Developer acknowledges that additional dialogue regarding labor peace is appropriate during the DDA negotiation process, including the impact of any labor peace agreements on third parties. The Parties acknowledge that potential "labor peace agreements" should be confined to those certain Development Phase One Property commercial parcels to be developed for uses employing a predominance of service sector workers. In no event shall Developer be obligated to enter into any labor peace agreement which would put operators of the applicable commercial businesses at a competitive disadvantage in the marketplace or have a material adverse effect on the sale price that vertical developers are willing to pay for, or the rental income to be derived from, such parcels.

17. Prevailing Wages

Developer agrees that any worker (defined by State prevailing wage law to be entitled to receipt of prevailing wages on any portion of the work performed by the worker) on publicly-funded construction, alteration, demolition, installation or repair work or street, sewer or other improvement work done under the direction and supervision or by the authority of any officer or public body ("***Public Work***") shall be paid not less than the general prevailing rate of wages, as provided by State prevailing wage law, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for under the State prevailing wage law for similar work performed in Concord, California. Developer shall include in any contract for a Public Work a requirement that all workers performing labor under such contract shall be paid not less than the general prevailing rate of wages for the labor so performed to the extent required by the California prevailing wage law.

18. Insurance

Developer will maintain the following policies of insurance, naming Developer as insured and, except for workers' compensation insurance, naming the City as additional insured, on forms acceptable to City:

a. General Liability Insurance. Commercial General Liability policy with a commercially reasonable minimum limit of per occurrence for bodily injury and/or property damage, products and completed operations with a commercially reasonable minimum aggregate amount – such amounts to

be set forth in the DDA -and blanket contractual coverage, independent contractors' coverage and explosion, collapse and underground (X, C & U) coverage.

b. Automobile Liability Insurance. Automobile Liability Insurance for all owned, non-owned, and hired motor vehicles, which Developer, or its agents or contractors on Developer's behalf, will utilize with respect to the Development Phase One Property in a commercially reasonable minimum amount to be set forth in the DDA.

c. Workers' Compensation Insurance. Workers' compensation insurance as required by law;

d. Builder's Risk Insurance. Builder's risk in the amount of the full insurable value of the improvements; and

e. Environmental Insurance. Environmental insurance as set forth in Section 13.

19. Indemnity

Developer will indemnify, defend and hold the City harmless from and against any and all claims resulting or arising from the following, to the extent caused by acts or omissions of Developer or Developer's contractors, subcontractors, employees, agents, or representatives, provided Developer will have no obligation to indemnify (but will be obligated to defend, subject to reimbursement below) the City from claims to the extent resulting from the negligence or willful misconduct of City parties:

a. Sale or Use. The development, marketing, sale or use of the Project; and

b. Breach or Default. Any loss or damage to City resulting from any breach or default by Developer under the DDA; and

c. Plans and Designs. Any plans or designs for private improvements prepared by or on behalf of Developer, regardless of whether such plans or designs have been approved by the City. Liability with respect to public improvements will be addressed in the public improvement agreement(s) for the Project.

Notwithstanding the foregoing, Developer will not be required to indemnify City for consequential, special, punitive or exemplary damages arising out of claims covered by the foregoing indemnity. Indemnities regarding Hazardous Materials are set forth in Section 13.

Notwithstanding the foregoing, where claims are asserted against the City in connection with any of the claims above, Developer agrees to defend the City, subject to reimbursement by City to Developer of the City's pro rata share of costs (including attorneys' fees associated with Developer's defense) corresponding to City liability following final resolution of such claims.

Developer will use commercially reasonable efforts to require in each purchase contract it enters into with a Vertical Builder that such Vertical Builder agrees to undertake comparable indemnity and defense obligations for the benefit of City with respect to the portion of the Development Phase One Property acquired by such Vertical Developer.

20. Third Party Legal Challenges

City and Developer will cooperate in the defense of any third party challenge of the DDA, Specific Plan, any Project entitlements or any related CEQA documents. City and Developer will each have the right, in their sole discretion, to elect whether or not to defend such challenge. If both parties elect to defend, the parties will cooperate to enter into a joint defense agreement; Developer will take the lead role, reimburse City for any of its reasonable costs related to the challenge and indemnify, defend and hold the City harmless from any damages and/or attorneys' fees awarded. Any proposed settlement that would obligate either party to perform will be subject to such party's approval, in its reasonable discretion. In addition, City will have the right, but not the obligation, to contest or defend any challenge, at its sole expense, in the event that Developer elects not to do so.

21. Assignment

a. Transfer of Interests. Developer intends to create a special purpose entity that will enter into the DDA. Developer (or, if formed, such special purpose entity) will not be permitted to assign or transfer its interests in the DDA, except as explicitly provided below. Further, except as explicitly provided below, there would be no change in "control" of the Developer, with the term "control" meaning the power to direct the management and a presumption that control with respect to a corporation or limited liability company is the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

b. Restrictions. The restrictions described above in clause a. will not apply to assignments meeting the following criteria and will be permitted under the DDA:

i. The transfer of partnership interests, shares of stock or limited liability shares or the addition or substitution of partners, shareholders or members holding interests in Developer, provided the day-to-day management and operations of the resulting entity remain in the control of the same persons controlling the day to day management and operations of Developer;

ii. The assignment of the DDA to a separate entity other than in connection with the conveyance of a specific Parcel so long as the day to day management and operations of such assignee is held directly or indirectly by the same persons controlling the day to day management and operations of assignor;

iii. Upon or at any time after the satisfaction of Conditions Precedent to Conveyance of Parcels to Developer, the creation by Developer of a separate legal entity the day to day management and operations of which remains under the direct or indirect control of Developer, and the assignment to such entity of Developer's rights and obligations under the DDA as to that Parcel;

iv. Upon or at any time after the satisfaction of Conditions Precedent to Conveyance of Parcels to Developer, an assignment of the rights and obligations of Developer pursuant to the DDA in whole or in part to an "Affiliate" (defined as any person or entity directly or indirectly controlling, controlled by or under common control with another person or entity) of Developer as to that Parcel, provided the day-to-day management and operations of such entity remain directly or indirectly in the control of the same persons controlling the day to day management and operations of Developer; Upon or at any time after the satisfaction of Conditions Precedent to Conveyance of Parcels to Developer or vertical builder of a Parcel, any permitted mortgage may be recorded against fee title (or leasehold title) or ownership interests in such Developer or vertical builder as to such Parcel;

v. Upon or at any time after the satisfaction of Conditions Precedent to Conveyance of Parcels to a vertical builder of a Parcel meeting the control or affiliate requirements of clauses i. through iv, any conveyance by Developer to an assignee of fee or leasehold title as to any Parcel, and a corresponding assignment of any rights or obligations of Developer pursuant to the DDA to such assignee as to such Parcel; or

vi. Upon or at any time after the satisfaction of Conditions Precedent to Conveyance of Parcels to a vertical builder that does meet the control or affiliate requirements of clauses i. through iv. (a "Third Party Vertical Developer"), with the consent of the City not to be unreasonably withheld, conditioned or delayed, any conveyance by Developer to an assignee of fee or leasehold title as to any Parcel, and a corresponding assignment of any rights or obligations of Developer pursuant to the DDA to such assignee as to such Parcel. Once approved, such Third Party Vertical Developer will have the right to make further transfers of such Parcel and partial assignments of the DDA without requiring the consent of the City if such transfer and assignment is to an entity meeting the same control or affiliate requirements described above with respect to Developer transfers and assignments.

vii. Following completion of the vertical improvements, a vertical builder may transfer, lease or mortgage all or any portion of its Parcel.

c. Assignment or Transfer. Any assignment or transfer not otherwise permitted may be approved by City in its sole and absolute discretion.

22. Default and Remedies

a. Developer Default. Subject to applicable notice and cure periods to be set forth in the DDA, the following constitute "defaults" by Developer: failure to pay amounts required to be paid by Developer under the DDA; unpermitted transfers; unpermitted encumbrances or liens; failure to develop any Parcel that has been conveyed to Developer in accordance with the Schedule of Performance set forth in the DDA; and failure to perform Developer's other obligations pursuant to the DDA.

b. City Default. Subject to notice and applicable cure periods to be set forth in the DDA, the following constitute "defaults" by City: failure to pay amounts required to be paid by City under the DDA; failure to convey any Parcel to Developer at the time set forth in the DDA; and failure to perform City's other obligations pursuant to the DDA.

c. Developer's Remedies for City Default.

i. Default Prior to Initial Takedown. Developer may terminate the DDA, institute an action for specific performance, and/or seek other remedies at law or in equity subject to Section 22.c.iv below.

ii. Default Following Initial Takedown. Developer may terminate the DDA as to property not yet acquired, institute an action for specific performance, and/or seek other remedies at law or in equity subject to Section 22.c.iv below.

iii. Default as to Prior Conveyed Land. Developer may institute an action for specific performance and/or seek other remedies at law or in equity subject to Section 22.c.iv below.

iv. Damages. City will not be liable in damages to Developer for a City Default, except for actions to enforce payment of monies under the terms of the DDA.

d. City's Remedies for Developer Default.

i. Default Prior to Initial Takedown. City may terminate the DDA and/or seek other remedies at law or in equity subject to Section 22.d.iv below.

ii. Default Following Initial Takedown. City may terminate the DDA as to property not yet acquired, and/or seek other remedies at law or in equity subject to Section 22.d.iv below.

iii. Default as to Prior Conveyed Land. City may institute an action for specific performance; exercise a right of repurchase; exercise a right of reverter as described in this subsection; and/or seek other remedies at law or in equity subject to Section 22.d.iv below.

1. In the event of a Developer Default for a failure to develop any portion of the Property that has been conveyed to Developer (the "Undeveloped Property") in accordance with the Schedule of Performance set forth in the DDA, City will have an option to repurchase the Undeveloped Property for an amount equal to the lesser of ninety percent (90%) of (a) the sum of all Project Costs incurred by Developer with respect to the Undeveloped Property and not previously reimbursed to Developer or (b) the fair market value of the Undeveloped Property (which fair market value will be determined by an independent appraiser holding certain minimum qualifications to be more particularly described in the DDA).

2. In the event of a Developer Default for an unpermitted transfer or unpermitted encumbrance or lien by Developer with respect to any portion of the Property that has been conveyed to Developer (the "Default Property"), the City will have a right of reverter with respect to such Default Property, subject to a 120 day notice and cure period. The DDA will terminate with respect to any Default Property with respect to which the City exercises its right of reverter. Upon revesting of title to the Default Property in the City, the City will use its best efforts to resell the Default Property for

development in accordance with the Specific Plan. Resale proceeds will be distributed as follows: first, to the City for the costs of sale, second, to any mortgagee as necessary to cause a reconveyance of the mortgage, third, to reimburse the City for carry costs for the Default Property; fourth to reimburse Developer for Project Costs incurred by Developer with respect to the Default Property and not previously reimbursed to Developer; and fifth, any balance to the City.

iv. Damages. Upon the occurrence of a Developer Default, Developer's liability for damages will be limited to actual damages.

e. Attorneys' Fee and Costs. In the event of an action to enforce the DDA, the prevailing party will be entitled to payment of its reasonable attorneys' fee and costs.

23. Force Majeure

Performance will not be deemed a default, and the time within which Developer is required to perform any act under the DDA will be extended by a period of time equal to the number of days during which such performance is delayed, for reasons beyond the control of Developer, including, without limitation war, strikes, natural disasters, litigation, reasonably unforeseen site conditions, Acts of God, civil unrest, casualties, unusually severe weather, inability to secure necessary labor or materials, failure of governmental entities to act, changes in applicable law, development moratoria, and significant adverse change in economic conditions preventing Developer or a vertical builder from proceeding with development in a manner that is economically feasible such as a significant drop in home prices or rents. The party claiming a force majeure delay must provide notice within sixty (60) days of actual acknowledge of the event causing delay in order for the period of the force majeure delay to commence to run from the date of such delay. Failure of Developer to provide timely notice will cause the period of delay to run from the date of such notice. Residential Economic Infeasibility Delay and Commercial Economic Infeasibility Delay are defined as follows:

a. Residential Economic Infeasibility Delay. "Residential Economic Infeasibility Delay" shall commence upon Developer's notification to the City (together with appropriate documentation) that there has been a sustained decline in the residential real estate market, defined as a three percent (3%) or more decline in the Federal Housing Finance Agency all-transactions Home Price Index (the "Index") for the Oakland-Hayward-Berkeley MSAD during the preceding 12 month period. Residential Economic Infeasibility Delay shall continue prospectively on a quarterly basis and remain in effect until the calendar quarter in which the Index has increased for four (4) successive quarters; provided that the cumulative total of Residential Economic Delay shall not exceed 48 months.

b. Commercial Economic Infeasibility Delay. "Commercial Economic Infeasibility Delay" shall commence upon Developer's notification to the City (together with appropriate documentation) that there has been a sustained decline in one or more land use-specific vacancy rate (i.e., exceeds a long-term average) in the applicable commercial real estate submarket that includes Concord, as reported by the applicable CBRE local real estate market report (the "CBRE Vacancy Rate"), including: (a) office vacancy rate of twelve and one-half percent (12.5%) or more, (b) a retail vacancy rate of six percent (6%) or more; and/or (c) an industrial vacancy rate of seven percent (7%) or more, each during the preceding 12 months. Commercial Economic Infeasibility Delay shall continue prospectively on a quarterly basis and remain in effect until the calendar quarter in which the applicable vacancy rate has declined for four successive quarters; provided that the cumulative total of Commercial Economic Infeasibility Delay shall not exceed 48 months. If the Index or CBRE Vacancy Rate is discontinued, Developer and the City shall approve a substitute index that tracks the residential market with as close a geography to the Oakland-Hayward-Berkeley, CA Metropolitan Statistical Area Division as possible, and/or a vacancy rate data source that tracks the Concord commercial real estate submarket.

24. Transfer of Remainder of First Transfer Parcel

Developer submitted its proposal for the Development Phase One Property to the City with the understanding that there would be no guaranteed development rights to future phases. Developer acknowledges that City may, but will not be required to negotiate with Developer regarding the transfer of all or any portion of the balance of the EDC Property, including the balance of the First Transfer Parcel, other than the Development Phase One Property (the "Future Development Property"). Notwithstanding the foregoing, should City in its discretion choose to negotiate with Developer regarding the transfer of all or any portion of the Future Development Property, whether prior to or after completion of development of the Project, then City may do so without initiating a new competitive process (such as a request for qualifications, request for proposals, or other process) with respect to such Future Development Property, provided that Developer is not in material default under the DDA with respect to the Project.

In the event that City elects to convey all or any portion of the Future Development Property (the "Transferred Portion") to any party other than Developer, then City will require the developer of such Transferred Portion to reimburse Developer, out of project revenues from such Transferred Portion, for such Transferred Portion's pro rata share of reasonable Project Costs incurred by Developer for oversized utilities, school facilities, habitat or species mitigation work, hazardous materials remediation or containment work or facilities, environmental insurance premiums, or other similar work or improvements serving and benefitting the Project and such Transferred Portion and that the new developer would have had to complete but for Developer's completion thereof. The DDAs for both the Development Phase One Property and such Transferred Portion will contain a mechanism for granting priority and security for such

reimbursement. Developer acknowledges that the City will not be obligated to fund such reimbursement from its general fund or other City revenues (other than fees or revenues from the development of such Transferred Portion).

List of Exhibits

Exhibit A – Development Phase One Property

Exhibit B1 – Conceptual Phasing Strategy

Exhibit B2 – Conceptual Phasing Strategy

Exhibit C – Land Use Program

Exhibit D – Recreational / Civic Amenities

Exhibit E – Backbone Infrastructure

Exhibit E1 – Backbone Infrastructure Description and Offsite Infrastructure

Exhibit F – CRP Area Plan Diagram

Exhibit G – Proforma Summary

Exhibit H – Summary of Community Benefits

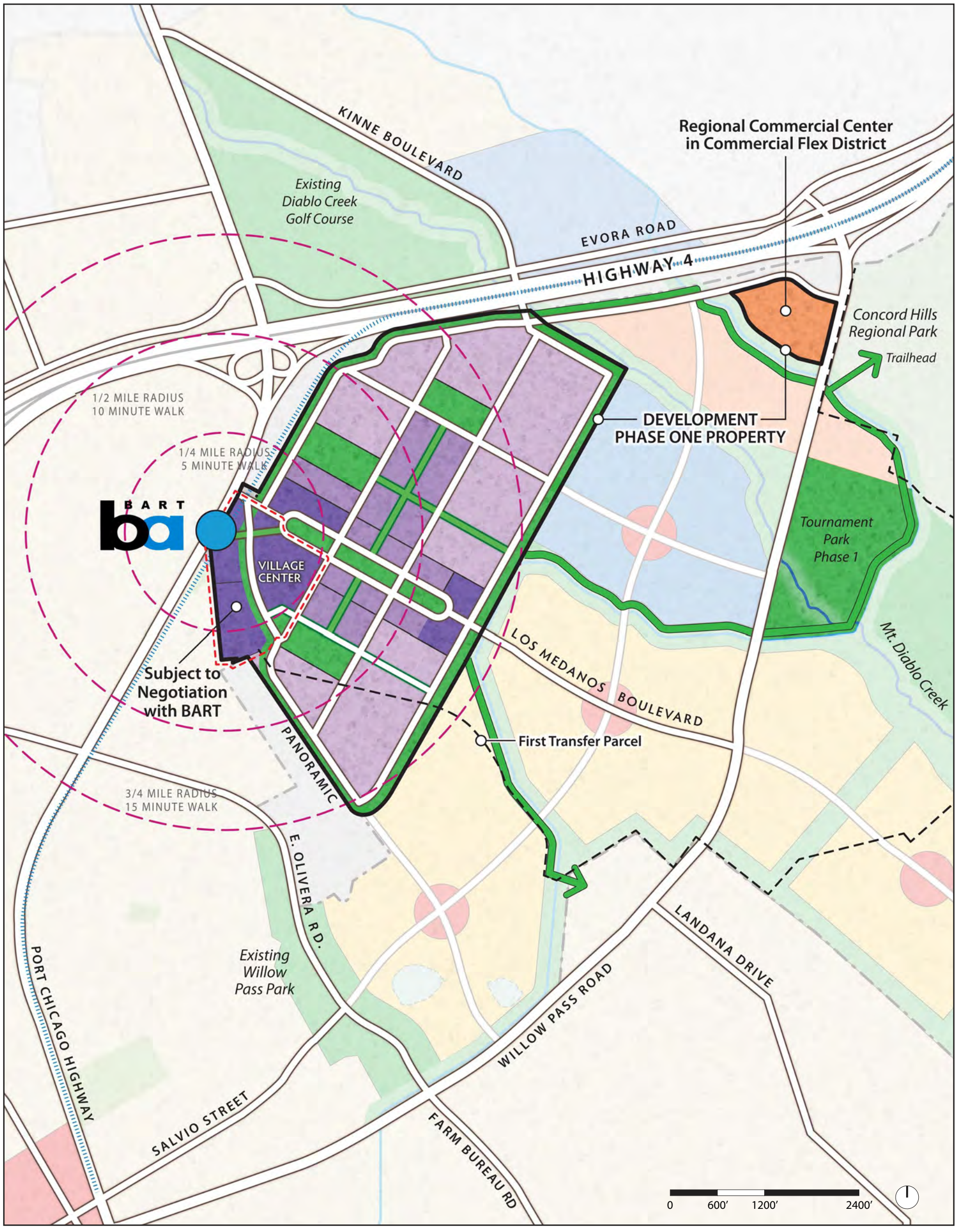


EXHIBIT A: DEVELOPMENT PHASE ONE PROPERTY

NORTH CONCORD TRANSIT VILLAGE

CNWS DEVELOPMENT PHASE ONE PROPERTY PROPOSAL • CATELLUS DEVELOPMENT • ROMA DESIGN GROUP • AUGUST 24, 2015

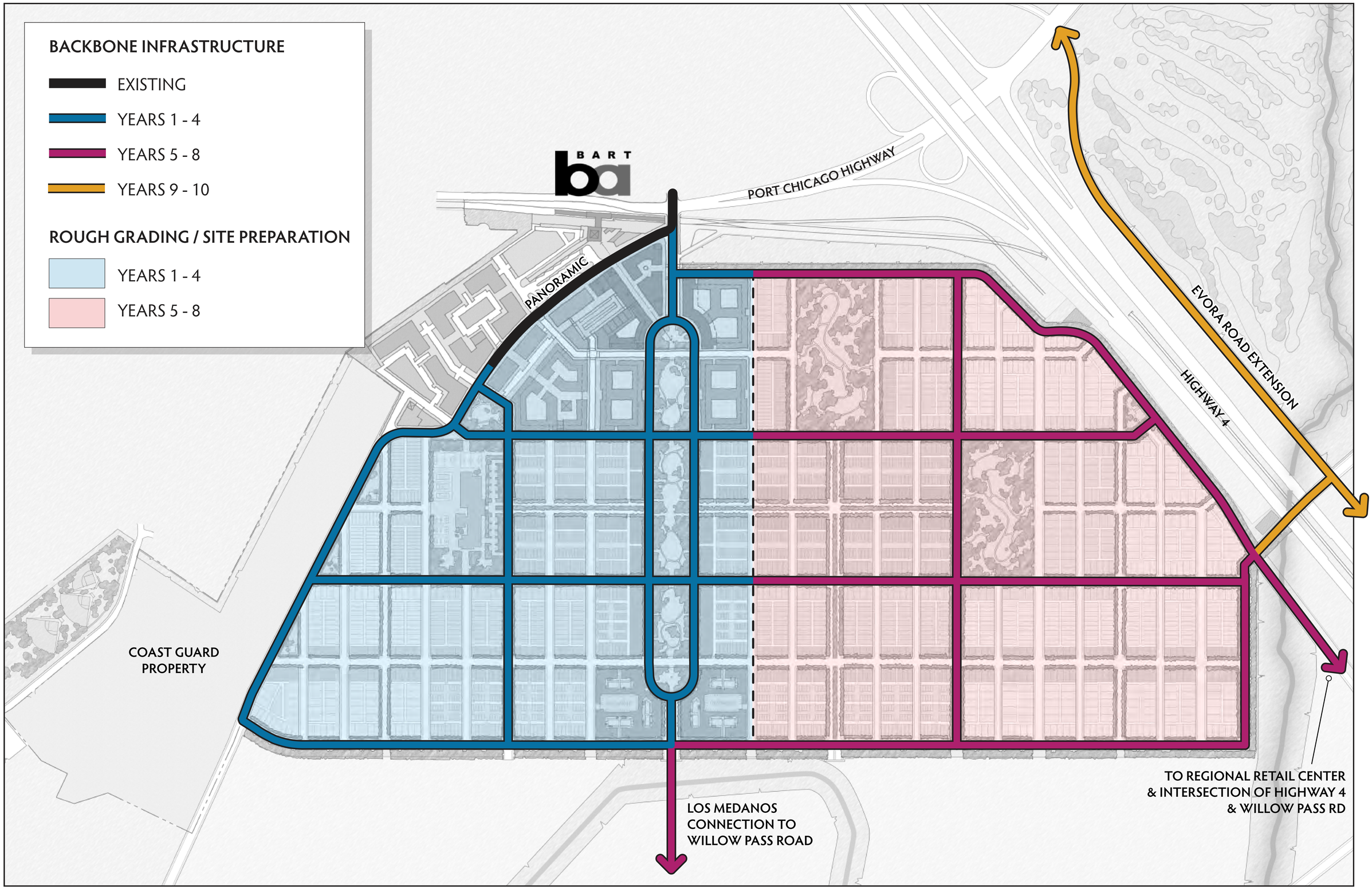


EXHIBIT B1: CONCEPTUAL PHASING STRATEGY: INFRASTRUCTURE

NORTH CONCORD TRANSIT VILLAGE

CNWS DEVELOPMENT PHASE ONE PROPERTY PROPOSAL • CATELLUS DEVELOPMENT • ROMA DESIGN GROUP • AUGUST 25, 2015

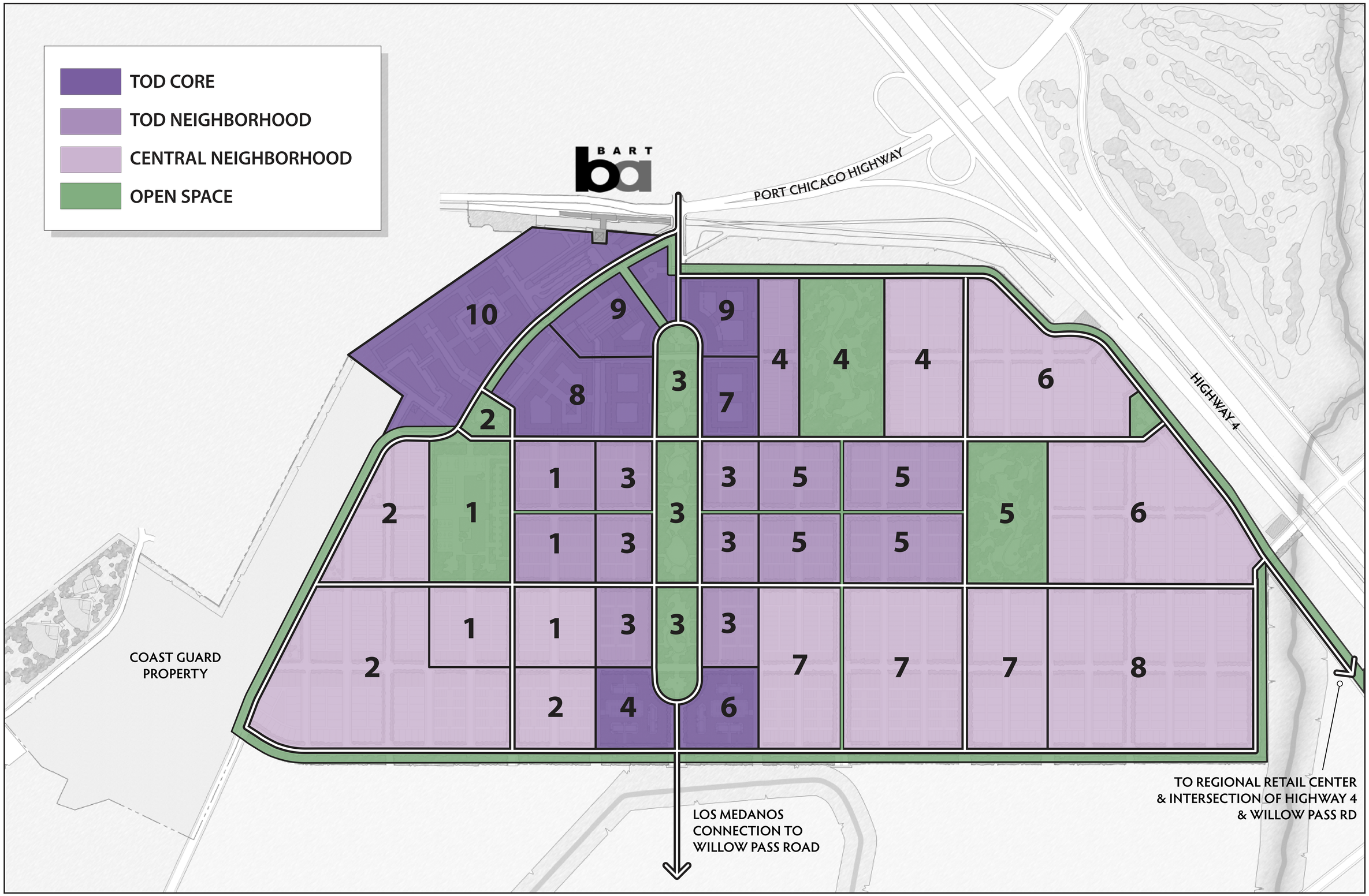


EXHIBIT B2: CONCEPTUAL PHASING STRATEGY YEARS 1-10

NORTH CONCORD TRANSIT VILLAGE

CNWS DEVELOPMENT PHASE ONE PROPERTY PROPOSAL • CATELLUS DEVELOPMENT • ROMA DESIGN GROUP • AUGUST 25, 2015

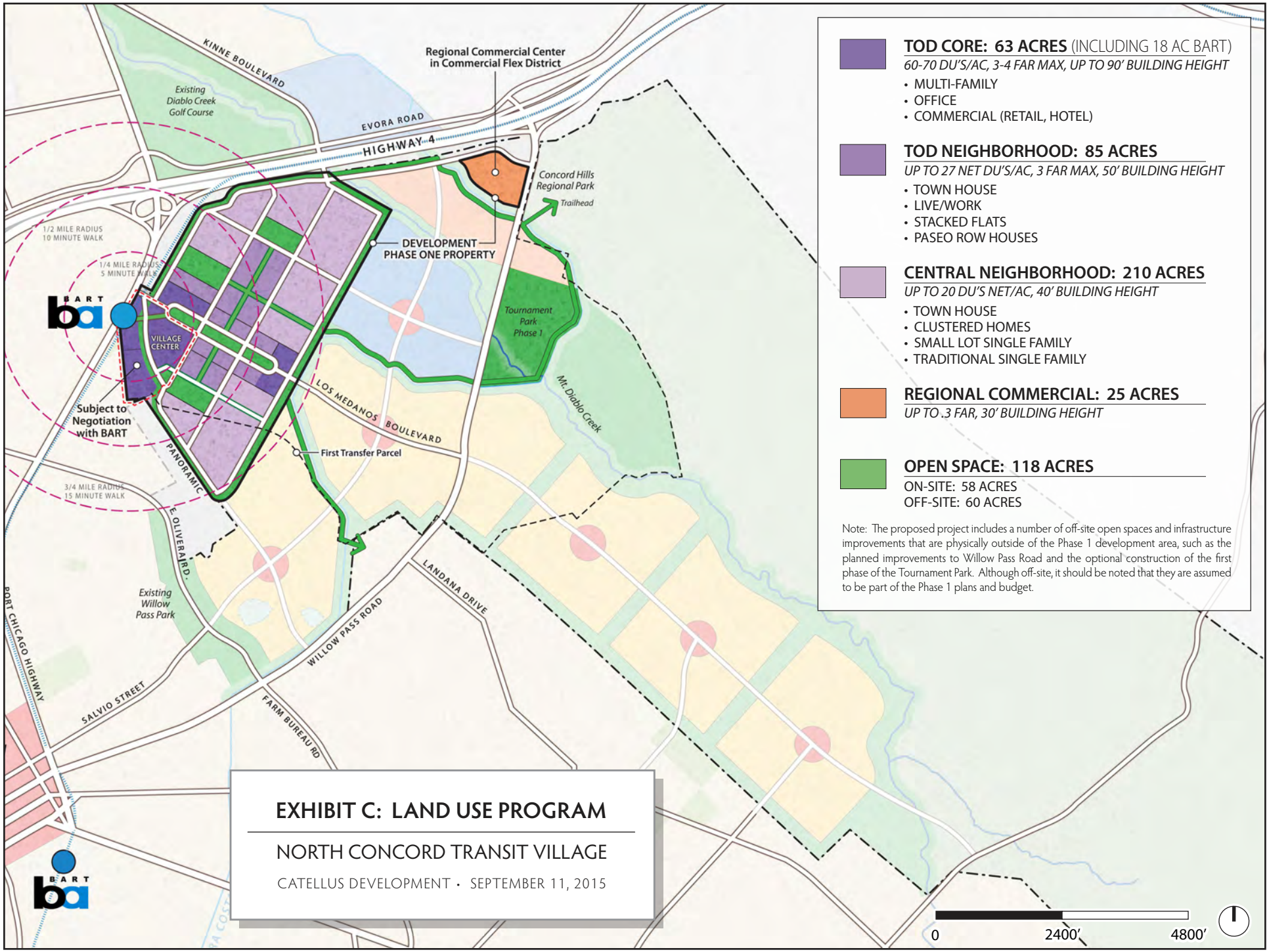
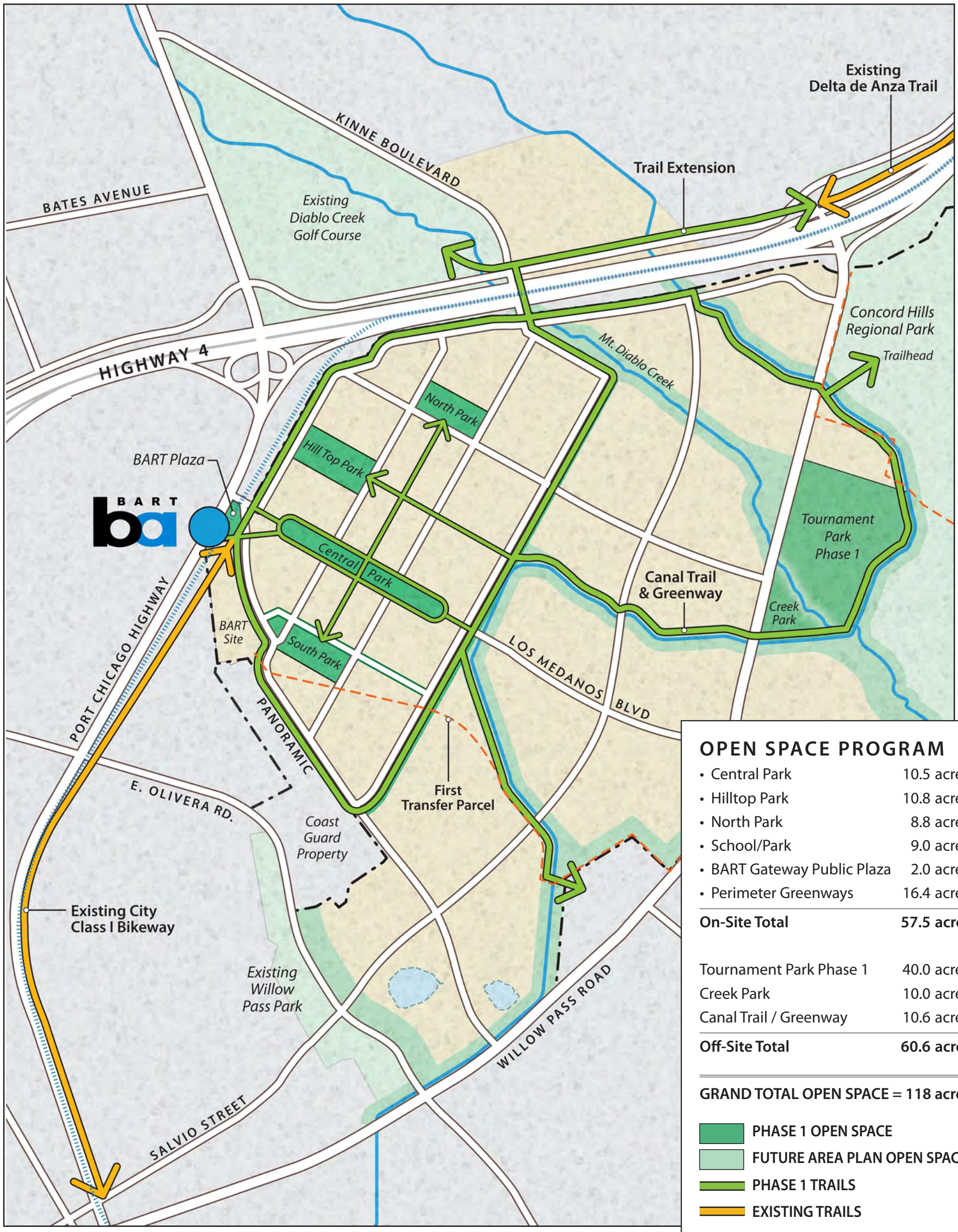


EXHIBIT C: LAND USE PROGRAM

NORTH CONCORD TRANSIT VILLAGE

CATELLUS DEVELOPMENT • SEPTEMBER 11, 2015



OPEN SPACE PROGRAM

• Central Park	10.5 acres
• Hilltop Park	10.8 acres
• North Park	8.8 acres
• School/Park	9.0 acres
• BART Gateway Public Plaza	2.0 acres
• Perimeter Greenways	16.4 acres
On-Site Total	**57.5 acres**
Tournament Park Phase 1	40.0 acres
Creek Park	10.0 acres
Canal Trail / Greenway	10.6 acres
Off-Site Total	**60.6 acres**

GRAND TOTAL OPEN SPACE = 118 acres

- PHASE 1 OPEN SPACE
- FUTURE AREA PLAN OPEN SPACE
- PHASE 1 TRAILS
- EXISTING TRAILS

EXHIBIT D: RECREATIONAL / CIVIC AMENITIES

NORTH CONCORD TRANSIT VILLAGE

CNWS DEVELOPMENT PHASE ONE PROPERTY PROPOSAL • CATELLUS DEVELOPMENT • ROMA DESIGN GROUP • AUGUST 24, 2015

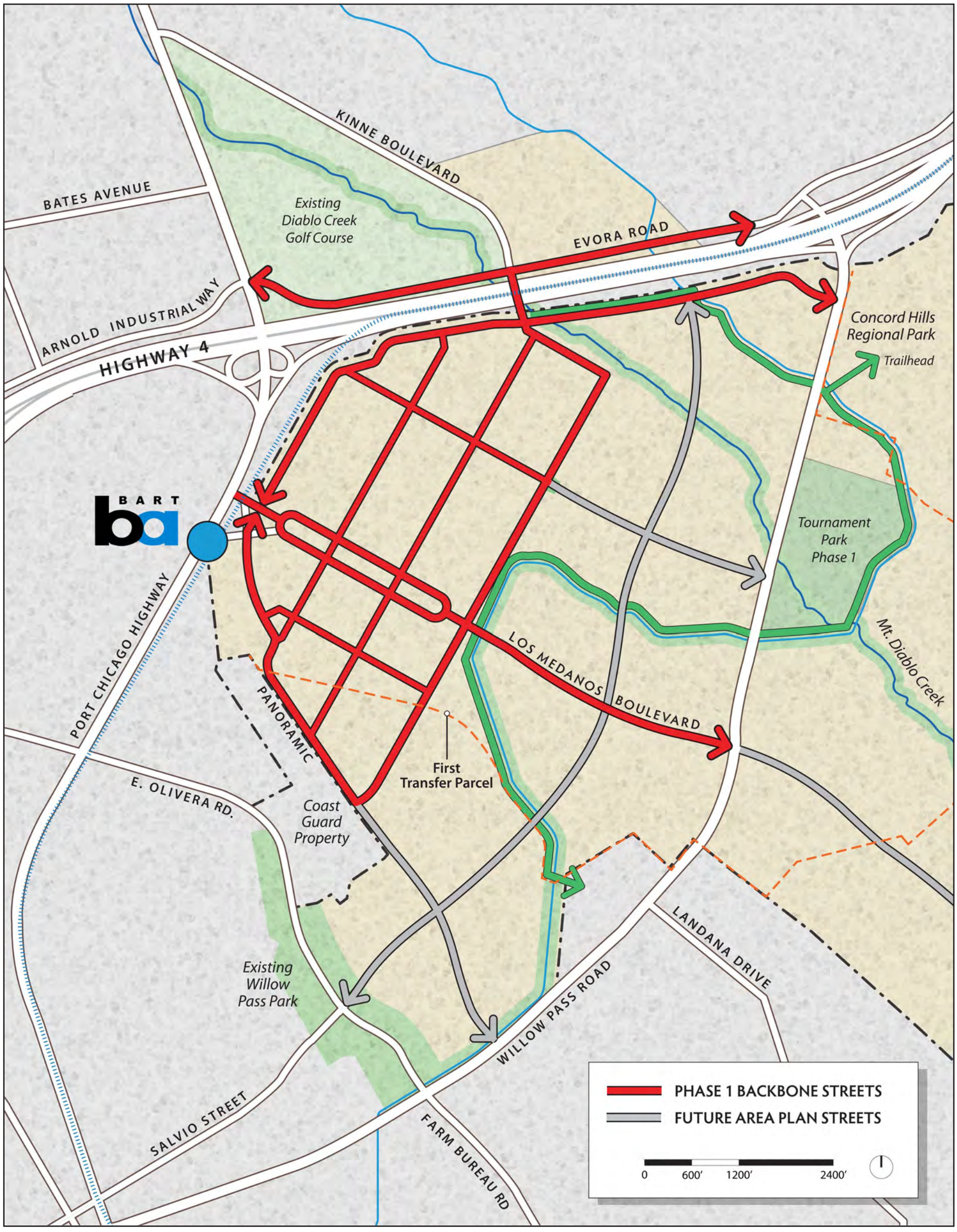


EXHIBIT E: BACKBONE INFRASTRUCTURE

NORTH CONCORD TRANSIT VILLAGE

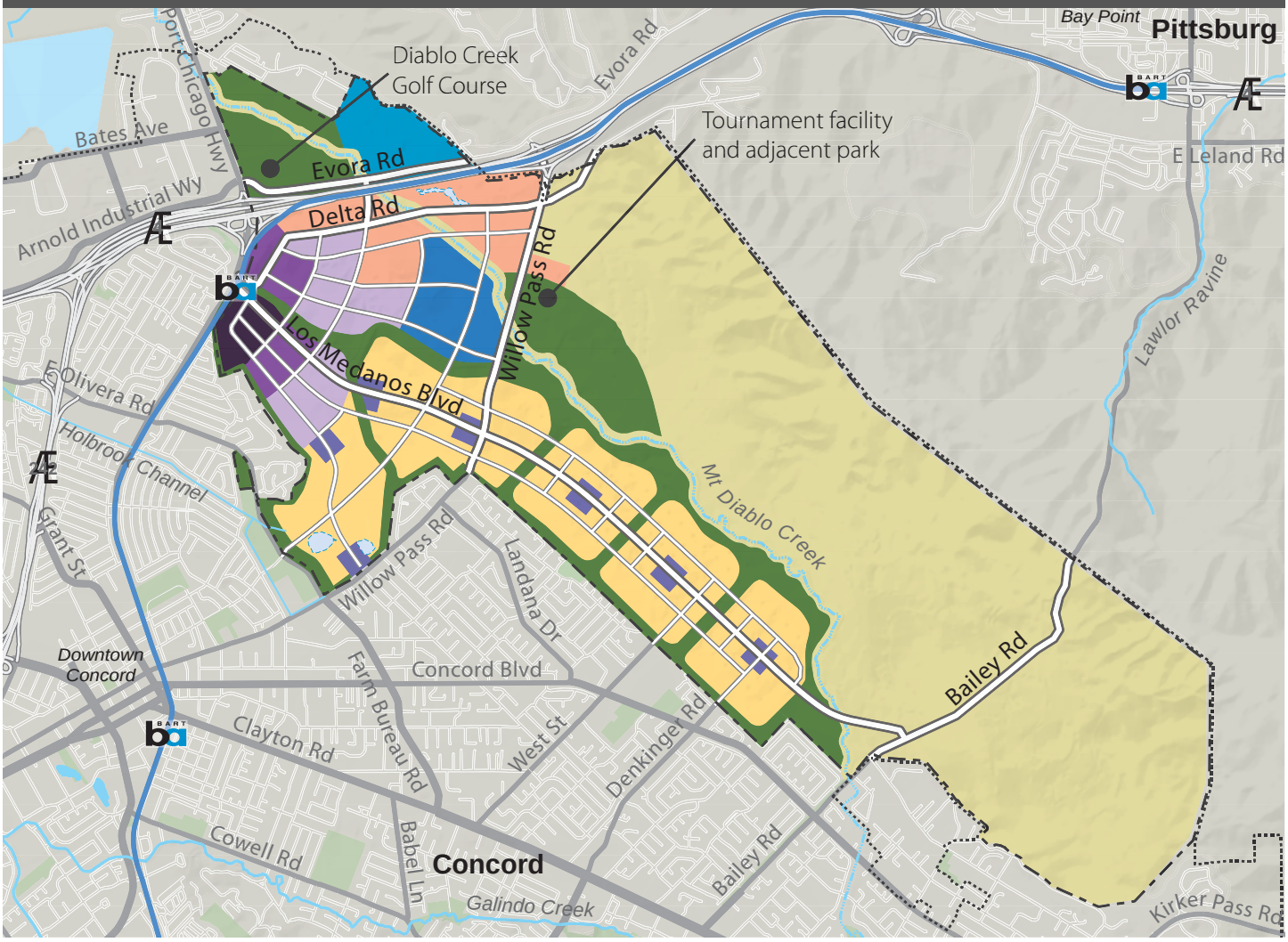
CNWS DEVELOPMENT PHASE ONE PROPERTY PROPOSAL • CATELLUS DEVELOPMENT • ROMA DESIGN GROUP • AUGUST 24, 2015

Exhibit E1 – Backbone Infrastructure Description and Offsite Infrastructure

1. Off haul / disposal for an estimated amount of contaminated soils within the Development Phase One Property and under rail lines
2. Demolition/Site Clearing of the Development Phase One Property
3. Mass Grading of the Development Phase One Property
4. Offsite Infrastructure
    a. Wastewater connection to existing City system
    b. Domestic Water connection to existing City system, including new zone 1 storage tank near Evora Road
    c. Recycled Water connection to Central Contra Costa Sanitary District, including converting domestic storage tank to recycled water
    d. Traffic / Roadway Improvements
        i. Widening of intersection at Port Chicago and Panoramic
        ii. Panoramic Pedestrian Bridge over BART tracks
        iii. Connection from Development Phase One Property to Willow Pass Road near Clayton Way, including bridge over the adjacent Contra Costa Canal
        iv. Improvements to Willow Pass Road & Highway 4 ramps
        v. Improvements to intersection at Willow Pass Road and Avila
        vi. Port Chicago Highway widening (25% share)
        vii. Willow Pass Road widening (100% share)
        viii. Upgrade Improvements to Willow Pass Bridge
        ix. East Olivera widening (50% share)
        x. Farm Bureau Road widening (50% share)
        xi. Evora Road extension to Port Chicago Highway with golf course realignment modifications
    e. Electrical Distribution connection to PG&E
    f. Storm Drain / Flood Control connections to existing system, outfall, detention, and treatment areas
5. Parks and Greenways
    a. Central Park
    b. BART Plaza
    c. Hilltop Park
    d. South Park
    e. School Park
    f. Buffers, Greenways, trail connections
    g. Willow Pass Park Extension and sport park upgrade
6. Public Benefit / Mitigations
    a. Mt. Diablo Creek Restoration west of Willow Pass Road
    b. Habitat & Wetlands Mitigation
    c. Public Art
    d. TDM Program
    e. Gateway Features
7. Backbone Infrastructure, In-Tract Infrastructure, and related utilities as depicted on the Development Phase One Property site plan
8. SWPPP, General Conditions, Site Security and Contractor Fees

EXHIBIT F

Figure 3-3: Area Plan Diagram



Legend

Transit Oriented Districts

- North Concord TOD Core
- North Concord TOD Neighborhood

Neighborhoods

- Central Neighborhood
- Village Center
- Village Neighborhood

Civic and Institutional

- Campus
- First Responder Training Center

Commercial

- Commercial Flex

Conservation, Open Space and Recreation Lands

- Conservation Open Space
- Greenways, Citywide Parks, and Tournament Facilities

Not shown: Potential bike and pedestrian facilities in the Regional Park.

Primary Circulation Network

- Through Streets
- Collector Streets

N

0 1,250 2,500 5,000 Feet

- Planning Area Boundary
- City of Concord Boundary
- Seasonal Wetlands (delineated as of 2010)
- 2010 Concord parks

Activities Included

- Housing
- Offices
- Shopping
- Schools + Public Facilities
- Research + Development
- Regional Auto Access
- Transit, Bicycling + Walking Priority
- Parks and Recreation
- Conservation and Species Protection

Exhibit G - Proforma Summary - Annual Cash Flow

CATELLUS - CNWS - DEVELOPMENT PHASE ONE PROPERTY

	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
SOURCES															
Land Sales Revenue															
Multifamily Apartments	55,412,032	-	-	-	-	-	-	-	-	14,089,854	15,269,380	16,499,428	9,553,369	-	-
P1 Condos / Stacked Flats	63,382,201	-	-	-	-	6,654,408	7,067,996	7,498,270	7,945,817	8,411,242	8,302,160	8,771,700	8,730,608	-	-
P2 10-Pac Autocourt Town	72,459,535	-	-	-	7,655,900	8,110,221	8,582,666	9,073,866	9,584,476	10,115,173	10,666,654	8,670,579	-	-	-
P3A Townhomes	54,929,602	-	-	-	-	-	6,624,172	6,977,692	7,344,914	7,726,311	8,122,370	8,533,596	9,600,547	-	-
P3B Live/Work Towns	11,538,326	-	-	-	-	-	-	-	-	5,716,011	5,822,315	-	-	-	-
P4 Clustered Detached	80,777,162	-	-	-	8,189,482	8,600,325	9,026,798	9,469,433	9,928,785	10,405,422	10,899,934	11,412,928	2,844,055	-	-
P5 2-Pack/Cluster/40x70 Lot	82,600,156	-	-	-	-	-	-	10,722,113	11,240,168	11,777,693	12,335,350	12,913,823	13,513,819	10,097,190	-
P6 45x75 Lot/50x70 Lot	80,686,254	-	-	-	10,957,907	11,490,147	12,042,425	12,615,422	13,209,843	13,826,416	6,544,094	-	-	-	-
P7 50x85 Lot/52x80 Lot	79,991,230	-	-	-	-	-	-	-	15,405,289	16,113,205	16,847,273	17,608,376	14,017,087	-	-
P8 55x92 Lot/55x105 Lot	117,537,256	-	-	-	15,183,091	15,898,657	16,640,890	17,410,697	18,209,009	19,036,790	15,158,122	-	-	-	-
P9 60x95Lot/55x105 Lot	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Flex - Regional Retail	26,711,299	-	-	-	26,711,299	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Land Sales Revenue	726,025,054	-	-	-	68,697,679	50,753,759	59,984,946	73,767,492	92,868,301	117,218,117	109,967,652	84,410,432	58,259,485	10,097,190	-
CFD Public Financing	117,104,913	-	-	-	-	21,221,785	-	-	34,701,083	-	-	-	61,182,045	-	-
EIFD Public Financing	89,409,340	-	-	-	-	14,614,153	-	-	25,700,066	-	-	-	49,095,121	-	-
Total Sources	932,539,307	-	-	-	68,697,679	86,589,697	59,984,946	73,767,492	153,269,450	117,218,117	109,967,652	84,410,432	168,536,651	10,097,190	-
USES															
Development Costs	Total														
Hard Costs	448,154,586	-	-	32,742,132	39,236,309	32,321,505	47,796,620	48,549,814	56,016,056	74,824,038	55,072,229	41,882,117	19,713,764	-	-
Soft Costs	107,620,391	600,000	12,097,640	11,770,893	9,696,452	14,338,986	14,564,944	10,082,890	13,468,327	9,913,001	7,538,781	3,548,478	-	-	-
Misc Costs (Maintenance, CM Fee)	30,934,317	274,000	2,072,296	2,379,542	2,599,987	2,472,348	3,225,095	3,064,038	3,571,377	4,317,726	3,265,173	2,456,475	1,236,261	-	-
Indirect Costs	9,150,000	-	1,650,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	-	-
EDC Property Improvement Fund	49,000,000									12,000,000	12,000,000	12,000,000	13,000,000	-	
Contingency	100,891,956	25,000	1,453,764	7,754,516	8,845,907	7,927,200	11,044,818	10,747,252	12,579,044	15,985,108	11,797,324	8,760,271	3,971,753	-	-
Sub-Total Development Costs	745,751,251	899,000	17,273,700	55,397,082	61,128,655	57,810,039	77,381,478	73,193,994	86,384,804	117,789,873	90,423,508	69,397,341	38,671,778	-	-
Other Costs															
Title Ins; Transfer Tax @ .25% (seller)	1,815,063	-	-	-	171,744	126,884	149,962	184,419	232,171	293,045	274,919	211,026	145,649	25,243	-
Closing Costs @ 1.00%	7,260,251	-	-	-	686,977	507,538	599,849	737,675	928,683	1,172,181	1,099,677	844,104	582,595	100,972	-
SF Resi Commission @ 3.00%	19,317,052	-	-	-	1,259,591	1,522,613	1,799,548	2,213,025	2,786,049	3,093,848	2,840,948	2,037,330	1,461,184	302,916	-
MF/Comm Resi Commission @ 4.00%	3,284,933	-	-	-	1,068,452	-	-	-	-	563,594	610,775	659,977	382,135	-	-
Developer Profit @ 15%	108,903,758	-	-	-	10,304,652	7,613,064	8,997,742	11,065,124	13,930,245	17,582,718	16,495,148	12,661,565	8,738,923	1,514,579	-
Subtotal Other Costs	140,581,056	-	-	-	13,491,416	9,770,099	11,547,102	14,200,242	17,877,148	22,705,386	21,321,467	16,414,002	11,310,485	1,943,709	-
Total Uses	886,332,307	899,000	17,273,700	55,397,082	74,620,071	67,580,138	88,928,580	87,394,236	104,261,952	140,495,259	111,744,974	85,811,343	49,982,262	1,943,709	-
NET CASH FLOW	**46,206,999**	(899,000)	(17,273,700)	(55,397,082)	(5,922,392)	19,009,560	(28,943,635)	(13,626,744)	49,007,498	(23,277,142)	(1,777,322)	(1,400,911)	118,554,389	8,153,481	-
Cumulative Cash Flow		(899,000)	(18,172,700)	(73,569,782)	(79,492,174)	(60,482,615)	(89,426,249)	(103,052,993)	(54,045,495)	(77,322,637)	(79,099,959)	(80,500,870)	38,053,518	46,207,000	46,207,000

Exhibit G - Proforma Summary - Waterfall Analysis

CATELLUS - CNWS - DEVELOPMENT PHASE ONE PROPERTY

Proposed Cash Flow Structure															
($000's)	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Sources															
Land Sales	726,025	-	-	-	68,698	50,754	59,985	73,767	92,868	117,218	109,968	84,410	58,259	10,097	-
less: 15% Land Sales Fee	(108,904)	-	-	-	(10,305)	(7,613)	(8,998)	(11,065)	(13,930)	(17,583)	(16,495)	(12,662)	(8,739)	(1,515)	-
Public Finance Proceeds	206,514	-	-	-	-	35,836	-	-	60,401	-	-	-	110,277	-	-
Total Sources	823,636	-	-	-	58,393	78,977	50,987	62,702	139,339	99,635	93,473	71,749	159,798	8,583	-
Uses															
Development Costs	(745,751)	(899)	(17,274)	(55,397)	(61,129)	(57,810)	(77,381)	(73,194)	(86,385)	(117,790)	(90,424)	(69,397)	(38,672)	-	-
Commissions/Closing Costs	(31,677)	-	-	-	(3,187)	(2,157)	(2,549)	(3,135)	(3,947)	(5,123)	(4,826)	(3,752)	(2,572)	(429)	-
Total Uses	(777,429)	(899)	(17,274)	(55,397)	(64,315)	(59,967)	(79,931)	(76,329)	(90,332)	(122,913)	(95,250)	(73,150)	(41,243)	(429)	-
Total Project Cash Flow	**46,207**	**(899)**	**(17,274)**	**(55,397)**	**(5,922)**	**19,010**	**(28,944)**	**(13,627)**	**49,007**	**(23,277)**	**(1,777)**	**(1,401)**	**118,554**	**8,153**	**-**

CALCULATION #1															
Catellus Cash Flow (15% Land Sales Fee Based)															
Infrastructure Account															
Beginning Balance			(899)	(18,173)	(73,570)	(79,492)	(60,483)	(89,426)	(103,053)	(54,045)	(77,323)	(79,100)	(80,501)	-	-
Cash Out	(148,518)	(899)	(17,274)	(55,397)	(5,922)	-	(28,944)	(13,627)	-	(23,277)	(1,777)	(1,401)	-	-	-
Cash In	148,518	-	-	-	-	19,010	-	-	49,007	-	-	-	80,501	-	-
Ending Balance		(899)	(18,173)	(73,570)	(79,492)	(60,483)	(89,426)	(103,053)	(54,045)	(77,323)	(79,100)	(80,501)	-	-	-
Infra Account Cash Flow	-	(899)	(17,274)	(55,397)	(5,922)	19,010	(28,944)	(13,627)	49,007	(23,277)	(1,777)	(1,401)	80,501	-	-
Catellus 15% Land Sales Fee	108,904	-	-	-	10,305	7,613	8,998	11,065	13,930	17,583	16,495	12,662	8,739	1,515	-
Total Cash Flow	**108,904**	**(899)**	**(17,274)**	**(55,397)**	**4,382**	**26,623**	**(19,946)**	**(2,562)**	**62,938**	**(5,694)**	**14,718**	**11,261**	**89,240**	**1,515**	**-**
		IRR		**14.20%**											

CALCULATION #2															
Catellus Cash Flow (15% IRR Based)															
Beginning Balance			(899)	(18,308)	(76,451)	(83,536)	(69,444)	(99,806)	(117,339)	(72,002)	(88,497)	(87,054)	(88,851)	-	-
Accrued IRR @ 15.00%	(120,328)	-	(135)	(2,746)	(11,468)	(12,530)	(10,417)	(14,971)	(17,601)	(10,800)	(13,275)	(13,058)	(13,328)	-	-
15% Land Sales Fee	108,904	-	-	-	10,305	7,613	8,998	11,065	13,930	17,583	16,495	12,662	8,739	1,515	-
Infra Cash Out	(148,518)	(899)	(17,274)	(55,397)	(5,922)	-	(28,944)	(13,627)	-	(23,277)	(1,777)	(1,401)	-	-	-
Infra/IRR Cash In	159,942	-	-	-	-	19,010	-	-	49,007	-	-	-	93,440	(1,515)	-
Ending Balance		(899)	(18,308)	(76,451)	(83,536)	(69,444)	(99,806)	(117,339)	(72,002)	(88,497)	(87,054)	(88,851)	-	-	-
Total Cash Flow	**120,328**	**(899)**	**(17,274)**	**(55,397)**	**4,382**	**26,623**	**(19,946)**	**(2,562)**	**62,938**	**(5,694)**	**14,718**	**11,261**	**102,179**	**-**	**-**
		IRR		**15.00%**											

"Greater of" Calculations															
Catellus Profit Required	120,328														
Land Sales Fee Pd	(108,904)														
IRR Shortfall Payment	11,424														
Project Cash Flow	46,207														
IRR Shortfall Payment	(11,424)														
Remaining CF For Waterfall	**34,783**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,115**	**9,668**	**-**

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Distribution of $70mm tranche	**Total**														
Remaining CF after $49mm distributed to EDC PIF	**21,000**	-	-	-	-	-	-	-	-	-	-	-	21,000	-	-
30% of $70MM tranche to Catellus	**(21,000)**	-	-	-	-	-	-	-	-	-	-	-	(21,000)	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining CF After $70MM tranche	**13,783**	-	-	-	-	-	-	-	-	-	-	-	4,115	9,668	-

	Total	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
CALCULATION #3															
Catellus Cash Flow (20% IRR Based)															
Beginning Balance			(899)	(18,352)	(77,420)	(88,522)	(79,604)	(115,470)	(141,126)	(106,413)	(133,390)	(145,351)	(163,160)	(69,733)	(76,912)
Accrued IRR @ 20.00%	(243,271)	-	(180)	(3,670)	(15,484)	(17,704)	(15,921)	(23,094)	(28,225)	(21,283)	(26,678)	(29,070)	(32,632)	(13,947)	(15,382)
15% IRR cash flow	120,328	(899)	(17,274)	(55,397)	4,382	26,623	(19,946)	(2,562)	62,938	(5,694)	14,718	11,261	102,179	-	-
30% of $70MM tranche	21,000	-	-	-	-	-	-	-	-	-	-	-	21,000	-	-
70% of Remaining Cash Flow	9,648	-	-	-	-	-	-	-	-	-	-	-	2,880	6,768	-
Ending Balance		(899)	(18,352)	(77,420)	(88,522)	(79,604)	(115,470)	(141,126)	(106,413)	(133,390)	(145,351)	(163,160)	(69,733)	(76,912)	(92,295)
Total Catellus Cash Flow	**150,976**	**(899)**	**(17,274)**	**(55,397)**	**4,382**	**26,623**	**(19,946)**	**(2,562)**	**62,938**	**(5,694)**	**14,718**	**11,261**	**126,059**	**6,768**	**-**
		IRR		**16.82%**											
City Waterfall Cash Flow & EDC PIF	**53,135**	-	-	-	-	-	-	-	-	12,000	12,000	12,000	14,234	2,900	-

Total Cash Flow Check	
Total Cash Flow (excluding EDC PIF)	204,111
Catellus Payments	(150,976)
EDC Property Improvement Fund	(49,000)
City Payments (via waterfall)	(4,135)
Remaining Available Cash Flow	0

Exhibit H – Summary of Community Benefits

1. Catellus Will Deliver a Total of 118 Acres of Parks, Open Space, & Public Plazas

(See Project Description and Phasing of Project Components – Section 3)

a. **BART Gateway Public Plaza**. A two acre public plaza adjacent to the North Concord BART Station connecting the residential areas of the Project to BART via pedestrian pathways, bicycle pathways, and vehicular connections. In order to provide immediate access to BART for the first new residents, the plaza will be completed concurrently with development of the first sub-phase.

b. **Central Park.** A ten acre, 200 foot wide central green, adjoined on either side by the central roadway connecting the Village Center and BART to Willow Pass Road.

c. **Hilltop Park**. A ten acre promontory park located on the central ridgeline.

d. **Community Park**. A nine acre community park

e. **Perimeter Greenways and Buffers**. Extensive pedestrian paths and Class 1 biking paths totaling approximately 16 acres.

f. **School Park**. 10 acres to serve future potential school and open space requirements.

g. **Canal and Mt. Diablo Creek Greenways**. Buffers connecting the Project to the East Bay Regional Park, Willow Pass Park, and the local and regional trail system (including initial connectivity to the Delta DeAnza Regional Trail) totaling approximately 43 acres. Recreational trail connectivity will be provided in consultation with the East Bay Regional Park District ("EBRPD") and consistent with the requirements of natural resource agencies. Consistent with the CRP Area Plan, Developer will maintain a buffer along Mt. Diablo Creek. Developer will work with the City, the resource agencies, and the EBRPD to enhance and restore Mt. Diablo Creek.

h. **Willow Pass Park Extension and/or Tournament Sports Facility**. The CRP Area Plan identifies the 17.6 acre Willow Pass Park extension and the 75 acre Tournament Sports Facility as important community facilities to be included within the Development Footprint. Developer's Project proforma has set aside funds for phased improvements to either or both of these important facilities, depending on input received from the community during the Specific Plan process. In addition, at the City's direction, excess funds from the Project's Community Benefit Fund can be directed to accelerate the phasing of these facilities to completion. For purposes of calculating the 118 acres of master planned parks within the Project, the 17.6 acre Willow Pass Park extension was used.

i. **Pocket Parks.** In addition to the 118 acres of master planned parks discussed above, each individual residential neighborhood will feature at least a two acre neighborhood pocket park as a central neighborhood feature.

j. Parks may be used as the location for public facilities such as museums, ball fields, community gardens, dog parks, active sports fields, and similar uses.

k. Parks and boundary linear parks shall have limited roadways designed to be minimally intrusive and shall include Class 1 bike lanes, be designed with traffic calming features and for vehicular exclusion for special events, high pedestrian/bike uses, etc. Roads crossing the parks shall be limited to the extent feasible and designed in a manner that protects pedestrian connectivity and recreational use.

2. **Deal Structure - City Controls the Land**

(See Financial Deal Structure – Section 4, Schedule of Performance – Section 5, and Interim Lease – Section 6)

a. Completely open book and fully transparent allowing Catellus and the City to find the right balance of project sources and uses to maximize community benefits.

b. Catellus will buy land in smaller parcels, not in large takedowns, ensuring the City controls the land long-term, not the developer.

c. Developer proposes to construct Backbone Infrastructure using a Lease vs. Developer immediately taking title to the Land. This approach has several benefits for the City:

   i. The City will continue to own the land as Developer funds and installs Backbone Infrastructure, ensuring that the City controls the land until Backbone Infrastructure is complete and the land is ready for vertical development. The City will not face the risks associated with trying to get land back from a non-performing developer.

   ii. The Project does not immediately incur carrying costs of taking title to the land (property taxes, transfer tax, closing costs, etc.). Deferring Project carrying costs will allow the money saved to flow back into the Project and be spent on other community benefits and/or provide the City with more additional profit sharing in the Lookback Waterfall.

d. Catellus advances the money needed for land development with internal equity which eliminates any dependency on third party financial partners. Catellus is projecting to invest approximately $700 million of its own money in Phase One.

e. Catellus takes on 100% of the risk and requires no guarantees from the City.

f. The City has a right to terminate the DDA if Catellus does not perform.

g. Once a vertical builder purchases the land, if they fail to construct within reasonable time frames, the City has repurchase rights to get the land back.

h. Catellus submitted its Phase One proposal to the City of Concord with the understanding that there would be no development rights to future phases. The City has no obligation to keep Catellus as the master developer for future phases.

3. New Jobs, Retail Services & Sales Tax

(See Project Description and Phasing of Project Components – Section 3)

a. Catellus is proposing multi-family residential, office, commercial, and retail in a "Village Center" format in the TOD Core area adjacent to the North Concord BART station.

b. The Village Center will be designed to incorporate both the TOD Core and approximately 18 acres of land currently owned by BART. Preliminary estimates suggest the TOD Core could accommodate up to 1.7 million square feet of employment generating commercial/office/retail uses, including utilization of a portion of the BART owned land (subject to successful negotiations with BART). Retail development in the Village Center will be in the range of 30,000 to 150,000 square feet depending on market demand and community feedback. Other potential uses include hotel services and entertainment.

c. Catellus intends to construct a 333,000-square-foot regional retail center at the corner of Willow Pass Road and Highway 4 which will provide an additional shopping center amenity for the Concord community and will increase the City's sales tax collection.

4. <u>Affordable Housing</u>

(See Affordable Housing – Section 16)

a. Developer will deliver development-ready sites at no cost for affordable housing in an amount equal to 25% of the total amount of residential units in the Project. This 25% will include affordable rental housing targeted at 60% AMI and below. Developer's proforma has assumed 58% of the affordable housing will be for low and very low incomes.

b. Developer will prioritize partnerships with local, non-profit mission oriented developers for development of the Affordable Housing.

c. Developer has assumed $56 million dollars of gap subsidy for affordable housing in Phase One, including approximately $84,000 per unit in gap subsidy for low- and very-low-income housing. This money, or a portion thereof, could be allocated to other community benefits, such as parks, if more outside financing becomes available to the affordable housing builders.

d. Developer will provide sufficient free land and clean developable pads to accommodate the affordable housing. The free land and clean developable pads will include utilities to the curb line, will not require major grading, will meet environmental standards for residential development, and will be lien-free with clear title.

e. Affordable Housing will address the needs of lower-income seniors, veterans, teachers, families, workers, and people who are homeless and with special needs.

f. Affordable Housing sites will be distributed throughout the Project with generally the same advantages and desirability as market rate sites, including access to transit and site amenities. Developer will use best efforts to locate affordable housing sites for low and very low incomes to support medium to high density development throughout the Project and to ensure maximum points in the 9% tax credit scoring process.

g. Developer will use best efforts to provide affordable housing sites that are appropriate for medium to high density projects.

h. The Affordable Housing will include both affordable homes for rent as well as affordable homes for sale by non-profit firms such as Habitat for Humanity that utilize the "sweat equity" model. Additional for sale affordable homes could be included in the program.

i. The affordable units will be delivered at generally the same pace as the market rate residential units, measured on an aggregate basis.

5. **Sustainability, Transit, and Neighborhood Benefits**

(See Project Description – Section 3)

a. The Specific Plan will be substantially consistent with the community's vision set forth in the CRP Area Plan and Climate Action Plan and shall implement or exceed the goals and objectives of the CRP Area Plan and Climate Action Plan, including those regarding sustainability, transit, community character, and economic vitality.

b. Developer will establish a transportation demand management program ("TDM") to ensure compliance with the CRP Area Plan's goal for a convenient, multi-model transportation system including encouraging walking, bicycling, and transit use.

c. Developer will provide a subsidized shuttle service and will use best efforts to come to an agreement with County Connection as the shuttle provider.

d. Developer will prepare and implement a Bicycle and Pedestrian Connectivity Plan to provide for safe connections from surrounding neighborhoods into the Project.

e. Developer will use best efforts to accommodate seniors with a variety of needs and resources, including residents of the Concord area who may be looking for options that allow them to stay in the community. In addition to the affordable housing component, the Project will include a range of housing types from compact single-family homes to apartments in higher density buildings that are specifically designed with the needs of seniors in mind.

f. Developer will use best efforts to coordinate with CCTA, and other relevant agencies and stakeholders, to ensure that county and regional transportation infrastructure investments are aligned to reduce VMTs and ensure transit ridership and reduction of congestion.

g. Developer will use best efforts to pursue water neutrality consistent with the CRP Area Plan including the design of grey water systems into the Project where feasible.

6. Labor Policies

(See Labor Policies – Section 17)

a. Developer will work to enter into one or more Project Labor Agreement(s) ("PLA") covering construction related to the build-out of the Project.

b. Developer will pursue opportunities to include local hire provisions in third party contracts such as the good faith goal of meeting the 40% local hire target as set forth in the Hire Concord First provisions.

c. Developer will pursue training and employment opportunities for returning military veterans. Developer will work with veteran job placement groups, such as Swords to Plowshares, Helmets to Hard Hats, the Employment Development Department, Veterans Employment Committee of Contra Costa County, and Eastbay Works to

establish a job placement program at the Project. Developer will pursue opportunities for contractors to enroll and post job openings in the programs available for veteran job placement.

d. Consistent with the CRP Area Plan, Developer will pursue opportunities to provide certified apprenticeships, internships and other employment development programs in accordance with the State certified Joint Labor Management Apprenticeship Training Program.

e. Developer will pursue opportunities to work with established organizations such as the Greater Concord Chamber of Commerce, the Mt. Diablo Unified School District, East Bay Works, the Contra Costa Workforce Development Board, Cal State East Bay, and the California Employment Development Department to provide adult education and vocational training at the Project, in an effort to link new jobs created at the Project to local residents.

f. Developer will pursue opportunities to purchase materials and supplies from local businesses for the development of the Project.

g. Developer will pursue opportunities to work with local developers for the development of the Project.

CONCORD NAVAL WEAPONS STATION

TERM SHEET FOR DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN CITY OF CONCORD, IN ITS CAPACITY AS THE LOCAL REUSE AUTHORITY ("CITY" OR "LRA") AND LENNAR CONCORD, LLC ("DEVELOPER")

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CONCORD NAVAL WEAPONS STATION

TERM SHEET FOR
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN CITY OF CONCORD, IN ITS CAPACITY AS THE LOCAL REUSE AUTHORITY ("CITY" OR "LRA") AND
LENNAR CONCORD, LLC ("DEVELOPER")

1. Purpose of Term Sheet and DDA.

The purpose of this term sheet is to set forth the key business terms to be included in a Disposition and Development Agreement ("***DDA***") between City and Developer if City selects Developer as the preferred master developer and the parties enter the DDA Stage (as defined in the Negotiating Agreement). The purpose of the DDA is to (a) provide for the disposition of the Development Phase One Property (defined in Section 2) to Developer through multiple phased closings; (b) effectuate the timely development of the Development Phase One Property with a range of land uses substantially consistent with the Concord Reuse Project Area Plan (the "***CRP Area Plan***"), including parks and other public amenities and facilities and residential and commercial uses; and (c) provide terms and conditions upon which Developer would have the option to acquire and develop future development phases of the Development Footprint (defined in Section 2).

2. Development Phase One Property.

The "***Development Phase One Property***" consists of approximately 500 acres, as depicted on Exhibit A. The Development Phase One Property is a portion of the initial site, expected to be 1,100 to 1,400 acres in size (the "***First Transfer Parcel***") that is anticipated to be transferred by the United States Navy ("***Navy***") to City as the first phase of an economic development conveyance ("***EDC***") of the inland portion of the former Concord Naval Weapons Station property. The developable property that will ultimately be transferred by Navy to City through the EDC is expected to total approximately 2,248 acres (the "***Development Footprint***").

3. Project.

Developer and the City (together, the "***Parties***") propose that the project to be developed within the Development Phase One Property include the key components and amenities, general densities, and land use patterns described in this Section 3 (the "***Project***"). The Project is based on Developer's current anticipated financial feasibility proforma dated August 21, 2015, a summary of which is attached hereto as Exhibit B (the "***Proforma***"). Specific densities, land use patterns, and uses remain subject to refinement through the planning and negotiation of the Specific Plan and Development Agreement and associated California Environmental Quality Act ("***CEQA***") process, all as set forth in

Section 7. While Developer's key obligation under the DDA is to deliver Backbone Infrastructure (as described in section 6(a)) to serve the Project's land use program, Developer also agrees to make commercially reasonable efforts to market resulting development parcels throughout the Project to vertical developers (including Developer, Affiliates of Developer as defined in Section 20(a) and third-party developers) so that vertical development -- and its associated benefits to the community -- may proceed in an orderly and timely manner.

a. Development Stages & Project Summary. The Project is proposed to be developed in three stages (each a "***Development Stage***"). The Project elements to be included in each Development Stage are described in the tables below and are depicted on Exhibit C through Exhibit E:

Overview of Development Stages One Through Three		
Development Stage One • 224 Acres • 1,245 residential units and neighborhood serving retail • 20 acres of commercial, flex, and research & development uses adjacent to Highway 4 • 57 acres of core project elements/community benefits	**Development Stage Two** • 172 acres • 1,386 residential units and neighborhood serving retail • 42 acres of commercial, flex, and research & development uses adjacent to Highway 4 • 30 acres of core project elements/community benefits	**Development Stage Three** • 104 acres • 1,761 residential units • 25 acres of neighborhood commercial uses in TOD Core • 18 acres of core project elements/community benefits

Residential Development by Development Stage						
Type	**Description**	**Net Density/ Average FAR**	**Stage One**	**Stage Two**	**Stage Three**	**Total**
BART Commercial Center Residential *- TOD Core*	4-5 story building with residential over ground-floor commercial	90 du/ac, net of grocery store use and associated parking			8 acres 300 units	8 acres 300 units

Residential Development by Development Stage						
Type	**Description**	**Net Density/ Average FAR**	**Stage One**	**Stage Two**	**Stage Three**	**Total**
High Density *- TOD Neighborhood*	4-5 story buildings with parking structures	90 du/ac		6 acres 405 units	12 acres 810 units	18 acres 1,215 units
Mixed Apartments & Condominiums *- TOD Neighborhood;* *- Central Neighborhood*	2-3 story buildings with garages & surface parking	30 du/ac		14 acres 315 units	13 acres 293 units	27 acres 608 units
Residential Transitional Housing	2-3 story buildings with open space facilities	30 du/ac	10 acres 80 units			10 acres 80 units
Mixed Townhomes & Cottages *- TOD Neighborhood* *- Central Neighborhood;* *- Village Neighborhood*	2-3 story buildings with private garages	20 du/ac	21 acres 273 units	23 acres 299 units	8 acres 104 units	52 acres 676 units
Mixed Townhome & Single Family *- Central Neighborhood* *- Village Neighborhood*	2 story buildings/ mix of townhomes & bungalows	14 du/ac	74 acres 673 units	18 acres 164 units	28 acres 255 units	120 acres 1,092 units

Residential Development by Development Stage						
Type	**Description**	**Net Density/ Average FAR**	**Stage One**	**Stage Two**	**Stage Three**	**Total**
Single Family Homes *- Village Neighborhood*	1-2 story buildings with private gardens & typically alley access for parking	8 du/ac	4 acres 218 units	39 acres 203 units		81 acres 421 units
Total Residential Units			1,245	1,386	1,761	4,392

Commercial Development by Development Stage						
Type	**Description**	**Net Density/ Average FAR**	**Stage One**	**Stage Two**	**Stage Three**	**Total**
BART Commercial Center *- TOD Core*	Adjacent to BART station; 4-5 story mixed-use buildings with ground-floor retail	0.3		Ground floor neigh-borhood retail in two blocks closest to BART.	52,272 square feet	52,272 square feet
BART Flex Campus *- TOD Core*	Near BART station; small businesses, large corporate employer, or institution seeking proximity to BART	1.4			829,382 square feet	829,382 square feet

Commercial Development by Development Stage						
Type	**Description**	**Net Density/ Average FAR**	**Stage One**	**Stage Two**	**Stage Three**	**Total**
Commercial Flex	Near Highway 4 at Willow Pass; Uses include R&D/flex, light industrial, office, and retail and services	0.4	261,360 square feet	548,856 square feet		810,216
Total Commercial Development			261,360 square feet	548,856 square feet	861,654 square feet	1,691,870 square feet

Key Project Elements & Community Benefits by Development Stage				
Type	**Stage One**	**Stage Two**	**Stage Three**	**Total**
Community / Village Centers	4 acres, including neighborhood serving retail	2 acres		6 acres
Parks, Greenways, and Open Space Areas	43 acres	28 acres	8 acre *Ellipse Park*	79 acres
Services/Utilities, and Other Project Improvements	10 acres		East-west boulevard to Willow Pass Road	10 acres
Total Core Project Element Development	57 acres	30 acres	18 acres *including possible new 10-acre K-8 public school	105 acres

Public School Enhancements and Expansion			
Stage One	**Stage Two**	**Stage Three**	**Terms**
Refurbishment of existing Holbrook Elementary School near Development Phase One	*See Terms	10 acres / K-8 Elementary School	Developer will either refurbish Holbrook Elementary School as a Stage One public improvement, or construct a new 10-acre K-8 school facility in Stage Three, unless student demand necessitates that the new school is constructed in Stage Two.

b. Neighborhood Serving Retail.

i. Neighborhood serving retail shops are proposed to be included in Development Stage One as shown on Exhibit C. These retail shops will carry food items, sundries, and other daily necessities and will provide a walking-distance retail resource for the earliest residents of the Project.

ii. Neighborhood serving-retail is proposed at the ground floor of at least two blocks of the highest-density residential development closest to Bay Area Rapid Transit ("***BART***") in the Transit Oriented Development Neighborhood ("***TOD Neighborhood***") as part of Development Stage Two as shown in Exhibit D.

iii. Approximately 52,272 square feet of neighborhood serving retail is proposed to be located within the Transit Oriented Development Core (the "***TOD Core***") as part of Development Stage Three as shown in Exhibit E.

iv. Developer will make commercially reasonable efforts to market TOD Neighborhood and TOD Core retail property and entitlements to vertical developers in order that retail uses may be constructed and opened as soon as is commercially reasonable.

c. Recreational/Civic Amenities. Developer will develop and construct the following key recreational and civic amenities and public spaces, as follows:

i. Parks and Greenways. Developer will deliver 79 acres of parks and greenways within Development Phase One in a sequence that will complement the overall pace and character of corresponding vertical development and as further described in Section 3(a) above and depicted in Exhibit C through Exhibit E. Parks and greenways will provide for access and trail connectivity for local and regional trails/bikeways and will provide initial connectivity to the Delta DeAnza Regional Trail.

ii. Community Centers. Developer will deliver one community center within Development Stage One and another within Development Stage Two. Each community center will be approximately 2-4 acres and will offer improvements and programming designed to complement other future community centers planned for areas outside of Development Phase One. Improvements and programming at the community centers are described in the EDC Property Improvements Program (Exhibit H).

d. Affordable Housing. Developer will implement the City's 25% affordable housing policy through a combination of inclusionary housing; delivery of development-ready affordable housing sites at no cost; leveraging of available federal, state, and regional government funding; and Developer-provided funding sources the City may choose to direct towards gap subsidies for affordable housing development among other community benefits.

i. Inclusionary Housing. Developer will require vertical developers (including Developer, Affiliates of Developer and third-party developers) to provide inclusionary units in an amount equal to 5% of the market-rate units proposed within Development Phase One which will result in approximately 165 affordable homes (5% of the 3,294). These inclusionary units shall be affordable to moderate income households, shall be located within medium and high-density residential product types, and shall be distributed among each of Development Stage One through Development Stage Three.

ii. Delivery of Development-Ready Affordable Housing Pads. To satisfy the remainder of the 25% affordable housing commitment identified by the City in the CRP Area Plan, Developer will deliver development-ready pads .("***Affordable Housing Pads***") at no cost to accommodate affordable housing.at a range of affordability levels (to be determined by the City consistent with its Housing Element) and throughout each Development Stage within Development Phase One. (See Section 4.3 of the EPIP [Exhibit H] for additional details.)

iii. Gap Subsidies for Affordable Housing Development.

1. Need. Gap subsidies are likely required to ensure the timely construction of affordable housing units throughout the Development Phase One program.

2. Federal, State, and Regional Funding Sources. Developer's internal team has secured funding for thousands of affordable units of all product types or related infrastructure, in both urban and suburban settings, through sources including Low Income Housing Tax Credits (both 4% and 9%), HUD's Supportive Housing Program (SHP), HUD HOME Program, HUD 202 and 811 Programs, the Federal Home Loan Bank Affordable Housing Program, California Proposition 46 Multifamily Housing Program, California Proposition 1C, Transit Oriented Development Grant Program, Infill Infrastructure Grant Program, Strategic Growth Council's Affordable Housing and Sustainable Communities Program, Cal ReUSE Brownfield Funding, California Proposition 63 - Mental Health Services Act Funding. Developer will put this experience to work, alongside the City and affordable housing partners, to leverage the maximum possible amount of available government funding from these programs and any new state or federal programs developed in the coming years.

3. Developer-Provided Funding. Developer has committed elsewhere in this Term Sheet to make **$50,000,000** available to the City through two sources of funding that the City may direct towards a range of improvements, amenities and programs benefitting the EDC Property and its residents, including potential gap subsidies for affordable housing development within the Project:

   a. An EDC Property Improvements Program Fund of at least **$30,000,000**, which consists of: 1) $20,000,000 in annual payments by Developer to the City, and 2) proceeds from a fee to be paid by Developer on commercial and certain residential development, with Developer guaranteeing a minimum of $10,000,000 in such fees. Timing for Developer payments to the EPIP Fund is described in Section 3(e) below and Exhibit H.

   b. The **$20,000,000** in annual contributions offered in the guaranteed, up-front payment City Participation formula (which is one of two formulas Developer has

offered to the City) as described in Section 11 and Exhibit F. The City Participation formulas in Section 11 and Exhibit F are in addition to the EDC Property Improvements Program Fund.

iv. Affordability Levels & Senior, Veteran, Workforce, and Special Needs Affordable Housing. Affordable housing constructed on development-ready sites delivered by Developer shall be focused in medium-to-high density areas and include units affordable at 60% of the Area Median Income ("***AMI***") and below. When identifying affordable housing developers to build the affordable housing sites described in Section 4.2, Developer will -- in addition to opportunities for individuals and families -- create opportunities for a range of affordable housing types, including:

1. Senior or Active Adult Affordable Housing

2. Veterans Affordable Housing

3. Workforce Affordable Housing (for local teachers, firefighters, police, etc.)

4. Affordable Housing for Individuals with Special Needs.

v. Homeless Housing. In Development Phase One, Developer will dedicate approximately 10 acres for satisfaction of the City's existing commitments to facilitate development of approximately 80 units of homeless transitional housing. Units developed on this property dedicated by Developer count towards the 25% obligation described in Section 3(d) above. The Parties agree that homeless transitional housing should be located adjacent to one or more other affordable housing developments in order to facilitate provision of supportive services and programs to the residents of such transitional housing.

vi. Affordable Housing Development Partners. Developer will make reasonable good faith efforts to select, on a competitive basis, local or regional non-profit, mission-driven affordable housing developers which are based in the Bay Area to develop the affordable rental housing counted toward the 25% obligation described in section 3(d) above.

e. Concord EDC Property Improvement Program. Developer will commit to provide community benefits to the City as described in an EDC Property Improvements Program (the "***EPIP***") that will be attached to, and incorporated within, the DDA. The EPIP will specifically address the various categories of significant public improvements and amenities to be delivered by Developer to the City and the EDC Property residents,

businesses and visitors. A preliminary term sheet for the EPIP is attached as Exhibit H. The EPIP, among other things, identifies an EDC Property Improvements Fund (the "***EPIP Fund***") of at least $30,000,000 to be made available by Developer to implement a range of improvements and programs benefitting the EDC Property to be selected by the City. The EPIP Fund consists of:

i. $20,000,000 in funding by Developer to City to be paid in approximately $2M annual increments (adjusted annually for inflation) commencing with the first land sale by Developer; and

ii. Proceeds from a 1% fee to be paid by Developer on all for-sale residential units sold at greater than $700,000 and a $1.25/sq. ft. fee levied on commercial properties (with the $1.25/sq. ft. fee levied on commercial properties to be adjusted annually for inflation). The Proforma estimates these proceeds at approximately $10,800,000. Developer will guarantee a contribution of $10,000,000 from such proceeds and will pay such guaranteed minimum contribution in increments of at least $1,000,000 per year commencing with the first land sale by Developer.

f. Golf Course/Evora Road. If identified as feasible and necessary mitigation by the applicable CEQA document to mitigate a potentially-significant project-specific or cumulative traffic impact, Developer will fund and construct (subject to potential pro rata reimbursement by parties other than City in the event of a cumulative impact): (i) access improvements, including an extension of Evora Road from its current location to an area identified in a relevant traffic impact study as necessary to mitigate or reduce the identified traffic impact; and (ii) golf course reconfiguration improvements to address affected portions of Diablo Creek Golf Course.

g. Acceleration of Tournament Park (Subject to City Approval). The Concord community has indicated its desire for a state-of-the art tournament park with specialized sports facilities capable of hosting regional sporting events and tournaments to be developed within the Development Footprint ("***Tournament Park***"). Developer supports including the Tournament Park in Development Phase One land use program. If the City Council determines it would like to accelerate development of the Tournament Park to Development Phase One, Developer will extend Backbone Infrastructure and provide grading and site preparation work to serve the Tournament Park site. Developer would work with the City to develop a modified land use program for Development Phase One with sufficient acreage to accommodate the Tournament Park.

4. Summary of Project Milestones and Phasing Requirements.

a. Size and Configuration of Land Transfers from City to Developer. Transfers from the City to Developer within a Development Stage may occur in one or more sub-stages (each corresponding to a "***Parcel***"), the size and sequencing of which may be determined by Developer subject to compliance with the Specific Plan.

b. Defined Terms. "***Master Entitlement Date***" means the date by which the Navy has transferred the Development Phase One Property (or a substantial portion thereof in the event of carve outs to the initial Finding of Suitability to Transfer ["***FOST***"]) to the City and final approval of the Specific Plan and Development Agreement has occurred. "***Large Lot Tentative Map***" means a tentative subdivision map that subdivides a Development Stage or a portion thereof into large parcels served by Backbone Infrastructure, with each large parcel proposed to be further subdivided through further mapping, typically by the vertical developer.

c. Schedule of Performance. The Schedule of Performance to be included in the DDA shall address four key milestones for each Development Stage within Development Phase One: i) applications for Large Lot Tentative Subdivision Maps, ii) conveyance of Parcels from City to Developer, iii) Commencement of Backbone Infrastructure within or serving a Parcel; and iv) Completion of Backbone Infrastructure within or serving a Parcel; Each milestone is described for Development Stage One through Development Stage Three in the table below ("***Schedule of Performance Table***"). The Schedule of Performance Table also describes park and open space improvements, schools, and community centers within each Development Stage. Schedule of Performance milestones remain subject to refinement through the planning and negotiation of the Specific Plan and Development Agreement and associated CEQA process, all as set forth in Section 8.

Milestone	Development Stage One	Development Stage Two	Development Stage Three
First Large Lot Tentative Map Application	Within 3 months of Master Entitlement Date	Within 36 months of Master Entitlement Date	Within 72 months of Master Entitlement Date
Land Transfers	Initial Sub-Phase Within 12 months of Master Entitlement Date	Initial Sub-Phase Within 36 months of Master Entitlement Date	Initial Sub-Phase Within 84 months of Master Entitlement Date
	Remaining Sub-Phases Within 24 months of Master Entitlement Date	Remaining Sub-Phases Within 60 months of Master Entitlement Date	Remaining Sub-Phases Within 96 months of Master Entitlement Date
Backbone Infrastructure	Commencement Within 3 months of first Close of Escrow for any Sub-Phase within Stage One	Commencement Within 3 months of first Close of Escrow for any Sub-Phase within Stage Two	Commencement Within 3 months of first Close of Escrow for any Sub-Phase within Stage Three
	Completion Within 36 Months of Commencement	Completion Within 24 Months of Commencement	Completion Within 24 Months of Commencement

5. Interim Lease.

Developer agrees to enter into an interim lease with City upon the later of approval of a DDA or conveyance of the First Transfer Parcel, subject to the following:

a. Developer, at its expense, will operate, manage and maintain the entirety of the First Transfer Parcel, including providing security, maintenance and management of grazing or other leases.

b. Developer is entitled to 50% of net revenues (gross revenues less all Developer costs incurred under the interim lease, including security, management, insurance, maintenance, etc.), if any, generated from grazing, leases, or other operations on property covered by the interim lease.

c. As additional EDC property is conveyed by Navy to City, such property shall be automatically added to the premises covered by the interim lease.

d. Developer will cooperate with Navy and the East Bay Regional Park District ("***EPRPD***") or other recipients of Public Benefit Conveyance ("***PBC***") property to explore joint security/property management arrangements under which the entirety of the Concord Naval Weapons Station, including the First Transfer Parcel, the PBC property and that portion of the EDC property not yet transferred by Navy could be managed by one party with the costs shared among Developer, the PBC property recipient, and Navy.

e. The lease will be terminated in part as portions of the Development Phase One Property are transferred to Developer pursuant to the terms of the DDA.

f. Except to the extent Developer causes or exacerbates a release of existing hazardous materials, Developer shall have no liability related to hazardous materials on or within any areas subject to the Interim Lease where the presence of such hazardous materials predates Developer's execution of the interim lease.

g. Developer will coordinate with the City to procure one or more pollution legal liability ("***PLL***") insurance policies. Developer will be solely responsible for the costs of PLL insurance policies.

6. Infrastructure.

a. Backbone Infrastructure. Backbone Infrastructure may be constructed and delivered on a Parcel by Parcel basis. "***Backbone Infrastructure***" for a Parcel shall mean those components of infrastructure described in Exhibit I that are within, or are necessary to serve planned development within, the Parcel.

b. Developer Obligation; Timing. Developer, at its expense (subject to City's obligations to participate in implementation of financing mechanisms identified in Section 12), shall construct the Backbone Infrastructure to support the development of the Development Phase One Property in accordance with the Schedule of Performance described in Section 4(c).

c. Upsizing of Infrastructure. Obligations to construct Backbone Infrastructure shall include construction of oversized public facilities to accommodate future development of remaining portions of the Development Phase One Property and the Development Footprint as planned and depicted in the Specific Plan. Developer will coordinate with BART regarding potential future uses for the North Concord BART Station and infrastructure sizing.

d. Reimbursement. If Developer for any reason is not the master developer of any future portion of the Development Phase One Property or any portion of the remainder of the Development Footprint to be served by

upsized Backbone Infrastructure, City shall require future development to reimburse Developer for the pro rata share of Backbone Infrastructure capacity created by Developer in excess of the capacity required for land transferred by City to Developer.

7. Project Entitlements.

a. Specific Plan. As noted in Section 3 above, the particulars of the project to be developed on the Development Phase One Property will be set forth in a Specific Plan to be prepared by Developer, at its sole cost and expense. The Specific Plan will be prepared in accordance with California law and will comply with the following:

i. Must be substantially consistent with the goals and objectives of the CRP Area Plan; include development of the full range of uses, housing types, and densities contemplated by the Concord Reuse Project ("***CRP***") Area Plan; and establish a development area that is consistent with, or smaller than and contained within, the development area contemplated by the CRP Area Plan.

ii. Must provide for creation of a sense of place at the point of interface with the BART station, including an initial entry plaza, retail core, or other comparable signature public space.

iii. Must be based on substantial community input and will be reviewed by the City's Design Review Board, Parks Recreation and Open Space Commission and Planning Commission and subject to final approval by the City Council.

iv. Must reflect consultation with key stakeholders, specifically residents in the immediate vicinity, BART and the East Bay Regional Park District, as well as the general Concord community.

v. Must identify and describe relationships to CRP Area Plan land use patterns anticipated for portions of the Development Footprint outside of the Development Phase One Property so as to allow Developer to satisfy its obligation pursuant to Section 6(c) to upsize Backbone Infrastructure to accommodate future phases of development outside the Development Phase One Property. The Specific Plan may also include a land use program, development standards, and design guidelines for Remaining Phases (as defined in Section 23).

vi. Must identify all Backbone Infrastructure needed to support: A) development of the Development Phase One Property, including any required off-site infrastructure; and B) future development of the remainder of the Development Footprint outside of the

Development Phase One Property consistent with a land use program to be established in the Specific Plan.

vii. Must include a framework for evaluating and maintaining financial feasibility of development of the Development Phase One Property (including implementation of extraordinary unanticipated conditions of approval or extraordinary unanticipated CEQA mitigation measures imposed upon the project) consistent with parameters set forth in the Proforma.

viii. Must include development standards and design guidelines to implement or exceed the goals and objectives of the CRP Area Plan and Climate Action Plan -- including those regarding sustainability, transit, community character, and economic vitality -- as well as a process for implementation.

ix. Must include appropriate management planning documents to in minimize construction impacts on existing residents and protect public health and safety

x. Must include a minimum 300 foot wide corridor along Mt. Diablo Creek (150 ft. on either side of center) for conservation/restoration.

b. Development Agreement. Concurrently with approval of a Specific Plan Developer will enter into a Development Agreement with City that provides the following:

i. Term. A term of 15 years, subject to the following extensions:

1. Automatic extension for any of the reasons for Excusable Delay under the DDA as provided in Section 23.

2. Automatic extension for the period of time following the Master Entitlement Date required to obtain final approval of all resource agency permits required to implement the Project, including: (i) authorization to dredge or fill waters of the United States under Clean Water Act Section 404 from the U.S. Army Corps of Engineers; (ii) certification of the San Francisco Bay Regional Water Quality Control Board under Section 401 of the Clean Water Act; (iii) a Streambed Alteration Agreement with the California Department of Fish and Wildlife; (iv) authorization under Sections 7 and/or 10 of the federal Endangered Species Act from the Fish and Wildlife Service; and/or (v) a Consistency Determination or Incidental Take Permit from the California Department of Fish and Wildlife under the California Fish and Game Code. Application of this automatic extension is subject to Developer's reasonably diligent pursuit of such resource

agency permits. Provided Developer can reasonably proceed with development consistent with the Schedule of Performance in the absence of one or more of the above-referenced permits, the extension in this Section 7(b)(i)(2) would apply only to those geographic areas of Development Phase One where development consistent with the Specific Plan cannot occur absent such permit.

3. Upon Developer's written notice to City following issuance of building permits for 60% of the residential dwelling units within Development Phase One and timely completion of Backbone Infrastructure as necessary to serve said units, the term of the Development Agreement will be extended for a period of up to five (5) years ("***DA Extension***").

ii. Vested Rights.

1. Development Phase One. Developer shall have the vested right to develop the Development Phase One Property in accordance with and subject to the Development Agreement, the Specific Plan (and any related contemporaneous approvals) and any subsequently-required project approvals, which shall control the overall design, development, and construction of the Project and all improvements and appurtenances in connection therewith, including without limitation: (1) permitted uses; (2) density and intensity of uses; (3) maximum height and size of buildings; (4) building location; (5) the number of allowable parking spaces, (6) provision for construction of public improvements, and (7) all mitigation measures that may be required.

2. Future Approvals. To the extent Developer is required to obtain any subsequent Project approvals from the City, the City shall not use its discretionary authority in considering any such application to change the policy decisions reflected in the Development Agreement and the Specific Plan, or otherwise to prevent or to delay development of the Project.

3. Remaining Phases. If Developer acquires one or more of the Remaining Phases pursuant to Section 24, Developer will have a vested right to develop the applicable Remaining Phases in accordance with the terms of any subsequently-required project approvals, including any development agreement and disposition and development agreement entered into by the Parties for such Remaining Phase.

iii. EDC Public Improvements and Amenities. As set forth in the EPD Property Improvements Program. (See Exhibit H).

iv. Fees. The Project shall be subject only to development impact fees that are imposed uniformly on a City-wide basis. However, the Project shall not be subject to any of the following fees or exactions, due to the substantial infrastructure, mitigation measures and improvements to be provided by the Project:

1. Any affordable housing fee, off-set or similar affordable housing requirement.

2. Any traffic or transportation impact fee other than a fee program pursuant to the Specific Plan or pursuant to the mitigation monitoring and reporting program adopted in connection with a CEQA document for the Specific Plan and the Development Agreement.

3. Any City development impact fee that addresses development impacts previously addressed and/or mitigated by Developer relative to the Project through mitigation measures imposed through the CEQA process described in Section 7(c); Project elements included in the development program; improvements negotiated pursuant to the EPIP; or Project features, programs, or benefits required pursuant to the DDA, the DA, or the Specific Plan.

v. Credit Against Fees. Where Developer would be required to pay a development impact fee notwithstanding the provisions above, Developer shall receive credit against the fee in the amount of actual reasonable hard and soft costs, not including financing costs, associated with facilities built or provided as part of the Project.

vi. Assignment. Assignment provisions and remedies consistent with those in the DDA.

c. CEQA. Developer will work with the City to prepare a comprehensive and legally defensible CEQA document for the Specific Plan and Development Agreement. City and Developer anticipate that project-level CEQA review would tier from the Reuse Plan Programmatic EIR and the CRP Area Plan Addendum. This new CEQA document is expected to include, and build upon, the mitigation measures incorporated into the mitigation monitoring and reporting program for the Reuse Plan Programmatic EIR. City will determine, with input from Developer, whether a second addendum to the Reuse Plan EIR, a negative declaration tiered from the Reuse Plan EIR, a supplemental EIR tiered from the Reuse Plan EIR, or some other CEQA document should be prepared. Developer will bear the costs of CEQA

compliance for the Specific Plan and Development Agreement, including the costs of the CEQA consultant who shall be retained by the City. To comply with CEQA and give the public the opportunity to be aware of the environmental consequences of the Project, and to fully participate in the CEQA process, the Parties acknowledge that the City has no obligation to approve and Developer has no obligation to develop the Project unless and until the Parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA environmental review process and any other public review and hearing processes, subject to all applicable governmental approvals. City shall retain discretion in accordance with applicable law before action on the Project by the City Council to (i) identify and impose mitigation measures to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid significant environmental impacts, (iii) balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the Project.

8. Reimbursement of City Costs.

Developer would enter into a reimbursement agreement with City to provide for the payment of City's internal, third party and consultant costs in connection with the review and processing of Developer's Specific Plan, Development Agreement, CEQA compliance, interim lease agreements, land use entitlement and permit applications, including applications for federal, state and other regulatory agencies, and the LRA project management costs to complete the transfer process from the Navy and associated activities, as well as any costs associated with the negotiation of future DDAs pursuant to section 24 below. Costs would be payable within thirty (30) days of City's written demand which shall be accompanied by copies of invoices or other reasonable evidence of such costs. The reimbursement agreement would provide for an "evergreen deposit" of $550,000 to secure Developer's obligations to pay such costs. If the City draws on the deposit to pay any such costs, Developer would be obligated to deposit with City additional funds to fully replenish the Deposit within twenty (20) days of City's demand therefor. The following City and LRA costs would be paid pursuant to the reimbursement agreement:

a. City's fully loaded costs to maintain a suitable level of staffing for the project, which the Parties currently estimate will be 2.5 full-time equivalent staffing within the Community and Economic Development Department, including a dedicated principal planner supported by up to an additional 1.5 full-time equivalent staffing at a variety of levels, to (i) participate in the preparation and review of the Specific Plan, such as review scope of work and approach to outreach process, meet regularly with Developer and consultants, review interim and final deliverables, and prepare staff reports for Council and Board/Commission review; (ii) lead and expedite review of

project development applications; and (iii) interface with other City departments on the Developer's behalf.

b. City's fully loaded costs to maintain 2.0 full-time staffing equivalents for LRA project management.

c. Actual costs associated with City-led CEQA review, including (i) outside consultant costs to prepare environmental documents and studies; and (ii) costs of City staff, consultants and outside counsel to manage, review and oversee the CEQA process.

d. Actual costs of outside consultants and counsel to provide support to the City and LRA in implementation of the DDA, including but not limited to negotiation, drafting, processing and implementing the Development Agreement, Specific Plan and all subsequent project agreements and entitlements, and the LRA's project management costs to complete the negotiations and transfer process with the Navy.

e. To address ancillary City costs incurred in connection with the above described work, including time spent by other City departments, including the City Manager, City Clerk, City Attorney, Engineering Division and Police Department (i.e. departments other than Community and Economic Development Department and the LRA addressed in (a) and (b) above), Developer will pay an administrative mark-up of 6.5% on the costs described in subsections (a) and (b) above.

f. The reimbursement agreement will provide for the following procedures relating to reimbursement of City expenses described in section 9(a)-(e):

   i. Annual Budget. A budget will be established annually consistent with the City's fiscal year (July 1-June 30) and submitted to Developer for review and approval prior to its approval by the City Council. A process for augmenting the budget where necessary will also be included.

   ii. Reporting. City shall deliver cost reports to Developer within 45 days following the end of each calendar quarter detailing City, third-party professional, and/or other costs incurred by the City related to the Project in relation to the approved budget.

   iii. Disputes. Developer shall bring any inconsistencies or requests for clarification to the City's attention within 30 days of receipt of a given cost report. The Parties shall attempt in good faith to informally resolve any dispute for a period of 10 business days, or such additional time as may be agreed upon by the Parties. After the expiration of the informal resolution period, if the Parties have not been able to resolve the dispute, the dispute shall be resolved

by expedited binding arbitration before a single arbitrator selected by City from a list of 5 JAMS arbitrators presented by Developer.

iv. Third-Party Professionals. City may retain third-party professionals to assist City Staff in negotiating, drafting, processing and implementing the DDA, Development Agreement, Specific Plan and all subsequent project agreements, plans, permits, and/or other entitlements, including related CEQA document, described in Section 7(c) of the Term Sheet. Developer shall have the right to retain a third-party consultant or consultants of its choosing for the purpose of preparing its Specific Plan, subject to the approval of the City, which approval shall not be unreasonably withheld.

9. Conditions Precedent to Transfer to Developer.

City would convey Parcels within the Development Phase One Property to Developer by grant deed in multiple phases corresponding with Developer's phased build-out of the Backbone Infrastructure for the Development Phase One Property upon the satisfaction of the following conditions precedent:

a. Fee Title. The federal government shall have conveyed the Parcel to the City without any use or activity restrictions that would materially impede the development of the Parcel, pursuant to a Finding of Suitability to Transfer issued by the Navy and concurred-in by the U.S. Environmental Protection Agency, the Department of Toxic Substances Control and the regional water board.

b. Development Phase One Property Project Entitlements. The City shall have finally approved the Specific Plan and the Development Agreement as to the Development Phase One Property.

c. Approvals for Backbone Infrastructure. The City shall have: i) approved a Large Lot Tentative Map that includes the Parcel; ii) approved and executed an Improvement Agreement providing for installation of Backbone Infrastructure for the Parcel and the posting of security consistent with the requirements of the Subdivision Map Act and the Subdivision Code ensuring performance of such Backbone Infrastructure and payment of labor and materials in connection therewith; and iii) approved any development permit required for the construction of the Backbone Infrastructure for the particular Parcel.

d. Insurance Policies. Developer shall have submitted to the City evidence of the insurance required to be maintained by Developer.

e. Evidence of Financing. City shall have approved evidence of financing for the Backbone Infrastructure for the Parcel submitted by Developer, which shall include: a final approved budget relating to the Backbone Infrastructure, and demonstrating to the satisfaction of the LRA Executive

Director or designee the availability of funds sufficient to pay all applicable costs relating to the Backbone Infrastructure.

f. Commitment to Commence and Complete Improvements. Developer shall demonstrate to the reasonable satisfaction of the LRA Executive Director or designee that Developer will commence the Backbone Infrastructure for the Parcel within the applicable time pursuant to the Schedule of Performance and is committed to continuously and diligently working towards completion of such Backbone Infrastructure within the applicable time pursuant to the Schedule of Performance in Section 4. The Parties shall agree upon and attach to the DDA a form of letter to the LRA Executive Director that, when executed by Developer and accompanied by materials identified in the letter, would satisfy the requirements of this Section 9(f).

g. Miscellaneous Standard Closing Conditions. The Parties shall have submitted executed closing documents into escrow, title insurance policies shall be ready to be issued and other standard conditions to closing (which shall be described in more detail in the DDA) shall be met.

h. Waiver of Conditions / Reversionary Right. Developer may request, and City shall reasonably consider, transfers of property within Development Phase One prior to satisfaction of one or more of the conditions in Section 9 provided: i) City retains a reversionary right as to such property for which one more conditions has not been satisfied until satisfaction of such condition(s); and ii) Developer shall be required to satisfy all Developer obligations as to such property under the DDA, including Schedule of Performance obligations relating to the commencement and completion of Backbone Infrastructure as to such property.

10. Conditions Precedent to Transfer to Vertical Developer.

Developer would be permitted to convey subdivided portions of the Development Phase One Property to one or more vertical developers upon the satisfaction of the following conditions precedent:

a. Satisfaction of Conditions Precedent to Transfer from City to Developer. All applicable conditions precedent set forth in Section 9 shall have been satisfied.

b. Assignment and Assumption Agreement. The vertical developer shall have executed an assignment and assumption agreement with the City in substantially the form attached to the DDA.

c. Assignee Formation Documents. The vertical developer shall have delivered to the City entity formation and other relevant documentation relating to the corporate, partnership, limited liability or other similar status,

as the case may be, of the entity to which Developer intends to assign its rights under the assignment and assumption agreement as to such Parcel.

d. Related Backbone Infrastructure. All Backbone Infrastructure required for the reuse of the applicable Parcel shall have been completed or bonded for or insured around.

e. Insurance Policies. Assignee shall have submitted to the City evidence of required insurance policies pursuant to the DDA as required in the assignment and assumption agreement.

f. Commitment to Commence Vertical Improvements. The vertical developer shall demonstrate to the reasonable satisfaction of the LRA Executive Director or designee that the vertical developer will commence the vertical improvements within the time set forth in any vertical schedule of performance included in the assignment and assumption agreement and is committed to continuously and diligently prosecute such vertical improvements to completion within the time provided therefor in such vertical schedule of performance. The Parties shall agree upon and attach to the DDA a form of letter to the LRA Executive Director that, when executed by vertical developer and accompanied by materials identified in the letter, would satisfy the requirements of this Section 10(f).

g. Miscellaneous Standard Closing Conditions. The Parties shall have submitted executed closing documents into escrow, title insurance policies shall be ready to be issued and other standard conditions must be met.

11. City Participation.

In addition to contribution of the EPIP Fund described in Section 3(e) and Exhibit H, Developer will make a contribution to the City through application of a profit participation formula to be selected by the City among two alternatives described in Exhibit F. One formula (Scenario 1 in Exhibit F) offers back-end participation at lower thresholds for the Developer's investment rate of return. The other formula (Scenario 2 in Exhibit F) offers guaranteed up-front annual contributions totaling $20,000,000 (approximately $2,000,000 per year commencing with first land sales by Developer) plus back-end participation at higher thresholds for the Developer's investment rate of return. Developer and City acknowledge the need to negotiate the terms for conveyance of property from the Navy. Any land acquisition payment required to be made to the Navy (which could include an up-front payment, a participation framework, or some other structure) would be considered a project cost for purposes of the Proforma.

12. Financing of Public Improvements and Publicly Accessible Private Improvements.

a. Developer proposes to finance the construction, installation, and long-term maintenance of Backbone Infrastructure, other public improvements, and

community benefits through the use of private capital; federal, state, and local governmental (other than City) grants; community facilities districts ("***CFDs***"), enhanced infrastructure financing districts or other similar vehicles ("***IFDs***"), and other financing mechanisms.

b. Developer also proposes to finance ongoing maintenance and replacement of publicly accessible private improvements, including private streets, private storm drains, common areas, and landscaping etc. through the use of various revenue sources, including homeowners associations ("***HOAs***"), landscaping and lighting districts ("***LLDs***") geologic hazard abatement districts ("***GHADs***"), and other financing mechanisms.

c. Prior to implementing an IFD or other mechanism that would direct to Developer tax increment otherwise available to the City, or implementation of revenue sources for annual maintenance and replacement costs, Developer shall demonstrate that the combination of its proposed financing strategies would preserve fiscal neutrality to the City's General Fund.

13. Remediation.

City will transfer the Development Phase One Property to Developer subject to applicable provisions of the deed from the Navy to the City, including the Comprehensive Environmental Response, Compensation, and Liability Act ("***CERCLA***") Section 120 covenants received from the Navy. Land anticipated for residential use is expected to be cleaned to appropriate residential standards, and to remain subject to CERCLA covenants. If hazardous materials requiring investigation or remediation are discovered on the Development Phase One Property during development and following completion of Navy's remediation program, the City shall not be responsible for performing or paying for such investigation or remediation; in such instance, Developer will, in its sole discretion, either: 1) request that the Navy perform or pay for the investigation or remediation under the CERCLA Section 120 covenants or the indemnity provided under BRAC Section 330 of the National Defense Authorization Act of 1993, PL 102-484, 106 October 23, 1992, Stat. 2315, as amended ("***DOD Indemnity***"); 2) tender a claim to the insurer under the PLL policy to pay for the investigation or remediation or 3) in situations where the costs of performing the investigation or remediation would be less than the costs of pursuing a claim against the Navy or paying the deductible or self-insured retention under the PLL policy, perform or cause to be performed the investigation or remediation at its own cost. Notwithstanding the foregoing, Developer will not take any action that adversely affects the rights of the City under CERCLA Section 120 covenants granted by the Navy or under the DOD Indemnity. The Parties share the following objectives relating to remediation and transfers from the Navy:

a. It is in the Parties mutual interest for the First Transfer Parcel to transfer from the Navy to the City as expeditiously as possible without any use or

activity restrictions that would materially impede development of the First Transfer Parcel and for subsequent portions of the Development Footprint to transfer without any use or activity restrictions that would materially impede development of such property as expeditiously as possible thereafter.

b. The Parties will cooperate and will both participate actively in negotiations with the Navy, US EPA, DTSC, and regional water board over remediation of hazardous materials and the transfer of lands from the Navy to the City on a schedule that will permit timely development consistent with the Specific Plan.

c. For lands within the Development Phase One Property (or reasonably necessary for the efficient development of the Development Phase One Property) that are not included in the First Transfer Parcel or transferred within a reasonable time thereafter via a FOST under Section 120(h)(3)(A) and (B) of CERCLA, it is in the Parties mutual interest to have such lands transferred pursuant to a Finding of Suitability for Early Transfer ("***FOSET***") under Section 120(h)3(C) of CERCLA, and subject to approval by the Navy. Accordingly, Developer agrees to coordinate with City to actively and in good faith negotiate such FOSETs and related Environmental Services Cooperative Agreements ("***ESCAs***") that provide for sufficient funds from the Navy to complete the necessary remediation and procure appropriate environmental insurance.

d. For properties not included in the Development Phase One Property that are eligible for a FOSET, Developer similarly agrees to coordinate with the City to actively and in good faith negotiate FOSETs and related ESCAs that provide for sufficient funds from the Navy to complete the necessary remediation and procure appropriate environmental insurance. As appropriate, the Parties shall consider advocating for the use of a phased transfer of FOST-eligible properties to the extent such phasing would allow accelerated transfer of less complicated sites critical to development phasing (e.g. Site 13) ahead of the transfer or early transfer under a FOSET of other potentially more complicated sites (e.g. Bunker City).

14. Habitat & Species Mitigation and Resource Agency Permitting.

a. The Parties will cooperate, at Developer's expense, to obtain from the various resource agencies, including the U.S. Fish and Wildlife Service, the U.S. Army Corps of Engineers, the California Department of Fish and Wildlife and the San Francisco Bay Regional Water Quality Control Board, all permits and approvals which are necessary to implement reuse of the Development Phase One Property in accordance with the CRP Area Plan and the Specific Plan. Developer will work with the lead land manager for the EBRPD PBC areas and the City as to Mt. Diablo Creek conservation areas, in an effort to meet aquatic resource/wetlands and endangered

species mitigation for the EDC property development on the EBRPD PBC property to the maximum feasible extent. Final determinations regarding the amount of mitigation credit will be reflected in permits or other authorizations issued by the resource agencies, and Developer will bear all costs of such mitigation requirements whether on or off of the EBRPD PBC property.

b. The Parties agree to cooperate in pursuing all resource agency permits necessary to implement the Project and establishing mutually agreeable, reasonable and appropriate mitigation obligations. The Parties share the following objectives regarding resource agency permitting and the associated mitigation:

   i. Impacts to species, aquatic resources, and other resources subject to the resource agency permits and authorizations (collectively, "***Ecological Resources***") from development should be mitigated, to the maximum extent reasonably feasible and cost-effective, on site or on the EBRPD PBC property. If off site mitigation is required, best efforts will be made to mitigate within the Mt. Diablo or Kirker Creek watersheds to the extent reasonably feasible and cost-effective.

   ii. Obligations to fund and implement mitigation should be roughly proportionate -- in amount, nature, and timing -- to either the phasing of development generally or, where appropriate, to the timing of actual impacts caused by development. However, the Parties acknowledge that resource agencies may require some, or a substantial amount, of mitigation in advance of development impacts in order to accommodate all of the mitigation on the PBC property. City will work with the resource agencies to identify in the permitting documents and approvals the mitigation necessary to offset impacts from the Development Phase One Property, the balance of the First Transfer Parcel development, and subsequent development. However, the permitting documents may not clearly distinguish the impacts and offsetting mitigation, and this determination may have to be made by mutual agreement of City and Developer.

c. Prior to issuance of the first grading permit, Developer will establish an endowment fund or provide a financial mechanism acceptable to the resource agencies to pay certain ongoing costs associated with Ecological Resources and other on-going mitigation obligations. The endowment fund or other acceptable financial mechanism will be in an amount deemed sufficient by the resource agencies to fund long-term management and monitoring of the conservation areas. While a non-wasting endowment will be required to fund certain creation, restoration, enhancement, start-up, and interim management and monitoring

obligations associated with the mitigation program, the Parties acknowledge that it may be appropriate for other mitigation obligations to be secured through other financial tools (for example, letters of credit, bonding, etc.). The Parties agree to pursue the most cost-effective combination of funding mechanisms available through the resource agency permitting process.

d. Following execution of the DDA, Developer may apply to become co-applicant / co-permittee on the City's pending resource agency permit applications.

15. Labor Policies & Local Opportunity.

a. The DDA will address Developer's obligations with respect to local hire policies and goals for Project-related construction jobs consistent with a program to be reviewed and approved by Developer and the City Council, which may include:

i. The City's good-faith Hire Concord First goal that 40% of the construction workforce should be local (Concord first, then Contra Costa County).

ii. Job training, apprenticeship programs, and vocational training opportunities, as more fully described in the EPIP (Exhibit H).

iii. Coordination with the Greater Concord Chamber of Commerce, the Mt. Diablo Unified School District, East Bay Works, the Contra Costa Workforce Development Board, California State University East Bay, and the California Employment Development Department to enhance opportunities for local employment and training.

iv. Military veteran-focused career training and workforce reintegration programs.

v. Use of public sector employees (i.e. County Connection drivers) to staff the proposed Concord Connector described in the EPIP.

b. Developer will use good faith efforts to engage community-based organizations (CBOs) involved in local labor issues to promote awareness of the Project and opportunities for local labor workforce development and business participation.

c. Developer anticipates entering into, and will negotiate in good faith to secure, one or more project labor agreements for Project construction.

d. Developer will sell land corresponding to at least 40% of the total residential units (including affordable units) within Development Phase One to third-party vertical developers. Developer is also committed to

implementing Hire Concord First policies by maximizing development opportunities, at competitive prices, for local development firms. Opportunities would be for residential, commercial, and recreational facilities and would focus on Concord first, then Contra Costa County or the nine Bay Area counties.

e. Developer acknowledges that additional dialogue regarding labor peace is appropriate during the DDA negotiation process, including the impact of any labor peace agreements on third parties. The Parties acknowledge that potential "labor peace agreements," if any, should be confined to those certain Development Phase One Property commercial parcels to be developed for uses employing a predominance of service sector workers. In no event shall Developer be obligated to enter into any labor peace agreement which would put operators of the applicable commercial businesses at a competitive disadvantage in the marketplace or have a material adverse effect on the sale price that vertical developers are willing to pay for, or the rental income to be derived from, such parcels.

16. Prevailing Wages.

Developer agrees that any worker (as defined by State prevailing wage law) performing publicly-funded construction, alteration, demolition, installation or repair work or street, sewer or other improvement work done under the direction and supervision or by the authority of any officer or public body ("***Public Work***") shall be paid not less than the general prevailing rate of wages, as provided by State prevailing wage law, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in Concord, California. Developer shall include in any contract for Public Work a requirement that all workers performing labor under such contract shall be paid not less than the general prevailing rate of wages for the labor so performed as provided by California prevailing wage law.

17. Insurance.

Developer shall maintain, at its cost and expense, the following policies of insurance: (a) commercial general liability; (b) automobile; (c) workers' compensation; (d) builder's risk and (e) one or more PLL policies to the extent required under Section 6, naming Developer as insured and, except for workers' compensation insurance, naming the City as additional insured, on forms acceptable to City, and in amounts commensurate with similar military base redevelopment projects as will be determined in the DDA.

18. Indemnity.

a. Developer shall indemnify, defend and hold the City harmless from and against any and all claims resulting or arising from or in any way connected with the following, provided Developer shall have no obligation

to indemnify the City (but will be obligated to defend, subject to reimbursement below) to the extent any such claims directly or indirectly result from the active negligence or willful misconduct of the City:

i. The existence, release, presence or disposal of any hazardous materials to the extent that the City's liability results from any of the following: (i) Developer's breach of any obligation under the DDA with respect to hazardous materials; (ii) Developer's breach of any environmental law on or relative to the Development Phase One Property; (iii) Developers breach of any covenants or land use controls contained in the applicable Navy deed to the City or other actions by Developer that compromise or invalidate City's rights under the CERCLA covenants granted by Navy or the DOD Indemnity; or (iv) any release or threatened release of Hazardous Materials to the extent the release or threatened release commenced during Developer's ownership of the subject real property or was caused, contributed to, or exacerbated by Developer, provided that (iv) shall not apply to the extent that such release or threatened release was caused, contributed to, or exacerbated by the City;

ii. The non-compliance of improvements constructed by Developer with any federal, State or local laws or regulations, including those relating to access, or any latent defects, in all cases regardless of whether the City has reviewed and/or approved plans for such infrastructure.

iii. During the period of time that Developer holds title to any portion of the Development Phase One Property, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Development Phase One Property; and

iv. The death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Development Phase One Property, including any portions of the EDC property, the PBC property, or off-site improvement areas, to the extent caused by the act or omission of Developer, or its agents, servants, employees or contractors.

b. In addition to the foregoing, Developer shall indemnify, defend, and hold the City harmless from and against all losses and costs arising out of or connected with contracts or agreements (i) to which the City is not a party and (ii) entered into by Developer in connection with its performance under the DDA, including any assignment & assumption agreement (see Section 20, *infra*), provided Developer shall have no obligation to

indemnify the City (but will be obligated to defend, subject to reimbursement as provided below) to the extent that any such losses and costs result, directly or indirectly, from the active negligence or willful misconduct of the City.

c. Notwithstanding the foregoing, where claims are asserted against the City in connection with any of the claims above, Developer agrees to defend the City, subject to reimbursement by City to Developer of the City's pro rata share of costs (including attorneys' fees associated with Developer's defense) corresponding to City liability following final resolution of such claims.

d. Each Vertical Developer will be required to undertake comparable indemnity and defense obligations for benefit of City with respect to the portion of the Development Phase One Property acquired by such Vertical Developer.

19. Third Party Legal Challenges.

City and Developer will cooperate in the defense of any third party challenge of the DDA, Specific Plan, Development Agreement, any Project entitlements or any related CEQA determinations or documents. If Developer elects, in its sole discretion, to contest or defend a challenge, the Developer shall take the lead role, represented by counsel of Developer's choice, and shall reimburse City for any of City's reasonable costs related to the challenge, and indemnify, defend and hold the City harmless from any damages, including attorneys' fees, awarded. Any proposed settlement will be subject to City's and Developer's approval, each in its reasonable discretion. In addition, City shall have the right, but not the obligation, to contest or defend any challenge, at its sole expense, in the event that Developer elects not to do so.

20. Transfers.

Transfers by Developer of certain rights and obligations under the DDA may be appropriate or necessary to achieve organizational and tax efficiencies, to attract development partners for diverse Project elements, to attract capital and investment in the Project, or other commercially recognized reasons. Developer shall be permitted to transfer its interests in the DDA only as set forth in this Section 20. For purposes of this Section 20, "***control***" means power, indirectly or directly, to direct or cause the direction of the management or policies of the subject person or entity by contract or otherwise, subject only to major decisions requiring the consent and approval of other owners of such entity.

a. Transfer to Affiliate of Developer. Developer shall be permitted to transfer all or any portion of its rights and corresponding obligations under the DDA from time to time to a transferee who, directly or indirectly, controls, is controlled by, or is under common control with Developer (any such

person or entity, an "***Affiliate***") without, in any such case, the approval of the City, provided that at the time of such transfer: (1) there has been no event of default by Developer under the DDA; and (2) no event has occurred that, with notice and opportunity to cure or both, would constitute an event of default by Developer under the DDA.

b. Transfer to Non-Affiliates of Developer. Developer may desire to transfer its rights and corresponding obligations under the DDA to an entity or individual that is not an Affiliate of Developer to bring particular expertise to a Project component or to otherwise improve the chances for successful development of a unique Project component (for example, development of a campus, light industrial, or retail component). Transfers by Developer of all or a portion of its rights and corresponding obligations under the DDA to a transferee that is not an Affiliate (hereafter "***Transfers to Non-Affiliates***") are permitted only as follows:

i. Transfers to Non-Affiliates may not involve Developer's rights and corresponding obligations in more than one hundred (100) acres of the Development Phase One Property in the aggregate.

ii. Transfers to Non-Affiliates require prior written approval of the City, which such approval shall not be unreasonably withheld, conditioned or delayed provided the transferee or persons controlling the transferee:

1. Has demonstrable and successful experience acting as the developer of a project of similar size commensurate with the property in which an interest is being transferred (the "***Experience Requirement***");

2. Satisfies the "***Net Worth Requirement***", i.e. a demonstration by transferee (or persons controlling transferee) that assets exceed liabilities in an amount commensurate with that reasonably required to complete Developer's transferred obligations; and

3. Have not been suspended, debarred, or prohibited from contracting with the City.

c. Change in Control; Stock/Share Transactions. Developer shall not, without the City's consent, allow a transfer in the direct or indirect interests in Developer to any person or entity or allow a change in control of Developer unless immediately following any such transfer or change, Lennar Corporation or another entity approved by the City (or the potential new public company described in Section 21 below) directly or indirectly owns 25% or more of the economic interests in Developer. Nothing in this

Section 20 shall restrict transfer or issuance of shares on a public market or a merger or similar transaction.

d. Mortgages & Transfers to Vertical Developers. Subject to any conditions set forth in other sections of this Term Sheet, the following mortgages and transfers shall be allowed without review or approval by the City:

i. Upon or at any time after the satisfaction of the conditions precedent to transfer of a Parcel to Developer set forth in Section 9, any mortgage against fee title (or leasehold title) as to such Parcel.

ii. Upon or at any time after the satisfaction of conditions precedent to transfer of a Parcel to a vertical developer set forth in Section 10, any conveyance by Developer to a transferee of fee or leasehold title as to such Parcel or portion thereof, and a corresponding assignment of any rights or obligations of Developer under the DDA to such vertical developer assignee as to such Parcel or portion thereof.

iii. Upon or at any time after the satisfaction of conditions precedent to transfer of a Parcel to a vertical developer and completion of the vertical development, the sale or leasing for occupancy of the completed vertical development.

e. Form of Assignment & Assumption Agreement. The Parties agree to negotiate and include as exhibits to the DDA approved forms of one or more assignment and assumption agreements. The form of assignment and assumption agreement for vertical developers shall include a framework for the commitment by vertical developers to a schedule of performance for commencement and completion of vertical development.

f. Other Transfers. Any transfer not otherwise permitted by this Section 20 may be approved by City in its sole, absolute discretion.

21. Potential Five Point Transaction.

Developer's ultimate parent company, Lennar Corporation, recently made a filing with the U.S. Securities and Exchange Commission announcing that it had agreed to contribute its interests in the Hunters Point Shipyard/Candlestick Point projects in San Francisco, Newhall Ranch in Los Angeles County, and Great Park Neighborhoods in Orange County, to subsidiaries of Five Point Holdings, Inc. The contribution is conditioned upon Five Point's completion of an initial public offering of its common stock. If consummated, the contribution would result in a new publicly traded company that, through subsidiaries, would assume responsibility for these large-scale, multi-year, California military base reuse and redevelopment projects. The Project is not part of the contribution. However, given the Project's similar size, character, and need for similar expertise, it is possible that Lennar would seek to transfer its direct or indirect interests in the

Project to a subsidiary of the new public company (which could include Five Point Communities, which jointly submitted the original response to the RFQ alongside Lennar, or an affiliate). Day-to-day management and staffing of Developer are not expected to change and will remain under the leadership of Kofi Bonner. In connection with any such proposed transfer, Developer would provide the City with appropriate financial, management, and other customary information regarding Five Point requested by the City prior to City considering any DDA for approval, so that the City may determine in its reasonable discretion whether Five Point has sufficient financial capacity to undertake the Project.

22. Remedies.

a. Limitations on Award of Damages. Appropriate and customary remedies in the case of default by a Party (and in no event to include actual, consequential, special, or punitive damages) will be addressed by the Parties in the DDA. The principal remedy of both Parties in the event of default under the DDA shall be specific performance.

b. No Attorneys' Fees. Each party will bear its own attorney fees in any action by a Party to enforce its rights under the DDA.

c. City Remedies Against Vertical Developers. The form of assignment and assumption agreement to be negotiated between City and Developer and attached to the DDA shall address City's remedies against vertical developers for defaults by such vertical developers.

23. Excusable Delays.

The time for Developer to perform any act under the DDA, including Developer's obligations in Section 4 (Schedule of Performance), shall be automatically extended for the period of any of the delays described below (each, an "***Excusable Delay***").

a. Administrative Delay. Meaning failure by governmental entities to act within reasonable times under applicable laws or actions by governmental entities that are successfully challenged by the Developer or an assignee/transferee/vertical developer.

b. CEQA Delay. Meaning the time reasonably required to complete any additional environmental review or documentation for future Project applications or approvals (not including the initial approvals of Specific Plan and the Development Agreement), subject to a requirement that Developer shall have made all commercially reasonable efforts to timely complete such environmental review, and the time during which legal proceedings regarding sufficiency of environmental review are pending (regardless of whether development is subject to a stay during such proceedings).

c. Economic Delay. Meaning a sustained decline in the residential real estate market as measured by the House Price Index. Economic Delay shall commence upon Developer's notification to the City (together with appropriate documentation) that there has been a four percent (4%) or greater decline in the House Price Index over the preceding twelve (12) month period. Economic Delay shall continue prospectively on a quarterly basis and remain in effect until date on which the House Price Index has increased for three (3) successive quarters; provided that the cumulative total of Economic Delay shall not exceed forty-eight (48) months. "House Price Index" shall mean the quarterly all-transactions index published by the Federal Housing Finance Agency representing home price trends for the Oakland-Hayward-Berkeley, CA Metropolitan Statistical Area Division. If the House Price Index is discontinued, Developer and the City shall approve a substitute index that tracks the residential market with as close a geography to the Oakland-Hayward-Berkeley, CA Metropolitan Statistical Area Division as possible.

d. Force Majeure. Meaning the range of natural and man-made acts outside of the control of the Party claiming delay, including wars, strikes, natural disasters, litigation, and reasonably unforeseen site conditions, and adversely affecting the claiming Party's (which may, notwithstanding anything above, be Developer or City) ability to timely perform its obligations under the DDA.

e. Notice. To claim Excusable Delay, Developer shall provide notice within sixty (60) days of actual knowledge of the event causing the delay. The period of Excusable Delay shall commence, and shall run from, the date of such notice.

24. Transfer of Remainder of Development Footprint.

a. Developer will make extraordinary up-front investments in processing, environmental, and entitlement to complete development within the Development Phase One Property. Developer will also incur significant front-loaded infrastructure, improvement, and mitigation costs within Development Phase One to ensure that the remainder of the Development Footprint, which the City and Developer currently anticipate will develop in two additional phases (the "***Development Phase Two Property***" and the "***Development Phase Three Property***," together, the "***Remaining Phases***"), can be orderly and efficiently developed. For these reasons, Developer shall have an option on the Remaining Phases provided:

i. Progress Milestone. With respect to the Development Phase Two Property option, building permits for at least 60% of the residential dwelling units planned for Development Phase One have been issued. With respect to the option for any Remaining Phases beyond Development Phase Two, the threshold of development

required to have been commenced shall be identified in the DDA. Certain exceptions to this progress milestone are allowed on terms to be further defined in the DDA, but to include:

1. Time-Sensitive Non-Residential Opportunities. It is in both the City's and Developer's interests to be able to respond quickly to unique or desirable development opportunities, including those that may arise within portions of the Development Footprint outside of Development Phase One. Exceptions to progress milestones would be permitted where one or more non-residential development opportunities arise in a Remaining Phase that would advance the goals and objectives of the CRP Area Plan and requires prompt action by the City to capitalize on such opportunity.

2. Delays in Development Phase One. Exceptions to progress milestones would be permitted where unanticipated constraints or challenges (including unforeseen remediation or Navy land transfer issues or resource agency permit issues) have slowed the pace of development within Development Phase One despite Developer's reasonable good faith diligent efforts.

ii. Schedule of Performance. Developer is in compliance with the Schedule of Performance.

iii. No Default. Developer is not in default under the DDA.

b. If the conditions in Section 24(a) are satisfied as to the current Development Phase:

i. The Parties shall agree upon a schedule of performance for horizontal infrastructure, phasing program, and public improvements and amenities program for the next Remaining Phase. The nature and extent of obligations of Developer and the City, respectively, in a new disposition and development agreement addressing the Remaining Phase, shall be generally commensurate with those of the DDA addressing the current Development Phase.

ii. The structure and terms for conveyance of the Remaining Phases to developer, including consideration (including valuation of the land) and any City profit participation, shall be substantially the same as are set forth in the DDA for the Development Phase One Property.

iii. The Parties shall prepare a separate Development Agreement for each such Remaining Phase addressing the scope of Developer's vested rights and the community benefits to be provided to City.

The term of the Development Agreement for each of the Remaining Phases shall be commensurate with the Development Phase One Property Development Agreement, with appropriate adjustments to the extent the Remaining Phase acreage is less than or greater than the Development Phase One Property.

c. In the event Remaining Phases are developed by a party other than Developer, City shall condition the development of such Remaining Phases upon reimbursement by such third party developer a pro rata share of the actual cost incurred by Developer in connection with installation of oversized infrastructure and/or front loading of species and habitat mitigation or conservation work that benefits the entire Development Footprint as opposed to just the Development Phase One Property.

25. Exhibits.

Exhibit A:	Development Phase One Property
Exhibit B:	Proforma (Summary Sheet & Cashflow Analysis)
Exhibit C:	First Development Stage
Exhibit D:	Second Development Stage
Exhibit E:	Third Development Stage
Exhibit F:	City Profit Participation “Waterfall” Description
Exhibit G:	Distribution of Affordable Housing
Exhibit H:	Preliminary EDC Property Improvements Program
Exhibit I:	Backbone Infrastructure by Development Stage

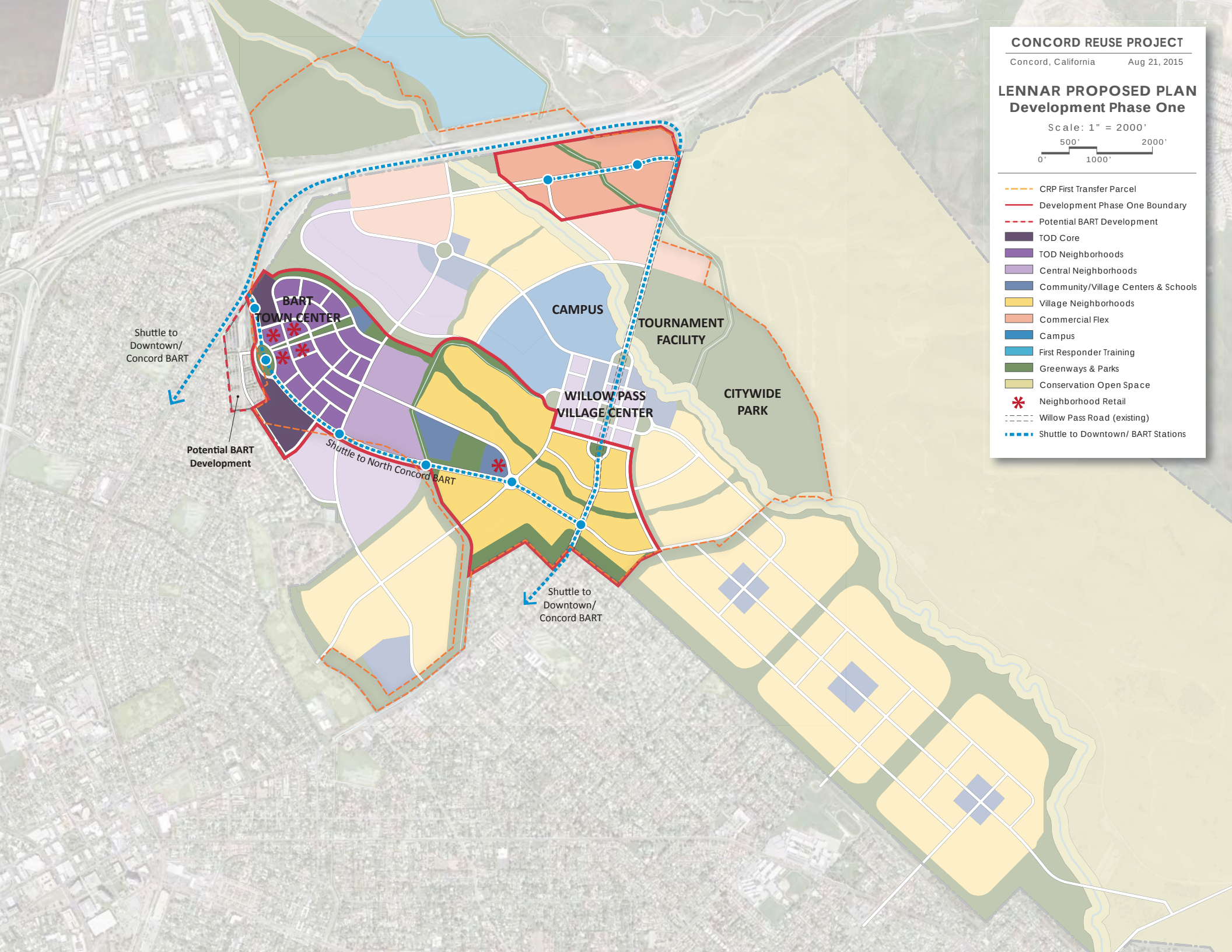
CONCORD REUSE PROJECT
Concord, California
Aug 21, 2015
LENNAR PROPOSED PLAN
Development Phase One
Scale: 1" = 2000'
0'
500'
1000'
2000'
CRP First Transfer Parcel
Development Phase One Boundary
Potential BART Development
TOD Core
TOD Neighborhoods
Central Neighborhoods
Community/Village Centers & Schools
Village Neighborhoods
Commercial Flex
Campus
First Responder Training
Greenways & Parks
Conservation Open Space
Neighborhood Retail
Willow Pass Road (existing)
Shuttle to Downtown/ BART Stations
BART TOWN CENTER
CAMPUS
TOURNAMENT FACILITY
CITYWIDE PARK
WILLOW PASS VILLAGE CENTER
Shuttle to Downtown/ Concord BART
Potential BART Development
Shuttle to North Concord BART
Shuttle to Downtown/ Concord BART

Exhibit B

Table 1
CNWS Financial Model Summary

Item	Amount (in Millions) Constant 2015 $$	Nominal $$
Development Program		
Market Rate Units	3,294	3,294
Affordable Units	1,098	1,098
Total Units (1)	4,392	4,392
Sources and Uses		
Sources *(constant $$, millions)*		
Net Land Revenues	$654.8	$767.7
CFD	$115.0	$128.2
IFD	$27.7	$33.3
Grant Funding (2)	$5.2	$6.0
Total	$802.6	$935.2
Uses *(constant $$, millions)*		
Pre-Dev.	$11.5	$12.5
In-Tract	$172.2	$200.0
Backbone (3)	$235.8	$258.5
CFD Taxes	$17.8	$24.7
On-Site Overhead	$4.5	$5.2
Habitat Mitigation	$4.9	$5.6
Property Mgmt./Security	$3.8	$4.3
Marketing & Sales Center (4)	$10.7	$12.0
Circulator (5)	$2.9	$3.3
Schools/ Parks/ Greenways	$83.7	$97.7
Community Centers	$20.3	$22.4
Community Benefits Fund (6)	$30.8	$36.0
Proj. Management Fee	$15.6	$21.7
Total	$614.5	$703.9
Net Cash Flow *(constant $$, millions)*	$188.2	$231.3
Profit Participation Results		
Scenario 1 (Profit Participation @ 20%)		
Net Contribution	$30.7	$38.4
Net Developer Return	$157.5	$193.0
Scenario 2 ($20m City Participation Contribution + Profit Participation @ 25%)		
Net Contribution	$20.0	$23.6
Net Developer Return	$168.2	$207.8
IRR Before Profit Participation		**22.0%**

Community Benefits Summary

Description	Amount *(constant $$, millions)*
Enhanced Community Centers *	$14.5
Circulator	$2.9
Com. Benefits Fund **	$30.8
Contribution (City Participation Contribution + Profit Participation)	
Scenario 1	$30.7
Scenario 2	$20.0
Schools, Parks and Greenways	$83.7

* This refers to the budget intended to provide community amenities such as an organic garden, communal BBQ area and other facilities over and above core community center attributes.
** Number will vary depending on sales price of homes (see Footnote 6).

Profit Participation *

Scenario 1	
1. IRR Range	*Participation Share of Return*
IRR Between 20% - 25%	35%
IRR Between 25% - 30%	40%
IRR Greater than 30%	50%
Scenario 2	
1. City Participation Contribution	$20m ($2m per year)
2. IRR Range	*Participation Share of Return*
IRR Between 25% - 30%	35%
IRR Between 30% - 35%	40%
IRR Greater than 35%	50%

* Note: Actual results will vary from projections; sharing in net cash flows through the waterfall structure illustrated below will be calculated on actual net cash flows.

* Plan cover approximately 500 gross acres.

(1) Affordable hosuing represents 25 percent of the total unitse. Plan assumes providing five percent of the market rate units as inclusionary. It was determined that the loss of revenues on the market rate developments from the addition of the inclusionary requirement at moderate income levels was effectively offset by the additional land freed up for market rate development. As a result, no specific adjustments were made to the development program and corresponding financial analysis to reflect the shift to providing inclusionary housing.

(2) Assumes grant funding for infrastructure or to offset other costs.

(3) Assumes $20 million reimbursement by future phase developers for infrastructure oversizing.

(4) Covers the cost of both the sales center and master marketing and branding costs of outside third party consultants. Lennar is not collecting any sales and marketing fees/commissions for the sale of land.

(5) Circulator is assumed to come online once residents move into the CNWS community.

(6) Funds are intended to support a variety of services and programs consistent with One Concord. Funds are derived from a 1 percent fee charged to vertical developers on all for-sale residential units sold at greater than $700,000, a $1.25 per square foot assumed linkage fee on all commercial development, as well as $20 million dedicated at $2 million per year for ten years from general sources. Funding from residential fee will vary depending on actual sales prices of homes.

Table 4
Land Development Cash Flow - Phase 1

		Stage 1 Infrastructure		Stage 1 Buildout -->	Stage 2 Infra	Stage 2 Buildout -->	Stage 3 Infra	Stage 3 Buildout -->		
		1	2	3	4	5	6	7	8	9
Item	**Phase 1 Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
SOURCES OF FUNDS										
Finished Land Sales - No Appreciation (constant $$)										
Residential *	$407,998,209	$0	$0	$75,087,313	$78,841,679	$64,731,835	$60,977,470	$39,821,116	$48,504,266	$40,034,529
Flex Office/Campus	$17,772,480	$0	$0	$0	$0	$0	$0	$5,331,744	$4,443,120	$7,997,616
Town Center	$5,227,200	$0	$0	$0	$0	$0	$0	$1,568,160	$1,306,800	$2,352,240
Commercial Flex	$33,421,410	$0	$0	$4,096,818	$4,301,659	$9,136,982	$8,932,141	$2,317,937	$4,635,873	$0
Total Finished Land Sales Revenues (constant $$)	$464,419,299	$0	$0	$79,184,131	$83,143,338	$73,868,818	$69,909,611	$49,038,957	$58,890,059	$50,384,385
(Less) Commissions	($9,288,386)	$0	$0	($1,583,683)	($1,662,867)	($1,477,376)	($1,398,192)	($980,779)	($1,177,801)	($1,007,688)
Net Finished Land Sales Revenue (constant $$)	$455,130,913	$0	$0	$77,600,449	$81,480,471	$72,391,441	$68,511,419	$48,058,178	$57,712,258	$49,376,697
Net Finished Land Revenues - Appreciation (nominal $$)	$767,660,769	$0	$0	$100,462,987	$113,397,597	$108,304,377	$114,184,443	$89,227,036	$122,420,300	$119,664,029
Net Finished Land Revenues - Appreciation (constant $$)	$654,756,876	$0	$0	$90,992,423	$100,693,821	$94,285,477	$97,455,322	$74,661,192	$100,427,285	$96,241,355
Other Revenues (nominal $$)										
Community Facilities District (CFD)	$128,242,217	$0	$82,556,935	$0	$0	$0	$45,685,282	$0	$0	$0
Infrastructure Financing District (IFD)	$33,324,014	$0	$0	$270,337	$570,952	$892,573	$16,191,313	$311,868	$688,801	$14,398,170
Grant Funding	$6,000,000	$0	$0	$2,000,000	$0	$2,000,000	$0	$2,000,000	$0	$0
Total Other Revenues (nominal $$)	$167,566,230	$0	$82,556,935	$2,270,337	$570,952	$2,892,573	$61,876,594	$2,311,868	$688,801	$14,398,170
TOTAL SOURCES (constant $$)	$802,635,559	$0	$76,147,888	$93,044,628	$101,199,594	$96,796,594	$150,097,641	$76,588,707	$100,990,086	$107,770,421
TOTAL SOURCES (nominal $$)	**$935,226,999**	**$0**	**$82,556,935**	**$102,733,324**	**$113,968,549**	**$111,196,950**	**$176,061,037**	**$91,538,904**	**$123,109,102**	**$134,062,198**
USES OF FUNDS										
Pre-Development Costs (constant $$)(1)	$11,500,000	$5,000,000	$5,000,000	$0	$500,000	$0	$500,000	$0	$500,000	$0
Pre-Development Costs (nominal $$)(1)	**$12,476,609**	**$5,306,040**	**$5,412,161**	**$0**	**$563,081**	**$0**	**$585,830**	**$0**	**$609,497**	**$0**
In-Tract Costs (constant $$)	$172,249,200	$0	$0	$31,958,546	$33,556,473	$27,476,028	$25,878,101	$16,570,770	$20,304,439	$16,504,844
In-Tract Costs (nominal $$)	**$200,032,795**	**$0**	**$0**	**$35,284,817**	**$37,790,039**	**$31,561,319**	**$30,320,319**	**$19,803,604**	**$24,750,998**	**$20,521,699**
Infrastructure Costs (constant $$)										
Offsite	$38,200,000	$5,000,000	$15,000,000	$0	$5,400,000	$0	$12,800,000	$0	$0	$0
Backbone	$183,400,000	$26,700,000	$80,100,000	$0	$55,800,000	$0	$20,800,000	$0	$0	$0
Additional Backbone for Non-Resid. Areas	$34,174,960	$1,899,349	$5,698,048	$0	$17,194,110	$0	$9,383,452	$0	$0	$0
Total Infrastructure Costs (constant $$)	$235,774,960	$33,599,349	$100,798,048	$0	$78,394,110	$0	$42,983,452	$0	$0	($20,000,000)
Total Infrastructure Costs (nominal $$)	**$258,541,927**	**$35,655,898**	**$109,107,049**	**$0**	**$88,284,501**	**$0**	**$50,361,965**	**$0**	**$0**	**($24,867,486)**
Community Benefits (constant $$)										
Schools	$50,750,000	$1,812,500	$5,437,500	$0	$0	$0	$14,500,000	$0	$14,500,000	$14,500,000
Parks/ Open Space/ Centers/ Other	$53,215,000	$4,168,750	$12,506,250	$0	$27,260,000	$0	$9,280,000	$0	$0	$0
Parks, Community Centers & Schools	$103,965,000	$5,981,250	$17,943,750	$0	$27,260,000	$0	$23,780,000	$0	$14,500,000	$14,500,000
Community Benefits Fund (2)	$30,807,441	$2,000,000	$2,000,000	$2,795,009	$2,862,936	$3,929,314	$3,867,831	$3,459,549	$4,037,900	$5,854,901
Community Benefits Fund (2) Nominal $$	**$35,979,147**	**$2,122,416**	**$2,164,864**	**$3,085,916**	**$3,224,131**	**$4,513,547**	**$4,531,780**	**$4,134,482**	**$4,922,177**	**$7,279,834**
Total Community Benefits (constant $$)	$134,772,441	$7,981,250	$19,943,750	$2,795,009	$30,122,936	$3,929,314	$27,647,831	$3,459,549	$18,537,900	$20,354,901
Total Community Benefits (nominal $$)	**$156,014,984**	**$8,469,766**	**$21,587,756**	**$3,085,916**	**$33,923,319**	**$4,513,547**	**$32,393,840**	**$4,134,482**	**$22,597,597**	**$25,308,761**
Project On-Site Overhead (constant $$)	$4,500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
Project On-Site Overhead (nominal $$)	**$5,175,845**	**$530,604**	**$541,216**	**$552,040**	**$563,081**	**$574,343**	**$585,830**	**$597,546**	**$609,497**	**$621,687**
Habitat Mitigation (constant $$)	$4,875,000	$541,667	$541,667	$541,667	$541,667	$541,667	$541,667	$541,667	$541,667	$541,667
Habitat Mitigation (nominal $$)	**$5,607,165**	**$574,821**	**$586,317**	**$598,044**	**$610,005**	**$622,205**	**$634,649**	**$647,342**	**$660,289**	**$673,494**
Project Management Fee (constant $$)	$15,646,837	$1,361,556	$3,945,545	$1,074,973	$4,523,068	$862,313	$2,368,881	$485,237	$574,318	$450,944
Project Management Fee (nominal $$)	**$21,719,019**	**$1,603,192**	**$4,905,769**	**$1,411,393**	**$6,270,949**	**$1,262,453**	**$3,662,211**	**$792,144**	**$990,040**	**$820,868**
Property Management/Security (constant $$) (3)	$3,750,000	$750,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000
Property Management/Security (nominal $$) (3)	**$4,279,837**	**$795,906**	**$405,912**	**$414,030**	**$422,311**	**$430,757**	**$439,372**	**$448,160**	**$457,123**	**$466,265**
Marketing Sales Center (constant $$) (4)	$13,579,153	$1,000,000	$2,000,000	$2,729,773	$3,020,815	$2,828,564	$500,000	$500,000	$500,000	$500,000
Marketing and Sales Center (nominal $$) (4)	**$15,305,583**	**$1,061,208**	**$2,164,864**	**$3,013,890**	**$3,401,928**	**$3,249,131**	**$585,830**	**$597,547**	**$609,498**	**$621,687**
Developer Payment of CFD Special Tax (constant $$)	$17,802,418	$0	$5,641,442	$3,990,961	$2,383,117	$1,017,267	$2,315,215	$1,578,555	$713,878	$161,983
Developer Payment of CFD Special Tax (nominal $$)	**$24,729,403**	**$0**	**$7,014,395**	**$5,239,955**	**$3,304,041**	**$1,489,310**	**$3,579,245**	**$2,576,973**	**$1,230,621**	**$294,862**
TOTAL USES (constant $$)	$614,450,008	$50,733,822	$138,745,452	$43,965,929	$153,917,186	$37,530,153	$103,610,146	$24,010,778	$42,547,202	$19,389,340
TOTAL USES (nominal $$)	**$703,883,167**	**$53,997,436**	**$151,725,440**	**$49,600,085**	**$175,133,255**	**$43,703,064**	**$123,149,092**	**$29,597,798**	**$52,515,158**	**$24,461,839**
RATE OF RETURN										
NET CASH FLOW (constant $$)	$188,185,552	($50,733,822)	($62,597,564)	$49,078,699	($52,717,592)	$59,266,441	$46,487,494	$52,577,929	$58,442,884	$88,381,081
NET CASH FLOW (nominal $$)	**$231,343,832**	**($53,997,436)**	**($69,168,505)**	**$53,133,239**	**($61,164,706)**	**$67,493,885**	**$52,911,945**	**$61,941,107**	**$70,593,944**	**$109,600,359**
CUMULATIVE		($53,997,436)	($123,165,941)	($70,032,702)	($131,197,408)	($63,703,522)	($10,791,577)	$51,149,529	$121,743,473	$231,343,832
IRR	**22.0%**	**0.0%**	**0.0%**	**-46.0%**	**0.0%**	**-22.3%**	**-2.6%**	**8.8%**	**15.9%**	**22.0%**
NPV (at 20%)	**$5,562,621**									

* EPS evaluated the effect of providing five percent of the market rate units as inclusionary. It was determined that the loss of revenues on the market rate developments from the addition of the inclusionary requirement at moderate income levels was effectively offset by the additional land freed up for market rate development. As a result, no specific adjustments were made to the development program and corresponding financial analysis to reflect the shift to providing inclusionary housing.

(1) Includes all pre-development costs accrued through 2017.

(2) Funds are intended to support a variety of services and programs consistent with One Concord. Funds are derived from a 1 percent fee charged to vertical developers on all for-sale residential units sold at greater than $700,000, a $1.25 per square foot assumed linkage fee on all commercial development, as well as $20 million dedicated at $2 million per year for ten years from general sources. Funding from residential fee will vary depending on actual sales prices of homes.

(3) Assumed to include security services, insurance, and property management costs for entire site included in the first transfer boundary.

(4) Includes costs of shuttle starting in Year 4 and lasting for 3 years. Thereafter assumed that HOA fees will fund shuttle service.

Table 4
Land Development Cash Flow - Phase 1

		Stage 1 Infrastructure		Stage 1 Buildout -->						
					Stage 2 Infra	Stage 2 Buildout -->				
							Stage 3 Infra	Stage 3 Buildout -->		
		1	2	3	4	5	6	7	8	9
Item	**Phase 1 Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Profit Participation Results*										
SCENARIO 1 (Profit Participation @ 20%)										
Total Revenues	$935,226,999	$0	$82,556,935	$102,733,324	$113,968,549	$111,196,950	$176,061,037	$91,538,904	$123,109,102	$134,062,198
Total Costs	$703,883,167	$53,997,436	$151,725,440	$49,600,085	$175,133,255	$43,703,064	$123,149,092	$29,597,798	$52,515,158	$24,461,839
Net Cash Flow	$231,343,832	($53,997,436)	($69,168,505)	$53,133,239	($61,164,706)	$67,493,885	$52,911,945	$61,941,107	$70,593,944	$109,600,359
IRR (Pre-Profit Participation)	**22.0%**	**0.0%**	**0.0%**	**-46.0%**	**0.0%**	**-22.3%**	**-2.6%**	**8.8%**	**15.9%**	**22.0%**
Contribution	**$38,360,126**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$38,360,126**
Net Return to Developer	**$192,983,706**	**($53,997,436)**	**($69,168,505)**	**$53,133,239**	**($61,164,706)**	**$67,493,885**	**$52,911,945**	**$61,941,107**	**$70,593,944**	**$71,240,233**
Net Contribution	**$38,360,126**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$38,360,126**
Net Return IRR	**20.2%**	**0.0%**	**0.0%**	**-46.0%**	**0.0%**	**-22.3%**	**-2.6%**	**8.8%**	**15.9%**	**20.2%**
SCENARIO 2 ($2m/yr Participation Contribution + Profit Participation @ 25%)										
Total Revenues	$935,226,999	$0	$82,556,935	$102,733,324	$113,968,549	$111,196,950	$176,061,037	$91,538,904	$123,109,102	$134,062,198
Total Costs	$703,883,167	$53,997,436	$151,725,440	$49,600,085	$175,133,255	$43,703,064	$123,149,092	$29,597,798	$52,515,158	$24,461,839
City Participation Contribution (constant $$)	$20,000,000	$0	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$6,000,000
City Participation Contribution (nominal $$)	$23,554,461	$0	$2,164,864	$2,208,162	$2,252,325	$2,297,371	$2,343,319	$2,390,185	$2,437,989	$7,460,246
Net Cash Flow	$207,789,371	($53,997,436)	($71,333,369)	$50,925,078	($63,417,031)	$65,196,514	$50,568,626	$59,550,921	$68,155,955	$102,140,113
IRR (Pre-Profit Participation)	**19.9%**	**0.0%**	**0.0%**	**-48.6%**	**0.0%**	**-25.5%**	**-5.3%**	**6.5%**	**13.8%**	**19.9%**
Contribution	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Net Return to Developer	**$207,789,371**	**($53,997,436)**	**($71,333,369)**	**$50,925,078**	**($63,417,031)**	**$65,196,514**	**$50,568,626**	**$59,550,921**	**$68,155,955**	**$102,140,113**
Net Contribution**	**$23,554,461**	**$0**	**$2,164,864**	**$2,208,162**	**$2,252,325**	**$2,297,371**	**$2,343,319**	**$2,390,185**	**$2,437,989**	**$7,460,246**
Net Return IRR	**19.9%**	**0.0%**	**0.0%**	**-48.6%**	**0.0%**	**-25.5%**	**-5.3%**	**6.5%**	**13.8%**	**19.9%**

**Note: Actual results will vary from projections; sharing in net cash flows through the profit participation structure will be calculated on actual net cash flows.*

*** Reflects a $2 million per year participation contribution for a total of $20 million in constant 2015 dollars but illustrated herein as $23.6 in nominal dollars assuming a constant rate of inflation of 2 percent per year.*

Exhibit C

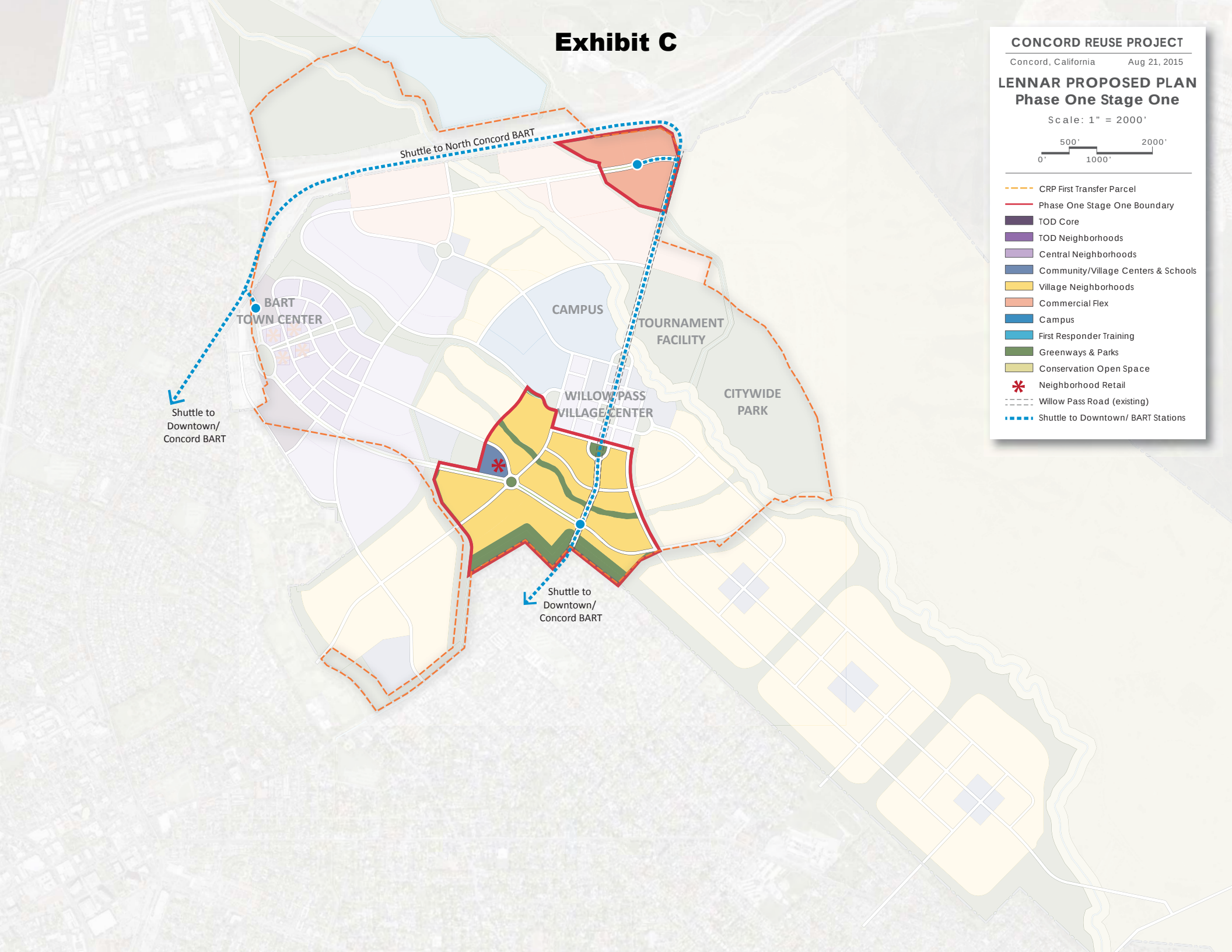
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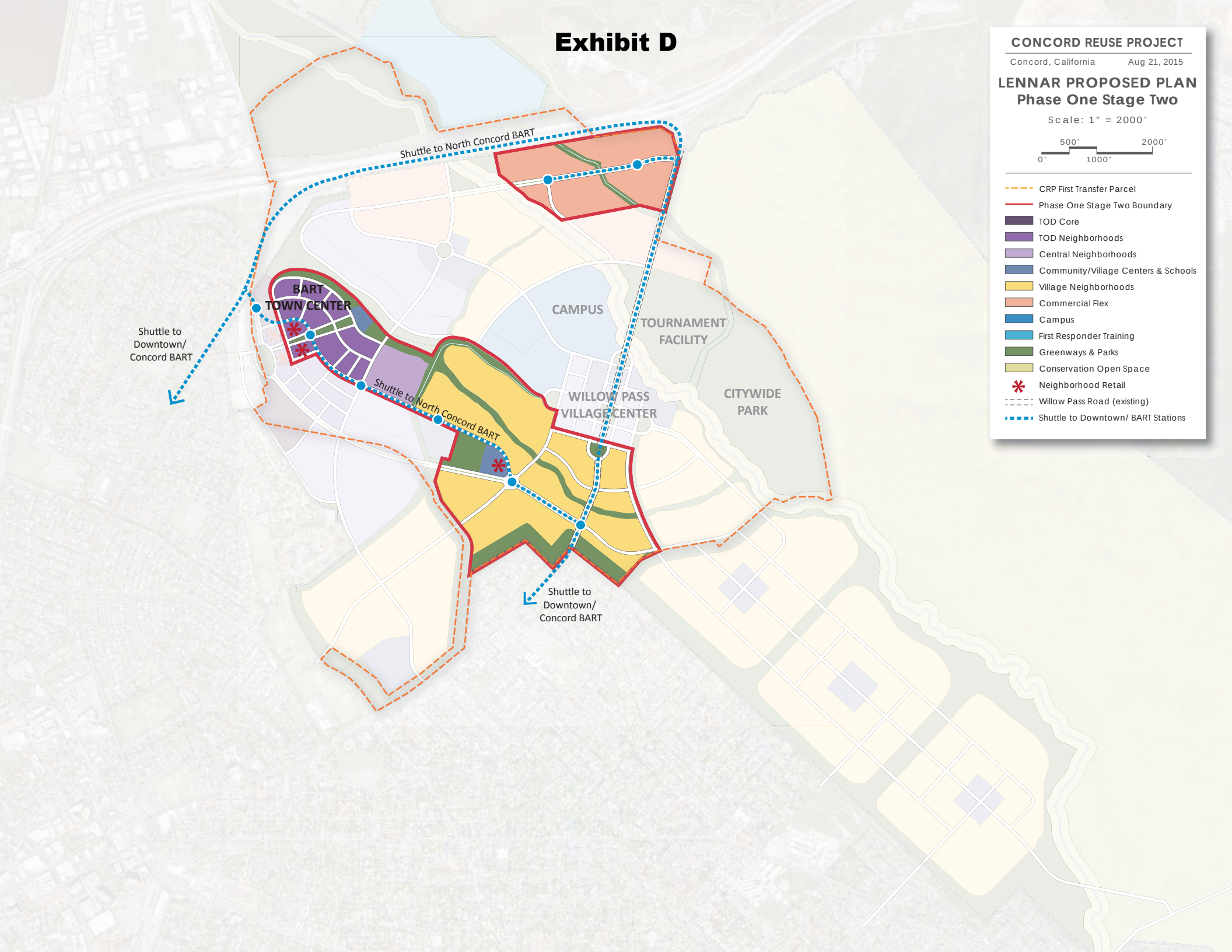
Exhibit D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Scale: 1" = 2000'
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CRP First Transfer Parcel
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Commercial Flex
Campus
First Responder Training
Greenways & Parks
Conservation Open Space
Neighborhood Retail
Willow Pass Road (existing)
Shuttle to Downtown/ BART Stations
Shuttle to North Concord BART
BART TOWN CENTER
Shuttle to Downtown/ Concord BART
CAMPUS
TOURNAMENT FACILITY
WILLOW PASS VILLAGE CENTER
CITYWIDE PARK
Shuttle to North Concord BART
Shuttle to Downtown/ Concord BART

Exhibit E

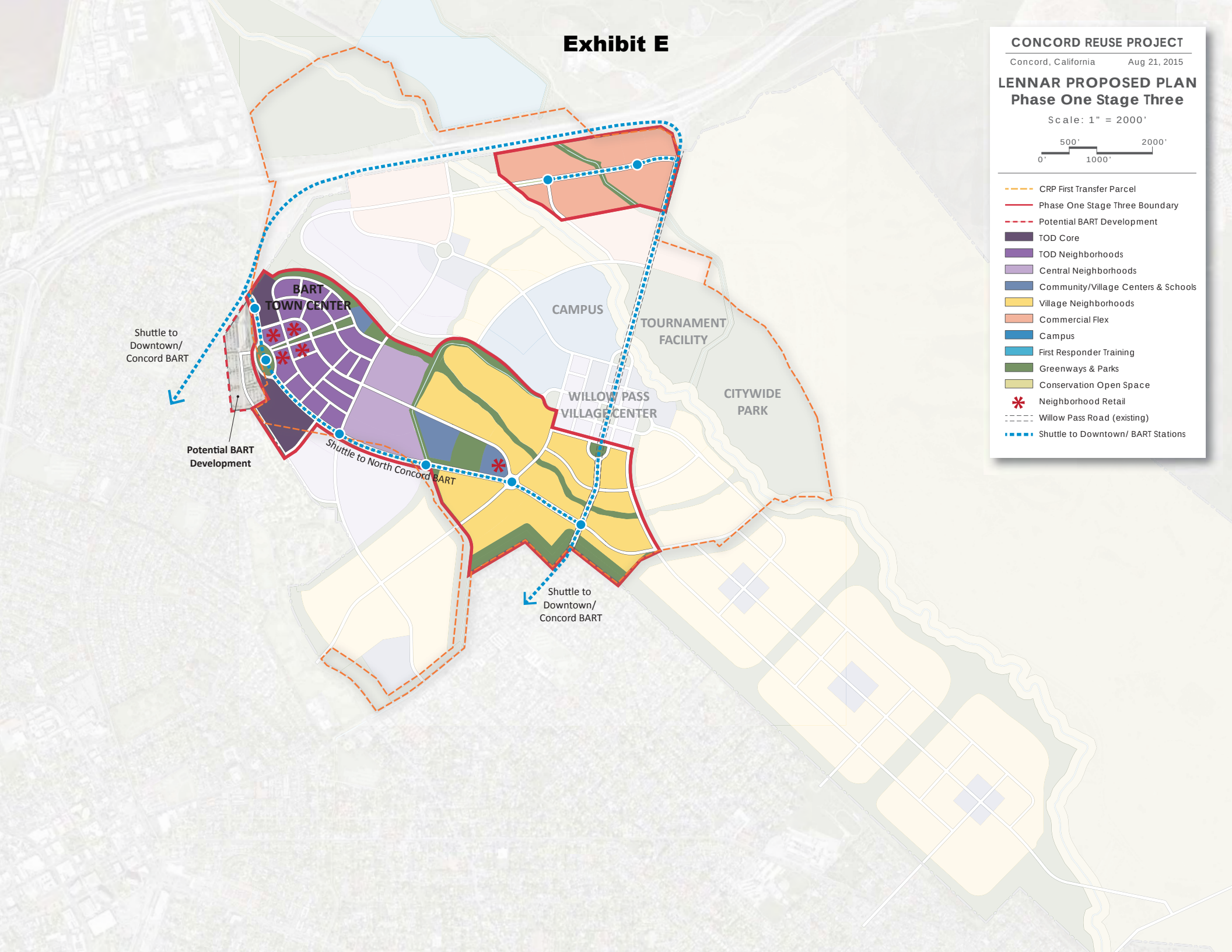

CONCORD REUSE PROJECT
Concord, California
Aug 21, 2015
LENNAR PROPOSED PLAN
Phase One Stage Three
Scale: 1" = 2000'
0'
500'
1000'
2000'
CRP First Transfer Parcel
Phase One Stage Three Boundary
Potential BART Development
TOD Core
TOD Neighborhoods
Central Neighborhoods
Community/Village Centers & Schools
Village Neighborhoods
Commercial Flex
Campus
First Responder Training
Greenways & Parks
Conservation Open Space
Neighborhood Retail
Willow Pass Road (existing)
Shuttle to Downtown/ BART Stations
BART TOWN CENTER
CAMPUS
TOURNAMENT FACILITY
CITYWIDE PARK
WILLOW PASS VILLAGE CENTER
Shuttle to Downtown/ Concord BART
Potential BART Development
Shuttle to North Concord BART
Shuttle to Downtown/ Concord BART

Exhibit F

Description of Profit Participation Formulas

Calculation of IRR

Within sixty days (60) of the end of the full calendar year occurring two years after the Initial Closing and sixty days from each succeeding calendar year until the Cash Flow Distribution Termination Date with respect to the City, Developer shall present a reasonably detailed statement to the City ("IRR Statement") accompanied by an Accounting consistent with the DDA showing the cumulative IRR achieved from the DDA execution date to the most recent calendar year end.

Share of Net Cash Flow

Scenario 1

Until the IRR Statement shows that the Developer has achieved an average IRR of more than 20.00% Project to date, then Developer within ninety (90) days after applicable Reporting Period shall contribute 35% of the Net Cash Flow in excess of 20.00% but not to exceed 25.00% to the City as a First Tier Contribution, with the balance to be retained by the Developer.

If the IRR Statement shows that the Developer has achieved an average IRR of more than 25.00% Project to date, then Developer within ninety (90) days after applicable Reporting Period shall contribute 40% of the Net Cash Flow in excess of 25.00% but not to exceed 30.00% to the City as a Second Tier Contribution, with the balance to be retained by the Developer.

If the IRR Statement shows that the Developer has achieved an average IRR of more than 30.00% Project to date, then Developer within ninety (90) days after applicable Reporting Period shall contribute 50% of the Net Cash Flow in excess of 30.00% to the City as a Third Tier Contribution, with the balance to be retained by the Developer.

Scenario 2

A $20.0 million contribution to the City of Concord as a Participation Contribution is to be paid in annual installments of $2.0 million commencing in the first year in which land sales occur. The full $20 million will be paid no later than ninety (90) days after the end of the calendar year in which 100% of the Phase 1 land sales are completed. After payment of the Participation Contribution, the Net Cash Flow would be distributed in the following manner.

Until the IRR Statement shows that the Developer has achieved an average IRR of more than 25.00% Project to date, then Developer within ninety (90) days after applicable Reporting Period shall contribute 35% of the Net Cash Flow in excess of 25.00% but not to exceed 30.00% to the City as a First Tier Payment, with the balance to be retained by the Developer.

If the IRR Statement shows that the Developer has achieved an average IRR of more than 30.00% Project to date, then Developer within ninety (90) days after the applicable Reporting Period shall contribute 40% of the Net Cash Flow in excess of 25.00% but not to exceed 30.00% to the City as a Second Tier Contribution, with the balance to be retained by the Developer.

If the IRR Statement shows that the Developer has achieved an average IRR of more than 35.00% Project to date, then Developer within ninety (90) days after the applicable Reporting Period shall contribute 50% of the Net Cash Flow in excess of 35.00% to the City as a Third Tier Contribution, with the balance to be retained by the Developer.

Exhibit G

Table 2
CNWS: Development Program by Stage

Prototypes	DU/Acre	Stage 1 Net Acres	Stage 1 Units	Stage 2 Net Acres	Stage 2 Units	Stage 3 Net Acres	Stage 3 Units	Phase 1 Total Net Acres	Phase 1 Total Units	% Units
Affordable Residential										
Multi-Family High	90	0	0	2	200	3	275	5	475	11%
Multi-Family Mid	35	0	0	3	100	8	293	11	393	9%
3-Story Townhome	20	8	150	0	0	0	0	8	150	3%
Homeless Transitional Housing (1)	30	7	80	0	0	0	0	7	80	2%
Total Affordable Units	*35*	**15**	**230**	**5**	**300**	**11**	**568**	**31.5**	**1,098**	**25%**
% Affordable			18%		22%		32%		25%	
Market Rate Residential										
Multi-Family High	90	0	0	2	205	9	835	12	1,040	24%
4-Story Stacked Flat	30	0	0	7	215	0	0	7	215	5%
3-Story Stacked Flat	25	0	0	4	99	1	34	5	133	3%
3-Story Townhome	20	6	123	5	100	2	35	13	258	6%
2-Story Townhome	15	0	0	7	100	2	34	8.9	134	3%
Small Lot Paseo	14	48	673	12	164	18	255	78	1,092	25%
Traditional / Autocourt SFD	8	27	218	25	203	0	0	53	421	10%
Total Market Rate Units	*19*	**82**	**1,015**	**62**	**1,086**	**33**	**1,193**	**177**	**3,294**	**75%**
Total Residential Units	21	**96**	**1,245**	**67**	**1,386**	**44**	**1,761**	**208**	**4,392**	**100%**
Non-Residential Development										
Commercial Flex		14	0	32	0	0	0	47	0	
Flex Office/Campus		0	0	0	0	14	0	14	0	
Town Center/TOD		0	0	0	0	4	0	4	0	
Total Non-Residential Development		**14**	**0**	**32**	**0**	**18**	**0**	**64**	**0**	**na**
TOTAL (2)		**111**	**1,245**	**99**	**1,386**	**62**	**1,761**	**272**	**4,392**	**na**

* Excludes BART property, including high-density residential units, most of BART commercial center, and portion of Flex Office/ Campus.

(1) Assumes a total of 10 gross acres will be dedicated towards homeless transitional housing. Acreage allocation for the facility and additional land dedication is assumed to be subtracted from the Commercial Flex land use on Willow Pass Rd in Stage 1.

(2) 272 net acres corresponds to approximately 395 gross acres. In addition, the Plan assumes approximately 105 gross acres dedicated to parks and greenways, schools, community centers, and service and utilities, for a total Plan area of approximately 500 gross acres.

EXHIBIT H

CONCORD EDC PROPERTY IMPROVEMENTS PROGRAM

(**Term Sheet**)

This form of EDC Property Improvements Program is part of the Term Sheet and is intended to form the basis for negotiation of a full EDC Property Improvements Program (the "***EPIP***") to be attached to the Disposition and Development Agreement ("***DDA***") by and between the City of Concord and Lennar Concord, LLC.

1. PURPOSE.

The purpose of the EPIP is to provide for the delivery and/or funding of community benefits associated with the Project by Developer. Eight categories of community benefits are identified:

"**Project Elements Conferring EDC Benefit**": Core elements of the Project that are required in some form and confer benefits to the EDC Property.

"**Local Hiring, Vocational Programs, Local Builders**": Proposed hiring, vocational, and apprenticeship programs as well as programs to create opportunity for vertical builders within the local community.

"**Affordable Housing**": Developer's commitment to deliver affordable housing sites within the Project.

"**Community Centers and Spaces**": Specialized recreational facilities offering unique programming and benefits to the Concord community.

"**Acceleration of Tournament Park**": Delivery of accelerated infrastructure by Developer should the City Council wish to pursue a third-party development proposal for the Tournament Park in Development Phase One.

The "**Concord Circulator**": A transit resource designed to knit together the Project with the existing Concord community.

"**EPIP Fund**"*:* A proposed range of programs and improvements benefitting the EDC Property among which the City may select to implement with Project-generating revenues. Developer will contribute at least $30,000,000 from Project revenues to fund these programs and improvements. The list of programs and improvements identified are meant to reflect current priorities described in the City's planning documents. Additional or alternative programs and improvements may be identified through the Specific Plan process.

"**City Participation**": Two alternative options available to the City to participate in Project profits.

2. PROJECT ELEMENTS CONFERRING EDC BENEFIT.

2.1 **General**. Developer shall deliver or fund (or cause to be funded) the following Project Elements Conferring EDC Benefit, as listed below in Section 2.2. Developer's obligations to provide the benefitting facilities described in this Section 2 are currently estimated to cost over $83,000,000 as reflected on the Proforma.

2.2 **Project Elements Conferring EDC Benefit**. The Project Elements Conferring EDC Benefit consist of:

2.2.1 Public Schools. One of the following options to be selected in consultation with the Mt. Diablo Unified School District ("District"): Developer offers to comprehensively refurbish the existing Holbrook Elementary School In Development Stage One. Or, if District prefers investment in a new facility instead of refurbishment, Developer would construct an approximately 10-acre K-8 public school in Development Stage Three to serve students within the Project and the greater Concord area along with funding for specialized programming and potential refurbishment of certain other existing school facilities. If student demand shows K-8 facilities are required earlier, development of the K-8 school may be accelerated to Development Stage Two.

2.2.2 Parks, Open Space and Greenways. Development of approximately 79 acres of improved parks, greenways, and open spaces, including the Ridgetop Park and the extension of Ridgetop Trail to connect Ridgetop Park to Willow Pass Road, all as shown in Exhibits A and C-E to the Term Sheet.

(a) Parks, open space and greenways shall be designed with wildlife crossings and wildlife movement as a priority, where applicable.

(b) Parks shall have limited roadways designed to be minimally intrusive, shall accommodate bicycle traffic, be designed with traffic calming features and for vehicular exclusion for special events, high pedestrian/bike uses, etc. Roads crossing the parks shall be limited to the extent feasible and designed in a manner that protects pedestrian connectivity and recreational use. Designation of uses and amenities for parks shall be identified through a community process to determine priorities and uses.

(c) Phasing of these parks (as described in Section 2.2.2), greenways, and open spaces will be as follows:

(i) 43 acres in Development Stage One

(ii) 28 acres in Development Stage Two; and

(iii) 8 acres (the Ellipse Park) in Development Stage Three.

2.2.3 Habitat Mitigation & Enhancement. Consistent with the CRP Area Plan and requirements imposed by natural resource agencies, Developer will provide for the long-term protection and enhancement of wetlands, riparian areas, and special status species habitat. The majority of protected and enhanced habitat is expected to be on the approximately 2,700 acre Public Benefit Conveyance portion of the Concord Naval Weapons Station that is adjacent to the Development Footprint. The Project's system of parks and greenways will connect the Project to the protected open spaces surrounding the habitat areas for the recreational enjoyment of the community.

3. LOCAL HIRING, VOCATIONAL PROGRAMS, LOCAL BUILDERS.

3.1 **Local Hire Program**. Implementation of the City's good-faith Hire Concord First goal that 40% of the construction workforce is comprised of local residents (Concord first, then Contra Costa County). Developer and Vertical Developers would require contractors and vendors to make good faith efforts to hire from within the City of Concord, and would then look to other residents of Contra Costa County, and then the region. Developer will also coordinate with the Greater Concord Chamber of Commerce, the Mt. Diablo Unified School District, East Bay Works, the Contra Costa Workforce Development Board, California State University East Bay, and the California Employment Development Department to enhance opportunities for local employment and training.

3.2 **Vocational Training & Apprenticeship Programs**. Developer will work with Project contractors to facilitate vocational programs for Project residents and/or Concord residents generally. Such programs would create gateways to career development. Vocational training programs may be coordinated with Mt. Diablo Unified School District, East Bay Works, the Contra Costa Workforce Development Board, California State University East Bay, and the California Employment Development Department.

3.3 **Veteran-Focused Training & Employment Opportunities**. Developer will work with Project contractors to facilitate programs designed to provide transitional job-training, counseling, and incentive programs to promote hiring and advancement of military veterans. (For example, Helmets-to-Hardhats or similar programs.)

3.4 **Vertical Developers & Local Opportunity**. Developer will sell land corresponding to at least 40% of the total residential units (including affordable units) within Development Phase One to third-party vertical developers. Developer is also committed to implementing Hire Concord First policies by maximizing development opportunities, at competitive prices, for local development firms. Opportunities would be for residential, commercial, and recreational facilities and would focus on Concord first, then Contra Costa County or the nine Bay Area counties.

4. AFFORDABLE HOUSING.

4.1 **Generally**. Developer will implement the City's 25% affordable housing policy through a combination of inclusionary housing; delivery of development-ready affordable housing sites; leveraging of available federal, state, and regional government funding; and Developer-provided funding sources the City may choose to direct towards gap subsidies for affordable housing development among other community benefits.

4.2 **Inclusionary Housing**. Developer will require vertical developers, whether Developer, Developer affiliates or third-party developers, to provide inclusionary units in an amount equal to 5% of the market-rate units proposed within Development Phase One. These inclusionary units shall be affordable to moderate income households, shall be located within medium and high-density residential product types, and shall be distributed among each of Development Stage One through Development Stage Three.

4.3 **Delivery of Development-Ready Affordable Housing Sites**. To satisfy the remainder of the 25% affordable housing commitment identified by the City in the CRP Area Plan, Developer will deliver, at no cost, development-ready pads to accommodate affordable housing, as further described below ("***Affordable Housing Pads***") at a range of affordability levels (to be determined by the City consistent with its Housing Element) and throughout each Development Stage within Development Phase One.

4.3.1 Affordable Housing Pads will have undergone appropriate environmental and/or resource agency permitting (as required) and will be free and clear of liens.

4.3.2 Affordable Housing Pads will include utilities to the curb line, and will not require major grading. Affordable Housing Pads shall be provided with adjoining streets in place and all wet and dry utilities available at the adjacent right of way, adequately sized to accommodate the anticipated number of new dwelling units.

4.3.3 Affordable Housing Pads shall be comparable to adjacent market rate sites in terms of cross slope, subsurface soils conditions and regularity of the parcel.

4.3.4 Affordable Housing Pads shall be distributed throughout the Project with the same advantages and desirability as market rate sites, including access to transit and amenities.

4.3.5 Affordable Housing Pads will be of appropriate size to incorporate the corresponding development density, and for purposes of assigning sites, the capacity of any given affordable housing site shall be based on the underlying density allowed for market rate units, without relying on potential density bonuses.

4.4 **Gap Subsidies for Affordable Housing Development**.

4.4.1 Need. Gap subsidies are likely required to ensure the timely construction of affordable housing units throughout the Development Phase One program.

4.4.2 Federal, State, and Regional Funding Sources. Developer's internal team has deep experience securing funding for thousands of units of all product types or related infrastructure, in both urban and suburban settings, through sources including Low Income Housing Tax Credits (both 4% and 9%), HUD's Supportive Housing Program (SHP), HUD HOME Program, HUD 202 and 811 Programs, the Federal Home Loan Bank Affordable Housing Program, California Proposition 46 Multifamily Housing Program, California Proposition 1C, Transit Oriented Development Grant Program, Infill Infrastructure Grant Program, Strategic Growth Council's Affordable Housing and Sustainable Communities Program, Cal ReUSE Brownfield Funding, California Proposition 63 - Mental Health Services Act Funding. Developer will put this experience to work, alongside the City and affordable housing partners, to leverage the maximum possible amount of available government funding from these programs and any new state or federal programs developed in the coming years.

4.4.3 Developer-Provided Funding. Developer has committed elsewhere in the Term Sheet to make **$50,000,000** available to the City through two sources of funding that the City may direct towards a range of improvements, amenities and programs benefitting the EDC Property and its residents, including potential gap subsidies for affordable housing development within the Project:

(a) The EPIP Fund of at least **$30,000,000**, which consists of: 1) $20,000,000 in annual payments by Developer to the City, and 2) proceeds from a fee to be paid by Developer on commercial and certain residential development, with Developer guaranteeing a minimum of $10,000,000 in such fees. Timing for Developer payments to the EPIP Fund is described in Section 8 below.

(b) The **$20,000,000** in annual contributions offered in the guaranteed, up-front payment City Participation formula (which is one of two formulas Developer has offered to the City) as summarized in Section 9 (below) and detailed in the Term Sheet (Section 11 and Exhibit F). The City Participation formulas in the Term Sheet (Section 11 and Exhibit F) are in addition to the EPIP Fund described in 4.4.3(a) above.

4.5 **Affordability Levels & Senior, Veteran, Workforce, and Special Needs Affordable Housing**. Affordable housing constructed on Affordable Housing Pads delivered by Developer shall be focused in medium-to-high density areas and include units affordable at 60% AMI and below. When identifying affordable housing developers to build the affordable housing sites described in Section 4.2, Developer will -- in addition to opportunities for individuals and families -- create opportunities for a range of affordable housing types, including:

4.5.1 Senior or Active Adult Affordable Housing

4.5.2 Veterans Affordable Housing

4.5.3 Workforce Affordable Housing (for local teachers, firefighters, police, etc.)

4.5.4 Affordable Housing for Individuals with Special Needs.

4.6 **Homeless Housing**. In Development Phase One, Developer will dedicate approximately 10 acres for satisfaction of the City's existing commitments to facilitate development of approximately 80 units of homeless transitional housing. Units developed on this property dedicated by Developer count towards the 25% obligation described in Section 4.1 above.

4.7 **Affordable Housing Development Partners**. Developer will make reasonable good faith efforts to select, through a competitive process, local or regional non-profit, mission-driven affordable housing developers which are based in the Bay Area to develop the affordable rental housing counted toward the 25% obligation described in section 4.1 above.

5. COMMUNITY CENTERS AND SPACES.

5.1 **General**. Developer will provide two community centers -- one in Development Stage One and another in Development Stage Two -- offering a range of specialized facilities and programming that will complement other, future community centers outside of Development Phase One and will offer recreational opportunities to both Project residents and the rest of the Concord community.

5.2 **Improvements & Programming**. The mix of facilities and programming to be included in any particular community center shall be subject to coordination and agreement between the City and Developer, but may include, for example, the following:

5.2.1 **Oasis-Themed** including features like indoor/outdoor yoga studio, fitness center with pilates studio, lap pool, and zen garden.

5.2.2 **Sky-Themed** featuring a small outdoor performance venue, bike repair station, artist pavilion, rotating public art showcases, and dedicated "hackable" space (with rotating public sculptures, flexible meeting space, and wall art).

5.2.3 **Earth-Themed** featuring a farmer's market, a seasonal flower mart (including pumpkin patch, Christmas tree lot, etc.), a children's aquarium or museum focused on wildlife.

5.2.4 **Grass-Themed** featuring a small scale sporting venue (for track and field, seasonal ice skating, etc.); flexible outdoor space for bocce ball, horseshoes, or oversized chess; or an urban playground with a concrete slide or skate park.

5.2.5 **Water-Themed** featuring a reflecting pool, hammock park, timed fountains or waterfalls, and outdoor kitchen and grills.

6. ACCELERATION OF TOURNAMENT PARK, SUBJECT TO CITY APPROVAL.

6.1 The Concord community has indicated its desire for a state-of-the art Tournament Park with specialized sports facilities capable of hosting regional sporting events and tournaments to be developed within the Development Footprint. Developer supports including the Tournament Park in Development Phase One land use program. If the City Council is interested in accelerating development of the Tournament Park to Development Phase One, Developer would support such a change and will extend Backbone Infrastructure and provide grading and site preparation work to serve the Tournament Park site. Developer would work with the City to develop a modified land use program for Development Phase One with sufficient acreage to accommodate the Tournament Park.

7. CONCORD CIRCULATOR.

7.1 **General**. During preparation of the Area Plan, the Concord community strongly expressed its desire for "One Concord." Advancing this goal requires strong, reliable, and user-friendly transit connections between the Project and the rest of the community.

7.2 **Concord Circulator**. To ensure both that existing Concord residents can take advantage of new amenities offered by the Project and that Project residents will contribute to the economic vitality of the existing community, Developer will establish and fund the Concord Circulator. The Circulator will provide reliable, scheduled transit connections to BART (either North Concord/Martinez or Downtown Concord), park and open space facilities within the Project, and key downtown business centers (including Todos Santos Plaza). Developer will subsidize initial capital cost of vehicles and operation of the Circulator for approximately three years commencing in Development Stage One, after which operations could become integrated into the County Connection transportation system or become the responsibility of the Project's master homeowners association. City would not fund capital costs or operation of the Concord Circulator. Developer shall consider use of public sector employees (i.e. County Connection drivers) to staff the Concord Connector.

8. EDC PROPERTY IMPROVEMENTS PROGRAM FUND.

8.1 **General**. As to the range of potential Project improvements described in this Section 8, the Parties acknowledge that the City is best situated to determine, based on its priorities, which improvements provide the greatest value to the Project and its future residents, businesses and visitors. Developer will contribute a minimum of **$30,000,000** to an EPIP Fund. The EPIP Fund consists of:

i. **$20,000,000** in funding by Developer to City to be paid in approximately $2M annual increments (adjusted annually for inflation) commencing with the first land sale by Developer; and

ii. Proceeds from a 1% fee to be paid by Developer on all for-sale residential units sold at greater than $700,000 and a $1.25/sq. ft. fee levied on commercial properties (with the 1.25/sq. ft. fee levied on commercial properties adjusted annually for inflation). The Proforma estimates these proceeds at approximately $10,800,000. Developer will guarantee a contribution of **$10,000,000** from such proceeds. Additional details on the timing for payment of these proceeds shall be addressed in the DDA Stage.

8.2 **Project Improvements**. The City may elect to dedicate the EPIP Fund to any of the following benefits. During negotiation of the DDA, the City and Developer may further refine this list and shall provide details on how ongoing funding will be provided for any long-term programs.

8.2.1 Affordable Housing Gap Subsidy. Gap subsidies for affordable units on the Development Phase One Property in order to leverage and layer additional funding that may be required from federal, state, regional and conventional financing and philanthropic sources. The Parties agree that the City may inform income eligibility limits and/or the amount of overall housing, subject to compliance with governing law and conformance with any related project approval.

8.2.2 Project Housing Fund. Contribution to a Project Housing Fund, which will be used to assist qualifying residents to purchase residential units in Development Phase One through opportunities such as down payment assistance, rent-to-own opportunities, purchase of buildable pads, and/or the purchase of units, including those specifically designed for senior citizens.

8.2.3 Educational Benefits.

(a) *Scholarship Funding.* Funding to assist youth (and/or adults up to a certain age) with the cost of tuition and/or educational materials for courses offered by colleges, universities, and/or technical and trade schools recognized by appropriate educational accreditors.

(b) *Education Improvement Funding.* Funding for education enhancements (distinct from the development or refurbishment of core school facilities), which may include new facilities or upgrades to educational resources to promote health and wellness (including e.g., new specialized sports facilities).

8.2.4 Health and Wellness.

(a) *Wellness Contribution*. Funding to subsidize facilities and/or programming associated with improving public health and wellness, which may, for example, include the creation/expansion of clinics, physical fitness centers and programming, access to healthy food, and pediatric programs.

(b) *Support of Access to Healthy Foods.* Funding and/or other support (e.g., subsidized or free access to commercial space) for access to fresh, healthy, locally-grown and

organic food by accommodating community gardens, farmers markets, and local markets.

(c) *Urban Agriculture.* Funding and/or other support for urban agriculture, including small crop production and community gardening in appropriate locations.

8.2.5 Business Development and Community Asset Building.

(a) *Insurance and Credit Support for Small, Local Contractors.* Financial support for a surety bond and credit support program for use by small, local contractors in connection with the Project. The program would provide security to assist in obtaining insurance and credit support that may be required in order to participate in the development of the Project.

8.2.6 Emerging Technologies.

(a) *Emerging Technologies.* Provide funding and/or commercial space to support facilities for emerging technologies, such as alternative fueling stations.

(b) *Electric/Autonomous Vehicles.* Implement street design, circulation system, and design benefits in order to enhance the use of electric and/or autonomous vehicles.

8.2.7 Resource Conservation and Restoration.

(a) *Public Education Programming.* Funding or development of programming to educate and inform residents about the unique natural resources within the Project area as well as ongoing conservation and restoration efforts.

(b) *Stewardship Programming.* Funding or development of programs to encourage community volunteerism and stewardship in the protection and restoration of natural resources.

8.2.8 Arts and Cultural Facilities and Programming. Funding or development of facilities and programming (in conjunction with appropriate Concord-based entities as identified by the City) to promote local artistic and cultural activities.

8.2.9 Library or Other Civic Uses. Funding for development by the City or non-profit organizations of a community reading room, library, or other similar civic uses.

9. CITY PARTICIPATION.

9.1 **General**. In addition to contribution of the EPIP Fund described in Section 8 above, Developer will make a contribution to the City through application of a profit participation formula to be selected by the City among two alternatives described in Exhibit F to the Term Sheet. One formula (Scenario 1 in Exhibit F) offers back-end participation at lower thresholds for the Developer's investment rate of return. The other formula (Scenario 2 in Exhibit F) offers guaranteed up-front annual contributions totaling $20,000,000 (approximately $2,000,000 per year commencing with first land sales by Developer) plus back-end participation at higher thresholds for the Developer's investment rate of return. Developer and City acknowledge the need to negotiate the terms for conveyance of property from the Navy. Any land acquisition payment required to be made to the Navy (which could include an up-front payment, a participation framework, or some other structure) would be considered a project cost for purposes of the Proforma.

Carlson, Barbee & Gibson, Inc.
CIVIL ENGINEERS • SURVEYORS • PLANNERS

EXHIBIT I

June 23, 2015
Job No.: 2431-000

Summary of Major Infrastructure
Stages 1- 3
Concord Reuse Plan
Concord, California

STAGE 1

- Site Preparation, Demolition and Grading
- Backbone Roads and 0.5 miles± of Willow Pass Road.
- Backbone Trunk Sewer and Off-Site Trunk Sewer (depending on availability of interim capacity within the existing system)
- Backbone Storm Drain Including Stormwater Quality and Detention Basins
- Backbone Potable Water, Zone 2 Reservoir and Off-Site Water Extension from Bates Avenue / Port Chicago Highway
- Backbone Recycled Water Mains
- Backbone Dry Utility System
- Fire Station
- Corporation Yard
- PG&E Substation Site

STAGE 2

- Site Preparation, Demolition and Grading
- Backbone Roads, Interim Connection to Panoramic Drive, Improvement of the Arnold / Port Chicago Highway Intersection and an additional Portion of Willow Pass Road
- Contra Costa Canal Crossings
- Backbone Trunk Sewer
- Backbone Storm Drain Including Stormwater Quality and Detention Basins
- Backbone Potable Water
- Backbone Recycled Water
- Backbone Dry Utility System

STAGE 3

- Site Preparation, Demolition and Grading
- Backbone Roads, Permanent Connection to Panoramic Drive and Improvement of the Panoramic / Port Chicago Highway Intersection
- Contra Costa Canal Crossings
- Backbone Trunk Sewer
- Backbone Storm Drain Including Stormwater Quality and Detention Basins
- Backbone Potable Water
- Backbone Recycled Water
- Backbone Dry Utility System

Attachment C

SPECIAL MEETING OF THE
CONCORD CITY COUNCIL/CITY
COUNCIL SITTING AS THE LOCAL
REUSE AUTHORITY
MUELLER URBAN VILLAGE
3550 MUELLER BOULEVARD
AUSTIN, TX 78723
FRIDAY, JUNE 5, 2015

The Concord City Council sitting as the Local Reuse Authority met in a special meeting at 7:40 a.m. for a site visit to Mueller Project, hosted by Catellus Development Corporation, with Mayor Grayson presiding. Vice Mayor Hoffmeister and Councilmember Birsan were in attendance.

Minutes follow in abbreviated form per Resolution 3361 and Council Minutes of September 26, 1966.

ROLL CALL

COUNCILMEMBERS PRESENT:	Edi Birsan, Laura Hoffmeister, Tim Grayson
STAFF PRESENT:	Valerie Barone, City Manager; Michael Wright, Executive Director, Local Reuse Project; Victoria Walker, Director of Community and Economic Development; Dahlia Chazan, Arup
MEMBERS OF THE PUBLIC WHO ADDRESSED THE COUNCIL:	None.

PUBLIC COMMENT PERIOD - none

CITY COUNCIL
MATTERS

INSPECTION OF REAL PROPERTY – MUELLER URBAN VILLAGE, AUSTIN, TEXAS

Note that Catellus staff provided several handouts and a video showing what is currently developed at the project. These are available on the Concord Reuse Project (CRP) website: http://www.concordreuseproject.org/

I. Opening of Public Meeting – 7:40 am

Mayor Grayson convened the Public Meeting, with Vice Mayor Hoffmeister and Councilmember Birsan present. Community member Mary Jo Rossi joined the tour. Valerie Barone, Michael Wright, and Victoria Walker represented City staff. Dahlia Chazan, planning consultant joined and has prepared these minutes.

Appended to these minutes is a brief overview of project basics and the Austin context provided to City Council participants in advance of the tour.

II. Breakfast and Mueller Overview at Mueller Center

Greg Weaver (Executive Vice President for Development and Mueller project leader) gave an overview, assisted by other Catellus staff members.

Following are key points of interest from this meeting:

1. At project initiation, Greg Weaver began to seek large employers, as such a component was important to the City of Austin. Key to success of this was what ultimately became the Dell Children's Hospital. Although the University of Texas initially did not want to participate in the project, the university ultimately did, in large part because of the hospital's participation. The hospital deal was reached before a Disposition and Development Agreement (DDA) was signed with the City of Austin, under a separate agreement, while the university agreement was included in the DDA.

2. The Lake Park was built early in the project, before most development, and served as an early amenity for the community. It is also a key part of the project's stormwater management program and is designed to fill above its usual level during heavy rainfall. It serves as a citywide amenity and draws visitors from across Austin and surrounding areas for events at the park and nearby hangar, as well as fishing and kayaking on the lake. Costs for the park were $9 million (7 years ago).
3. The project was designed to allow the density of built portions of the project to increase over time. For example, the surface parking at the hospital could be developed into structures in response to future needs. Structured parking at The Thinkery children's museum was built to allow additional levels to be added.
4. The Town Center will ultimately be a focal point of the project, in addition to the Lake Park, but they have just recently achieved critical mass to support development of the Town Center. They are focusing on creating an organic look and feel, using different architects for different buildings.
5. Catellus participates in a 4-step process to review proposed designs with the City of Austin, including review at a panel convened monthly of paid outside design professionals. Final review is through the City of Austin.
6. The project is overall LEED-certified (as a neighborhood development) and the buildings within it all meet LEED or a similar local standard, consistent with Austin's requirements. This includes the big-box stores near the highway. 95 percent of all construction-related debris has been recycled. The hospital is the first LEED Platinum hospital. Landscaping at the project uses recycled ('purple pipe') water.
7. Of the planned buildout of approximately 5,900 homes, approximately 1,000 have been completed, and others are under construction. Catellus, to date, has included 9 vertical homebuilders, of which 4 are small, local builders, and 5 are regional and national production builders. These builders all are required to participate in the affordable home program, and are all required to work in proximity to one another (rather than taking

large blocks to themselves). This has been done to ensure that different types of homes are interspersed with one another, including affordable and market-rate for sale homes. At buildout, it is projected to be 60 percent ownership housing and 40 rental housing.

8. The development program has been modified since project inception primarily to include more retail (big box near the highway), largely at the request of the City and community to provide sales tax to support amenities desired by the community.

9. Local participation influenced the outcome substantially, from the restoration of a portion of Blackland Prairie, proposed by the Ladybird Johnson Wildflower Center to the Smart Grid/Pecan Street project sponsored in partnership with the University of Texas.

10. Catellus, while not locally-based, hired many local staff to support its operations at Mueller, and all staff work on-site in a building converted from the former arrivals facility of the airport shuttered on the property.

11. All parks in the project are managed by the property owners' association, although all are publicly accessible (not restricted to Mueller residents). This has allowed them to have a higher level of flexibility about programming and higher-quality amenities than if they were maintained by the City of Austin. In addition, Catellus provides staff support for programming at the parks. Parks and open spaces are designed to fit in with those in neighborhoods surrounding the project, and also serve as a buffer to existing neighborhoods.

12. The City of Austin maintains all other public services, including roads, underground utilities, and storm drainage, following construction by Catellus. All utilities have been put underground. The City of Austin provides emergency response services using a fire station already found at the former airport; no police facility has been constructed. Austin has roadway specific property tax allocation.

13. There was quite a bit of discussion of the deal structure between the City of Austin and Catellus. The following summary has been prepared in consultation with Catellus staff:

    The Catellus structure (in Austin, and proposed in Concord) provides that Catellus is entitled to the greater of 15% of revenue or a 15% IRR on money Catellus advances for project costs such as infrastructure. Catellus advances project costs using its own money. For any land sale revenue, Catellus receives 15% as a fee and the remaining revenue goes into a "project escrow account." The project escrow account is then used to reimburse Catellus for any money advanced to pay for prior project costs and also set aside for future project costs. Separately, an accounting will be made of all money advanced by Catellus and reimbursed out of the project escrow account including the 15% fee paid to Catellus. To the extent that the money reimbursed to Catellus from the escrow account, including the 15% fee to Catellus, is not enough to provide Catellus with a 15% IRR on the money it advanced, then – only to the extent there are additional funds in the project escrow account - Catellus would be entitled to additional monies from the project escrow account to get Catellus to a 15% IRR.

    In Austin, based on the performance and phasing of the project, the 15% fee appears sufficient and Catellus will not be entitled to additional monies. The City of Austin has pledged tax increment to Catellus to reimburse for project costs to the extent land sales do not provide enough revenue. Although Austin has floated some bonds and deposited the proceeds in the project escrow account, based on the performance and

phasing of the project, the amount of tax increment necessary to reimburse the developer for project costs will be substantially below the total amount of tax increment available. It is also worth noting that there will be substantially more tax increment available to the City than originally forecasted because property values have increased more than anticipated.

III. Van Tour of Mueller Project

On the van tour, participants had a chance to view parts of the project currently under construction, newly opened, and completed in the past several years. This gave a good sense for how trees, yards, and other features that mature over time will look at ultimate buildout.

Following were a few highlights of the tour:

1. Alley-loaded single-family residential neighborhood (some have secondary ('granny') units above garages. Two- and three-story houses.

2. Cycletracks. Some streets have cycletracks built in for bicycles, and some built early on are being retrofitted with cycletracks.

3. Public streetscape design.

4. Pecan Street demonstration smart grid project. (no photo)

5. Former airport control tower retained as visual point of interest.

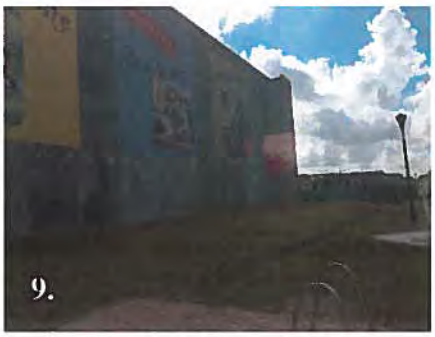
6. Multifamily housing. Generally 4-story building heights. Most has ground-floor retail, and all existing ground-floor retail is occupied.

7. The Thinkery – a relocation of a longstanding children's museum previously based elsewhere in Austin.

8. Public art. (Not seen, but discussed, are solar sunflowers near the big box stores, which serve as both public art and renewable energy supply).

9 Wrapped parking garage. This is a 'before' picture, and elsewhere the tour visited an 'after' with micro-apartments between the garage and roadway.

10. Bocce (pétanque) court set up at the request of the former Mayor, who is the head of the local pétanque organization, also headquartered at Mueller. (no photo)



11. Senior housing project (Wildflower Terrace), which is primarily affordable (90% of units for seniors with incomes at 30 to 80% of area median income), with the remainder of the units rented at market rate. (no photo)

IV. Meeting with Mayor Adler

Mayoral advisors Sherri Greenberg and Kerry Tate participated, as did the Mayor's Chief of Staff, John-Michael Cortez. Catellus staff did not participate in this meeting or others through adjournment of the Public Meeting.

The Mayor noted that he was happy with the choice of Catellus as developer and did not think you would find anyone who was not happy with the choice. He has found them to be easy to work with, to help push the envelope, to think outside the box, and to improve upon the City's plan. Although there were initial concerns about the amount of retail, the City has found that the retail that was developed has had an overall improvement on the City's retail environment. And, the project, as a whole, has had a beneficial impact on the community, resulting in improvements in surrounding neighborhoods. He has found the walkable community at Mueller to be a new concept that has given form to the concept of a more sustainable community, so they have something tangible to talk about when discussing the concept. He has also found the project to spark good discussions about gentrification and affordable housing – it has not completely solved those issues, and he would like to keep working toward solving them. Finally, the project is drawing attention (positively) to a part of the City that had previously been somewhat overlooked, and has made that part of town into a destination for people from all parts of the City, all ethnic/socioeconomic groups. In general, new residents are ethnically and culturally diverse, representing the spectrum of Austinites. One partial exception to this is Hispanics, some of whom have found the limited capacity to expand single-family homes to accommodate extended families to dissuade them from moving to the project.

The Mayor (and others) noted that one challenge on the project is the quality of the local public schools, which have been a concern for both potential applicants for affordable housing, as well as for the market-rate housing. This is an ongoing concern, and an issue they have not solved. They have encouraged community involvement in the schools, and the issue is partially mitigated by the Austin school district's liberal policy allowing transfers within the district, so some residents are able to choose schools in other parts of the City. Despite this issue, homes at the project have all sold before construction was completed.

With both the Mayor and other participants in this meeting, there was an extensive discussion of the approach to providing affordable housing in partnership with the Mueller Foundation. The Foundation uses funds from a fee on all real estate sales (commercial and residential) to support provision of affordable (for-sale and rental) housing. Rental housing is included in all rental projects and residents must annually recertify that they qualify – this process is managed by Habitat for Humanity. For-sale affordable units are sold to qualified buyers with a 'silent second' for the difference between what the buyer can afford and the market price – originally the program was set up to allow participants to sell their units and receive the proceeds from increases in home value based on their level of investment in the homes. This approach has been changed to limit the proceeds to 2% simple interest based on the level of investment by participants. These systems were developed in consultation with national experts through a process supported by Catellus.

V. Meeting with Brewster McCracken – former 8-year Austin Council member currently with Pecan Street, Inc.

Mr. McCracken noted that his focus on the project has been to bring his background in urban planning to bear on ensuring project success. He confirmed that the project densities were at City and resident request, primarily because this approach supported additional provision of affordable housing. His only lesson learned in this regard was that they might have made the building heights more flexible to allow some additional height in one or two districts.

He found that Catellus worked well with the local single family developers who were initially concerned about the development types proposed in the project, and that ultimately strong demand was found for the project.

He has found that the project's initial claims have come to fruition – community members do know one another and interact more so than in other neighborhoods in Austin, and water use is lower.

Nearby neighborhoods fought for and achieved restrictions on roadway connections between Mueller and existing neighborhoods. This has not been as successful as hoped because as project buildout has progressed residents of nearby neighborhoods have found that they want to visit destinations on the site (parks, shopping, and other services) and would like to be able to access them more directly.

Mr. McCracken described the Design Book as important for fostering the ultimate outcome of a variety of design types, but with some minimum specifications, such as for porches and other features.

He participated in the negotiations with Catellus after they were selected as the master developer (to prepare a DDA) and described those negotiations as primarily focusing on engineering questions that had not previously been investigated, and not contentious between the City and Catellus. Mr. McCracken also noted that during these negotiations they had support from financial advisors and ROMA Design that was very helpful in understanding the details of the agreement. Overall, most interactions with the Catellus team were handled by staff, with major policy choices brought to the City Council.

VI. Meeting with Pam Hefner (Redevelopment Project Manager) and Greg Canally (Deputy Chief Financial Officer)

Mr. Canally explained key features of the financial agreement with Catellus:

1. The City of Austin did not want to take any financial risk on the project, nor did they want Catellus to have an opportunity for a windfall, so they share in the profits. The City has not spent any General Fund money on the project, although the City has needed to upgrade infrastructure in nearby places to support development at the site.
2. They worked together to estimate total project costs and then identified land sales as the way those costs would be paid for.
3. Catellus pays project costs up front, and once they have paid a defined amount the City issues bond debt secured by the tax increment financing (TIF) district.
4. Currently, the City's General Fund is benefitting from the project, with sales tax revenue exceeding the amount it is paying to service bond debt.

5. The City holds land until Catellus is ready to sell it at market rate. Because they share in the proceeds Catellus is incentivized to get a good price.
6. The City has been protected through various changes in ownership of Catellus because it ultimately holds the land, without which the project cannot be completed.

Ms. Hefner explained key features of the disposition and development agreement (DDA) with Catellus:

1. It contains built-in triggers for Catellus, so they cannot cherry-pick only the portions of the development with the greatest value.
2. It was structured to allow for built-in flexibility, so that small changes can be made at a staff level.
3. If issues arise that need to be documented, they prepare 'comfort letters' that can be agreed to on the side of the DDA, without opening up the DDA for new discussion.

Ms. Hefner also discussed staffing to support the project, which is currently staffed by three people who focus solely on the project and are supported by staff throughout the City. Much of the work of this three-person team is to resolve issues as they arise and keep project review moving forward.

VII. Meeting with Jim Walker

Mr. Walker has been involved with the project as a resident of a nearby neighborhood since the mid-1990s. He brings his background as an urban planner to his work on the project, which has in the past several years included sitting on the Mueller Commission, a citizen advisory body, which meets monthly and advises the City Council. The Commission represents the 16 neighborhoods (each with a neighborhood organization) that surround the project. He also was a non-voting member of the selection panel that ultimately selected Catellus versus a team consisting of local development interests. Following are key points of interest from this meeting:

1. Mr. Walker described the participation of Greg Weaver and other Catellus staff as key to the project's success – they participated meaningfully in numerous (150 in the first year) meetings with the community: staff who attended meetings listened and adjusted the project in response to what they heard, rather than sending an outreach person who was unable to influence the project.
2. The City hired ROMA Design Group to prepare the Design Book for the project before issuing a request for proposals (RFP) and included the Design Book in the RFP.
3. Having the project's goals defined early on has given the community and decisionmakers a touchstone, and has helped foster agreement when discussion of more specific aspects of the project such as building types needed to take place. The goals are:
    a. Fiscal Responsibility
    b. Economic Development
    c. East Austin Revitalization
    d. Compatibility with Surrounding Neighborhoods
    e. Diversity & Affordability
    f. Sustainability

4. The Mueller Commission serves as citizen's advisory commission to the City Council, and has been in existence since before development was initiated. The Commission was initially formed with representatives from relevant professions such as architecture and real estate financing. They have recently taken a new approach of having each of the City Councilmembers and the Mayor appoint a representative, who does not have to live in the corresponding Councilmember's district. The Commission generally takes the approach of resolving issues with respect to ongoing project development so they can make a unanimous recommendation and have the item ultimately approved on consent by the City Council. The Commission is staffed by Pam Hefner.
5. Catellus reports regularly to the Commission. Mr. Walker found that Catellus staff working on the project supported community/neighborhood organization trust and participation in the project.
6. During the Great Recession Catellus requested a reduction in the affordability ratio because affordable and market rate units had similar prices. The Commission recommended to the Council that no policy change be made, and the Council retained the 25% affordable policy.
7. Asked if there was anything he'd do differently, Mr. Walker discussed the potential to structure affordable housing differently and the potential to build at higher densities if there had been additional transit. He noted that the densities were supported by adjoining neighborhoods so long as they were supported by associated levels of transit and that this is monitored via annual traffic counts.

By order of the Mayor, the meeting was adjourned at 3:25 p.m.

_____
TIMOTHY S. GRAYSON
MAYOR

_____
JOELLE FOCKLER, CMC
CITY CLERK

Attachment C

REGULAR MEETING OF THE
CONCORD CITY COUNCIL/
CITY COUNCIL SITTING AS THE
LOCAL REUSE ATHORITY
GREAT PARK PROJECT – FORMER
EL TORO MARINE CORPS
AIR STATION
IRVINE, CALIFORNIA
WEDNESDAY, JUNE 17, 2015

The Concord City Council met in a regular meeting at the Great Park Project (former El Toro Marine Corps Air Station) in Irvine, CA at 10:11 a.m. on Wednesday, June 17, 2015, with Mayor Grayson presiding. Minutes follow in abbreviated form per Resolution 3361 and Council Minutes of September 26, 1966.

ROLL CALL

COUNCILMEMBERS PRESENT: Edi Birsan, Laura Hoffmeister, Tim Grayson

STAFF PRESENT: Valerie Barone, City Manager; Michael Wright, Executive Director of Local Reuse Authority

MEMBERS OF THE PUBLIC
WHO ADDRESSED THE COUNCIL: None.

PUBLIC COMMENT PERIOD

INSPECTION OF REAL PROPERTY

I. Opening of Public Meeting – 10:11 am

Mayor Grayson convened the Public Meeting, with Councilmembers Grayson, Hoffmeister, and Birsan present. Community members Mary Jo Rossi, Brian Holt, and Rosanne Nieto joined the tour. Valerie Barone and Michael Wright represented City staff. Dahlia Chazan, planning consultant joined and has prepared these minutes.

1. Meeting with Councilwoman Shea (Also Chair of Great Park Corporation Board of Directors)
2. Councilwoman Shea gave an overview of her experience with the Great Park Project. Following are key points from that discussion:
3. The transition from military base to the current project was a long one, starting with the announced base closure in 1993. There was significant controversy over future land uses at the base, including a campaign to convert it into a new airport to serve Orange County. Ultimately, in 2001, the voters of Orange County approved Measure W, which called for the base to be converted into a regional park with multi-use development surrounding it. Following this vote, the City of Irvine annexed the land. The regional park was branded as the Orange County Great Park.
4. The former base was divided into four parcels by the U.S. Navy to be auctioned

to create the Orange County Great Park and surrounding development.

5. In Councilwoman Shea's view, the City of Irvine benefitted when Lennar was awarded the contract to purchase all four parcels by the U.S. Navy, for a price of $650 million, because it allowed the whole site to be masterplanned together. This is consistent with the history of Irvine, which is a masterplanned community developed by the Irvine Corporation.

6. Following Lennar's purchase of the four parcels constituting the base, Lennar conveyed the 1,400 acres designated for the Great Park to the City of Irvine, and retained the land designated as surrounding 'Great Park Neighborhoods'. In addition, Lennar gave the City of Irvine $200 million in seed money to initiate development of the Great Park.

7. Following the dissolution of Redevelopment Agencies by the State of California, and the expenditure of much of the $200 million in seed money, the City of Irvine did not have a clear path to completion of the Great Park. Negotiations with Lennar resulted in an agreement in which Lennar's plan was modified to include the development of additional housing within the original developed-area footprint in exchange for implementing 688 acres of the Great Park plan. The value associated with building additional homes supported construction of the sports park portion of the Great Park plan. Following construction of this portion of the Great Park, it will be turned over to the City of Irvine.

8. The following summary of the City of Irvine's financial arrangement with Lennar (doing business in El Toro as Heritage Fields El Toro LLC) has been prepared in consultation with Lennar staff:

   Heritage Fields El Toro, LLC purchased the Former MCAS El Toro from the US Department of Navy in 2005. Concurrent with the acquisition, the Developer entered into a Development Agreement with the City of Irvine, granting it vested development rights for its project. In consideration for the vested rights granted under the Development Agreement, the Developer agreed to pay the City $200M in Developer Fees and donate roughly 1,200 acres of land to be developed by City as the Orange County Great Park. These fees and the land dedication offset Quimby Act requirements and several other standard City impact fees. The Development Agreement also contemplated the formation of a CFD to fund and build approximately $201M of Joint Backbone Infrastructure (i.e., infrastructure jointly serving the public Orange County Great Park and the adjacent private development).

   Since Heritage Fields El Toro LLC (Lennar) purchased the four separate parcels of land auctioned by the Navy, the City and Heritage Fields (Lennar) agreed to amend the Development Agreement to, among other things, transfer responsibility to construct the Joint Backbone Infrastructure to Heritage Fields (Lennar) (instead of the City), and to have the costs reimbursed by the CFD as it had planned to be when the City was responsible to construct the Joint Backbone. As part of the Development Agreement amendment, the City and Heritage Fields (Lennar), agreed to a "waterfall" financial arrangement where

each year, CFD special taxes would fund in the following priority the following uses: first, a Park Maintenance Amount, second, Joint Backbone Infrastructure funded either through bond proceeds or special taxes, third, an additional Park Maintenance Amount (funded for approximately 40 to 50 years), lastly, the special taxes beyond this amount are split by the City and Heritage Fields (Lennar). The split at the back end of the waterfall to which Heritage Fields (Lennar) is entitled must still be used to fund public improvements authorized under the CFD/Mello-Roos Act, not private uses. In addition, Heritage Fields (Lennar) builds and sells finished home sites on the 2,000 acres that remain in its ownership (rather than City ownership as is the case for the Great Park). These 2,000 acres are the basis of the business plan and, other than Mello-Roos and other public benefits, which are considerable, the City does not participate in the financial proceeds of the private development.

9. Lennar is currently working on revisions to the design of the remainder of the Great Park, generally consistent with the original approach, and will then work with the City to determine if future development can support implementation. This latter portion of the Great Park is slated to be the Cultural Terrace. The expectation is that cultural uses will be public-private partnerships, with the City's contribution in the form of reduced lease rates for the properties.

10. As a lesson learned, she identified the approach of having the developer construct the park and then return it to the community as a better approach than the City taking on the leadership of park implementation. Lennar representative Emile Haddad noted that the original arrangement was in part an artifact of the Navy's approach to auctioning the base in four separate parcels. If four different developers had purchased the parcels, it would have been impractical for them to collaborate on the implementation of the Great Park plan. Similarly, the City would have benefitted more from creation of an up-front public amenity provided by Lennar, as opposed to the seed money received in this case.

11. Local hire was not specified in the agreement, although Lennar's practice is to hire locally; in terms of hiring of vertical developers, it was viewed as primarily an issue for the Council to ensure there was support for a competitive process for selection of vertical developers.

12. Affordable housing is required to represent 15% of the project, with a distribution among the different income levels specified. All of the affordable housing is expected to be rental, which is largely driven by market conditions. Also, the City of Irvine is providing below-market ownership housing via homes that purchased inexpensively by a City-initiated land trust during the recession and restricted to low-income owners in perpetuity.

13. During the recession, Lennar did undergo some restructuring, but did not appear to reduce commitment to seeing the project through.

14. Changes to the plan for the Great Park have been to make it more practical and buildable. They have not reduced the overall size of the Great Park.

15. Decisions about development of the Great Park Neighborhoods goes through the City's regular planning process, including review by the Planning Commission. The City Council delegates negotiations with Lennar about Great Park Neighborhoods to a subcommittee of the Council, which is then supported by the Planning Commission and City staff to prepare agreements. There has not been a dedicated advisory body, although input from the community has been solicited.
16. Many decisions about development at the Great Park go directly to the City Council, or to the City Council sitting as the Great Park Committee. This is generally working well.
17. Meeting with Emile Haddad (CEO of Five Points Communities, a Lennar-affiliated company implementing the Great Park/Great Park Neighborhoods projects), Lynn Jochim, Great Park Neighborhoods project director, and other Lennar/Five Points staff
18. Following are key points of interest from this meeting:
19. Mr. Haddad has been working on large land development deals for 30 years, including a focus on redevelopment of closed military bases.
20. Lennar worked closely with its investors to pursue the auction when the Navy sold the land. Those investors now form the board from which they request approval for investments.
21. Lennar is currently working on two neighborhoods:
22. Pavilion Park: 8 builders; 10 product types; Lennar constructing 30% of total development. This neighborhood is mostly complete and all of the approximately 1,000 homes have been sold.
23. Beacon Park: 10 builders; 15 product types across a wider range of densities; 4 of the product types being constructed by Lennar; includes a K-8 school which Lennar is funding and will seek reimbursement from the State of California. This neighborhood is under construction and will have over 1,000 homes upon completion.
24. In addition to the neighborhoods, Lennar is collaborating with the Irvine Company on the construction of a new High School.
25. In response to the City of Irvine's desire to retain Broadcom, a top employer in the City, Lennar negotiated a deal with the company to build a corporate campus of approximately 2 million square feet. This will ultimately house approximately 8,000 jobs.
26. Lennar is currently constructing the 688 acres of the Great Park, of which the sports complex is 175 acres. This project includes removal of the runway, and is currently ahead of schedule. The sports complex is expected to include both professional and recreational facilities, as well as retail and hotel uses. All of this will be handed over to the City. Operations and maintenance will be supported by a community facilities district (CDF), and professional sports tenants will lease from the City. Lennar's contribution is the completion of the

vertical development.

27. Development at the Great Park is under a cap of average daily vehicle trips, so as long as development can be shown to be consistent with that cap, changes to the land use program can be made (subject to regular approval processes and CEQA).

28. Vertical developers are selected based on their experience with the relevant product types. They primarily work with national/publicly-owned development companies, although some of those are local, having started out doing vertical development for the Irvine Company.

29. Lennar focuses on providing a mix of uses, housing for different generations, levels of affordability, and types of development. Specifically, the company is interested in mixing affordable housing with market-rate housing.

30. Timing of completion of development (such as the first phase) depends on market cycles.

31. Lennar, if selected, would create a local team to focus on Concord, with an office of 40 to 50 people. The first order of business would be to complete negotiations with the Navy, which would be completed by senior staff. Following that would be the design and implementation of the plan. These senior people would be supported by lobbyists connected with government at all levels, from local/regional to national, as well as legal, environmental, and remediation experts.

32. Regional parks experience: At Windermere, Lennar worked with the East Bay Regional Parks District on the establishment of a new park. In El Toro, Lennar is working immediately adjacent to the Limestone Canyon Regional Park, and is creating a wildlife corridor to connect the Cleveland National Forest to the beach.

33. In the Great Parks Neighborhoods, the local parks are operated by the homeowners' association (HOA), and are accessible to the public. Each has a different theme, and all will be connected via a paseo.

34. Beyond the two neighborhoods complete/under construction, Lennar is currently negotiating with the City of Irvine about development at the Irvine Amtrak station, as well as for possible office park uses near the upcoming Broadcom headquarters and a multi-disciplinary science center for UC Irvine.

35. As grading was starting, existing large trees on the site were boxed and stored off-site to be returned when development began. This has allowed new neighborhoods to have some mature trees.

36. As each neighborhood is developed, they have the builders create all the model homes on one block, around a park, so potential homebuyers can walk from home to home to compare them.

37. Public Meeting Recessed – 1:17 pm

38. Public Meeting Reopened – 1:32 pm

II. Meeting with Mayor Choi and Planning Commission Chair Kuo

Mayor Choi and Planning Commission Chair Kuo responded to questions about the project and gave some background based on their experience.

The Mayor emphasized that it has worked out that Lennar received all four parcels in the Navy's auction and that the City has thus far been pleased with how the project has come out. The housing has been consistent with expectations, and Lennar has gone a step further in some ways by adding bicycle trails and providing some larger lot sizes than were expected. There was not much challenge in incorporating the villages into Irvine as a whole because the whole city is set up as a series of villages similar to those created by Lennar.

Chair Kuo emphasized that Lennar often responded to requests from the City with agreement, and suggestions for a new or different way to achieve the same end.

III. Van/Walking Tour of Great Park Neighborhoods

On the tour, participants had a chance to view the nearly-complete Pavilion Park neighborhood, as well as the under-construction Beacon Park neighborhood. In both cases, Lennar has/will develop a meeting space that serves as a facility for marketing the homes, and then turns it over to the community as meeting space. Each neighborhood has a theme. Pavilion Park's theme is agriculture. The lots are from 4,000 to 7,000 square feet, and all homes are solar-ready, including orientation of the streets. The neighborhood is served with reclaimed water for landscaping. Home prices are comparable to the rest of Irvine. Beacon Park will have a K-8 school, and a wider range of home types, including more high-density and attached housing than Pavilion Park.

Following were a few highlights of the tour:

1. Single story homes – these are the first in Irvine in recent years and are part of the effort to create a multi-generational place.
2. Single family homes

3. Senior affordable housing under construction. Units are for low- and moderate-income residents.

4. Mature trees, removed from the site prior to grading and returned as construction was coming to a close.

5. The runways from the former air base have been removed and ground up and are stockpiled to serve as future road bed. And metal components from the former air base are incorporated in the Pavilion Park.

6. Bicycles are provided with each home purchase.

7. Play areas designed for exploration.

IV. Meeting with Mayor Pro-tem Lalloway and Tom Neilsen (former head of the Irvine Company)

Mayor Pro-tem Lalloway responded to questions about his experience with the El Toro project. He noted that throughout the process of going from the original Great Park plan to the current progress on the Great Park and Great Park Neighborhoods there has been a focus on retaining the key features of the project. The community strongly supports the Great Park and wants to see it built, so that has helped to generate support for neighborhood development. The Great Park has been very visible in the community, with substantial outreach, and a non-profit created to provide community support.

In negotiating with the Lennar he found one of the biggest challenges was to really develop an understanding of the project, and particularly the financial deal that was being proposed. Talking with experts about how the deal was structured was very helpful.

He also noted that he has been impressed by Lennar's vision and creativity, including how the new homes and commercial areas fit with one another and relate to the Great Park.

Affordable housing is a struggle in Irvine because of the high home prices. For this reason they focus on rentals, including them in projects throughout the city so they are not concentrated in one place. They have not had a particular focus on any one type of affordable housing, except that now they are starting to look specifically at housing for veterans.

Staffing to support the Great Park Neighborhoods portion of the project has been via the City's planning and design staff, while the Great Park has been staffed by a separate CEO.

Asked about local hire, the Mayor Pro-tem responded that his focus has been on getting the best bid at the best price. For the most part with builders this has meant they have some kind of local presence, but it is not a requirement.

Mr. Neilsen responded to a question about Lennar's strengths and weaknesses to say that the company's

creativity has been a real strength, and that he could not off the top of his head think of a weakness but was not familiar with the entire company.

By order of the Mayor, the meeting was adjourned at 4:02 p.m.

_____
TIMOTHY S. GRAYSON
MAYOR

_____
JOELLE FOCKLER, CMC
CITY CLERK

Attachment C

SPECIAL MEETING OF THE
CONCORD CITY COUNCIL/
CITY COUNCIL SITTING AS THE
LOCAL REUSE AUTHORITY
ALAMEDA LANDING
ALAMEDA, CALIFORNIA
MONDAY, JULY 27, 2015

The Concord City Council met in a special meeting at the Alameda Landing in Alameda, CA at 12:30 p.m. on Monday, July 27, 2015, with Mayor Grayson presiding. Minutes follow in abbreviated form per Resolution 3361 and Council Minutes of September 26, 1966.

ROLL CALL

COUNCILMEMBERS PRESENT: Edi Birsan, Laura Hoffmeister, Tim Grayson

STAFF PRESENT: Valerie Barone, City Manager; Michael Wright, Executive Director of Local Reuse Authority

MEMBERS OF THE PUBLIC
WHO ADDRESSED THE COUNCIL: None.

PUBLIC COMMENT PERIOD
None.

INSPECTION OF REAL PROPERTY

I. Opening of Public Meeting – 12:30 pm

Mayor Grayson convened the Public Meeting at 12:30 p.m. with Councilmembers Laura Hoffmeister and Edi Birsan present. Community members Rosanne Nieto, Ray Barbour, Joel Devalcourt, Margart Hanlon-Gradie, Matt Leber and Seth Adams were transported to the site. Kevin Franz, Danielle Barcena, Mike Alfieri and Kenneth Jones joined the tour on location. Valerie Barone, Michael Wright and Pamela Laperchia represented the City staff.

The tour started at Ruby Bridges Elementary School where members from Concord were introduced to Catellus staff and the City of Alameda staff. Catellus representatives were Steve Buster, Ted Antenucci, Bill Hosler, Sean Whiskeman, Tom Marshall, Greg Weaver, Bill Kennedy, Debra Paul, Mike Kuykendall. Debbie Potter, Community Development Director, Andrew Thomas, Planning for the City of Alameda and Councilwoman Marilyn Ezzy-Ashcraft were present as well.

The tour started with a walk through a portion of the Alameda Bayport community. After viewing several product types and open space areas, the group boarded the bus and drove through the balance of the Bayport community. Special note was given to two affordable housing projects.

Homes in Bayport and community green spaces

From there, the tour group boarded the bus and toured the Bayport development. Steve Buster pointed out the affordable housing sites, The Breakers and Shinsei Gardens. The tour then progressed to a new commercial/retail site that is part of the Alameda Landing project. Catellus provided an overview of several projects. Tour participants also heard from City staff (Debbie Potter) and Alameda Councilmember Marilyn Ezzy-Ashcraft. The following questions and answers were generated throughout the public meeting.

Questions from public and Council:

Kenneth Jones – How many different buildings in this Phase of Bayport? *Catellus is the master developer for the 485 unit subdivision which is single family homes; there is 46 moderate income units for sale throughout the project; Catellus was a partner in terms of additional funding of 101 very low/low income rental units; one project is 52 units and another project is 39 units, and another 10 affordable townhomes. Meets the 25% inclusionary requirement that dispersed throughout the subdivision.*

Edi Birsan – In terms of the affordable housing, who owns the title on the rentals. *RDC owns both of the rental properties.* That is like 2/3 of the affordable housing is in that property. *Yes, in two separate buildings.*

Laura Hoffmeister - The construction of the houses, were those built by Catellus or did you have other developers come in? *The Bayport market rate homes were built by Warmington Homes. RDC built the affordable in this phase. The next phase is TRIPointe Homes.*

Laura Hoffmeister – Did the horizontal include the interior streets on the residential or was that done by the vertical builder? *Some of both, in tract public streets were built by Catellus.*

Laura Hoffmeister – You are doing the waterfront mix use as well? *Yes.* And then the two other residential as

well. *Those are being done by TRIPointe Homes, we did the infrastructure work. TRIPointe is building more homes, the last phase remaining is 20 acres on the waterfront.*

Laura Hoffmeister – Confirm in Bayport Warmington the vertical houses, and RDC who did the affordable? *Yes, that is right.* So then TRIPointe is the other two? *Right, we compete all vertical development to get the best deal for the project and the City.*

Edi Birsan – Everything is two stories? *Generally yes, although the latest phase has models that are three stories.*

Laura Hoffmeister – How do you get the cars off the streets? *It is a constant challenge. We put conditions in CCR's…red curb/no parking. Design the streets to not allow for a lot of parking. It is a balancing act.*

Laura Hoffmeister – Is this close to what you had as a community vision? *Yes, very close. Initially there was a vision there would be more office space but not as much retail, that was a change along the way. Sales tax rev was desirable. Strong demand for Target on the Island and was able to accommodate that but everything else was originally visioned.*

Mike Wright – Who maintains green open spaces? *It is HOA maintained.*

Valerie Barone – What is happening with homes prices here, where are they and are they going up? *They have done really well here. Great area, great neighborhood, bigger homes. One active listing here is 2800 sq ft is $1.15M. Pricing is consistently going up. The project architecture resembles other parts of Alameda.*

Kenneth Jones - Any ongoing monitoring, like well monitoring? *There are wells throughout the project that have been monitored and continued to be monitored.*

Kenneth Jones – Where there any big surprises? *Typical of a military base redevelopment there have been some surprises but by the time we have all of the final mitigation measures and have a work plan for everything we could run into, surprises are mitigated.*

Laura Hoffmeister – Was there anything that came up during the process that was not expected from the community as the progress goes along? *First conceptual plan for this area had a lot more office use and less retail but we had to be mindful of the economy. Came back to planning department saying we wanted to shift usage and this is what we want it to look like. Not anticipated as far as surprises, we always anticipate traffic concerns, comes up every time. Some concerns with big box store but worked with labor and Target. You just have to be flexible.*

Laura Hoffmeister – What about Catellus? What was their approach in addressing people with those concerns and issues? How did Catellus respond or what was their approach in addressing those? *Councilmember Ezzy-Ashcraft indicated Catellus was always responsive and they worked with City staff to get things moving in the right direction. Catellus feels there is no point in trying to sell people something they don't want so you might as well be responsive and receptive.*

Edi Birsan – The transfer process, has been going on for decades, what was your interaction with the Navy and Catellus? How did that partnership work between the City staff? What did Catellus do for you in that transition phase, what was their roll and the transfer process? *It is a little different than the situation in Concord. Bayport (East Housing) was an early transfer PBC, FISCA (Alameda Landing and the Waterfront) was conveyed by special legislation so didn't go through reuse authority. Because this wasn't part of BRAC, Catellus was not heavily involved with conveyance. The City received this land as a no cost transfer, City then conveyed the land to the RDA so the RDA was able to do it's development deal with Catellus. It was all done before RDA went away. Catellus did work with the Navy throughout cleanup, getting all of the approvals, just not with the initial transfer.*

The Navy doesn't move exactly the same time line on the environmental cleanup, there were a lot of coordination and work-arounds to make deadlines. Tons of coordination on the cleanup piece. The Navy is on

a different schedule than the real world so you spend a lot of time strategizing about that.

Laura Hoffmeister – What was Catellus' role or did they have a roll in that particular circumstance you just outlined? Was it mostly City staff or was Catellus taking the lead? *Catellus was responsible for bringing all of the backbone infrastructure to the site, doing all of the soil treatment and getting it ready for sale this required very close coordination with City staff.*

Edi Birsan – Was there a formalized structure committee that stood between the City Council and the developer? *There was a base reuse advisory group that was put together right when the Navy announced it was closing in the mid-to-late 90's, that advisory group worked on the community reuse plan but several years after the reuse plan was approved, the Council disbanded the group and the project after that really went the through the City's typical development process working with the planning board and then on to City Council.*

Edi Birsan – The residential area has an HOA, I'm assuming it is required for anyone? *Yes.* You also showed us the rental area, how does those residence fit in in terms of representation, how is their voice heard? *The apartment projects are not part of the HOA but there is close coordination because there are some shared streets and some other amenities that are shared so there is onsite property management. It is really professional staff at the apartment projects that coordinate with the HOA.*

Joel Devalcourt – In terms of residential inclusionary percentage between the first phase, second phase and third phase, can you describe how that came in? Maybe that was part of your negotiations with the City? *The 25% inclusionary at Bayport, when Catellus first got its entitlements in 2000. However, the City was sued on its CEQA documents and there was a settlement agreement and the settlement agreement reaffirmed a 25% inclusionary housing target. When the entitlements went through for a mixed use project then TRIPointe applied for a density bonus and to qualify for their density bonus, they had a 16% inclusionary obligation pursuant to the density bonus ordinance.*

Laura Hoffmeister – Who filed the CEQA lawsuit against the City? *Renewed Hope and ARC Ecology. A collation of affordable housing and environmental advocates.*

Margaret Hanlon-Gradie – How do the shuttle buses to mass transit work? How long have they been in operation? Who is running them and what the plans are to tie up with other public transit? *Big transportation demand program is in place and the shuttle is one piece of it. The whole program was required to be up and running when Target opened. The shuttle has been running since day one and has about 100 people taking it every day to the 12th Street BART station and back in the morning and evening commute hours. So that is 100 people a day just based on the retail center and some of the residents of Bayport. The shuttles are privately run by Catellus.*

Laura Hoffmeister – Who runs the shuttle, is that through an agency or a private organization? *It is a private company until such time AC Transit has service out here that will go from Alameda Landing to 12th Street BART.*

Laura Hoffmeister – Who is picking up the cost for that? *It is GAP funded by Catellus and eventually funded by all of the retail operators and residents, an annual small amount to transportation.*

Laura Hoffmeister – Is that in addition to their community facilities fee? *Yes. There is a list of fees. The other requirement is all of the residents will be given free bus passes that are provided through the assessment. It is free to the City.*

Valerie Barone - We have talked about a lot of different fees, can you run down the fees if you own property here, what are you paying? You have your community facilities, you have HOA, your transportation, what all are they paying? What is the impact? *Municipal services district, which is for the maintenance of the public infrastructure, there is an HOA fee for the maintenance of the private roads and common areas. There is a community facilities district which is funding the capital improvement, the backbone infrastructure, a TDM program to fund the transportation program. All of this is part of the program to be fiscally neutral. There are another set of fees the developer pays to help offset. We can get you a list of both sets of fees.*

Tim Grayson – As far as the financial agreements between the MD and the City, has it pretty much unfolded the way it was put up front or have there been some significant impacts that have changed things financially for the relationship between Catellus and master developer? *It is constantly evolving, we will lay out a proforma from day one on all of these projects you do the best job you can in identifying where the issues are but different things come up and we did think initially coming in this would be highly desirable for office and it ended up the market just wasn't there. So it is constantly changing, the infrastructure costs were very expensive here, much more so than it would likely be in Concord in terms of the soil and the issues that are underground here are very challenging. We are not yet done with it and we don't know where we are going to end up with the Waterfall, the second phase of housing is doing really well. From our perspective it has worked out well. It is a similar situation to what we have done in Austin and several other projects in terms of a waterfall.*

Tim Grayson – Sounds to me like the main goal Council directed to staff was we don't want to build on the back of General Fund. *Absolutely.* And you have met that goal. *Absolutely.*

Laura Hoffmeister - That is the same objective Council has in Concord obviously you don't want to burden your existing community with costs for a new project. Since it is covering it's cost, is there yet a positive profit above covering costs that is a net benefit coming back to the community as a whole to your General Fund? *If the project hits an 18% IRR at the end of the day.*

Edi Birsan – What is the end of the project? *When the Waterfront Project is completed. Basically Alameda Landing is pretty much done, there is the last 20 acres on the Waterfront and under the deal Catellus has to commence construction on that by December 2017.*

Laura Hoffmeister – But are you seeing Sale tax revenue tying back to that? *Absolutely. Target is in the top 10, probably the top 5 sales tax generators from the moment it opened which hasn't even been a full fiscal year.*

After the question and answer session, the group walked over to Willie Stargell Plaza and then toured TRIPointe model homes as part of the Alameda Landing. The last stop on the tour was the waterfront where the last development phase of Alameda Landing will take place. It was immediately across from Jack London Square.

Bicycle repair station at Willie Stargell Plaza

Single family homes, still under construction.

By order of the Mayor, the meeting was adjourned at 3:25 p.m.

TIMOTHY S. GRAYSON
MAYOR

JOELLE FOCKLER, CMC
CITY CLERK

August 4, 2015 - Lennar Tour – The Shipyard, San Francisco

Mayor Grayson convened the meeting at 11:00 a.m. with Councilmember Laura Hoffmeister present. Community members Ray Barbour, Rosanne Nieto, Juan Pablo Galvan, Mary Jo Rossi, and Michelle Morris were transported to the site. Joel Devalcourt and Kenneth Jones joined the tour on location. Valerie Barone, Mike Wright and Pamela Laperchia represented the City staff.

The tour started at the Shipyard Welcome Home Center where members of Concord were introduced to Lennar staff and given a broad overview of the Hunter's Point shipyard project. Kofi Bonner, President of Lennar Urban, gave a brief history of the project and introduced several speakers who explained their political, community, technical and staff roles in getting the project where it is today. Speakers included:

Elected Officials:

- Honorable Willie Brown
- Supervisor Malia Cohen
- Former Supervisor Sophie Maxwell

Community Officials:

- Chair of the Citizen Advisory Committee, Dr. Veronica Hunnicutt
- Board of Education Member, Shamann Walton
- Commissioner of the U.S. Commission on Civil Rights, Roberta Achtenberg

City Staff:

- Executive Director of OCII, Tiffany Bohee
- Finance Director of the City and County of San Francisco, Nadia Sesay

Questions from Council and the public were answered primarily by Tiffany Bohee, with input from Mayor Willie Brown, Sophie Maxwell and Malia Cohen.

Laura Hoffmeister – Did Redevelopment own the property prior to dissolution of the RDA? *Yes & no. Our Development Agreements provided for Redevelopment Agency to aggregate the land. The Navy transferred conveyance agreement to us, state land transfers with public trust, state parks, it all flows through us, conveyance requirements through development agreement.*

Laura Hoffmeister – But RDA had its finger in the pie so to speak early on. *Yes. That is the reason why we could point to the contractual requirement third party that said yes we can still issue tax increment bonds, we can still enter into new agreements.*

Laura Hoffmeister – With Redevelopment unexpectedly going away, was there something else that wasn't expected that came up through the process that had to make a change to the plan or anything that comes to mind? And how did you and Lennar respond to it? *I think Candlestick Point was an example, the 49er's were supposed to stick around until 2017/2023. We really thought we would have the balance of the land in the shipyard and that we would have the balance of housing developed and it always changes. We are actually set to get our next 70 acres from the Navy that will have job generating development and utility corridors so Lennar can move forward with the balance of their development. We were always moving geographically from Hunter's Point to Candlestick, we thought Candlestick would be way far off. With the new developments of Candlestick, this involved making amendments to our agreements. It went up to the state department of finance and it also had to make financial sense. We actually ended up transferring land with certain guarantees to Lennar earlier at Candlestick because the land at the Shipyard was lagging.*

Tim Grayson – This is a question directed toward Mayor Willie Brown. Does the plan, in principal, today reflect what you believe the community of San Francisco was looking for when this all started out? *Absolutely. It was a dream and when you fulfill the components of that dream, you must be flexible, but most importantly your cash partner has to be even more flexible. In 1997, we voted to build a new football stadium and in 1999 that concept was pretty*

much gone but we didn't come to the reality and admit that it was gone until probably 3,4,5 years later. We couldn't envision losing the 49ers and by the way, it didn't happen while I was mayor! Yes, it is even greater than what we envisioned because of the opportunities that came of age as everything unfolded. What you see here is what was envisioned over a 30 year period.

Laura Hoffmeister – The size of acres that have been released by the Navy and the timing, has it created any constraints to the implementation of your vision? *We have worked part and parcel with the Navy, they are remediating to our intended use, actually the 1997 reuse plan. Certainly some things have changed in the margins but that is the standard by which they are remediating. We work collectively with the Navy to direct their remediation efforts so it follows the development plan and multi-acre block plan that we have for the Shipyard. There is a way to integrate it in the PMO of the Navy and their process to focus their efforts in the way the City would like to go and the way the perspective development partner would like to go. It is a balance.*

Laura Hoffmeister – How did Lennar work with the City to try to move things through the Navy process, what has been that arrangement? *They have been absolutely critical from the resource allocation point of view and "patient capital". Lennar was able to have fleets of environmental attorneys, dirty land attorneys to focus on this. We have our own people in the City Attorney's office and engineering experts to mobilize the technical expertise, transactional expertise, and they drive it. They have teams of people, that is why their pre-development costs are so great because we require them to do all of the due diligence work in partnership with us to have a unified position, it is like a juggernaut that forces them into what we need. The whole business of dealing with the Navy, you really do have to bring the national perspective and the national powerbase in that and because of Lennar's national relationship, that became invaluable for us in dealing with people like Nancy Pelosi and Diane Feinstein on our behalf. The common parts they were able to call upon in other locations where Lennar had relationships and those relationships gave us access to a quicker turnaround point with the Navy, in particular with the Bush administration when there was a need for that speed and for a City that is basically democratic and for a state that is basically blue, we really had to rely upon those outside relationships generated by Lennar.*

Tim Grayson – We have heard some examples of community benefit and how it has helped the community. Specific to affordable housing, how did affordable housing unfold in this plan, as far as whether it was single family homes or multi-housing, and Lennar's role in the unfolding of that as well as the sustainability of the affordable housing plan for this project. *As Supervisor Maxwell described, it is really a two-fold process, we are not reinventing the wheel on what the needs are and the income needs of Bayview, we understand the demographics, we understand the housing need in the City and what AMI levels need to be served. It is really that data coupled with the balance of what the housing development is so we have about a third across the two sites, of what we call below market rate, or affordable. Everything from public housing*

placement as Supervisor Malia Cohen had said, which there is no money coming from the Feds other than the RAD operational, $80M is coming from Lennar, $80M is coming from us in new tax increment bond issuance (loose change). That part is extremely low so there is another tier of 50% area median income that is set aside for and then there is another tier for what we would call workforce housing so people above 60% AMI, but not yet above 120%, so there are certain tiers for both rental and for sale agnostic on that and that is part of the flexibility because we will produce the bulk of the fundingthrough tax credits and bonds. What we need help on is the middle. That is how we are leveraging, they are able to come to the market faster and in some cases the costs are a little trimmer. So we are able to leverage that for standalone affordable housing. We also were creative; we wanted to produce more affordable housing units faster. We amended the development agreement for Shipyard Phase 1, post dissolution, to allow for Lennar to advance 100% affordable housing development without any City budget. They are providing subsidy on a Block 49. We kept the community involved and educated them, they wanted everything affordable but we couldn't do that. There has to be a balance.

Joel Devalcourt – There are no transportation connections specifically with this area. Can you describe how do you plan for people and transportation and do that within a master development? *The full integration of transit was critical as part of the infrastructure investment in this multi-billion dollar investment. I think over $350M coming from debit and equity coming from the developer in tax increments, special taxes that is going into improving the transportation infrastructure just from the project itself. It is a combination of making those important connections to the local billion dollar T-line that goes all of the way down to the county line to Hays Valley and CalTrain, so enhancing the existing local bus service connections at a.m. and p.m. peak connections. There will be express bus service at The Shipyard and Candlestick, in the interim those connections are not there so what do you do in the interim? There are shuttle services available in the interim and the City is stepping up with its own bond obligation to enhance service. It is all coming back to the existing Bayview. There is a bus rapid transit ped/ bike bridge that goes across Yosemite Slough, it will connect all the way to Balboa BART, that bus rapid transit line. It will go to CalTrains so that transportation planning is a city-wide effort. That is part of the development agreement of the plans, the transportation plans, the infrastructure plans, inter-agency cooperation agreements. The transportation planning was fundamental to the planning.*

After lunch, the Council and public heard a PowerPoint presentation on key components of the Hunter's Point project. The presentation was made by Kofi Bonner, Dr. Veronica Hunnicutt, Shamann Walton, and Roberta Achtenberg. Following the presentation, a short marketing video was shown.

Questions from Council and the public were addressed by Kofi Bonner, Dr. Veronica Hunnicutt and Shamann Walton.

Tim Grayson – Regarding people living and working in the same place, what has Lennar done to help the City achieve this goal through this project so people can live, work and play all in the same place? *There are a number of things, as you know we are currently in the residential building phase and as we build, we have certainly come into contact with some of the workers and we direct them to speak to our sales program to tell them exactly where they qualify. We have lenders on site to help and the City has programs so it depends on where they are. The City has a policy about sustainable communities and about people living where they work and Lennar bought into that. Lennar really helped to see the vision and make it work.*

Kenneth Jones – Can you describe more of the relationship Young Community Builders (YCB) as with Lennar and the unions, how you are getting youths into the trades, and how that relationship is with the unions as well. *There is a relationship between Lennar and YCB, they give us resources with contractors to provide certain supports for members of the community so they can go to work. In terms of how we work with the unions, jobs are identified by the developer and general contractors. YCB and City staff work together to try to identify members of the community that qualify and have the skill sets to hold some of those jobs. Sometimes it is directly through the City and sometimes it is directly through other community based organizations that also have members in the building and trades community. All of us have probably worked with each individual to provide some kind of wrap-around service so whether they have come through a job training program at YCB, or they come to YCB for resources to get into the union, or they have gone to APR or APU for some type of training and community advocacy work, we all work together to place people. It really just depends on what the contractor needs and what they are already tracking in terms of their local mandatory requirements.*

Kenneth Jones – Are individuals getting into the trades or is it more unskilled? *It is all of the above. We try to hire unskilled labor and work toward getting individuals in higher skilled training but it is all of the above.*

Laura Hoffmeister – How are your unions doing in terms of apprenticeship training programs out here on the job site vs. some place else? Are they integrating some of that? *The unions are definitely integrating some of that. There is a lot of apprenticeship happening between CYB and unions and the community. There are various ways to get into the programs.*

Tim Grayson – Are you working under any type of labor agreement now on this location? *Yes we do have a labor agreement.*

The presentation concluded with a resident artist, Reiko, speaking about her life at Hunter's Point as an artist.

After the presentation, the group walked to Overlook Point to view the progress being made on the project. Individuals were able to look through "view finders" to glance at The Shipyard's history and get a peek into its future.

From Overlook Point the group went to The Storehouse, the neighborhood grocery/convenience/coffee shop.

The final stop on the tour was one of the completed residential complexes (condominiums) at Olympia Point.

Meeting adjourned at 2:23 p.m.

DIGITAL
AudioVisual Solutions

Larry Tang
Owner, Digital Audio Visual Solutions
1641 Challenge Drive
Concord, CA 94520

Mayor Tim Grayson, Vice Mayor Laura Hoffmeister
& City Council
Concord City Hall
1950 Parkside Drive
Concord, CA 94519

Mayor Grayson, Vice Mayor Hoffmeister & Council:

I am writing to express my support for your selection of Lennar Development Company as the City of Concord's official Master Developer for the CNWS project.

As a longstanding member of the Concord business community, I recognize how important the right partner is for the economic vitality of all of Concord's businesses. Lennar embraces the community's desire for there to be "One Concord" and has expressed its commitment to helping the entire business community thrive throughout Concord.

Even more imperative, I believe Lennar Development Company is the BEST FIT for Concord. Of the two MD candidates, Lennar is the company that will embrace our community's vision of building a World Class development at the CNWS property that could include new R & D facilities, innovative new technology business, a 4-year university, state-of-the art environmental features, an olympic training center and more.

In order for us to strive for a World Class development, we need a developer that will embrace this vision and help us attain there what is truly possible for Concord. I believe Lennar is that kind of partner. I appreciate your taking my opinions, and the opinions of other Concord business persons into consideration.

Sincerely,

Larry Tang

CC: City Council
Valerie Barone
Jovan Grogan
Guy Bjerke

RECEIVED
SEP 23 2015
CITY MGR'S. OFFICE

Jared Burns-Coffin, Agent Lic. #0I00785
2151 Salvio Street, Suite 270
Concord, CA 94520
Office: 925-682-0800
www.jaredbc.com

RECEIVED
SEP 22 2015
CITY MGR'S. OFFICE

Mayor Grayson & Council
City of Concord
1950 Parkside Drive
Concord, CA 94519

SUBJECT: Selection of Concord Naval Weapons Station Master Developer on September 29

Dear Mayor & Councilmembers,

As a member of the Todos Santos Business Association, **I would like to register my support for the selection of Lennar as Master Developer of the CNWS property.** Please allow me the opportunity to explain why I am advocating for Lennar.

First, Lennar is the only company that has committed to a "ONE CONCORD" approach to development and amenities at the CNWS that will benefit all residents. Their proposal provides for a circular transit shuttle from the CNWS, to BART, to Downtown Todos Santos and other locations throughout the western area of Concord.

Concord absolutely needs a developer partner that is committed to promoting and improving ALL OF CONCORD ... and in my opinion, Lennar understands the need to keep all of our community thriving.

Second, Lennar has promised to build two community centers IN PHASE ONE of its plan. These are amenities that could be utilized by all of Concord and the community - once again, insuring that we remaind a ONE CONCORD.

Lastly, Lennar, through its other Bay Area developments, has proven that it is a full community participant, and will be involved in the Concord business community if it is chosen as the CNWS Master Developer. I understand the complexities involved in selecting the best developer for our community and ask that you give serious consideration to Lennar as Concord's next community partner.

Sincerely,

Jared Burns-Coffin
State Farm Agency Owner

Jared Burns-Coffin, Agent
2151 Salvio Street Suite 270
Concord, CA 94520-2487
Bus 925 682 0800 Fax 925 682 0930
jared@jaredbc.com
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Insurance License #0I00785

Providing Insurance and Financial Services

September 21, 2015

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www.jcmpartners.com

RECEIVED
SEP 22 2015
CITY MGR'S. OFFICE

Mayor Grayson & Council
City of Concord
1950 Parkside Drive
Concord, CA 94519

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Sincerely,
Salvio Pacheco Square, LLC

Jeffrey K. Woods

Jeffrey K. Woods
Property Manager

THE UNITY COUNCIL

September 21, 2015

To: Mayor Tim Grayson
Members of the City Council
Concord City Hall
1950 Parkside Dr.
Concord, CA 94519

RE: September 29 CNWS Master Developer Selection Meeting

I was raised in Concord. I attended Cambridge Elementary, Oak Grove Middle School and Ygnacio Valley High School. My mother and numerous family members live in Concord. In 2013 The Unity Council expanded to Concord where we made a huge investment to expand our early childhood education programs along the Monument Corridor (Meadow Lane).

Before joining The Unity Council in 2013 I worked in the public sector for 23 years, including 20 years for the City & County of San Francisco. I have worked with both Lennar Urban and Catellus Development. The Unity Council strongly supports Lennar Urban.

I have known Kofi Bonner for a number of years and know his commitment to community development. He has long been a staunch advocate for affordable housing in emerging communities, and to the economic development of existing communities as he builds new ones.

Despite the challenges, I have never seen Kofi waiver. I have only seen him redouble his efforts - which is significant, as the population of Spanish speaking residents in the Bay Area continues to increase. Having a developer be as committed to communities of color as they are to other potential end users, will be critical in the years to come.

The Unity Council is as committed to the City of Concord as we are to the City of Oakland. We want to see the Concord Naval Weapons Station be developed by a firm with the leadership that Kofi demonstrates, and that I've referred to here.

We support Lennar Urban's bid without reservation.

Should you need any additional information, do not hesitate to contact me.

Sincerely,

Chris Iglesias
Chief Executive Officer

NeighborWorks®
CHARTERED MEMBER

The Unity Council
Executive Office
1900 Fruitvale Ave, Suite 2A, Oakland, CA 94601
Tel: 510-535-6900 · Fax: 510-534-7771 · www.unitycouncil.org

MONUMENT IMPACT
Together, building a stronger community

1760 Clayton Road
Concord, CA 94520
Phone: (925) 682-8248
Fax: (925) 222-3623

September 15, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact current and future of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of Monument Community and other Concord residents served by Monument Impact, I strongly urge you to seize this great opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, I urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Living Wage job opportunities**, so that all employers brought into Concord pay wages no less than $15 per hour in 2015 dollars.
- **Job Training Opportunities & Local Hire** for our youth, veterans, and communities in need, that provide skills for a lifetime of work and self-sufficiency.
- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
- **Project Labor Agreement** for building and project.
- **Respect for current bargaining units and MOUs,** and extension of public employee contracts to newly created positions that are currently performed by public employees, for example, at the parks district and transit services.
- **Card-Check Neutrality Agreements** that ensure workers the right to organize without interference from employers.

Rebuilding the Concord Naval Weapons Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space that we love. Our public investments in the base helped bring prosperity to past generations, and can fuel success in the future, too.

As you select a developer and enter into agreements, the policy tools in the Labor Council's *Good Jobs Concord* proposal will help deliver the results that communities hope for -- and need -- in new developments of this scale. We urge you to lead Concord and future generations in securing written agreements that deliver results and keep faith with the community. A decision this consequential deserves full consideration, and the best opportunity for success.

On behalf of many Concord residents, I urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

Sincerely,

Mike Van Hofwegen
Executive Director

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

MARK DESAULNIER
11TH DISTRICT, CALIFORNIA

COMMITTEE ON EDUCATION AND THE WORKFORCE
SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING
SUBCOMMITTEE ON WORKFORCE PROTECTIONS

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON TRANSPORTATION AND PUBLIC ASSETS
SUBCOMMITTEE ON HEALTH CARE, BENEFITS, AND ADMINISTRATIVE RULES

Congress of the United States
House of Representatives
Washington, DC 20515

327 CANNON HOUSE OFFICE BUILDING
PHONE: (202) 225-2095
FAX: (202) 225-5609

101 YGNACIO VALLEY ROAD, SUITE 210
WALNUT CREEK, CA 94596
PHONE: (925) 933-2660
FAX: (925) 933-2677

440 CIVIC CENTER PLAZA, 2ND FLOOR
RICHMOND, CA 94804
PHONE: (510) 620-1000
FAX: (510) 620-1005

September 11, 2015

RECEIVED
SEP 14 2015
CITY MGR'S. OFFICE

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix, and Leone:

It is my understanding that the Central Labor Council of Contra Costa County, AFL-CIO has put forward a jobs plan to guide the redevelopment of the Concord Naval Weapon Station. I encourage the City of Concord to give the *Good Jobs Concord* proposal its full and fair consideration.

The Concord Community Reuse Project has the potential to bring long term economic growth, affordable housing, and thousands of acres of open space to the heart of the Eleventh Congressional District. The benefits of this project to our community will be reflected in a higher quality of life by attracting new businesses and sustaining the region's economic vitality for years to come.

This agreement provides an opportunity to support our workers and our local economy. I urge the City to advance an agreement that offers a living wage, union protections, and job training opportunities. As a former Mayor and Councilmember, I am confident that such an agreement would benefit the project, our workers, and our community.

These principles are reflected in the *Good Jobs Concord* proposal. I respectfully request that the City Council give this request a full and thorough review, and I trust it will receive the serious consideration it deserves. Thank you for taking the time to consider my thoughts on this matter.

Sincerely,

Mark DeSaulnier
Member of Congress

PRINTED ON RECYCLED PAPER

Mike

RECEIVED

SEP 01 2015

CITY MGR'S. OFFICE

GEORGE MILLER
Member of Congress
1975 – 2015

September 1, 2015

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

This is an exciting moment for the City of Concord. You are nearing the end of this key part of the Public Process to select the best developer for the transformation of the Concord Naval Weapons Station. The Council, the city staff and the entire Concord community are to be commended for untiring dedication to getting the best results for Concord and rest of Central County. Thank you.

I am writing to voice my strong support of the position of our local labor leaders and many others in our community regarding the development of the Concord Naval Weapons Station property. As duly elected leaders in the City of Concord, you have a rare opportunity to not only create an outstanding environment but also to provide great opportunities to make sure the benefits of this development are shared as widely as possible across the entire community and economy of Concord and it's working men and women and their families.

I urge you to negotiate a community benefits agreement that reflects your commitment to the people of Concord; one that is based on providing living wage jobs, PLA protections, job training opportunities and local hire practices. Supporting our workers by providing guaranteed access to union protections, not only secures their jobs, it secures the success of the project.

Yours is a unique opportunity – the decisions you make today will long influence not only the environment and economic health of Concord but that of the entire East Bay region. It is clear from the work you have done thus far that you understand the impact and value of this project.

Going forward, I urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council's Good Jobs Concord proposal. The written agreements you secure will provide vital support for our workers and their families and in doing so, will secure the success of this outstanding project.

Thank you again for your tireless effort on behalf of our community.

Sincerely,

George Miller

George Miller
Member of Congress (Ret)

August 19, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, we urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
- **Project Labor Agreement** for building and project.
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- **Living Wage job opportunities**, so that all employers brought into Concord pay wages no less than $15 per hour in 2015 dollars.

- **Card-Check Neutrality Agreements** that ensure workers the right to organize without interference from employers.
- **Job Training Opportunities & Local Hire** for our youth, veterans, and communities in need, that provide skills for a lifetime of work and self-sufficiency.

Concord residents and workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County. Working on the base helped feed families, pay rent and mortgages, and send kids to school for an education and a shot at a better life.

Rebuilding the Concord Naval Weapons Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space that we love. Our public investments in the base helped bring prosperity to past generations, and can fuel success in the future, too.

As you select a developer and enter into agreements, the policy tools in the Labor Council's *Good Jobs Concord* proposal will help deliver the results that communities hope for -- and need -- in new developments of this scale. We urge you to lead Concord and future generations in securing written agreements that deliver results and keep faith with the community. A decision this consequential deserves full consideration, and the best opportunity for success.

We urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

Sincerely,
David Sharples

Alliance of Californians for Community Empowerment

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

LOCAL 1021
SEIU
Stronger Together

Roxanne Sanchez
President

Crawford Johnson
Region A

Tom Popenuck
Region B

Gary Jimenez
Region C

Larry Bradshaw
Region D

Marcus Williams
Region E

Pamela Holmes-Morton
Secretary

Paul Camarillo
Treasurer

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Renato Pena
Patricia Reynolds
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Valoria Russell-Benson
Eric Stern
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Jim Wise

cc: Valerie
Mike
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August 13, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers:
Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, we urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.

- **Respect for current bargaining units and MOUs,** and extension of public employee contracts to newly created positions that are currently performed by public employees, for example, at the parks district and transit services.

- **Living Wage job opportunities**, so that all employers brought into Concord pay wages no less than $15 per hour in 2015 dollars.

- **Card-Check Neutrality Agreements** that ensure workers the right to organize without interference from employers.

- **Job Training Opportunities & Local Hire** for our youth, veterans, and communities in need, that provide skills for a lifetime of work and self-sufficiency.

Executive Board Budget & Finance Committee
Theresa Breakfield Kathryn Cavness Tina Diep Richard Greenwood
Doug Marr Julie Meyers Peggy La Rossa Paul Little Nadeen Roach

100 Oak Street ▪ Oakland, CA 94607 ▪ 510-350-4527 ▪ 877-510-1021 ▪ Fax 510-451-6928
Service Employees International Union CtW, CLC ▪ www.seiu1021.org

Concord residents and workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County. Working on the base helped feed families, pay rent and mortgages, and send kids to school for an education and a shot at a better life.

Rebuilding the Concord Naval Weapons Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space that we love.

Our public investments in the base helped bring prosperity to past generations, and can fuel success in the future, too.

As you select a developer and enter into agreements, the policy tools in the Labor Council's *Good Jobs Concord* proposal will help deliver the results that communities hope for -- and need -- in new developments of this scale. We urge you to lead Concord and future generations in securing written agreements that deliver results and keep faith with the community. A decision this consequential deserves full consideration, and the best opportunity for success.

We urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

Sincerely,

Gary Jimenez

Gary Jimenez
Vice President, Region C
SEIU Local 1021

cc: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

cc: CM Reuse

PROFESSIONAL & TECHNICAL ENGINEERS, LOCAL 21, AFL-CIO
An Organization of Professional, Technical, and Administrative Employees

August 3, 2015

Hon. Mayor Tim Grayson, Mayor, Vice Mayor Laura Hoffmeister, and Councilmembers Edi Birsan, Dan Helix and Ron Leone
City of Concord
1950 Parkside Drive
Concord. CA 94519

RE: Good Jobs Concord proposal – – Position: Strong Support

Dear Mayor Grayson and Members of the City Council:

The decision before you on re-use of the Concord Naval Weapons Station is one of critical importance to Concord residents as well as residents of Contra Costa County. Cities across California would love to have the 5,000 acres and the potential for good jobs, affordable homes, and open space. On behalf of our members, we respectfully request that you utilize this opportunity by supporting a community benefits agreement that delivers results for future generations of working families who have invested their futures here.

Specifically, we request you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Labor Peace Agreements protect the project from strikes and pickets.
- **Project Labor Agreement:** This helps to ensure the safest possible work environment.
- **Respect for current bargaining units and MOUs,** and extension of public employee contracts to newly created positions that are currently performed by public employees, for example, at the Parks District and Transit Agency.
- **Living Wage job opportunities**, so that all employers brought into Concord pay wages no less than $15/ hour.
- **Card-Check Neutrality Agreements** that ensure workers the right to organize without interference.
- **Job Training Opportunities & Local Hire** for youth, veterans, and communities in need, that provide skills for a lifetime of work and self-sufficiency.

Workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County by providing jobs that helped feed families, pay rent and mortgages, and send kids to college for an education and a shot at a better life. Rebuilding the Concord Naval Weapons

Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space.

As you select a developer and enter into agreements, we urge you to lead Concord and future generations in securing written agreements that deliver results and keep faith with the community.

Thank you for your consideration of this request.

Sincerely,

Bob Muscat
Executive Director

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

Main Office: 1182 Market Street, Room 425 San Francisco, CA 94102 T: 415 864-2100 F: 415 864-2166
South Bay Office: 4 North South Street, Suite 430 San Jose, CA 95113 T: 408 291-2200 F: 408 291-2203
Oakland Office: 436- 14th Street, Suite 1520 Oakland, CA 94612 T: 510 451-4982 F: 510 451-1736
Martinez Office: 624 Ferry Street, Martinez, CA 94553 T: 925 313-9102 F: 925 313-0190
www.ifpte21.org

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July 31, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, we urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
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Concord residents and workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County. Working on the base helped feed families, pay rent and mortgages, and send kids to school for an education and a shot at a better life.

Rebuilding the Concord Naval Weapons Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space that we love.
Our public investments in the base helped bring prosperity to past generations, and can fuel success in the future, too.

As you select a developer and enter into agreements, the policy tools in the Labor Council's *Good Jobs Concord* proposal will help deliver the results that communities hope for -- and need -- in new developments of this scale. We urge you to lead Concord and future generations in securing written agreements that deliver results and keep faith with the community. A decision this consequential deserves full consideration, and the best opportunity for success.

We urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

Sincerely,

Suzie L. Griffith

Business Agent
AFSCME Council 57, Local 2700

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0014
(916) 319-2014
FAX (916) 319-2114

DISTRICT OFFICE
2151 SALVIO STREET, SUITE 395
CONCORD, CA 94520
(925) 521-1511
FAX (925) 602-1536

Assembly
California Legislature

SUSAN A. BONILLA
CHAIR: BUSINESS AND PROFESSIONS
ASSEMBLYWOMAN, FOURTEENTH DISTRICT

COMMITTEES
HEALTH
UTILITIES AND COMMERCE

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AUG 03 2015
CITY MGR'S. OFFICE

cc
CM
Pense

July 29, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
City of Concord
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

On behalf of our citizens, I urge you to support a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord. Specifically, I urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
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Concord residents and workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County. Working on the base helped feed families, pay rent and mortgages, and send kids to school for an education and a shot at a better life.

Printed on Recycled Paper

Rebuilding the Concord Naval Weapons Station for peacetime use means creating good local jobs, homes where working families can afford to live, and protecting the open space that we love. Our public investments in the base helped bring prosperity to past generations, and can fuel success in the future, too.

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I urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

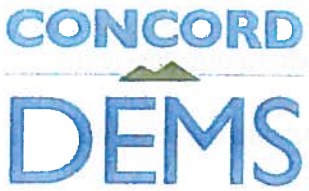
Sincerely,

Susan A. Bonilla

Susan A. Bonilla
Assemblywoman, 14th District

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

cc
Val
Mike



Concord Democratic Club
P.O. Box 282
Concord, CA 94522

July 29, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, we urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

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We urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO.

Sincerely,

Dan Jameyson, President
Concord Democratic Club

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

UFCW
Western States Council
a VOICE for working California
United Food & Commercial Workers Union
James Araby, Executive Director · Mickey Kasparian, President · Kirk Vogt, Secretary-Treasurer · Rick Eiden, Recorder
8530 Stanton Avenue, Suite 2A · P.O. Box 5158 · Buena Park, California 90620 (714) 670-5580
405 14th Street, Suite 605 · Oakland, California 94612 (510) 891-1058
www.ufcwwest.org

July 28, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

The decision before you on re-use of the Concord Naval Weapons Station is one of the most critical that the City Council will make in our lifetimes. It will directly impact future generations of Concord residents, and the opportunities and quality of life they can access.

Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

On behalf of the 160,000 UFCW members in the state of California and the nearly 1,000 members who live in city of Concord I urge you to vote for the AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
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- **Card-Check Neutrality Agreements** that ensure workers the right to organize without interference from employers.

- **Job Training Opportunities & Local Hire** for our youth, veterans, and communities in need, that provide skills for a lifetime of work and self-sufficiency.

Concord residents and workers at the former Naval Weapons Station helped build the American Dream in Contra Costa County. Working on the base helped feed families, pay rent and mortgages, and send kids to school for an education and a shot at a better life.

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We urge you to support a comprehensive community benefits agreement as proposed by the Central Labor Council of Contra Costa County, AFL-CIO. We know it will benefit working families in Concord and across Contra Costa County.

Sincerely,

James Araby
Executive Director
UFCW Western States Council

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Co

Council 57
AFSCME
We Make California Happen

Oakland
80 Swan Way, Suite 110
Oakland CA 94621-1438
Toll Free 800-244-8122
Phone 510-577-9694
Fax 510-383-9613
www.afscme57.org

CC
CM
Mike

July 28, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

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Cities across California would covet these 5,000 acres and the potential for good jobs, affordable homes, and open space they represent. On behalf of our members, our union strongly urges you to seize the greatest opportunity by supporting a community benefits agreement that delivers results for the generations of working families who have invested their futures in Concord.

Specifically, we urge you to support the Central Labor Council of Contra Costa County, AFL-CIO's *Good Jobs Concord* proposals in its call for:

- **Labor Peace** that requires the developer to demonstrate valid agreements with relevant unions for the operation of any hotel, conference center, grocery store, institutional, food service, or any private operation with 20 employees or more. Valid Labor Peace Agreements protect the project from strikes, pickets, and all organized interference.
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Sincerely,

Cynthia McCabe
Council 57 President

c: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

UNITEHERE! Local 2850
1440 Broadway, Suite 208, Oakland, CA 94612 510/893-3181 Fax: 510/893-5362

July 27, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
City of Concord
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

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Sincerely,

Wei-Ling Huber
President

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

BAKERS UNION LOCAL No. 125
BAKERY, CONFECTIONERY, TOBACCO WORKERS AND GRAIN MILLERS INTERNATIONAL UNION

BAKERY CONFECTIONERY BCTGM UNION MADE TOBACCO WORKERS & GRAIN MILLERS AFL-CIO CLC

14144 DOOLITTLE DRIVE, SAN LEANDRO, CA 94577
Telephone (510) 357-3201 • FAX (510) 357-5134

July 24, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

Dear Mayor Grayson, Vice Mayor Hoffmeister, and Councilmembers Birsan, Helix and Leone:

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Sincerely,

Rene Castillo

Rene Castillo
Secretary-Treasurer-BA

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

CC
VALERIE
MIKE

MOVING PICTURE OPERATORS UNION
LOCAL 169, I.A.T.S.E. & M.P.M.O.
OF ALAMEDA, SOLANO, NAPA & CONTRA COSTA COUNTIES

P.O.BOX 29284
OAKLAND, CALIFORNIA 94604

TELEPHONE:
(510) 282-4748

Projection Services Since 1909

July 21, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

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Sincerely,

Jason Ramsey
Business Agent
Moving Picture Machine Operators
Local 169
P.O. Box 29284
Oakland, CA 94604-9284

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

Automotive Machinists Lodge No. 1173

INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS
1900 Bates Avenue, Suite H • Concord, California 94520-8557
(925) 687-6421 • FAX (925) 685-4116

cc
VALERIE
MIKE

July 21, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

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Sincerely,

Steve Older
Area Director

SO/cag
iamaw#1173

cc: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council
Brian Fealy, Business Representative

Mt. Diablo Peace & Justice Center
Mailing Address and Events
55 Eckley Lane • Walnut Creek, California 94596
(925) 933-7850 • www.ourpeacecenter.org

July 21, 2015

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

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Sincerely,

Dan Reynolds
Board President

Margli Auclair
Executive Director

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

TEAMSTERS LOCAL UNION NO. 315

Affiliated With The International Brotherhood Of Teamsters

Teamsters General Truck Drivers, Chauffeurs, Warehousemen & Helpers in Contra Costa, Napa & Solano Counties, Automotive Employees in Contra Costa County, Bakery Wagon Drivers, Salesmen, Transport & Inside Workers in Napa, Solano, San Francisco, San Mateo, Marin, Sonoma, Lake and Mendocino Counties, California.

CARLOS BORBA
President

DON E. GARCIA
Secretary-Treasurer
Principal Officer

July 20, 2015

CC
VALERIE
MIKE

Mayor Tim Grayson
Vice Mayor Laura Hoffmeister
Honorable Councilmembers Edi Birsan, Dan Helix and Ron Leone
CITY OF CONCORD
1950 Parkside Drive
Concord. CA 94519

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MAIN OFFICE: P.O. Box 3010 • 2727 Alhambra Avenue, Martinez, CA 94553 • Phone 925-228-2246 • Fax 925-228-1612
VALLEJO OFFICE: 445 Nebraska Street Vallejo, CA 94590-3312 • Phone 707.643.0387 • Fax 707.643.3312
WEST BAY OFFICE: 151 West 20th Avenue San Mateo, CA 94403 • Phone 510.746.3371 • Fax 650.525.9520
www.teamsters315.com

TEAMSTERS LOCAL UNION NO. 315

Affiliated With The International Brotherhood Of Teamsters

Teamsters General Truck Drivers, Chauffeurs, Warehousemen & Helpers in Contra Costa, Napa & Solano Counties, Automotive Employees in Contra Costa County, Bakery Wagon Drivers, Salesmen, Transport & Inside Workers in Napa, Solano, San Francisco, San Mateo, Marin, Sonoma, Lake and Mendocino Counties, California.

CARLOS BORBA
President

DON E. GARCIA
Secretary-Treasurer
Principal Officer

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Sincerely,

Don E Garcia
Secretary-Treasurer

CC: Margaret Hanlon-Gradie, Contra Costa AFL-CIO Labor Council

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www.teamsters315.com

TEL > 415.995.1770 ONE SANSOME STREET, SUITE 3200
FAX > 415.995.1778 SAN FRANCISCO, CA 94104

March 25, 2016

Valerie Barone
City Manager, City of Concord
1950 Parkside Drive
Concord, CA 94519

Re: Concord Naval Weapons Station - Letters of Community Support and Professional References for Lennar

Dear Valerie:

Enclosed are the copies of letters of support from small business owners and non-profit leaders that were sent to you last September. As you can see, the letters are a testament to our corporate citizenship, and to the collaborative way that we approach our development work. Much of the work described in the letters goes well beyond the obligations outlined in our DDAs, and speaks to our stewardship of existing communities, as we build new, vibrant communities.

In addition to the September community support letters, we are providing letters from the following:

1. Lennar Consultants: These letters speak to Lennar's unparalleled BRAC experience and ability deliver on complex projects.

2. Lennar Business Partners: These letters speak to our collaborative approach and ability to overcome challenges.

3. Lennar Affordable Housing Partners: These letters speak to Lennar's demonstrated commitment to ensuring that affordable housing is built.

4. Lennar Community Partners: These letters speak to our dedication to local communities and charitable efforts.

The enclosed letters are submitted by Lennar within the framework of the public process established for consideration of the two proposals as permitted by Lennar's Negotiating Agreement. Out of an abundance of caution, we are providing these letters to you, and not directly to the Council.

LENNAR
URBAN

As with our September transmittal, we respectfully request that you forward these letters to the Council for its consideration.

Sincerely,

Kofi S. Bonner
President
Lennar Concord, LLC

The Mayor's Hunters Point Shipyard Citizens Advisory Committee

Bayview Hunters Point Shipyard, P. O. Box 885063 San Francisco, CA 94188 Phone: 415.822.4622 Fax: 415.822.4840 Email: info@hpscac.com

September 1, 2015

To: Mayor Tim Grayson, Concord City Council, and Staff
From: Dr. Veronica Hunnicutt, Chair, HPS CAC

RE: Letter of Support for Lennar Urban

On behalf of the Mayor's Hunters Point Shipyard Citizens Advisory Committee (HPS CAC), I am honored to share our appreciation for Lennar Urban's continued commitment to the wellbeing of the Bayview Hunters Point Community during its redevelopment of the Hunters Point Shipyard & Candlestick Point. We are confident that Lennar Urban will offer the same support and make a similar commitment to the Concord community.

The HPS CAC was established in 1993 and has been deeply involved in increasing community participation in the planning and implementation of the project for almost 20 years. Our organization was specifically formed to ensure that the benefits from the project met the needs of our community. Lennar's commitment to community improvement and sustainability has set a new standard for community benefits – not just in the San Francisco Bay Area, but also across America.

In addition to providing community benefits that are second to none, the Lennar Urban team, under the leadership of Kofi Bonner, has been superb in resolving important and pressing issues for the Bayview Hunters Point Community. They have been receptive, positive, and forward thinking.

I have no doubt that the Concord community would receive this same level of service. Should Lennar Urban be chosen as the developer of the Concord Naval Weapons Station, I am confident Concord would be the beneficiary of both a high quality project and a community benefits package that would meet your community's real needs.

Sincerely,

Dr. Veronica Hunnicutt

Dr. Veronica Hunnicutt, Chair
Mayor's Hunters Point Shipyard Citizens Advisory Committee

Family Support Services of the Bay Area

Nurturing children, youth and caregivers to keep families healthy and intact

Cheryl Smith, MA
Executive Director

September 21, 2015

City Council Members
City of Concord
1950 Parkside Drive, MS/01
Concord, CA 94519

Dear Council Members,
I am writing to you to support your efforts to redevelop the Concord Naval Weapons Station as a new vibrant community in Concord. I know you are proud of being one of California's best places to raise a family so I ask that you all ensure that this new development provides the economic stimulation for Concord to remain a city that is family focused.

As a nonprofit director providing services to families in crisis throughout the Bay Area I am keenly aware that families need affordable housing, safe open spaces and resources that enhance the social fabric of their communities.

I understand that you are about to select the developer for this significant project in your city, I would encourage you to look at which development team can play a key role in the overall prosperity of the project. I would encourage you to select a developer with experience in not only addressing the physical transformation of the project but one that has just as much experience working with the community.

I worked with Lennar Urban for six plus years and I know that Kofi Bonner (Regional Vice President of Lennar Urban) will assemble a development team that will work diligently with you, your staff and most important the community stake holders to ensure that every aspect of the project is developed to meet the needs of your residents. You will find that Mr. Bonner will be accessible to give updates, discuss issues and explain project performance to you and the community, he will be present. Additionally Lennar Urban is known for partnering with local non-profit organizations, and small business owners in and around its development projects to ensure benefits to the entire community. Lennar Urban has a record of working with the Unions and job training programs so that local residents have access to the employment opportunities resulting from the project.

I am confidently recommending Lennar Urban as a developer with the expertise and experience to work with you to transform and redevelop the Concord Naval Weapons Station.

Sincerely,

Cheryl Smith, MA
Executive Director

401 Grand Ave, Ste 500
Oakland, CA 94610

205 13th Street, Ste 3150
San Francisco, CA 94103

www.fssba.org

THE GARDEN PROJECT

September 21, 2015

To Whom It May Concern:

In 2013, The Garden Project entered a partnership with Lennar Corporation to cultivate California native plants for use on their construction projects. Founded in 1992, we are a nonprofit environmentally based employment and training program for low-income San Francisco residents. Since 2004, with support from the San Francisco Public Utilities Commission, we created, and we operate and maintain a nursery of California native plants to promote the use of native plants on public works projects. Since 2004, public agencies and community groups have partnered with us and used our plants on numerous projects.

We were pleased Lennar approached us about a partnership, and about their specific interest in using native plants. This partnership not only supported our mission to impact the local environment and encourage sustainable practices, but it helped us to extend our historic commitment to the residents of Bay View Hunter's Point.

First, we worked closely with Lennar staff to identify plants for their sites. Because our participants learn through working, this project offered us the opportunity to expand our production and our teaching. Participants learned more about different species of native plants, and about how to plan and manage a growing nursery.

Second, the Lennar partnership allowed us to continue our work to hire and train low-income minority residents of Bay View Hunter's Point, which we have done since 1992. Last summer, over 200 high school students from the neighborhood worked in our environmentally based job and life skills summer program. Meanwhile, throughout the year, residents work in our year long program for college students. Because of their work in our program, more students from Bay View Hunter's Point are gaining the support they need to be able to complete high school and college.

The Garden Project is proud to have Lennar as a partner.

Sincerely,

Cathrine Sneed
Founder
csneed@gardenproject.org

GRATTA WINES

September 4, 2015

To Whom It May Concern,

I am a small winery in San Francisco's Bayview Neighborhood. I have had the pleasure to work with Jackie Spear, the Communications Project Manager of Lennar Urban. On several occasions we have poured our artisanal wines at sales and community events hosted by Lennar.

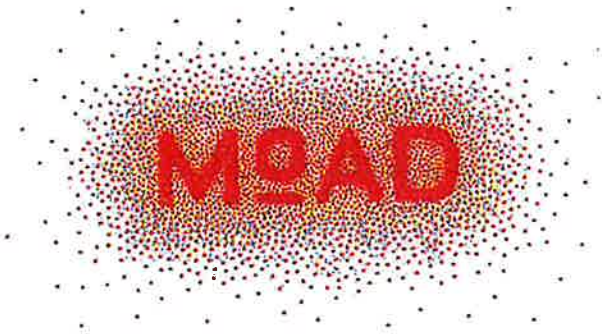
They have been a wonderful partner with our community reaching out to many of the businesses in support of local commerce. As a small business owner, this has been a great opportunity for joining forces in this developing neighborhood.

Sincerely,

Barbara Gratta, winemaker/owner

Gratta Wines
5273 3RD ST
San Francisco, CA 94124
415-872-9791

Museum of the African Diaspora



September 23, 2015

The Honorable Tim Grayson
And
Concord City Council
1950 Parkside Drive
Concord, CA 94519

Dear Mayor Grayson and the City Council of Concord,

My name is Linda Harrison, I am the President/Executive Director of the Museum of the African Diaspora (MoAD) in San Francisco. I write to you today as a member of the San Francisco Cultural community that supports Lennar Urban being the company of choice and confirmed as the master developer for the transformation of the Concord Naval Weapons Station.

We understand that the Concord Reuse Project Area Plan will build over 12,000 housing units, 6.1 million square feet of commercial space, and rehabilitate about 2,300 acres near the North Concord/Martinez BART Station. I am sure that this project will include community facilities, green space, and affordable housing.

You may wonder why would this project be of interest to me and even more important why you should choose Lennar Urban to be your master developer. Two words come to mind--thoughtful collaboration. As the executive director of a cultural institution, I have numerous opportunities to work with our San Francisco City Government and with various developers of residential, commercial, and cultural projects. The collaboration and inclusiveness of the various stakeholders from the beginning of a project of this scope to the completion and the post-project commitment to the community is critical to its success.

There is no question in my mind that working with a company that has a strong track record of supporting existing organizations (business and non-profit) is critical. Lennar Urban is that company. Lennar Urban takes a proactive approach with cultural institutions that will support a new community. I have personally experienced and viewed how they take a hands-on approach to make sure that services are available and access to the arts are available to families and schools in the Bayview Hunters Point Transformation Project in San Francisco. Lennar Urban has consistently gone above and beyond the call to support MoAD.

Lennar Urban supports our *MoAD in the Neighborhood* initiative where we bring the museum to the Bayview, specifically for students that could not afford to come to the museum. Lennar went a step further with their support to us as a cultural institution when they realized that we did not have updated technology and computer systems to handle our operations more effectively, so

www.moadsf.org

685 Mission Street San Francisco California 94105

p 415.358.7200 f 415.358.7252

Monument CrisisCenter

Address: 1990 Market St. Concord, CA 94520
Mailing address: P. O. Box 23973. Pleasant Hill, CA 94523
Phone: 925.825.7751 | fax: 925.825.8732

September 23, 2015

Mayor Grayson & Concord City Councilmembers
City of Concord
1950 Parkside Drive
Concord, CA 94519

Re: Recommendation of LENNAR as Concord's Master Developer

Honorable Mayor Grayson and Concord City Councilmembers:

Monument Crisis Center is aware that on September 29, 2015, Concord City Council will be deciding which company will have the opportunity to be the Master Developer and implement Concord's vision for the Concord Naval Weapons property.

The mission of the Monument Crisis Center is to provide food, education, assistance and referrals in crisis situations and promote community awareness of needs and available resources for low income and at-risk families and individuals primarily from Central and East Contra Costa County. Here at our *family resource center* in Concord we provide critical safety net services for all ages, backgrounds and abilities.

We recently had the opportunity to host Lennar for a site visit and tour of our facility. We spent more than 3 hours together discussing programs, needs, resources, community engagement and more. At that time we were also able to express our vision for the greater Concord community.

We found Lennar representatives to be very interested in first, learning more about Concord and second, willing to utilize their deep resources and expertise, in partnership with Concord, to make a better community for all residents. Lennar's Community Benefit Fund, which the City would be responsible to administer, could be a huge benefit to Concord, providing much needed financial support for nonprofit and civic efforts and boost Concord to even greater heights.

As a community based nonprofit deeply rooted in Concord we were encouraged to learn that "the mission of the Lennar Foundation is to find organizations that assist people who are less fortunate and provide for avenues to enter the mainstream of society." Lennar lives, works and cares about the well-being of the community it is invested in, becoming a collaborative partner in a broader effort while supporting the needs of low income, at-risk families.

We would like to extend our strongest recommendation for the selection of Lennar for this project.

Thank you.

Sandra Scherer
Executive Director
Sscherer@monumentcrisiscenter.org (925) 222-6868 direct

PUBLIC GLASS

To the Concord City Council,

I'm writing in support of Lennar Urban to become the lead developer for a mixed-use project in your area.

My ability to speak to the extent to which Lennar Urban has been able to include local businesses and vendors in their plans is a direct result of community outreach that they initiated alongside the development of the Hunterspoint Shipyard in San Francisco. As the Executive Director of Public Glass, an arts focused non profit in the Bayview Hunterspoint neighborhood in San Francisco, I've had the pleasure of working with Lennar on several projects within the the community that we serve. My organization has collaborated with Lennar to host events aimed at introducing current and new residents to some of the unique cultural activities available locally. We worked with Lennar on their Un-Contained project that also promotes community engagement by introducing residents to one another while simultaneously highlighting local businesses working in our area from food vendors to artists. Most recently Lennar sponsored a community gathering at Radio Africa Kitchen, a meeting place in our neighborhood, where they invited me to speak about our youth outreach program and encouraged donations to help fund our programs.

In my experience Lennar as an organization has brought in very sensitive and engaged people to lead their projects and community engagement. The people that I've had the pleasure of working with have taken time to find out what we do and how we might contribute to the overall vision of what's taking place right in our own backyards. I hope that our relationship with Lennar continues on its current course and that we might work together looking forward to help make our neighborhood and our city the place that we want to live.

Nate Watson

Executive Director
Public Glass

9/9/15

San Francisco's center for
creation and education in glass

1750 Armstrong Avenue
San Francisco CA 94124

T 415 671 4916
F 415 671 4917

info@publicglass.org
www.publicglass.org

EDWIN M. LEE
MAYOR

CITY AND COUNTY OF SAN FRANCISCO
POLICE DEPARTMENT
HEADQUARTERS
1245 3RD Street
San Francisco, California 94158

GREGORY P. SUHR
CHIEF OF POLICE

August 31, 2015

To Whom It May Concern:

Re: Letter of Support for Lennar Urban

It is my pleasure to submit this letter of support for Lennar Urban, on their application as developer of the Concord Naval Weapons Station.

During my tenure as Captain of the Bayview Station from 2009 to 2011, Lennar shown itself to be a willing community partner. Since that time, Lennar has continued to demonstrate a commitment to being more than simply building housing in the neighborhood, but also being a member and supporter of the community. The Lennar team has worked well with the SFPD in any number of ways, and has accepted a shared responsibility for the issues that tend to exist with construction projects.

I have no doubt that should Lennar is chosen to develop the Concord Naval Weapons Station, it will integrate itself into the Concord community just as it has done in the Bayview, and throughout San Francisco.

If you need additional information about Lennar Urban, please feel free to contact me at 415-837-7000.

Sincerely,

GREGORY P. SUHR
Chief of Police

SAN FRANCISCO
STATE UNIVERSITY

OFFICE OF THE PRESIDENT
1600 Holloway Avenue
San Francisco, CA 94132

phone: 415/338-1381
fax: 415/338-6210
web: president.sfsu.edu

September 23, 2015

To whom it may concern,

This letter indicates my strong support of Lennar Urban as a development partner that is keenly in tune with innovative land use ideas and who understands the importance of working within complex community contexts.

Lennar Urban is the lead developer of the Hunter's Point Shipyard in San Francisco and is actively work to revitalize a space that was formerly a Naval Shipyard. Lennar invested a great deal of time working with a diverse array of community members and constituents as they developed their plans. Based on some of that work their Regional Vice President, Kofi Bonner, approached me about the possibility of creating an innovative educational space in the heart of the Shipyard development.

In recognizing the community's desire for unique educational opportunities, Mr. Bonner had the vision to pull together a partnership between San Francisco State University, the San Francisco Unified School District, and the San Francisco Mayor's Office that will soon become the cornerstone of an innovation district.

My experience working with the team at Lennar Urban has been first rate and I recommend them without reservation.

Sincerely,

Leslie E Wong

Leslie E. Wong, President
San Francisco State University

SFUSD SAN FRANCISCO PUBLIC SCHOOLS

Richard A. Carranza
Superintendent of Schools
555 Franklin Street, San Francisco, CA 94102
415.241.6121 | richardcarranza@sfusd.edu

Mayor Tim Grayson & City Council
City of Concord
1950 Parkside Drive, MS/01
Concord, CA 94519

September 13, 2015

Dear Mayor Grayson and Concord City Council Members,

As the Superintendent of Public Schools for the San Francisco Unified School District (SFUSD), I am pleased to call Mr. Kofi Bonner and his leadership team at Lennar Urban a true visionary partner of SFUSD for creating a meaningful educational footprint in the development of the Hunters Point Shipyard in the southeastern waterfront of San Francisco. Lennar Urban is planning and developing approximately 780 acres of our city which is reimagining how people live and work in our diverse community and they have engaged the School District in being a thought partner in the effort.

This renaissance of the Hunters Point Shipyard brings the opportunity for SFUSD, SF State University and Lennar to reimagine innovative approaches to educational offerings for children of San Francisco and in particular in the southeast sector of the City. Specifically, Lennar's team is partnering with my executive leadership to develop a comprehensive, state-of-the-art education space for students in high school to participate in career-specific laboratories to complete industry-based projects and receive academic credit for advanced English, science, math and technology. They are also assisting us in creating a new elementary school in the Shipyard that would be a strong STEM focused professional learning school to prepare students to have a strong STEM education and grow local diverse talent of educators to teach in San Francisco.

I have been impressed with the visionary leadership of Mr. Kofi Bonner and his executive team and we look forward to working closely with them to accomplish our dreams highlighted above. It is great to join San Francisco's effort to bring to life Vision 2025, our inspiring statement that captures the aspiration and vision for the future of public education in San Francisco.

Best,

Richard A. Carranza
Superintendent of Public Schools
San Francisco Unified School District

THE UNITED COUNCIL OF HUMAN SERVICES
BAY VIEW HUNTERS POINT MULTI-SERVICE DROP-IN-CENTER

2111 Jennings Street
San Francisco, CA 94124

TUCOHS

"MOTHER BROWN'S DINING ROOM"
"BAYVIEW HOPE"
HOMELESS RESOURCE CENTER
HOPE HOUSE PROJECT
HOPE HOUSE FOR VETERANS
FOOD PANTRY
CLOTHING BANK

Dr. Barbara J. Brown
Founder

Gwendolyn Westbrook
CEO

EXECUTIVE
BOARD OF
DIRECTORS

Mary Thomas

Frederick Shumate

Margie Stokes

Jay Howard

Cynthia Sloan

Robert McCum

Marlene Lucky-Curry

September 22, 2015

To Whom It May Concern:

The United Council of Human Services a certified 501C3 nonprofit organization located and operates in San Francisco Bayview Hunter's Point Community. We are in full support of Lennar Urban in their bid to be the master developers for the former military base, Concord Naval Weapons Station.

Our support of Lennar Urban is based on the project they are involved in in Bayview Hunters Point Shipyard. They have included and benefited this community more than any developer that has in the history of San Francisco. I am a native of San Francisco, second generation of the Bayview Community.

Lennar came to the community with an inclusive attitude of the people living here. They held community meetings before they started the project asking for community input during this entire process. Lennar has gone beyond and continues to include this community in each step of building the Bayview Hunters' Point Shipyard. They have hired from the community to ensure local residents were employed in their community.

The community has more than benefited from Lennar involved here. They were the first company to adopt our organization during the holidays providing donations for our toy give a way as well as funding to purchase our holiday meals.

As a former resident of Concord, I am positive that Lennar will do as they have done for our city San Francisco. I urge you to contract with a company that has the citizens of Concords best interest at heart as well as the knowledge and experience to develop and build new housing that is inclusive to the resident of Concord.

If you would like to speak with me, my office number is (415) 671-1100.

Sincerely Yours,

Gwendolyn Westbrook

Gwendolyn Westbrook, CEO

VIVAS BANNERS

WALL GRAPHICS - WRAPS - SIGNS

Vivas Banners & Signs, INC.

2220 Keith St. San Francisco, CA 94124

415.260.0537

print@vivasbanners.com

September 01, 2015

To Whom It May Concern:

It is with great enthusiasm that I write this letter of support for Lennar. We founded Vivas Banners about 3 years ago. Our main production facility is in San Francisco in the Bayview/ Hunter's Point neighborhood. Lennar first contacted us about a year ago, and since then, we have done several jobs for them including graphic design artworks, vinyl banners and decals. Lennar continues to support our San Francisco-based small business. Recently, Lennar contacted us for signage and other services in one of the development projects they have in Hunter's Point.

We are very grateful that Lennar has chosen to support us not only because they are satisfied with our work, but because we are a small business located in the San Francisco community in which they work.

Please do not hesitate to contact me should you need further information.

Sincerely,

Luis Vivas
President

FOR YOUTH DEVELOPMENT™
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

September 18, 2015

To: Concord City Council

RE: Letter of Support for Lennar - Concord Naval Weapons Station

The Bayview Hunters Point YMCA is proudly supporting Lennar in its bid to develop a mixed-use community in Concord. As the Executive Director of the YMCA branch located in the Bayview District of San Francisco, I have had the opportunity to witness, firsthand, the commitment that Lennar has made to local organizations like mine. Lennar has successfully demonstrated long-standing relationships and physical presence not just to promise, but to deliver, lasting personal and social change.

Lennar's support has been far reaching throughout San Francisco. Specific to Bayview, Lennar has created pathways for workforce development opportunities, barrier removal for disenfranchised community members and direct financial support to agencies like the Bayview that work to keep communities healthy and thriving.

Additionally, while I work in San Francisco, I live in the East Bay. Consequently, I have a vested interest in having access to high quality housing, local serving retail, parks, and jobs available closer to where I live. And having it close to BART is great, as I commute by BART every day. I am looking forwarding to seeing the outcome of this project.

Please feel free to reach out to me directly for additional information. I can be reach at tgardner@ymcasf.org or directly at 415.822.7728 x222.

Respectfully yours,

Takija T. Gardner
Executive Director
Bayview Hunters Point YMCA

BAYVIEW HUNTERS POINT YMCA
1601 Lane Street . San Francisco, CA 94124 . P 415 822 7728 F 415 822 7769 www.ymcasf.org/bayview

YOUR ALL DAY EVERYDAY
JANITORIAL SERVICE

3801 Third Street
San Francisco, CA 94124

T (415) 613-4126
F (415) 647-1542 or
F (510) 964-7801
jamesmabrey@yadejs.com

www.yadejs.com

September 4, 2015

To Whom It Concerns:

My name is James Mabrey, and I have the president of a janitorial and maintenance services company located in Bayview Hunters Point district of San Francisco. This is the area where Lennar Urban is building is project at The Shipyard and Candlestick Point.

Lennar Urban sponsors a mentorship protégé program for local contractors; for small contractors like me to get support for larger subs and primes in the business. In 2010, I became a protégé in that program. Since then I have been introduced to resources and people that have helped me to expand my business.

Once I became a more experienced business, I was given the opportunity to work directly with Lennar, providing janitorial services on site for special events, etc.

Recently, the relationship grew even more to include final cleaning services on a large number of the new homes in Phase #1. This is a great opportunity for my company.

Lennar has provided me support from the start of my business, and is "putting its money where its mouth is" with helping local contractors.

I support their efforts to expand their work into Concord.

James Mabrey

Yvonne's
SOUTHERN
SWEETS

August 31, 2015

Dear City of Concord:

My name is Yvonne Hines, and I am the owner of Yvonne's Southern Sweets, located in Bayview Hunters Point district of San Francisco, along the Third Street Corridor.

Lennar Urban has supported my business for at least eight years, when I began providing catering for the Small Business Workshops back in 2007.

As a small business, I rely on word of mouth advertising and referrals as much as I do on marketing efforts. Once Lennar Associates learned of my business, they have supported me. I have done catering for meetings, special events, and been able to provide goodies for the new homeowners as well. I am proud to say that I am now a featured vendor in The Storehouse, a convenience store created for the new homeowners that is stocked with local goods.

The relationship with Lennar has been good, and has been beneficial to my company.

Sincerely,

Yvonne Hines, Owner

PAUL
HASTINGS

1(415) 856-7017
gordonhart@paulhastings.com

March 25, 2016

Ms. Valerie Barone
City Manager
1950 Parkside Drive
Concord, CA 94519

Re: Benefits of Selecting a Master Developer With Extensive Experience at Closed Military Bases

Dear Ms. Barone:

I am writing to explain the considerable benefits to the City of Concord of selecting a master developer with extensive experience at closed military bases of the size and complexity of the former Concord Naval Weapon Station (CNWS), and to emphasize that there is no developer in the country with more depth and breadth of experience at closed military bases than Lennar. Over the last 20 years, I have represented several different developers, including Lennar and its affiliates[1], and also multiple Local Reuse Authorities (LRAs), with multi-year (and in many cases multi-decade) redevelopment projects at more than a dozen closed bases -- in California, as well as in the Midwest and on the East Coast.[2] I have spoken dozens of times at conferences throughout the nation regarding issues related to the Base Realignment and Closure (BRAC) process. I am also the author of *Brownfield Redevelopment at Closed Military Bases*, a chapter in the book *Environmental Issues in Real Estate & Business Transactions*, published by the American Bar Association in 2012.

Lennar has been deeply and continuously involved in military base redevelopment since 1997, when it was selected by the City of Vallejo as the master developer for the former Mare Island Naval Shipyard. Lennar now also serves as the master developer at the former Hunters Point Naval Shipyard and the former Treasure Island Naval Station in San Francisco, and the former Marine Corps Air Station El Toro in Irvine. In addition, Lennar has completed a residential development of 200 acres at Tustin Marine Corps Air Station in Tustin, on property it purchased directly from the Navy in a public sale. During the process of developing these bases, Lennar has become intimately familiar with the unique features and complexities of BRAC redevelopment.

BRAC Redevelopment is Unique

Redeveloping a closed military base is unlike any other type of redevelopment. It involves literally a different language – the acronym-heavy, jargon intensive, "BRAC–speak." Lennar speaks this foreign language more fluently than any other developer. Redeveloping a closed military base involves establishing trust and rapport with the civilian military personnel overseeing the transfer process – in the case of CNWS, that is the Navy BRAC Project Management Office (PMO) in San Diego. Because the Navy frequently rotates assignments among the different bases, Lennar has had the opportunity to work closely with almost the entire west coast BRAC PMO staff, as well as the national BRAC PMO leadership.

[1] For convenience, in this letter I refer to any of the various Lennar-affiliated and managed entities, including joint ventures, I have represented as "Lennar."
[2] I have also been a member of the team supporting Lennar Urban during the master developer selection process for CNWS.

Likewise, the environmental regulatory agencies have special units dedicated to overseeing BRAC properties, and those project managers also rotate. Lennar has therefore had an opportunity to build trusting professional relationships with many project managers, attorneys, and mid-to-top level management at US EPA Region IX, DTSC and regional water boards. There is no other developer that has worked anywhere near as closely with the Navy, EPA, DTSC or water board staff responsible for overseeing California bases.

Early Transfers

Two of these bases (Mare Island and Tustin) have involved early transfers – transfer from the Navy to the LRA or developer before the completion of environmental remediation. Early transfers are very difficult to accomplish, as they require the personal approval of the governor (and EPA at a federal Superfund site like CNWS). Early transfers that are coupled with an environmental services cooperative agreement from the Navy to provide funds to the LRA or developer to complete the remediation involve complex negotiations of interlocking agreements among the Navy, EPA, DTSC, City, developer, insurer and remediation contractor. It is my understanding that the City of Concord has discussed the potential for seeking an early transfer with an environmental services cooperative agreement for CNWS. At Mare Island, Lennar negotiated the first-ever complete early transfer of both property and environmental responsibility from the military through the LRA and to a master developer under an environmental services cooperative agreement. For the last 15 years, Lennar has coordinated its development activities at Mare Island with ongoing remediation activities, and for the last 3 years it has directly overseen the final remediation activities under a complex and unique renegotiated environmental services cooperative agreement that provides for additional funding from the Navy. At Hunters Point, Lennar was also involved in complex, multi-year early transfer negotiations with the Navy, EPA, DTSC and the regional water board that were almost complete when circumstances arose that prevented consummation of the transaction; this experience provides Lennar with unique insight into what works, and what doesn't work, in these difficult negotiations. Again, no other developer has even close to this amount of experience in negotiating and implementing early transfer and privatized remediation at BRAC bases.

Superfund De-listing

Two of the bases Lennar has redeveloped (El Toro and Hunters Point) are on the federal Superfund list (formally known as the "National Priorities List"), which poses unique challenges for redevelopment. At El Toro, Lennar was able to work with US EPA to formally remove several thousand acres (almost all of the developable property at the base) from the federal Superfund list, which has helped facilitate multiple sales and financing transactions. Delisting would be of great benefit to the City of Concord's redevelopment efforts; I am unaware of any other developer in the country that has been able to secure a delisting of this magnitude at a closed military base.

Environmental Insurance

Lennar has procured environmental insurance at all the bases it has redeveloped. Negotiating environmental insurance for closed military bases is different than negotiating environmental insurance at other brownfield sites. The interrelationship between environmental insurance and the statutory indemnities and covenants provided by the federal government are unique BRAC issues, as is the potential presence of munitions and explosives. Also, the long duration of BRAC redevelopment projects and the amount of insurance limits sought by LRAs, developers and lenders often stretches the parameters of what insurers are comfortable offering. At El Toro, Lennar has negotiated several layers of

custom environmental insurance coverage with limits several times higher than the maximum usually available in the marketplace.

Selecting a developer with this unprecedented depth and breadth of BRAC experience would benefit the City of Concord by making negotiations with the Navy and regulators faster, and increase the likelihood of the City obtaining favorable terms and accomplishing difficult but important objectives like securing an early transfer and a Superfund de-listing. Lennar's experience over the last two decades has allowed it to help LRAs creatively problem-solve when unforeseen problems arise, which is inevitable in a project of this size and complexity. I am confident that other BRAC experts throughout the country would agree with my assessment that Lennar is simply unmatched in the depth of its knowledge and experience on BRAC redevelopment.

I respectfully urge the City of Concord to consider these benefits in making its selection of a master developer for CNWS.

Sincerely,

Gordon E. Hart

Gordon E. Hart
of PAUL HASTINGS LLP

GEH:/mam

Geosyntec consultants

201 N. Civic Drive, Suite 245
Walnut Creek, California 94596
PH 925.357.6197
FAX 877.380.9153
www.geosyntec.com

22 March 2016

Ms. Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

Subject: Comments in favor of the Selection of Lennar Urban for Master Developer of the Concord Reuse Project, Former Concord Naval Weapons Station, Concord, California

Dear Ms. Barone:

I am writing to provide support in favor of the selection of Lennar Urban for Master Developer of the Concord Reuse Project at the Former Concord Naval Weapons Station, Concord, California. I am a consulting geologist, currently with the firm of Geosyntec Consultants in Walnut Creek, California, and have been providing consultation regarding environmental issues to Lennar Urban, for the redevelopment of closed military bases since 1997.

Specifically, my involvement with Lennar Urban has been in association with Base Realignment and Closure (BRAC) work at Hunters Point Naval Shipyard, Treasure Island Naval Station, Mare Island Naval Shipyard, and El Toro Marine Base. From this experience, I have come to know and respect Lennar as a fully integrated Master Developer that has the experience and capabilities to take a complex project, such as the Concord Reuse project, from concept through construction and to occupancy. The elements of Lennar's development proposal demonstrate their experience and knowledge in addressing all stakeholder concerns, structuring a sound business proposal, and securing the financial capital and human resources necessary to stand behind their commitments.

I have been directly involved with meetings and negotiations between Lennar, the U.S. Navy, environmental regulatory agencies, and Local Reuse Authorities regarding complex land transfer mechanisms as well as solving environmental challenges and constraints associated with development of a closed military installation. From this involvement, I observe that the U.S. Navy representatives and environmental regulators respect Lennar as a company and Master Developer that understands the intersection of base closure, environmental cleanup, and land

engineers | scientists | innovators

development. While development of non-BRAC property can be complex and challenging, none compares to that of developing a closed former major military installation, such as the Concord Naval Weapons Station. The direct experience of the Lennar team in successfully completing several such projects is unmatched by its competitors for this project and will be invaluable to the City and its residents.

Highlights of the Lennar proposal that demonstrate their level of sophistication and commitment to the Concord Community include:

- An integrated mixed use development plan incorporating a balanced mix of residential, commercial, and public open space uses;
- Appropriate inclusion of public amenities and low cost housing;
- Commitment to completing both development phases through to construction and occupancy;
- A financial model that benefits both the developer as well as the citizens of Concord;
- A commitment to taking on ownership of the land and all the responsibilities that accompany land ownership and development to relieve the City staff of the burden of dealing with land management;
- Complete integrated control of backbone and horizontal infrastructure as well as vertical commercial and residential construction and public open space with select opportunities for third party developers to share in the project.

Geosyntec is a specialized environmental and engineering consulting firm with almost 1,100 engineers, scientists and related personnel in more than 75 offices throughout the U.S. and in Australia, Canada, Malaysia, and the United Kingdom. We provide public and private sector clients with expert services to promote sustainable reuse of Brownfields sites – maximizing beneficial economic, ecological, and social uses – while protecting human health and the environment. Geosyntec maintains local offices in Walnut Creek, Oakland, and San Francisco where approximately 100 geologists, engineers, and environmental scientists practice their profession.

Based on the above and in the interest of the citizens of Concord and Contra Costa County, I urge you to select in favor of Lennar Urban as the Master Developer for the Concord Reuse project. Thank you for your consideration.

Sincerely,

Randolph C. Brandt

Randolph C. Brandt, P. G.
Principal

engineers | scientists | innovators

One Concord Center
2300 Clayton Road, Suite 610
Concord, CA 94520

925.688.1200 PHONE
925.688.0388 FAX

www.TRCsolutions.com

March 24, 2016

Ms. Valerie Barone
CITY MANAGER
City of Concord
1950 Parkside Dr.
Concord, CA 94519

RE: Recommendation for Lennar Concord, LLC, With Respect To Redevelopment of The Former Concord Naval Weapon Station

Dear Ms. Barone:

TRC Solutions, Inc. (TRC) is pleased to present this letter of recommendation for Lennar Concord, LLC, a Lennar Urban Company (Lennar), in support of their redevelopment proposal submitted to the City of Concord, Local Reuse Authority (LRA) for the redevelopment of the initial phase of the former Concord Naval Weapon Station (NWS) located within the City of Concord and Contra Costa County, California.

TRC is a highly-reputed and well-established national multidisciplinary engineering and consulting firm with significant experience and capabilities in the fields of environmental management, infrastructure, power delivery systems and pipeline engineering in California. With over 160 technical staff in 6 offices located in northern California, TRC provides services to private and governmental clients, and has achieved high client satisfaction by delivering solutions to meet client and project goals in a timely and cost effective manner. TRC has two offices located in Contra Costa County, California: one in Concord (primary location with more than 40 staff) and one in San Ramon (with more than 30 staff).

Several of TRC's senior staff members have been working closely with Lennar and project stakeholders over the past decade at two of Lennar's key Base Realignment and Closure (BRAC) projects located within the San Francisco Bay Area: the Former Hunters Point Shipyard (HPS) and the Former Treasure Island Naval Air Station (TI). As one of TRC's key clients, Lennar has developed a long term relationship with TRC at these two BRAC sites as well as other sites in California.

At HPS, TRC provides as-needed engineering support, radiological consulting, and as-needed environmental services to CP Development, LP, a Lennar subsidiary created for the redevelopment of the HPS and the Former Candlestick Point site (over 700 acres of mixed use redevelopment) in San Francisco, California. At TI (over 450 acres of mixed use redevelopment), TRC provides as- needed environmental services related to hazardous material evaluation and field oversight during abatement to Treasure Island Community Development, A Lennar and Wilson Meany Joint Venture (TICD). From early 2000 to present, TRC staff have provided these services to Lennar at both the HPS and TI sites, in close coordination with the City and County of San Francisco (City), US Environmental Protection Agency, California Department of Toxic Substances Control, Regional Water Quality Control Board, Bay Area Air Quality Management District, various City Departments (Agencies) and the property owner, the US Department of Navy (Navy.) We have observed Lennar's management team's devotion and commitment to consistently meeting obligations with the City, Navy, Agencies, public and state stakeholders in a professional manner with full resources and funds committed to achieve project goals and milestones. Lennar has consistently addressed the complex and occasionally conflicting needs of project stakeholders through creative and innovative solutions that address the needs of today without compromising the long term goals of these projects.

In TRC's opinion, Lennar's ability to fully understand community sensitivities (such as environmental justice issues and local hiring), regulatory concerns (such as naturally occurring asbestos in soils), land owner concerns (such as risk management issues related to Superfund remedies placed by the Navy), and the contractual obligations undertaken through development and disposition agreements (DDA) at both of the aforementioned BRAC sites have been the key reasons to date that these site are in the actual construction phase now. The units being constructed and sold now are key to meeting the much-needed San Francisco real estate demands and needs for the betterment of our economic success in those local areas. Lennar understands that the site risk management duties transfer to them through the DDA by the City and the Navy at both sites, and have created integrated engineering solutions that will provide for the longevity of the redevelopment, while also meeting their obligations within the agreed time schedules and other contractual obligations with stakeholder acceptance. With the well-established financial capabilities of Lennar, it is our opinion that they are well on their way to complete these two key BRAC projects as promised to stakeholders, and TRC is pleased to be part of the Lennar team for this continued success.

Having been an integral part of Lennar's redevelopment efforts historically and currently, TRC strongly believes that the Lennar team can deliver the obligations and commitments made to the City of Concord in their proposal to redevelop the Concord NWS as another world class project, as they have successfully done at HPS, TI and other sites within California and the US.

Please contact Dharme Rathnayake at (925) 688-2465 or drathnayake@trcsolutions.com or Stacy Sabol at (415) 644-3001 or ssabol@trcsoltions.com if we can be of further assistance regarding this matter.

Very truly yours,

TRC Solutions, Inc.

Dharme Rathnayake, Ph.D., PE
Principal Engineer

Stacy Sabol
Vice President, CA Business Unit Leader

TRC

March 22, 2016

Ms. Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

Dear Ms. Barone,

I write to support the City of Concord's consideration and choice of Lennar Urban as the master developer for the former Naval Weapons Station land dedicated to the City.

I am a 30-year resident and homeowner here in Concord and a professional energy consultant. I have worked on several land-use projects under contract to various land developers. This includes contracts with Lennar Urban in support of its projects in Hunters Point, Candlestick Point, and Treasure Island, all here in the Bay Area. It has been my experience that Lennar is a first-rate land developer. This opinion is based on several factors, including Lennar's experience and performance on other projects of similar magnitude, its forward-thinking perspectives on land use and advanced infrastructural technology, and overall incorporation of quality of life enhancements into its project planning and design.

As a technical consultant on energy matters including gas and electric design and sustainability, I have been involved first-hand in working with Lennar to plan and implement design approaches that both meld with the host utility suppliers' requirements yet also represent efficient and supportive efforts that move the project toward reduced carbon footprints.

I have no reservations in my recommendation of Lennar Urban as a proven master developer for the Naval Weapons Station land that is sure to become a tremendous opportunity for and asset to the City of Concord and its citizens, now and into the future.

Sincerely,

Dean R. Tibbs, Ph.D.

1927 La Salle Avenue
Concord, CA 94520

drtibbs@gmail.com

Main: (925) 521-0203
Cell: (925) 330-3375

FEHR & PEERS

March 23, 2016

Ms. Valerie Barone, City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Subject: Work with Lennar Urban

Dear Ms. Barone:

Fehr & Peers is a transportation planning and engineering firm that has been headquartered in Contra Costa County since the company's inception in 1985. There are currently about 60 Fehr & Peers employees based in Contra Costa. Over the years, we have worked on numerous projects in the City of Concord; these have included helping the City obtain funding through the One Bay Area Grant program, designing traffic signals and striping plans, developing conceptual plans for complete streets corridors, and many others. We value the opportunity to work with the City.

Fehr & Peers has worked with Lennar Urban on a wide range of projects throughout California. These have included major redevelopment projects such as Candlestick Point/Hunters Point Shipyard and Treasure Island in San Francisco, the Mare Island Shipyard in Vallejo, and numerous smaller development projects. We have enjoyed working with the creative, thoughtful professionals on the Lennar staff. Our projects with Lennar have involved a transparent and collaborative approach, in which we work closely with local agency staff to ensure that the transportation plans for the project fit with the agency's goals and standards.

We appreciate the opportunity to share this information with you. Please feel free to contact me with any questions.

Sincerely,

Chris Mitchell, P.E.
Principal

100 Pringle Avenue | Suite 600 | Walnut Creek, CA 94596 | (925) 930-7100 | Fax (925) 933-7090
www.fehrandpeers.com

moffatt & nichol

2185 N. California Blvd., Ste 500
Walnut Creek, CA 94596-3500

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www.moffattnichol.com

March 23, 2016

Ms. Valerie Barone, City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Subject: Professional Working Relationship with Lennar Bay Area Urban

Dear Ms. Barone:

We are writing this letter to describe our professional experience working with *Lennar Urban* on several projects in the San Francisco Region. We are presently leading the planning and investigation efforts for the shoreline open space for their Hunters Point Shipyard/Candlestick Point Redevelopment project, and leading the design effort for the Ferry Terminal and shoreline areas for their Treasure Island Redevelopment project. We have also worked with them and/or many of their key staff over the years on several projects both in the SF Bay region and elsewhere.

Moffatt & Nichol is a leading engineering firm based in Long Beach, working primarily on infrastructure and heavy civil works projects. Established in 1945, we now have a staff of over 600 professionals in about 30 offices worldwide. Over that 70-year period we have established an excellent reputation in the industry – as creative engineers who produce quality work products and deliver practical, buildable designs. Our clients consist of Federal, State, and Local Governments, as well as large public and private entities.

Our regional office has been in Walnut Creek for over 30 years now, where we presently employ a staff of about 45 consisting primarily of structural, coastal, and civil engineers, and other support staff. We have worked on several former Navy Bases that were undergoing base conversion (Mare Island, Alameda NAS, Treasure Island, Hamilton Airfield), led major repair designs for the Military Ocean Terminal Concord facility for the Army Corps, and have been on-call consultants for several Cities and Counties in the Bay Area including Martinez, Oakland, Walnut Creek, San Francisco, and San Mateo.

Over the last 8 years working with Lennar on the Base Reuse projects at Treasure Island and Hunters Point Shipyard, we have enjoyed an excellent working relationship with several key staff members. Much of the subject matter where we bring in our expertise (marine waterfront engineering) is complex and requires support from our clients in terms of understanding the reason for expending what is sometimes significant effort and budget over the course of a project. What is noteworthy about the key staff we work with at Lennar is that they are always open to the advice and recommendations that result from our complex analysis, and have fully supported the investment of significant funds to make a project better for the communities

moffatt & nichol

that they are developing. Two examples are the designs we recommended for accommodating future sea level rise at Treasure Island and the Hunters Point Shipyard, where they will be investing in raising several hundred acres of land to be out of flood zones for decades into the future, even though several developments around the Bay Area are building to a shorter timeframe. Their project management staff carefully considered our long term projections of sea level rise, understood the implications we were communicating to them via complex modeling and analysis, and embraced our recommendations to build higher than any other project that had built developments in the Bay Area until now.

Sincerely,

MOFFATT & NICHOL

Dilip Trivedi, Dr. Eng., P.E.

Vice President

Power Systems Design
2033 N. Main St. STE 200
Walnut Creek, CA 94596
Phone: 925-933-8485

March 18, 2016

City of Concord
Attn: Ms. Valerie Barone
City Manager
1950 Parkside Drive
Concord, CA 94519

Subject: Lennar Urban Master Planning and Development Capabilities

Dear Ms. Barone:

This transmittal is to inform you that Power Systems Design (PSD) has worked closely with Lennar Urban in the planning, development and design of electric transmission/distribution systems, and dry utility coordination for several master planned community development projects.

Power Systems Design is an electric utility engineering firm that has since 1985 provided electric and other dry utility planning, engineering and design for many master planned communities, and retail/ commercial developments in Contra Costa County. Since our formation in 1985, PSD has been located in central Contra Costa County.

PSD is pleased to have contributed to the development of many Contra Costa County master planned developments; to name a few; The Windemere Project, San Ramon, The Streets of Brentwood Project, Brentwood, the Wilder project, Orinda, and Summer Lakes, Bethel Island. PSD has also contributed to the development of several other northern California master planned communities outside Contra Costa County, including River Islands at Lathrop and the Mountain House Project. It should be noted that electrical energy for the River Islands at Lathrop project is delivered by the Lathrop Irrigation District, an electric utility developed exclusively for this project. PSD was instrumental in the planning and study efforts to bring this utility into existence.

PSD works with many regulated and municipal electric utilities, and understands that the utilities have been subject to recent scrutiny. Master developers are concerned with the rising energy cost impact on their valued customers; the escalating capital costs/poor performance from regulated utilities, and renewable energy applications and options. These issues are now tangible in the energy environment and master developers can make a difference. Lennar has chosen to do so.

Our association with Lennar Urban has been most productive, innovative and satisfying for many reasons. Specifically we have collaborated on the Treasure Island, Candlestick Point and Hunter's Point redevelopment projects in San Francisco, California.

Considering the challenges of developing new and innovative power and energy strategies for several projects of considerable scope, Lennar Urban has shown a willingness and genuine passion to develop power delivery strategies, design, and construction of electrical distribution systems that provide not only practical economics for both capital and energy cost, but also reliability; and positive aesthetic characteristics. This is remarkable, because Lennar as a leader in master plan development has actually

led the effort to assist in developing a non-regulated utility entity; no easy task in the public utility arena.

With more than thirty-one years of local electric/dry utility master planning, engineering and design experience, PSD would recommend Lennar Urban as a master plan development authority. During our association with Lennar Urban, we have observed Lennar Urban's relationships with engineers, architects, public entities, contractors, the U.S. Navy, and the community; and have found them to be above reproach in their relationships. Lennar expects outstanding performance from their consultants, and has a positive approach in achieving that goal.

Lennar Urban has developed an inclusive approach, which seems to create balance in their master plan efforts; this develops a poise not normally seen in most master planning efforts.

Again, it is our belief that Lennar Urban strives for excellence, and we have been pleased to contribute to their commendable efforts.

Please contact me should you have any questions or require any additional information regarding our relationship with Lennar Urban, and some of the milestone achievements we have accomplished together.

Very truly yours,

Gerald Jones
Owner, Power Systems Design

ALFATECH

San Jose
San Francisco
Los Angeles
Atlanta
Dublin
Singapore
Sydney
Queensland
Hong Kong
Taipei

March 23rd, 2016

Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

Regarding: Concord Naval Air Station Re-development

Subject: Lennar Testimonial

Dear Valerie:

AlfaTech is in the process of developing an office in Walnut Creek, with a view of expanding to Concord in the near future. It is envisioned that AlfaTech will have an employee base of 20 people within the next 12 months to support an increase in engineering projects within the Concord, Contra Costa County region. Currently, AlfaTech supports its new Walnut Creek office from its major corporate offices in San Jose and San Francisco.

AlfaTech is currently working on a number of high profile redevelopment projects for Lennar. Some of the projects include:

- San Francisco Shipyard Hunter's Point, former Naval Base
- Candlestick Point, San Francisco
- Treasure Island, San Francisco, former Naval Base

AlfaTech has been working with Lennar over the past several years on major redevelopment projects. Lennar Urban has shown itself to be very committed to new, innovative solutions to the challenges of master plan developments. Our relationship with Lennar has developed due to our mutual respect for their ability to envision highly sustainable Eco-Districts that improve the master plan for the City. San Francisco Shipyard Hunter's Point is a prime example of foresight commitment to the City and the community to go beyond its contractual brief to deliver a state of the art Eco-District that is self-sufficient in energy generation and water recycling. Its consideration of smart building technology, district vacuum collection and black-water treatment systems are a benchmark for future City master planning within the US. Lennar continues to set the standard for developers within the United States.

AlfaTech and its subsidiaries is a global leader in Master Development and Eco-District design. Our continued collaboration as primary master planning engineer for Lennar and the City of Concord on future developments within Concord's Naval Air station would allow AlfaTech to lend its vast design experience in master planning and realize the implementation of a true Eco-District development that would be a beacon for all municipalities.

We lend our support to Lennar in selection as the Master Developer for the Concord Naval Air Station because we truly believe in their ability to exceed the expectations of the City and its Residents.

Sincerely,

AlfaTech

Sean Timmons, P.E., MBA, B.Eng. (H)
Vice President / Partner

DESILVA GATES
CONSTRUCTION
11555 Dublin Boulevard
P.O. Box 2909
Dublin, California 94568-2909
925/829-9220
www.desilvagates.com

CONTRACTORS LICENSE NO. 704195 A

March 22, 2016

Valerie Barone
City Manager
City Of Concord
1950 Parkside Dr.
Concord, CA 94519

Re: Concord Naval Weapons Station

Dear Ms. Barone,

DeSilva Gates Construction has been doing business in the greater bay area and Concord for over 80 years. We provide General Engineering contracting services including grading, paving and utilities. We maintain a full time staff of over 400 employees and during the peak of the construction season we have a work force in excess of 1000. Additionally, we provide our clients assistance in navigating the regulatory and permitting process both in the planning and construction stages of their projects. A few of our representative projects in Concord include site improvements at Buchanan Field, Sun Valley Mall, Crystal Springs, Turtle Creek and Pine Hollow. We were also involved in the redevelopment and relocation of the Navlet's nursery.

Since February 2015 we have been working closely with Lennar on their Candlestick Project in San Francisco. We responded to a Request for Proposals (RFP) from Lennar and started their well-defined process of working closely with their management team and various consultants to gain a complete understanding of their project. Lennar made the process very clear and made sure that the respondents were well aware of all of the sensitive issues related to the project, including neighborhood and regulatory issues. During the negotiation and selection process for their contractor, Lennar worked closely with the local jurisdiction to ensure they were involved. Many stakeholders were involved including local agencies, local hiring advocates, small and local business interests, neighborhood groups, and local interest groups. Through the entire process, Lennar stressed the importance of working in concert with the various groups and placed a strong emphasis on the mandatory nature of our ability to reach out and maintain relationships during the construction process. They have encouraged us to be involved in local charitable activities as well as events that take place in the local community.

Lennar has made us a member of their team and supported us in extending our role to think more like partners in the process. They have placed a high level of importance on the necessity to work collaboratively with the local agency, the neighborhood groups and the regulatory agencies. We have been included in their regular meetings with the local agency and they have used us, as well as others on their team, to successfully address the myriad of challenges to keep a very ambitious project like this on schedule. They have assembled a talented and highly professional team that has proven its ability to solve difficult problems in a

creative, timely and intelligent manner while working diligently with the governing bodies to address their needs and requirements.

Since we started our work with Lennar, they have enlisted our input on their other projects in San Francisco including the Hunters Point Naval Shipyard and Treasure Island. They have asked us to take a hands-on and pro-active approach with them in their planning process to identify the best ways to phase and construct infrastructure to allow optimal buildout of the projects. They have challenged us and others on their team to be continually thinking of the best way to address any given issue and present solutions that will be well received by the community and the governing agencies.

Lennar's experience on large mixed use projects, as well as military base re-use within the greater bay area, makes them well suited to partner with the City of Concord and the local community stakeholders to make this a successful project.

Very truly yours,

Richard B. Gates
President

AMCAL

30141 Agoura Rd. ♦ Ste. #100 ♦ Agoura Hills, CA ♦ 91301-4332
Phone: (818) 706-0694 ♦ www.amcalhousing.com

March 24, 2016

Valerie Barone
City Manager
City of Concord, CA
1950 Parkside Dr.
Concord, CA 94519

Subject: Letter of Support for Lennar Urban

Dear Ms. Barone:

AMCAL Multi-Housing is a leader in the development and construction of affordable, market-rate rental and for-sale housing, including mixed-use and mixed-income communities. We are currently participating in Lennar Urban's Hunters Point Shipyard project as the developer of Pacific Pointe Apartments, consisting of 59 units of affordable rental housing. For this project AMCAL has partnered with Young Community Developers, a 501(c)3 community-based organization with over 40 years of experience providing a variety of job training opportunities for residents of the Bayview Hunters Point neighborhood.

AMCAL is a vertically integrated development, construction and asset management company founded in 1978 and incorporated in 1984. We have primarily focused on the affordable housing sector and since 1995 we have been awarded over $630,000,000 in state and federal tax credits in California. Working with Lennar has afforded AMCAL an opportunity to increase our presence in the San Francisco Bay Area.

As a part of the Pacific Pointe Apartments partnership, Lennar has contributed a grant for over $10.6M to support project financing, as well as $4.1M in funding to support the construction of offsite infrastructure for this project.

The working relationship that we have developed with Lennar Urban through Randi Gerson, Director of Development, has been positive. As such, we look forward to future partnership opportunities with Lennar to develop and build additional affordable housing in the San Francisco Bay Area. In addition, AMCAL offers our support for Lennar's efforts to expand their development work into the City of Concord.

Sincerely,

Arjun Nagarkatti
President
AMCAL Multi-Housing, Inc.

Young Community Developers, Inc.
1715 Yosemite Avenue
San Francisco, CA 94124
(415) 822-3491 main (415) 822-1196 fax.

City of Concord
Attention: Valerie Barone, City Manager
1950 Parkside Drive
Concord, CA 94159

Wednesday, March 23, 2016

RE: Letter of Support for Lennar Urban

Dear Mrs. Barone,

Young Community Developers (YCD) is an employment education, training, and placement non-profit that has served the Bayview Hunters Point Community for 40 years.

We have had the opportunity to participate in Lennar Urban's Hunters Point Shipyard project as a developer of 59 units of affordable rental housing, through a joint venture partnership with AMCAL. For this project alone, Lennar Urban provided a $10M subsidy, in addition to the infrastructure. Working with Lennar in this area, has afforded YCD an opportunity to make a name for itself as developers in the San Francisco Bay Area's affordable housing market.

YCD supports Lennar Urban in their bid for the Concord Naval Weapons Station. We look forward to other opportunities that may develop to contribute more affordable housing to the Bay Area's housing stock in partnership with Lennar Urban.

If you have any questions, please feel free to contact me at 415-822-3491 or via email at swalton@ycdjobs.org. Thank you.

Sincerely,

Shamann Walton, MPA
Executive Director, Young Community Developers, Inc.

MCCORMACK
BARON
SALAZAR

Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

March 24, 2016

RE: Letter of Support

Dear Ms. Barone:

Please accept this correspondence as a Letter of Support for Lennar Urban in its bid to become the developer for the Concord Naval Weapons Station.

McCormack Baron Salazar (MBS) is the nation's leading for-profit developer, manager and asset manager of economically-integrated urban neighborhoods. Since 1973, the firm has been an innovator in community development and urban revitalization in 42 cities, having built more than 19,500 high-quality homes for families, children, seniors and veterans.

We are currently partnered with Lennar Urban in their Candlestick Point development as the vertical developer of the Alice Griffith Public Housing Transformation Development that includes replacing all 256 units of public housing and building 248 additional affordable apartment homes.

As a part of the partnership, Lennar has contributed over $36M in subsidy to develop the first three phases of the project and will have contributed over $30M to the infrastructure when completed. These developments that are replacing dilapidated public housing and providing new quality affordable housing would not have been possible without the needed gap sources from Lennar Urban.

We look forward to other partnership opportunities with Lennar Urban in the Bay Area to develop more affordable and mixed-income housing, and support their bid to develop the Concord Naval Weapons Station without reservation.

Regards,

Yusef Freeman
Managing Director

535 Mission Street, 14th Floor San Francisco, CA 94105
(877) 621-3400

March 23, 2016

Valerie Barone
City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

RE: Support of Lennar Urban for the former
Concord Naval Weapons Station

Dear Ms. Barone,

I am writing in support of Lennar Urban successfully securing the development rights and entitlements for the former Concord Naval Weapons Station.

Anvil Builders Inc. has had the opportunity and pleasure of working with Lennar at the former Candlestick Park (CP-01) and the Shipyard development over the last three years. We employ approximately 110 employees who are members of the Laborers, Local 261; Operating Engineers, local 30 and Carpenters Union Local 22.

Anvil Builders Inc. ("Anvil") is a service disabled Veteran owned company which has been in business for five plus years. I served and was injured in the Iraq War. Anvil self performs its own work. Specializing in excavation, wet & dry utilities, grading, site work, site concrete etc. Lennar has provided Anvil incredible opportunities to engage, train and expand our company. When other large developers doubted our capabilities, Lennar always supported Anvil's development and goals. Understanding the requirements of a rapidly growing minority owned small business, Lennar provided timely progress payments and access to their accounting department to preemptively work to make sure payments were never interrupted to Anvil.

Over the last five years Anvil has grown over 100% a year and this would not have been possible without the support and guidance of Lennar. Their guidance and mentorship has been substantial to our success.

Like the Concord Naval Station, the Shipyard property was formerly owned by the U.S. Navy. Lennar was exceptionally understanding of the complexities of the site, the variations in the existing conditions and required engineering expertise to successfully execute under challenging conditions.

Lennar has been adept in responding to the challenges of working in a disadvantaged neighborhood, responding to many specification changes and in complying with the rigorous documentation requirements of the City and County.

It is without qualification that I recommend Lennar Urban to the City of Concord. Your City would be well served to have such a conscientious strategic development partner!

Should you have any questions, please call.

Sincerely,

"HT" Hien Manh Tran
CEO & President
Anvil Builders Inc.

US: 1475 Donner Ave, 2nd Floor, San Francisco, CA 94124
GUAM: 692 North Marine Corps Drive, ACC Building, Ste. 200, Tamuning, Guam 96913
(415) 285-5000 | (415) 285-5005

PACIFIC LAND SURVEYS
6519 Oakwood Drive
Oakland CA 94611
650-245-3802
billym@pacificls.com

March 21, 2016

Valerie Barone
City Manager
City of Concord
1950 Parkside Drive
Concord CA 94519

Dear Ms. Barone;

I am writing to describe my experience working as a consultant with Lennar on the Treasure Island/Yerba Buena Island project.

My company is a small Land Surveying company, in fact I have only one employee which is myself. I do contract out the field surveying firm to multiple Bay Area firms and I have a mapping company help me as well. Although in my current capacity I work primarily in San Francisco County, I have been a consulting surveyor in the Bay Area for over 30 years and have a great deal of experience working in Contra Costa County and in the City of Concord. I was formally a partner with the firm of BKF Engineers and while at BKF I worked closely with our Walnut Creek office on many projects in your area.

Currently I am working with Lennar on the Treasure Island/Yerba Buena Island project. This project in being done in conjunction with the City of San Francisco. The TI/YBI project is a base reuse project and I have worked closely with Lennar, the Navy, the City and County of San Francisco and with the California State Lands Commission. It is a complicated project in which the surveying involves among other things the environmental cleanup of the islands, the property transfer from the Navy to the City, the property exchange with the State Lands Commission and the property transfer between the City and the private developer group.

In addition to my small portion and involvement in this project, there is the Community design process, the site design of improvements including: streets and infrastructure; landscape design; layout of urban parks and recreation areas; design of marina areas; design of new ferry facilities and the architectural design.

I have been involved in many meetings with Lennar, City staff, State staff, Navy personnel and other consultants. In these meetings I have come away impressed with Lennar's community vision of the project and their ability to coordinate with all the involved entities to insure positive progress to reach the community vision. As you well know it is difficult to consider all the involved parties goals and to balance these with the communities overall goal to create the most beneficial project. Lennar manages to accomplish this by constant communication with all the parties and perhaps most importantly with ongoing community involvement. I have been especially impressed with their outreach in working with the existing residents and existing companies occupying the islands.

If you have an opportunity please review the community plans for our project on TI/YBI and see the wonderful mix of well needed residential housing, urban recreation areas and retail spaces for local businesses. Lennar is helping create a splendid community while maximizing uses of a local resource which will benefit all Bay Area residents especially San Francisco.

I cannot more highly recommend any client I have worked with than Lennar. Their professionalism and concern for the wellbeing of all the participants in their projects puts them above the norm for community developers.

Please feel free to contact me with any questions or concerns.

Sincerely;

Billy Martin
Pacific Land Surveys

IBI GROUP
315 West 9th Street – Suite 600
Los Angeles CA 90015-4206 USA
tel 213 769 0011 fax 213 769 0016
ibigroup.com

March 24, 2016

Ms. Valerie Barone
City Manager
1950 Parkside Drive
Concord, CA
USA 94519

Dear Ms. Barone:

RE: LENNAR URBAN

This letter will provide a brief overview of my experience with Lennar Urban SF, in support of their interest in the working with you on the re-use of the Naval Base in your community.

By way of background I am an architect and urban planner, and have acted in the capacity of Master Architect on Lennar's Hunters Point Shipyard & Candlestick Point for close to a decade. I also work in a similar capacity for different developers and public agencies on urban re-development projects globally across IBI's network of 64 offices.

Lennar Urban's approach to 'community building' is unique and stands out over any other company I have worked with during my 40 year career. Successful urban renewal is a true partnership between public and private interests, open honest dialogue, taking the time to build relationships (and trust) with all stakeholders, delivering on each and every promise made, and pushing the bar of design excellence and sustainability. None of this happens without passionate (and compassionate) leadership, backed up by a team, all with a shared vision. Lennar Urban is one of the few in this business that truly understand this and act accordingly, as evidenced by the strong support they continue to have in the Bayview-Hunters Point communities.

When I started working with Lennar the team was small. I have seen it grow significantly, commensurate with the scale of undertaking and the variety of skill sets needed for complex long term projects. One of the things that has impressed me most with Lennar is the consistent 'quality' of every member of this team, the consistent 'commitment' to common goals and values and consistency of 'inspirational leadership'. This is the foundation for 'win/win' outcomes in community building- both the end product and the road(s) taken to get there.

I'm happy to provide further detail if it can assist you related to your deliberations around selecting the right partner to realize the aspirations of you and your community for the re-use of the Concord Naval Base.

Regards,

David M. Thom, AIA
President | Managing Director
Mobile: 604-351-7577

IBI Group is a group of firms providing professional services

jtp

architects
masterplanners
placemakers

23 March 2016

Valerie Barone,
City Manager,
1950 Parkside Drive,
Concord, CA 94519

Dear Ms Barone

Concord Naval Base: Lennar Urban

JTP is an international placemaking practice with extensive experience of delivering award-winning projects for private and public clients throughout the UK, Europe, China, Russia and the Middle East.

From our studios in London, Edinburgh and Hangzhou we undertake Masterplanning & Architecture at every scale, from cities and towns, to neighbourhoods, streets and the design of individual buildings; creating new places and breathing life into old ones. We are renowned for our unique 'Collaborative Placemaking' development processes, and have recently been named as the UK's Masterplanning and Public Realm Architects of the Year 2016.

As a practice, we are currently working on a range of high-profile placemaking projects including the $11bn Battersea Power Station project (one of the largest mixed-use real estate projects in Europe), the regeneration of Shengzhen City Center in China, 'Oaks' - a new village outside of Prague, and Southall Waterside - a large 5,000 home transit-oriented city quarter in London.

In the last year we have had the honor of working with the Lennar Urban team on placemaking strategies for San Francisco Shipyard and Candlestick Point projects. During this time we have been hugely impressed with the creativity and professionalism of the organisation, and also the visionary leadership of Kofi Bonner.

In our experience, it is extremely rare to find a real estate developer that can demonstrate genuine commitment to creating thriving urban communities, where people from all walks of life can live, work and play.

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Edinburgh & Hangzhou

While this is clearly evident in Lennar Urban's approach to masterplanning , what makes the organisation unique are the cutting-edge approaches to placemaking that Lennar Urban are using in delivery - to animate the fledgling neighborhoods, rapidly accelerate community formation, and sensitively embed the development physically, economically and socially within the surrounding Bayview area.

The former naval base at Concord offers a remarkable opportunity to create a world-class neighbourhood fit for the 21st Century – but to achieve this will require sustained effort from a world-class placemaking team. Based on our international experience over the past 25 years, we commend Lennar Urban to Concord City Council as one of the few organisations in the world we believe capable of delivering on such a vision.

Yours Sincerely

Eric Holding
BA(Hons) DipArch MA Cert Management Consult (GGSB) ARB AoU

Strategic Projects
JTP

rhaa

LANDSCAPE ARCHITECTURE + PLANNING

23 March 2016

Ms. Valerie Barone
City Manager
City of Concord
1950 Parkside Drive
Concord, CA, 94519

Re: Recommendation of Lennar Urban for the Concord NWS Ruse project

Dear Ms. Barone:

RHAA Landscape Architecture and Planning is a Bay Area-based planning and design firm that through our 57 year history, has held a commitment to creating places that enrich the fabric of their communities. With many projects completed throughout the East Bay, our most recent work in the City of Concord has been related to the Concord NWS Reuse Project. In 2013-2014 we worked for the City of Concord under Arup as part of the ABAG / MTC PDA Planning Grant (FOCUS) project to develop public open space and streetscape design guidelines and standards. Through this experience we bring a strong understanding of the Concord NWS site, the community's vision, and the potential for this project to create uniquely sustainable development that also provides tremendous benefits to the larger community through the development of parks and open space.

The selection of an accomplished developer with the creativity, unique skills, and commitment to realizing Concord's vision is essential. RHAA's recommendation of Lennar Urban is based on our ten years of experience working with the Lennar Urban team on similarly complex and ambitious projects in San Francisco – the Hunters Point Shipyard and Candlestick Point Redevelopment Project. Here we have seen Lennar's creativity and commitment to sustainability in the integration of streets and open spaces as linked green infrastructure systems that pioneer and pilot new techniques in urban forest and stormwater management for the City of San Francisco. Benefiting from a dense and mixed use development plan, the project is also pioneering streetscape design for sustainable transportation and mobility with dedicated cycle track and transit lanes integrated into a pedestrian-oriented urban realm. Additionally, Lennar's approach to public place-making brings a focus to the integration of art, history, environment, social opportunity and events, sustainability, and neighborhood values, creating the variety of places needed for a complete community.

Also notable is Lennar Urban's preeminence as a leader in the field of Naval base reuse projects – with projects including Treasure Island and Mare Island in addition to Hunters Point Shipyard. As may be important at Concord NWS, the Lennar

ROYSTON HANAMOTO ALLEY & ABEY
323 Geary Street, Suite 602. San Francisco T 415 861 7900 F 415 861 7908 www.rhaa.com

team's expertise in this area at Hunters Point Shipyard was critical in developing plans for projects that were coordinated with the Navy's remediation and conveyance plans. Throughout all of our work we have noted the professionalism and dedication of the Lennar Urban team which has been committed to delivering complex projects on fast-paced schedules. Lennar has accomplished this through a collaborative approach, with city and partner agencies, and with the community through an extensive public outreach and involvement process. We believe the Lennar Urban team to be an excellent match for the Concord NWS Reuse project with the expertise, creativity, and commitment to deliver on Concord's vision.

Sincerely,

Manuela King President	Nathan Lozier Vice President	Barbara Lundburg Vice President

ROYSTON HANAMOTO ALLEY & ABEY
323 Geary Street, Suite 602. San Francisco T 415 861 7900 F 415 861 7908 www.rhaa.com

GROUNDWORKS Office
landscape architecture

March 22, 2016

Valerie Barone, City Manager
1950 Parkside Drive
Concord, CA 94519

Dear Ms. Barone:

I'm writing in support of Lennar Urban and their proposal to lead the development for the Concord Naval Weapons Station Reuse Plan.

Groundworks Office is a women-owned small business located in Berkeley, California, started in 2012 by Sara Peschel and myself. My office is comprised of a small group of landscape architects and urban designers that are on a mission to build meaningful and memorable spaces here in the Bay Area and beyond. We value design and its ability to thoughtfully solve the complex issues we face in the urban environment.

For the past 8 years, I have personally worked with Lennar Urban and its team to develop a plan for the reuse of the Naval Station on Treasure Island. This planning effort, a decade in the making, has been awarded numerous honors for its forward thinking, urban design goals and exhaustive community process. Most notably the project was recognized by the Clinton Climate Initiative as a model project, for its sustainability goals and development sensitivity. Of special note, it was resoundingly approved by the San Francisco Board of Supervisors with an 8-0 vote, a feat not matched by any previous development plan in San Francisco.

My firm is also currently working with the team at Lennar Urban on the reuse plan of Hunters Point Naval Shipyard, in San Francisco's southeast neighborhood. Lennar Urban has shown great leadership and acumen in the development of this community orientated, pedestrian first plan. Lennar Urban has also shown great restraint towards the allure of the current market forces, to develop fast without thought or consideration, but instead have chosen a path to "build right" at Hunters Point Shipyard.

I support the plan that Lennar Urban has put forth and believe that their interest lies well beyond the brick and mortar of the communities they build, but lies squarely in the realm of creating memorable community orientated neighborhoods.

Regards,

Brennan Cox

Brennan Cox, Partner
Groundworks Office

1804 6th Street Berkeley CA 94710 - 510.833.2111

March 22, 2016

Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

Dear Valerie Barone,

Hood Design Studio, Inc. is pleased to submit this letter of reference for Lennar Urban to the City of Concord. Hood Design Studio, Inc. is an urban and landscape design studio based in Oakland and founded in 1992. We have had the pleasure of working with Lennar Urban, as our client, on the redevelopment of Yerba Buena Island in the San Francisco Bay, as the Landscape Designers for Hilltop Park, a four acre public space at the apex of the island.

The park design honors both the cultural and ecological history of the island, including use of native planting schemes and design forms that consider historic Navy infrastructure. Lennar Urban has been supportive of our artistic vision and these design decisions. They have taken advantage of our expertise, looking to us for guidance on design in support of their larger goals.

We have enjoyed working with Lennar as a client, and look forward to a successful realization of a newly developed Hilltop Park.

Sincerely,

Walter J. Hood, Creative Director
Hood Design Studio, Inc.
3016 Filbert St. Studio 2
Oakland, CA
94608

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studio@wordsearch.co.uk
www.wordsearch.co.uk

wordsearch

Valerie Barone, City Manager
1950 Parkside Dr.
Concord, CA 94519

03.24.16

To Whom it May Concern.

Wordsearch are a world-leading branding and communications agency specialising in real estate and architecture. We have been in business for 30 years and have offices all over the world. We are headquartered in London, but have offices in Beijing, Sydney, Moscow, Singapore, New York and San Francisco.

We have worked on many of the world's most significant real estate projects including One World Trade Center, Central Park Tower, Hudson Yards and One57 in New York, Battersea Power Station, The Shard, The Leadenhall Building and Broadgate in London, Masdar City in Abu Dhabi, ICC in Hong Kong, Taipei 101 and Barangaroo in Sydney.

In recent months we have been lucky enough to work with Lennar Urban on their projects at Shipyard and Candlestick, helping them to develop a long-term placemaking and branding strategy for both sites.

Having worked with many of the world's most respected developers, it has been a real privilege to work with Lennar Urban. It is clear that they have a vision and a commitment to community and place that is extremely rare anywhere in the world. Kofi Bonner is a deeply impressive leader, and even though he talks the talk of a successful developer extremely well, you don't have to scratch far beneath the surface to realise that underneath there is a do-gooder with a genuine desire to create real opportunities for real people, to create genuinely successful places - and to help and benefit the communities of San Francisco that most need it.

I have no doubt as to the skill, creativity and capability of Lennar Urban to deliver large scale projects that are sensitive to the city, to the existing communities and wholly appropriate to the site. They have shown a willingness to listen, learn and act which is the hallmark of a world-class developer, and I think the work that that they are doing is exemplary.

Yours sincerely

William Murray

William Murray

Group Director and Owner
Wordsearch
148 Tooley Street,
London

William.murray@wordsearch.co.uk

IMMACULATE CONCEPTION ACADEMY

A CRISTO REY SCHOOL IN THE DOMINICAN TRADITION

Lennar Urban
One Sansome Street
Suite 3200
San Francisco, CA 94104

March 17, 2016

Dear Kofi,

I am writing to thank you for your very generous donation toward uniforms for our girls from Immaculate Conception Academy. The parents and guardians of our girls were most appreciative. Without your support, it would have been a big financial burden for them. To date you have helped over 50 of our families.

As you know, to attend Immaculate Conception Academy all our students come from either low-income or working-class families. The average income for a family of four who attend our school is $44,000 per year. Many of our students' parents or grandparents are immigrants or have not had an opportunity to attend college. At Immaculate Conception Academy, our students take all course requirements needed for entrance into the CSU and UC systems. For the past several years, 100% of our girls have been accepted into college.

You have gone above and beyond the call of duty in supporting the mission of our school. It is not often that we meet people like you from Lennar Urban who are really interested in giving back to the community.

Thank you once again, Kofi, for your financial support in helping change the lives of our girls at ICA.

Sister Lilly Fitzpatrick, O.P.

Sister Lilly Fitzpatrick O.P.

Job Acquisitions Manager

3625 - 24th Street ❖ San Francisco ❖ CA ❖ 94110-3607 ❖ (415) 824-2052 ❖ FAX (415) 821-4677 ❖ www.icacademy.org

H. Abram Wilson | 246 Canyon Lakes Place | San Ramon, California 94582
925.735.3513
Email Wilsonforsanramon@gmail.com

March 25, 2016

Valerie Barone, City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Ms. Barone,

As you consider the selection of a master developer for the Concord Naval Weapons Station, I hope to give you my perspective on what it means to partner with Lennar. They are absolutely committed to delivering on their promises. They demonstrate a deep respect for the citizens and communities in which they build. And they do build – they see their projects through to complete build-out, staying the course for the long haul.

As Mayor of San Ramon from 2002 to 2011, I witnessed firsthand the transformation of the Dougherty Valley from barren ranch land to a thriving community with much-needed housing, commercial space, schools, parks, hiking trails and so much more. The amazing commitment of Lennar, through both positive and negative economic times, was evident throughout the process. The quality of their product is superior, and we at the City of San Ramon felt so fortunate to see an asset such as this development take shape before our very eyes.

As you can imagine, a development like the Dougherty Valley, similar in size and scope to the Concord Naval Weapons Station, brings a high level of visibility to the city in which it is located. Aside from the tax revenue and jobs creation, projects like this draw people to them. They elevate the status of the region and attract many who would enjoy the enormous amenities they provide.

I believe that Lennar is the only developer who can bring true success to a project like yours. There are not many opportunities left to build a project like this. It is important to get it right, and by selecting Lennar, you can be assured that they will get it right.

Thank you for your time. Should you have any questions or desire any additional information, please do not hesitate to contact me.

Sincerely,

H. Abram Wilson
Former Mayor, City of San Ramon

Doreen Spinney –Manager
(916) 803-5851
paradiseroadranch@gmail.com
PO Box 1006
Tracy, CA 95378

Herb Moniz- Owner
(925) 570-1125

March 25, 2016

Valerie Barone, City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Ms. Barone,

I am writing to you in order to convey my wonderful experience working with Lennar on the development of Windemere, in the Dougherty Valley of San Ramon. Lennar led the project from 1997 to 2009, and demonstrated unwavering dedication to the city and the community until the build-out of the project was complete. I was the City Manager for San Ramon during the most active phases, and had an opportunity to acquire a thorough and first-hand understanding of the approach that Lennar takes to moving large, visionary projects through planning, design and construction.

Lennar was the lead developer for the Windemere portion of the Dougherty Valley. The Dougherty Valley project is a 6,000-acre development with 11,000 homes, elementary and middle schools, a state of the art high school, beautiful parks, a community college campus, a community center and a public library, among the many amenities. The project includes many miles of roadways, a major thoroughfare, restoration of creeks, and innovative stormwater and flood control designs.

Without exception, Lennar was steadfast in their commitment to keeping their promises, and they went above and beyond to engage stakeholders in the planning process. They truly listened to the citizens of our city, and their extremely high level of integrity was evident every step of the way.

As you prepare to select a master developer for the Concord Naval Weapons Station, and as someone who has been through the long process of undertaking a project of similar magnitude, I urge you to consider my opinion of Lennar and allow it to weight your decision in their favor. Lennar was a true partner during the entire project, seeing it through both good and bad economic climates and remaining one hundred percent committed to the success of the project and the good of the community. The result is an iconic project that is the pride of the San Ramon Valley and serves our citizens better than we ever dreamed.

Very truly yours,

Herb Moniz

Herb Moniz
Former City Manager, City of San Ramon

RICHARD CLARK
1237 Robyn Drive, Danville, CA 94526

March 28, 2016

Valerie Barone, City Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Ms. Barone,

I have been a Contra Costa County Planning Commissioner for more than twenty-five years, and I have been asked to comment on my observations of Lennar's performance on projects in Contra Costa County, especially the large and complex Dougherty Valley project.

I have been consistently impressed by the commitment and transparency demonstrated by Lennar. They engage with and listen to the community, and they deliver on their promises. They have invested millions of dollars for infrastructure and amenities in the Dougherty Valley, and have worked hard to keeping that project moving forward.

A project like the Concord Naval Weapons Station redevelopment doesn't come along often. It requires a developer with a proven track record with very large and highly visible projects, and with deep pockets. More importantly, it requires a true partner to bring the vision to reality. Lennar is both communicative and responsive and can be trusted to do what they say they will do. They perform very well when dealing with complex challenges; they embrace them and utilize their long experience to make politically sensitive projects like this successful. They have a well-deserved reputation for staying the course and for bringing aspirations to fruition.

As the City of Concord prepares to select a developer for the project, I urge you to consider Lennar's unique qualifications, not only for their ability to negotiate with the Navy (as has been demonstrated during many of their previous projects) but also for their ability to complete projects of immense size and a wide variety of stakeholders. There are very few developers that can take on and actually complete a project of this size and complexity.

I would be pleased to discuss my experience with Lennar further, should you wish to do so.

Regards,

Richard Clark

Phone: 925-838-0805 Fax: 925-838-0495

BOSCH

March 23rd, 2016

Robert Bosch LLC
38000 Hills Tech Dr.
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Telephone +1(248)876-
7875553-9000
www.Bosch.us

Valerie Barone
City Manager
1950 Parkside Drive, MS/01
Concord, CA 94519

Re: Concord Naval Weapon Station project

Dear Ms. Barone,

I am writing to express my support for Lennar Urban's proposal to redevelop the Concord Naval Weapons Station community. Bosch currently has the pleasure of working with Lennar Urban to redevelop the San Francisco Shipyard and Candlestick Point communities for which we are providing innovative technologies in the fields of mobility, energy, security and quality of life.

We initiated a long-term partnership with Lennar Urban in order to create configurable, scalable, and holistic solutions that support and differentiate communities. Lennar Urban's vision for a smarter community addresses several fields such as sustainable energy, quality of life and advanced mobility.

Bosch developed its vision of a connected world by undertaking innovative projects in the domain of the 'Internet of Things' and intelligent sensors. This includes sustainable mobility and autonomous vehicles, which we are developing in California.

The combination of Bosch's expertise in multiple city vision elements, alongside Lennar Urban's proposed solutions, offer unique, data-driven ideas to improve lives by developing safer, easier, and more reliable services. We welcome the opportunity to contribute to this exciting redevelopment project.

Yours sincerely,

Mike Mansuetti
President

BOSCH are Trademarks of Robert Bosch GmbH, Germany

LENNAR®

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Forbes / Investing

The Little Black Book of Billionaire Secrets

MAR 30, 2016 @ 11:15 PM 442 VIEWS

Tomorrow's Smart City Today In S.F., Robots Learning To Run Like Humans

Jon Markman
CONTRIBUTOR
Analyzing tech stocks through the prism of cultural change.

FOLLOW ON FORBES (20)
FULL BIO >

image courtesy www.facebook.com/BoschGlobal via IoT.do

This is Change Log — my semi-weekly observations and links on the intersection of tech, commerce, health, culture and markets

On the site of the old Candlestick Park in San Francisco, Lennar **LEN +0.71%** Urban and Bosch **500530 +%** have teamed up to plan an Internet of Things smart city complex with sensor-rich parking lots, connected household appliances and smartphone applications. The development probably won't help the city's affordable housing crisis... New definition of *chutzpah*: An Uber driver admitted to killing six people and then filed to sue the startup for $10 million because it ruined his life... Alphabet's artificially intelligent AlphaGo software program officially thumped a master of the extremely complex ancient Oriental board game called "Go" in a highly publicized match this week. And already some are predicting the search giant will use this ground-breaking technology for evil – as in commerce. The

horror… Marty McFly's *Back to the Future* self-lacing Nikes are finally ready for the masses but sadly they're lame. Stuff is always better in the movies… Speaking of which, Goodyear ngIf: ticker **GT +0.12%** ngIf: show_card end ngIf: ticker 's concept tire for self-driving cars, below, is spherical and based on levitation for maneuvering in tight spaces. You know, like in *Austin Powers…* According to Alphabet executives, the smartwatch is a big part of its nascent Internet of Things strategy. It begins with having information come to the user through artificially intelligent software, and it ends with replacing everything we now carry in our pockets with a wearable device. Cool, now about those tiny screens… Kanye West's latest digital album continues to get "updates" whereby songs are rearranged and sometimes completely re-imagined. Another Millennial with a problem completing things on time … At a quiet lab in Georgia, robots are learning to run like humans. Which begs the question: Why?

Privacy: It's complicated but there is definitely a way right now for the Feds to use a wiretap to read encrypted messages from Apple **AAPL -0.39%**'s iMessage and Facebook's WhatsApp… Read at *MIT Technology Review* here.

Self-Driving Cars: The road to autonomous vehicles is less about enormous technical advances and more about changes to simple infrastructure and the attitudes of current drivers. Read at *Wired* here.

Big Data: The Cruz for President Campaign uses social media micro targeting and big data to know if voters are gun owners, extroverts, churchgoers and more, and then target them accordingly. Read at *The Observer* here.

Robotics: Researchers at Stanford University built a tiny robot with super-sticky feet inspired by geckos. Five robots working in concert managed to pull a 2-ton vehicle. Read at *Live Science* here.

Neuroscience: In what could be an Alzheimer's disease breakthrough, MIT scientists found mice were able to retrieve lost memories when their brain neurons were stimulated by laser light. Read at *Motherboard* here.

Mobile Communications: Google Maps is about to get a lot smarter by integrating mobility-as-a-service options like Uber, Ola, Hailo and taxis directly into the user interface. Read at *Techcrunch* here.

Wearables: Nixon built a waterproof Android Wear smart watch for surfers that will tell you when the waves are gnarly. Unfortunately, you'll have to carry your non-waterproof smartphone. Read at *The Verge* here.

Jon Markman is president of Markman Capital Insight, a Seattle-based investment research firm. Sign up for a free two-week trial of his daily letter Strategic Advantage.

Builder

Technology

March 30, 2016 0 Like 1 1 2

BUILDER

LENNAR, BOSCH TEAM TO MAKE SHIPYARD SMART

System will monitor transportation, appliances and security throughout 750-acre mixed-use community.

Lennar Urban, which recently obtained approval to develop last piece of undeveloped land in San Francisco, a 750- acre mixed-use project on the southeast waterfront on the site of a former military shipyard and Candlestick Park, is teaming with Bosch to incorporate smart transportation information technology throughout the community.

The Smart Community application for The Shipyard Communities, will provide residents of the San Francisco Shipyard and Candlestick Point with highly-localized information about transportation, home appliance maintenance and surveillance. For example, plans are in the works for household alert systems tied to a “walk me home” feature, which will allow residents to share their route home with friends and family, using the app’s GPS functionalities.

In addition, Bosch and Lennar Urban are exploring incorporating Bosch sensor systems into a new parking garage structure being

developed at Candlestick Point. The sensors would minimize the time spent searching for parking spots, which will help reduce emissions and traffic congestion.

“The Smart Community app, built by our Bosch Software Innovations team, enables cities to engage citizens with content that matches their interests,” said Mike Mansuetti, president of Robert Bosch LLC. “The application for The Shipyards community was a collaboration from the beginning between Lennar Urban and Bosch, showcasing how Bosch works with communities to bring smart technologies to life in unique and exciting ways.”

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Check Out The Huge Retail, Performance, And Residential Project Coming To Candlestick Point

BY JAY BARMANN IN NEWS ON MAR 25, 2016 12:50 PM

Rendering via LennarUrban

Big things are coming to the land that was formerly home to Candlestick Park, and big developer Lennar, who's also developing the adjacent Shipyard with 12,000 residential units, has just received approvals for a huge mixed-use development that will transform this southeastern corner of the city. As the Business Times shows explains, while an originally submitted plan back in 2010 included a 10,000-seat arena, the Warriors' project has rendered that unnecessary and Lennar now has revised plans for a 4,400-seat performance center and 1,200-seat arts venue to sit alongside a

500,000-square-foot shopping center, which they're expected to break ground on next year.

Additionally, the project includes 2,214 housing units in its first phase, of which 256 will be rehabbed units at the nearby Alice Griffith public housing project. Between the Candlestick Point and Shipyard projects, according to earlier agreements, over 30 percent of the housing will be below market rate, with 3,345 out of approximately 10,500 housing units built as affordable units. So yes, many units. But construction likely won't be complete for a few years.

The renderings below show a pair of towers, inside some of which is likely some of this housing, as well as a proposed 1 million square feet of commercial space.

President of Lennar Urban, Kofi Bonner, said in a statement, "This is another important step toward the creation of a vibrant retail and entertainment community. The future of Candlestick Point is beginning to take shape."

Contact the author of this article or email tips@sfist.com with further questions, comments or tips.

San Francisco Chronicle

Crews begin work on redevelopment of S.F. Bay islands

By Lizzie Johnson | March 30, 2016 | Updated: March 30, 2016 8:31pm

Photo: Paul Chinn, The Chronicle

IMAGE 1 OF 11
Gutted apartment buildings await demolition on Yerba Buena Island, under the Bay Bridge.

After nearly two decades of planning, the $1.5 billion redevelopment of Treasure Island and Yerba Buena Island has begun.

Bulldozers and demolition crews have started the removal of former Navy buildings on Yerba Buena Island. In the first phase, those aging buildings will be replaced with a hotel, a ferry terminal and 300 condos. In late 2018, 285 of the condos will be offered for sale at market rate and 15 will be rented at a below-market rate. Development of 45 acres of western shoreline on Treasure Island is also included in the first phase.

Following demolition, crews will pour concrete for new roads, build parks and shoreline open space, and make geotechnical adjustments to better shield the island from earthquakes and sea level rise

“A lot of smart people have devoted thousands of hours in crafting plans for these islands,” said Chris Meany, managing partner at developer Wilson Meany. “During the next decade, we will be creating a new place with panoramic views of the San Francisco Bay.”

In total, the development of the islands — a partnership among Lennar Urban, Kenwood Investments, Wilson Meany and Stockbridge Investments — is expected to create up to 8,000 residences, with more than 25 percent designated as affordable housing, most of which will be on Treasure Island.

Last fall, about 100 people in 40 households were evicted because their residences were marked for demolition. They fought for the opportunity to return to the island, but the city said they had signed away those rights in their leases.

Affordable-housing advocates have criticized the city for not earmarking a higher percentage of the units at below market rate. In October, Supervisor Jane Kim pushed the city to set aside 40 percent of the units for affordable housing, but the amount remains at the original 25 percent.
The redevelopment plan will take about 10 years to complete.

Lizzie Johnson is a San Francisco Chronicle staff writer. Email: ljohnson@sfchronicle.com

SAN FRANCISCO ◆ SINCE 1865
Examiner
Thursday March 31, 2016

Construction begins for long-awaited Treasure Island development

A rendering of the future plans for Treasure Island/Yerba Buena Island. (Photo courtesy of Treasure Island Community Development)

By Nashelly Chavez on March 31, 2016 1:00 am

Crews last week began construction on what some call one of San Francisco's most important redevelopment projects to date: the Treasure Island Development, project officials announced Wednesday.

The effort will bring some 8,000 homes to Treasure Island and Yerba Buena Island, 25 percent of which will be below-market-rate. The project also includes a combined 240,000 square feet of commercial, retail and office space, a ferry terminal and a 400-slip Marina.

The first round of construction will zero-in on two areas — the 80 acres of Yerba Buena Island north of the Bay Bridge, and on Treasure Island's western shoreline, according to project officials. Within the next several months, some 40 structures will be demolished to make way for the construction of 2,100 new homes and up to 500 hotel rooms.

Other construction plans include new roads, parks and safeguards against potential sea level rise. Transportation upgrades will offer an intermodal transit center and a ferry terminal, allowing service between Treasure Island and San Francisco, according to project officials.

Development companies Lennar Urban and Kenwood Investments, Stockbridge Capital Group and Wilson Meany are leading the development effort in collaboration with the Treasure Island Development Authority, the city agency charged with overseeing the project.

Mayor Ed Lee said Wednesday the construction milestone represents years of hard work to revitalize the area.

"It's taken almost two decades to get to this point and we're eager to transform this former naval base into a vibrant community with more housing, jobs and economic opportunities for our residents," Lee said in a statement.

Treasure Island served as a U.S. Navy station in the 1940s where approximately 12,000 military personnel were processed as they left and returned from their service during World War II. The Navy continued to operate from Treasure Island until they shut down operations at the site in 1997.

The Board of Supervisors approved plans to redevelop Treasure Island in 2011, despite concerns that the development would result in a loss of existing below-market-rate housing and parking spaces.

In 2012, concerns over radiological contamination on Treasure Island from residents and community advocates prompted a special Board of Supervisor hearing on the matter, the San Francisco Examiner previously reported.

The development of Treasure Island and Yerba Buena Island could take anywhere from 10 to 15 years to complete, according to Kheay Loke, a development manager for the Treasure Island Development project.

“It’s a big milestone,” Loke said of the start of construction. “I think it’s a project that the city of San Francisco will be very proud of.”

Builder

Projects

HOME > DESIGN > PROJECTS > LENNAR URBAN BEGINS 2ND MAJOR S.F. PROJECT

March 30, 2016 0 Like 2 2 4

Builder

LENNAR URBAN BEGINS 2ND MAJOR S.F. PROJECT

Company, with Wilson Meany, announces start of construction on Yerba Buena Island/Treasure Island

Treasure Island Community Development (TICD) announced it has begun construction on the redevelopment of Treasure Island/Yerba Buena Island in San Francisco into a sustainable, scenic communities.

TICD, a joint venture among Lennar Urban, Kenwood, Stockbridge Capital Group and Wilson Meany, last week began infrastructure work on Yerba Buena Island after receiving lands in the first development phase from the Treasure Island Development Authority, the city agency that is overseeing the redevelopment project.

"We are thrilled that construction is under way," said Kofi Bonner, President of Lennar Urban. "A transformative development like this only happens because of the strong partnership with the City and the community. Together, we are committed to creating another unique San Francisco neighborhood."

San Francisco Mayor Ed Lee welcomed the news.

"It's taken almost two decades to get to this point and we're eager to transform this former naval base into a vibrant community with more housing, jobs and economic opportunities for our residents," Lee said.

The first phase of work covers all of Yerba Buena Island north of the Bay Bridge (approximately 80 acres) and a portion of Treasure Island along its western shoreline (approximately 45 acres). Consistent with the approved entitlements of the project, this first phase will provide for approximately 2,100 homes, up to 500 hotel rooms, retail, reuse of historic buildings, and approximately 90 acres of parks and open space.

More than 40 outdated structures are being demolished in the next several months to make way for new housing. Earthwork and infrastructure construction will begin shortly, which includes new roads, utilities, parks and shoreline open space, geotechnical improvements and protection against potential sea level rise. Transportation improvements will include a new intermodal transit hub, with a ferry terminal that supports ferry service between Treasure Island and San Francisco.

"A lot of smart people have devoted thousands of hours in crafting plans for these islands," said Chris Meany, managing partner at Wilson Meany. "During the next decade, we will be creating a new place with panoramic views of the San Francisco Bay, and it will be just minutes from San Francisco's Financial District."

Last May, the U.S. Navy officially conveyed 290 acres that comprise all of the U.S. Navy lands on Yerba Buena Island and approximately half of its land on Treasure Island to the Treasure Island Development Authority, the public benefit authority administering this property. The Navy also turned over 518 acres of submerged land surrounding the islands. Treasure Island and Yerba Buena Island was home to Naval Station Treasure Island until its closure in 1997.

Development of Treasure Island was approved unanimously by the San Francisco Board of Supervisors in 2011 and includes the upgrade of infrastructure such as roads and utilities and the creation of 300 acres of parks and open space.

The mixed-use, high-density project is approved for up to 8,000 homes (2,000 affordable), 140,000 square feet of commercial and retail space, 100,000 square feet of office space and up to 500 hotel rooms.

Treasure Island will have two neighborhoods, one along the western edge looking back to the city, and a second stretching to the east along Clipper Cover with a view of the Bay Bridge and East Bay hills. The new neighborhood on Yerba Buena Island will be built on existing development areas around the top of the island, surrounded by its densely vegetated slopes. The entire community will be walkable, bikeable and built in accordance with the best current sustainability guidelines.

LENNAR®

Media Highlights

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SF Shipyard

San Francisco Chronicle

Lennar gives Bayview-Hunters Point $7.3 million

Lennar gives Bayview big job-training, housing grant

By John Wildermuth | May 4, 2012

Photo: Brant Ward, The Chronicle

IMAGE 1 OF 4
The photo op check for over $7 million rested on the second floor balcony of San Francisco City Hall. Lennar Corp. contributed $7.3 million to the Hunters Point/Bayview community Thursday May 3, 2012 as the ... more

After decades of promises, the Bayview-Hunters Point community finally saw some cash Thursday as the builder of the mammoth shipyard redevelopment project handed over a $7.3 million check for local job training and housing assistance.

"We're finally at a stage where we're fulfilling a very old promise," said an exuberant Mayor Ed Lee. "This is a promise to our communities that they will incur the richness of our city."

The contribution, the first installment of a proposed $37.5 million that will be used for community benefits, should send a message to the naysayers who have complained for years that the heavily black neighborhoods would never see a nickel of the money promised by Lennar Urban, the Florida developer behind the project, Lee added. "It's here, the money is in the bank," he said.

About 75 people, most of them from the Bayview and Hunters Point neighborhoods, showed up at City Hall for the long-awaited event. "It's great to see the money arrive," said Richard Hopson of the Alliance of Californians for Community Empowerment, one of the

community groups that haggled with Lennar for years over its planned contribution to the neighborhoods around the 702-acre development site. "But it will be more important to see the effect this money will have."

Hopson is a member of the committee that will decide how the money will be spent. While the package includes $5.4 million earmarked for housing programs and $1.5 million for job training, no decisions have been made on what specific projects will be financed.

The committee, made up of community members, labor representatives, local faith-based groups and nonprofits, will meet with people from the neighborhoods to see how they want the money used, Hopson said.

For community benefit

"We're going to be listening to ensure that what the community wants will happen," he added.

The San Francisco Foundation, a community organization that administers more than $1 billion of charitable assets, will provide general financial management and oversight of the new community benefit fund.

The relaxed and upbeat crowd at the ceremony Thursday was a marked contrast to the angry groups that for years were deeply divided over the plans to build more than 10,000 homes and a variety of retail, office, industrial and entertainment buildings on the site of the shuttered Navy base.

The city, neighborhood groups, environmentalists, the developer and the Navy, which closed the base in 1994, were at odds for years over the continuing cleanup of the Superfund site.

Ongoing disputes

There also were ongoing disputes about the amount of affordable housing in the development and the environmental impact of the $1.2 billion project, not to mention the debate over how much Lennar would contribute to help the community.

While San Francisco voters overwhelmingly endorsed the shipyard project by passing Proposition G in 2008, the project's 7,700-page environmental impact report squeaked through the Planning Commission on a 4-3 vote in June 2010. The project was approved by the Board of Supervisors the next month after hours of debate.

Over the course of about 500 community meetings, Lennar officials heard plenty of people say the shipyard development and the community benefits it was slated to bring would never happen, said Kofi Bonner, president of Lennar Urban.

"We're going to be in that community for the next 20 years as we build out the development," he said after the ceremony. "We've already invested about $200 million in the shipyard project, but that was for us. The money today was for the community."

The shipyard project, which includes Candlestick Point, calls for dropping a neighborhood the size of Hercules or Lafayette in the southeastern corner of the city. Construction is slated to begin this year on about 400 homes overlooking the main part of the shipyard, with plans now being drawn for the reconstruction and replacement of the Alice Griffith housing project, Bonner said.

It's an exciting time that's been a long while coming for the Bayview-Hunters Point community, said Supervisor Malia Cohen, who represents that part of the city.

"For the first time, when you talk about the Bayview, you don't talk about the disparity," she said. "We can make sure the southeast neighborhoods aren't known for what they used to be, but for what they will be in the future."

John Wildermuth is a San Francisco Chronicle staff writer.
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San Francisco Chronicle

Sculpture suitable for framing at Hunters Point

By Sam Whiting | October 9, 2015 | Updated: October 13, 2015 10:54am

The view of the Bay Bridge from Hunters Point is suitable for framing, so that's what Mildred Howard did — put an ornate walk-through picture frame around the view.

Her tall bronze sculpture arches over a paved path to form the marquee piece at the Hilltop, an open space and sculpture garden that is part of the San Francisco Shipyard, a massive housing tract being built at the old Hunters Point Naval Shipyard.

Set to open in early 2016, the park is not yet finished. But seven of the nine artworks are, and this weekend, Oct. 17-18, the developer, Lennar Urban, is opening the path through the art, in sync with the Hunters Point Shipyard Artists Fall Open Studios.

"The public art is a significant element of the shipyard," says Tiffany Bohee, executive director of the San Francisco Office of Community Investment and Infrastructure, a city agency overseeing the park. OCII put together a jury of art professionals and community members to select the artists.

Nine were chosen from 283 applicants, to create site-specific installations, paid for by a $1 million federal grant. Lennar is spending $5 million to construct the 26-acre Hillpoint Regional Park, which includes the Hilltop. Along with the sculptures will be a playground and an overlook that spans from the North Bay to the dirt pile formerly known as Candlestick Park.

"We knew the park would be there because that was part of the development agreement," says Bohee. "But we wanted art as a way to recognize the cultural importance of the neighborhood."

From the shipyard studios parking area, you can see a paved sidewalk that snakes up the hill like the Yellow Brick Road to Oz. At the base of

the path, by a newly opened coffeehouse, is a slender 15-foot sax man made of bronze. This is “Bayview Horn” by Jerry Barrish.

Further up the path is a low wall decorated with tile panels that tell the history of the Bayview, by Marion Coleman. It is followed by a cluster of vertical steel pipes by Walter Hood. This is called “Refrain,” and is meant to be viewed through Howard’s “Frame,” which is 100 yards up the hill.

“A frame is used to adorn what’s in it, in museums and on gallery walls,” says Howard. “I decided to take the frame out of its original context and put it on the hill to adorn the people who walk through it.”

From the downslope, it looks as plain as a croquet wicket. This is the back of the frame, and on approach you’ll see brackets and a cable running across the top of the frame, as if it is about to be hung on a nail.

The view from here is of the South Bay, and as you walk through the frame, “you become part of that landscape,” Howard says. Continue uphill and turn around and you’ll see the front of the frame, ornately carved in a Rococo style, brass on a steel frame.

“It is based on a frame handed down to me by my family,” she says. “It was like wearing jewelry or fine clothing.”

Howard and Hood think of their installations as one; “Frame-Refrain.” It is laid out so that a viewer standing in just the right spot uphill from Howard’s “Frame” will see Hood’s “Refrain” fitting perfectly inside it.

A secondary intent is for the viewer to stand inside “Frame” for a photo that will have “Refrain” in the middle ground and the graceful gray 1930s towers of the bridge off in the distance.

You can get three works of art in one selfie. Given the fact that the San Francisco Shipyard will eventually house 30,000 people,“Frame-Refrain” might become an iconic photo setting.

Photo: Liz Hafalia, The Chronicle

Artist Mildred Howard shows “Frame,” her huge Rococo frame sculpture at the San Francisco Shipyard sculpture garden.

“This was our largest commission, about $400,000,” says Bohee. “At its core, it provides the ability to contextualize the physical views and multiple perspectives in the community.”

A tourist photo op was never Howard’s intent. Her first proposal had nothing to do with frames. Her idea was to build huge letters spelling out “Hunters Point,” to lie on the hillside in the fashion of the “Hollywood” sign.

“I wanted to pay homage to the people who lived and worked out here during World War II,” she says.

But because the developer has taken some flak, the “Hunters Point” sign was rejected. But the curators did not want to lose Howard because she is an international name in art, creating work in many media from her Berkeley studio. The only name that tops hers is that of Hood, a professor of landscape architecture at UC Berkeley who designed the grounds at the new de Young Museum. So they were given another chance.

Photo: Liz Hafalia, The Chronicle

IMAGE 1 OF 11
"Gigantry" by Matthew Passmore and Rebar Group references bridge cranes at shipyards in San Francisco and is a climbing structure at Innes Court Park in San Francisco.

"The frames were my second idea," Howard says. "Ideas are never a problem."

Looking through "Frame" at "Refrain," Howard says, "I see the piece as wild grasses. I also see it as African currency."
That's an impression that Hood had not considered, but he's willing to go with it.

"That's the wonderful thing about art," he says. "You never know what it's going to be until it goes in."

Sam Whiting is a San Francisco Chronicle staff writer. E-mail: swhiting@sfchronicle.com Twitter:@samwhitingsf

Fall Open Studios: The Hunters Point Shipyard Artists. 11 a.m.-6 p.m. Saturday-Sunday, Oct. 17-18. The path to "Frame-Refrain" will be open during these hours. Horn Avenue. www.shipyardartists.com, www.thesfshipyard.com.

For a video on the shipyard, go to http://sfchron.cl/1j3jKRp.

SAN FRANCISCO
BUSINESS TIMES

Lennar's Shipyard docks first homes

Sales kick off for 88 units, first of 12,000 homes to transform former naval base

Jun 27, 2014, 3:00am PDT **Updated** Jun 27, 2014, 1:21pm PDT

INDUSTRIES & TAGS Residential Real Estate, Commercial Real Estate, Construction, Entertainment

Blanca Torres
Reporter
San Francisco Business Times

On a stretch of bayfront property few San Franciscans have ever visited, prospective buyers are touring the first 88 units in a development slated to bring 12,000 new homes.

It took more than a decade to secure approvals, negotiate complicated land deals, fight lawsuits and weather the recession before developer Lennar Urban could begin selling its first homes at the San Francisco Shipyard. The project will ultimately transform close to 800 acres on the former Hunters Point naval base.

"We can literally connect from scratch the homes, retail and the workplaces right on... more

SPENCER A BROWN

For Lennar, the delays turned out to be opportune. Housing prices have soared in San Francisco in the past few years and inventory has stayed low — especially for brand new units.

With prices ranging from the $400,000s to the $700,000s for a market-rate home, the Shipyard offers new homes cheaper than any other condo or housing project in San Francisco.

Years from completion

Still, the Shipyard is years away from becoming a thriving neighborhood. Plans call for more than 3.5 million square feet of commercial space, a new regional shopping center, 300 acres of open space and thousands of new residents. The entire project will likely take at least 15 years and more than $8 billion to build out.

Considering Lennar's grand vision for the Shipyard, this first phase may seem tiny, but for Lennar, it marks a significant milestone.

"We are in a very active construction mode and will have a variety of homes coming online for the next 15 years," said Kofi Bonner, head of the Shipyard project for Lennar. "We have the ability to create something. We can literally connect from scratch the homes, retail, and the workplaces right on the water."

Lennar started signing contracts in June for its first two home releases — 25 townhomes and 63 condo flats at the corner of Innes and Donahue streets.

The developer opened a sales center at the site and in downtown San Francisco. From the corner of Howard and Hawthorne streets downtown, prospective buyers can catch a shuttle to the site.

"The biggest challenge is getting people here," said Sheryl McKibben, vice president of sales and marketing at Lennar.
Lennar is now building two more home developments, totaling 159 homes, that will be available next year. The developer plans to build at least 1,600 homes and find other developers to construct the rest.

While the Shipyard offers stunning views of the water, downtown San Francisco and the East Bay, many current San Francisco residents have

never set foot on the property. A former naval base decommissioned in 1994, it was declared a Superfund site, meaning it required extensive environmental clean up.

Right now, the location may feel remote — it's about 1.5 miles from the Third Street corridor and nearly 6 miles from downtown — but that could change in years to come.

The project follows the southern trajectory that development has taken in San Francisco, said Bonner.
"Land is only available in significant quantities in the southeast in San Francisco," he said.

Development moves south

Within the past couple of decades, several neighborhoods have emerged south of downtown. It started with South of Market in the 1990s, then South Beach and the area near AT&T Park and then Mission Bay, said Alan Mark, founder and CEO of the Mark Co., a condo research and marketing firm that is handling sales at the Shipyard. It wasn't that long ago that people wouldn't even consider living in those neighborhoods, but now they command some of the highest prices in the city, Mark said.

"We forget that in just the recent past, all of these neighborhoods have been revitalized," he said. "New development is now going into the Dogpatch. A few years ago, no one knew where that was."

So, the real test is whether residents will buy into the process of pioneering an area that doesn't yet have amenities such as shops, restaurants or dry cleaners. The closest stop for the Third Street Muni line, which takes riders to downtown San Francisco, is a 30-minute walk or 10-minute bus ride from Innes and Donahue.

McKibben said Lennar is working with public transit agencies to increase service to the area as residents start moving in. It will offer private shuttles to BART and job centers in the meantime.

For existing Bayview residents, the oncoming influx of thousands of new residents could be a "huge game-changer," said Angelo King, a Bayview resident who previously served as chair of the Project Action Committee for the Bayview Hunters Point Redevelopment Plan.

The Shipyard development lies just west of the Bayview, one of San Francisco's oldest neighborhoods and home to a large concentration of African American residents. Many come from families that moved to the area decades ago to find work at the naval base.

The area, home to two public housing projects in the middle of reconstruction, also has one of San Francisco's highest crime rates. In the past year, home prices in the area have begun to pick up at similar rates as the rest of San Francisco.

"I see people out there working and that's good. I see black contractors getting contracts for the construction, and that's good," King said. "(The Shipyard) will help the Bayview reach the type of the local economy the rest of the city enjoys."

The neighborhood hasn't seen the the level of investment the Shipyard is bringing in decades, but some residents feel like they are being left out, said Marie Harrison, a community activist with Greenaction, a group that advocates for health, environmental and social justice.

Harrison said that Lennar promised more than $30 million in community benefits to secure approvals for the project, but she has yet to see any of them in terms of job training, hiring or environmental protection.

"Where was the new community benefit for the discomfort people had or for those who were displaced?" she asked. "They're putting new housing and bringing new folks in to a community that is already overburdened. You're using (existing residents) as a stepping stool and you're pushing them aside."

A Lennar spokesperson said the community benefit programs are underway.

Critical mass draws retail

Near the new housing at the Shipyard, the John Stewart Co. has been working on a rebuild of the Hunter's View public housing project that will replace 267 units with more than 750 units, a mix of low-income and market-rate units.

Affordable units will also make up at least 25 percent of Lennar's project. Developer Amcal is working on the first affordable component of the Shipyard, a 60-unit project that is under construction.

Both the Shipyard and the rebuild of the Hunter's View public housing will transform under-utilized sections of San Francisco into thriving, mixed-income communities, said Jack Gardner, CEO of the John Stewart Co. As both developments move forward at the same time, it will help attract more retail and jobs to the area.

"There are some people who will never see benefits no matter how many benefits are created," he said. "Some people want benefits without any change, but it doesn't work that way."

Bonner, of Lennar, expects the Shipyard to benefit from the hot real estate market, but in the longterm, the developer's goal is to set up the Shipyard as a true live-work-play neighborhood once the commercial component is built and fills up with employers.

"We feel pretty good and confident about where we are. We have the right vision and we have the right pieces to create something very special," Bonner said. "It is not too difficult to put the pieces together when you start off with those ingredients. Ultimately, you must have the capital and the perseverance to make the vision a reality."

The San Francisco Shipyard Timeline

1999: City of San Francisco selects Miami-based Lennar Corp. as master developer for former naval shipyard at Hunters Point.

2004: Phase 1 approved for 1,400 homes.

2005: Infrastructure work commences.
2006: Lennar wins RFP from 49ers to become the master developer for

the Candlestick Park site to expand the San Francisco Shipyard development to include Candlestick Point for a total of about 780 acres of land. Plans called for demolishing the former football stadium to make room for a regional retail and entertainment center.

2008: San Francisco voters approved by nearly a 2-to-1 margin a measure to allow Lennar to move ahead on plans for an additional 10,500 new homes, 3.15 million square feet of commercial space, an artists' colony and other elements.

2010: Lennar secures final approval from City of San Francisco on its development proposal.

Summer 2013: Contractor Roberts Obiyashi Corp. begins construction on first 88 homes after years of delays.

Winter 2013: Lennar starts construction of 159 more homes for a total of 247 homes under construction.

Spring 2014: Infrastructure work begins on the replacement of Alice Griffith Public Housing Project.

June 2014: Lennar launches sales of first 88 homes at intersection of Innes and Donahue streets.

2014: Lennar begins construction of 98 more market-rate homes and the first 60 affordable homes begin construction in partnership with Amcal, an affordable housing developer.

Fall 2014: First residents move into the San Francisco Shipyard homes.

2015: Lennar demolishes Candlestick Park.
2016: Construction starts on retail and entertainment center.

2018: First phase of commercial office development will be underway.

2028 and beyond: Build out of more than 12,000 homes is expected to be complete at the San Francisco Shipyard.

SAN FRANCISCO
BUSINESS TIMES

EXECUTIVE PROFILE

Meet the mega-project maestro behind Lennar Urban's plans to transform Bay Area landmarks

Lennar Urban's plans will transform Bay Area landmarks

Feb 13, 2015, 3:00am PST

INDUSTRIES & TAGS Education, Politics, Construction, Management

Cory Weinberg
Reporter
San Francisco Business Times

Instead of a dynamite-heavy, explosive spectacle at Candlestick Park, the former Giants and 49ers stadium is getting the wrecking ball treatment. It's a slower, more mechanical and more environmentally friendly way to kill the stadium – and it's fitting. Lennar Urban has also been methodically advancing the plans and vision for the massive Candlestick and nearby Hunters Point Shipyard redevelopment areas. At the Shipyard, 250 homes will be completed by the end of 2015, and another 159 by 2016. Lennar Urban will begin construction on about 400 homes this year, and another 500 next year. Now that years of planning and approvals – and lawsuits – are done, the company has moved into "execution mode," said Lennar Urban Regional Vice President Kofi Bonner. "It gets fairly complicated. Every day, literally, a new wall goes up. Every day, a potential homeowner comes through. Every day, you're thinking about the community that will be created." On top of that, Bonner is also steering the development of 8,000 homes on Treasure Island. Lennar will start infrastructure work on Treasure Island next year.

BUSINESS STRATEGY

SPENCER A BROWN

Biggest challenge for your business? Coordinating all the complicated components that comprise this public-private partnership [for the Hunters Point Shipyard and Treasure Island projects].

What's going to change at your company in the next year? We are excited to be on the short list of developers selected to compete to win the development rights to the Concord Naval Weapons Station, a truly wonderful opportunity to create an innovative, transit-oriented master planned community.

Company goal yet to be achieved? The successful completion of these incredible opportunities. We are well on our way.

MANAGEMENT PHILOSOPHY

Guiding principles for good management? Listen, hear, distill – then speak. Don't be afraid to try a new approach. And never take yourself too seriously.

Best way to keep competitive edge? Learn from as many different, disparate and similar situations as possible.

Most inspiring entrepreneur? Al Ratner, chairman and CEO of Forest City. He is smart, visionary and driven, but more important than all of that is his humanity. Al is first and foremost a terrific person.

JUDGMENT CALLS

Best business decision? Becoming the chief administrative officer of the Cleveland Browns. It was wonderful to work and succeed in a totally different industry while learning every day.

Toughest business decision? As the interim city manager of the city of Oakland, I loved the work but no matter how hard I tried I couldn't make any headway on my to do-list. My inability to align business, staff, the mayor and the council on my key initiatives was personally troubling.

Biggest missed opportunity? I had a great conversation with a fellow in Cleveland at a function who was trying to convince me that his stepson was a fantastic athlete, and that I should pay close attention to him. He was convinced the boy would play for the Cleveland Browns one day and I would do well to provide a level of guidance to his family. I politely let him know that given that the boy was a sophomore in high school he should really allow the boy to enjoy his youth and that NFL execs really could have nothing to do with high school athletes. The youth is now known as "The Chosen One," otherwise known as Lebron James.

TRUE CONFESSIONS

Like best about job? Walking the Shipyard construction site and experiencing the birth of the new community.

Like least about job? Politics.

Most respected competitor? Forest City.

First choice for a new career? Soccer player.

PREDILECTIONS

Most influential book? I love Victorian mystery novels.

Favorite cause? Anything that provides new opportunities for underprivileged kids anywhere.

Favorite restaurant? Too many to list. Boulevard and Kokkari are way up there.

Favorite way to spend free time? Traveling to foreign lands with my family. Heck, traveling anywhere with my family.

Favorite music? Soukous music. It is the happiest sound I know.

Kofi Bonner

Title/Company: Regional Vice President, Lennar Urban

HQ: San Francisco

First job: Assistant Lecturer of Design and Architecture in Ghana

Education: Masters of Architecture and Masters in City Planning from University of California, Berkeley

Residence: Walnut Creek

Cory covers real estate and economic development.

San Francisco Chronicle

New Hunters Point condos affordable, for S.F.

By J.K. Dineen | March 12, 2015 | Updated: March 13, 2015 3:26pm

Photo: Leah Millis, The Chronicle

IMAGE 1 OF 12
The Hunters Point Shipyard condo development, above, in April will welcome new homeowners into the first 88 units of the 10,500 being built. Below, newlyweds Ryan and Angela Lyles will be among the first group.

Ryan and Angela Lyles were sure they would never be able to afford a place in San Francisco. For a year, the couple has spent five hours a day on the traffic-choked freeway commuting from their home in Morgan Hill to their jobs at Salesforce in downtown San Francisco. “Five hours a day in gridlock does not make for the best quality of life,” Angela Lyles said. “Our sanity was quickly wearing out.”

The brutal routine prompted them to scour listings in South Bay towns that would help them cut down on their commute but were a lot less expensive than San Francisco. “But the real estate market in San Francisco is crazy. It’s hard to get a foothold. We are newlyweds,” Ryan Lyles said.

But then the Lyleses found the Shipyard, where condos — while still not cheap — are about $650 a square foot. That is about 40 to 50 percent below what average units go for in other San Francisco neighborhoods.

1st condos to open

Next month, the Lyleses will be among the new homeowners to move into the first 88 homes that developer Lennar Urban has constructed at the former Hunters Point Naval Shipyard. While 88 units won't put a dent in the city's housing crisis, they are the first of 10,500 units that will be built over the next two decades on the former Navy facility and the adjacent Candlestick Point, 32 percent of them for low- or middle-income buyers and renters. Construction started on the Alice Griffith housing development this week, which will include public housing and affordable units.

"We had committed to being in the South Bay for the next five years," Ryan Lyles said. "When we heard about (the Shipyard), it was an aha moment. We knew we had to pounce on it."

More units coming

The first units released at the Shipyard have sold out and the next batch — 158 units — will hit the market in the next month or so. Lennar Urban expects to build 1,400 units by the end of 2017 and 3,500 by 2020, an aggressive schedule that will keep construction crews and marketing staff busy without interruption.

"We are not anticipating gaps between when we sell out and when we start selling the next ones," said Sheryl McKibben, vice president of sales and marketing at Lennar Urban. "It took 15 years to get started, but now we are rolling."

But the market-rate units Lennar is constructing on a north-facing hill overlooking the San Francisco skyline and the industrial waterfront are just one piece of a complex $8 billion neighborhood planned for 700 acres of land that make up the old shipyard and Candlestick Point. The project also includes 300 acres of new and restored parks and 2.5 million square feet of commercial space.

This week, developer McCormack Baron Salazar started construction on one of the most important pieces of the project — the rebuild of the Alice Griffith housing development. That project will include the one-to-one replacement of 256 existing public housing units — all current tenants will move into the new homes — plus an additional 248 affordable apartments. On top of these new and replacement

affordable apartments, the site near Candlestick Park will include 367 market-rate units.

“Starting construction on Alice Griffith shows that San Francisco is delivering on our promise to ensure all our residents, especially those in public housing, share in the prosperity of our city,” Mayor Ed Lee said Thursday.

Supervisor Malia Cohen, who represents the area, said the Alice Griffith rebuild is urgent. A gated complex, with one way in and one way out, the development is one of the poorest and most violent parts of the city. Besides gang violence and drug dealing, it’s notorious for mildew and mold, broken windows and rickety handrails. Integrating the project into the surrounding neighborhood and adding hundreds of new residents will help “chip away the horrible cycle of poverty.”

“We talk about racial diversity, but we have failed when it comes to economic diversity. We are moving away from the way we have been doing business. We are no longer concentrating poverty in one section of town. We are breaking it up,” Cohen said.

The project will be a model for the so-called Hope SF projects, where existing public housing complexes will be replaced with new structures and integrated into a denser mixed-income neighborhood. Similar projects are planned for Potrero Hill, Sunnydale and the Western Addition.

Housing bond planned

The groundbreaking comes as Lee is planning on introducing a general obligation affordable-housing bond that, if approved by voters, would generate around $250 million. The bond money will probably go toward projects offering a mix of affordable housing — some of it aimed at very low-income families and some at middle-class families struggling to afford the city.

Lee said that the Alice Griffith and Hunters Point Shipyard redevelopment is a model for how that money could be leveraged to produce a maximum number of housing units.

“The southeast sector is the bastion for affordable housing right now; that is where best opportunities for affordable housing are going to

come in," said Lee. "Even the market rate out there is going to be more affordable for the middle class than what you get in SoMa or the Mission."

The market-rate units Lennar is building average $650 a square foot, ranging from the high $400,000s to the $900,000s. While those prices would seem steep in most markets, in San Francisco they are about half of the $1,100 to $1,200 per square foot most developers are getting for new construction. For under $1 million, buyers can get a three-bedroom, three-bath town house with views of the bay and downtown San Francisco.

So far, 60 percent of the buyers in the first release already live in San Francisco and 70 percent are first-time home buyers, according to Lennar. Most are between 35 and 44 years old, but there are families with children and older folks, too. The developer is weeding out real estate speculators by prohibiting buyers from renting out or selling their units for a year after the purchase.

"It's a new community — we want to fill it with people who understand the vision and really want to live there," McKibben said.

J.K. Dineen is a San Francisco Chronicle staff writer. E-mail: jdineen@sfchronicle.com Twitter: @sfjkdineen

Treasure Island

SAN FRANCISCO
BUSINESS TIMES

REAL ESTATE INC.

Construction starts on massive $6 billion Treasure Island redevelopment

Mar 30, 2016, 12:42pm PDT

INDUSTRIES & TAGS Commercial Real Estate, Residential Real Estate, Construction, Funding, Economic Development

Roland Li
Reporter
San Francisco Business Times

Infrastructure work has begun on the $6 billion Treasure Island and Yerba Buena Island redevelopment, one of the largest mixed-use projects in the Bay Area with 8,000 residential units planned.

A development partnership of Lennar Urban (NYSE: LEN), Kenwood Investments, Stockbridge Capital Group and Wilson Meany started work last week, which will include demolition of 40 existing structures, new roads, utilities and parks. The first phase will include around 2,100 residential units, up to 500 hotel rooms and 90 acres of parks, built on around 45 acres on Treasure Island's western shoreline and the 80-acre Yerba Buena Island.

A rendering of the $6 billion Treasure Island redevelopment.

DBOX INC.

"It's taken almost two decades to get to this point and we're eager to transform this former naval base into a vibrant community with more housing, jobs and economic opportunities for our residents," San Francisco Mayor Ed Lee said in a statement.

Infrastructure work for the first phase will cost around $155 million and take around two-and-a-half years, said Kheay Loke, senior development manager at Wilson Meany. A $155 million construction loan has been secured for the project through the EB-5 foreign investment program, which allowed foreigners, mostly Chinese citizens, to obtain green cards by investing a minimum of $500,000 in U.S. projects.

Vertical construction of new housing could begin by next year, starting with around 250 townhomes on Yuerba Buena Island, followed by 400 to 500 units in midrise buildings of four to five stories on Treasure Island, said Loke. The entire 8,000 residential units are expected to be built out over the next 10 to 15 years, depending on market demand, said Loke. Under the development agreement, 25 percent or 2,000 units will be affordable, which the developers will fund with land grants and a $17,500 fee for each market-rate unit that is built, said Loke. The city will eventually select affordable developers for the below-market-rate units, and the percentage of affordable housing could also be boosted to 30 percent if the city obtains additional funding, said Loke.

Silverado Contractors is performing the first phase's demolition work. A general contractor hasn't been hired yet. Skidmore, Owings & Merrill and Perkins + Will are the architects, while CMG, Andrea Cochran, Sheryl Barton, Walter Hood and AECOM are the landscape architects.

The project will also include 140,000 square feet of retail and commercial space and 100,000 square feet of office space. "We have enough critical mass to create a sense of place and enough density to create services like retail to make it successful," said Loke.

The U.S. Navy, which operated a naval station on the islands until it closed in 1997, is in the process of cleaning up the land, and transferring it to the city. Remediation includes potentially radioactive material on the site, which the navy has said is safe.
Infrastructure work will also include protections against earthquakes and sea level rise. A ferry terminal connecting the project to San Francisco will also be built. “During the next decade, we will be creating a new place with panoramic views of the San Francisco Bay, and it will be just minutes from San Francisco’s Financial District, said Chris Meany, managing partner at Wilson Meany, in a statement.

The city approved the project in 2011, but work was delayed by a lawsuit led by a group led by then-former Supervisor Aaron Peskin. Legal action was resolved in 2014 after the state's Supreme Court declined to take a case alleging that the project failed to complete adequate environmental reviews.

Wilson Meany and Stockbridge are also building the large Bay Meadows mixed-use project in San Mateo. Lennar is also working another major redevelopment at Candlestick Point and the Shipyard. It is also seeking the rights to redevelop the former Concord naval base in a selection process that has raised controversy.

“A transformative development like this only happens because of the strong partnership with the city and the community. Together, we are committed to creating another unique San Francisco neighborhood.," said Kofi Bonner, president of Lennar Urban, in a statement.

San Francisco Chronicle

It's got high-rises, it's got organic gardens and it just might be a model for cities everywhere

By John King | December 15, 2005

SOM/Ratio Design Associates / Gerald Ratto Photography

Photo: SOM/Ratio Design Associates; Pho

TreasureIsland-Overall View for John King⊕s Column on Dec. 15th. Model by SOM/Ratio Design Associates; Photography by Gerald Ratto Photography

Whether or not it ever gets built, the most intriguing development proposal in America right now involves our very own Treasure Island. It's got organic gardens and a 60-story tower, wind farms and glitzy hotels. Restaurants beckon beneath an enormous glass roof that doubles as a solar panel. You don't need a car because everything essential is within walking distance, including a ferry straight to downtown San Francisco.

And here's the most intriguing thing of all: This urban utopia is being pushed by one of the largest developers in the United States.

That's why I hope that as San Francisco examines what Lennar Corp. says it wants to do with this 393-acre artificial island from the 1930s, cynicism doesn't totally cloud the fact that we're being shown an unprecedented vision of urban growth -- one crafted in response to the Bay Area's odd blend of urbanity and environmentalism.

Yes, the revised plan trotted out last month -- followed by models and polished images this week -- packs an intense amount of development onto an island that few outsiders have visited since the Golden Gate International Exposition of the late '30s.

There'd be as many as 5,500 housing units on an island that now has 750 apartments built by the U.S. Navy before it closed a base there in 1997. There would be two hotels, a conference center and a commercial district near a proposed ferry terminal sliced into the west side of the island.

There also will be five residential towers near the ferry. The model includes a central high-rise twisting 60 stories into the air, though Anthony Flanagan, president of Lennar's urban division, stresses that everything being shown is conceptual: "What we're trying to define is the character of the community, not the specific architecture."

So far, this is pretty much what you'd expect from a developer involved in five other base conversions across the country, including Mare Island in Vallejo and San Francisco's Hunters Point Shipyard. But look at the project's green wrapping.

The northeastern half of the island is treated, in the plan, as a landscaped world apart, a 120-acre swath with ball fields and marshes as well as conventional parkland and 20 acres reserved for organic farming.

The scheme has wind turbines along the shore, and streets mapped to deflect that wind. Towers would come with photovoltaic panels to generate electricity for the island; so would a glass canopy atop the open-air retail zone near the ferry.

Most ambitious of all, 90 percent of the housing is clustered within a 10-minute walk to the ferry. Developers would be required to subsidize ferry service from the day the units open -- say 2009 in the most optimistic scenario -- so that new residents wouldn't feel they need to own a car that can't force its way onto the Bay Bridge during rush hour anyway.

Why push sustainable notions to such an extent? Because Lennar and co-developer Kenwood Investments finally realized where they are. The Bay Area is a region where many of us think we can have it all -- scenery to rival Yosemite and neighborhoods that make New York seem dull. Food grown by nearby farmers, and urban culture at its most cutting edge.

With that parochial perspective comes a sense of entitlement that says if developers want to do business here, they'd better pay attention to what we want. In this case, "we" are the environmental advocates and planning watchdogs who have spent years saying a site this unique deserves a unique future.

And they're absolutely right. If large-scale growth is allowed to replace the remnants of the military base that closed in 1997, it had better be special. Otherwise, let the island's 20 million cubic feet of black sand filter back into the bay from whence it came.

What Lennar and Kenwood sought to build until last month wasn't special at all; it was quasi-suburbia. It was fashioned to win approval by avoiding controversy, but it had no spark.

The new approach is a profound change, especially the $20 million ferry terminal: Lennar first wanted to use an existing pier that faces Oakland. And the shift in the development approach is a tribute to critics who lobbied for a better plan, rather than simply saying no. None of which means that what is on the table should now be rubber-stamped.

Here are two examples of things that need to be looked at more. Seismic issues can't be glossed over, certainly if high-rise condos are supposed to be attached to submerged bedrock closest to Yerba Buena Island. And even if towers make sense, consider this: The central high-rise would be taller than the nearby towers of the Bay Bridge. Aesthetic rationale aside, should a private enclave take precedence over public monuments?

The new Treasure Island proposals need intense scrutiny during the next few months as more details are released, and before San Francisco's Board of Supervisors votes on whether to endorse the broad outlines of the plan. It might turn out that this shining Xanadu is pie in the sky.

But what we have now is a starting point, a fascinating attempt to strike a balance between environmental principles and big-city life. If the Bay Area can find a way to make it work, the entire nation will pay attention.

-- For a full look at the current proposal, go to sfgov.org/treasureisland.

SAN FRANCISCO
BUSINESS TIMES

REAL ESTATE INC.

Navy's move speeds up 8,000 units in Treasure Island pipeline

May 29, 2015, 7:31am PDT **Updated** May 29, 2015, 7:34am PDT

INDUSTRIES & TAGS Residential Real Estate

Cory Weinberg
Reporter
San Francisco Business Times

The slow transformation of Treasure Island from a Navy base to San Francisco's largest housing project turned a tricky corner on Friday when 290 acres traded hands from the U.S. Navy to the city.

The exchange allows for developers Lennar Urban and Wilson Meany to start building infrastructure and streets by next year and construction on the first phase of 500 housing units around Clipper Cove by 2017. Treasure Island and adjoining Yerba Buena Island will eventually have 8,000 housing units (one-quarter to be priced as affordable), retail and 300 acres of parkland.

The new ferry terminal will sit on the east side of Treasure Island. The slow... more

LENNAR URBAN, WILSON MEANY

The $1.5 billion project has grinded along for more than a decade through a complicated development agreement, environmental lawsuits and concerns about radiation contamination. Now, it's full steam ahead

after the state court ruled in favor of the developers.

"This was an underused military base in one of the most housing starved areas of the country," said Chris Meany, partner at Wilson Meany. "In San Francisco, where there are development wars, people throw stones at this project. When it's done, this is going to be an incredibly safe, seismically sound, incredibly appropriate residential development."

The Navy base closed in 1997, and the island now has about 2,000 residents and 160 commercial tenants. Land will continue to transfer from the Navy over the next seven years. The Navy will get $55 million over the next 10 years from the city and Treasure Island Community Development.

If all goes right for Lennar and Wilson Meany, over the next couple of decades (even during economic downturns, they say) the former base will be transformed. The development includes plans for houses, a hotel, shared streets and walkways, a market hall and a new ferry building. The developers must get each subphase of development approved before moving forward.

The developers have used their own financial partners to get this far, but will look to sell off development parcels once infrastructure and streets are laid down.

"One of the great things for us is we do have a number of years of development going forward and lots of vertical pieces, so we both have the means to go forward and we're going to look to bringing other people in," Meany said.
Article Corrections Detail

Cory covers real estate and economic development.

San Francisco Chronicle

Giant rig set to compact Treasure Island

By J.K. Dineen | June 7, 2015 | Updated: June 7, 2015 8:47pm

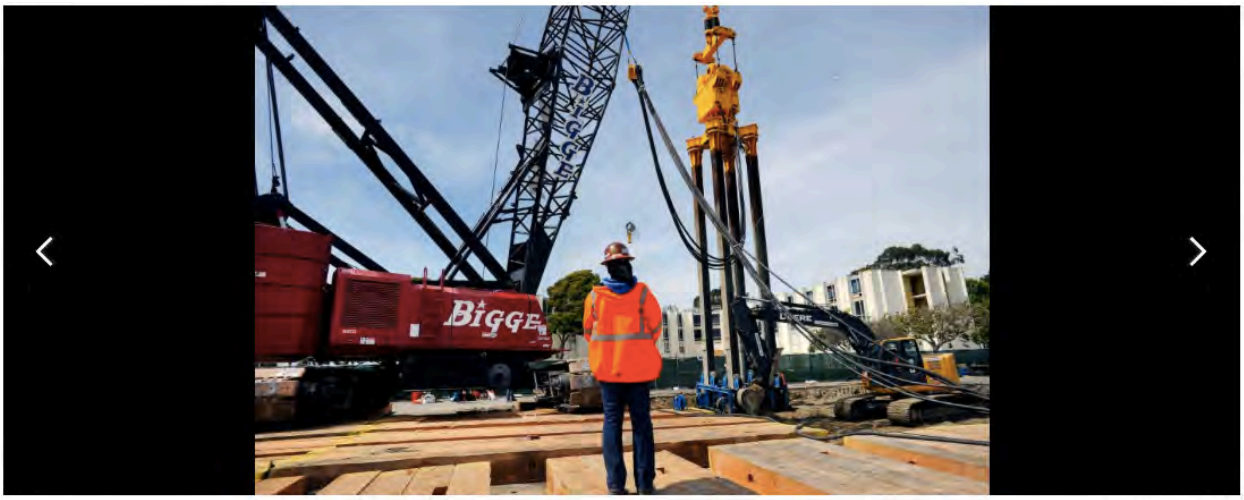

Photo: Michael Short / Photos By Michael Short / Special To The Chronicle

IMAGE 1 OF 7
The 53-ton, 75-foot-long Jafec 40,000 Direct Power Compactor hangs from a crane during a test run of the machinery to compact soil on Treasure Island.

As the head of an international engineering firm, Uri Eliahu is not easily impressed by earth-moving machinery.

But Eliahu looked like a delighted kid in a sandbox as he stood out on Treasure Island recently with a dozen other yellow-vested engineers, watching a steel apparatus that resembled a pair of monumental tuning forks dangling from a 280-ton crane.

“For us geotech guys, this is about as good as it gets,” said Eliahu, president and CEO of Engeo, which is overseeing the geotechnical work on Treasure Island.

The piece of steel machinery Eliahu and his colleagues were staring at was the 53-ton, 75-foot-long Jafec 40,000 Direct Power Compactor. It features a quartet of vibrating prongs that can probe deep into small patches of Treasure Island earth, mixing up its sandy soil like pancake batter in a bowl. Never before seen in the United States, the

compactor was shipped from Japan, complete with a 10-man Japanese crew to run it. If you want to rent one for your backyard, it would cost about $500,000 for a couple of days.

“I would love to (play around with it), but I don’t think they will let me,” said Eliahu.

While the compactor’s recent residence on Treasure Island was just a test run, over the next decade it will play a key supporting role in preparing the 425-acre artificial oasis in the bay for the 8,000 housing units that will sprout up alongside a new hotel, retail village and 300 acres of parkland.

On May 29, the $1.5 billion plan to redevelop Treasure Island, 15 years in the making, hit a milestone when the Navy transferred 290 acres of the site to the city. The transfer allows developers Lennar Urban and Wilson Meany to start work on building the infrastructure — first the soil work and then the roadways, streetlights, sidewalks, parks, and water and sewer pipes — that all new communities require. Plans now are to break ground on the first batch of housing, about 500 to 800 units, by 2017.

Built on top of a shoal protruding from Yerba Buena Island, Treasure Island was created for the 1939 Golden Gate International Exposition. The 450-acre island was formed out of sand dredged from the bay, with a retaining wall built around it. It later became a Navy base and was home to blimps, dirigibles and seaplanes. During World War II, 12,000 military personnel passed through every day for processing and assignment.

Part of redevelopment

The Navy base closed in 1997. Since then, a redevelopment plan has slowly wended its way through a complex development agreement, three years of environmental lawsuits and highly publicized concerns about radiation contamination. Meanwhile, the city has put the island to use. Many of the old Navy barracks and hangars have been repurposed as housing and commercial space — the island currently has about 2,000 residents and 160 businesses. The island today is a hodgepodge of uses — there are wineries in old airplane hangars, a Gaelic Athletic Association clubhouse, Little League baseball fields and training programs, and housing for formerly homeless veterans.

The sand that makes up Treasure Island is 45 feet deep in most of the areas where housing will be developed. Because loose sand tends to "liquefy" during earthquakes, the point of the compactor — which the manufacturer helpfully describes as a "quadruple axial rig with a vibro-hammer at the top of each pile" — is to shake up the particles so they settle in a denser form. A backhoe buzzes around the compactor's piles, back-filling the spaces created by the densification. The compacted area is then pressed down with a 36-ton tamper.

"Vibro-compaction is by far the best means of densifying the island," Eliahu said. Other options include "beating the hell out of it" with a tremendous weight, but that would be effective only in compacting the top 25 feet of island sand, not the bottom 20 feet. Another option, he said, would be to dig all the dirt out and then put it back.

Tons of dirt to be added

"You would have a big hole in the middle of the bay, and you would have to figure out what to do with all the water pouring in," he added. About $140 million will be spent on preparing Treasure Island for development. An estimated 1.25 million cubic yards of dirt will be added to the island, making it high enough to withstand 36 inches of sea level rise. In addition, engineers will use concrete to strengthen the new abutment around the island's perimeter. A 300-yard-wide shoreline park will buffer the residential neighborhood from the water.

"When it's done, this is going to be an incredibly safe, seismically sound, appropriate residential development," said Chris Meany of Wilson Meany.

As the giant compactor pushed its piles into Treasure Island's sandy belly, Wilson Meany project manager Kheay Loke called the work being done "the culmination of four years of planning."

"By 2018, this project's going to feel very real — there will be an eight-story building right on this site," he said. "You are going to see buildings sprouting up all over the place."

J.K. Dineen is a San Francisco Chronicle staff writer. E-mail: jdineen@sfchronicle.com Twitter: @sfjkdineen

Candlestick Park

SAN FRANCISCO
BUSINESS TIMES

REAL ESTATE INC.

With revised plans, Lennar to break ground next year on huge Candlestick Point retail project

Mar 23, 2016, 2:33pm PDT **Updated** Mar 23, 2016, 4:14pm PDT

INDUSTRIES & TAGS Commercial Real Estate, Retailing & Restaurants, Residential Real Estate, Construction

Roland Li
Reporter
San Francisco Business Times

Lennar Urban has received key city approvals for development plans to build thousands of residential units, retail and new parks at Candlestick Point in one of the largest projects in San Francisco.

Lennar plans to break ground on the first structure, a 500,000-square-foot shopping center, by 2017. The amended plans also include building a 1,200-seat arts venue and 4,400-seat performance center instead of a 10,000-seat arena, which was part of a proposal approved in 2010. The first phase is expected to cost $2 billion to $3 billion, said a Lennar spokesman.

A rendering of Lennar Urban's Candlestick Point project.

“This is another important step toward the creation of a vibrant retail and entertainment community,’’ said Kofi Bonner, president of Lennar Urban, in a statement. “The future of Candlestick Point is beginning to take shape.’’

The city's Commission on Community Investment and Infrastructure (OCII) and Planning Commission approved the amended development plans for the first phase of project. Lennar (NYSE: LEN) still requires some additional approvals. Smith Group and Field Paoli are the architects.

Lennar is also building 12,000 units at the adjacent Shipyard project, which has sold out its first 88 homes. The Candlestick Point and Shipyard projects have a projected budget of $8 billion for construction across 775 acres and expect 25,000 total residents after construction is completed in the coming decades. They're part of a wave of development that is transforming the city's southeastern waterfront.

The Santa Monica-based mall operator Macerich Co. (NYSE: MAC) is partnering with Lennar on the retail portion of the Candlestick Point project. "We fully expect that the Candlestick Point project will be a magnet for economic activity and community-building," Randy Brant, executive vice president of real estate at Macerich, previously said in a statement.

Candlestick Point's first phase will also include 2,214 housing units, including renovations at the 256-unit Alice Griffith public housing project, over 1 million square feet of commercial space and public spaces. Development is expected to generate $14.4 million in community benefits.

Infrastructure work is currently in progress on the site, and Candlestick Park, the former home of the Giants and 49ers, has been demolished.

Lennar is one of the largest developers in the Bay Area. It has also partnered with Wilson Meany on the Treasure Island redevelopment and its Lennar Multifamily division has two housing projects planned in Oakland.

Lennar is also seeking to redevelop the Concord Naval Base, but rival developer Catellus, which is also seeking development rights, accused Lennar of improper lobbying city officials and an independent investigator found that Lennar partners improperly donated to the Concord mayor. However, Lennar is still in the running to develop the site, and Concord's city council is scheduled to vote on a developer selection on April 5.
Article Corrections Detail

Roland Li covers real estate and economic development

KGO 810 NEWS, TALK & TRAFFIC

SHOWS NEWS PODCASTS EXCLUSIVES CONNECT WITH KGO SWEET DEALS

Candlestick Park Makes Way for Urban Entertainment District

KGO 810's Cathy Whitman reports:

(KGO) – (KGO) – Candlestick Park: The ballpark has been demolished and the land that formerly housed a shipyard along with the 49ers and their fans is now ready for a new development.

Kofi Bonner is President of Lennar Urban, the master developer of Candlestick point. They have complete demolition work and now they are “paving the sight to create a new urban, retail, entertainment district.”

There will be 16 city blocks anchored by outdoor retail outlets.
“It will be a sight which will contain approximately 6,000 homes.”

It will include apartments, townhomes, condos and single family dwellings, 32 percent of which will be marked for affordable housing.

Also, “parkland, which will blend into the state park that exists there.”

The state park will be getting improvements as the project evolves. Transportation will also be improved with a bus bridge between Caltrain and the waterfront development. The project cost is estimated at about eight billion dollars, with construction of the shopping district to begin a year from now.

Photo: Bob n’ Renee/Flickr

COMMERCIAL PROPERTY EXECUTIVE™

SF Officials Agree on Changes to Candlestick Point Mixed-Use Project

MAR 25 2016

by Gail Kalinoski

Office Retail Mixed Use More

Lennar Urban and Macerich are moving forward with the development of a 775-acre mixed-use project in the Golden Gate City.

San Francisco—The first phase of an $8 billion, 775-acre mixed-use development at the site of a former naval base and Candlestick Park stadium in San Francisco is moving forward with some changes to the original master plan, including swapping some office space for more retail uses.

Rendering of the Candlestick Point development, San Francisco

"This is another step toward the creation of a vibrant retail and entertainment community," Kofi Bonner, president of Lennar Urban, master developer of Candlestick Point and the adjacent San Francisco Shipyard, said in a prepared statement. "The future of Candlestick Point is beginning to take shape."

Members of two city boards–the Commission on Community Investment and Infrastructure (OCII Commission) and the San Francisco Planning Commission–unanimously approved the amended plans for Phase One, which include an urban retail shopping district, a new film arts center and more than 2,200 residential units.

Candlestick Park, the former stadium that housed both the football 49ers and baseball Giants, has already been demolished and infrastructure work is under way with new streets and utilities being installed, according to Lennar Urban. Construction of the 500,000-square-foot outlet center that will be developed and co-owned by Lennar Corp. and Macerich, one of the country's top owners, operators and developers of retail properties, is slated to begin in 2017. Macerich has already posted leasing information about Fashion Outlets of San Francisco @ Candlestick on its web site.

Rendering of the Candlestick Point development, San Francisco

When the two entities announced the joint venture in November 2014, Bonnner said the urban outlet partnership with Macerich "jumpstarts the overall Candlestick redevelopment." Soon after the Lennar-Macerich JV was made public, North America Title Co., owned by parent company Lennar Corp., stated it had closed on the acquisition of the 77-acre site that housed the Candlestick Park stadium property. NAT officials said then it was the beginning of the largest project in San Francisco since World War II.

The city commissions agreed to several changes to the original 2010 Candlestick Point land use plan, including cutting the office space from 150,000 to 134,500 square feet and putting some of that additional square footage into neighborhood retail, which is now expected to get 131,000 square feet rather than the original 125,000 square feet, according to city documents. The changes also eliminated a 10,000-seat, 75,000-square-foot arena to create space for a 1,200-seat, 42,000-square-foot Film Arts Center and a 4,400-seat, 33,000-square-foot performance venue.

A spokesperson for the developer told the San Francisco Examiner changes were made after doing more studies and talking to community residents about the best uses for the site.

Plans for 6,225 residential units and a 220-key, 150,000-square-foot hotel remain unchanged.

The site will also get about 50,000 square feet of community facilities including a fire station, safety hub, welcome center and an international African marketplace.

Part of the housing units in Phase One will include rebuilding the 256-unit Alice Griffith public housing complex into a mixed-income housing development. No existing residents will be dislocated during the reconstruction, which is being spread out over five phases. The third phase is expected to begin construction shortly and be completed by 2017.

Alice Griffith residents will get a new community garden. There will also be nine acres of parks and open space, including a wedge park that visitors will see coming off Highway 101 into Candlestick Point.

Lennar Urban is also building the adjacent San Francisco Shipyard project, where it plans 12,000 units. It has already sold out the first 88 residences, according to the San Francisco Business Journal.

The entire build out of the two sites is expected to take decades and transform the city's long-neglected southeast corner into a thriving community of more than 25,000 residents, according to Lennar Urban.

Lennar, Macerich Plan $1 Billion San Francisco Project

Don't Miss Out — Follow us on:

by
John Gittelsohn

10:22 AM PST
November 17, 2014

Nov. 17 (Bloomberg) -- Lennar Corp., the largest U.S. homebuilder by market value, and shopping-center developer Macerich Co. will invest $1 billion in the first phase of a San Francisco community with more than 6,000 homes.

The companies will be equal partners in a 500,000-square-foot (46,500-square-meter) outlet mall at Candlestick Point, a mixed-use community on the city's southeastern waterfront, with groundbreaking planned for the first quarter of next year, according to a statement today.

"It was important for us to get the right partner where we could kick off, in the appropriate manner, the Candlestick piece of our development," Kofi Bonner, president of Lennar's San Francisco division, said in a telephone interview today.

Candlestick Point, along with Lennar's neighboring San Francisco Shipyard, will add as many as 12,500 residences to the heart of one of the most expensive U.S. housing markets. The $1 billion investment will cover infrastructure work and the demolition of Candlestick Park, the former home of the National Football League's San Francisco 49ers, as well as the first 600 of a planned 6,225 homes at Candlestick Point.

The development's first homes are scheduled to be ready for occupants in 2017.

"We fully expect that the Candlestick Point project will be a magnet for economic activity and community-building," Randy Brant, executive vice president at Macerich, a Santa Monica, California-based real estate investment trust, said in today's statement.

Luxury Retailers

Lennar Commercial, a unit of the Miami-based homebuilder, will develop retail and entertainment space in Candlestick Point outside the Macerich mall, which will include ground-level outlet stores for luxury retailers and residences on higher floors, Bonner said.

The Candlestick Point development plan includes 500 low-and moderate-income units to replace the nearby Alice Griffith affordable-housing community.

The median-priced San Francisco home cost $929,790 in the third quarter and was affordable to about 15 percent of residents, according to the California Association of Realtors. The median price in the city rose 18 percent in October from a year earlier, CoreLogic DataQuick reported last week.

Lennar's first homes at the Shipyard began selling this year at about 15 percent to 25 percent below the city's market rate on a per-square-foot basis, Bonner said. He expects prices to rise as the community grows more populated.

"As we build the neighborhood, build the amenities, get more people there, we certainly expect to rise to the more typical San Francisco levels," he said.

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SFGATE

CITY INSIDER

Big rebuild at Alice Griffith housing project gets OK

By John Wildermuth on January 8, 2014 at 2:27 PM

The dilapidated Alice Griffith housing project, across the way from the soon-to-be-demolished Candlestick Park, is ready for its makeover.

Underground utility work and other street and surface preparation work is expected to begin by March now that the city's Community Investment and Infrastructure Commission has given its OK to the long-awaited rebuilding plan for the 256 public housing units.

"Rebuilding Alice Griffith Public Housing and redeveloping Candlestick Point is helping us deliver on our promise to make sure San Francisco remains a city for the 100 percent," Mayor Ed Lee said in a statement Wednesday. The effort is part of a 30-year plan to development the area around the stadium and the long-closed Hunters Point Shipyard into a new city neighborhood with over 12,000 new homes, retail and office space and parks and entertainment areas.

The plans call for the first of the new units to be built on publicly owned land at the intersection of Arelious Walker Drive and Egbert Avenue, which is next to the existing housing project. Another 248 units of affordable housing will be included in that new construction. Residents of Alice Griffith will stay in their current homes until they can move directly into the new flats and townhomes of the mixed-income development.

There's a tight deadline for much of the work. The Alice Griffith development received a $30.5 million federal grant in 2011 that required that units built with that money be certified for occupancy

by Sept. 20, 2016. Plans now call for construction of the first 184Öunits to begin next January, with work on another 122 slated to start by August 2015. The final 198 units have a December 2016 start date.

Sometime after 2016, work is expected to start of the final 706 units at the Alice Griffith site, which will include 382 market-rate homes and 324 units at below market-rate affordability.

“This is great news,” said Kofi Bonner, regional vice president of Lennar Urban, the overall developer of the shipyard project. “The city has told us they like our plan and we can move forward.”

Lennar selected McCormack Baron Salazar, a company with national experience building affordable and mixed income housing, to do the Alice Griffith replacement work, although Lennar will be involved in the market rate construction on the site.

Plans now call for Lennar to take over the Candlestick Park site from the city later this year and then demolish the stadium to clear the site for development.

While there has been talk of building a 3,000- to 4,000-seat arena on the site as part of the development, no final decision has been announced.

“Within the next month or two, we’ll have a much clearer idea of not only how we’ll be moving on the Candlestick site, but who will be involved,” Bonner said.

Construction already is under way on an 88-home market-rate residential development at Innes Avenue and Donahue Street at the edge of the shipyard. Although it will be decades before the approximately 780 acre site is completely built out, nearly 1,500 housing units and 26 acres of parks are expected to be completed in the next five years.

The commission also gave conceptual approval for a plan for 1.1 million square feet of mixed-use retail, entertainment and housing on the Candlestick Park site, although details are still to come.

— John Wildermuth

AZO BUILD

Lennar Urban Receives Gold Nugget Grand Award for Housing Redevelopment Project

Published on June 27, 2011 at 2:02 AM

By Joel Scanlon

The Hunters Point Shipyard Candlestick Point redevelopment project of Lennar Urban in the south sector of San Francisco has received the Gold Nugget Grand Award during the Pacific Coast Builders Conference held in San Francisco.

The award recognizes the unique and inventive accomplishments in land use planning and architectural design for industrial, commercial and residential projects. The land planning for the project was completed by RHAA and IBI Group.

The redevelopment project has obtained the prize under the best 'on the boards' site plan category contending against international and U.S. submissions. Over 400 projects under 50 diverse categories have participated in the competition.

In honoring the project, the judges pointed out, that the San Francisco project planned over 777 acres of area aims to draw the interests of the young professionals who are employed in around 12,000 mixed units. It has a mix of workforce, public and low-priced housing units, hotel and cultural venues, retail and R&D. The proposed mini-city will have reclaimed water facility for effective use of water and ready to use roof top solar installations generating green energy. It will also include separate walking and cycling tracks to connect the retail stores, parks, schools and neighborhoods.

The project when completed will have around 10,500 housing units either for rent or sale, retail facility of 885,000 .ft^2, green offices in around 2,650,000 .ft^2 area in addition to areas earmarked for research and development and science and technology. It will also boast a 300-slip marina, 10,000-seat public performance or arena facility and a 150,000 .ft^2 hotel.

Source: http://www.lennarurban.com/index.html

SAN FRANCISCO
BUSINESS TIMES

REAL ESTATE INC.

With urban mall, Lennar tries new sales tactic for now-desolate Candlestick Point

Nov 18, 2014, 2:45pm PST **Updated** Nov 19, 2014, 11:05am PST

INDUSTRIES & TAGS Commercial Real Estate, Residential Real Estate, Retailing & Restaurants

Cory Weinberg
Reporter
San Francisco Business Times

It's difficult to imagine the kind of urban outdoor mall that Lennar Corp. and Macerich say will sit atop the Candlestick Park site once the stadium is demolished and thousands of homes spring up nearby. The area in southeast San Francisco is now desolate and far from downtown, raising the question: Why will retail thrive where Giants and 49ers no longer roam?

Lennar is trying to answer that question as it goes all in on its big bet at Candlestick Point and Hunter's Point Shipyard. Thus far, the company has practically been going at the 700-acre, multi-decade project by itself, so tying up a major retail partner should send a signal that the area will soon be ripe for new developers to buy into their vision.

The outdoor mall that will anchor Candlestick Point should help Lennar Corp. gain... more

RENDERING COURTESY OF LENNAR CORP.

The company contends that the development is a shoe-in for success and that starting by itself allows it to set the tone for the project. It now only controls 63 of those acres at Hunter's Point Shipyard, and will soon start taking more parcels from the Navy and controlling Candlestick Point land from the city.

The concept behind this kind of $200 million, 500,000-square-foot mall isn't exactly novel, said Kofi Bonner, president of Lennar's San Francisco division. Voters narrowly approved a plan 14 years ago to build a shopping mall alongside a new stadium before then-team owner Eddie DeBartolo Jr.'s felony charge.

"The people who have paid attention to the market dynamics around retail in the southeast portion of San Francisco have recognized since 1995 that there has been a significant hole in the retail market," Bonner said. "We wanted a retail center that would be open, pedestrian and walkable so it felt like more of a town center."

Once the 49ers bolted to Santa Clara and Lennar took over the Candlestick Point site, Lennar's vision for future development in southeast San Francisco swelled. It is also building out a giant mixed-use project next door at Hunter's Point Shipyard, which will connect to Candlestick with a new pedestrian bridge. The two sites will deliver 12,000 housing units over the next decade or two in an area where no major grocery store sits now.

Lennar now is banking on other developers envisioning that new look. That area of San Francisco slumped once the shipyard closed, eliminating a key financial resource for the city's black middle class. The sites are also " relatively isolated and currently have limited connections to the existing roadway network and US 101 interchanges in the immediate vicinity," a city report notes.

Paul Zeger, a partner at the real estate marketing company Polaris Pacific, said Lennar took a chance by starting development by itself.

"The fact they didn't sell any land to outside developers indicates to me they think the land is worth more than other developers" think it is, said Zeger. Zeger said that only time will tell whether more developers sign on to build there. "That's not a foregone conclusion," he said.

Lennar needs the residential swath at the two sites to become popular to create new traffic in the area. Bonner declined to get specific on sales number for the 88 units that started selling in June at the Hunter's Point Shipyard, but he said "we're very pleased and velocity is great" on the two buildings. Move-ins will start by early next year. Lennar is pricing one bedrooms in the low $500,000 and two bedrooms in the higher $500,000s.

That kind of new density warrants the kind of mall that Macerich and Lennar are planning, as well as neighborhood retailers (like supermarkets), movie theaters and restaurants, Bonner said. The Candlestick site has included plans for an outdoor mall for awhile, but Monday's announcement confirmed that it would look to draw the kind of high-end retail that's helped other Macerich projects boom in Walnut Creek and Santa Monica.

"It could provide a much-needed facelift to that area of the city. If the developer can attract destination retail, much like what was achieved at Santana Row in San Jose, then it could be a really successful project," said Amber Schiada, a director of research and Jones Lang LaSalle.

The 130 stores in the outdoor mall will start opening in 2017, which is also when some of the first units at Candlestick Point will get completed. That kind of momentum – strong early sales and a major mall announcement – could help Lennar attract development partners.

Stephen Proud, vice president for community development at Lennar, said the company did "take a leap" by developing by itself, but it has been counting on attractive new retail and home sales to prove that the now-barren land can be San Francisco's new hub.

"As pieces fall into place, people will see that project is really moving and there's opportunities to be had there," Proud said.

Great Park

Builder

Projects

September 29, 2015 0 Like 1 44 45

BUILDER

FIVEPOINT'S GREAT PARK NEIGHBORHOODS BREAKS DOWN THE WALL OF DEMOGRAPHICS

By Bruce D. Snider

Slideshow

Great Park Neighborhoods - IRVINE, CALIF.

View All 5 Photos >

The logo of FivePoint Communities' Great Park Neighborhoods is a whimsical orange bicycle, but that choice wasn't made on a whim. Bordering the 1,300-acre Orange County Great Park, on the grounds of a decommissioned Marine Corps air station, the 2,800-acre mixed-use development is laced with bikeways that speed two-wheeled transport within the community, through the park, and—via transit links—to the world beyond.

Approved for 9,500 housing units, Great Parks Neighborhoods eventually will include up to 4.7 million square feet of office and commercial space. That's a lot of potential bike commuters. But the logo's friendly connotations extend beyond physical mobility.
"We focus on mixing things," says FivePoint president and CEO Emile Haddad. "Each community will have a beating heart"—with a combination of national and local retailers—"where it feels like a little downtown."

Housing will include single-family residences, move-down homes for empty nesters, and rental apartments for low-income seniors. FivePoint will design all of them, partly for consistency but also to attract buyers from a wide range of backgrounds.

"Our main focus is on connectivity," Haddad says. "We're not going down the path of segregation by age, by haves and have-nots, or by ethnic group." The company emphasizes this point by celebrating each home sale with the gift of—that's right—an orange bike. "You can take your bike all the way from our community to the beach," Haddad says. "And when you see another person on an orange bike, you know they're your neighbor, and you say hi."

Community Details

Developer/Master Planner FivePoint Communities, Aliso Viejo, Calif.
Land Area 2,800 acres
Residential Units Approved 9,500
Current Price Range Mid-$600,000s to over $1.4 million

BloombergBusiness News Markets Insights Video

California Booms With FivePoint New Schools: Real Estate

by John Gittelsohn

May 12, 2014 – 8:15 AM PDT

Newland Real Estate Group donated the site for a private Montessori school in the community center of its Waterset community in Apollo Beach, Florida. The school, lower left, opened in 2012, before the first homes sold. Source: Newland Real Estate Group

FivePoint Communities Management Inc. is already constructing a school at its Great Park Neighborhoods project in Irvine, California, for 1,000 elementary and middle school students even as it's still building the first 700 homes.

"We build the schools ahead of time," said Emile Haddad, chief executive officer of Aliso Viejo, California-based FivePoint, which has permits for about 10,000 homes at Great Park. "That way we always have them ready."

Local schools, along with parks and recreation facilities, have long been draws for buyers in new communities. Now, as school districts face tight construction budgets and homebuilders compete to attract families able to qualify for mortgages, developers are taking the lead on school construction instead of waiting for local governments to do the job.

Sales of new single-family homes have trailed the broader housing recovery as buyers balk at high prices or the remote neighborhoods where more-affordable residences are available. New-home purchases fell 14.5 percent in March from February to an annual pace of 384,000, according to the Commerce Department. Transactions, which have averaged about 661,000 a year since 1963, peaked at an annual pace of 1.33 million in March 2005.

In Apollo Beach, Florida, Newland Real Estate Group LLC donated space so a private Montessori preschool was ready to open in 2012, before the first house sold in its Waterset development.

'Score Issues'

The private school was included in the plan to attract parents who might be turned off by "test-score issues" at nearby public schools, said Teri Slavik-Tsuyuki, chief marketing officer for San Diego-based Newland, the largest U.S. developer of master-planned communities, with 28 projects in 14 states. Higher grades will probably be added to the Montessori school in the future, she said.

"We don't do this because there are exactions that the counties are dragging out of us," Slavik-Tsuyuki said in a telephone interview. "We knew that a school was the right thing for the community and that's just the cost of doing business."

At nearby FishHawk Ranch, Newland spent $5 million in 2009, at the bottom of the housing market, for site development of a new high school, almost five years before model homes were ready, she said.

"It was like 'Field of Dreams,'" Slavik-Tsuyuki said, referring to the 1989 Kevin Costner movie about an Iowa farmer who builds a baseball diamond in a cornfield to attract the ghosts of a disgraced team after he hears a disembodied voice saying: "If you build it, he will come." "There's this massive new school in the middle of this vacant, open master-planned community," Slavik-Tsuyuki said.

Technology Academy

Cambay Group Inc., the developer of River Islands in Lathrop, California, opened a charter school in August, about nine months before the first model home opens this month. The River Islands Technology Academy has about 400 students in kindergarten through sixth grade and almost 600 more on a waiting list, according to Susan Dell'Osso, project director of the community 77 miles (124 kilometers) east of San Francisco.

Cambay has 11,000 River Islands residences planned, which will be home to a projected 8,000 students. Many parents with kids on the academy waiting list expect to buy new houses because of the school, Dell'Osso said in a telephone interview.

"It probably adds 10 to 20 percent to home values," she said. "A good school makes a tremendous difference in a master-planned community." There's a direct correlation between top-performing schools and premium real estate prices, according to Stan Humphries, chief economist at Zillow Inc., the property-data website firm. The connection is a chicken-or-egg question, he said.

'Good Schools'

"On the one hand, parents desire good schools, which leads them to bid up home prices in areas with good schools," Humphries said in an e-mail. "On the other hand, parents in more affluent areas have resources that better arm both their children and their schools to compete in terms of performance."

Premiums vary by location, he said. In Pennsylvania, homes near schools rated at the top of the 1-10 performance index created by GreatSchools Inc. are more than twice as expensive as homes near schools rated 5 on the index, he said. In Nebraska, buyers pay only a 50 percent premium for a school with a 9 rating, he said.

"A big reason why real estate is all about location, location, location is because school quality makes such a difference in terms of home values but yet varies so widely," Humphries said.

Tuition Comparison

For many parents, the premium for a house near high-quality public schools seems reasonable compared with the cost of a private education, said FivePoint's Haddad, whose children attended an Episcopal school where tuition is now more than $22,000 a year.

"If you ask people today why they're buying a home in Irvine, the No. 1 answer is the school district," Haddad, who co-owns FivePoint with Lennar Corp., said in an interview at Bloomberg News's Los Angeles office. Among the five public high schools in the city, 40 miles southwest of Los Angeles, three are rated 10 and two are rated 9 on the GreatSchools index.

The Irvine school district has agreed to deliver a new $250 million high school by 2016 on land Haddad set aside in his development. FivePoint and Irvine Co., a closely held developer that planned most of the city, are covering the costs of the 2,700-student school, which will be built by the district, according to Lorrie Ruiz, its director of facilities planning.

Premium Paid

Irvine's Jeffrey Trail Middle School, which isn't rated yet because it opened in September, is accommodating students from Haddad's Great Park development until his school's expected completion next year. Parents waiting in the parking lot earlier this month said they are paying a premium for their homes to enroll their kids in the new school.

May Brown, the mother of a Jeffrey Trail seventh-grader, is renting while on the waiting list to buy a new house in Irvine's Stonegate Village, where she expects to pay $750,000 to $1 million for a four-

bedroom, Mediterranean-style home. That's about three times the cost of comparable homes in Tennessee, where her family lived before returning to their native California last August.

"We moved here because of the schools," said Brown, whose husband is associate dean of the School of Pharmacology at Chapman University in Orange, California. "In every town, you have to pay a premium to buy a house near good schools."

Mi Jeong Oh said she and her husband, who was transferred in 2012 from Toronto as an electronics researcher, chose to live in Irvine because they wanted their son, a ninth-grader, and daughter, a seventh-grader, to attend the local schools.

'Very Expensive'

"Irvine is very expensive," Oh said as she waited for her daughter at Jeffrey Trail. "After they graduate, I'm going to move to another place."

California, which has about 6.2 million of the 54 million kindergarten-through-12th-grade students in the U.S., has been a leader for developer contributions to new schools since the 1980s, when impact fees were first imposed to fund public improvements after the voter-approved Proposition 13 restricted the ability of local governments to raise taxes.

Last year, the number of new-school projects fell to 120 statewide from a decade peak of 1,147 in 2008, before the impacts of the housing crash hit the economy, according to the California Office of Public School Construction.

District construction regulations and planning processes often frustrate developer efforts to provide schools as fast as they want, said Jeffrey Vincent, deputy director at the Center for Cities and Schools at the University of California, Berkeley.

"I love school districts, but they're not always quick and nimble," Vincent said in a telephone interview.

Playa Vista

It took more than a decade for Los Angeles Unified School District to design and build a new elementary school in Playa Vista, a planned community for more than 5,800 homes that includes a 4-acre (1.6 hectare) school site dedicated by the owner, said Marc Huffman, vice president of planning and entitlements at Brookfield Residential Properties Inc., the project's master developer since 2012. Playa Vista also will contribute about $30 million in impact fees for local school construction over the life of the development, Huffman said.

Since the school opened in August 2012, Playa Vista home prices have climbed as much as 20 percent as it attracts families and move-up buyers from the community's smaller condominiums, Huffman said in a telephone interview.

"The school's definitely a draw," he said.

San Francisco

Playa Vista is a rare urban project with space for a new school. While Haddad's Southern California developments in Irvine and Valencia include land for new schools, he hasn't been able to shoehorn a campus into a San Francisco project called Hunters Point/Candlestick Park, where he's building 10,000 homes on a waterfront site south of downtown. It's an amenity cities need if they expect to attract more than young, single people and empty-nesters, Haddad said.

"We need to start thinking about urban schools -- about going vertical," said Haddad, whose company is overseeing the development of five planned California communities with almost 50,000 homes. "We haven't won that battle yet, but I haven't given up."

Los Angeles Times

Developer offers to finance, build part of Irvine's Great Park

By Alejandro Lazo

The housing market's resurgence could jump-start one of Southern California's most ambitious but long-stymied projects: Irvine's Great Park.

Conceived more than a decade ago — and designed to span twice the size of New York City's Central Park — the project has encountered one disaster after another, including the housing market collapse, the bankruptcy of lender Lehman Bros. and the elimination of the state's redevelopment agencies.

The slow pace of work has inspired sharp criticism, in part because Irvine spent almost all of the project's initial allocation of $200 million on marketing, concerts, fairs and planning. Now, with the housing market in a healthy recovery, the project's developer has offered to finance and build a big chunk of the park in exchange for the city nearly doubling the number of homes he can build.

"The way out of the economic mess is going to be public-private partnerships," said Emile Haddad, chief executive of FivePoint Communities, the city's development partner. "This is an excellent example."

Haddad has offered to build 688 acres of the park for $174 million, in exchange for City Council approval of an additional 4,600 homes. He already has approval to build about 4,900.

The city would get a 176-acre sports complex — more than twice the size of Disneyland — a 45-acre park area known as the Bosque area, a 227-acre golf course, a 35-acre canyon and a 178-acre wildlife corridor set aside as a natural reserve.

Jeff Lalloway, chair of Great Park Corp. and Irvine's mayor pro tem, said he believes that the city and Haddad will strike a deal, though he has some concerns about the long-term operating costs of the park.

"I am generally confident," Lalloway said.

For now, the first phase of Haddad's Great Park Neighborhoods, one of the region's largest residential developments, has begun sales on the northern edge of the future park. More than 700 homes are planned for this phase. In the first weekend the Pavilion Park neighborhood opened, an estimated 28,000 people toured model homes by eight home builders, according to FivePoint.

Proceeds from the sale of homes will help finance the park. Much of the infrastructure needed — such as sewers and streets — would be shared between the park and the housing development and would be FivePoint's responsibility to install.

Situated on the site of the former Marine Corps Air Station El Toro, the park site is now mostly a series of fenced-in, aging military structures and old runways. Only a fraction of the park has been built, including a free balloon ride and some other facilities.

Gov. Jerry Brown's elimination of redevelopment agencies — which local jurisdictions could use to redirect state property taxes to local projects — killed an estimated $1.4 billion in funding for the Great Park. The city has spent nearly all the $200 million that it received from the project's original developer, home builder Lennar Corp.

That leaves few options for financing Irvine's original vision. Those advocating for the city to cut a deal with Haddad include Guy Lemmon, a longtime proponent of youth sports in the Irvine area.

"There is nobody else who is going to write a check remotely close to that," Lemmon said. "So to me, it's the right place at the right time under the right set of circumstances."

Demand for homes in Orange County has been strong this year, with the Irvine area leading the way. The housing developments owned by Irvine Co., situated mostly around the city of Irvine, posted a more than 12% year-over-year gain in new single-family housing starts, according to MetroStudy.

But the Southern California housing rebound has cooled in recent months after a rapid run-up in prices over the last year. Although the Great Park Neighborhoods has long been considered a marquee project, expectations should be tempered, economist Gerd-Ulf Krueger said. Keeping the home prices reasonable will be key.

"It has to basically cater to the middle class in Orange County," Krueger said.

But the middle class will have to pony up at least $700,000 for the most affordable homes in the first phase, offered by Lennar in a neighborhood called Roundtree. Homes offered by Ryland Homes in the Melrose neighborhood start around the $1.5-million mark. The homes are a departure from the Spanish and California-style homes typical of Irvine: an American Heritage style, with large front porches and classic angles, ranging from less than 2,000 square feet to more than 4,000.

The new neighborhood includes a park of its own, already built with sports facilities, a community garden, a pool and more than 150 trees transplanted from the former Marine Corps base. The goal is to build a community with the feel of a classic American neighborhood, not a cookie-cutter subdivision.

The new homes are the first to be offered since the long-running Great Park drama began in 2002, when voters opted for a city park over an airport at the site of the old El Toro Marine base. In July 2005, Miami home builder Lennar bought the El Toro Marine base and signed a deal with Irvine to build the park.

The company and its investors borrowed $775 million from New York investment bank Lehman Bros. to finance the purchase of the land. Lennar added about $700 million from its own funds and from investors.

But when the housing market tanked, the residential part of the project was put on hold. The subsequent economic fallout also delayed the construction of the retail and office space. In September 2008, Lehman filed for bankruptcy, throwing the project into further turmoil.

FivePoint Communities was created in summer 2009, and Haddad, who had served as Lennar's chief investment officer, was named CEO. Irvine and FivePoint struck a substantially amended deal that raised the number of homes in the project. Since then, the city has moved forward with a modest development of the park, turning a 225-acre western portion into lawns, exhibition space, sports fields, farmland, citrus groves and a wildlife corridor.

In 2011, Haddad struck a deal with State Street Bank & Trust Co. and other investors that slated $400 million in new cash and credit for the project. Earlier, Lehman had sold the $775-million Great Park mortgage to State Street for a deeply discounted $153 million.
Now, after several stops and starts, the developer appears to be the park's best hope.

THE ORANGE COUNTY REGISTER

BUSINESS

Great Park housing plan unveiled

Jan. 10, 2011 Updated Aug. 21, 2013 1:17 p.m.

By JEFF COLLINS / THE ORANGE COUNTY REGISTER

A foot-tall stack of plans covering two six-foot-long tables were filed at Irvine City Hall today, providing details for the first time what homes will look like at the former El Toro Marine base.
The submission of about 10,000 pages of large rolls of maps, folded packets of plans and boxes of three-ring binders covers the first phase of private development needed to generate cash for building Orange County's Great Park.

The plans cover developer FivePoint Communities' vision for five tracts of the former air base where former President Nixon used to land Air Force One. It consists of 4,895 homes, a 5-acre police station and 1.2 million square feet of shops, office, institutional and R&D space.

"It is very unusual in today's world to be talking about a project of this magnitude as moving forward," said FivePoint CEO Emile Haddad. At a time when most large developments are characterized by fights between lenders and developers, foreclosure and bankruptcy, Great Park homebuilding "has fresh capital to move forward."

The filing "represents the first move forward by private development" since the housing slump put homebuilding at the former air base on hold, added Irvine Mayor Sukhee Kang. At the end of the news conference, he added: "Today, it's a new chapter and a new year, and we're looking forward to moving ahead with full force."

According to officials for developer FivePoint Communities, the plans include:

Irvine Mayor Sukhee Kang, left, is joined by Emile Haddad, CEO of FivePoint Communities at a press conference at Irvine City Hall to announce that the plans for the master-planned community, Great Park Neighborhoods, has been submitted to the city of Irvine.

TEXT BY JEFF COLLINS/LEONARD ORTIZ, THE ORANGE COUNTY REGISTER

A mixture of 4,895 attached and single-family detached homes. About two-thirds of the homes will be detached and a third will be attached. There's also a pocket of small houses (about 1,300 square feet) in the eastern corner of the project.

Low-density neighborhoods consisting mainly of single-family homes are planned for the north and eastern corners. A mixture of attached and detached homes are planned along the northwestern edge of the former base.

544 apartment units will be built on the northwestern edge to meet the project's "affordable housing" requirements.

Development plans for Great Park area

The homes will range from 1,000 to 3,700 square feet, with prices expected to range from $400,000 to over $1 million.

To avoid going head-to-head with Irvine Co. developments to the north, Great Park housing will be seek to fill different "niches." Unlike Irvine Co. homes in Woodbury, Stonegate East and Portola Springs, the Great Park homes will have different configurations and larger yards.

FivePoint CEO Emile Haddad said Great Park developers have plenty of land, adding: "We're patterned around one of the biggest amenities (in Orange County). We're going to be selling the amenity itself."

Building will start at the north and south corners at the west end of the former base, then move eastward.

A Main Street section consisting of shops running north from Trabuco Road on the northwestern edge of the project. Also in the northwestern edge: buildings to house educational programs and space for offices, institutional uses and R&D.

One possible stumbling block surfaced when Irvine city officials were unable to predict how soon they could bring the plans up for public hearings, let alone a vote to adopt them. (See Frank Mickadeit's column HERE!)

A FivePoint news release said approvals are expected by late summer 2011, and a nervous Haddad said he hoped for approvals before the rainy season next fall so excavation work can start.

Councilman and Great Park Corp. Chairman Larry Agran said, however, that he hoped approvals would occur "before the end of the calendar year."

Several Great Park backers, including Agran, used today's announcement as an opportunity to retort years of criticism over their handling of the redevelopment project.

Agran and Mayor Pro Tem Beth Krom lauded the progress made so far in developing the park, especially the development of costly plans and drawings. Krom argued that the decision to move ahead during the housing slump helped developers FivePoint and its partner and chief backer, Lennar Corp., win the confidence of lenders and investors to restructure debt and add new funding to the project.

Without the public spending, Krom said, "they would have had to sell a dream." Agran said that the Great Park is, at worst, only two-to-three years behind schedule — not bad, considering that "there was a financial crash and a real estate depression."

Homebuilding, however, is about six years behind the original schedule. FivePoint CEO Haddad said that if the city approves its plans before next fall's rainy season, grading on the land and development of roads, sewers and utilities will be under way later this year; homes will begin to be sold and occupied in 2013.

Haddad noted that after chief lender Lehman Brothers filed for bankruptcy in 2008, the original development plan wasn't viable and had to be restructured. A new financing arrangement was signed just before New Year's Eve, helped in part by sellout projects on Irvine Co. land nearby.

"We have a lot of data on the strength of the market (in Irvine), and that's what gave a lot of people confidence to move forward," he said.

FORTUNE

Moving east to California

By Adam Lashinsky, senior editor-at-large @FortuneMagazine October 15, 2013: 11:12 AM ET

Model homes going up on the site of the old Marine El Toro air base in Orange County, Calif., part of a planned community that will emphasize architectural and social diversity

The heat is almost unbearable at midday on a bluff overlooking a panoramic view of California's Orange County. A coyote slinks languorously among the bone-dry hills above what once was the El Toro Marine Corps Air Station, now a collection of derelict barracks and dormant aircraft hangars -- and thousands of acres of dusty, empty land. Below sit the crisscross runways where F-18 fighters once roared, and a dozen miles beyond is the Pacific Ocean.

Surveying this expanse -- in a sense *his* expanse -- Emile Haddad is willing to make just one concession to the stifling temperature, and that is to remove his suit jacket. His necktie stays on, firmly knotted in place. It is as if Haddad is too close to realizing his dream to go casual now.

As CEO of FivePoint Communities, a joint venture with national homebuilder Lennar, Haddad is just weeks away from opening the first phase of an audacious "master plan" community bolted onto the city of Irvine.

Irvine itself began as a planned community, famously carved out of the Irvine Ranch by the developer that gave the city its name and continues to build its beige, Italianate homes around the city's edges. FivePoint's massive project on the base it bought from the U.S. Navy signals the arrival of a new player in town and a rare opportunity to build a community that doesn't add to suburban sprawl. If all phases of the project are eventually built -- plans call for construction to continue beyond 2017 -- FivePoint's Great Park Neighborhoods will include nearly 10,000 new homes, 4 million square feet of commercial real estate, a sports complex within a park twice the size of New York's Central Park, and a wildlife corridor running all the way to the beach.

For Haddad, a refugee from war-torn Lebanon, Great Park represents a real estate industry turning point. He is reclaiming and improving land that had previously been used and abused, in this case a military base, rather than carving it out of nature. The homes in his community will look different from one another, closer to an urban experience than the cookie-cutter suburbs nearby. Though it abuts the notoriously clogged Interstate 5 freeway between Los Angeles and San Diego, the Great Park project doesn't even emphasize cars, a blasphemous notion in Southern California. Instead it features narrower-than-usual streets and 23 miles of bicycle trails. Each Great Park homebuyer receives a new bright-orange bike as a welcome gift.

Haddad's target market is different too. He is relying on a heavy dollop of Asians paying cash for their first home in the U.S. as well as empty-nesters looking to downsize without completely relinquishing the California dream. "All the factors that drove the U.S. real estate market from World War II onward have changed," he says. "For decades the white-picket-fence dream drove the business," says Haddad, as the real estate industry churned out new ways to appeal to baby boomers. He plans instead to pitch a different vision: a multigenerational living experience with the best of the burbs and at least some of the architectural diversity and convenience of the city. "I feel like a salmon," says Haddad, as in one who swims upstream.

Like many real estate projects launched before the Great Recession, the redevelopment of El Toro nearly didn't emerge from the larval stage. The air station closed in 1999, a result of the national base-closure program begun with the end of the Cold War. Fearful of the hit to the local economy from the loss of military and civilian jobs, Orange County boosters proposed a new international airport for the site. Those plans were rejected in 2002 by voters who effectively chose peace and quiet over economic development. The Navy made plans to auction off the land, whose runways were playing host to automakers conducting test drives -- and not much else.

Haddad's ambitions faced long odds to begin with, given that the Navy planned to chop the base's 4,700 acres into four separate parcels. A top executive at Lennar at the time, Haddad assembled a consortium of equity investors, which included LNR (a commercial real-estate spinoff from Lennar), Michael Dell's MSD Capital, and Stanford University's endowment, to bid for all four parcels simultaneously. They intended to create one giant community that neither the Navy nor Irvine had envisioned. In 2005 they succeeded with a bid of $650 million plus a $200 million cash payment to the city of Irvine to fund construction of a 1,000-plus-acre park adjoining the real estate development. Home construction was to begin in 2007.

The victory was short-lived. Lehman Brothers led the debt financing for the project, and its 2008 bankruptcy halted development, with Lehman creditors from as far away as Germany demanding a say in the future of the project. It took Haddad two years to cobble together a new financing package, with State Street Corp. as lead lender. By then the bottom had fallen out of the residential real estate market. Making matters worse, cash-strapped Irvine spent the money FivePoint had committed to the park, leaving the project's centerpiece amenity unfunded.

As the drama over El Toro was playing out, Haddad and Lennar had created a niche of redeveloping shuttered naval bases. Their first project, begun in the late 1990s, was the former Mare Island base in Vallejo, Calif., near San Francisco. They also got going on three other Bay Area projects, which remain under development today: Treasure Island, a training base built on landfill in the middle of the San Francisco Bay; Hunters Point, a contaminated former shipyard in a gritty neighborhood near downtown San Francisco; and Candlestick

Point, which includes the stadium that will be demolished when the San Francisco 49ers football team vacates the premises next year. In most cases Lennar acquired the land for what would be massive fixer-upper projects for next to nothing. "The Clinton administration looked at these as a 'no cost' approach to urban blight," says Haddad.

The projects may have started at a low cost, but they were also slow going -- and tangential to Lennar's core homebuilding business. So in 2009 it spun off the projects, including the El Toro redevelopment, into the FivePoint joint venture with Haddad as CEO and controlling shareholder. In Irvine, Haddad offered again to finance the park at the center of his redevelopment plan, and he recruited eight builders, including Lennar, to participate in the first phase of development. That first phase, called Pavilion Park, is composed of 726 lots with homes ranging in size from 1,800 to 4,200 square feet and in price from the mid-$700,000s to more than $1.5 million. Construction got under way this year, with the first families expected to take up residence in November.

At 55 years old, with a bushy mustache and clear-rimmed spectacles, Emile Haddad likes to fuse his personal narrative with the story of his signature real estate project. Educated as a civil engineer at the American University of Beirut, he fled Lebanon for Southern California in 1986. "We all left everything behind," he says. "It prepared me for real estate and shaped my views on life." He quickly married his Lebanese fiancée in Las Vegas and found work in Orange County with an engineering firm whose assets were later sold in a bankruptcy auction to Lennar, where Haddad rose through the ranks. "It is a good reminder that the American dream is alive," he says.

Now he deftly pushes that dream to others. Haddad sees a new wave of immigrants as his core market. Newly rich Chinese fed up with their country's one-child policy and already affluent South Koreans fearful of the nuclear specter to the north are flocking to Orange County. Haddad says 80% of new-home purchases in the region are by Asians.

The trend explains the critical contribution of Angi Ma Wong. An "intercultural and feng shui consultant," Wong advises developers like FivePoint on everything from the positioning of structures to street

names. At Pavilion Park, Wong blessed the northward positioning of the swimming pool (north represents water, a critical part of energy balance in feng shui). She cautioned against street names like "Picket" ("Asians won't get it") and "Limelight" ("a compound word that is confusing") and praised "Honeybee" (connotes industriousness) and "Hawthorn" (known in Asia for its medicinal qualities, thus representing good health). She also nixed "Wayfarer" and "Fielder" as ridiculously difficult for the Asian tongue to pronounce.

Twenty-eight thousand potential homebuyers -- or real estate voyeurs (it's hard to tell the difference) -- traipsed through Pavilion Park during its opening weekend in late September. The eight builders had constructed 31 different model homes. Jon Robertson, division manager for Southern California at William Ryan Homes, says shoppers seemed interested in the "eclectic design" and "randomness and irregularities" of the development, such as a community building that evokes the airplane hangars that once dotted the site. "The heritage of the air base is special," he says.

The heritage of nearby development is noteworthy as well, at least for real estate professionals. Haddad is effusive in his praise for the Irvine Co. and its billionaire CEO, Donald Bren, who continues to build homes nearby. Yet his praise takes on a faint quality when Haddad points out the contrasts between Great Park and its older competitor. The Irvine Co. added much to the sprawl of Orange County.

Haddad's project eventually will include a sports complex for local athletic leagues. It will create a Main Street-like vibe next to an existing commuter-rail station at the edge of the former military base, utilizing one of the runways as a pedestrian thoroughfare. The goal, says Haddad, is to make Great Park a quasi-urban destination for its own residents, rather than forcing them to drive hours away for sports tournaments and other events. (The Irvine Co. declined to make executives available to comment about the new kid on the block.)

Haddad has a more fundamental goal, and that's to make money. He says so far he and his partners have invested $1.6 billion in the Great Park Neighborhoods. Construction on the second phase of homebuilding is scheduled to begin in 2015. FivePoint -- it stands for live, work, learn, play, and connect, Haddad's own pan-cultural nod to

harmony -- profits by selling the land it bought from the Navy, not by building homes. Haddad says the land is yielding $4 million per acre, vs. typical yields in the Los Angeles area of around $1.5 million.

FivePoint is giving some land away. It committed 174 acres on the eastern edge of its project for a wildlife corridor that, with a newly constructed tunnel under Interstate 5, will connect the Cleveland National Forest with an existing nature strip that runs all the way to Laguna Beach. A local environmentalist praised the corridor as an "audacious, cutting-edge endeavor" and FivePoint for its "congenial" manner. "In all my career I've never had an environmentalist show up to a public hearing to support a project," says Haddad. That's one more way the real estate market has changed.

This story is from the October 28, 2013 issue of Fortune. ■

A Lennar Veteran Dares to Build Again

by John Gittelsohn
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from Bloomberg Businessweek

Reprints

March 10, 2011 – 1:00 PM PST

Emile Haddad sold 12,000 acres in California at the housing market's peak four years ago for a $277 million profit. He and a group of investors bought back the land at half the price in 2009. Now, says the developer, it's time to build.

Haddad, chief executive officer of FivePoint Communities in Aliso Viejo, Calif., is developing four new master-planned communities: two in the Los Angeles area and two in the Bay Area, totaling 45,000 residences and 19 million square feet of commercial space. Construction of the first homes is scheduled to begin in the second half of this year.

California is emerging from a five-year housing bust. Home values are up 23 percent statewide from the trough in February 2009, with affordability at the highest level in a decade for first-time buyers, data from the California Association of Realtors show. "I don't want the party to show up and I'm not dressed," says the 52-year-old Haddad, who immigrated to the U.S. from war-torn Lebanon in 1986.

Haddad has some deep-pocketed backers: They include his former employer, Miami-based homebuilder Lennar (LEN), as well as tech billionaire Michael S. Dell and Ross Perot Jr., son of the Texas mogul and two-time Presidential candidate. Lennar has about a quarter of its $626

million of joint venture investments in Haddad's developments at Newhall Ranch north of Los Angeles, the former El Toro Marine Corps Air Station in Orange County, and Hunters Point and Treasure Island, both former U.S. Navy bases in San Francisco. "Over the past five years we've taken a lot of pain on some of these ventures," Lennar CEO Stuart Miller said during a Jan. 11 conference call, after reporting the company's first annual profit since 2006. "As we come out of 2010, we are getting better positioned to reap some benefits from some of those deals."

FivePoint faces a host of environmental, legal, and financial hurdles that could delay delivery of homes in each of its four locations. Chief among them: California Governor Jerry Brown's proposal to eliminate local agencies that use property tax revenue to help finance redevelopment of blighted sites. "These projects are the most difficult in the state of California," says John Burns, CEO of John Burns Real Estate Consulting in Irvine, Calif., who has advised some of Haddad's investment partners.

Plans for the 700-acre site at Hunters Point call for as many as 12,000 homes and 3 million square feet of commercial space. Units will be priced starting at $525,000. For Treasure Island and adjoining Yerba Buena Island, Haddad envisions more than 7,000 homes, with prices averaging $800,000 per unit. FivePoint expects to sell an average of 650 homes a year in the two projects. That's a lot for San Francisco, where the market absorbs about 1,000 new homes a year, says Tony Avila, CEO of Avila Advisors, a homebuilding investment consulting company. Says Avila, "Hunters Point and Treasure Island will cannibalize each other."

Haddad says that, with his nearly 30-year track record in the business, he has the chops to see the projects through. As chief investment officer at Lennar, a post he held from 2006 until he left to start FivePoint in 2009, Haddad steered real estate proposals through regulatory approvals and found investors to get projects "out of the quicksand," he says.

One of those endangered projects was Newhall Ranch. In January 2007, near the peak of the U.S. housing bubble, Haddad negotiated the sale of a 68 percent stake in the 12,000-acre ranch and other properties in an entity called Landsource Holding to the California Public Employees' Retirement System for $970 million. Lennar, which had acquired the site three years earlier, booked a $277 million profit from the deal. In

June 2008, with California home prices down 59 percent, Landsource filed for bankruptcy protection. Thirteen months later, under a court-approved reorganization, Haddad and Lennar paid $140 million to regain a 15 percent equity in Landsource, management control, and immunity from creditor lawsuits. "That was extraordinary," says Vicki Bryan, a senior analyst for corporate bond research firm Gimme Credit.

Haddad says delays and obstacles come with the territory: "In this business, we don't plan for the next two years. We plan for two decades."

The bottom line: *Backed by Lennar, developer Emile Haddad aims to build four residential communities that will add 45,000 new homes in California.*

Warm Springs

SILICON VALLEY BUSINESS JOURNAL

INDUSTRY NEWS › MEDIA & MARKETING

Massive Lennar development near Tesla plant and BART station wins Fremont City Council's approval

Mar 18, 2015, 6:09am PDT **Updated** Mar 18, 2015, 10:49am PDT

INDUSTRIES & TAGS Media & Marketing, Commercial Real Estate, Residential Real Estate

Nathan Donato-Weinstein

Real Estate Reporter
Silicon Valley Business Journal

It's all systems go for Lennar in Fremont after the city council approved plans for a massive project next to the under-construction Warm Springs BART station.

In a 4-1 vote on Tuesday, Fremont gave the developer the green light to move forward with more than 2,200 housing units and 1.4 million square feet of commercial space on the 111-acre site just north of the Tesla Motors Inc. plant. The project will be among the largest master-planned developments in Silicon Valley and is the biggest thing going near any of the new BART stations as the system expands into Santa Clara County.

Here's the key map that lays out Lennar's planned development near the under-construction... more

CITY OF FREMONT.

Officials called the development transformational and the lynchpin of a plan to turn the area into a mixed-use "innovation district," an 879-acre area designed to house a mix of businesses, homes and services.

The outcome is a remarkable change of destiny for what could have been a rail yard. Union Pacific snapped up the land after the shuttering of the old NUMMI plant a couple of years ago. City officials, however, eyed the site for development into a mixed-use jobs and housing hub, and developed a new land-use plan that promoted research and development, manufacturing, shops and housing in an urban context. Union Pacific ended up putting the site up for sale in 2013, and Lennar went into contract. (The Miami-based homebuilder has still not closed on the land.)

"The fact is that we as a city recognized this could be much more than a rail yard, something very creative and innovative, to see what it would do to transform this whole area," said Vice Mayor Suzanne Lee Chan.

Lennar is committing to doing the project in four phases. It would build the backbone infrastructure in Phase 1, going through 2017. Phase 2 would see construction of an affordable rental complex, a K-5 elementary school, a park, urban plazas and some multi-family units. Phase 3 would be additional multi-family units. And Phase 4 would complete the balance of the units. (Lennar is partnering with St. Anton Capital on the affordable project.)

Lennar won't build the commercial component — it will simply provide the utility infrastructure and site preparation — but officials say the investment, at roughly $35 million, makes it much more marketable for either owner-users or developers to come in and build. Not everyone greeted it with open arms. Councilmember Vinnie Bacon said the fact that Lennar will not build the commercial component — but rather tee it up for someone else to build — will leave the project with a gap.

"The main roadway you're going to see when you get off of BART, for the foreseeable future, is going to be empty, and that really troubles me," he said.

This is just the latest big project for Lennar, whose various arms have been on a buying and development spree across Silicon Valley, with major projects in Foster City, Sunnyvale and San Jose.

Here are some quick tidbits from the city's staff report and master plan:

What gets built? Lennar is splitting the residential component among for-sale, rental and affordable units — 2,214 in all. Lennar would prepare part of the site for industrial, office and R&D use (up to 1.4 million square feet worth), but would not build this itself.

How much is rental and what is for-sale? A staff report says that 1,256 units would be rental, so that means about 960 would be for-sale.

Affordability: About 13 percent of rental units (or 286 units) would be considered "affordable."

How dense is the housing? It depends. About 38 acres of the residential land (located within a half mile of BART) would be at a density of more than 30 units per acre. About 25 acres (located within 1/4 mile of BART) would be built in a mixed-use context at more than 50 units per acre. About four acres are slated for a park, with another five acres dedicated for a school.

What exactly is up with the commercial space? The development plan calls for about 700,000 square feet of Class A office space (with ground-floor retail) located on a street called "Innovation Way," which is envisioned as a key mixed-use urban corridor. Another 700,000 square feet of R&D space would be developed just south of Innovation Way. (It will be interesting to gauge the market's reaction to this much office/R&D capacity — but more on that in another story.)

Phasing: Lennar is committing to doing the project in four phases. The entire backbone infrastructure would take place in Phase 1, going through 2017. Phase 2 would see construction of the affordable rental complex, a K-5 elementary school, a park, urban plazas and some multi-family units. Phase 3 would be additional multi-family units. And Phase 4 would be to complete the balance of the units.
Click here for many more details on the project.

San Jose Mercury News

NEWS

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Lennar debuts conceptual renderings for Warm Springs development

By Julian J. Ramos - Fremont Bulletin | jramos@themilpitaspost.com

POSTED: 11/05/2015 04:06:01 PM PST | UPDATED: 4 MONTHS AGO

For the first time on Tuesday, representatives of developer Lennar Corp. presented conceptual renderings to Fremont City Council of its plans for a large mixed-use development in Warm Springs. Courtesy of Lennar Corp.

Nearly seven months after Fremont City Council approved a master plan for development of more than 100 acres, just north of Tesla Motors, developer Lennar Corp. this week unveiled its architectural vision for the segment of its project near the Warm Springs-South Fremont Bay Area Rapid Transit station, slated to open in 2016.

Lennar's plan, approved by the council in April, calls for 2,214 apartment, condominium and urban villages units -- 290 of them deemed below-market rate -- 1.4 million square feet of research and development and class A office space, a five-acre elementary school and a four-acre park for the school and city on 110 acres between Tesla and the BART station.

During Tuesday's city council work session on Area 4 of the Warm Springs/South Fremont Community Plan, representatives of Miami-based Lennar presented an update that focused primarily on the multi-family section of the project. The mixed-use component -- commercial space on the lower levels and apartments above -- will be located on four parcels in the southeastern quadrant.

According to city officials, the property in the Warm Springs/South Fremont Community Plan will see 6,642 residents and 4,100 jobs. Overall, the "Warm Springs Innovation District" covers 880 acres. City leaders envision 4,000 dwelling units and up to 20,000 jobs in the district, as well as up to 11.6 million square feet of commercial and office floor space.

Following approval of the master plan, Lennar has spent the last six months fleshing out the design concept for the project, said Kevin Ma, of Lennar Multi-Family. The multi-family component will consist of 966 market-rate apartments, 290 below-market-rate apartments and 27,500 square feet of commercial space across four buildings five stories high. There will also be nearly 700,000 square feet of commercial office space on 10.5 acres at the center of the project on a new street, Innovation Way.

Both the school and park north of it are now being designed, Ma said. Bill O'Brien of Lennar Homes said the agreement, which includes developers Valley Oak Partners and Toll Brothers, calls for construction of a transitional kindergarten- to fifth-grade school, could be formally approved by the Fremont Unified School District board as soon as Nov. 18 or perhaps Dec. 9.

"It looks like we are on the final lap," he said.

The apartments would range from 700-square-foot studios to 1,300-square-foot three-bedroom units, Ma said.

Vice Mayor Suzanne Chan suggested building units for aging "baby boomers" looking to downsize from their homes and millennials starting families.

Included in the area are four linear parks totaling 2.2 acres, connected to plaza areas. They are to be designed and constructed by Lennar and then dedicated to the city, said Jessica Musick of KTGY Architects. There will also be bike paths.

At the center of the residential buildings, Lennar has proposed four parking structures to accommodate them as well as retail and commercial office employees.

"Those garages will not be seen from any of the perimeter streets, they are fully screened by the units," Musick said.

For the parking structure closest to the Bay Area Rapid Transit Plaza, Lennar envisions the ground level and second level being dedicated to the commercial component and the three upper levels dedicated to the residential units. Each residential unit will have an assigned parking stall with a secured entrance for residents via an access ramp above the commercial parking, Ma said. There will be 1.5 parking stalls per 1,000 square feet of commercial office space on the lower levels. Guest parking will also be on the lower floors.

The idea is to have shared parking after hours, perhaps from 5 p.m. to 8 a.m., and on weekends in the two lower levels, according to Musick. With city Planning Commission approval of a tentative tract map for the project in October, rough grading, depending on weather, could begin soon, said Joel Pullen, Fremont senior planner. Infrastructure work could occur this spring or summer, he added. In the meantime, the city is reviewing applications for the less than market rate and multi-family components and they could appear before the city's zoning administrator as soon as December.

Phase one of the single-family homes segment, with almost 960 for-sale residences near Grimmer and Fremont boulevards, could soon go to the zoning administrator for approval, Pullen added.

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San Jose Mercury News
NEWS

Fremont district board approves deal that will produce new elementary school in Warm Springs

By Aliyah Mohammed - Fremont Bulletin | amohammed@themilpitaspost.com

POSTED: 12/24/2015 11:48:20 AM PST | UPDATED: 3 MONTHS AGO

An agreement finalized earlier this month will give Fremont Unified School District a new elementary school for 1,100 students in the Warm Springs/South Fremont area by fall 2018.

The district's Board of Education on Dec. 9 unanimously approved a construction agreement with housing developers Lennar Corp., Toll Brothers Inc. and Valley Oak Partners LLC, setting into stone a promise the developers made to build an elementary school that will be handed off to the school district.

Lauded by officials as a first-of-its kind collaboration and partnership between a school district, city and developers to offset the impacts new housing developments have on school enrollment, board trustees said at the meeting they hope other developers will follow suit.

Board Clerk Larry Sweeney called it a "win-win deal" for everyone.

"It is a win for the city of Fremont because it supports the city's vision for the innovation district and it's a win for the developers because a new school is a great selling feature for any new home," Sweeney said. "The biggest win is that we have charted a new course in the way the city, the district and the developers work together and it charts a new course for the future."

The developers, who own approximately 170 acres in the Warm Springs/South Fremont Community Plan area and want to build up to 4,000 residential units there, also will build a turn-key school on a 5-acre parcel at the intersection of Innovation Way and an unnamed street and a park and play area on an adjacent 4-acre parcel that will be donated to the city.

The developers are building the school instead of just paying the level-two developer fees mandated by the state, which district officials say barely cover the impact those developments will have on the district.

In May 2014, the three developers signed a letter of intent with Fremont Unified to build a two-story, 750-student elementary school for about $25 million and to pay $14.2 million toward improvements to Walters Junior High and Kennedy High School. In the agreement approved Dec. 9, the elementary school will be larger than initially proposed to accommodate 1,100 students.

"The final mitigation for the developers calls for a 1,100-seat school because the district wants to have the additional capacity there. Based on all the analysis we did, we know that there is going to be students in that new community between 750 and 1,100," Superintendent Jim Morris said.

"The developers are going to contribute $25 million to the school and $14.2 million toward mitigation at the secondary level and the $14.2 million was supposed to be paid over time as each home was built, but they agreed to put the entire $14.2 million upfront and combine it with the $25 million and build a larger elementary school and just build it now and that will give us enough space if the student generation rate is higher," he said.

Morris said the district has meetings scheduled for the first week of January with the architect to finalize the design for the new school.

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Mare Island

Times-Herald
BREAKING NEWS

Continued job growth on Mare Island, developer says

By By Rachel Raskin-Zrihen

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POSTED: 07/14/14, 12:01 AM PDT 0 COMMENTS

Lennar Mare Island is about a third of the way to its goal of creating nearly 7,000 jobs on the island, after adding more than 130 new full-time positions in the past six months, a company spokesman said. LMI's June 2014 jobs survey indicates there are now more than 2,200 full-time jobs on Mare Island, ranging from maritime to manufacturing, industrial to professional, spokesman Jason Keadjian said in an announcement.

"These jobs numbers reflect the increasing business activity that has taken place on Mare Island over the past year," Keadjian said. "We are excited to see Mare Island fostering a thriving business community and stimulating economic development for Vallejo and Solano County."

The original projection for LMI's portion of Mare Island at full build-out, including the Touro area, was about 6,800, spokesman Edward Moser said. There are now more than 2,200 full-time jobs, plus about 1,500 Touro students, he said.

In February, 2012, the Times-Herald reported there was the equivalent of 2,041 full-time employees on the island, up from 1,852 during the same period in 2010.

"Original projections were based on numerous factors including the final Specific Plan, build-out of the North Island, the nature and extent of the environmental cleanup and normal economic cycles," Moser said. "All of these factors have affected business growth on Mare Island: the national economy experienced a severe recession,

the scope and complexity of the environmental cleanup has grown, and the development of the North Island has not occurred."

LMI has made what it describes as significant progress on the reuse effort, despite these challenges, "and we continue to invest in such things as building rehabilitation, historic preservation and infrastructure, which facilitate continued job growth an economic development activity," Moser said.

The latest jobs survey showed consistent jobs growth for the seventh straight reporting period, and the highest rate of growth on the island since 2008, Keadjian said.

"More than 20 new and existing businesses have absorbed more than 200,000 square feet of space over the past year," he added. "There are now more than 100 businesses on Mare Island."

"With the city having approved funding for building demolition on North Mare Island, and LMI fostering consistent year-over-year job growth, Mare Island continues to be a hub of economic development activity in Vallejo," Mayor Osby Davis said in the LMI announcement. "This is the result of LMI's sustained investment and the city's ongoing commitment to economic development on Mare Island."

Most of the recent job growth was in marine-related industries and Blu Homes, the "green" manufactured homes firm that relocated its headquarters to Mare Island, Keadjian said. Other businesses new to Mare Island this year include LifeGear, a company that designs and produces outdoor/travel lifestyle products, and Americ Machinery, which supplies and services construction equipment, he said.

Keadjian said LMI supports job growth on the island "by investing in vacant space to expedite occupancy, conducting aggressive business retention and expansion practices," and by creating new space "through ongoing environmental cleanup work."

For more information, visit www.discovermareisland.com.

Call Rachel Raskin-Zrihen at 707-553-6824

Times-Herald
NEWS

Business, jobs, growing on Mare Island

The conceptual rendering for Mare Island Building 45 that is being renovated. Building 45 is one of the island's oldest structures, located north of the Mare Island Museum in the Historic Core and less than one block from the future ferry terminal. Courtesy of Lennar Mare Island

By **Rachel Raskin-Zrihen**, *Vallejo Times-Herald*

POSTED: 07/08/15, 3:30 PM PDT | UPDATED: ON 07/08/2015 0 COMMENTS

The people who live and/or work on Mare Island will have a market/deli before long, if Lennar Mare Island officials have their way, a spokesman said Tuesday.

The number of people working on the island is growing, with 50 new full-time jobs added in the first half of 2015, according to LMI's June 2015 jobs survey.

There are now more than 2,400 jobs on Mare Island, with 105 businesses occupying more than 3.6 million square feet of space, spokesman Ed Moser said.
"We are currently marketing a retail space for lease on "G" Street,

right near the entrance to the island, as a market/deli space," he said. "We've had a number of proposals for that space and we hope to have something soon. We're looking for the right fit."

There is no telling how long that might take, however, he said. Though the lion's share of the island's job growth results from the expansion of existing businesses, there are also a number of new ones. Twila Nixon's Vino Godfather, is one of those.

"It's a wine brand," the Vallejo native said. "The name came from my friend who used it for his emails, and it seemed to fit."

Nixon says she's operated a Napa winery for three years and is working on opening a tasting room in one of the officer mansions on Mare Island.

"I picked Vallejo because I was born and raised here," she said. "Back in the day it was a thriving city, with the perfect, mellow climate, and there is no wine tasting place here."

There is the Mare Island Brewery, which, Nixon notes, carries her product. That includes a line of prohibition-themed red and white wines Nixon said.

"The whole idea is to be the first one here," she said. "Vallejo's got the water, the climate, the ferry, the growing art scene downtown, everything. It's a hop, skip and a jump to the Napa Valley, San Francisco and Sacramento."

Nixon said she hopes to get all her permits in order within the next few months and be open for business.

Already open for business — for the last month and an half — is the Veterans Resource Center of America, at 1000 Azuar Drive.

Executive Director Marc Deal, who said he's been with the agency five years, said the Mare Island office of the 40-plus-year-old nonprofit, is focusing on homelessness prevention and rapid re-housing for homeless veterans in Vallejo and Solano and Napa counties.

The Santa Rosa-based agency, funded by a Department of Veterans

Affairs grant, has 15 offices in the southwest, including a large one in Sacramento. It's recently expanded into Arizona and Nevada, he said. The agency had determined to create a new office somewhere in Northern California, and a needs assessment found Vallejo had the greatest need, Deal said.

"We also do out-treatment, employment training and a myriad of other services," he said. "The office on Mare Island is about homelessness prevention with more services hopefully coming."

The space near the Veterans Administration clinic seemed like a natural fit, but the current contingent of five employees also use mobile case management, Deal said.

"They can do their job wherever the vets and their families are," he said. The agency's field workers scour the area for homeless vets, though drop-ins are also welcome at the site, he said.

"We do an assessment of the human being, look at the root cause of the homelessness problem," he said. "If they're unemployed we try to get them a job. If they're hungry, we tie them into a food bank or other aid. If they're dealing with mental heath issues, we'll hook them up to the VA for mental health services. We work with them for as long as it takes."

To continue accommodating the growth of existing and new businesses, LMI is upgrading more than 200,000 square feet of space in five buildings, in addition to ongoing demolition and infrastructure projects around the island, Moser said.

"The job gains we are seeing are the direct result of our investment in things like infrastructure, building rehabilitation and environmental cleanup, and these will continue to drive future growth." LMI spokesman Jason Keadjian said.

The most recent bi-annual Mare Island jobs survey showed consistent job growth for the ninth consecutive reporting period, which covers the last four and a half years, Moser said.

LMI has invested more than $112 million in the infrastructure, building rehabilitation and reuse of the former Naval Shipyard, Kiadjian said.

For more information, visit www.discovermareisland.com or call 578-2785.

Call Rachel Raskin-Zrihen at 707-553-6824

Times-Herald
BUSINESS

New distillery, tasting room to open on Mare Island

Artist's rendering courtesy of Lennar Mare Island

By Rachel Raskin-Zrihen, *Vallejo Times-Herald*

POSTED: 02/04/16, 3:39 PM PST UPDATED: ON 02/04/2016 0 COMMENTS

The Splinter Group has agreed to establish a distillery for its line of whiskeys in Building 45, in the Mare Island Historic Core, Lennar Mare Island officials announced Thursday.

The signed lease indicates the company will "move in and begin distillation work this year with a tasting room and tours to follow," Lennar Mare Island spokesman Edward Moser said.

"Lennar Mare Island is thrilled to have the Splinter Group coming to Building 45 on Mare Island. This unique use of a historic asset is a perfect fit for the character of our community and will bring jobs, visitors and economic activity to Vallejo," Moser said.

The Splinter Group was founded in 2014 by David Phinney, who also runs the St. Helena-based Orin Swift wine label, Moser said. The

group produces Straight Edge Bourbon Whiskey and Slaughter House American Whiskey, which was awarded a gold medal and Best in Class at the 2015 Whiskies of the World competition, Moser said. “When I first came to Mare Island, I fell in love with the historic buildings and the location,” Phinney said. “The city of Vallejo has been great, and we are excited to get started and establish ourselves in this new location.”

Phinney began making wine in 1998, and since then has grown the Orin Swift wine label into a multinational brand that now includes 300 acres of vineyards in the Southwest of France, according to company information. This “international ambition has led to projects in Spain, Italy, Corsica, Argentina and other locations around the globe,” it says.

The Splinter Group ages its spirits in wine barrels from its Orin Swift wine label and uses spring water from the Alexander Valley, the information says.

Lennar Mare Island began the rehabilitation of the approximately 16,000 square foot building 45, in 2015, “preserving and enhancing the historic exterior of the structure while creating a new interior space,” Moser said.

Built in 1864, Building 45 is one of the island’s oldest structures, located just north of the Mare Island Museum and less than one block from the future ferry terminal, Moser said. The Navy used it as an apprentice training facility, he said.

In May, Vallejo’s Architectural Heritage and Landmarks Commission approved a rehabilitation effort to prepare the building for reuse, he said.

“Building 45 is a special piece of Mare Island and we have been seeking a business who appreciates its history, understands its future and can attract visitors to Mare Island,” Moser said. “We look forward to having The Splinter Group as part of Mare Island’s diverse and growing business community and seeing them succeed here in Vallejo.”

Lennar Mare Island has invested more than $115 million in the infrastructure, building rehabilitation and reuse of the former Naval Shipyard, Moser said.

“This investment supports job growth through the rehabilitation of former Naval buildings and improvements to infrastructure, which will lead to expansion of business opportunities island-wide, he said.

Vallejo Mayor Osby Davis said the distillery and tasting room fits nicely with the city’s vision for the area.

“The city of Vallejo is working with businesses, in partnership with Lennar Mare Island, to facilitate building rehabilitation efforts and to help implement the community’s vision for Mare Island,”he said. “I’m proud to be able to drive business growth and bring opportunities like this to Vallejo, while preserving the Island’s rich history.”

For more information, visit www.discovermareisland.com.

Contact Rachel Raskin-Zrihen at (707) 553-6824.

From: Edi Birsan [mailto:edibirsan@gmail.com]
Sent: Wednesday, March 30, 2016 5:27 PM
To: Dunn Steve
Cc: Bjerke Guy; Barone, Valerie
Subject: Re: Attention: Councilmember Edi E. Birsan

OK… we are working on it.
One of the keys may be the EIR and other traffic studies… etc… etc…

Edi
950 Alla Avenue
Concord, CA 94518
Cell: 510-812-8180

PS Please take the short survey at
www.PulseOfConcord.com
On Mar 30, 2016, at 5:24 PM, Steven Dunn <sdunn35@me.com> wrote:

Councilman Birsan - thank you for the considered reply. I appreciate you comments.

I just re-read staff's 9/29/15 report to LRA and agree that the process is not "broken," but rather some unforeseen events have left the city is a less than desirable position - we have a committee of 3 (instead of 5) charged with making a decision of enormous impact, and we have lost some negotiating leverage with the one bidder still in the process.

Catellus' term sheet had points that were, at least qualitatively and in some cases quantitatively, much more attractive than Lennar's. Specifically, Catellus' plan to redevelop *all* of Willow Pass from Landana to CA4 (including the bridge) as well as cattalos' phase 1 focus on the BART station area to my eye are materially superior to Lennar's terms.

Please consider this a request to improve Lennar's term sheet as opposed to restarting any part of the process. I thank you again for your original reply. I have copied the recipients suggested.

regards,
steve dunn
4148 Wilson Lane
Concord, CA 94521

On Mar 29, 2016, at 11:35 AM, Edi Birsan <edibirsan@gmail.com> wrote:

((Note: under the Brown Act I am not sure if I can send a copy of this to the other Councilmembers, nor am I confident that you can reply to this with a copy to the Council as a whole without you being considered to be in violation. So please if you wish to reply direct it to me and the two parties above)).

Thank your for your concerns. It should be noted that the many years process was designed to come down to a single candidate at the end which would be voted on by the Council, In the process many companies, including local companies such as Seeno, have been eliminated.

That one of the two remaining companies has requested to withdraw (the most recent is not the first time that they requested to withdraw), does not justify going back to square one or square 57. Additionally the legal complications of allowing a total re-open of the term sheets just for these two is fraught with issues in the simple fact that both companies would have to agree to the changes and since one feels better off with what was done they would naturally be expected to veto the process and lead to more threats of litigation and stagnation.

Note that in the agreement to start the reopening of part of the contract terms it passes all power from the City to the Developers and exposes us to delays at their hands and costs that would not be recoverable and potentially impact the final negotiations with the Navy. We do not have a couple of more years to do this as the Navy has its own priorities and the costs of ALL the companies that have participated up to this point would be in play.

The removal of one allows for greater flexibility of the City to finalize with the other in that we, and not the developers have the option to now focus on issues we want done and do not need two outside parties to agree to changes. It also protects the strength position of the city in the final negotiation IF the surviving party is selected. Remember that we have the option to award or to NOT AWARD and that under the current terms it is done without significant risk to the city. If we had agreed to the terms presented by Catellus it is my opinion, and unanimously of the staff technical team, that it was not in the interest of the city.

Edi
950 Alla Avenue
Concord, CA 94518
Cell: 510-812-8180

PS Please take the short survey at
www.PulseOfConcord.com

On Mar 29, 2016, at 9:56 AM, Concord City Council <citycouncil@cityofconcord.org> wrote:

From: Steven Dunn [mailto:sdunn35@me.com]
Sent: Tuesday, March 29, 2016 8:23 AM
To: Concord City Council
Subject: Attention: Councilmember Edi E. Birsan

Councilman Birsan: I am a resident of Concord and am writing to you to express my concern regarding the Naval Weapons Center master developer process. The recent development of Catellus exiting the process demands that the City take a step back and re-assess the overall opportunity. That we have but one firm now interested in pursuing what *should* be a profound business opportunity can only mean that what is on offer is in fact not a great business

opportunity. Please consider re-starting the process, taking a fresh look at how to structure the development opportunities. The outcome will have a profound impact on Concord for the remainder of all current residents' lives. We can wait a couple of more years to get it right.

Regards,

Steve Dunn
4148 Wilson Lane
Concord, CA 94521
sdunn35@me.com<mailto:sdunn35@me.com>
415-404-1237
<winmail.dat>

Correspondence Received
Item No. 6.a
April 5, 2016

Central Labor Council Contra Costa County AFL-CIO

April 2, 2016

Mayor Laura Hoffmeister
Vice Mayor Ron Leone
Councilmembers Dan Helix, Tim Grayson and Edi Birsan
City of Concord
1950 Parkside Drive
Concord, California 94519

RECEIVED
APR 04 2016
CITY MGR'S. OFFICE

Dear Mayor Hoffmeister, Vice Mayor Leone & Councilmembers:

As you move toward the April 5 meeting to select a master developer and subsequent DDA negotiations and Master Plan process for the Concord Naval Weapons Station Reuse Project (the Project), I write to once again urge the City to adopt and negotiate policies and programs that will ensure that the jobs created by the Project provide maximum benefit to residents and workers.

In 2006, the Labor Council became a founding partner of the Community Coalition for a Sustainable Concord (CCSC), and began the work of envisioning and working toward good jobs on this Project. In 2009, the Labor Council and Building Trades Councils commissioned a study through the University of California at Berkeley, Towards a Sustainable Concord: Analysis and Policy Recommendations for the Naval Weapons Station, Professor Malo Hutson, Ph.D, 2009. [Attachment #1]

The City's-own Concord First policy addresses building and construction jobs only when a majority of the jobs and economic impact will happen in the six million square feet of commercial and retail office space and the higher education/research & development campus.

Will the City's economic development consultants (Arup and HR&A) be conducting an economic impact report that includes a projection and analysis of the jobs created by the Project?

I have attached a copy of 1) the Labor Council's and CCSC's original proposals for Good Jobs Policies at the CNWS and 2) a chart of policies adopted at other military reuse and large public lands projects in numerous other cities. [Attachments #2 & #3]. I have also included examples of the City of San Jose's Memorandum in which the City required the developer to facilitate any potential hotel operator to enter into a labor peace agreement and comply with a City Prevailing Wage Policy. [Attachment #4].

There are numerous examples of cities and developers in the Bay Area leveraging projects to create better jobs in the communities. For example, the City of Santa Clara Levi's Stadium has an agreement with UNITEHERE Local 19 that offers workers more than part-time, minimum wage work. The City of Richmond, in its Richmond Bay Specific Plan, includes requirements for living wage and other hiring

standards. [Attachment #5]. Concord has not moved to expand its Concord First local hire to non-construction jobs, nor has it instituted a Living Wage Policy.

It should also be noted that Lennar Urban (and Catellus) signed and executed community benefits agreements with cities and community groups on several of their other Bay Area projects. Don't Concord residents deserve the same degree of benefits?

As you enter the development agreement and specific plan phases with the developer, I urge you to put working families first by adopting and encouraging policies and agreements that will truly make this a world class project that lifts up all of Concord.

Sincerely,

Margaret Hanlon-Gradie
Executive Director

CC: Guy Bjerke, Executive Director of Reuse Authority; Julian Gross,

Attachment #1

Towards a Sustainable Concord

Analysis and Policy Recommendations for the Naval Weapons Station Reuse Project

CP 228: UC Berkeley Green Economy Studio

Professor Malo Hutson, Spring 2009

Studio Team

Jobs-Housing: Alia Anderson, Isaac Ramirez, Christina Mun

Green Economy: Alisar Aoun, Cherry Ordonez, Lily Cooc

Local Hire: Hun Kim, Sarah Brett, Gabriella Chiarenza

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Executive Summary

Regulatory and political changes have elevated environmental concerns and the emerging "green economy" to the forefront of development discussions; in particular, AB 32, the California Global Warming Solutions Act, mandates reductions in greenhouse gas emissions, compelling California businesses and communities to transform themselves into denser, more balanced neighborhoods. The Coalition for a Sustainable Concord has tasked our regional and community economic development studio to study three aspects of the green economy as they apply to the reuse of the Concord Naval Weapons Station: its implications for housing, land use, and workforce development.

The reuse of the Concord Naval Weapons Station offers an unparalleled opportunity for the City of Concord to not only comply with regulations of housing and job growth, but to become a leader in the Bay Area for sustainability. Based on our analyses of Concord's jobs-housing balance, economic and workforce development, and local hire policies, Concord should seize this opportunity to become a leader in achieving a truly livable community. As will be discussed in the following chapters, all city policies should reflect the vision of a Sustainable Concord, including ensuring the creation of adequate affordable housing, and the development of career ladders, workforce development, and jobs for Concord residents.

Summary of Sections

Achieving a Jobs-Housing Balance

Achieving a jobs-housing balance is essential not only for the livability of a community, but also for the reduction of green-house gas emissions. First, our analysis of the preferred land use concept for Concord Naval Weapons Station (CNWS) suggests that the development will result in a large number of low wage jobs and a limited supply of affordable housing. Specifically, although the City's concept plan suggests an overall jobs:housing balance of 2:1, our analysis of the projected wages and affordable housing requirements reveals an actual jobs:housing balance for moderate income earners or less to be **11:1**. Such an imbalance will lead to longer commutes for CNWS employees, adding congestion on Highway 4 and Highway 680, creating significant emissions from this project, and burdening commuters with transit costs and hours spent.

Within the context of the current economic downturn, the need for affordable housing in Concord has

become even more important. The current housing crisis and its effects on Concord demonstrate the necessity for Concord to develop strong but flexible housing policies that will ensure that adequate affordable housing will be built on the site. Linked to the issue of CNWS affordability is the quality of jobs that will be offered on the site. Spatial implications of the site plan, as well as the economic potential of the site and of Concord also plays a key role in the success of CNWS.

Realizing the Potential for Concord's Green Economy

Clean technology and renewable energy are now on the forefront of the national agenda, and bold legislation such as California AB32 and SB375 has been passed. In addition to energy efficiency and conservation, these important regulations have forced cities to rethink their patterns of urban development. While the initial question tasked to the class was the potential for "cleantech" in Concord, we quickly determined that Concord would not be competitive with the more established Silicon Valley or the Berkeley-Emeryville-Oakland corridor. However, Concord does hold the potential for a green cluster if it thinks more broadly about how the City can benefit from the growth of green industries.

In this analysis, "green" has been defined by four industry sectors: renewable energy; green building and energy efficiency technology; energy-efficient infrastructure and transportation; and recycling and waste-to-energy. While most of Concord's 53 green businesses exhibit low growth rates, "Engineering Services" and "Other Services to Buildings and Dwellings" have grown more rapidly. In order to ensure that "green-collar" jobs can actually sustain households, Concord should establish strategic partnerships to equip Concord residents with the necessary skills-set for the Green Economy. These partnerships will require stakeholders from the public sector, private sector, educational institutions, and labor groups to work together and formulate new ways to bring these jobs to fruition for residents. As a first step, Concord can be an early adopter of local policies to stimulate demand for green products and services through green building requirements.

The Need for Local Hire

Based on the viability of green jobs in Concord, we can conclude that the City's competitive advantage and potential for growth lays primarily in industries that employ a large middle class population through "green collar" types of work. As a result, the CNWS reuse project should focus on growth industries that fit Concord's unique profile by investing in a workforce development strategy that prioritizes its green

collar and blue collar jobs. This can be achieved by establishing employment opportunities that have low barriers to entry, career ladders, training and educational opportunities for the potential workforce, and a preference towards hiring locally and hiring those who have either been historically excluded from growth sectors or who have fewer opportunities to gain job skills in meaningful employment sectors.

Local hire policies are used by many cities to achieve these goals. These usually consist of either city-wide ordinances or project-based policies that provide specific targeted populations of varying scope with better access to information and primary consideration for jobs, where the private sector, community organizations, businesses and local governments jointly work to create these job linkage programs. They are often put in place in conjunction with community benefits agreements or development agreements, linking incentives for developers with local hire outcomes.

Time for Action

Before negotiations occur between the City and potential developers, the time is ripe for the development of City policies for affordable housing, workforce development, green economic development, and local hire. The following report discusses various analyses and rationale for these recommended policies for the City of Concord to consider and put into place as soon as possible. The redevelopment of the Concord Naval Weapons Station offers a lucrative opportunity for the City of Concord, Concord residents, and developers; these policies will facilitate the balance of these interests.

Achieving Jobs-Housing Balance

Jobs-Housing Summary

The development proposed in the preferred land use concept is likely to result in a large number of low wage jobs and a limited supply of affordable housing. The City's concept plan has an overall jobs:housing balance of 2:1 (26,531 jobs and 12,231 units). However, when looking at projected wages and affordable housing requirements, the functional jobs:housing balance for people earning moderate incomes or less is 11:1. This imbalance will lead to CNWS employees commuting a minimum of 54 miles each day. If they drive, this will add to congestion on Highway 4 and Highway 680 and significantly worsen the greenhouse gases related to the site. If employees commute by transit, they will pay around $3,550 per year on fares and spend 833 hours annually on the bus or BART. The need for affordable housing in Concord is even more important due to the current economic downturn. The current housing crisis and its effects on Concord demonstrate the necessity for strong but flexible policies to not only ensure the development of adequate affordable housing but also to establish community services.

The Concord Naval Weapons Station offers the incredible opportunity to establish a vision of Sustainable Concord taking the lead in green economic development and livability for Contra Costa County and the region. This period before negotiations occur between developers and the City is a ripe time to develop and position City policies for inclusionary housing, workforce development, green economic development, and local hire. The following report discusses various analyses and rationale for recommended policies for the City of Concord to consider and put into place before further development negotiations occur.

Concord Naval Weapons Station Reuse Plan

The Concord Naval Weapons Station (CNWS) is a 5,028 acre decommissioned military base located in the City of Concord, Contra Costa County, CA. Since 2005, the Navy and the City of Concord have been preparing for the transfer and reuse of the site, which represents one of the largest development opportunities in the San Francisco Bay Area. The site makes up approximately one quarter of the total land area of the City of Concord, and, if built out as planned, will increase the city's population by almost 25 percent. Recognizing the important impacts of a development of this scale on the City and region, a network of planners, advocates and community participants have actively engaged in a community

planning process that seeks to develop the site in a way that enhances the City of Concord and provides a wide range of community benefits to existing and new residents.

The site was declared surplus land in 2005 and the City began the process of reuse planning in 2006. With support from design consultants at ARUP and economic consultants CBRE, the City developed seven land use alternatives that represented a wide range of proposed densities, uses and configurations, as well as varying amounts of greenspace and patterns of development. Throughout the planning process, Concord conducted an extensive public involvement process, including ten public workshops, and has relied heavily on a Citizen Advisory Committee in selecting the Preferred Reuse Plan. The result of this lengthy process was that the Clustered Villages Preferred Reuse Plan was selected by the City Council on January 12, 2009.

Figure 1: Uses in Preferred Concept Plan, CNWS

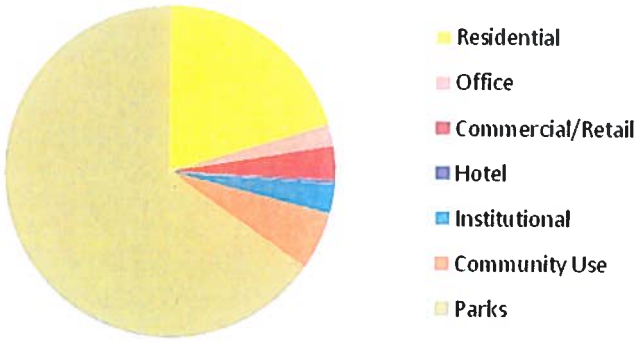
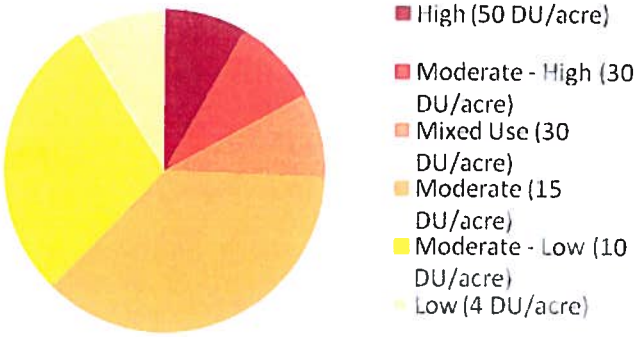


Figure 2: Residential Densities by # of Units in Preferred Concept Plan, CNWS



The Preferred Reuse Plan calls for the development of a series of clustered villages, connected to BART by a linear urban park and a high-frequency shuttle system. The plan dedicates 65% of the site to greenspace and parks and excludes development near sensitive areas and wetlands. There is a "transition greenbelt" that buffers new residential development on the south side of the project from existing single-family neighborhoods. Amongst the uses shown in Figure 1, the city hopes to attract a university or higher education campus to the site and plans to provide land for various community uses including a public school, health

and homeless care facilities and an emergency personnel training facility. The proposed housing onsite ranges in density from 4 to 50 dwelling units (DU) /acre, with an average density of 12 DU/acre (See Figure 2).

The transportation plan for the proposed development concept uses a "transit first" philosophy, meaning that frequent, high-quality transit will be a central feature on the site and will be given priority, when necessary, over other transportation modes. There is a proposed "high-frequency transit route" that will run through the center of the project and connect to both the Downtown and North Concord BART Stations. The transit route, which has been proposed as a form of rapid bus, will pass within ½ mile of all the residential development on the site. The City also plans to ensure high-quality pedestrian and bicycle facilities throughout the site.

The timeline moving forward indicates that there are still many years of work before the land is ready for development. The Environmental Impact Report (EIR) is currently being updated for the selected Reuse Plan. After the Environmental Review is complete, the Reuse Plan will need to be formally adopted (to make it a binding land use plan) and incorporated into the General Plan and City zoning. The Navy is currently conducting their resource review (historic and prehistoric) and then will petition to have the Reuse area de-listed as a Federal Superfund site. The Department of Housing and Urban Development is currently reviewing the City's Homeless Assistance Submission, a lengthy requirement related to the transfer of military land to other owners. (For more on all of these processes, see www.concordreuseproject.org.) Most of these tasks require extensive review/study and require their own public comment period, suggesting that

Figure 3: Projected Jobs, CNWS*

Office	
Office TOD	3949
Office Park	9084
TOTAL Office	*13033*
Retail	
Town Center Retail	592
Neighborhood Commercial Center	474
Regional Retail	2039
Commercial Cluster 2	4937
Mixed use Residential/Retail	262
TOTAL Retail	*8304*
Hotel	
Mid-Rise Hotel	476
Family Business Hotel	143
TOTAL Hotel	*619*
Institutional/Educational	
Education Campus	4574
Total Institutional/Educational	*4574*
TOTAL Jobs	***26,530***

from selected Reuse Plan

it will be at least 2011 before the Navy finally disposes of the property (transfers it to a developer).

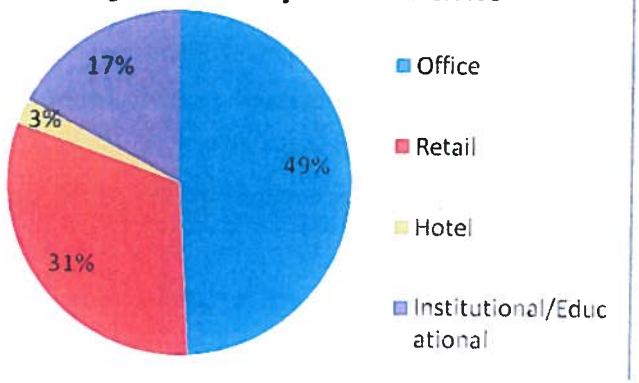
In addition to the numerous procedural steps that still remain in the base transfer process, there are a variety of other factors that add uncertainly to the project. The economic projections and market data used to determine the fiscal and financial feasibility of each alternative were conducted for the year 2007. Although every reasonable step was taken in forecasting these factors as accurately as possible, it is impossible to know what changes to the development climate and economic composition of the region will take place over the next five years. Already, the recession and foreclosure crisis has halted most development and business growth. These factors suggest that a long-term approach and a high level of flexibility will be required as the project moves forward.

Another challenge facing the city is the physical, social and economic incorporation of the new development site into the existing city. The primary goal of Concord's past redevelopment efforts has been to attract and concentrate growth downtown, around the Downtown Concord BART station. Some citizens and planners are concerned that the CNWS development will "create two Concords" and diminish the potential success of the existing downtown area. Concord, like all cities, already has the challenge of highlighting and promoting its competitive advantage for employers, firms, residents and retailers, to attract them to locate in Concord over Walnut Creek, Pleasanton, San Ramon, Oakland, Newark or other competing regional locations. Now, Concord will be faced with promoting this new development location while not jeopardizing or neglecting their existing town center.

Jobs-Housing Methodology

In the context of this base reuse proposal, the Coalition tasked us with answering three main housing questions. First, based on a fine-grained analysis of the jobs-housing balance for CNWS, we project wages for future employees on the site and compare this to the affordability of the site's housing units. We used this data to analyze where CNWS workers would live and what the commute impacts of the base would be. Next, we contextualize the base reuse in the current economic

Figure 4: Job Projections for CNWS



downturn, and consider what implications the recession will have for Concord's approach towards CNWS policies and development. Lastly, we complete a comparative analysis of Concord and neighboring cities' Housing Elements and housing production trends to see what will be necessary for the base reuse plan to meet production and affordability goals. These three pieces come together to illustrate the opportunity CNWS offers the City of Concord to create a livable community through our recommended policy interventions.

Analysis of CNWS Jobs and Wages

To begin with, this analysis uses the projection for jobs and land use acreage from the Clustered Villages land use plan from January 2009 (See Figure 4). Using 2006 county business data and 2007 wage data from Alameda and Contra Costa County, we estimated the job types and wage rates that would be paid within the CNWS site. Only site-based jobs were included in this analysis; construction jobs that would be created by the building of the site were not analyzed here. All dollar figures are in 2009 dollars unless otherwise stated. *Note: Data in Figures 3 and 4 are from the City of Concord Preferred Reuse Plan. The rest of the data presented here has been calculated as part of this analysis.*

Figure 5: Projected Jobs (shown in quartiles) and Hourly Wages, CNWS
6622 jobs paying $31.63 - $101.05
7019 jobs paying $19.68 - $31.62
7027 jobs paying $13.43 - $19.67
5616 jobs paying less than $13.43

Figure 6: Projected Affordable Units Provided at Build-Out, CNWS
187 units for households earning $34,034 or less
270 units for households earning $38,283 or less
278 units for households earning $42,531 or less
281.7 units for households earning $81,604 or less
405 units for households earning $91,879 or less
417 units for households earning $102,055 or less[1].

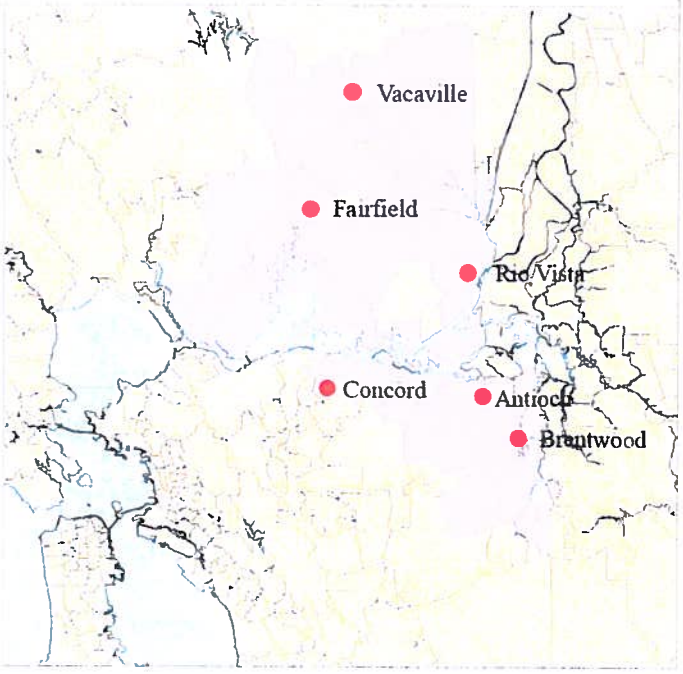
According to this analysis, the weighted average wage on the site (in 2009 dollars) will be $24.33/hr, or $49,640 per year (See Figure 5). Fifty percent of the jobs will pay less than $19.68 per hour, and in the lowest income quartile, 6,570 people will make less than $13.43/hour, or $27,394/year. Fifty-six percent of the people employed onsite will

[1] Concord's 2008 income levels have been adjusted for inflation to 2009 dollars.

earn less than the median earnings for Contra Costa County[2].

In an attempt to estimate the housing needs of the people who will be employed on the CNWS site, we began by estimating how many affordable units would be built onsite using the existing inclusionary housing policy. We assumed that the project would move forward using Concord's redevelopment area inclusionary policy, which requires that 6% of units are affordable to households earning 50% Area Median Income (AMI) and 9% are available to households earning no more than 120% AMI. If we apply this redevelopment inclusionary policy, we find that the built-out project would include a total of 1,838 affordable units (see Figure 6). It is important to note that the City has not made a decision about developing this site under redevelopment laws. If they decide against doing so, the general inclusionary housing policy only requires 10% of the units to be affordable. Also, the inclusionary requirements in the redevelopment policy are maximums – a developer could choose to build all 15% of their units at 50% AMI, or to build 9% of the units at 80% AMI, or some other configuration. For the purposes of this analysis, we assumed that the city would elect to build the site using redevelopment, and that developers would reap the most profit by building at the maximum affordability level.

Figure 7: Map of Closest Zip Codes Affordable to CNWS employees earning 120% AMI



Next, we sought to determine the number of people employed on the CNWS who would be able to afford to live there. To calculate this, we assumed that each household would include 1.5 full-time, equal-earning workers. Using our wage projections, we found that 8,242 people employed onsite would qualify for Very Low Income housing (<50% AMI), 4,286 employees would qualify for Low and Median Income housing (51-80% AMI) and 7,934 of the site's employees would qualify for Moderate Income housing (<120% AMI). When we compare the affordable housing that will be provided onsite with the

[2] According to the American Communities Survey, the median earnings in 2007 by population 16 years or older with earnings in the past year is $39,699 in CCC. Figure converted to 2009 dollars for calculation.

employees who would qualify for that housing, we find that onsite affordable housing would only be available to 13.4% of people making <50% AMI, 0% of people making 51-80% AMI (because the inclusionary policy does not require any units at that income level) and 20.88% of people making 81-120% AMI. Since we can't assume that every affordable unit built as part of the Concord Naval Weapons Station will be filled by someone who works on the site, this projection of the housing burden created by the new jobs on the CNWS site is certainly an underestimation. In total, a minimum of 17,700 CNWS employees will not be housed onsite, which indicates a jobs:housing balance for people earning moderate incomes or less of 11:1.

In order to estimate where low income employees would have to travel in order to afford housing, we looked at Bay Area home sales data from DataQuick Information Systems. We estimated the rent and mortgage that would be affordable to employees in each of the low-income categories discussed above, and then used 2007 home value data to project where in the region employees would have to travel to find housing that they could afford. We used the median house values per square foot for a one year period in 2007/08 and assumed an average home size for low-income buyers of 1,500 square feet. Our calculations indicate that there are no areas in Alameda, Contra Costa or Solano Counties where any of the low-income employees of the CNWS site could afford to buy a small, market-rate home. In looking at rental costs, we found 17 zip codes where earners in the Moderate Income bracket (120% AMI) would be available to afford renting a small, market-rate unit, as shown in the map in Figure 6. We have to assume that the rest of the employees onsite would depend on below market rate housing or housing located outside the Alameda, Contra Costa County, or Solano County.

If the employees who work on the Concord Naval Weapons Station site will not be able to afford housing nearby, it is logical to ask what the commuting impacts of workers travelling between the CNWS site and their affordable housing units will be. To address this question, we examined the driving distance and transit options between the CNWS and the zip codes identified above as having some housing that will be affordable to CNWS employees. Our analysis indicates that CNWS employees who find housing in these locations will have an average commute of 27 miles and 33 minutes each way. While this is not extremely high given standard Bay Area average commutes, it is important to remember that these were the closest affordable sites to a small portion of CNWS employees and thus represent the minimum commuting distance for low-income CNWS employees. Low-income employees who want to buy a home, those who earn less than 80% AMI, and those unable to find homes in these

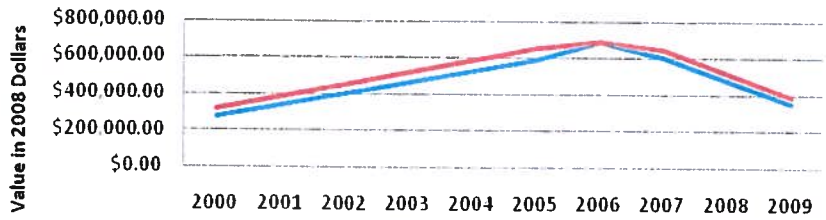
zip codes will likely have to travel further. Most of these commutes will involve travel on HWY 4, 80/680, so traffic would likely worsen on these roadways during peak hours.

Since we know that many low income employees rely on transit to commute to work, we looked at transit trip fares and travel times between these locations as well. We found that the average transit trip would take one hour and 40 minutes and would cost $7.09 each way. That transit fare would result in an annual commuting cost for these employees of $3,547 and approximately 833 hours per year spent on transit.

The low-wage job:housing imbalance created on the CNWS site has important implications for the traffic and other environmental impacts of the development. Employees driving to the site from the zip codes that we found to have more affordable house prices would add traffic to Highways 4 and 80/680, causing traffic to worsen on these roadways during commuting hours. Also, these commutes work against California's objective to reduce carbon emissions from the transportation and development, as outlined in the recent Senate Bill 375. SB 375 requires regions to create land use and transportation strategies that work toward meeting carbon emission targets set by the state. As is, the preferred land use plan may be incompatible with that regional strategy, which could jeopardize its long-term success.

The imbalance between expected earnings and house prices and the expected commute patterns projected for CNWS employees create a series of challenges for the project moving forward. In particular, issues of housing affordability affect not only future residents and workers of CNWS, but also residents and workers in Concord and the region. The next section will discuss the broader context of housing affordability, by analyzing the impact of the recession and the housing crisis on the base reuse plan and on the City as a whole. Current market conditions reinforce the need for Concord to carefully use

Figure 8: Value of Owner Occupied Units



	2000	2005	2006	2007	2009
Concord	275,625.00	587,510.00	686,833.00	603,512.00	349,460
Contra Costa	317,250.00	649,220.00	686,833.00	647,088.00	386,604

this massive development opportunity to make the most progress possible toward city-wide and regional equity and sustainability.

Current Housing Market Analysis

Beyond the projected development for CNWS, the recession and foreclosure crisis has greatly affected housing affordability of ownership and rental housing within Concord and Central Contra Costa County. City officials have formed the impression that the decline of housing prices has made housing within the City of Concord more affordable, eliminating any need for additional affordable housing development. Although the cost of homes has decreased, the recession has led to declining incomes and rising unemployment, which means that residents cannot capitalize on these declining values. Prospects for owning a home have diminished as banks have adopted stricter lending standards to mitigate risk, reducing the amount of credit available. Rental prices have not decreased to reflect these declining property values. Compared to Contra Costa County, the cost of rental housing remains relatively high.

Although the development of the CNWS project will not occur for several years, it is important to understand the current state of housing affordability within Concord to avoid contributing to the problem of a lack of affordable ownership and rental housing. Addressing affordability within the development project is also important because access to rental and ownership housing is a necessity, and since Concord has fallen short of meeting its Regional Housing Needs Allocations (RHNA),it becomes especially important to address these issues. A large demand for affordable housing already exists and the proposed development will exacerbate the need for housing on all levels of affordability.

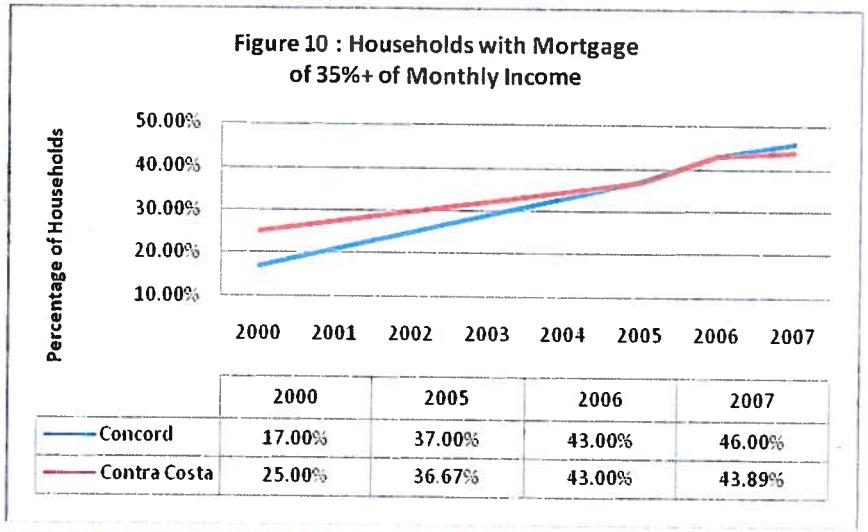
The Housing Crisis

The crash of the housing market has had significant impacts on housing values, but has had a minimal impact on rental values within Contra Costa County and the City of Concord. Figure 8 shows that in Concord, the average sales price of homes has dropped from its peak price of $425,000 in August 2007 to $275,000 in January 2009, a decline of nearly 35%.

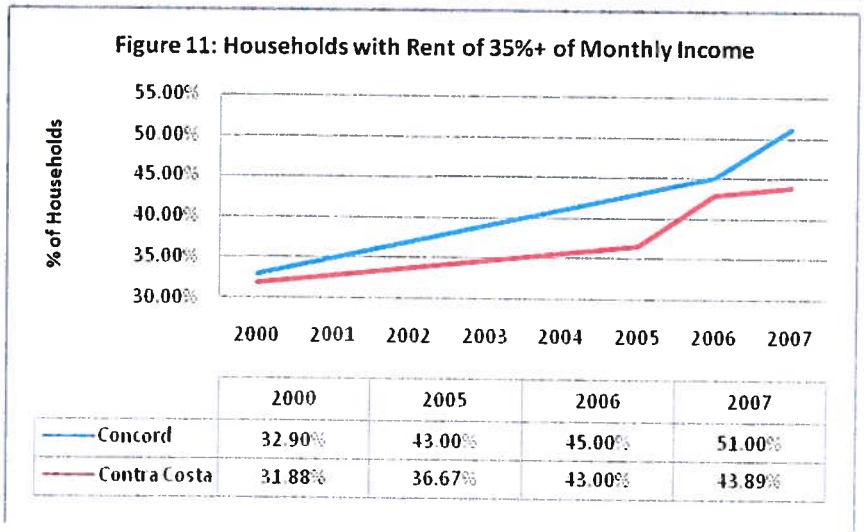
Contra Costa County is experiencing a foreclosure rate of .7%, which is higher than the state and national averages of .58% and .21%. According to RealtyTrac, Concord has the 4th highest foreclosure rate in Contra Costa County, below Antioch, Pittsburg and Richmond. Within Contra Costa County, approximately 16,377 homes were in foreclosure as of January 1, 2009. In the past 12 months, median

home values in Contra Costa County have decreased 28.62%. Despite the drop in values, rental housing costs in Concord, according to Zilpy.com, have not shown any substantial decreases; rental prices have remained stable despite foreclosures and declining property values.

Figures 10 and 11 below show that the cost of rental and ownership housing within Concord and Contra Costa County has nearly doubled in the last 9 years. It is apparent that rental and ownership housing costs, when compared to Contra Costa County are more expensive for Concord residents. In 2000, 17% of Concord's households with a mortgage were paying more than 35% of their monthly income toward housing in the year 2000. By 2007, this number increased to 46%. For rental housing, 32.9% of households were paying 35% of monthly household income in 2000, increasing to 51% of all households in 2007. Despite the crash of the housing market, the cost of rental housing within Concord has remained stable in the last few months, showing only modest decreases that are not proportional to the decline in property values (Zilpy.com). Data shows that from February 2009 to March 2009, the average rent for 1 bedroom units decreased 2.6% to an average of $950/month; two bedroom units showed the greatest decline, decreasing 3.5% to an average of $1,250/month; three bedroom units showed a decline of approximately 1.4%, for an average of $1,700/month.



	2000	2005	2006	2007
Concord	17.00%	37.00%	43.00%	46.00%
Contra Costa	25.00%	36.67%	43.00%	43.89%



	2000	2005	2006	2007
Concord	32.90%	43.00%	45.00%	51.00%
Contra Costa	31.88%	36.67%	43.00%	43.89%

Pre-foreclosure notices can

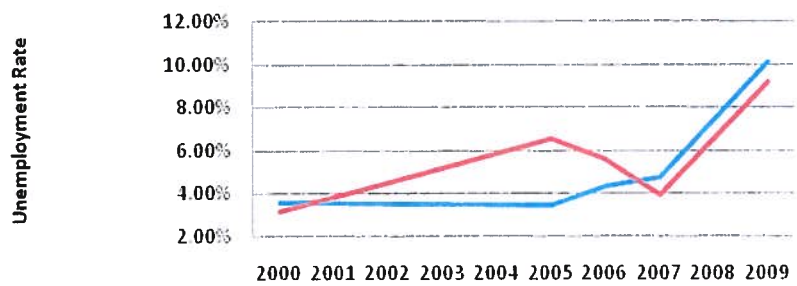
be indicative of future foreclosure trends within Concord and Contra Costa County. Pre-foreclosure begins with the filing of the Notice of Default (NOD) by one or more lender on a property due to non-payment of the debt, usually for 60 or 90 days. Following the NOD, the lender must wait three months before proceeding. During this period, the borrower may repay back payments to reinstate the mortgage. However, if after three months. the mortgage is not reinstated, the property is sold. In Concord, homes in pre-foreclosure peaked in December 2008, with a total of 190 homes receiving these notices. Contra Costa County showed a similar peak in December with approximately 1750 homes receiving Notices of Default.

The proposed site plan intends to construct affordable housing units for households within several income ranges. Although these units will a great deal of on-site housing, it will not achieve a full jobs-housing balance. The housing needs estimation shows that at full project build-out, many households will be left looking for housing elsewhere, as insufficient affordable housing will be created. Using needs estimation, only 13.4% of people earning less than 50% AMI will qualify for housing onsite, leaving 4,758 households within this income range looking for housing elsewhere. Zero households earning 51-80% of AMI will find housing onsite, leaving 2,857 people looking for housing elsewhere.

Current Credit Market

In the wake of the foreclosure crisis, banks are minimizing the amount of risk exposure by decreasing loan to value (LTV) ratios and tightening lending standards. Although home values have decreased, only those with sufficient resources can purchase these homes. Lower LTV ratios mean that banks are lending amounts that cover roughly 70% - 80% of a property's value, minimizing the risk for the lender, but it resulting in higher down payments. Riskier borrowers are required to purchase mortgage insurance, adding additional costs to a monthly mortgage payment. Decreasing wages, increasing unemployment coupled with higher down payments produces a market in which

Figure 12: Unemployment



	2000	2005	2006	2007	2009
Concord	3.50%	3.41%	4.28%	4.73%	10.10%
Contra Costa County	3.13%	6.50%	5.60%	3.90%	9.15%

housing is generally unaffordable.

Employment

Along with the decline in housing values, US census data has shown that wage and employment trends were showing weakness prior to the recession. In 2000, the median household income in Concord has shown a decrease of over $5000 from the year 2000 ($71,720 - 2008 adjusted) to $65,809 in 2007 (2008 adjusted). The Industry and Employment Analysis conducted by the Workforce Development Board of Contra Costa County has shown that from December 2007 to December 2008, Alameda and Contra Costa Counties have experienced a net loss of approximately 42,000 jobs. In addition, the Workforce Development Board of Contra Costa County has shown that the construction and manufacturing sectors experienced the largest losses of employment during the 4th quarter of 2008. During this period, Construction experienced losses of approximately 3,600 jobs, 400 of which were in residential building construction - 100 each in highway, street, & bridge construction and 3,000 in specialty trade contractors. Although losses in employment traditionally affect very low and low income families, the Contra Costa Industry Analysis shows that employment within Professional & Business Services and Government and Financial activities have been greatly affected by the recession. Figure 12 shows that unemployment has seen a steady increase starting in 2006 at 4.28%, reaching 10.1% in February 2009.

Demand for Services

In addition, the recession has dramatically increased demand for financial, medical and food assistance. According to Bloomberg News, over 16,000 individuals per month visit county offices requesting assistance. In January, the county approved 28% more food stamp applications than in January of 2007. From January to February of 2009, the number of people receiving food stamps grew 8.2 percent in Contra Costa County. The average check for general assistance programs is about $228 a month. Participants can receive aid for three months and will not be eligible to receive aid for a year; the disabled can receive aid indefinitely. Since 2006, Contra Costa has seen a 30 percent increase in Calworks applications, which also provides cash aid to needy families. Calworks on average, provides a family of three approximately $723 a month for as many as five years. Affordable housing waitlists have also exploded. Recently, 45,000 people applied for 350 slots for affordable housing in Contra Costa County. This problem is compounded by shrinking capacity to provide services to the community created by a loss in revenue from shrinking property tax revenue and increasing demand for unemployment and social security.

According to county officials, the recession has not only created additional demand for resources, but it is draining funding and revenue for programs in Contra Costa County. With decreased revenue, the government is forced to cut vital services to vulnerable communities. Recently, all non-emergency health services via the Basic Health Care Program in Contra Costa County were cut for undocumented adults. According to the City's Housing Element, the City provided $50,000 in RDA Housing Set-aside funds in 2007 to help establish the Mt. Diablo Housing Opportunity Center, which serves as a housing resources information center. The center provides counseling and financial assistance services that promote financial literacy, with the intent of preventing foreclosures.

Within the community groups, the recession and foreclosure crisis has seen an increased demand for services. At the Monument Crisis Center, 6,500 people seek free food every month according to the non-profit's executive director. In addition to providing food to residents, CBOs and non-profits such as CCISCO offer on-site consultation and re-negotiation with lenders, provide basic legal assistance and other financial literacy programs. CCISCO works alongside the community and develops programs based on community needs. Catering mainly to Latino communities, CCISCO began work in the foreclosure problem nearly two years ago in Antioch, east Contra Costa County. CCISCO is also involved in efforts to assist the community by pressuring lenders to modify loans, tenant counseling and working to increase the supply of affordable housing within proposed developments in Contra Costa County.

The Moral of the Story: Concord Needs Affordable Housing

The previous sections have found the proposed CNWS base reuse plan will create an imbalance of jobs and housing affordable to those workers, and achieving this balance is made more challenging in the current context of the recession. While the services suggested above will help ease the transition for households through current market hardships, affordable housing is at the heart of creating livable communities. Based on an analysis of its RHNA compliance, best practices for redevelopment and base reuse, and inclusionary practices, Concord needs an adequate supply of affordable housing that will support not only the new workers on the base but also address the historic need for a more complete housing ladder. What sets Concord apart from its neighbors is the rare asset of CNWS on which to produce a housing and jobs solution and lead the way in creating a sustainable community.

Concord's RHNA Performance

The Regional Housing Needs Allocation is a state mandate that requires local governments to accommodate their "fair share" of the region's housing need, and addresses all income categories. The goals of RHNA are to increase housing supply, to ensure a mix of affordability, and to promote a jobs-housing balance. Beyond our analysis of CNWS jobs and housing, we have also found that Concord has experienced a historic imbalance between wages and housing prices. This pattern reflects most Eastern Contra Costa County cities experiencing difficulties in meeting their RHNA for affordable housing.

Figure 13: Percent of RHNA Built, 1999-2006 (permits)

Affordability Level	Concord	Walnut Creek	Pittsburg	Contra Costa County
Very Low <50%	52%	10%	24%	44%
Low <80%	56%	38%	1%	93%
Mod <120%	13%	41%	0%	83%
Above Mod 120%+	225%	112%	1%	217%

Because Concord shares similar shortfalls with neighboring cities, underperforming RHNA compliance has region-wide implications, with housing prices climbing beyond the reach of many households. As shown in the table below, Concord has accomplished building a larger share of its RHNA than its neighbors Walnut Creek or Pittsburg; however, the overall deficiency of affordable units builds into a regional deficiency in housing affordability.

As shown in the table below, Concord has made progress in its most recent 1999-2006 RHNA allocation since its 1990-1999 permits. However, while the City has had no difficulty meeting its above moderate RHNA, it fell short in reaching the lower income categories; this issue is recognized in its Housing Element Update.

Table: 1990-2014 Concord RHNA

	1990-1999		1999-2006		2007-2014
Affordability Level	RHNA	Built	RHNA	Built	RHNA
Very Low <50%	785	5.2%	453	52.4%	639
Low <80%	628	2.4%	273	56.1%	426
Mod. <120%	824	1.7%	606	12.5%	498
Above Mod. 120%+	1,686	68.4%	987	224.5%	1,480

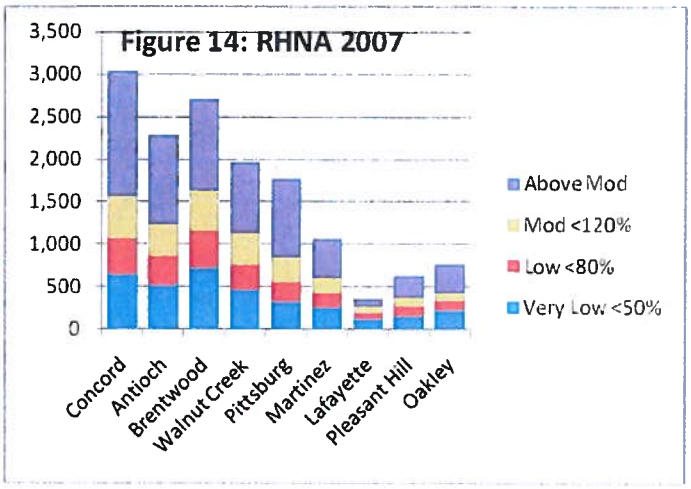
Source: Concord Housing Element Update, 2009.

As shown below in the graph of assigned RHNA numbers for 2007-2014, Concord has been allocated one of the largest portions of the region's affordable housing production for the period of 2007 to 2014. With over 1,000 units required to be affordable to very low, low, and moderate income households through 2014, Concord has consistently assigned more than 50 percent of its RHNA requirements for below market rate housing. With the third largest RHNA in the County, after Unincorporated Contra Costa County (3,508) and San Ramon (3,463), Concord has a great responsibility in producing both affordable and market rate units as the region grows.

Because the CNWS land will not become available for development by 2014, this responsibility will extend into the next RHNA. Beyond 2014, Concord should expect a RHNA assignment to consist, again, of over 50 percent below market rate housing. This expectation based on past RHNA patterns should inform the CNWS affordable housing requirement to reach higher than the currently planned 10 or 15 percent.

Housing Element and Community Will

In addition, Concord residents have clearly communicated their concerns about housing affordability as well. Focus groups for the Housing Element update identify the creation of more affordable housing as **the top priority** for Concord.[3] Residents also want the City to establish a mix of housing types and are pushing the City to be "forward-looking" in its use of light-rail and other sustainable transit alternatives. Concord residents value the lack of congestion, diversity, and quality of life amenities, and in order to maintain these attributes, the City should take advantage of the base reuse as an opportunity to achieve a true jobs-housing balance while building upon its existing amenities.



Increasing Inclusionary

Current Ordinance

In recognition of the City's need for affordable housing, the City of Concord adopted an

[3] Report to Mayor and City Council and Planning Commission. *Housing Element Study Session on Proposed Goals, Policies, Programs and Housing Site Inventory*. February 2, 2009

Inclusionary Housing Ordinance in September 2004. This Ordinance requires all new rental projects of five or more units to include 10 percent of total units to remain affordable to households earning 80 percent of area median income, or six percent of units to remain affordable to households earning 50 percent or less of area median income for 55 years. Ownership projects must have 10 percent of units affordable to 120 percent AMI or six percent of units affordable to 80 percent AMI for 45 years. The Ordinance has resulted in the construction of 12 affordable units, a small amount when compared to the 2007 to 2014 RHNA allocation of over 1,500 very low to moderate income units. While the remainder of affordable units built must have been built through alternative methods such as non-profit affordable housing developers, historic production shows that this inclusionary policy and existing incentives have not met current allocations and will not be able to cover future housing need. In order to keep Concord affordable to its current and incoming workforce and maintain quality of life for its residents, Concord should pursue a more stringent inclusionary policy specific to the base reuse while retaining the City-wide Ordinance. The next section will discuss successful examples of project specific inclusionary agreements and how they may inform the development of the Concord Naval Weapons Station.

Flexible Compliance: Successful Redevelopment Inclusionary Practices

Since 1979, redevelopment agencies have been required to set aside at least 20 percent of their tax increment funds for low and moderate income housing. In addition, agencies that extend projects beyond their original life are now required to place 30 percent of their tax increment in their housing set-aside fund. Under state law, at least 15 percent of the housing developed within redevelopment project areas must be affordable to low or moderate income households.

Thus, if CNWS will be a redevelopment project area, at least 15 percent of total housing units must be below market rate housing: six percent must be affordable to very low income households, and the remaining affordable to moderate income or below. If the Agency develops housing directly, at least 15 percent of total units must be affordable to very low income households, and 15 percent must be affordable to moderate income households or below, totaling 30 percent. These requirements apply project-wide, and are not required for each building or parcel. Affordable housing that is created outside of the redevelopment project area may be counted towards an agency's inclusionary requirement on a two-for-one basis.

In research of successful base reuse projects and redevelopment projects, two main themes have emerged as key elements for success. First, jurisdictions should extend beyond the base requirement

for affordability (discussed above) to a higher percentage of affordable units. This higher requirement also dovetails with the previous RHNA discussion of future allocations. Second, projects should address the issue of affordability early enough in the process to ensure its inclusion throughout the life of the project. For example, Mission Bay developers committed, in writing, to keeping a percentage of the housing to be affordable to low income and moderate income residents. In Mission Bay, 28 percent or about 1,705 units will be affordable to a range of households, from 50 percent AMI to 110 percent AMI, reflecting a combination of the City's inclusionary housing (15%) and Agency's redevelopment requirements. The San Francisco Redevelopment Agency helped fund 1,445 of these units on 16 acres of land contributed by the master developer, Catellus, and the remaining 255 units will be inclusionary units within privately developed projects.[4] Mission Bay also demonstrates a strong vision for the site activated by the 57-acre UCSF campus anchoring a new biotech cluster of companies and educational facilities, supplemented by retail, hotel, conference center, and other uses. Mission Bay exemplifies a flexibility of compliance options that allow for the targeted affordability while remaining feasible for the developer. In addition, San Francisco recognized the incredible opportunity being offered to Catellus and other sub-developers through this site, and remained firm in its standards accordingly.

As an example of potential pitfalls for the base reuse, the Fort Ord Reuse Authority's promotion of affordable workforce housing was left behind upon transfer of the property to Monterey County and the cities of Monterey, Marina, Seaside, and Del Rey Oaks. Because of this lack of follow-through, every approved housing development except for the East Garrison project has been challenged by lawsuits. These challenges partly arose due to the absence of affordable housing beyond the base 15 percent required by redevelopment law. If the Ford Ord Reuse Authority had required each jurisdiction to agree in writing to comply with the promised standards of affordability, it would have remained past the property transfer through to development. The City of Concord should follow the progress of Fort Ord jurisdictions as they face community opposition to their proposals for affordable units.

How to Structure CNWS' Affordable Housing Policy

Based on the examples of successful base reuse and redevelopment projects, CNWS should clearly define a firm agreement for the development of affordable housing with the developer. Currently,

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[4] Another example of strong inclusionary policies is the redevelopment of Treasure Island, in which the developer Lennar has committed to 30% of total units to be affordable to low to moderate income households. http://www.sfgov.org/site/sfra_page.asp?id=5597

Concord allows for an in-lieu fee, off-site construction of affordable units, and conversion of existing market rate units to affordable housing.

Based on its survey of California inclusionary housing programs, The Non-Profit Housing Association of Northern California found that the most commonly used alternative compliance options are in-lieu fees, off-site construction, and land dedications to a nonprofit or the jurisdiction. Below is a summary table of options for alternative compliance for inclusionary, and the strengths and potential weaknesses of these approaches.[5]

Figure 15:

Alternative Compliance Option	Strengths	Weaknesses
In-lieu Fee	- Easy to administer - Used for fractional units - Jurisdiction can apply funds towards meeting housing goals	- Unless fees are the same as providing units, fewer units will be developed - Affordable units may not be constructed in defined time frame or on-site - Cannot be used to meet CRA requirements for affordable housing in redevelopment project areas
Land Dedication	- Can result in more affordable units developed - Allows for partnerships between MR and affordable developers	- Additional subsidies necessary - Units not on-site - Completion of units delayed - Potential neighborhood opposition
Off-site Compliance	- May lower cost of compliance - Allows for partnerships between MR and affordable developers	- Difficult to enforce - Affordable units not provided on-site - Completion of units may be delayed - Potential neighborhood opposition

For its CNWS affordable housing policy to be effective, Concord should not only consider implementing these alternatives but also to establish clear standards of compliance. For example, Concord should confirm that donated land is suitable for affordable development or that the in-lieu fee will cover the costs of constructing affordable units. These alternatives help develop housing in a more cost-effective manner, allowing the jurisdiction to reach deeper affordability levels or targeted special needs

[5] David Paul Rosen & Associates. City of Los Angeles: Inclusionary Housing Implementation Policies, Practices, and Program Administration. 2003. http://www.lacity.org/LAHD/suppleme.pdf

populations that may otherwise not be reached through standard inclusionary requirements. However, this approach should be balanced with requiring some base level of on-site inclusionary units within projects to ensure that affordable units are distributed throughout the community. This will ensure with equal access to amenities and helps avoid creating concentrated pockets of affordable projects. While the in-lieu fee cannot be applied towards CRA requirements in project areas, this should be retained in the city-wide Ordinance. The following sections discuss the specifics for CNWS compliance alternatives, city-wide alternatives, and city-wide incentives.

Land Dedication and Off-Site Units for CNWS

While the developer(s) of CNWS may not be responsible for building all of the affordable units directly, both Mission Bay and Treasure Island achieve the higher percentage of affordable units through developer land dedication. In a large development of this scale, land dedication designates specific parcels of land for the development of affordable housing, usually through partnership with affordable housing developer partners. The City may directly inform which parcels it prefers to remain available for affordable housing, and this determination should be completed early in the process.

The developer of large projects may also develop the required inclusionary units as another project off-site but within a certain distance of the initial project. The City can control the development of affordable units by requiring these units be permitted before or at the same time as a certain ratio of market rate units, ensuring a supply of affordable units once the project moves forward. Adding this layer of inclusionary compliance will enable a compromise between feasibility for the future developer of CNWS and the City's interest in producing affordable units. In addition, this method of compliance encourages a mix of scalable affordable housing projects that allow for deeper affordability in the form of rental projects. The mix of on-site inclusionary units, land dedication, and off-site development allow the City to designate the mix of affordable

City-Wide In-Lieu Fee

The fixed per-unit in-lieu fee is "an amount sufficient to pay the proportionate cost of providing Inclusionary Units elsewhere within the City"; currently this fee is $4,093 per rental unit or $17,660 per ownership unit. While any update on in-lieu fees will most likely require a nexus study[6], most jurisdictions calculate their fees based on the affordability gap, defined as the difference between the

[6] http://www.morelaw.com/verdicts/case.asp?n=F054785&s=CA&d=39264

developer's cost to produce a unit and the affordable housing cost for each target income level. Across the board, developers generally prefer to pay in-lieu fees than actually constructing the units on- or off-site; however, unless the City is effective in applying these funds towards the development of below market rate units, the in-lieu fee may result in less affordable units built. In addition, the influx of funding from the redevelopment area available for funding affordable housing will ensure a funding stream for future affordable projects. While the in-lieu fee is not allowed for redevelopment areas, we suggest looking into not only increasing the in-lieu fee, but considering following the example of neighboring Pittsburg. Pittsburg requires inclusionary units but allows for the payment of an in-lieu fee for fractional units. While the flexibility of in-lieu fees remains attractive to developers, Concord should consider expanding whatever policy it establishes for CNWS to the city-wide Ordinance.

Incentives

The following table illustrates several incentives to developers to have inclusionary, their strengths, and their weaknesses.[7] These incentives will help soften the blow of inclusionary requirements and offer Concord tools to guide development in preferred areas by spot incentivizing. For example, the City should focus on greater affordability near transit nodes and amenities; therefore reduced parking requirements near those nodes while greater density bonuses would encourage functional, transit-oriented development.

The City of Fremont provides a good example of comprehensive strategies that encourage affordable housing development. Incentives include higher density bonuses for more affordable units, site identification assistance, marketing and tenant screening, modification of development standards, and streamlined processing of plans and permits. In addition, in a "Multiple Family Zone," Fremont offers reduced parking requirements for affordable units, allowance for commercial uses on the ground floor of multi-family residential buildings on major streets, and the option for creating live-work units. For projects where at least 49 percent of the units are affordable (usually they are 100% affordable), Fremont offers deferred impact fee payments, financial assistance, help with community engagement, and assistance in identifying possible sites.

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[7] David Paul Rosen & Associates. City of Pittsburg Inclusionary Housing Study. 2004. http://www.ci.pittsburg.ca.us/NR/rdonlyres/3A3838A1-5071-4095-A6FB-1C4656E45AEF/0/affordablehousingstudy.pdf
Also see Rosen report for Los Angeles, 2003: http://www.lacity.org/LAHD/suppleme.pdf

Figure 16

Incentives	Strengths	Weaknesses
Density Bonus	Lowers per unit land costs	Many developments may not be served by higher densities
Reduce parking requirements	Lowers cost of compliance	May be less effective if parking demand is high
Deferred development impact fees	Lowers cost of compliance	Modest opportunity cost to City
Alternative housing product type	Lowers cost of compliance	Applies only to SFR, developer may not want to provide alternative product type on-site.
Alternative unit comparability standards	Lowers cost of compliance	City must establish minimum standards to ensure quality control
Credits for higher bedroom counts	Lowers cost of compliance, generates larger family units	Results in fewer affordable units

How to Handle Market Fluctuations: Flexibility and Strength

This discussion of inclusionary policies must also address the current economic downturn and foreclosure crisis across all housing markets, including Concord. The case studies highlight development plans formed during a much more active economy; in contrast, very little development is occurring today. Despite this situation, Concord is sure to experience developer interest in the redevelopment of CNWS, and few believe the market will remain depressed indefinitely. While current housing prices have declined to more affordable levels, the market will surely reach a different place by the time this project is slated for development. In any case, Concord should be prepared to have inclusionary and affordable requirements for the base and city-wide in place for the return of stronger market conditions.

However, flexibility has been valuable for the resilience and relevance of inclusionary across markets. In the process for updating their housing elements, many jurisdictions have recognized the need to revisit inclusionary ordinances and assist homeowners through the current down market. For example, Walnut Creek will consider updating its Inclusionary Ordinance by increasing the requirement from the current

six to 10 percent of total units, analyzing the fee collection, and allocating more Redevelopment Agency resources towards housing production.[8] The City of Sacramento, which adopted its Ordinance in 2000 during the development boom years, is now adjusting its policies to account for greater flexibility in compliance and even re-negotiating previous inclusionary agreements to alleviate developer burdens in these strenuous market conditions. Based on resident input in community meetings, the findings of the Housing Element Update, and the experiences of neighboring cities, Concord should approach the inclusionary policy carefully to not only produce the necessary units but also to remain effective throughout market swings by embracing incentives, building in flexibility for compliance, while maintaining a base level of inclusionary production.

Housing Policy Recommendations

CNWS offers a redevelopment opportunity available to few other jurisdictions in the Bay Area, and the site is the most appropriate location to pursue higher standards for affordable housing and jobs. To work towards an improved jobs-housing balance while maintaining flexibility in current market conditions, Concord should pursue production of a higher level of affordable housing through the development of CNWS. In addition to establishing these policies, Concord should also be alert to common pitfalls in base reuse and redevelopment projects, as discussed earlier. Because several years still remain before a developer is selected and projects begin, the time for putting these programs in place is now.

As a City, Concord has the potential to take the lead in Bay Area sustainable development by establishing a livable, green community through innovative land use policies and job generation. As discussed earlier, SB 375 has revised land use policies to reduce sprawl and associated emissions from increased driving. As it stands now, the proposed base reuse plan would create a striking jobs-housing imbalance of 11 to 1. The current housing market crisis, recession, and historic RHNA allocations suggest that Concord should establish and maintain a strong but flexible policy approach towards regulating and incentivizing the base development to meet City goals.

Based on our research and analysis of housing and jobs conditions, we suggest the following recommendations for the City of Concord:

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[8] City of Walnut Creek Draft Housing Element, 2009.
http://www.walnut-creek.org/citygov/depts/cd/housing/housing_element_2007_2014.asp

1. **Establish a strong inclusionary policy for CNWS, consider expanding to city-wide**
    - Based on research on precedents and in consideration of the incredibly lucrative opportunity CNWS presents, we suggest an overall project area requirement of at least 30 percent of total units to be affordable to very low, low, and moderate income households.
    - Require the master developer to sign an affordable housing commitment in writing prior to entitlements or permitting.
    - Create flexibility within the CNWS affordable housing program to allow for on-site, off-site, and land dedication above a required base of 10% inclusionary units within projects. Retain control of housing mix by determining dedicated sites early and encouraging a housing ladder of affordability levels and unit types.
    - Promote distribution of affordable units by upholding design standards and retaining the required percentage of on-site inclusionary units.
    - Consider expanding these policies city-wide to improve the production of inclusionary units and support more even distribution of affordable units. Retain city-wide in-lieu fee options to retain flexibility and encourage non-CNWS development.

2. **Avoid disinvestment of other areas of Concord**
    - Pace CNWS redevelopment with infill projects across Concord. Downtown Concord has faced difficulties in leasing, and still holds several infill locations. While beyond the scope of our analysis, developers will most likely prefer the greenfield sites of CNWS over the more challenging infill sites.
    - Consider increasing incentives in priority development areas near transit nodes and jobs, particularly in downtown infill sites and around BART stations. This approach will support the City's efforts to comply with SB 375. Incentives may include greater density bonus provisions and deferred development impact fees.[9]

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[9] The City of Concord passed a resolution in March 2009 to approve the deferral of payment of development impact fees, including Parkland Dedication fees on a pro-rata basis, to the time a certificate of occupancy is issued. This aims to improve the economic feasibility of development in Concord, and could be considered for priority sites once redevelopment starts.

3. **Economic development strategies**

While our discussion has focused on housing implications and opportunities of CNWS, the following suggestions will be discussed in more detail in the next section on economic development potential of CNWS.

- Support the creation of jobs with housing. Pace development of housing with job-generating commercial and industrial space.[10]
- Diversify jobs to create career ladders beyond the mostly retail jobs currently planned. This will be more deeply addressed in the next sections on economic development and local hire policies.

[10] This point of contention is ongoing with the Mare Island redevelopment by Lennar. http://www.realestatejournal.com/buysell/markettrends/20060323-haughney.html

Potential for Concord's Green Economy

Green Economy Summary

Clean technology and renewable energy are now on the forefront of national agenda, as policy-makers attempt to tackle the issue of global warming and climate change. Bold legislation such as California AB32 and SB375 has been passed. AB32, the Global Warming Solutions Act of 2006, mandates that California must reduce greenhouse gas emission to 1990 levels by 2020, while SB375 aims to reduce carbon emission by providing incentives for cities to build dense, walkable development centered around mass public transit. Together these important regulations have forced cities to rethink their patterns of urban development as well as energy efficiency and conservation. Furthermore, the federal American Recovery and Reinvestment Act of 2009, signed into law as a multibillion economic stimulus package to deal with the current downturn of the economy, will serve as an impetus for localities to think and act green.

Today, American cities are already moving towards a cleaner and greener economy. Every community has the potential to capitalize on this burgeoning "green" economy realized through elevating its regions competitive advantages and economic inputs. Concord has the potential to be the harbinger as Contra Costa County's greenest city. With two BART stations set against gentle rolling hills, and with the impending redevelopment of the CNWS, Concord is poised to be an exemplary model of transit-oriented development in the future, if the redevelopment and land use plans are carefully planned and executed keeping in mind goals of economic and environmental sustainability. The question is then how does Concord take advantage of this greening of the economy. The original scope of research involved analyzing the viability of a clean technology cluster in Concord, followed by an analysis of possible jobs in the cleantech cluster, as well as the career pathways generated from the cleantech industry.

Clean technology or "clean tech," refers to a range of innovative knowledge-based products, processes and services that improve the efficiency of resource use and reduce environmental impacts.[11] Cleantech is generally associated with research and development (R&D). Its success hinges on several economic inputs, including, but not limited to: pool of highly educated workforce, venture capital funds, research universities, transfer technology center, and conducive business climate. In a preliminary analysis, while

[11] San Francisco Planning and Urban Research (SPUR), 2008

Concord does have some potential for a cleantech cluster, its economic foundations at the present moment cannot compete vis-à-vis Berkeley-Emeryville-Oakland corridor, or Silicon Valley, which together are the nation's top cleantech clusters. However, the "Green Economy" is not limited to "cleantech" per se; it also involves a whole range of products and services from environmental remediation, green building, waste, air, and water management, all aimed towards the goal of environmental sustainability. Therefore, Concord needs to think more broadly on how the city can benefit from growing green industries.

As an industry still in its formative years, there have been debates around what constitutes a "green" economy. Broadly defined, the "green" economy is a set of products or services that reduce energy consumption and inputs from non-renewable resources, and that minimize or eliminate the generation of waste and pollution while improving operational performance, productivity, and efficiency.[12] Generally speaking, the Green Economy is broken up into four sectors: renewable energy (e.g. solar, wind, geothermal); green building and energy efficiency technology; energy-efficient infrastructure and transportation; and recycling and waste-to-energy.[13]

The Green Economy is inherently tied to the concept of sustainability – that is, thinking of ways where societal needs are met without reducing or damaging natural resources. However, it is important to think of sustainability beyond the environment; sustainability also encompasses economic equity and good quality jobs with sustainable wages and benefits. This is important to bear in mind as we think about job equity and meaningful career pathways within the Green Economy.

Extensive research has been conducted on the potential impact of the green clusters on the local economy and the quality jobs generated from this emerging industry. In short, "green jobs" are well-paid career track jobs that contribute directly to preserving or enhancing environmental quality. It encompasses a broad range of jobs from professional services to traditional manufacturing industries.[14] According to analysis from the California Air Resources Board, at least 100,000 new jobs in green building, renewal energy, and recycling sectors will be created in California due to AB32. This has implications for workforce development and the future development of cities. It is important to note that not all green jobs require advanced degrees. Jobs in this burgeoning Green Economy are not

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[12] Center for Community Innovation, 2008
[13] Karen Chapple, Center for Community Innovation, 2008
[14] Apollo Alliance and Green for All, 2008

necessarily new jobs or occupations, rather many of these jobs are found in traditional employment sectors of construction, operations, and manufacturing that require additional training to bring workers up to speed of the latest technologies. These traditional jobs in green businesses are encapsulated in what is now known as "green-collar" jobs. Cities and regions can move towards a greener and more equitable economy that builds upon its existing economic inputs. To do so, we need to understand Concord's economic foundations and comparative advantage.

In addition to having a job-housing balance, another essential aspect in growing a green economy in Concord is having flourishing green industries, as well as a dynamic, skilled workforce. The original scope of work included an analysis of the potential for cleantech clusters to take hold in Concord, specifically in relation to the CNWS redevelopment plan. This task was expanded in several ways. First, given the uncertain boundaries of "cleantech" and its general association with research & development, analysis revealed Concord has some potential to be a cleantech cluster, however, due to cleantech's association with research and development, and the commercialization of technology to market, we found cleantech to be a limited prospect for Concord. As a result, the scope of analysis was expanded to include overall "green" industry potential. Second, although the discussion on cluster formation is somewhat superficial, the scope of analysis of green industries in Concord focuses on their growth, but does not extend particularly into cluster formation. Third, because of the uncertain industry-related zoning and policies related to the CNWS redevelopment; we did not factor in the CNWS reuse project into the green industry growth projections for Concord; however, recommendations are made regarding opportunities offered by it. Finally, it is important to note the contrasting references in our analysis to "green jobs" versus "green collar jobs," the latter referring to a blue-collar work subset of green jobs.

While the project will not be fully built-out until 2015, the project itself provides ample opportunities for the City of Concord to ride the "green" wave. The methodological approach to this section involves a combination of qualitative research, including interviews with green businesses, literature reviews, as well as quantitative analysis using Census and Dun & Bradstreet data and growth forecasting in order to provide a comprehensive overview of Concord's industry strengths, workforce capacity, and future growth in the green cluster industries. This section will also highlight possible career ladder pathways in "green" jobs, and examines possible linkages of existing institutional capacities, workforce development, and apprenticeship programs that will prepare its workforce for employment in the Green Economy.

The following discussion covers three broad issues in Concord: (1) the potential to lead a green collar economy in 2020: (2) the capacity to sustain a green workforce; and (3) the role of green job programs between labor and industry.

Overview of Contra Costa County's Industries

According to Michael Porter, "general business inputs, such as cheap labor, low cost real estate, or basic infrastructure, are no longer a competitive advantage because they are so widely available." [15] Rather, local businesses and city officials need to focus on developing a robust environment for innovation and productivity. This involves investment in postsecondary education to help lay the foundation for economic growth. As the future lies within the knowledge-based economy, an educated workforce is vital to a region's competitive advantage, along with venture capital funding and commercialization of technology. Additionally, building on a region's comparative advantage and developing the right mix of industries is critical to a local economy's future economic vitality.

Based on interviews with local firms, Contra Costa County's competitive advantage are its wide-open land area, waterfront access, and railroads that are well matched for light to medium industries. Furthermore, the office parks adjacent to BART stations have also been attributed to the attractiveness of Contra Costa County as a whole. Since the postwar era, Contra Costa County, particularly in the Concord, Pittsburg, and Martinez, has been a desirable location for the new large scale manufacturing facilities producing chemicals, explosives, petroleum, sugar, cement, lumber, and steel that require flexible space. Cities within Contra Costa County, including Concord and Clayton, has been traditional bedroom communities for workers commuting to San Francisco and the Silicon Valley, two of the region's employment center. The construction industry exploded as homes, transportation systems, and retail shopping centers were built in order to accommodate growth in the mid-1980s, making the construction industry one of the largest employment sectors in Contra Costa County. The region overall saw a boom in the construction business between 2002 and 2007 until the recent recession, which was discussed extensively in the previous section.

Concord is the largest city in Contra Costa County and one of the fastest growing in the region in terms of both population and employment. The Association of Bay Area Governments (ABAG) projects

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[15] Michael Porter, The Competitive Advantage of Nations, 1990; focus on how a firm or a region can build a competitive advantage and develop competitive strategy.

moderate employment growth in the County's existing employment centers and significant employment growth near the BART stations including North Concord as part of the Naval Weapons Station conversion. ABAG forecasts show Concord having the largest number of jobs with the highest job growth rate occurring in eastern part of Contra Costa County.

Contra Costa County has two established industry clusters consisting of petroleum refinery and building construction. The petrochemical industry has been major driver in Contra Costa's economy, employing 7,146 workers in 2007. Four of California's 21 refineries are located in Contra Costa County including Shell, Chevron, ConocoPhillips, and Tesoro. Local refineries (Shell, Chevron, ConocoPhillips, and Tesoro) pay more than $66 million in property taxes annually to local governments, purchase local goods and services, and spend more than $300 million in annual capital improvements. Core activities include petroleum refining, storage, distribution, and downstream activities such as marketing and headquarters functions. The Building Construction industry accounts for 9.45% of all jobs in the County and employs approximately 28,032 workers in 2007. Population growth, a strong regional job market, and

What are Industry Clusters?

Industry clusters are geographical concentrations of industries that gain performance advantages through co-location. At its core are industries that drive the cluster, plus related and supporting businesses, specialized suppliers, service providers, and associated institutions that strengthen and reinforce the cluster. Companies tend to cluster, thereby creating a "critical mass" for a variety of reasons including historical accident, economic benefit, and proximity to suppliers, resource inputs, skilled labor, and research knowledge. Successful clusters evolve naturally due to some local comparative advantage. The proximity of specialized firms results in synergies and higher levels of productivity that other firms are attracted to the area in order to capitalize on local competitive advantages.[1] While public policies can be a catalyst for cluster growth, local government is limited in its ability to deliberately create new clusters. Government cannot create industry clusters, but can help to foster conditions that allow for cluster development.

low interest rates have driven growth of the building construction industry over the past decade. Overall, construction employment was 32% higher in 2005 than in 1990. Despite the recent recession due to sub-prime loans, the residential market is projected to recover and improve with future population and economic growth.

In order to analyze the industry of Contra Costa County vs. the City of Concord, the analysis began by classifying 6-digit NAICS into green clusters: Clean Technology, Environmental Industry Segment, Green Building, Green Building Products, Green Chemistry, Related and Supporting Industries, and Renewable Energy.[16] It is important to note that the Green Economy is not clearly defined by NAICS or SIC codes, therefore it is difficult to identify green businesses using this standard government classification. After classifying 6-digit NAICS into clusters, Contra Costa County's green industry analysis illustrates a competitive advantage in the following clusters: green building, green chemistry, environmental industry segment, and renewable energy. The green building cluster for Contra Costa County in 2007 employed mostly blue-collar workers within the construction and extraction occupations with 7,274 jobs, followed by the green chemistry cluster with mostly white-collar workers in life, physical, and social science occupations at 355 jobs. Similarly, the environmental industry segment cluster for the county employed mostly white-collar workers as well in similar occupation as the green chemistry cluster with 226.

This Contra Costa County industry snapshot will be comparatively analyzed with a focused Concord industry analysis later in this briefing report. We will highlight the "regional fit" between Concord's burgeoning industries and Contra Costa County's capacity to provide an enabling environment for Concord's success.

The Future of Green in Concord

Consumer demand for green products and services are increasing, and no doubt green industries has the potential to be one of the major drivers in the region and for Concord. The Green Economy has emerged to be a multi-billion dollar industry, one that has tremendous potential to generate thousands of new jobs in various green clusters. With the prospective economic growth associated with the Green

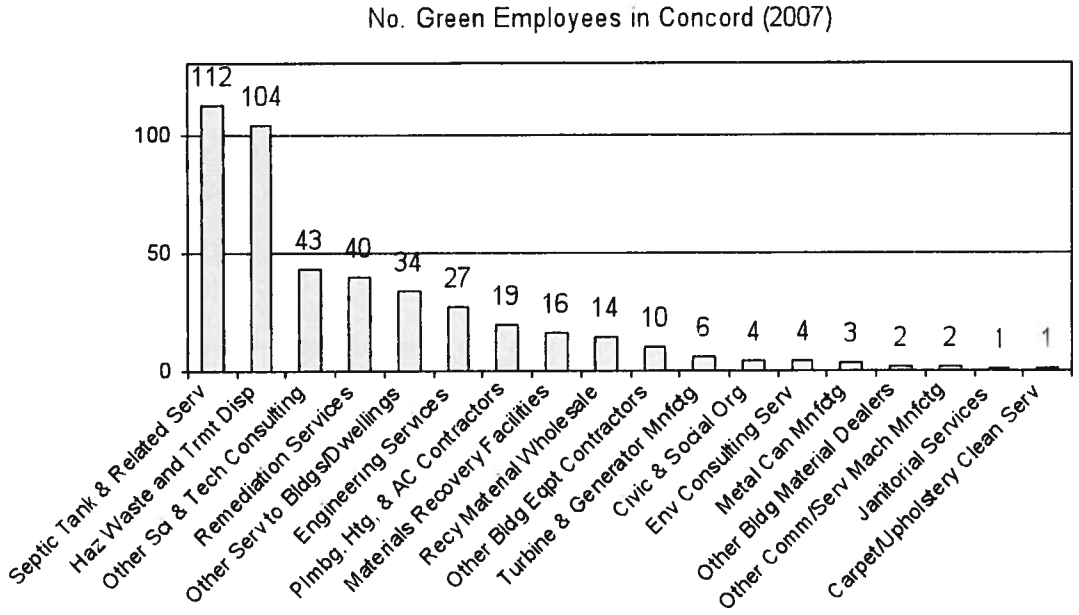
[16] For definitions of these clusters, please refer to the appendix

Economy, cities and regions are competing and finding ways to create a robust business atmosphere to attract green businesses to their city.

In order to understand the prospect for a strong Green Economy in Concord, it is important to know what green industries exist in Concord today, and their potential to grow. To do so, Dun & Bradstreet data was used to identify green establishments in Concord, which were then categorized by the types of industry using the Standard Industrial Classification. Next, an analysis was conducted by looking at each respective firm's average annual growth trends by the number of employees between 2002 and 2007. Finally, a forecasting model was developed to project how many jobs these businesses will generate at an aggregate level by extrapolating the historical growth trends to 2020. Last, a "modified" forecast was created taking into consideration the positive impacts of new policies such as the economic stimulus package, AB 32, and SB 375.

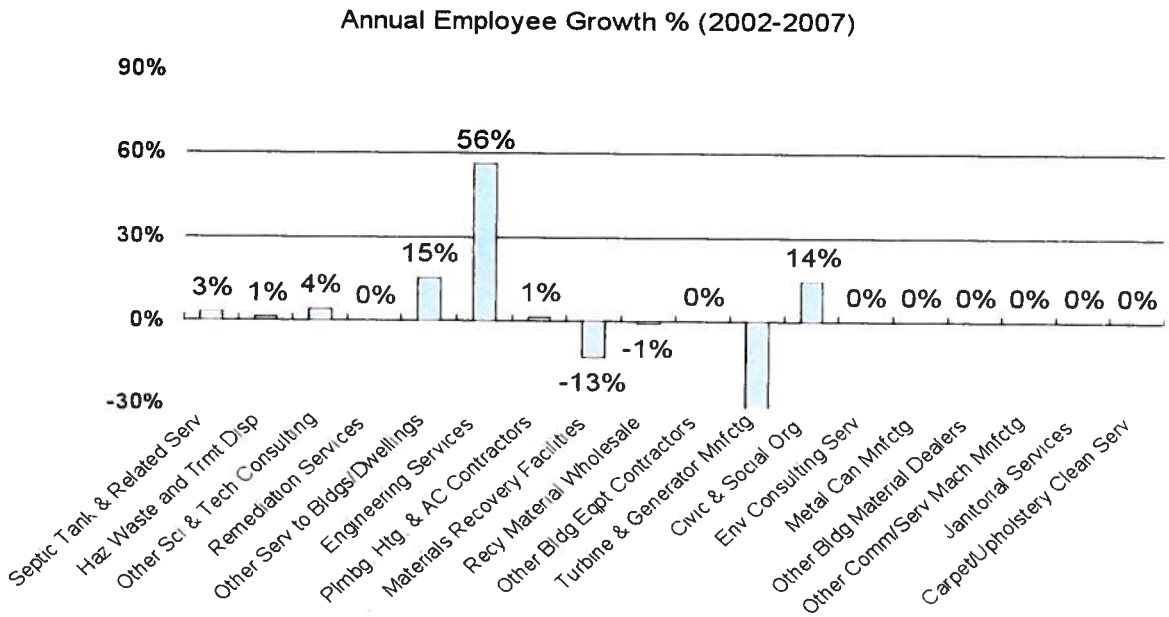
Using Dun and Bradstreet data and Manta.com, an online business database, there were 53 verified green establishments in Concord today, in total employing approximately 500 people. (Please note that since there is no NAICS code specifically for green businesses, it is likely that there are more green companies in Concord than 53). The types of industries and numbers of employees can be found below in Figure 17.

Figure 17: Green Industries in Concord, by total Employment



These numbers are used to estimate the potential for green clusters in 2020, based on the current size of the industry, and recent growth rates, shown below in Figure 18.

Figure 18: Recent Growth Trends for Concord Green Industries



Overall, industries exhibit low growth rates, between 0% and 4%, with a few exceptions. Engineering Services is a booming industry in Concord, growing on average at 56 percent annual as indicated in Figure 18. Historically, Engineering Services, particularly in Environmental Engineering has been very strong in the East Bay region. The Engineering Services cluster employs a relatively small number of workers at 27 people, leaving room for ample growth. Similarly, "Other Services to Buildings and Dwellings" shows a relatively high growth rate recently at 15 percent per year, and employs approximately 34 people. However, neither of these booming industries are ideal for a "green" blue-collar workforce, herein referred to as "green collar jobs". Based on interviews conducted with several Engineering Services firms in the East Bay, majority of employees have high-level educational backgrounds at minimum at least a bachelor's degrees or higher. On the other end of the spectrum, "Other Services to Buildings and Dwellings" consists of several small house-cleaning businesses; assuming that the workforce requires a high school diploma, or an associate's degree, these can be considered as green collar employers, but this segment has limited market demand for green

housecleaning services, and more importantly, lacks career ladder opportunities. Thus, neither of these booming industries are expected to be major players in Concord's green collar economy.

Concord's two largest green industry employers are "Septic Tank and Related Services" and "Hazardous Waste and Treatment Disposal" which employ over 200 people combined, or approximately half of Concord's green employees. Although growth rates are low, 3 percent and 1 percent respectively, the large sizes and low educational attainment requirements mean that they play a significant role in Concord's green collar economy.

A closer look at these industries reveals that the Septic Tank segment consists of 3 companies, two mid-size firms with about 50 people each, and a third employing about 10 people. Services are primarily: (1) pumping (i.e. cleaning) septic tanks and cesspools and/or (2) renting and/or servicing portable toilets.[17] The Hazardous Waste segment consists mainly of Janus Corporation with 100 employees, and Current Environmental Solutions LLC with 4 employees. According to the Employment Development Department (EDD), Hazardous Materials Removal Workers "identify, remove, pack, transport, or dispose of hazardous materials, including asbestos, lead-based paint, waste oil, fuel, transmission fluid, radioactive materials, contaminated soil, etc; may operate earth-moving equipment or trucks; and specialized training and certification in hazardous materials handling or a confined entry permit are generally required." The EDD provides the following information about jobs in these segments[18]:

Figure 19: Employment Development Department Occupational Profiles

Industry	Hourly Mean Wage	Hourly Median Wage	Employer's expectation of job training needed	East Bay expected Job Growth (2006-2016)
Septic Tank Services and Sewer Pipe Cleaners	$20	$19	1-12 months	0 jobs (0%)
Hazardous Materials Removal Workers	$19	$18	1-12 months	200 jobs (2.8%)

[17] US Census Bureau
[18] Employment Development Department, California, 1st quarter 2008, Occupational Profile: www.edd.ca.gov/

To reiterate, "Septic Tank and Related Services" and "Hazardous Waste and Treatment Disposal" are the two top green collar employers in Concord today, and thus are likely to play significant roles in Concord's future green collar economy.

Next, using the existing historical data, we forecasted industry growth rates into the future, in order to examine what their potential employment capacity might look like in 2020. We considered (1) business-as-usual (BAU) growth that is projecting recent growth into the future, and (2) modified growth, based on new federal policies, summarized in Figure 20 below. For the complete list of current and projected industry employment, see Appendix G.

The green employment data was extrapolated the current industry growth trends to 2020, in order to project the numbers of green employees generated from each industry segment. The result is a total of approximately 1500 green jobs in the year 2020. (For detail on BAU projection, see Appendix G). Next, the 2020 "Modified" job projection boosted BAU growth rates in particular industries, based on three influential policies expected to have positive industry impacts: the economic stimulus package, or the American Recovery and Reinvestment Act (ARRA), Assembly Bill 32 (AB 32), and Senate Bill 375 (SB 375).

Impacts of the ARRA on California are summarized by the Legislative Analyst's Office 2009-10 Budget Analysis Series Report.[19] Key provisions for California between 2008 and 2011 include $6 billion to Labor and Workforce Development and $600 million to Resources & Environmental. The latter largely reflects the energy-related goals mandated through AB 32 to reduce greenhouse gasses.

Additionally, $420M of the ARRA is expected to go to local Workforce Investment Boards throughout California. These funds are anticipated to augment the green collar workforce in and around Concord, both by helping various programs increase their resources, as well as by assisting trainees finance their career-building experiences. This in turn would encourage green employers to locate in Concord and engage its job trainees. Increasing Concord's labor capacity through value-added educational subsidies and apprenticeship programs will be discussed in the latter portion of this report.

For the California Resources and Environmental Protection Programs, expected allocations are $283 million for wastewater infrastructure, $239 million for energy efficiency and renewable energy

[19] http://www.lao.ca.gov/2009/bud/fed_stimulus/fed_stimulus_031009.aspx#labor

programs, and $56 million for reduction of energy consumption and fossil fuel emissions. Given the large allocation in wastewater infrastructure, it can be anticipated that this will have a positive impact on Concord's growth in Septic Tank Services, Environmental Consulting Services, Hazardous Waste and Treatment Disposal, and Other Scientific and Technical Consulting. Other nation-wide ARRA allocations for Resources and Environment, which directly relate to Concord, include Brownfields Remediation, Cleanup of Underground Storage Tanks, Former Military Sites, Non-Defense Sites, and Abandoned Hazardous Waste Sites. The job growth projections are shown in detail in Appendix G, and summarized in the table below.

Figure 20: Current and Future Green Jobs in Concord

	2007	2020 BAU	2020 Modified
Green Jobs in Concord	500	1500	3000

Overall, based on the analysis and projections, there will be an increase of green jobs on the order of 1500 in Concord by 2020. Policies such as the economic stimulus package, AB 32, and SB 375 are expected to double this number, however it is still a trivial portion of the economy.

In order to propel its existing green collar economy Concord must invest in job training programs related to Septic Tank and Hazardous Material services, incentivize these companies to locate and hire locally, and show these actions to lobby state officials for cleanup funds from the economic stimulus package. Concord can prove to state officials a need for such funds, due to needed cleanup at petrochemical facilities and the CNWS; but it must also demonstrate its ability to utilize those funds through a capable green workforce and industry. Such funds would help Concord's Remediation Services sectors take off from its recent stagnant growth.

To be a leader in the green-collar economy in 2020, Concord must complete these actions at minimum, and go beyond them. ARRA funds in energy efficiency and conservation, and renewable energy can help Concord's industries in Scientific and Technical Consulting, Plumbing & HVAC Contractors, and Turbine Manufacturing. Again, Concord must invest in related workforce and company development in order to demonstrate to the state that funds will be utilized.

SB 375 is intended to reduce greenhouse gas emissions from vehicles by linking land-use planning and transportation agencies, to result in less-polluting communities. SB 375 provisions can guide the CNWS Reuse plan in streamlining goals for mixed-use zoning and transit, and thus help expand its green construction and contractor labor forces. Examples of efforts to build a sustainable community in Concord include building to LEED specifications, recycling building materials from the CNWS redevelopment, updating building codes, mandating municipal agencies to use energy efficient lighting, power, and vehicles, etc. These various measures would increase demand and growth in Concord's Specialty Trade Contractors, Services to Buildings, Materials Recovery Facilities, Building Material Dealers, and Building Equipment Contractors, as well as other related green industries.
In light of these regulatory legislations and changing consumer demand for green services and products, Concord has potential to green its local economy by elevating its economic inputs, and regional advantages. While the elements of a viable Green Economy in Concord are present, we also need to critically examine its workforce capacity, another important driver of a robust Green Economy.

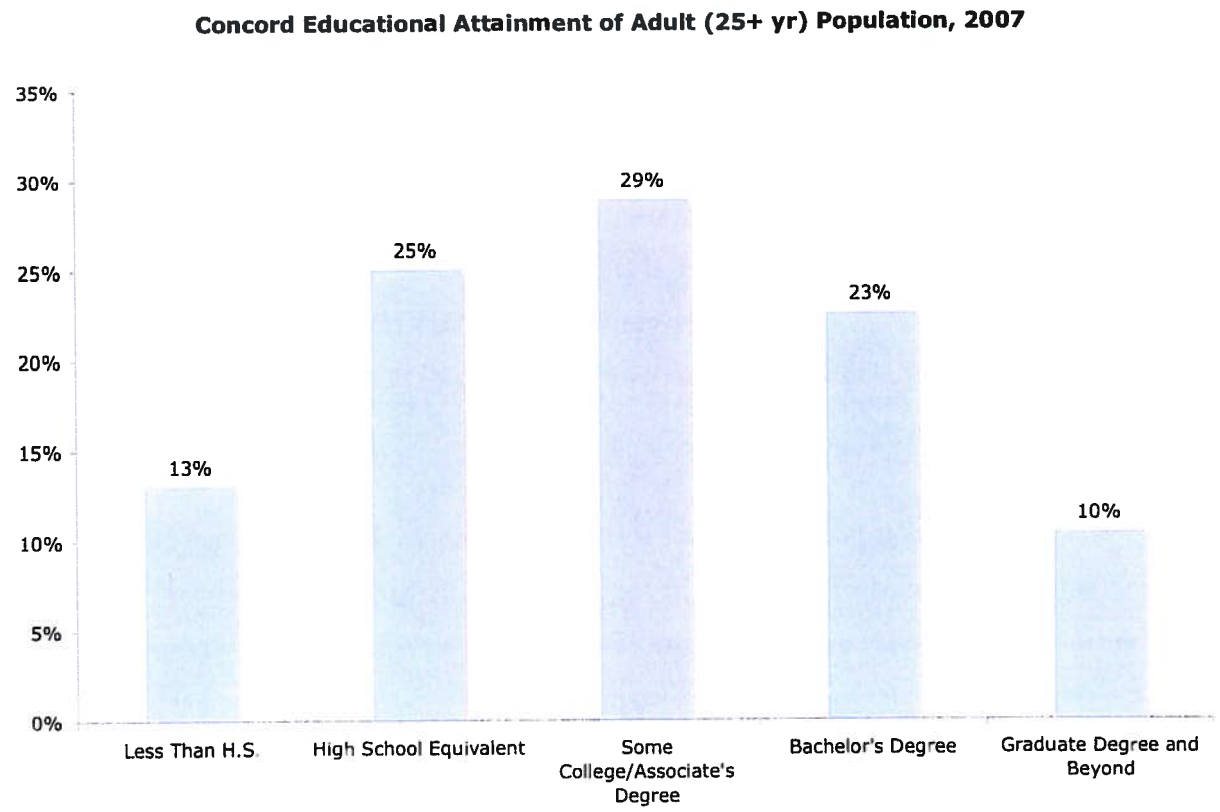
Labor Analysis and Workforce Capacity of Concord

Concord's Green Forecast showed us which Green industries are most likely to grow, but how can we ensure that certain communities are not left behind? How do we measure the equity of Concord's Green Forecast? We began by first examining the demographics of the labor pool? Focusing on the educational levels of the local workforce that constitute an area's industries is essential for cluster competitiveness. Educational attainment is central to the types of jobs a worker can perform, and the wages he or she can command. Secondly, if we were to create an economic development strategy, where are the opportunities to link the labor pool with the burgeoning Green Economy vis-à-vis education and career pathways?

Economic development strategy goals, such as reducing income inequality, ensuring gender and race equity, reducing unemployment, or strengthening the middle class presumes an understanding of the effects of growing clusters on job distribution. In the latter part of this report, we will measure the "fit" between the projected labor demand of green clusters, and Concord's labor supply, defined as the educational attainment of the workforce. Before measuring the regional "fit" however, we will take stock of Concord's labor supply in order determine which communities would most benefit from focused resource allocation.

One of Contra Costa County's comparative advantages is its highly educated workforce. Approximately 24 percent of the population over age 25 has at least a bachelor's degree, which is higher than California at 19 percent and the US at 17 percent.[20] Similarly, Concord's adult educational attainment level mirrors that of the County. Approximately 23 percent of the population over age 25 has at least a bachelor's degree. While the educational attainment of Concord has performs relatively well compared to California and the US, there is a large number of Concord residents with Some College/Associate's Degree of approximately 29 percent and High School degrees at 25%, as compared to California and/or the U.S. [21] Together, over 50 percent of Concord's residents have less than an Associate's degree.
The Association of Bay Area Governments (ABAG) projects moderate employment growth in Contra Costa County's existing employment centers and significant employment growth near the BART stations including North Concord as part of the CNWS conversion.[22] However, given that nearly forty percent of the nation's workforce is eligible for retirement in the next five to ten years, it is important for Concord to maintain its competitive advantage by funneling money towards job training projects and education.

Figure 21: Educational Attainment in Concord



[20] U.S. Census Bureau, 2005-2007 American Community Survey
[21] American Community Survey, 2007
[22] Craft Report, 2008

Using the demographics of Concord's labor pool, it is critical to also know what type of workers these green industries historically recruited. Please note that various employment and ECCO data were only available at the County level. Figure 22 reveals which green clusters foster and reward investments in workforce education, and which Green cluster created job opportunities for workers without an advanced degree. From this information, we can begin to predict the educational demand of Concord's emerging Green Economy.

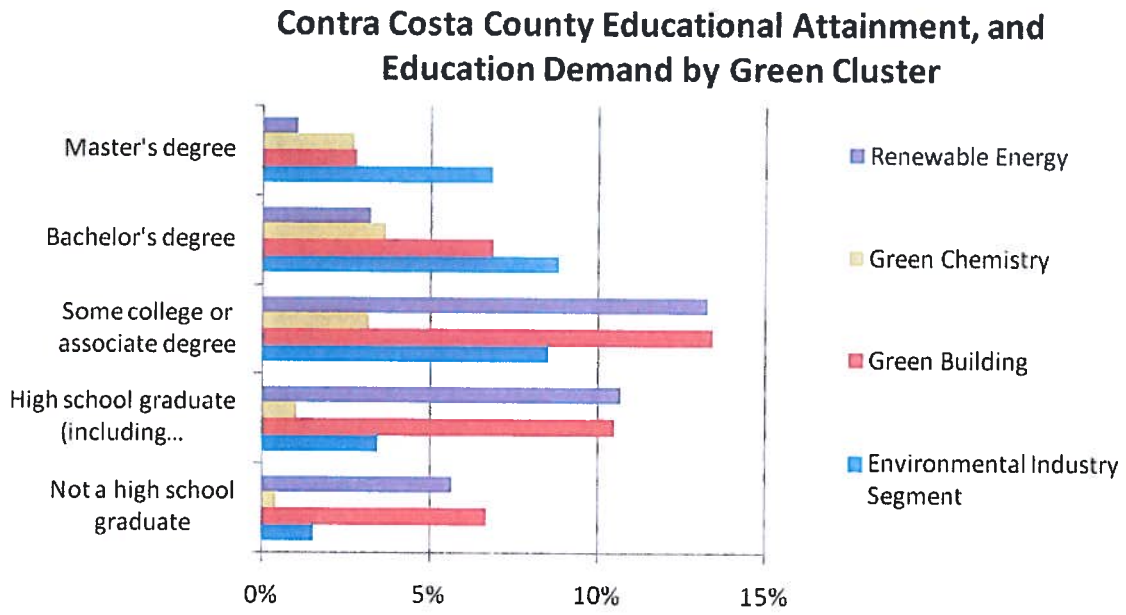


Figure 22: Educational Attainment and Education Demand by Green Cluster

Education	Environmental Industry Segment	Green Building	Green Chemistry	Renewable Energy
Not a high school graduate	2%	7%	0%	6%
High school graduate/GED	3%	10%	1%	11%
Some college or associate degree	8%	13%	3%	13%
Bachelor's degree	9%	7%	4%	3%
Master's degree	7%	3%	3%	1%

From Figure 22, it is evident that the Green Building and Renewable Energy cluster mostly employs people with Some College/Associate's Degree.[23] In an interview with a local East Bay Green Business owner on hiring preferences, they replied, "At the very least, we require a Bachelor's degree. And for technicians, we look for a high school degree with some certification and on-the-job training." Thus, to be qualified for a green job, the local labor supply must have a bachelor's degree, or and educational attainment beyond a high school diploma dovetailed with a certificate, which can be in the form of an associate's degree or through completion of a green apprenticeship program.

Knowing Concord's labor demographics and Green Building skill-set demands, policy makers have the opportunity to link Concord's workforce with the future Green Economy. Concord residents with a high school diploma and associate's degree can be equipped with an educational curriculum and/or workforce training program that teaches skill-sets that is indispensable to the emerging Green Economy. Concord's residents who have lower-tiered educational levels, such as a high school diploma and associate's degrees, are most vulnerable to displacement in the future Green Economy. Linkages between educational institutions, government entities, public organizations, and the private sector must be created to ensure equitable growth from the Green Economy.

"Regional Fit" Between Concord's Green Forecast and Labor Supply

In a comparative analysis of Concord's Green Forecast against Concord's workforce demographics, we can gage the "regional fit" between the burgeoning green industries and the City's capacity to provide an enabling environment for success in the growing Green Economy. The analysis reveals severe problematic area where Concord's workforce can be displaced if suitable linkages are not created to mitigate this mismatch.

The Concord Green Forecast projects that there will be approximately 800 Engineering Services jobs in Concord which are usually occupations requiring at minimum a bachelor's degree or beyond, including a Professional Engineering (P.E.) certification. Based on the previous discussion on linkage opportunities, the highest educational level we recommend linking are people with Some College/Associate Degrees. The Concord Forecast Model's projections for Engineering Services reveal a mismatch with the recommended linkages.

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[23] U.S. Census, Bureau of Labor Statistics (BLS), Equal Employment Opportunity Commission (EEOC)

Additionally, the Concord Green Forecast project that there will be about 600 jobs in the Hazardous Waste and Treatment Disposal industry. Depending on the specific job, Hazardous Waste and Treatment Disposal host a range of jobs from recycling which require at least a high school degree to employment opportunities in civil engineering, requiring a Bachelor's degree. This could prove problematic considering that Concord's population constitutes mostly people with Some College/Associate's degree and a high school diploma. Given this, the population with an educational attainment of an associate's degree or below will be unqualified for the burgeoning Green Economy's Hazardous Waste jobs.

In consideration of the current economic recession, Engineering Services and Hazardous Waste & Treatment Disposal industries of the burgeoning Green Economy alone could add 54%, derived as the sum of Some College/Associate's degree and High School diploma population of Concord's workforce to the national unemployment count. For the city of Concord, an inequitable burgeoning Green Economy will also exacerbate the housing crisis discussed in the earlier portion of this report. Strategies can be adopted to mitigate for the aforementioned mismatches.

Green Career Pathways

Thus far we have analyzed Contra Contra's competitive industries, the projected future growth of Concord's green businesses using aggregated historical data with modifications in context of AB32 and SB375, as well as Concord's workforce capacity to fill jobs in the Green industry. Concord has potential to grow its Green Economy with its competitive advantages in several industry clusters. The CNWS conversion project itself is expected to create thousands of new jobs throughout its various phases of development from waste/hazardous remediation, resulting from the multimillion dollar brownfield environmental clean-up, as well as several hundreds of construction jobs in green building due to the intensive build-out of roads, housing, and office space of the CNWS. This is an exceptional opportunity for Concord to be a prototype for other American cities aspiring to be green to follow suit. With the promising prospective job growth in the Green Economy, Concord can indeed utilize and advance its local labor pool. Hence, to realize this opportunity, Concord to needs to create a workforce development program that trains and prepares residents in the Green Economy, and simultaneously work towards attracting, creating, and expanding local green businesses that provide sustainable quality jobs.

"Green-collar" jobs, that is, traditional blue-collar jobs in green businesses, not be confused with "green" jobs discussed earlier, is defined as all jobs related to the conservation and preservation of the environment. Green-collar jobs are also quality career-ladder jobs with good living wages and benefits and the promise of career advancement. Phil Angelides, the chairman of the Apollo Alliance, defines green-collar jobs as "It has to pay decent wages and benefits that can support a "It has to be part of a real career path, with upward mobility."[24] Many critics of this "green-collar" job trajectory have raised concerns that it is gendered bias towards men. However, there are plenty of back-office jobs such as interior design, accountants, administration, customer services, and human resource positions that are well suited for women.

As identified in the previous section, Concord possesses a labor force well suited to fill the occupations in green-collar jobs, as half of Concord's resident have an educational attainment level of below an Associate Degree. To maintain this competitive advantage, ongoing education and skill-set training must be available and accessible to all who wish to pursue a career in the Green Economy. To do so, policymakers have to focus on sustainable green career pathways, particularly for people with barriers to employment, be it low-educational attainment or linguistic isolation. Here, we address two critical issues that define a "sustainable" community: the environment and equity. Green collar jobs are not always quality jobs; we have to make them so. This requires strong leadership on the part of local governments, support from local green businesses, participation of labor groups, and educational partnership to create a strong strategic framework for career pathways in the Green Economy. The public and private sectors, together, can moves towards a sustainable Concord from an equity and environmental perspective.

Every pathway begins with strong partnerships with intermediary support from local businesses, educational institutional, and the government. Synergistic partnerships identify and align post-secondary curricula with industry demands, as well as the required skill-sets to elevate workers on a meaningful career pathway towards self-sufficiency and an improved quality of life. Furthermore, pathways increase the supply of trained workers, and as aforementioned, education and job training are critical to regional economic success. Furthermore, over the next decade, the baby boom generation is eligible for retirement. This is will have major implications on the workforce, thus it is critically more

[24] Times Magazine, "What is a Green-Collar Job , Exactly?" May 28, 2008.

important to train a diverse workforce of skilled and knowledgeable workers to sustain the growth of the green businesses.

Two career pathways are illustrated on the next page. These are examples of thousands of possible career pathways in the growing green industry.[25] The main point to highlight is the importance of career advancement and proper training programs to elevate each worker to the next step of the career ladder. In the solar panel industry, an entry-level assistant with a high school degree or equivalent can participate in ConcordBuild, modeled after the successful RichmondBuild and Oakland Green Jobs Corps, where students can earn college credit towards an associate's degree, obtain important on-the-job training, and the educational training to pass the required C-46, or C-16 California certification for solar installation and the NABCEP certification which is voluntary, but highly recommended by employers. After four years of work experience of which three years can be a combination of apprenticeship and college education, individuals can be eligible for a state contractor licenses. In an interview a local green business, the director of operations stated that while the company does hire people with a high school diploma, however, company policy requires all technicians to obtain their state certification. Concord has many regional assets at its disposal from the Mt. Diablo Unified School District, County of Contra Costa Department of Education's Regional Occupation Program (ROP), Contra Costa Community College, CSU East Bay – Concord campus, and numerous local apprenticeship programs including the International Brotherhood of Electric Workers (IBEW) as well as community non-profit organizations. The key to Concord's future success rests upon these partnerships.

Recommendations for Green Collar Jobs and Pathways

Concord is presented with a unique opportunity – a once and lifetime chance – to shift from a reputation of being a sprawling suburban bedroom community to a vibrant dense transit-oriented community based around the North Concord BART station. Green collar jobs and successful career pathways requires smart economic development links with thoughtfully planned and well-executed workforce training programs, which hinges upon strong public sector leadership and strong partnership linkages between government, educational institutions, and the private sector. Concord is poised to become a leader in the Green Economy particularly in Engineering Services and Waste Treatment/Hazardous Remediation. The large number of small micro-enterprises is indicative of city's innovative capacity. Concord's labor pool is well suited for career-track jobs in these growing industries.

[25] Career pathways are derived from the Apollo Alliance, please see: www.apolloalliance.com

After a thorough examination of Concord's strengths and weaknesses, our recommendations are as follows:

1) **Revision of the Land-Use Plan:**

According to our projections, several green manufacturing industry sectors, such as the Septic Tank and Hazardous Waste & Treatment Disposal are projected to have tremendous growth in the near future. To capitalize on this opportunity, Concord needs to nurture its largest potential green employment sectors. The City Council needs to consider revising the CNWS land use plan to accommodate growth for future light manufacturing industries in the growing Green Economy. At its present state, designation of land revolves around office space in the form of a business park as an affordable alternative to office space in Walnut Creek or San Ramon; retail, both neighborhood serving and regional serving; open space; and housing with the densest development clustered around the BART station. However, there is no allocation for flexible industrial space on this 5,000 acre site. This can potentially be problematic as these light manufacturing green industries may look towards neighboring Pittsburgh and Martinez for space and affordability.

2) **Capture funds from the American Recovery and Reinvestment Act Funds:**

California is slated to capture approximately $85 billion in federal economic stimulus funds over the next couple of years. The goal of the federal Recovery Act is to simulate the local economy through job creation, improving infrastructure, and expanding educational opportunities. The City of Concord needs to aggressively apply for these funds that are being devolved to the State of California. Funds can be used towards pilot projects such as ConcordBuild, which will be discussed in detail in the local hiring policy section, and for other workforce development programs in green-collar jobs. Concord can further lobby for state funds by demonstrating the city is committed to dense development around the North Concord BART as mandated in SB375, thus reducing carbon emission and its dependency on automobiles.

3) **Public Sector Needs to Simulate Demand**

Green Ordinances and Attracting Green Businesses

If Concord aspires to be the greenest city in Contra Costa, it also needs to think and act green. This begins with its procurement policies and enactment of building ordinances. Furthermore,

career pathways in green-collar jobs starts with partnerships, but the local government first needs to enact policies to spur demand in the Green Economy, while creating an attractive environment in which green businesses can flourish. By enacting these local ordinances, Concord is demonstrating its commitment towards a sustainable community. There are number of ways to stimulate demand in green industries, among them are:

- *Green building ordinances* that require all government buildings to be LEED-certified Silver, thus setting a high standard for future development. Furthermore, all future commercial development over 25,00 square feet needs to incorporate green design and open space such as a roof top garden to mitigate against its carbon emission impact.

- *Solar Panel Installation in Public Buildings:* Contra Costa Community College School District is one of the leaders that has already installed solar systems on the three campus: Diablo Valley, Los Medanos, Contra Costa. Concord should pursue similar policies to retrofit public buildings. The beneficial outcome is the tremendous saving opportunities in the city's energy bill.

- *Solar Panel Loan Programs/Rebates* can be used to encourage homeowners to install rooftop solar panels. Recognizing that one of the obstacles in retrofitting homes to become more energy efficient is the expensive upfront cost of solar panel installation, which can cost upward of $20,000. The Solar Panel Loan Program can be designed in a way so that qualified homeowners can take out a city-back low interest loan that can be repaid as part of the owner's annual property tax over 20 years. While it may be an additional $600 per year, but this extra the savings in the homeowner's energy bill should offset cost. As an additional incentive, qualified homeowners can also be eligible for a rebate of $1,000 toward the cost of solar panel installation, or for energy efficient appliances.

- Together, these two policies aim towards promoting the growth of the green building cluster. To further stimulate demand for green building, the City of Concord can also adopt sustainable master plans that require the anchor developer to reduce energy consumption, increase parkways, and encourage the use of public transition.

- *Procurement/Government Vehicles* requirement, in which Concord's government offices must procure green products and services from local green businesses. Furthermore, Concord should encourage further research and development in the growing biofuel sector. It can start by pledging its support for alternative fuels by requiring all governmental fleet to switch to hybrid vehicles, or use biofuels.

- *Tax Incentives, Rebates, and Streamlining* to attract new green businesses to Concord, or for participating certified green businesses in the newly created Concord Green Council. To be eligible for this designation, businesses must pass four separate audits including: recycling & waste reduction, energy conservation, water conservation, and pollution prevention, and provide at least two internships positions per year to graduates of the ConcordBuild.

- Other government policies can be implemented relating to storm water management, creek restorations, and lead paint abatement.

4) **Develop Green Collar Workforce Training Program,** which is critical to the success of the Green Economy. It is important to engage populations of all educational backgrounds to take part in the growing the Green Economy. The following can be implemented:

    - *Develop ConcordBuild,* a pre-apprentice training program, or a Concord Green Jobs Corps, modeled after the Ella Baker Center's Training Model. The City of Concord can play an active role in shaping this program by pledging its support and providing a seed grant to launch the project.

    - *Enact a local hiring policy*, which is important to ensure that well-paying jobs are made available to targeted local residents. This is discussed in detail in the following section.

A Local Hire Policy for Concord

Local Hire Summary

What is a local hire policy and why do we need one?

As the previous section concerning the viability of clean tech clusters revealed, we can conclude that Concord's competitive advantage and potential for growth lays primarily in industries that employ a large middle class population through "green collar" types of work. As a result, the CNWS reuse project should focus on growth industries that fit Concord's unique profile and invest in a workforce development strategy that prioritizes its green collar and blue collar jobs by establishing employment opportunities that have low barriers to entry, career ladders, training and educational opportunities for the potential workforce and a preference towards hiring locally and hiring those who have either been historically excluded from growth sectors or who have fewer opportunities to gain job skills in meaningful employment sectors.

Local hire policies are used by many cities to achieve these goals. These consist of either city-wide ordinances or project-based policies that provide specific targeted populations of varying scope with better access to information and primary consideration for jobs, where the private sector, community organizations, businesses and local governments jointly work to create these job linkage programs. They are often put in place in conjunction with community benefits agreements or development agreements, linking incentives for developers with local hire outcomes.

Recommendations

A Project-based Program

A **project-based local hire policy** is the best match for the reuse project at the Concord Naval Weapons Station. This project is likely to be a long-term, large-scale effort that will involve many industries beginning with initial construction and continuing through to the green-sector businesses, offices and retail that will move onto the site. With a project-based agreement, Concord can effectively tailor the policy to the anticipated plan for the site, and ensure that local workers are considered first and hired to participate in both the construction and operation of the Reuse Project site.

Clearly Defined Targeting Goals and Outcomes

For Concord, we recommend that a local hire **policy target traditionally underserved and underemployed sectors of its workforce**. Targeting these groups can be achieved by utilizing both a **place-based and income-based approach**. With reference to place-based approaches, a demographic analysis of the area can be achieved by identifying areas both within Concord and in surrounding areas that have larger concentrations of populations with risk factors such as underemployment, low-income, low educational attainment and linguistic isolation (see demographic analysis in the appendix). Since this analysis only factors in *concentrations* of risk factors, it is also necessary for the policy to utilize its referral network to attract individual job-seekers who fit a profile of local hire target goals as well. Variables similar to those used in the place-based approach, such as income and educational attainment, can be used to determine the target-typology of individuals.

Targeting outcomes can be achieved through a number of mechanisms. For a project-based local hire policy, priorities can be established by giving greater weight to targeted populations through: 1) A quota-based approach: a certain percentage of hours worked or persons hired must come from the pool of targeted job applicants 2) A process based approach: A system that ensures that targeted areas and individuals get first access to job information, interviews and consideration for jobs.

We recommend that targeting for Concord's local hire policy be implemented keeping the goals of the project in mind and with consideration for the types of jobs, assets and career opportunities to be generated by the project. We recommend that targeting be implemented through both a quota and process-based approach in consultation with labor, community organizations that will be involved in the referral network and career points of entry (pre apprenticeship programs, job training organizations, etc.), and community based organizations representing target priorities for the city.

Organizational Buildup and Program Setup

In order to make the program as successful as possible, a significant amount of time should be dedicated to setting up the program. A city department or office, such as a **First Source Hiring Administration**, should be established to house policy operations staff – desirably a full-time compliance officer or program coordinator and an engineer -- who would serve as the main point-people for the program and be in charge of all communications, coordination, monitoring and enforcement.

A **First Source Implementation Committee** should be set up and representatives of each stakeholder groupss should be on the board. In setting up a team to draft the local hire policy and monitor compliance, Concord should be sure to include as many representatives from local interests as possible. The First Source Hiring Administration should be supported by regularly-meeting subcommittees composed of union representatives, participating contractors, outside legal counsel, and representatives of community organizations and local training programs that link potential local workers to job training and placement opportunities.

The City of Concord should create **ConcordBuild**, a job training program that will serve as a pre-apprenticeship for construction and building trades. The **First Source Referral Network** should be established through a web access based prevailing wage software program. Specific consultants run this system and should be contracted to do so. In addition, it is critical for key stakeholders to be the included and to interact with one another. At the least this must include the First Source Hiring Administration, ConcordBuild and other job training programs, employers, unions and community groups. It is important that Concord **mobilize community assets** such as existing job training programs, local educational facilities and community groups, and work with unions, developers, and tenants to enable effective recruitment, training and program design for the First Source Referral Network and ConcordBuild.

First Steps

The following are first steps that can be taken to implement the policy:

- Set up a First Source Hiring Administration and create a position for the Program Coordinator
- Identify and contact stakeholders
- Draft specific policy language
- Set up the ConcordBuild training program
- Set up First Source Referral Network and increase community outreach
- Consider beginning with a policy for environmental remediation work, which can be done by local workers following a quick training program – this may be a good way to test out policy language in practice on the site

Local Hire Full Report

Why Does the Concord Naval Weapons Station Reuse Project Need a Local Hire Policy?

Concord is part of a cadre of cities that run along the inland part of the San Francisco Bay that experienced explosive industrial growth up through the World War II period and continued to be a manufacturing and industrial base for the Bay Area in the post-war period. Recently, these areas, like many in the U.S., experienced deindustrialization and the decline of traditional manufacturing jobs, as the engines of the U.S. economy shifted towards more flexible forms of production exemplified by high tech industries and as traditional manufacturing jobs were relocated abroad through a new international division of labor. Relevant literature on changes in the postwar economy indicates a general decline across the middle class and blue-collar sector through this reorganization of the U.S. workforce.

Recent trends in economic growth strategies have focused on innovation and regional growth models as a way for cities and regions to capture significant shares of emerging markets. Much of this literature stresses the importance of cities to recognize their relative position to surrounding areas and to evaluate and invest in industries in which it has a competitive advantage. Referring to the previous section concerning green jobs, it appears that Concord's competitive advantage and potential for growth lays primarily in industries that employ a large middle class population through "green collar" types of work.

Given Concord's history and economic strengths, the city and its residents would benefit from a workforce development policy that prioritizes its "green collar" and blue collar jobs by creating low barriers for job entry, meaningful career ladders, training and educational opportunities for the latent workforce. Also, since the plan calls for a significant build out of housing and commercial facilities, the construction trade will benefit highly from increased work. For these reasons, we strongly recommend that the city adopt a project-based local hire policy to both capture local employment and keep wages captive within city and region.

What is a Local Hire Policy?

Local hire policies generally set up a program to provide specific targeted populations of varying scope with better access to information and primary consideration for jobs, where the private sector, community organizations, businesses and local governments jointly work to create job linkage programs.

Local hire policies and agreements can be implemented through citywide ordinances or can be project based through community benefits agreements or development agreements. Community benefits agreements are legally binding contracts entered into between community groups and developers that establish clear benefits from a development project for a local community or neighborhood. On the other hand, development agreements are contracts between the developer and city. To entice developers to sign these agreements, which include the local hire policy, local governments can use fiscal and zoning powers, including provision of tax abatements (to lower land costs) and business loan incentives or conditional use and building permits. The city and community coalition can also provide assistance with the public approval process of development plans. Provision of financial assistance either through access to city funds as loans or subsidies can also be used in exchange for developers agreeing to a local hire policy.

Relevant literature differentiates between local hire policies that are construction based from policies that are tenant based. This is because construction projects tend to be less permanent and require a range of different skills as well as knowledge of relationships between unions, contractors and developers. Due to these facets, construction jobs tend to require a different policy approach and policy language than tenant-based jobs, which range from service-sector jobs to manufacturing or office work. Some policies outline programs pertaining to all trades of work on a particular project, while others target particular trades through pre-apprentice and apprenticeship programs to provide new workers for specific construction jobs.

A local hire program is typically arranged in one of three forms: citywide, private sector, or project-based. Citywide policies require participating employers to hire a certain number of resident workers, or to set-aside a certain number of hours worked for workers from the local hire area, for projects funded fully or in part by city financing. Often, these policies apply only to construction work; for example, a renovation of a building housing city offices, or a public works project. In these cases, quotas in percentages are often set for jobs or hours set aside for local workers, in contracts agreed upon by the city and participating contractors.

Private sector programs are not policies. Instead, they are often designed around workforce development, training paths, and placement programs with private partner firms. Technical training is crafted around each participating industry, for positions such as hotel management or office support, in

addition to coursework as needed for English as a Second Language or GED-equivalency assistance. Contracts in these private sector programs are often drafted with and enforced by the training and placement agency, and while typically the contracts are non-binding, there are incentives in place for workers to complete the proper training to better their chances of placement, and for employers to hire workers who have completed their tailored training for the industry.

Project-based policies are designed for a specific, often large-scale project that may take many years and require a variety of construction and employment phases to fully construct and staff. In many cases, these policies include specific hiring quotas for workers hired or hours set-aside for local workers, and include all those participating in a project from the various contractors involved to the eventual tenants of the future building or complex. Project-based policies tend to be administered through a city office, but differ from citywide policies in that they apply only to the single project and are tailored specifically to that project's needs and development schedule. [Examples of all three types of policies and programs may be found in the program matrix in the appendix.]

Local hire programs are beneficial to cities and city officials for a number of reasons. They are typically well received politically because local hire policies benefit constituents. Local hire policies are also cost effective and present long term fiscal benefits to the city by capturing wages and increasing the city's tax base through the encouragement of local spending. Overhead costs remain low and require a small administration, usually of 2-3 staff and a consultant. These funds can be generated from the developer through developer agreements or through community benefits agreements or from other sources.

Best and Emerging Practices

Nuanced Policy Language

Rather than containing rigid goals and processes, the policy language should include enough flexibility to be able to adapt to the realities of different industries, for example a local hire policy should recognize internal union hiring practices and regulations with respect to construction jobs. At the same time, the policy must be strong enough to ensure meaningful enforcement. This includes using words such as 'shall' rather than 'may' and clearly defining the steps that must be taken to comply with the policy. The Los Angeles, California STAPLES Center First Source Hiring Policy provides a good example of a strong and clearly defined policy (see Appendix B for comparison of policies). It is also important to include adequate enforcement mechanisms to ensure that the policy remains effective.

Target Populations

Much of the rationale of a local hire policy is to ensure that disadvantaged local residents and those most affected by the project capture its economic benefits and to reduce commute times and their subsequent environmental impacts. To maximize the extent to which a local hire policy reaches these goals, it is important that the policy target certain demographic and geographic populations. This includes those living in close proximity to the project and groups that have been historically disadvantaged in the area or industry in question (see figure 23: Ballpark Village Project, San Diego, CA). At Fort Ord in Monterey Bay, California residents of the Counties of Santa Cruz, San Benito and Monterey and graduates of State approved apprenticeship programs were targeted. At the Los Angeles, California Hollywood and Highland project low and moderate income residents and those residing in Poverty Census Zip Codes were targeted.

Figure 23: Ballpark Village Project, San Diego, CA

Target Population: low-income (80% AMI) local residents residing in the neighboring communities (clearly defined area) and participants in a rehabilitated ex-offender job training program were targeted.

Funding: In addition to providing space for the referral system, the developer was required to provide $1.5 million, with a $100,000 advance, to be used to pay for classes to prepare targeted applicants to become pre-apprentices in the construction trades, and for support services for individuals taking such classes, or individuals who are identified as reasonably likely to be employable within the Project with the assistance of such support services.

When multiple groups are targeted, it is useful to create priority rankings that reflect the goals of the policy (see Figure 24: STAPLES Center, Los Angeles, CA. For example, in the Cherokee-Gates Project in Denver, Colorado, residents of immediately adjacent low-income neighborhoods were prioritized over Denver residents in general. For the First Source Hiring Program for the LAX Master Plan Project in Los Angeles, California, the first priority went to low-income individuals in the Project Impact Area (area identified in Mater Plan as minority and/or low-income Census Tracts within the Impact Study Area Boundary) for at least one year and special needs individuals (individual who has received public assistance through the TANF Program within 24 months of applying for a job or job training through this program, Individual who is homeless, an ex-offender, an individual who is chronically unemployed, a dislocated airport worker) and second priority went to low-income individuals residing in the City. In the LAX project these priorities also applied to

entry intro the job training programs, with the addition of those currently employed in airport aviation-related jobs who are eligible for incumbent worker training.

Defined Quotas and Goals

Defining goals in the form of quotas of targeted populations hired are necessary to ensure that a local hire policy is effective. For construction jobs, a percentage of hours worked is the best way to set the goal. In cases where the goal is not being met, hours worked off-site should be allowed to substitute for on-site work. For persons hired by tenants on-site goals should be set for persons hired. The goals and enforcement mechanisms should be different for the construction jobs and the jobs resulting in tenant activities to reflect the nature of the work, union hiring practices, and whether the employer has an ongoing relationship with the City or developer. There should be time periods within which quotas must be met, which could be different for different phases of development.

Addressing Different Typologies of Work

Given the structure of construction jobs and hiring practices within the regulatory framework of unions, the policy language of a local hire works best when it treats this sector separately from permanent jobs. For construction jobs, this policy language should be flexible enough to work within the more defined and rigid hiring practices of unions yet have enough strength to ensure compliance by both unions and developers/employers. For permanent jobs, the policy language needs to be broad enough to incorporate a swath of job typologies ranging from the service sector, retail, office work, etc.

Job Training Programs

Implementing a local hire policy is futile if local residents are not qualified for the available jobs. Because of this, a training component to a local hire policy is essential. Training programs should be set up or existing ones can be identified. Ideally these programs would tap existing community assets and partner with employers or unions. RichmondBuild is a successful example of such a program. The city established this construction pre-apprenticeship program in coordination with the building trades unions, which consider it a good introduction to the trades as well as a screening process for the unions. Together this will result in better community outreach to persons in need of training and will provide them with a skill-set that is in line with industry requirements for employment. ESOL courses may also be necessary in some cases. Employers and unions often appreciate pre-training or pre-apprenticeship programs that provide general job readiness or industry familiarity and effectively screen applicants for

commitment and timeliness. These training programs can be on-site to keep workers engaged and provide the most hands-on experience possible. In some programs, attending class gains students access to certain entry-level paid employment during the training process. Finally, there needs to be a clear path from job training through placement.

Referral System

A critical element of any local hire policy is a referral system that coordinates worker recruitment and screening, liaises with developers and employers, refers workers and supports them through the hiring process. Usually the referral system is a constellation of city staff, employers, unions, community-based organizations, worker training organizations, and secondary and post secondary institutions. Prior to hiring, the employer must notify the system regarding the opening, including a job description and the skills needed. The system then coordinates with various job-training centers, social services agencies, community centers, churches and schools to find qualified applicant. The system will certify and maintain eligibility data on applicants to ensure a pool of applicants to pull from. The system then screens and refers qualified applicants to the employer. The employer should also inform the system once the job has been filled. In addition, the system should maintain contact with employers, providing ongoing support to employers and employees including, but not limited to outreach, training and employment counseling. The system serves as a clearinghouse for monitoring and enforcement

Figure 24: STAPLES Center, Los Angeles, CA

Targeting: First priority was given to individuals whose residence or place of employment has been displaced by the STAPLES Center project or by the initial construction of the project and low-income individuals living within one-half mile radius of the Project; second priority was given to low-income individuals living within a 3-mile radius of the Project; and third priority was given to low-income individuals living in census tracts or zip codes throughout the City for which more than 80% of the households, households income is no greater than 80% median household income for the SMSA.

Funding: The developer provided $100,000 in seed funding for the referral system, and would meet and confer regarding providing space.

Complementary policies: The city established a Health Insurance Trust Fund to help employers provide health insurance to workers. In addition the community coalition, working with Developer must seek funding from governmental and private sources for the Living Wage Incentive Program. Similarly, on the construction side, Prevailing Wage Provisions define hourly wage, benefits and overtime to be paid to workers, laborers and mechanics.

purposes and will assist in submitting compliance reports. There should be a central database that will be used to track openings, applicants, and workers referred and hired via the system.

The referral system can also coordinate job-training programs and work with local employment-training community, including organized labor's apprenticeship programs, to develop and expand outreach, training and employment retention programs. The system should develop referral mechanisms and system in coordination with the unions and coordinate with workforce development agencies and community-based organizations to prepare training activities specific to projected work opportunities. The system provides a central physical as well as electronic location for all job listings and distributes listing info at least weekly. Organizations can be added to the First Source Job Notification list to receive these updates.

Adequate Funding

There needs to be adequate funding, especially for the job training and referral programs. The developer should provide space for these programs, which can be considered a cost of the project (see Boxes 1 and 2). In the North Hollywood Mixed-Use Redevelopment Project in Los Angeles, California, the policy required that the developer provide 500 square free of rent-free space to house the referral system, work with a community coalition and the referral system to hold a job fair and provide "reasonable" funding for the fair, and the provide $10,000 for job training at the North Hollywood Day Laborer Site. In very large projects the amount of funding is quite substantial, such as in the case of LAX Master Plan Project, where Los Angeles World Airports (LAWA), the City department that owns and operates the Los Angles International Airport, will provide $3 million a year for five years to fund job training and pre-apprenticeship programs. LAWA will separately fund a work experience program and the referral system. Alternative funding was also sought from the state, county, and local Workforce Investment Board, Community College District, and Unified School District.

It is also possible to look for outside funding from other government or private sources, such as the Local Redevelopment Agency, state funding, neighborhood job trust funds, Tax Increment Financing, private foundation funding, . In the North Hollywood case the community coalition, along with the Valley Economic Development Center agreed to raise funds to staff the referral system and the Los Angeles Valley College was awarded a $1.5 million grant from the U.S. Department of Labor to train

youth form 150 area high schools. However, clear funding sources must be defined to ensure adequate funding and the success of the policy.

Policy Administration

A First Source Hiring Administration should be set up with at least one full-time staff person who will serve as the front person for all communications, coordination and monitoring. In addition to the main point person, it is useful to have an intermediary between employers and the Administration, such as the engineer who reviews bids and has a good understanding if industry realities. An advisory Committee that includes all stakeholders, including the community, the developer and unions, should be established and should continue to meet as long as the policy is in effect.

Monitoring and Enforcement

Monitoring and enforcing the policy is critical and often underemphasized. Adequate monitoring ensures that the program is more effective and reputable. It is advisable if the staff of the First Source Hiring Administration oversees monitoring, although a consultant can help with periodic reviews. Ongoing monitoring ensures that the goals are being met and that problems in meeting the goals are quickly identified and addressed. It is essential that there be strong enforcement mechanisms to extract monetary damages for non-compliance. This can take the form of a fine adjusted to the difference between actual hiring and the hiring goal, or this can come in the form of withheld payment due to breach of contract. If the employer has an ongoing relationship with the City or a continuing presence on the project site then it may be beneficial to work with the employer to find a way to reach the goals rather than immediately imposing a fine. However, there should be a time limit after which fees will be levied. While working closely with the employer, the intermediary or main point person should have a good understanding of whether there have been good faith efforts to meet the goal. Additional enforcement mechanisms could include an inability to bid on future work for the City of in the project and bad publicity.

Build Cooperative Relationships

It is essential that cooperative relationships be built between employers, unions, community groups and the Administration. As previously mentioned, it is important that requirements match industry realities and frameworks, and this can only occur with the inclusion of the points of views of unions and employers. Having community groups at the table is also important so that the community's needs and

concerns are addressed and to insure a strong connection to residents for recruitment efforts. Inclusion of all stakeholders on an ongoing basis will also increase dedication and commitment to the policy and its goals, strengthen the training and referral systems and ensure a feedback mechanism for improvement of these systems. This will also allow the Administration to know when good faith efforts are being made.

Neighborhood-level Community Networking

In addition to building cooperative relationships among stakeholders, it is important to tap existing community assets such as training programs, educational facilities, community organizations and representatives. A community review and strategizing group could be formed to keep the process accountable and maintain links to the community. This is important since word-of-mouth from neighbor to neighbor is one of the best ways to recruit workers.

Participation Incentives

While strong enforcement mechanisms will compel employers to comply, it is also advisable to have participation incentives to encourage cooperation above and beyond what is required. For employers this could include monetary incentives such as tax credits against wages or equipment, including possibly the State Enterprise Zone, Federal Welfare-to-Work or Work Opportunity Tax Credits, or additional project financing. Other incentives could consist of first consideration for future bids or contracts, reduced reporting requirements after consecutive quarters in compliance.

This could also take the form of employer recognition and good publicity by the City sites and postings. In the Ballpark Village and STAPLES Center Projects the policy was incorporated as part of a Community Benefits Agreement and employer agreement to the terms was incentivized through community groups' commitment not to oppose the project through lobbying or litigation, provide letters of support for the project, hearing attendance, media available and a covenant not to sue or testify against the Developer.

Other support services can be set up to assist the employer, such as the Construction Contractor Assistance Program that was set up for the Treasure Island Base redevelopment by the City and County of San Francisco, California or general technical assistance with utilizing government programs.

Complementary Policies

The local hire policy is stronger and more effective if it is linked to other complementary policies. These often work to ensure that the jobs that are provided pay a decent wage and provide benefits, that other community goals are met and that responsible and cooperative employers are selected. The most common of these is the Living Wage Ordinance, which requires that all workers be paid a 'living wage' that is above the legal minimum wage and often must also be provided with health care or otherwise receive a higher wage to compensate for lack of health coverage. Many local hire policies work in combination with this type of ordinance, including those in the Cities of Los Angeles, San Francisco, San Diego and Denver. In many cases programs were set up to help employers meet these additional goals (see Box 2).

Other programs that can work in unison with a local hire policy include minority and women-owned business enterprise and small business utilization and retention programs as well as worker retention programs in general. Finally, Responsible Contracting policies, which only contract with contractors and subcontractors who pay fair wages and benefits for workers, and policies regarding selecting tenants based on the amount of living wage jobs they will create are proactive ways to encourage the existence of high-paying jobs on site and reward responsible employers.

Case Study-Oakland MAPLA Project-based Local Hire Policy

The Oakland Maritime and Aviation Project Labor Agreement (MAPLA) provides a successful example of a project-based, construction jobs policy, which includes strong policy language backed up by effective and consistent monitoring and enforcement. This policy, drafted in 1999 and still in effect at the present time, applies to all projects that are part of the expansion of the Port of Oakland Maritime and Aviation Facilities. The policy language sets as a goal that 50% of total labor hours on each project be set aside for workers within the target area: Oakland, San Leandro, Alameda, and Emeryville, and that an additional 20% of hours be set aside for apprentices from the same target region. The policy is administered and monitored by the Port of Oakland Division of Social Responsibility, with assistance from a team of representatives from a variety of city departments and community groups, as detailed below. Each contract is negotiated individually for each participating contractor's portion of the total project work. Typically, MAPLA signs a local hire agreement with a prime contractor, which can then bring in subcontractors for specific features of the work. MAPLA holds the prime contractor responsible for meeting the terms of the local hire agreement, and requires that the prime contractor ensure all

subcontractors are complying with the policy as well; prime contractors with noncompliant subcontractors working underneath them may be held accountable for this noncompliance.

As of 2005, the program had seen a significant success rate of 33% of total work hours being completed by local workers. While this 33% local hire outcome does fall short of the 50% goal, it should be noted that based on a wide study of programs and given the consistent compliance work involved in managing an operating local hire policy, this is a very successful and realistic outcome for a policy like MAPLA.

The MAPLA program allows contractors to receive partial credits for an offsite local worker placement. In this case, a local worker is tapped to work not on the particular project or projects that the local hire policy targets, but rather on another project elsewhere in the target area. The contractor then receives a portion of local hire credit for placing the local worker on a job, even though it is not on the main project. This process helps to make a local hire policy compatible with union roll-calls and procedures, making it easier for union workers and contractors to participate in and comply with the overall local hire effort.

The effectiveness of the MAPLA policy may be attributed to the strategic organization of its main operations team and the supporting figures around it. A strong local hire program such as MAPLA will draw on industry and community resources and consultants to bring as many players as possible into the process, but the crucial aspect of a successful policy is a committed and well-informed internal administration team. This main team for MAPLA consists of a full-time staff person (the Compliance Monitor) and one assisting staff person from the Division of Social Responsibility, as well as a full-time staff person from the Port's engineering department. Together, these individuals draft project labor agreements for each participating contractor, and ensure that the contractors sign and adhere to the local hire policies as part of their agreements. The main staff then follows up regularly with contractors to track their hiring progress, helps contractors link to qualified local workers, negotiates with involved unions to make compliance more compatible with their union policies and practices, and determines if any contractors are not complying with their agreements. The full-time staff persons, particularly the Compliance Monitor, are persistently present and do not allow contractors to fall through the cracks in terms of strict compliance. The city engineer working on the compliance team is also a critically important figure. This individual handles the project bids and is the main intermediary between

contractors and the local hire policy team, who best understands the reality of meshing the policy compliance process with the realities of a large-scale project.

Assisting the main staff is a group of consulting representatives from a variety of involved areas, including labor relations, social justice concerns, legal counsel, and web-based monitoring systems, as well as a group of community members and organization representatives. The outside consultants compose the Local Hire Committee and the Social Justice Committee, both of which meet monthly to track compliance, to resolve disputes between program representatives and contractors, and to recommend policy adjustments and dispute action. Additionally, a Subcommittee on Social Justice – made up of four representatives each from the community, labor, and contractors, respectively – addresses how to manage noncompliance, including enforcement of penalties. These committees, in conjunction with the main team, also suggest appropriate use of the program's Social Justice Trust Fund, which aims to remove barriers to workforce participation for local residents and support their entry into construction training and careers. The fund is supported by a 15-cent contribution by participating contractors for each hour worked on their portion of the project.

Ensuring that the overall compliance team truly represents all interested parties has been a critically important feature of the MAPLA effort. The relationships between labor unions, contractors, city compliance staff, the community, and outside legal and other consultants are complicated and multifaceted in large-scale projects like those that MAPLA monitors, and require a forum for representatives from each area to meet and discuss the progress of the project in conjunction with compliance with the MAPLA policy. MAPLA has taken a "carrot and stick" approach to building and maintaining its compliance teams. For example, contractors may be required in their contracts with MAPLA to attend compliance or operations meetings when called to do so. Rather than fining noncompliant contractors, which can be a difficult process, city policy monitoring staff may also simply withhold funding for a project as a "stick" for compliance until disputes are resolved with contractors who neglect to attend meetings or to meet with their obligations as defined in their local hire agreements.

Additionally, a strong link between the compliance monitoring team and local community organizations and programs has been a major factor in MAPLA's success. The policy benefits from a wide network of existing community-based training programs that prepare potential local workers for a union

apprenticeship program. It has been very effective to include representatives from these programs and the community organizations that are well-positioned to spread the word about the link between participation in pre-employment training and local hire opportunities. Such representatives act as a bridge to the community that the policy aims to assist in training and placement, and provide invaluable information and perspectives from the workforce development side of the process. A local hire policy that is not supported by training programs and resources in the community itself cannot survive.

Local Hire Recommendations

A project-based Program

A project-based local hire policy is the best match for the reuse project at the Concord Naval Weapons Station. This project is likely to be a long-term, large-scale effort that will involve many industries beginning with initial construction and continuing through to the green-sector businesses, offices and retail that will move onto the site. With a project-based agreement, Concord can effectively tailor the policy to the anticipated plan for the site, and ensure that local workers are considered first and hired to participate in both the construction and operation of the Reuse Project site. Separate polices for construction local hire and tenant-based local hire for business that choose to locate on the site would be the most effective strategy, as these two types of jobs require different policy structures. Tenant-based local hire policies should be linked to existing area educational resources for skill development, and depend on contracts drawn up with employers. Typically, these tenant-based policies must be outlined and enforced based on separate terms for each type of business on the site to match the operating procedures of each individual firm and its employment needs.

Clearly Defined Targeting Goals and Outcomes

The spirit of a local hire policy is to increase employment access to local residents and those sectors of the community that have either experienced barriers to living wage and/or career-ladder types of work or have been systemically excluded from specific industries. It is important therefore, that a **local hire policy effectively target disadvantaged communities and those most in need**. Goals and targeting of local hire policies should account for the following questions:

- What economic outcomes are to be addressed through a local hire policy?
- Who are the intended beneficiaries of the proposed program?
- How will beneficiaries of the policy be identified and targeted?
- How will the local hire program evaluate and enforce its projected target outcomes?

While we do not make one recommendation for Concord with respect to targeting, we provide the city with some best practices and examples of various targeting techniques that can be incorporated into a Concord policy. Targeting these groups should be achieved by utilizing both a **place-based and income-based approach**. We provide a demographic profile of the region identifying areas where there are concentrations of underemployment, low-income, low-educational attainment and linguistic isolation to aid the city in choosing a targeting strategy that works within the specific context of Concord and its surrounding areas.

Referring to maps 1-4 in the appendix, it is clear that Concord's Monument Boulevard corridor demonstrates a high concentration of low income, underemployed and those with a lower level of educational attainment and English language proficiency. These neighborhoods would benefit greatly from a local hire policy that places greater emphasis on these areas by giving employers incentives for hiring people living in these areas. A look at the county also shows that there are significant concentrations of these risk factors in cities and areas across the northern edge of the bay. These areas may be taken into consideration in a tiered access structure or through incentives for employers built into the policy language.

We recommend that Concord use a tiered priority system for targeting its population, which gives greater priority to some targeted applicants over others, starting in Concord and expanding to surrounding areas in the county. Increased incentives can be given to areas/individuals most in need through a number of mechanisms. For a project-based local hire policy, priorities can be established by giving greater weight to targeted populations through:

1. **Quota-based incentive approach**— In a quota-based approach a certain percentage of hours worked or persons hired must come from the pool of targeted job applicants. To target specific areas or demographic groups, hiring these applicants could carry a greater weight, therefore helping fulfill the local hiring goals more quickly and incentivizing hiring these applicants. Priority areas can be set up on a tiered basis, which could give the most credit to employers for hiring specific geographically (Monument Corridor) or demographically targeted applicants, with less credit for non-targeted Concord residents.

Second and third tier cities, and areas/populations within them could also represent the lowest priority level if deemed appropriate or necessary.

2. **A process-based approach**—This approach uses 'first-access' principles to ensure that targeted areas/individuals receive primary access to job announcements and interviews (priority candidates receive initial consideration).

We recommend that targeting for Concord's local hire policy be implemented keeping the goals of the project in mind and with consideration for the types of jobs, assets and career opportunities to be generated by the project. We recommend that targeting be implemented through both a **quota based and process based approach** in consultation with labor, community organizations that will be involved in the referral network and career points of entry (pre apprenticeship programs, job training organizations, etc.), and community based organizations representing target priorities for the city.

Organizational Buildup and Program Setup

As mentioned in the Best Practices section and indicated in the MAPLA Case Study, adequate attention to program setup and the inclusion and interaction of key stakeholders is essential for program success. **A First Source Hiring Administration** should be set up and a position should be created for a full-time Program Coordinator who will act as the main point person for the program and be in charge of all communications, coordination, monitoring and enforcement. To assist the Program Coordinator there should be at least one other staff person. Similar to the MAPLA example, this could be an engineer who reviews contract bids or someone else who is regularly involved with employment and construction activities in the project. A consultant can be hired for additional assistance during monitoring review cycles. The Administration can either be housed onsite in the space provided by the developer or at existing city facilities. The Administration is responsible for making the policy known to potential employers or employees.

A **First Source Implementation Committee** should be set up and representatives of each stakeholder group should be on the board. This Committee will hear community input, and deal with and address implementation problems and work as a feedback mechanism to improve the program. A separate community review and strategizing group could be formed to keep the process accountable and maintain links to the community.

The City of Concord should create **ConcordBuild**, a job training program that will serve as a pre-apprenticeship for construction and building trades. This could be modeled after the wildly successful RichmondBuild program. This program would provide job training and readiness skills targeted to the needs of employers and unions and would serve to recruit and screen applicants who will later be referred to job openings. ConcordBuild should be located onsite in the space provided by the developer to ensure seamless transition into fulltime employment and provide on the job training and opportunities for paid employment on-site during training.

In later phases of the project other training programs can be either set up on-site or identified in the community that will provide training for the skill sets needed by future tenants. These skills should be identified early on during tenant selection to ensure that residents are adequately trained and qualified when tenants play to hire workers. Connections to existing English for speakers of other languages (ESOL) courses should be established, or additional ESOL programs should be funded as needed. The existence of the training programs should be made widely known through extensive community outreach. It is important that Concord **mobilize community assets** such as existing job training programs, local educational facilities and community groups, and work with unions, developers, and tenants to enable effective recruitment, training and program design for these programs, as well as First Source Referral Network and ConcordBuild.

The **First Source Referral Network** as discussed in the Best and Emerging Practices section should be established. The Program Coordinator could run the System with the help of additional staff as necessary. The system should include a database of all information that will be used in compliance monitoring. The best type of system to use is what is known as a web accessed electronic certified payroll reporting system. Specific consultants run this system and should be contracted to do so; California-based providers specializing in these systems include Elations Systems in Oakland, TRS in San Ramon, and LCP Tracker in San Diego. Alternatively, the compliance monitoring team may choose to use an in-house system or partner with a software expert to manage the system.

Who is on board?

As discussed in the Oakland MAPLA case study above, a strong compliance team is necessary for a successful local hire policy. We recommend that the compliance team for Concord's policy include the following individuals:

- City policy monitoring staff, including a full-time compliance officer and a full-time engineer to manage contracts and bids;
- Labor union representatives;
- Community organization and local training program representatives;
- Web-based systems staff for payroll compliance monitoring; and
- Legal counsel.

Next Steps

- Set up a First Source Hiring Administration and create a position for the Program Coordinator
- Identify and contact stakeholders
- Draft specific policy language
- Set up the ConcordBuild training program
- Set up First Source Referral Network and increase community outreach
- Consider beginning with a policy for environmental remediation work, which can be done by local workers following a quick training program – this may be a good way to test out policy language in practice on the site

Report Conclusion

The reuse plan for the Concord Naval Weapons Station offers a prime opportunity for Concord to both take advantage of the potential for green business in the city, as well as to address existing concerns regarding housing, employment, and business development. Our recommendations in the preceding report stress the importance to this project's success of the inclusion of populations traditionally overlooked in the areas of housing and employment. Given the current economic situation in the United States, it is particularly crucial that Concord's approach to the CNWS reuse project take into account those who are most affected by the downturn, and therefore in greatest need of access to resources and opportunities for skill development and asset building. This project is also a chance for Concord to experiment with housing strategies and local hire policy on the site, which could then translate into larger programs and gains for the entire city. Policies that are effective in this geographically focused project could be expanded into policies that benefit all of Concord and extend into the region.

In going forward, we suggest that Concord contact as many community and industry stake-holders as possible, to get a sense of what incentives, supports, educational opportunities, and skill development programs are most important to those who will be living and working on or around the site. At every juncture, Concord must consider the various levels of affordability, training, and access that need to be offered to residents throughout the project, to ensure that there is ease of entry for all those who wish to participate, regardless of economic standing.

Summary of Report Recommendations

Jobs / Housing Balance

- Establish a strong inclusionary policy for CNWS, consider expanding to city-wide
- Avoid disinvestment of other areas of Concord
- Support the creation of jobs with housing
- Pace development of housing with job-generating commercial and industrial space
- Diversify jobs to create career ladders beyond the largely retail-based jobs currently planned

Green Clusters

- Consider revising the CNWS land use plan to accommodate growth for future light manufacturing industries in the growing Green Economy
- Capture funds from the American Recovery and Reinvestment Act
- Develop green building ordinances
- Install solar panels in public buildings
- Participate in solar panel loan programs and rebates
- Offer tax incentives, rebates, and streamlining of approvals to attract green businesses
- Develop Green Collar Workforce Training Program

Local Hire

- Design a project-based local hire policy specific to CNWS
- Ensure that the local hire policy effectively targets disadvantaged communities and those most in need
- Draft specific policy language
- Establish ConcordBuild
- Establish a First Source Hiring Administration within the City of Concord
- Develop a First Source Referral Network for employers and workers
- Monitor compliance by way of a web-based payroll system
- Establish committees with broad representation from the community, participating industries, and government staff

Attachment #2

Creating Good Sustainable Operations Jobs on the Concord Naval Weapons Station Reuse Project

The Concord Naval Weapons Station has the huge potential to create long-term, good quality jobs for targeted residents. With the likelihood of millions of dollars of public investment and the reuse of public land, Concord needs real investment in real jobs to support our families.

The development could generate hundreds if not thousands of good jobs, including:

- Construction Jobs: Construction of infrastructure, new housing, and commercial buildings.
- Permanent Operations Jobs: Public works, park maintenance, and open space management; Hotel and conference center hospitality workers; Retail and grocery workers; Office workers; and property services including security, janitorial, and landscaping; Transportation and other jobs.

The City and Reuse Authority can ensure good quality jobs and high quality construction and operation of the Concord Naval Weapons Station by adopting the following principles:

- Labor Peace: The City can protect its interest in on-time, successful, and profitable construction and operation of the project by requiring agreements with labor organizations that establish a guarantee of labor peace.
    - Project Labor Agreements ensure that the construction of the project will be done without disruption, by highly trained, local workers, for fair wages.
    - Labor Peace Agreements for operational jobs ensure that the future operation of the project will seek to provide ***good jobs*** – not low-wage jobs with no health care or sick-days, fair scheduling and or other benefits. Tenant employers should not have a history of wage and hour violations or discrimination claims. Card check neutrality agreements for hotel and large retail employers are agreements between the developer and a labor or community group that allows workers a voice and avoid costly and disruptive labor disputes.

- In-source public sector work: Public works, such as maintenance and operation of new city parks and facilities and EBRPD lands, should be performed by EBRPD and City of Concord workers. Public transportation work should be done by employees of County Connection. This is the best way to ensure good jobs and quality public services.

- Living Wage Jobs: The Reuse Project should establish a living wage for jobs created by the project. Nearly 20 jurisdictions in the Bay Area, including eight jurisdictions in the East Bay (Alameda and Contra Costa County) have adopted living wage and minimum wage policies. Living wage policies ensure that private employers benefitting from public resources—such as government contracts, subsidies, and leases or sale of public land—pay wages sufficient to keep employees out of poverty. Living wage policies in the East Bay range from $13.72/hr to $16.02/hr without employer paid healthcare benefits.

- Targeted-Hire Requirements: A percentage of both short-term construction and permanent operations jobs should go to local, targeted residents. Employers would be required to meet hiring goals and have a "first source" process in which they hire workers from local training programs and local community first.

Attachment #3

Appendix: Local Hire Policies

City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
San Francisco – First Source Hiring Program	First opportunity; interviewing requirement – minimum 10 days; different terms for each agreement	Construction and tenant-based; city contracts; certain permits; defined entry level positions	Identify positions to allocate training resources; first opportunity for graduates to be considered for employment	Workforce Development System; pre-employment and employment training; support services	Good faith efforts; different for each agreement; independent audits of city departments; board of supervisors review; FSHA annual report
North Hollywood – Mixed Use Redevelopment Project	Qualified low-income individuals will have opportunity to interview for job openings	Tenant-based	Notification of opportunities; referrals; specific hiring periods; developer notifies coalition before selecting tenants	Customized Job Training Program for low-income workers; First Source Referral System will coordinate job training programs with network of community-based job training organizations	Reporting requirements and record-keeping submitted to System, which passes it along to Agency, with copy to Coalition; referral system submits reports; good faith efforts followed by enforcement (vague procedures)
San Francisco – Treasure Island Base Closure	Jobs and Equal Opportunity Program (part of development agreements); SF First Source Hiring Program for entry-level jobs	Construction and tenant-based		Fed Job Corps program through Dept of Labor, with campus on Treasure Island; youth training for construction and culinary skills; community partnerships with existing training programs and resources	TIDA monitoring system with involved parties; commercially reasonable efforts to cause compliance; good faith effort defined by steps taken rather than outcomes

Appendix: Local Hire Policies

City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
Denver – Cherokee-Gates	First Source Local Hiring Program	Construction and tenant-based; businesses in TIF projects; new non-managerial positions	First Source Business Development Rep sends out periodic emails	Done by CBO Mi Casa; Construction & Energy Pre-Apprenticeship Program; Business Development Programs; ESL; GED	Database developed to track openings; workers referred and hired via Division of Workforce Development; lacking in enforcement documentation and procedure
San Diego – Ballpark Village	Ballpark Village Community Job Training and Placement	Construction and tenant-based	Community Benefits Agreement; Owner Participation Agreement between Developer and Agency	Pre-Apprenticeship Training for construction trades; support services; Rehabilitated Ex-Offender Program	First Source referral system monitors compliance; good faith efforts from developer through tenant employers; potential repercussions for noncompliance include default status, mediation, binding arbitration
Monterey Bay – Fort Ord	Workforce Development Training Policy	Construction; covers all contactors performing work on projects on land transferred from FORA	Employers may recruit apprentices from the training programs	State approved apprenticeship programs established through the CA Labor Code Division	FORA keeps the names of graduate apprentices and makes them available to employers; bi-annual reporting to Board; employers report apprentice employment FORA via special form

Appendix: Local Hire Policies

City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
Los Angeles – Staples Center	First Source Hiring Policy	Business or non-profit doing any operations within Project		First Source Referral System coordinates job training program with community-based resources; targeted job skills training	Reports; record-keeping; meet and confer for enforcement; city may require an employer failing to meet 50% goal in 6 months to give explanation
Los Angeles – LAX	LAX Master Plan Project	Construction and tenant-based; may be covered by L.A. International Airport Project Labor Agreement		Pre-apprenticeship programs; work experience program; job readiness; skills development; career ladder programs; incumbent worker training	Coalition representative helps to monitor participation; annual reports; implementation meetings; enforcement of liquidated damages
Richmond	First Source Hiring Policy	Construction and tenant-based; public works contracts; site tenants with 10+ employees; city contracts	For new hires, employers use union hiring halls and referral system; employers provide city with hiring projections prior to hiring	RichmondBUILD trains local residents in construction; provides a venue where contractors can interview students for jobs; apprenticeship program approved by State Department of Industrial Standards	Monthly reports based on payroll sheets, monthly; ongoing monitoring by city; good faith efforts; non-compliance notices when necessary

Appendix: Local Hire Policies

City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
Oakland –MAPLA	Maritime Aviation Project Labor Agreement	Construction; city contracts for port and airport construction projects	50% total hours on each project for local area residents; 20% total hours on each project for area apprentices	Social Justice Trust Fund used for training funds to assist in removing barriers to work opportunities in construction for historically-disadvantaged workers	Consistent monitoring by full-time Department of Social Justice employee; good faith efforts which must be documented; follow-up with individual contractors
Boston – Resident Jobs Policy	Resident Jobs Policy	Construction; city-assisted/finance d construction projects	50% of total workforce hours on city-funded projects for Boston residents; 25% of hours for minority workers; 10% of hours for female workers	None	Oversight by Boston Employment Commission; projects must comply with ordinance but enforcement is vague
Boston – SkillWorks	SkillWorks: program to assist workers in bettering their chances of placement in jobs in hotel, automotive, and healthcare industries	Office; commercial; private sector	Specifically designed career training tracks and course plans matching requirements of partner industry employers	Primary emphasis; partnerships between program, employers, and local training/education resources for direct skill training tailored to the industry	Continuous monitoring by program with reinforced partnerships by way of regular check-ins with employer partners; agreements are non-binding

Appendix: Local Hire Policies

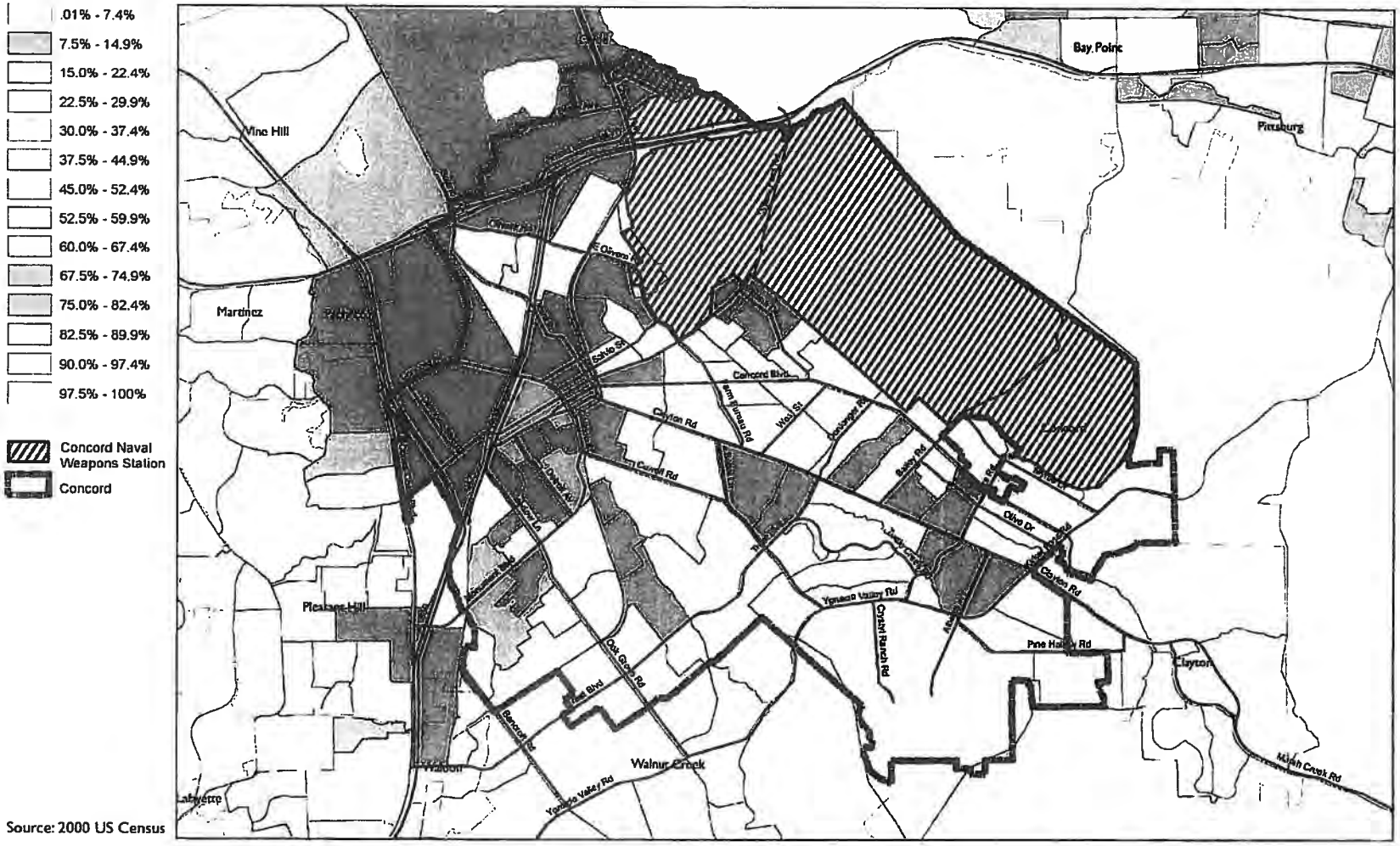
City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
Pasadena	First Source Hiring Ordinance	Construction; city-funded projects	A percentage of agreed-upon total work hours must be set aside for resident workers	Apprenticeship training only; some affiliated training programs through union partnerships	Periodic monitoring on a project-by-project basis by the City of Pasadena; strict repercussions for non-complying contractors, including default status and revocation of funding
East Palo Alto	First Source Hiring Ordinance	Construction; tenant-based	Hiring goals for local residents working on redevelopment projects, and those working in businesses relocating to redeveloped sites; first consideration of area residents for 6 weeks before considering other applicants	None	City of Palo Alto Redevelopment Agency monitors participation; all city redevelopment project hiring must go through Redevelopment Agency's First Source office first; good faith effort; non-binding agreements

Appendix: Local Hire Policies

City and Policy/Program	Hiring Policy Elements	Job Type	Concrete Steps	Training	Monitoring/ Enforcement
Minneapolis	Emerge Community Development	Manufacturing; property management; office	Training programs apply for grants through Emerge, which then fashions the grant around the associated industry for specified training and hiring goals	Includes training for skill sets to help workers find placement with private sector firms	Emerge enforces each contract/grant according to previously agreed-upon conditions

Appendix: Local Hire Policies

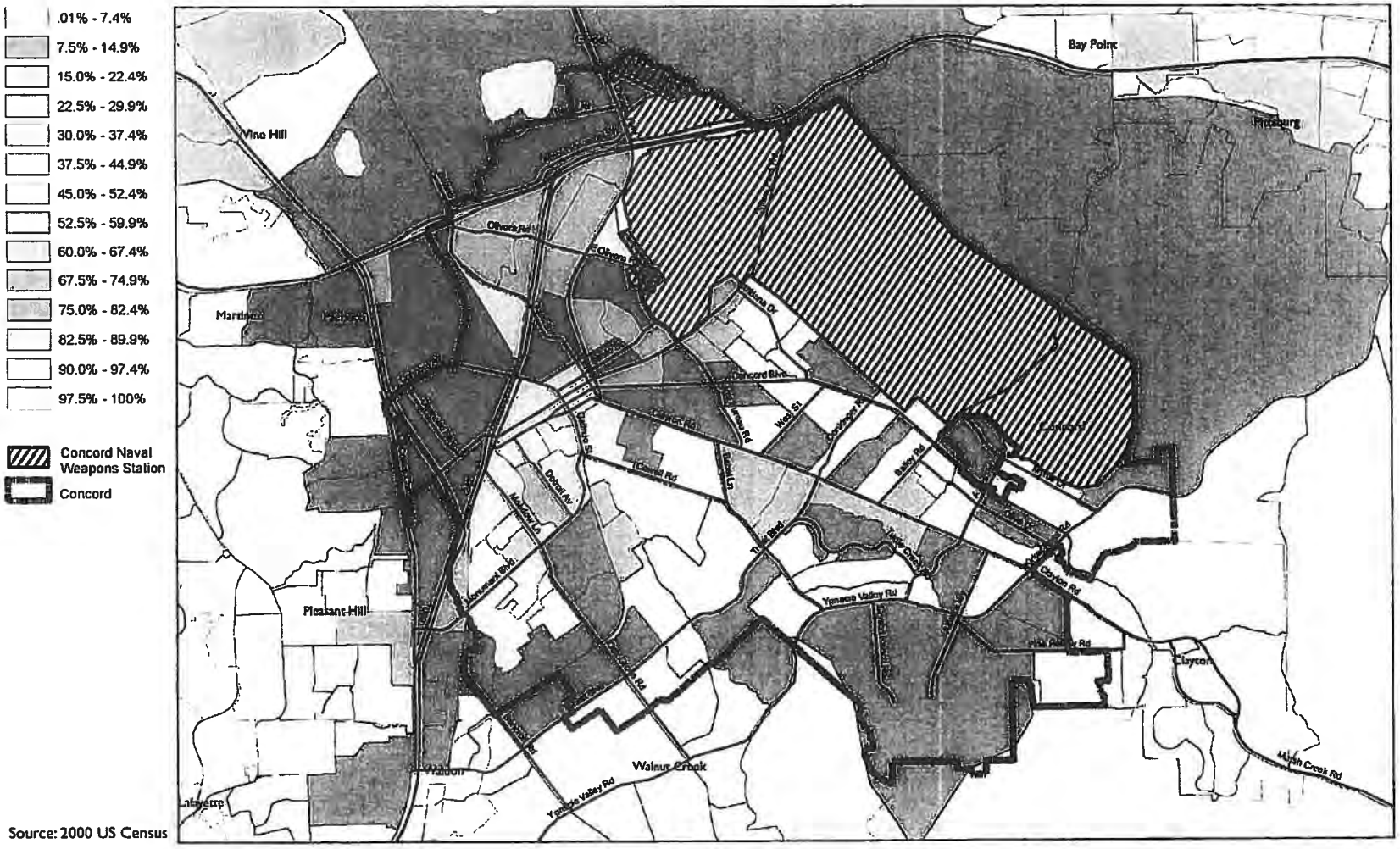
Households Below Poverty Line in Concord



Source: 2000 US Census

Appendix: Local Hire Policies

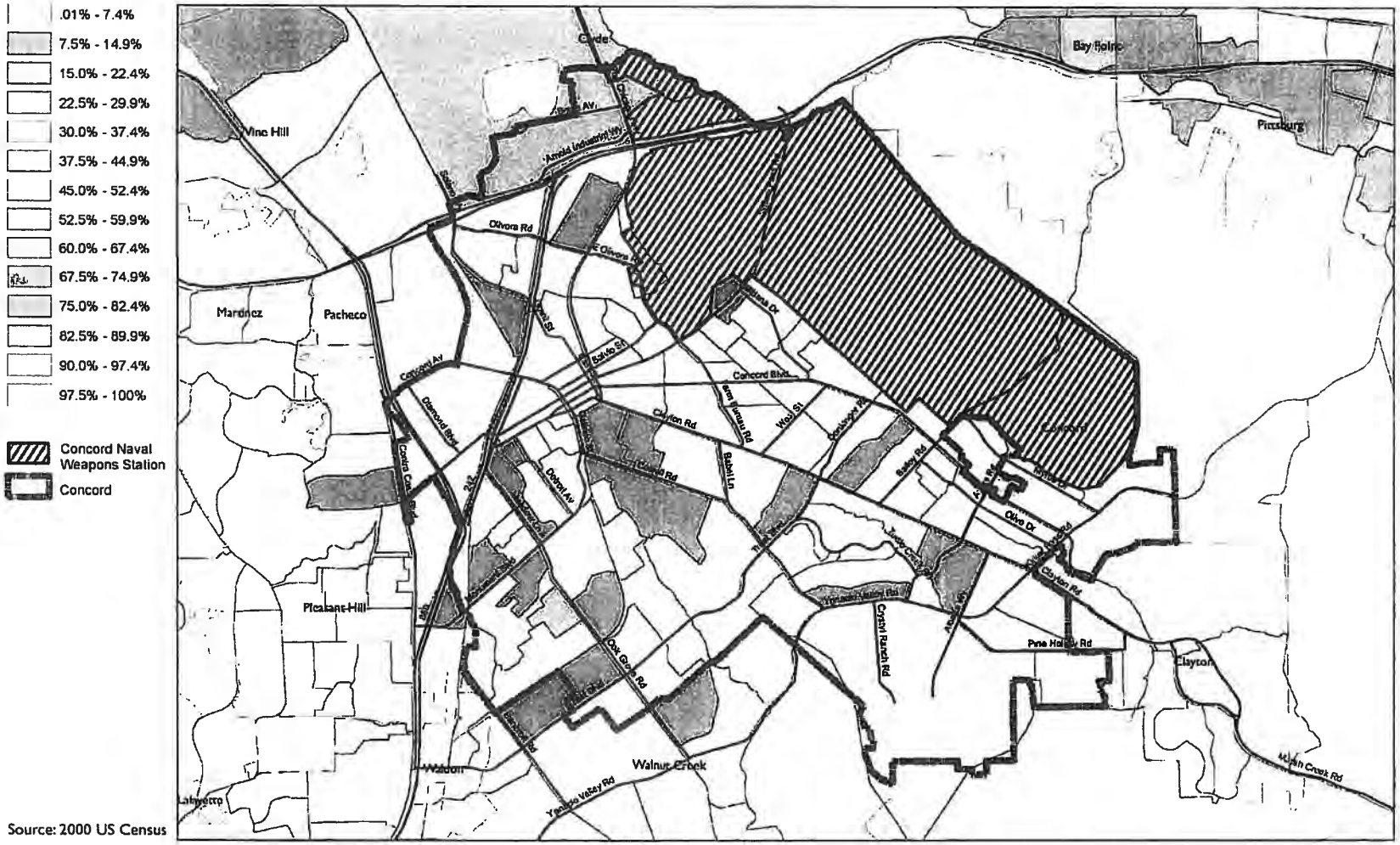
Individuals Age 25+ Without GED in Concord



Source: 2000 US Census

Appendix: Local Hire Policies

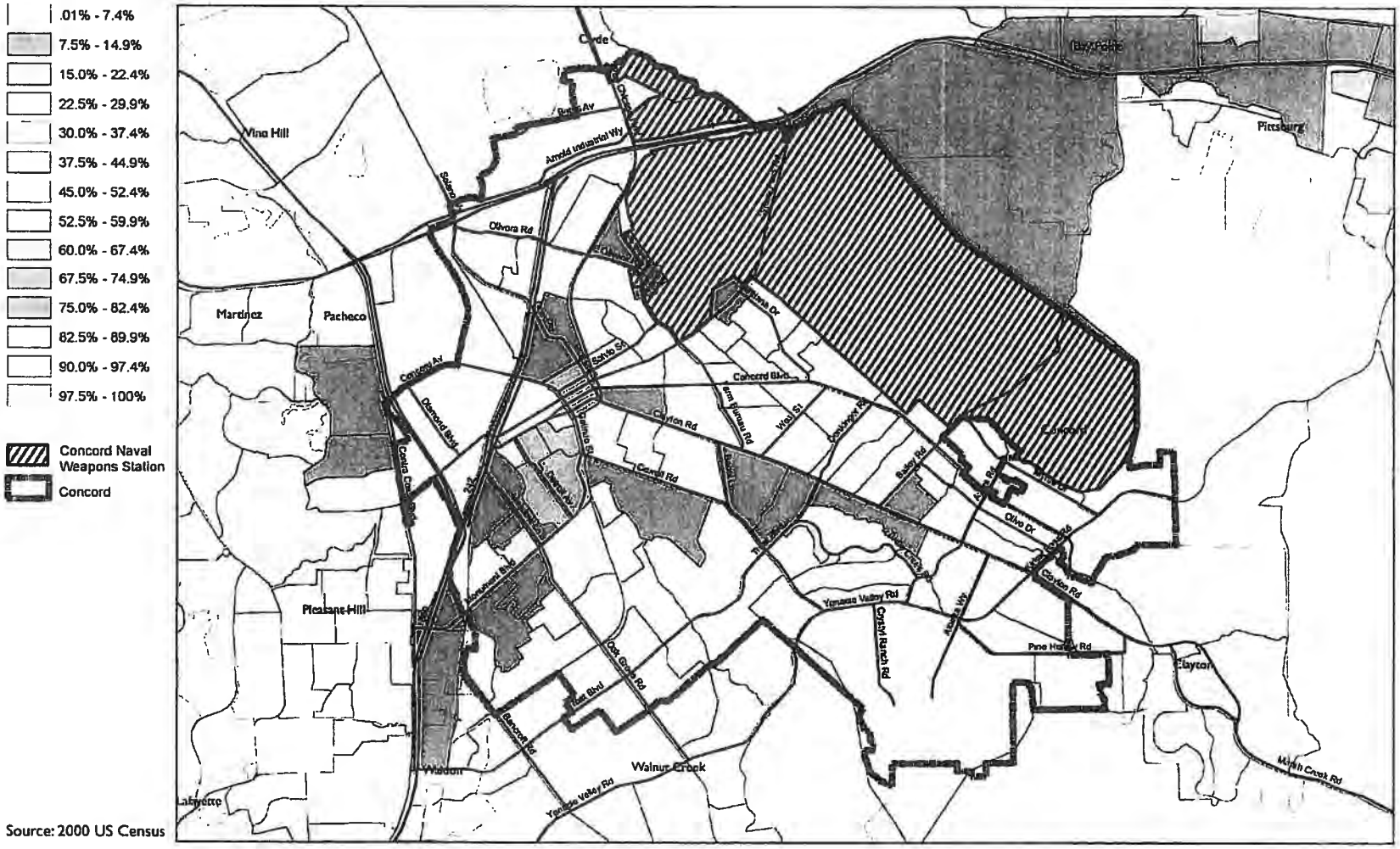
Unemployment in Concord



Source: 2000 US Census

Appendix: Local Hire Policies

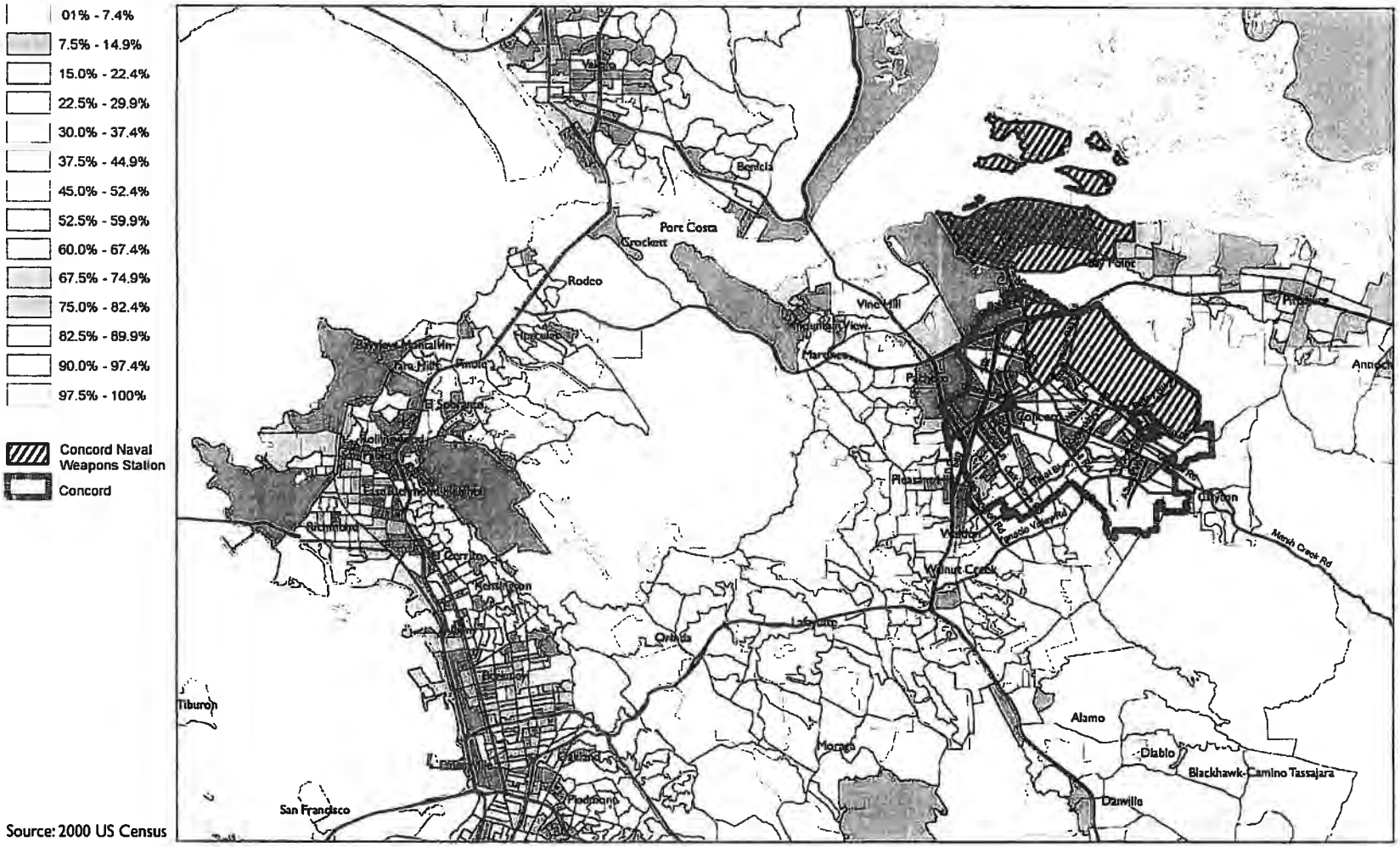
Linguistically Isolated Households in Concord



Source: 2000 US Census

Appendix: Local Hire Policies

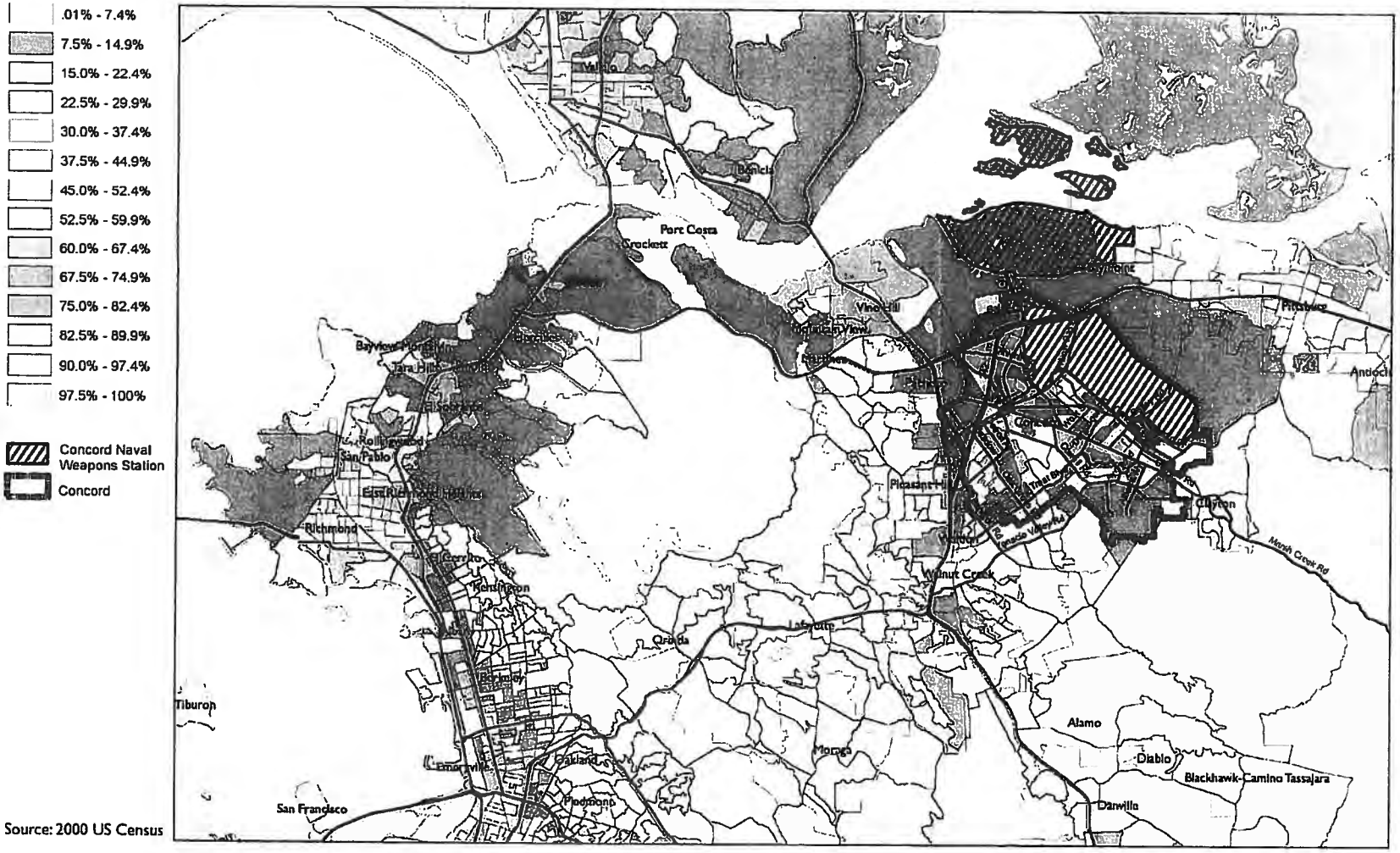
Households Below Poverty Line in Contra Costa County



Source: 2000 US Census

Appendix: Local Hire Policies

Individuals Age 25+ Without GED in Contra Costa County



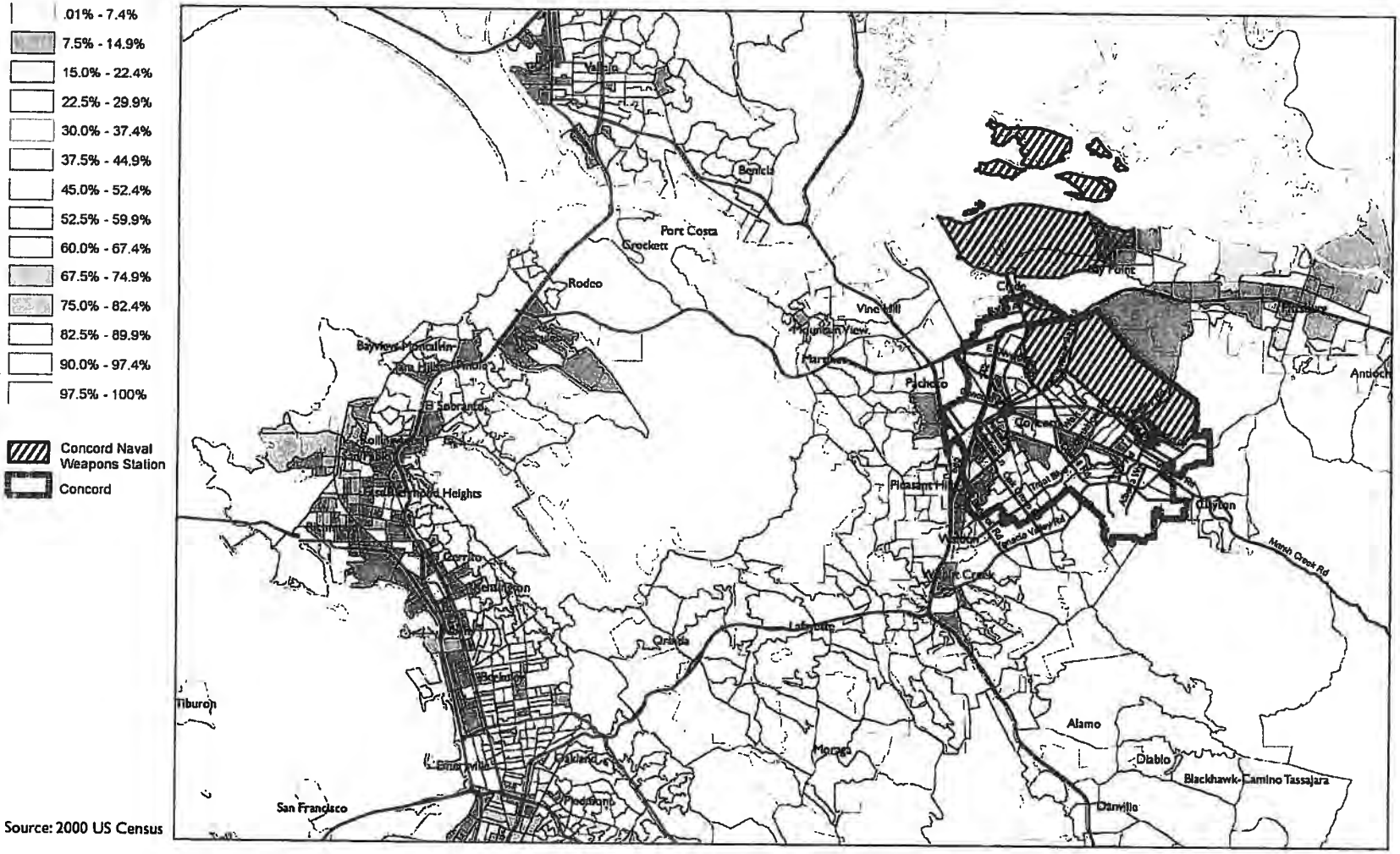
Source: 2000 US Census

Appendix: Local Hire Policies

Unemployment in Contra Costa County

Source: 2000 US Census

Linguistically Isolated Households in Contra Costa County



Source: 2000 US Census

COUNCIL AGENDA: 10/06/15
ITEM: 4.1

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
Councilmember Raul Peralez
Councilmember Magdalena Carrasco
Councilmember Don Rocha
Councilmember Johnny Khamis

SUBJECT: **PARKSIDE HALL RFQ AND EXCLUSIVE NEGOTIATION AGREEMENT**

DATE: October 2, 2015

Approved RW Date 10-2-15

RECOMMENDATION

Approve staff recommendations to select Insight Realty Investments Inc. and to execute an Exclusive Negotiation Agreement, with the following additional direction to:

1. Prepare a Cost-Benefit Analysis explicitly comparing the value of City-owned land to be contributed to the development to the value of the proposed 60,000sf expansion to The Tech which is planned to be funded by the developer. Include within that analysis the Net Present Value of future streams of Property Tax, Sales Tax and Transient Occupancy Tax revenues that will be generated as a result of the property moving to private ownership.

2. Prepare a development schedule that locks in delivery of the proposed development in this market cycle, with an opt-out for non-performance.

3. Require the developer to:
   i. Provide evidence of the partnership agreement that reveals all of the principal parties to the proposed development, and that funds are readily available to finance the project;
   ii. Retain an urban design/landscape architect as part of the development team to ensure an improved public realm;
   iii. Commit to pay fees or build units on site in the event that the project is deemed to meet the definition of for-sale under the City's Inclusionary Housing Ordinance;
   iv. Show good-faith effort to hire local construction trades people;
   v. Fully comply with the City's Prevailing Wage Policy;
   vi. Facilitate with any potential hotel operator the opportunity to enter into a labor peace agreement covering the operations of any future hotel on site;
   vii. Participate in the City's Business Cooperation Program.

4. Require The Tech to:
   i. Provide a detailed proposal for the use of the proposed 60,000 square foot expansion, without any additional contribution from the City.

5. Request staff to respond to the following questions at the October 6, 2015 City Council meeting:
   i. How will the sale price for the property be determined? What is the land use that will be assumed for the property when it is appraised?
   ii. Does the pro forma provided to the City by the developer include estimated revenues for the project and an anticipated return on investment?
   iii. Are there plans to conduct a residual land value analysis for the project?

BACKGROUND

The Request for Qualifications released by the City in February 2015 for a public/private partnership on a high density, urban mixed use development opportunity, was an ambitious call to the investment community. The response from Insight Realty Investments, Inc. has met the challenge with an ambitious proposal for a 270' tall mixed-use development of office, residential, retail, hotel and an expansion of The Tech. As declared in the proposal "Presently, there is not a comparable project in the marketplace. A large scale development that combines in a single structure consisting of high tech office space with an overhead high-rise residential tower has never been built in the city of San Jose." The purpose of our direction is to ensure and validate the ability of the developer to finance, construct and deliver a project that will support the City's goals to make the Downtown a memorable urban place to live, work, shop and play, and achieves the City's fiscal and economic development objectives. In exchange for the City's commitment of public land, the City should expect full transparency and public accountability.

Attachment #5

6.6 Community Benefits: Key Strategies

6.6.1 OVERVIEW

Development projects in the Plan Area have the potential to create community benefits for the City of Richmond, its residents and the local community. Recognizing that the provision of community benefits is instrumental to Richmond's long term success, the City of Richmond intends to negotiate development agreements for larger development projects within the Plan Area and other voluntary agreements for public private projects. These agreements will enumerate specific community benefits intended to achieve the community's vision of an exemplary environment and to meet the public objectives for an equitable and beneficial environment in keeping with long-standing community traditions.

The benefits may take various forms, and will typically support community, social and cultural opportunities; education and workforce development; affordable and workforce housing; transportation improvements; and local business support and growth.

6.6.2 REQUIREMENTS FOR PUBLIC-PRIVATE PROJECTS

A. Purpose

Due to the impact on public funds, property, and City planning, public-private projects for which private parties request substantial, discretionary public involvement are appropriate for minimum community benefits requirements. In addition, enhanced approval processes, allowing additional time for evaluation and input of community benefits commitments and public support, are appropriate for commercially-oriented public-private projects, in order to provide increased transparency and opportunity for public consideration. It is the intent of this Section 6.6.2 to affect only projects for which private parties negotiate voluntary agreements with the City. Nothing in this section affects obligations to comply with requirements of the Richmond Municipal Code that apply absent any such agreements.

B. Definition of "Public-Private Projects."

For purposes of this Section, "Public-Private Projects" include:

1. Projects receiving financial aid, assistance, or funding from the City, including any public financing or contribution, such as loans, loan guarantees, tax credits, or infrastructure construction, valued at more than $100,000;

2. Projects for which the City is transferring ownership of or leasing right to occupy any real property, including rights-of-way or street vacation, whether at or below market rate; and

3. Projects for which the City is entering into a development agreement.

C. Implementation

This section shall be implemented only as terms of voluntarily negotiated agreements between the City and project proponents, and may not be implemented through regulatory requirements imposed on Public Private Projects. It is the City's intent to include the following community benefits requirements, and any other applicable community benefits requirements under City law, as terms of voluntarily negotiated contractual agreements that it enters into with regard to any Public-Private Project within the Plan Area, under which relevant public support is provided:

1. Project employers (including tenants and contractors) shall comply with hiring practices required of an "Employer" under the City's Local Employment Program (Municipal Code, Chapter 2.56);

2. Project employers (including tenants and contractors) shall compensate employees as would be required for a "Contractor" under the City of Richmond Living Wage Ordinance (Municipal Code, Chapter 2.60);

3. Project employers (including tenants and contractors) shall comply with hiring practices required of a recipient of City financial aid under the City's ordinance Banning The Requirement To Provide Information Of Prior Criminal Convictions On All Employment Applications (Municipal Code, Chapter 2.65);

4. For all construction contracts worth over $100,000, prime contractors shall comply with the requirements of a "Prime Contractor" under the Richmond Business Opportunity Ordinance (Municipal Code, Chapter 2.50); and

5. For all non-construction contracts worth over $25,000, the awarding party (whether developer, property manager, tenant, or other project participant) shall make a "good faith effort," as defined in the Richmond Business Opportunity Ordinance (Municipal Code, Chapter 2.50), to award at least 25 percent of awarded contracts to bona fide Richmond Businesses, as certified by the City.

D. Requirements

Public-Private Projects within the Plan area are subject to the requirements described below in this subsection. However, Public-Private Projects that are advanced by either public entities or private nonprofit entities without partnership with a for-profit development entity are exempt from requirements of this section. In general, project proponents' commitments regarding community benefits must be captured in a voluntarily negotiated contract such as a development agreement, subsidy agreement, or another type of project-specific and voluntary contract, with such mechanism finalized prior to or contemporaneously with approval of the project itself. Community benefits requirements that conflict with requirements imposed by state or federal project funding sources shall not apply.

1. The project applicant shall provide to the City and the City shall make available to the public at least 14 days prior to City Council consideration of approval of the proposed project, the portions of the relevant project documents that will be considered that address the following topics:

   a. Project components and uses;

   b. Terms of any public financial support or contribution, transfer or lease of real property, and/or development agreement; and

   c. Any community benefits commitments that are terms of the project per Section 6.6.3.

2. During the period between release of language described in subpoint 1., above, and City Council consideration of approval of the proposed project, the City Council shall hold a public study session to receive an overview of the items in subpoint 1., when feasible.

3. Noncompliance with this section does not preclude City from considering approval of a proposed project. The City may approve a proposed project without compliance with requirements of subpoint 1. with a finding that unusual circumstances related to project deadlines make the timeframe of subpoint 1. infeasible, and that alternative notice and approval requirements provide sufficient opportunity for review and analysis of project aspects described in subpoint 1.

6.6.3 FULFILLING COMMUNITY BENEFITS THROUGH DEVELOPMENT AGREEMENTS OR PUBLIC-PRIVATE PROJECTS

For larger specific development projects, the City envisions negotiating a development agreement between the City and either the property owner or developer to provide community benefits. Examples of community benefits include, but are not limited to, the following:

1. Community Social and Cultural Opportunities. Provide community meeting space, gathering plazas and open spaces, recreational facilities, arts and cultural facilities, support public art and/or gallery space within developments.

2. Education and Workforce Development. Provide hiring, job training, internship, and apprenticeship programs aimed at community employment. Partner with and strengthen existing training programs.

3. Affordable and Workforce Housing. Provide a range of housing options at varying affordability levels to accommodate the City's diverse residents and workforce, particularly housing for lower-income residents and Richmond workers.

4. Transportation Improvements. Implement tools to reduce travel demand of single-occupancy private vehicles, such as bicycle lane improvements and facilities, new sidewalks and pedestrian pathways, dedicated shuttles, high efficiency vehicle fleets, car sharing, transit passes and shared parking.

5. Local Business Support and Growth. Implement City's procurement program and cultivate local businesses including exploring the potential creation of a business incubator onsite.

The Plan proposes that major developments would be incentivized to enter in to development agreements. Smaller developments would meet minimum project requirements for setbacks, design, open space, and pay impact fees, and may achieve community benefits through other mechanisms – such as conditions of approval tied to site subdivision – but would not be required to enter into development agreements. For example, developments over 100,000 square feet could be required to enter into a development agreement specifying a program of community benefits to be approved by the City Council. This approach will allow the City to achieve greater specificity in negotiating for important significant benefits from larger individual development projects.

Criteria and procedures for establishing development agreements are included in Section 4.10.6.

From: MJ Stephens [mailto:stephensmj@mindspring.com]
Sent: Wednesday, March 30, 2016 7:46 PM
To: Concord City Council
Cc: Kathy Gleason; gpeterson@bayareanewsgroup.com; thelastword@msnbc.com; Rachel@msnbc.com; ruth@salon.com; scoop@huffingtonpost.com
Subject: Is this Concord CA, or Flint MI?

To: The Concord City Council, Concord, California

Is this Concord, California or Flint, Michigan?

In Concord, California residents are on water rationing after four years of drought. An El Nino this year brought some rain. But next year? No one knows.

Concord residents do know global surface temperatures last year shattered all previous records. And that this February was the hottest month on record, ever, for the whole planet.

Worse still, California has had two, 200 year droughts in the last 1,000 years. Before this year's El Nino, California's snow pack was the lowest in 500 years. 500 years ago, California had just had two, 200 year droughts.

On April 5 the Concord City Council, in extreme drought plagued California, is planning to implement the current Concord Naval Air Weapons Station (CNAWS) Reuse Plan.

The former CNAWS was a 5,000 plus acres military base, where nuclear and chemical weapons were stored. The CNAWS is a Super Fund Clean Up Site that stored the chemical weapon Agent Orange. Agent Orange storage barrels leaked so badly in Viet Nam that the most Agent Orange birth defects are still around former US military storage bases, like the CNAWS was. But the CNAWS Reuse Plan includes a Developer building 12,000 new homes on a Super Fund Clean Up Site.

On April 5 the Concord City Council is suppose to choose the Housing Developer for the CNAWS Super Fund Clean Up Site.

The current CNAWS Reuse Plan of 12,000 new homes will increase the population of drought plagued Concord by 25%. The Concord City Council is choosing to increase the water usage of the city of Concord by 25%, in a time of extreme drought, in an uncertain climate, in an area of historic 200 year droughts.

Are the Concord City Council members climate change deniers? Are the Concord City Council members ignorant of California's historical weather patterns? Who in their right mind increases the population, and water usage, of a city by 25%, as the CNAWS

Reuse Plan does for Concord, when there is not enough water to go around now, and we are in an extreme drought, in an uncertain climate, in an area of historic 200 year droughts?

The Concord City Council says it is adding another water source to meet the 25% increase in population and water usage. Concord's current residents are already on water rationing. In Concord's uncertain situation, any sane and honest city official would reserve new water sources as backup for current Concord residents. In Concord's uncertain situation, any sane and honest city official would not approve a mass housing development that increases the city's population, and water usage, by 25%, as the current CNAWS Reuse Plan does now.

Also, the CNAWS Reuse Plan could leave Concord residents with poisoned water, if caps are broken on the CNAWS Super Fund Clean Up Site, as they were at Love Canal in New York. Only this is Concord, California, an area of frequent concrete cracking earthquakes, that have cracked my concrete slab foundation. Is the possibility of living through the next Love Canal disaster going to be a selling point for any home buyer at the CNAWS Super Fund Clean Up Site?

But some Developer will be happy. They will be able to take their money and run. The CNAWS Reuse Process was corruptly fixed from the beginning by elected Concord city officials to favor Developers, no matter what would be favored by, or favorable to, current Concord residents.

Elected city officials fixed the Reuse Process by forcing out an honest city manager and bringing in a ringer, a Developer's city manager. The Developer's city manager's past expertise was in fixing the Federal Military Base Reuse Process to favor Developers building houses for profit on former military bases. The Developer's city manager orchestrated the CNAWS Reuse Process to corruptly favor Developers, and disfavor Concord residents.

Concord residents wanted the CNAWS to become 5,000 acres of parkland. That is what Concord residents wanted. I know. I heard them enthusiastically vote for 5,000 acres of parkland at the first public Reuse meeting.

The first public Reuse meeting was orchestrated by the Developer's city manager. One Concord resident suggested all new construction be solar powered. The solar power idea was written up on the white boards in the front, where all ideas were supposed to be recorded. Is solar power renewable energy required in a 21st Century CNAWS Reuse Plan for 12,000 new homes? No. Why not?

More recently, I attended one other city meeting, on zoning. At that meeting, I was told by city staff that the Concord city Developers were Developers who didn't know how to

make a profit and install solar, so Concord city officials didn't require them to install solar power.

Why didn't Concord city officials look for better Developers who could adapt to the 21st Century requirement of renewable energy? Why did Concord city officials kowtow to dinosaur Developers who can't adapt? Why keep them in business? Why? The first explanation that springs to mind is Developer campaign contributions to elected city officials, past and present. It certainly is not because of any city policy that is beneficial to Concord residents.

Also, at that first public Reuse meeting, I stood up and said I thought the whole 5,000 plus acres should be parkland. The whole, packed auditorium, young Moms to grey heads, loudly cheered my 5,000 acres of parkland suggestion.

That is what Concord residents wanted, quality of life improving open space. Open space improves quality of life. The CNAWS open space has improved the quality of life for Concord residents, even when they haven't been able to set a foot on it. As parkland, it would be even better.

Open space also improves property values. The current CNAWS Reuse Plan dense housing development will lower the property values of current Concord residents, now living next to, an always getting rarer in the Bay Area, open space.

But my audience-cheered suggestion of 5,000 acres of quality of life and property value improving parkland never even got written up on the white boards in the front. I knew then that the CNAWS Reuse Process was corrupt. The Reuse Process was corruptly fixed from the beginning by elected city officials to favor Developers, no matter what Concord residents loudly voted for.

Concord residents still want the quality of life that 5,000 acres of open space provides them, even now when they can't step a foot on it. Only campaign contribution seeking elected Concord city officials, past as well as present, ever wanted to sell out Concord's quality of life, and property values, that 5,000 acres of rare open space provides current Concord residents.

Former elected Concord city officials even tried to sell out the Concord Airport to Developers. Even when the Concord Airport was the only airport still in operation in the Bay Area immediately after the 1989 Loma Prieta earthquake. The former elected Concord city officials who began the CNAWS Reuse Process were the property of Developers looking to corruptly sell out not only Concord residents, but the whole Bay Area, wherever they could.

What CNAWS Reuse Plan would be favored by, and favorable to, Concord Residents? Keep the CNAWS 5,000 acres of open space, as Concord residents overwhelmingly voted for at the first public Reuse meeting. Use ground penetrating radar to find any archeological remains, Native American to Military, and any unrecorded toxic trash, like that buried at the end of a runway at a former military base in Sacramento.

If safe, after clean up, turn the CNAWS hills and natural wetland along East Olivera Road, into a natural water recycling system. The bottom of the CNAWS hills opposite East Olivera Road should be a wetland, not asphalt. That wetland is now squeezed into the Willow Pass Community Park pond on the other side of East Olivera. It is a flyway stop for migrating geese and ducks.

This planet is one, ever-changing, interconnected, interdependent, networked ecosystem. As good ecosystem partners, we avoid harm to all now, and provide benefit to all now, lifeform or not, including the geese, ducks, squirrels, raccoons, peregrine falcons, red-tail hawks, egrets, turkeys, and even skunks, that improve the quality of our lives.

Turing CNAWS into a parkland with wetland, where water was naturally recycled, is a Reuse plan that would improve the quality of life and property values of Concord residents. And it would provide a long term, priceless benefit for Concord residents, more water through natural water recycling. Not 25% more thirsty residents, as the current Developer's Reuse Plan does now.

Stand at the North Concord BART station. Look into the distance across the CNAWS open space toward Mount Diablo. This beautiful view will be obliterated when a dinosaur Developer fills it with ticky tacky housing. But now it is still quite easy to envision a shore to summit, Bay Shore to Mt. Diablo Summit, Park of Concord, that would benefit all, with a Park of Concord entrance at the North Concord BART station.

25% more thirsty Concord residents, will mean 25% more water usage by Concord. But day trippers on BART from the coldest winter I ever spent was a summer in San Francisco to the Sun City Park of Concord will leave money in Contra Costa County, and then go away, leaving more water for Concord residents, not less.

If Concord City Council members were sane and honest they would act in the long term interests of Concord's current residents. They would tell the US government that Concord is maintaining the former CNAWS as open space because of our uncertain climate and water resources.

But, instead, the Concord City Council members appear to have chosen to kowtow to take the money and run dinosaur Developers in a CNAWS Reuse Plan of crooks

stealing our future from us, leaving us all short on water, and possibly poisoned too, as in Flint, Michigan.

And now, one of the last two Developers competing in the CNAWS Reuse Process has dropped out. The Concord City Council no longer has to make a choice. It only has to rubber stamp a corrupt dinosaur Developer's Reuse Plan.

On April 5, I want the Concord City Council members to vote to scrap the current corrupt CNAWS Reuse Process and Plan. The CNAWS Reuse Process was corrupt from the beginning, because it was fixed from the beginning, to unfairly favor Developers, no matter the long term interests, or harms done, to current Concord residents. That corruption extended to the forcing out of one Concord city attorney, and the suspicious, and still unexplained, death of another Concord city attorney, while he was investigating corruption in the Reuse Process.

If Concord City Council members don't chart a sane and honest course for themselves, then know this is Flint, Michigan, now, and not Concord, California, any more. Because no one knows if Concord is going to become the Sahara Desert, a Florida Swamp, or Love Canal.

Only fools and charlatans claim they can foretell the future. The sane and honest act cautiously in uncertain situations full of danger, as Concord's water situation is now, because they know, they don't know the future.

You want it different, Concord City Council members? It's not, except for the insane, or dishonest.

And I am surprised a Millennial has not filed a petition on the White House website for a Park of Concord, from Bay Shore to Mt Diablo Summit. This land is their land, not yours, or ours. The CNAWS is the property of the People of the United States of America.

And if Concord city council members had any sense, and concern for Concord residents, they would be submitting the petition themselves for the Feds, for the American People, to fund turning the CNAWS into the Park of Concord, with hiking trails, historical sites, and a possible test site for a natural water recycling system parkland, providing water to current thirsty Concord residents.

-MJ Stephens, resident of Concord for 29 sunny years, next to a life quality improving, and now rare, 5,000 acres of open space, and its flocks of geese wings whir, whir, whirring 40 feet over my head at sunset. Public Double Facing Bleachers along East Olivera Road and a Park of Concord Wetland would let all enjoy sunsets with flocks of geese wings whir, whir, whirring, 30 feet over their children's heads, and their heads

too. Before, or after, they can BART to meals, movies, and shopping in the sunny towns of Concord, Pleasant Hill, Walnut Creek, Lafayette, and Orinda. Then BART back to the big city. Park of Concord day trippers will enjoy themselves, leave their money, and then go away, leaving more water for Concord residents, not less.

From: Othon Benavente [mailto:J3Othon@aol.com]
Sent: Tuesday, April 05, 2016 11:37 AM
To: Concord City Council
Subject: Lennar Builders

Hon Laura Hoffmeister, Ron Leone, Ed Birsan, Tim Grayson, and Dan Helix,

I have been a Concord resident for the past 28 years. I raised my four children here. I have deep roots in this community through the schools, church, swim, baseball, and basketball teams. I started my own business here 24 years ago.
I have invested myself and my family in this community.

I worked for many years on facilities for the City of Concord. Although we moved our office to Walnut Creek (after years of putting offers on properties in Concord) we still do much of our business in Concord. I remember talk of scandal associated with granting Brendan Theaters the contract over the more favorable Century Theater offer. I remember wondering how it was that something so dirty got pushed past the electorate. It came down to a City Council vote against the recommendations of the city staff.

Here we are again, but on a scale that makes the theater contract pale in comparison. You are on the verge of destroying what small town feel we have left in this town for the benefit of a developer with a history of defaults and defrauding local communities. How can you allow it to happen again here? You have to stop them. Please review article embedded below from a recent San Francisco blog. Please reconsider what you're doing. The eyes of the community are on you.

Thank you.

Othon Benavente
Studio Benavente Architects Inc.

When the Lennar Corporation dumped 11,000 homes and sold them for 40 cents on a dollar - shock waves vibrated in the Real Estate circles. Now, Lennar has declared Bankruptcy in Vallejo, California, Richmond, California, in Southern California with its LandSource connection, and in other areas. Lennar - is not to be trusted because Lennar gives a rat ass when it come to treating the customer with respect. Lennar is a Rogue Company - that must be ousted from decent circles.
Lennar is Rogue Company bluffing its way and trying to steal land to build a false equity to stay afloat in the Real Estate circles.

All over this Nation no one in their right mind trust Lennar. The reason is simple Lennar has made big promises and told lies - and deceived thousands of innocent home buyers and owners.

Lennar has a habit of building homes on toxic land, driving innocent people from their home, adversely impacting innocent children - in short the Rogue Company Lennar - is not to be trusted because it does not believe in civility and decency.

Lennar Corporation preys on innocent constituents.

I wonder if the man Miller who heads the Company - really cares about people or if he and his crooked thugs are all about money and think they can get away with murder in broad daylight.

Here is San Francisco we have witnessed innocent children and elders adversely impacted by Lennar and its cronies. We are fed up with Lennar and want them out of our community. Good riddance of very bad rubbish.

It is strange that here in San Francisco the leading Democrats like Nancy Pelosi, Daine Feinstein, and side-kick jack asses lower down the totem pole like Gavin Newsom, Sophie Maxwell, Aaron Peskin have taken upon themselves to work for Lennar and perform Lennar's dirty work.

No good will ever come at Hunters Point in San Francisco - where Lennar has defaulted and is now working with other and similar rogue companies like MecTec to consolidate its assets and bring about more damage on Parcel A at Hunters Point Naval Shipyard.

Mayor Gavin Newsom who has no sense and less brains - uses his cronies to push for agendas that would shame anyone that has an iota of decency.

The man cannot be trusted - he even went to far to do in his best friend's wife. A pathetic liar - Mayor Gavin Newsom is in bed with Lennar and his fate - will be determined soon - and the Lennar Corporation will be center of the scandal.

Regulatory agencies have been bought by Lennar and the Environmental Protection Agency, the Bay Area Air Quality Management District, and the San Francisco Health Department are all responsible for NOT doing their job and siding with Lennar.

No one will buy one single home that Lennar builds anywhere on Hunters Point. Only the crazy would think of living in the middle of Chernobyl that is Parcel A.

Lennar has defaulted on Parcel A, has no money, and it scrambling to borrow money and make half-ass alliances with crooked companies to stay - afloat.

The community in San Francisco wants Lennar out. We want them OUT - now.

No one in their right mind should buy one single home from Lennar. Less no one should have anything to do with Lennar. The reason is simple they are a Rogue Company. Lennar can never, ever be trusted.

Few believed when they were told about Lennar dumping 11,000 homes - but it was a fact:

http://www.financialweek.com/apps/pbcs.dll/article?AID=/20071203/REG/71203009/-1/NEWS01&template=printart

Lennar is doomed to fail. Lennar will drown in the cesspool of its own making. Lennar will never, ever succeed in San Francisco.

We the people want Lennar out. We want Kofi Bonner out and do not say I did not tell you so - Miller man. The sooner you leave town the better - the longer you wait the worse will be your - fate.

Francisco Da Costa
Director
Environmental Justice Advocacy

http://www.PropositionF.com
http://www.financialweek.com/apps/pbcs.dll...

From: Tim Carr [mailto:tcarr925@gmail.com]
Sent: Sunday, April 03, 2016 7:44 PM
To: Concord City Council
Subject: CNWS suggestion for April 5 vote

Hello City Council,

1) I would recommend asking Lennar to remove the stipulation the land be signed over to them. Let them work off a lease. Then if the developer were to go bankrupt, the city would still own the land and could find someone else. **Do not let them own the property.**

2) **Remove the ability for them to collect taxes** off the properties. The City should be collecting taxes for the city- not a private developer. Giving tax payments to a developer forever or even a short while) is certainly ridiculous and the City should not give consent to this idea. They can raise their profit line- increase prices, whatever, but not collect taxes nor eternal revenue from the properties they have developed.

3) IF they won't go for both of these, then start the developer search over again.

Sorry but I will be unable to be at the meeting April 5.

Tim Carr
Hillsborough Dr. in Sun Terrace
Concord, CA 94520

From: Deann Clark [mailto:deann@nuwaterusa.com]
Sent: Monday, April 04, 2016 11:03 AM
To: Concord City Council
Subject: Re: Council Meeting Tonight

Attn: Full City Council

While I am unable to attend the meeting this evening, I am writing as a Concord business owner, voter, member of the Sun Terrace neighborhood and mother to express my strong disagreement with Lennar being the default choice for master developer of the CNWS.

I have been disappointed in my elected Concord officials throughout this process that started out with best of intentions. I see political ambition interfering at every point and would like to see and recommend the process for master development begun anew as the only way to restore voter and community faith in our elected council members. I also think that any choice as pivotal as this should not be left up to three people, elected or otherwise. I implore my council members to act on behalf of current and future community members and start this selection process over.

I would like this email made part of the record. Thank you.

Deann Clark – Business Manager
email: deann@nuwaterusa.com
phone: 888.835.9511
fax: 888.847.5029

Concord City Council members,

Below please find The CNWS Neighborhood Alliance's basic points of interest in the development of the Concord Naval Weapons Station property.

- Conservation and Preservation: Number one priority has always been to preserve maximum open space and wildlife, to have a Great East Bay Regional Park and a greenbelt buffer near existing homes
- Traffic: Traffic congestion and air/noise pollution from increased traffic on Concord Blvd/Denkinger/West and overall city of Concord and surrounding areas
- Toxic Cleanup: Effects of toxic cleanup near residences

At this point in time our main concern is that the project move forward and the land that has been determined to be a Great East Bay Regional Park be conveyed to EBRP.

Thank you,

Kathy Gleason and CNWS Neighborhood Alliance Steering Committee members

From: Michael McDermott [mailto:mtmcder@pacbell.net]
Sent: Monday, April 04, 2016 10:23 PM
To: Concord City Council
Subject: April 5 City Council Meeting: Attention all Council Members

Concord City Council:

As a resident of Concord for 34 years, I am concerned about my city and recent troubling events relative to the CNWS master developer selection process.

I have been (off and on) following the CNWS development activities for a number of years now. I attended a few of the early public input sessions. I felt the "Clustered Villages" development plan was a very good compromise of the competing interests. I have been happy to see the selection process proceed, and was hopeful a highly regarded and reputable master developer would be chosen.

Unfortunately, my hope, optimism, and trust in the selection process was lost with the revelation of the scandalous pay-to-play lobbying contributions made to one of our council members by surrogates of Lennar. The independent Jenkins report results, which I read, did not accuse our City Council of wrong doing, but it clearly presented evidence that Lennar had acted improperly in its obvious violation of the no-lobbying clause. Furthermore, Lennar stonewalled the investigation - refusing to meet with the investigator or respond to requests for information.

I watched the Council Meeting on 2/23 and expected Lennar representatives to apologize for their actions, state that these inappropriate political donations were not representative of their culture, and ask the Council to keep them in the running for master developer. Honestly, if they had done that, I would not be sending you this email. What their Chief Operating Officer said was nothing close to an apology. It was exactly the opposite. It was shockingly arrogant and dismissive of any concerns you or the citizens of Concord had about their blatant pay-to-play lobbying. If they treat Concord and its residents this way before a contract is signed, how do you think they will behave if they become the Master Developer?

After their COO completed his comments, their attorney attempted to assure us having surrogates donate to a council member's campaign (while a multi billion dollar deal was in final stages of selection) was not really lobbying at all. I am not a lawyer, but I can tell a weak argument when I hear one. Part of me felt embarrassed for both of these men; having to stand in front of you and make such absurd statements and representations.

I am writing you today because Lennar has shown it has not acted in good faith, it has not been trustworthy, and it has no intention of admitting

mistakes. How can we possibly move forward with this firm knowing what we now know? We are all anxious to see progress made on development, but you would be doing Concord a grave disservice, and discrediting your own reputations, if you do not hold Lennar accountable for their actions. I would ask you to find a way to bring Catellus back into the selection process or request the semi-finalists and other qualified firms to return to the table for another round of selection. The economy is strong and the CNWS project is highly sought after. You will have a long line of qualified developers ready to complete detailed proposals and term sheets in short order. This does not have to experience a 1 or 2 year delay.

For the record, I have no financial connection to Lennar or Catellus. I am just a Concord citizen who is asking you to put ethics above expediency. Please do the right thing.

Sincerely,
Mike McDermott
1301 Saddlehill Lane
Concord, Ca.
Cell: 925-451-1072

From: H M [mailto:holly3939@hotmail.com]
Sent: Sunday, April 03, 2016 5:59 PM
To: Concord City Council
Subject: Attention: May Hoffmeister

April 3, 2016

Mayor Hoffmeister:

This Tuesday, April 5, 2016 you are going to decide on one of three (3) options regarding the Master Developer for the Concord Naval Weapons Station project

- Select Lennar Urban as the Master Developer with the existing term sheet
- Request Lennar re-do their term sheet and re-submit
- Deny Lennar and go back to the selection process

As a both a voting citizen of Concord AND a resident in one of the most highly affected neighborhoods, Sunview terrace, I ask that you deny Lennar Urban and go back and start the selection process.

I am fully aware that starting the process all over again will be costly in both time and money but the fact is that Lennar Urban:

1) Clearly violated, at the very least, the spirit of the Brown Act and lobbied City Council members
2) Turned in a sub-par Term Agreement and even your staff recommended a different developer
3) Did not spend a single minute meeting with or talking to the neighborhoods that are going to be so heavily affected by the project.

In the City Council meeting of March 28th, a public speaker mentioned that Lennar had spent at least 2 hours talking to and touring the Monument Crisis Center. While I agree this is a noble gesture, not meeting with the residents and finding out what their concerns are, shows a lack of concern for those residents and any complaints that may later arise as a result of the project. In addition, without hearing our concerns, they do not have the knowledge to work some of those concerns in their Terms.

This is too big of a decision to be made by a partial Council. Council member Grayson has recused himself as a result of the Brown Act violation accusation. Council member Leone recused himself as he lives within 500 yards of the project.

By starting back at the selection process, Council member Grayson can be involved and Council member Leone can request, as I understand, an exemption and vote as well.

I have many concerns about Lennar's terms. The least of which is the allocation $16 M to roads. Willow Pass road from Landana out to Hwy 4 will have to be widened and improved upon. A project that the City is leaving to the CNWS developer to handle. I doubt $16M will cover that. Not to mention the work that will have to be done to Port Chicago Highway and the roadways within the development. If Lennar had bothered to talk to residents in Holbrook Heights and/or Sunview terrace, they would know that Port Chicago Hwy at the North Concord BART station is already a traffic nightmare and is only going to get worse.

I believe if Lennar is chosen, that they can amend their terms, but many issues should have been addressed in their initial terms and not added in at the last minute or after selection, to appease the citizens and the Council.

I am not alone in feeling that Lennar Urban is tainted and should not be given the contract. In addition, if you decide to re-start the process, Lennar Urban should not be included.

The Council's recent decisions regarding the selection of the master Developer and decisions regarding Lennar Urban and Catellus has destroyed the trust that many citizens have that the people we elected to represent us are not listening to us and what we want. Catellus, who had the superior Term Agreement according to not only your own staff but many citizens, lost so much trust that you allowed them to walk away.

It is time for you to listen to your constituents, the men and women who elected you and not allow Lennar Urban to be the Master Developer.

Thank you for your time.

Regards –

K. Holly McGlothlin

From: Joseph Partansky [mailto:accessjoep@gmail.com]
Sent: Friday, April 01, 2016 11:54 PM
To: Concord City Council <citycouncil@cityofconcord.org>; Cityinfo <Cityinfo@cityofconcord.org>; Devlyn Sewell <devlynsewell@att.net>; richard Eber <richeber@amerasa.net>; Harmesh Kumar PhD <harmeshkumar@att.net>; Joseph Partansky <accessjoep@gmail.com>
Subject: Fwd: Catellus bows out (published prior to meeting yesterday

To whom it may concern...

The first entry of this series is the story CATELLUS READY TO WALK AWAY FROM CONCORD NAVAL
WEAPONS STATION PROJECT by Richard Eber, which appeared in the Contra Costa Bee of 28 Mar 16.
The gory details of what appears to be examples of Lennar's modus operandi. When I tried to retrieve
Lennar's December 15, 20005 or 15 8k, which talks about Lennar's current and future "registration" and
plans about Concord-Lennar, it was impossible with my limited still with the Securities and Exchange
Commission /SEC, <https://www.sec.gov> because its search engine EDGAR has approximate 100 Lennar INCs and LLCs.

Thanks to Edi Birsan help more info is available from <http://lennarconcord.com>, but this lacks
context to the 8 k info that was given by Lennar to the SEC.

As a former project contract manager for a multi-million dollar construction project to provide transitional housing for youth in New York City, and what I have read so far raises too many questions to proceed without more specifics and a "tight lease" on any successful general contractor.

What do you think?

Cordially,

Joseph V.A. "Joe" Partansky, M.B.A.
Human-Disabilities Rights Advocate, etc.
(925) 524-0272

---------- Forwarded message ----------
From: **Merle Hall** <Merle@wcholdings.net>
Date: Wed, Mar 30, 2016 at 9:37 AM
Subject: RE: Catellus bows out (published prior to meeting yesterday
To: "Richard J. Eber" <richeber@amerasa.net>, "Crossingsg@aol.com" <Crossingsg@aol.com>, "accessjoep@gmail.com" <accessjoep@gmail.com>, "lynn@berkshire-books.com" <lynn@berkshire-books.com>, "Jcvrails@sbcglobal.net" <Jcvrails@sbcglobal.net>,

"chuckcarpenter@aol.com" <chuckcarpenter@aol.com>, Gary Edelman <garyedelman@gmail.com>, Carlyn Obringer <carlyno@yahoo.com>, "Aldax@singersf.com" <Aldax@singersf.com>, Joseph Blackman <josephb@instantimprints.com>, "zinfelmax@yahoo.com" <zinfelmax@yahoo.com>, Nick Marsch <nkmarsch@gmail.com>, "Montagh, John" <John.Montagh@cityofconcord.org>, Harmesh Kumar <harmeshkumar@sbcglobal.net>, "hope.johnson@earthlink.net" <hope.johnson@earthlink.net>, Gene Kauffman <rgknlb2003@yahoo.com>, "Paul.Chandler@propsci.com" <Paul.Chandler@propsci.com>, Alex Chen <alexchen@svca.me>, "matt@praetorianpr.com" <Matt@praetorianpr.com>, "coll0822@comcast.net" <coll0822@comcast.net>, RICHARD COLMAN <rcolman@biocorp.com>, "rsloanzayotti@yahoo.com" <rsloanzayotti@yahoo.com>, Adam Foster <adamwfoster@gmail.com>, "lizfroelich@sbcglobal.net" <lizfroelich@sbcglobal.net>, "Michelle W. Henry" <michelle@mwhconsult.com>, Steven Glazer <glazers@pacbell.net>, "Barone, Valerie" <Valerie.Barone@cityofconcord.org>, "jcanciamil@aol.com" <jcanciamil@aol.com>, Nanette <nanettefarag@gmail.com>, Karen Mitchoff <kmitchoff@comcast.net>, "Scales, Shanelle" <Shanelle.Scales@mail.house.gov>, Harold Bray <hal.bray@pacbell.net>, David Linzey <David.Linzey@claytonvalley.org>, Whitney Flores <weliseflo@gmail.com>, "lamaranderson64@yahoo.com" <lamaranderson64@yahoo.com>
Cc: Mac Zilber <maczilber@gmail.com>

Richard, ditto on Gary Edelman's comments. If these facts are accurate, any thinking person would assume the City is going to walk away from this deal and start over at the earliest. Keep up the good work. Merle

From: Richard J. Eber [mailto:richeber@amerasa.net]
Sent: Tuesday, March 29, 2016 6:56 PM
To: 'Richard J. Eber'; Crossingsg@aol.com; accessjoep@gmail.com; lynn@berkshire-books.com; Jcvrails@sbcglobal.net; chuckcarpenter@aol.com; 'Gary Edelman'; 'Carlyn Obringer'; Aldax@singersf.com; 'Joseph Blackman'; zinfelmax@yahoo.com; 'Nick Marsch'; 'Montagh, John'; 'Harmesh Kumar'; hope.johnson@earthlink.net; 'Gene Kauffman'; Paul.Chandler@propsci.com; 'Alex Chen'; 'matt@praetorianpr.com'; coll0822@comcast.net; 'RICHARD COLMAN'; rsloanzayotti@yahoo.com; 'Adam Foster'; lizfroelich@sbcglobal.net; hope.johnson@earthlink.net; 'Michelle W. Henry'; 'Steven Glazer'; 'Barone, Valerie'; jcanciamil@aol.com; 'Nanette'; 'Karen Mitchoff'; 'Scales, Shanelle'; 'Harold Bray'; 'David Linzey'; 'Whitney Flores'; Merle Hall; coll0822@comcast.net; lamaranderson64@yahoo.com; zinfelmax@yahoo.com
Cc: 'Mac Zilber'
Subject: RE: Catellus bows out (published prior to meeting yesterday

Catellus ready to walk away from Concord Naval Weapons Station project

You won. Congratulations Concord Mayor Laura Hoffmeister and to her colleagues on the City Council Dan Helix, Tim Grayson, and Edi Birsan. And

congratulations as well to a fully compromised city staff. We have the best government money can buy. By your actions and inactions you were able to run Catellus out of town. The firm, which was one of the final two bidders to become the master...

Read More

Richard J. Eber

Amerasa Rapid Transit USA Inc

DBA Focus 21 Forwarding Group

2520 Stanwell Drive, Suite 130

Concord, CA 94520 USA

Ph: 925-602-1280 Fax: 925-602-1599 Cell 925-518-5852

Email: richeber@amerasa.net

C.A.R.E.S. After School Program
Mt. Diablo Unified School District
1266 San Carlos Avenue, Room A-6, Concord, CA 94518
Phone: 925/691-0351 Fax: 925/691-1447

April 4, 2016

Dear Valerie Barone:

This letter is to inform you on the community engagement activities in the East Bay pertaining to the Epsilon Beta Boule civic organization. For the past six years, Epsilon Beta Boule has partnered with the Mt. Diablo School District to mentor and expose at-risk and underprivileged minority students from middle to high school to events that help encourage them to pursue higher education to achieve their goals.

Epsilon Beta Boule is a civic organization based in the East Bay that is composed of highly successful African American men. This group has partnered also with the University of San Francisco and has held numerous events on their campus to expose these kids to higher education and to show them this goal is attainable. With this assistance of the C.A.R.E.S. After School staff, we have selected boys and girls to receive skill training in Coding, Cooking, STEM, financial literacy, CPR, Music, Sports Management and Health & Wellness.

The members of Epsilon Beta Boule funds these community engagement programs through contributions to our Foundation. Some of our members include East Bay residents such as Chuck Smith, Kofi Bonner, Tracy Porter, Eric Kelly and Nick Leach. We've had several of our members, such as Kofi Bonner to consistently donate additional funding above and beyond our initial annual investment.

The boys and girls who participate on these programs attend the Middle and High Schools in the Concord, Walnut Creek areas. As a result of our efforts, many of these kids have chosen to attend a Community or Four year college to achieve their career goals. We are grateful and fortunate to have members such as Kofi Bonner who has so unselfishly and consistently given of his time, talents and tenth to this effort. Please let me know if you have any questions about our organization or community engagement activities.

Please feel free to contact me for any further information I may be able to provide at 925.691.0351.

Sincerely,

Terri Porter
After School Services Coordinator
CARES After School Program
1266 San Carlos Avenue Suite A6
Concord, California 94518
925-691-0351 -office
925-691-1447 - fax
"Children Learning To Change The World"

HomeAid
Northern California

April 3, 2016

Ms. Valerie Barone
City Manager
City of Concord
1950 Parkside Drive
Concord, Ca. 94519

RE: Lennar and Concord Reuse Project Area Plan

Dear Ms. Barone,

I am writing to support the City of Concord's consideration of Lennar as the master developer of the Concord Reuse Project, former Concord Naval Weapons Station, Concord, California.

HomeAid Northern California's mission is to build and remodel shelters for the homeless by partnering with home builders and service providers. In Concord, we have worked with Shelter, Inc., STAND! For Families of Violence and Bay Area Crisis Nursery to remodel their shelters at a fraction of the retail cost.

Lennar has been involved with HomeAid Northern California for over a decade with:

- ✓ Years of service on the HomeAid Northern California Board of Directors
- ✓ Over $400,000 in grants to HomeAid shelter projects
- ✓ Remodeling of apartments for Teen Challenge with 80% of the costs donated
- ✓ Collection of thousands of diapers for babies for the HomeAid Essentials Drive.

Lennar has been involved with HomeAid not because they have to, but because it is the right thing to do. They are giving back to the homeless by doing what they do best with building and remodeling shelters and supporting the HomeAid shelters with basic essentials through the annual Essentials Drives.

We encourage your support of Lennar for the Concord Reuse Project and we will continue to partner on even more shelter projects for the homeless. Thank you.

Sincerely,

HomeAid Northern California

Cheryl A. O'Connor

Cheryl A. O'Connor
Executive Director

1350 Treat Blvd., Suite 140, Walnut Creek, California 94597
(925) 906-9139 homeaidnc.org Federal Tax ID 94-3322877

Multi-faith ACTION Coalition
Concord Naval Weapon Station Position Paper
March 31, 2016

WHO WE ARE

The Multi-Faith ACTION Coalition is Advocates & Communities Taking Initiative 4 Our Neighbors to address the root causes of poverty through advocacy and public policy change. Our shared values and our experiences as faith groups providing food, shelter and other services make us strong voices for those in need.

THE BROAD SPIRITUAL LENS

- "Is not this the kind of fasting I have chosen: to loose the chains of injustice and untie the cords of the yoke, to set the oppressed free and break every yoke? Is it not to share your food with the hungry and to provide the poor wanderer with shelter — when you see the naked, to clothe him, and not to turn away from your own flesh and blood?" Isaiah 58:6-7

- A statement from EBHO's Interfaith Communities United on housing justice referenced the book of Micah in the following way, which is another faithful framing of the issues of the coalition: "And God shall judge among many people, and rebuke strong nations afar off; and they shall beat their swords into plowshares, and their spears into pruning hooks; nation shall not lift up a sword against nation, neither shall they learn war any more. But they shall sit under their vine and under their fig tree; and none shall make them afraid: for the mouth of the Lord of hosts hath spoken it. For all people will walk every one in the name of their god, and we will walk in the name of the Lord our God for ever and ever. – Micah 4: verses 3, 4, 5 – The prophet Micah, in 800 BC, anticipated an ideal period in life when all persons will enjoy pleasant, peaceful, and secure shelter, "each under their own vines and fig trees." And "no one shall make them afraid." A time when all would "live and let live," each with their own gods and beliefs. Interestingly, one's own "vines" today might mean safe, secure shelter; and one's own "fig tree" certainly translates into productive jobs at livable wages. The need for adequate, safe, secure, accessible and affordable housing in Alameda and Contra Costa counties is critical. Less then ten percent of residents in both counties can afford to own a house. Many tenants live in deplorable, overcrowded, unaffordable housing situations. And too many are homeless."

Multi-faith ACTION Coalition
Rev. Will McGarvey and Jasmine Tarkoff – Co-Conveners
Melody Howe Weintraub – Steering Committee Chair
(925) 299-1612

Multi-faith ACTION Coalition
Concord Naval Weapon Station Position Paper
March 31, 2016

HOUSING

- We appreciate that the proposed master developer has promised millions of dollars for affordable housing. We feel these funds should be guaranteed. All faith traditions speak to the right of all people to safe shelter. Please ensure that the developer contributions that are marked for affordable housing are used for affordable housing.

- I applaud the city council for voting in 2012 to ensure that 100% of the Affordable Housing for Concord families, veterans, seniors and workers who are lower income. This means we are providing housing to families of four who have incomes of $75,000 or less. Yet the term sheet is taking developer contributions, and government taxes for the public good and then earmarking them for families earning more than $75,000 and breaking your own law. Make sure public dollars to go support the families and veterans that need it most.

- Consistent with the City of Concord's General Plan, we ask that at least 25 percent of new homes on the Weapons Station be affordable to lower-income households; i.e. households below 80% of area median income.

- We advocate for **Integrated** Communities of Affordable and Supportive Housing for people who are homeless. Successful integration of homeless individuals and families requires the integration into the greater community. We want to ensure that the master developer is committed to implementing this best practice -- that homes for people who have been homeless are integrated in larger affordable housing developments.

- We urge you to require that substantial portions of the affordable housing be in the Extremely Low Income (0-30% AMI) and Very Low Income (31-50% AMI) Affordable Housing categories, since these are the income ranges of most of our hard-working but low-paid workers who have trouble finding housing they can afford. As a result of this acute shortage of low-income housing in Concord and surrounding communities, many hard-working families are chronically at risk of homelessness.

- The need for deeply affordable housing for people living with incomes in the 0-30% AMI range is urgent. This is particularly true for the children in homeless families – as children who experience homelessness have higher incidents of academic failure, poor health, and mental illness. The longer the youth are homeless, the greater the risk. Hence, we should prioritize housing for homeless and extremely low income families – both on the CNWS campus and off. (in other words, it would be tragic if the homeless accommodation housing was the last to be developed)

Multi-faith ACTION Coalition
Rev. Will McGarvey and Jasmine Tarkoff – Co-Conveners
Melody Howe Weintraub – Steering Committee Chair
(925) 299-1612

- We request your commitment to provide a minimum of 260 homeless units, working with members of the Homeless Collaborative to provide permanent housing with supportive services.

SUPPORT FOR GOOD JOBS

The Naval Weapons Station offers a unique opportunity through its planned 6.1 million square feet of commercial space to ensure that residents of Concord can enjoy the City's prosperity, without having to commute long distances, saving time, money and our environment, by providing quality jobs, generating enough jobs, and making jobs more accessible.

Our traditions teach us that work has inherent dignity and just wages and quality jobs honor that dignity. We believe that communities thrive when every person has access to a good job – one that pays a living wage, provides benefits and a supportive culture, and offers opportunities for employees to advance in their careers.

- **Job Quality** - the Concord City Council should require that the developer provide living wages for all employees working at the Concord Naval Weapons Station and provide benefits such as health coverage, retirement, earned sick days, and adequate hours. A living wage ensures improved health and quality of life for full time workers and their children. Quality jobs also provide employees with opportunities for training, and a career ladder for advancement.

- **Job Quantity** - the development should generate enough jobs at a variety of wage and skill levels to keep both unemployment and underemployment low. Not only should the development provide quality construction jobs and permanent operation jobs, such as public works, park maintenance, hotel and conference center workers, retail and grocery workers, but also provide for middle wage jobs that require some postsecondary education but less than a bachelor's degree. This can be accomplished by allocating space to industries with a higher rate of middle wage jobs such as Healthcare, Advanced Manufacturing, Biomedical, Transportation and Logistics, and Information and Communications Technology. Middle wage jobs provide excellent opportunities for career advancement, and opportunities for low wage workers to move up, with the proper training, into these jobs. Too many jobs today are low-wage and part-time.

  The Naval Weapons Station should also incentivize locally owned small businesses, who are committed to the community, over franchises. Small businesses account for over 45% of the employment in the East Bay and are a huge asset to the region.

Multi-faith ACTION Coalition
Rev. Will McGarvey and Jasmine Tarkoff – Co-Conveners
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- **Job Access** – The city should require the developer to ensure that a certain percentage of the jobs be filled by local and disadvantaged residents. The developers should make sure that the work is easily accessible and there is affordable transportation to work as well as provide for housing options at all wage levels to live near their workplace. Over 37% of the workers in the East Bay currently commute out of the area each day to San Francisco and Santa Clara County. Providing jobs closer to home improves the lives of workers and their ability to participate in their family's activities and their community.

Multi-faith ACTION Coalition
Rev. Will McGarvey and Jasmine Tarkoff – Co-Conveners
Melody Howe Weintraub – Steering Committee Chair
(925) 299-1612

TIHDI
Treasure Island
Homeless Development
Initiative

1 Avenue of the Palms, Room 166, San Francisco CA 94130 415.274.0311 www.tihdi.org

April 5, 2016

Guy Bjerke
Director of Community Reuse Planning
City of Concord
1950 Parkside Dr., MS/56
Concord, CA 94519

RE: Reference for Lennar Urban

Dear Mr. Bjerke and the members of the City of Concord Local Reuse Authority,

I am the Executive Director of the Treasure Island Homeless Development Initiative (TIHDI) and have served in this capacity for the past 21 years. The mission of TIHDI is to develop and implement exits from homelessness, and pathways for economic self-sufficiency, for disadvantaged families and individuals residing in former Navy Base Treasure Island located in the San Francisco Bay. I am writing this letter to formally state that Lennar Urban has been an extremely dependable and professional partner in the development and planning process for Treasure Island.

Treasure Island (TI) is currently in the process of being transformed to represent one of the most economically diverse neighborhoods in the San Francisco Bay Area and the Country. When redevelopment is complete there will be 8,000 total units of new housing of which at least 2,000 (25%) will be affordable. Of the 2,000 affordable units, a minimum of 435 (21.75%) will be reserved for San Francisco's most vulnerable households including homeless and special needs households. The first parcels are to become available for development in 2018.

On Treasure Island, the Master Developer was selected by the Local Reuse Authority in 2002. Lennar Urban and its development partners (collectively known as Treasure Island Community Development or TICD) negotiated in good faith, embracing the vision of an inclusive Treasure Island. Their strong work and community collaboration resulted in unanimous support for the project by the SF Board of Supervisors. The fruits of these efforts are now beginning to pay off. Construction on Treasure Island began in March 2016. Per the Jobs and Equal Opportunity Program (an attachment to Lennar Urban's Disposition and Development Agreement (DDA)), there is a 25% hiring goal for economically disadvantaged San Franciscans for jobs created on Treasure Island. Lennar Urban and its development partner, Wilson Meany have been working in good faith to ensure that their contractors meet these goals.

Lennar Urban is also working in good faith to ensure implementation of affordable housing on Treasure Island per the terms in the DDA. Lennar Urban has readily shared technical information that is helping facilitate the predevelopment process for the first affordable parcels.

In sum, I can personally and professionally attest that Lennar Urban has been a reliable and forthcoming partner for well over a decade regarding the development of Treasure Island. Please feel free to contact me if you have questions. I can be reached at swilliams@tihdi.org or (415) 274-0311.

Sincerely,

Sherry Williams
Executive Director

Cc: Mayor Hoffmeister
Vice Mayor Ron Leone
Councilmember Edi Birsan
Councilmember Tim Grayson
Councilmember Daniel Helix
Kofi Bonner, Lennar Urban
Randi Gerson, Lennar Urban

From: Barbara Chase [mailto:bascanlon2@aol.com]
Sent: Tuesday, April 05, 2016 2:37 PM
To: Concord City Council
Subject: Choose Option 3

Concord City Council,

We need option 3 to start over. How can you hold a meeting to choose a developer when there is only the one pre-selected developer left. The meeting tonight appears to be your effort to force Concord residents to accept your pre-selected choice. No one has anything good to say about them. Lennar has a history of being a bad choice for other developments, and we, in DANA Estates are against choosing them, especially when you have made sure there is no other choice. This process has been ridiculous and an insult to our intelligence. Don't expect to be re-elected if you push this bad contractor on us!

Please go with option 3 and make a legacy you, and we, can be proud of!

Thank you,

Barbara A. Chase
1834 Silverwood Dr.
Concord, CA 94519

From: Richard J. Eber [mailto:richeber@amerasa.net]
Sent: Monday, April 04, 2016 3:50 PM
To: Barone, Valerie
Subject: FW: FW: Concord city council struggles

Documents 14-17 Former Lennar employee Keith Jackson CALpers chief
Plead guilty and speaking with FBI awaiting sentence.

Richard J. Eber

Amerasa Rapid Transit USA Inc
DBA Focus 21 Forwarding Group
2520 Stanwell Drive, Suite 130
Concord, CA 94520 USA
Ph: 925-602-1280 Fax: 925-602-1599 Cell 925-518-5852
Email: richeber@amerasa.net

BUSINESS & REAL ESTATE NOVEMBER 25, 2015 9:24 AM

Sentencing postponed again in CalPERS bribery case

HIGHLIGHTS

Buenrostro sentencing put off to May 2016

Ex-CEO expecting five years in prison

BY DALE KASLER
dkasler@sacbee.com

The sentencing of CalPERS' former chief executive on bribery charges was postponed Wednesday for a fourth time.

Fred Buenrostro, who pleaded guilty in July 2014 to accepting bribes, was supposed to be sentenced Dec. 10 in U.S. District Court in San Francisco. Instead, prosecutors and his defense lawyer agreed to postpone sentencing to next May 18, according to papers filed in court this week. U.S. District Judge Charles Breyer approved the postponement.

Buenrostro, who is expected to receive a five-year prison term, has been free on bond.

Buenrostro admitting taking more than $250,000 in cash and other bribes from the late Alfred Villalobos, a "placement agent" representing private-equity firms seeking investments from the California Public Employees' Retirement System. Villalobos earned roughly $50 million in commissions after securing billions in CalPERS' money for his clients.

Villalobos pleaded not guilty to bribery charges. Police say he shot himself to death in Reno in January, weeks before he was scheduled to go on trial.

Although his death essentially ended the criminal case, Buenrostro's sentencing is being postponed again "in order to permit Mr. Buenrostro's ongoing cooperation with the government," according to this week's court filing. Two civil lawsuits are still pending against Buenrostro and the Villalobos estate, one by the state of California and another by the U.S. Securities and Exchange Commission.

Buenrostro was originally supposed to be sentenced last January.

BUSINESS & REAL ESTATE NOVEMBER 25, 2015 9:24 AM

Sentencing postponed again in CalPERS bribery case

Quinn's sentencing put off to May 2016

Can face exceeding five years in prison

By DAN ROSTER
droster@sacbee.com

The sentencing of CalPERS' former chief executive on bribery charges was postponed Wednesday for a fourth time.

Fred Buenrostro, who pleaded guilty in July 2014 to accepting bribes, was supposed to be sentenced Dec. 10 in U.S. District Court in San Francisco. Instead, prosecutors and his defense lawyer agreed to postpone sentencing to next May 18, according to papers filed in court this week. U.S. District Judge Charles Breyer approved the postponement.

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Buenrostro admitted taking more than $250,000 in cash and other bribes from the late Alfred Villalobos, a "placement agent" representing private-equity firms seeking investments from the California Public Employees' Retirement System. Villalobos earned [illegible] in commissions after securing billions in CalPERS' money for his clients.

Villalobos pleaded [illegible] to bribery charges. Prosecutors [illegible] in trying [illegible] was scheduled to go to trial.

[illegible]

[illegible]

STATE PENSIONS FEBRUARY 7, 2015 9:00 AM

Key figure in CalPERS bribery scandal lived large, died leaving tangle of questions

HIGHLIGHTS

Alfred Villalobos, a key figure in a bribery scandal at California's largest pension fund, killed himself at a Reno shooting range last month. Weeks after his death, the investigation continues into his convoluted finances. Villalobos' attorneys say he was low on funds, but he was living at a Reno casino and had himself chauffeured to the gun range where police say he committed suicide.

1 of 7

BY DALE KASLER
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RENO — Living like a high roller right to the bitter end, Alfred Villalobos had himself chauffeured to the shooting range where police say he killed himself last month, putting a bullet through his head.

The man accused of bribing the chief executive of California's giant public pension fund was staying at the posh Silver Legacy Resort Casino in downtown Reno when he rode a chauffeured limousine Jan. 13 to an indoor shooting range on the outskirts of the city. Once there, he downed two cans of Red Bull purchased from a vending machine, rented a pistol and stepped into the range.

Villalobos, a stocky 71-year-old with jet black hair, fired more than 100 rounds at a silhouette target before shooting himself, according to an investigative report compiled by Reno police. He died a little more than a month before he was supposed to go on trial on bribery charges in California, where he was facing up to 30 years in prison.

Villalobos' macabre demise effectively ended the federal government's prosecution of the bribery case that shook the nation's largest public pension fund – but left a tangle of questions about the finances of the man in the middle of the scandal.

Villalobos amassed great wealth from his dealings with the California Public Employees' Retirement System, earning $50 million in commissions off the pension fund investments he brokered for his big Wall Street clients. But after the state of California named him in a civil suit in 2010, claiming he bribed his way to his millions, he filed for bankruptcy protection and watched as court officials systematically liquidated his treasures to pay his debts.

His Lake Tahoe mansion was sold, along with a vacation home in Hawaii. Out went the fancy wine collection and the multimillion-dollar art collection. Toward the end, Villalobos was getting by on just $1,800 a month, mostly from Social Security and Medicare, said Sheila Van Duyne, one of his lawyers.

"Everything he had went into the bankruptcy for his creditors," Van Duyne said.

Yet he wasn't living like a destitute man. Free on bond, Villalobos spent his final days at one of Reno's grandest hotels, where he was accorded VIP treatment and had a limousine at his disposal. Long a heavy gambler, he was still wagering thousands of dollars a year at the casinos as recently as 2013, according to tax records filed in U.S. Bankruptcy Court. Up until a few weeks ago, he was living rent-free in a 6,400-square-foot mansion he once owned south of Reno.

The end of Alfred Villalobos

"It seemed as though he was never really lacking for anything," said Christina Lovato, the court-appointed bankruptcy trustee overseeing Villalobos' finances. "It's definitely a significant mystery as to what he was living on."

Villalobos died owing millions to the Internal Revenue Service and other creditors. The Securities and Exchange Commission was suing him, joining the state of California in the line of parties pursuing Villalobos and his money.

Lovato said she isn't sure if court officials have a complete inventory of the assets that can be sold to pay his debts.

"We're investigating a lot of things," she said. "We're trying to dig as deeply as possible into what may be an asset of the estate."

In particular, Lovato said she believes Villalobos illegally transferred a valuable asset – his turreted stucco mansion south of Reno – to keep it away from his creditors. This five-bedroom house, now vacant, sits on an acre and a half of land in the exclusive Saddlehorn development. Inside, Villalobos kept much of his artwork, a multimillion-dollar collection of paintings and sculptures. The place itself is worth $1.6 million, according to Zillow.com.

In a lawsuit filed in December, Lovato charged that Villalobos gave the property in November 2013 to his accountant, Daniel Apodaca of Pasadena. Villalobos agreed to this "fraudulent transfer" after Apodaca loaned him $194,000, she said in the suit. Apodaca then let Villalobos live there rent-free for several months.

Trouble is, the home was property of the bankruptcy estate, Lovato said. In effect, it belonged to Villalobos' creditors. The trustee is demanding that the transfer be reversed and the property returned to the estate.

Apodaca is fighting the claim. In an interview, he said Villalobos, not the bankruptcy estate, owned the property and had every right to hand it over to him.

"It was all done above board," Apodaca said in an interview. He said Villalobos moved out of the house around Jan. 1.

Rise and fall

Villalobos was an investment banker with a taste for politics. In his early career, he raised money for the California Republican Party, briefly served as Los Angeles' deputy mayor and served on the CalPERS governing board from 1992 to 1995.

Two years after leaving the board, he was back working in Sacramento. He was a "placement agent" representing big private equity firms, such as Apollo Global Management, seeking business from CalPERS. He was stunningly successful: His clients obtained $4 billion in CalPERS funds in a few short years, and he earned millions in fees.

By 2010, he had amassed a personal fortune estimated in court papers at $62 million. There were assorted condo units and a second mansion, this one at Lake Tahoe, plus a four-bedroom vacation home near the ocean in Maui. He owned a pair of Bentleys and other cars worth a combined $400,000.

Villalobos, who was divorced, spent lavishly on his children and grandchildren, giving them $250,000 in cash gifts and tuition assistance in one 12-month stretch. He donated $100,000 to his alma mater, Whittier College, where he served on the board until 2010 and had a building named after him. He also blew through millions of dollars at the Eldorado, Peppermill and other casinos in northern Nevada.

His downfall began in early 2010. The state of California sued him, claiming that he had bribed then-CalPERS Chief Executive Fred Buenrostro to steer investment dollars to his Wall Street clients, and demanded he surrender tens of millions of dollars. The suit also named as a defendant Buenrostro, who served with Villalobos on the CalPERS board in the '90s.

Officials said the bribes took many forms. Villalobos hosted and paid for Buenrostro's wedding at the Tahoe mansion. He took Buenrostro and CalPERS board member Charles Valdes on a 2006 junket that featured stops in Dubai, Hong Kong and Macau. Valdes, who died last fall a few weeks after his live-in boyfriend was accused of beating him, was never charged with any wrongdoing.

Villalobos also promised Buenrostro a $300,000-a-year job with his firm, Arvco Capital, if he ever left CalPERS, according to the lawsuit. The pledge was fulfilled when Buenrostro left the pension fund in May 2008 after falling out of favor with the board.

Villalobos denied any wrongdoing. But the lawsuit prompted Villalobos and his companies to file for bankruptcy in June 2010. His legal troubles were just beginning. He and Buenrostro were sued by the Securities and Exchange Commission, and then a federal grand jury in San Francisco indicted them on charges of forging documents.

The pressure on Villalobos only got worse last July. Buenrostro made a plea bargain with federal prosecutors. In return for what's expected to be a five-year sentence, he admitted to a sweeping array of crimes that went far beyond forgery. Buenrostro said he accepted one bribe after another to help Villalobos win CalPERS' business for his clients.

Buenrostro's plea agreement included a bombshell: In 2007, he said, Villalobos gave him $200,000 in cash, delivered in paper bags and a shoebox at the Hyatt Regency near the Capitol in Sacramento. Three years later as investigators were closing in, Buenrostro said, he accepted another $50,000 payment from Villalobos to buy his silence.

'Ready to be exonerated'

Even as his legal problems mounted, officials said Villalobos seemed to keep up his lifestyle. Lovato, the bankruptcy trustee, said in an interview that Villalobos "wasn't necessarily living pursuant to a budget."

Among her concerns was Villalobos' persistent gambling. Tax records filed in court show Villalobos won and lost $1.1 million in 2012. He cut back in 2013, but still won and lost $23,000 that year.

"Gambling is a luxury activity, not for a bankrupt," Lovato's lawyer Alan Smith said in a recent court filing, arguing that Villalobos' finances be brought under stricter control.

Villalobos' associates said they weren't aware that he was still gambling. Apodaca, the accountant, said Villalobos recently moved out of the mansion in south Reno so it could be sold. At the end of his life, associates said, he was in failing health and scrambling to find a place to live.

"He was limited to very small amounts of money," attorney Van Duyne said. "He didn't have a home any longer. He was able to make arrangements to stay in various locations, a combination of friends, family, hotels, that kind of thing."

Villalobos was living at the Silver Legacy the day he showed up at the gun range. He was "an unregistered guest," meaning his presence was known only to hotel security and personnel at the registration desk, according to a Reno police report.

Silver Legacy officials declined comment. Ken Adams, a Reno casino industry consultant, said "unregistered" status is something usually conferred on premium customers and likely means Villalobos was staying at the hotel for free.

"Good players get rooms for free," Adams said.

Villalobos had two rooms on the 35th floor. He was booked to stay through Jan. 16, according to the police report.

On the afternoon of Jan. 13, he summoned a hotel limousine to take him to the Big Shot Indoor Range, located in a warehouse district about 8 miles south of the downtown casinos. According to the Reno police report, the limo dropped him off at 1:15 p.m.

Villalobos was a Big Shot regular, and employees said he was "joking around like normal" as he entered the small lobby area, according to the report. He told employees he was waiting for someone, but nobody showed and he eventually purchased a 50-round box of ammunition, rented a 9 mm Glock 19 handgun and went inside to one of the ranges.

After a while, Villalobos came back into the lobby. He showed off his silhouette target, which he had perforated with bullet holes, and rolled it up with a rubber band and placed it in his jacket. He bought a second 50-round box of ammo, went through that, came out, bought a third box and headed back into the range.

Four minutes later, another customer was leaving the range and noticed Villalobos. He was slumped against a wall with a gun in his lap and blood pouring out of the right side of his head.

Big Shot employees called for an ambulance and ushered the remaining customers out of the building. Paramedics arrived but were unable to revive Villalobos.

No suicide note was found "to my knowledge," said Reno police spokesman Tim Broadway.

Villalobos was scheduled to go on trial Feb. 23 in San Francisco. His lawyers describe him as an honest man who was determined to prove his innocence.

While they wouldn't comment directly on the police reports of suicide, they said Villalobos was increasingly unable to cope with neurological and heart ailments that hospitalized him numerous times over the past few years. His attorneys have never specified the illnesses afflicting him.

"He was full of confidence and was ready to be exonerated," said his criminal defense lawyer, Bruce Funk of San Jose. "Nothing changed that, except his illness." Funk was seeking to have Villalobos' trial delayed.

A 'very dear' painting

Villalobos died still owing millions of dollars to his creditors. The IRS was after him for $2.6 million. His debts to various casinos in Reno, Tahoe and Las Vegas totaled $3.5 million. The state of California was coming after him for millions of dollars, and the SEC had its lawsuit pending.

Slowly but inexorably, the Villalobos financial empire was being dissolved to pay creditors.

The vacation home in Hawaii went for $2.8 million. Ten vacant lots in Zephyr Cove sold for a combined $250,000, and a townhouse in Stateline sold for $625,000.

Some deals didn't go quite as planned. The mansion at Zephyr Cove where Villalobos hosted Buenrostro's wedding was supposed to be worth $10 million but was unloaded in a "short sale" for just $1.9 million last summer. Because it was a short sale, all the proceeds went to the bank and nothing to the creditors.

Villalobos' wine collection – hundreds of bottles of Mouton Rothschilds, Lafite and other high-end brands – fetched $221,000.

Then there was his treasure trove of art, a collection so vast that it had its own corporation, Arvco Art Inc., and its own bankruptcy case. Valued at $3 million, it, too, was being liquidated.

Most recently, three of his paintings sold last July for a combined $34,750 at a massive Western art sale attended by hundreds at the Peppermill Casino in Reno. The crown jewel was an oil painting called "Los Angeles" by the late Marjorie Reed, depicting a stage coach rushing past a church.

Although Reed wasn't considered a major artist, "Los Angeles" was her best-known work, said Mike Overby of Coeur d'Alene Art Auction, which handled the sale. The piece, measuring 60 by 72 inches, went for $18,000 to a private collector.

Lovato said the painting used to hang in Villalobos' home in south Reno, the property that's now in dispute. She said Villalobos was surely sad to see the painting go; it was among his favorites.

"It was a very dear piece," she said.

Call The Bee's Dale Kasler, (916) 321-1066. Follow him on Twitter @dakasler.

WHO WAS ALFRED VILLALOBOS?

Businessman: Investment banker in California and Nevada for more than 30 years.

3 Former Fundraisers for Mayor Ed Lee Charged With Bribery, Money Laundering

San Francisco Mayor Ed Lee. (*Michelle Gachet/KQED*)

By John Shutt and Rebecca Bowe
JANUARY 22, 2016

SHARE

San Francisco District Attorney George Gascón today announced felony bribery and money-laundering charges against former city Human Rights Commissioner Nazly Mohajer, former HRC employee Zula Jones and political consultant Keith Jackson, who faces additional charges of grand theft and campaign finance fraud.

The three worked together in the spring of 2012 to raise money to retire $20,000 of Mayor Ed Lee's campaign debt from the 2011 mayoral race.

Cookie policy

According to a press release from Gascón's office, Jackson, Jones and Mohajer are charged with soliciting and accepting $20,000 in bribes from an undercover FBI agent in exchange for promised political access and preferential treatment in connection with city contracts.

Speaking at a press conference, Gascón said, "Public corruption is a crime against all of us. When government is for sale, we all suffer. These crimes initially surfaced as the result of a lengthy federal investigation, and authorities agree that this matter should be handled by local prosecutors."

At the same press conference, FBI Special Agent in Charge David Johnson called public corruption "the No.1 criminal priority for the FBI."

"This type of criminal activity erodes public confidence, undermines the strength of our democracy, and if left unchecked threatens our government," Johnson said. "It does not matter if the corruption is national or local in scope. It does not matter if it involves millions of dollars or merely hundreds. There is no level of acceptable corruption. The violation of trust is the same, as is the damage to the taxpayers."

Christine Falvey, Mayor Lee's spokeswoman, told KQED by email: "Mayor Lee is deeply disturbed by the alleged criminal activities of Mr. Jackson, Ms. Jones and Ms. Mohajer and strongly condemns them. There is absolutely no place in San Francisco for this corruption, especially in City government, and Mayor Lee urges the District Attorney and City Attorney to pursue these charges to the fullest extent."

Lingering questions about this type of corruption pointing all the way to the top of San Francisco city government went unanswered during the recent federal criminal trial of Raymond "Shrimp Boy" Chow.

And the trial's Jan. 8 conclusion, finding Chow guilt (http://ww2.kqed.org/news/2016/01/08/raymond-shrimp-boy-chow-guilty-on-all-162-counts-in-racketeering-murder-trial)y on all 162 counts — including racketeering and ordering the murders of two rivals — also opened a window into potential "pay to play" politics in Lee's administration.

Chow's defense had planned to introduce evidence pointing to shady campaign donations fronted by an undercover FBI agent and facilitated by Lee's fundraisers. However, under federal Judge Charles Breyer's orders, the players who surfaced in that separate thread of the investigation were never called to the witness stand.

These would have included an undercover FBI agent posing as a mob-connected Atlanta businessman using the alias "Michael Anthony King," and Lee himself, who according to FBI documents received thousands of dollars in illicit contributions from "King" to retire campaign debt from his 2011 mayoral run.

Although Chow's jury did not hear the defense team's argument that the FBI improperly stopped investigating Lee (http://www.sfgate.com/crime/article/Defense-FBI-agent-in-Leland-Yee-probe-pulled-off-5691164.php), a KQED analysis of thousands of pages of court filings sheds new light on Lee's alleged connection to illegal campaign donations from "King" in exchange for sweetheart housing development deals.

Undercover Agent Hired Keith Jackson

"King" began sending contributions to Lee after Keith Jackson, another key figure in the federal investigation, suggested it. Jackson was previously a fundraiser for Lee's rival, state Sen. Leland Yee, in a competing mayoral campaign, and continued assisting Yee in his bid for secretary of state.

But Jackson ended up playing for several sides. "King," who claimed to be seeking business opportunities in San Francisco real estate, hired Jackson as a consultant. At the same time, Jackson also worked as a PR consultant for Lennar, a prominent real estate developer.

Jackson was indicted along with Chow in April 2014 and pleaded guilty to racketeering after originally facing a range of serious charges, including conspiracies to commit arms trafficking, narcotics trafficking and murder for hire. Yee was also indicted and pleaded guilty to racketeering.

Jackson started working for "King" in February 2012. "Throughout his relationship with ['King'], Mr. Jackson sought out legitimate business opportunities for ['King'] to invest in pursuant to a $2,000 monthly consultancy agreement," according to a court filing by Jackson's attorney, James Brosnahan. "Among the efforts Mr. Jackson expended on ['King']'s behalf were ... meetings with [redacted] officials about business and housing development in San Francisco."

Lennar, Jackson's other employer, is behind a massive mixed-use redevelopment project that will transform a large tract of land in San Francisco's Bayview-Hunters Point neighborhood, as well as a massive development project on Treasure Island.

Following Jackson's arrest in 2014, a Lennar spokesperson told reporters (http://www.sfgate.com/bayarea/matier-ross/article/Keith-Jackson-emerges-as-major-figure-in-Calif-5368557.php) that Jackson "did a very good job of helping educate residents of the Bayview about the shipyard project and providing feedback from the community."

Jackson and "King" held numerous discussions about redevelopment projects and potential investment opportunities, court records show. In one recorded conversation, Jackson told "King" he'd been researching "how to make a profit from not-for-profit affordable housing."

In a conversation recorded by the FBI on March 1, 2012, Jackson apparently was working to help "King" land development contracts with the city and urged "King" to donate $10,000 to Mayor Lee. (By law, the limit on individual campaign donations is $500.) On April 19, 2012, the FBI recorded Jackson requesting another $5,000

[illegible] would have [illegible] uncovered an undercover FBI agent posing as a mob-connected Atlanta businessman using the [illegible] "Mr. Money Bling," and Lee himself, who according to FBI documents received thousands of dollars in [illegible] payments from "King" to [illegible] campaign days from his 2011 mayoral run.

After [illegible] Clowe's jury did not hear the defense team's argument that the FBI [illegible] [illegible] [illegible]

As this affidavit notes, "Before and after Jackson called UCE4773 ("King") to solicit $10,000 for Mayor Lee, he used Target Telephone 1 four times to contact [name redacted]. On April 19, 2012, following a call from Jackson to ("King") to request $5,000 for Mayor Lee, followed by another $5,000 for Mayor Lee, Jackson used Target Telephone 1 to contact [name redacted]."

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Checks Made Out to City Officials

"King's" campaign donations to Lee were the subject of a now-infamous telephone conversation, which also took place March 1, 2012.

In that conversation, "King" spoke with former Human Rights Commission employee Zula Jones, a fundraiser for Lee. According to an FBI wiretap transcript, Jones told "King": "You pay to play here. We got it. We know this. We are the best at this game; uh, better than New York. We do it a little more sophisticated than New Yorkers. We do it without the Mafia."

(Jones was indicted, but not convicted, in 2000 for allegedly scheming to defraud the city's minority contracting program.)

In the months following those conversations, "King" wrote out a series of checks. On March 2, 2012, he contributed $500 — the legal contribution limit — to Lee's mayoral campaign.

Case 3:14-cr-00196-CRB Doc

Amount: $500.00
Account: 3340258749570
Bank Number: 06100065

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He sent $5,000 for "expenses" to Nazly Mohajer, then a member of the Human Rights Commission, on April 15, 2012.

Case 3:14-cr-00196-CRB Doc

Amount: $5,000.00
Account: 334028749570

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He sent another $5,000 for "expenses" to Mohajer on May 1, 2012. He also sent Jackson at least $7,000 more, over the course of four months, than Jackson's consulting fee would have yielded — including $5,000 for "expenses."

PROTECTED MATERIAL

Case 3:14-cr-00196-CRB Doc

Amount: $5,000.00
Account: 334028749570

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Several other checks associated with the undercover agent's account were referenced but not provided in court filings, since his bank was apparently unable to find records for them.

So what did "King" expect in exchange?

Prosecutors in the Keith Jackson case claimed that "King" was promised favors in exchange for political contributions, including certification as a minority-owned and local business, which would give him advantages in winning development contracts in the city.

Businesses that win these special designations are certified (http://sf-hrc.org/how-certify-your-local-business-us-andor-become-city-vendor)by the Human Rights Commission. According to the agency's website, "certified firms can compete more effectively on city contracts because they benefit from, among other things, city subcontracting goals set for most city contracts."

In a conversation recorded by the FBI on May 7, 2012, "the interceptee indicated that she had received a $5,000 check for a political candidate that ["King"] had mailed earlier. In the same conversation, the interceptee indicated that she was checking on possible business for ["King"], and could do a certification for a local office right away."

In the same conversation, the recipient told "King," "I'm sure Keith is basically organizing some meeting for you with Lennar."

This came six days after the undercover agent had sent one of his $5,000 checks to then-Human Rights Commissioner Nazly Mohajer.

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Certificate

As part of a development agreement with the city, Lennar must submit regular reports about hiring practices, and prioritize awarding contracts to local and minority-owned businesses to bolster opportunities for a disenfranchised workforce in the economically disadvantaged Bayview-Hunters Point community.

Far from being a Bayview-based local business owner, "King" represented himself to Jackson as an out-of-state businessman with ties to organized crime.

A filing from Jackson's attorney (http://sfappeal.com/2014/08/keith-jackson-asks-judge-to-order-prosecutors-to-turn-over-evidence-of-alleged-financial-misconduct-by-undercover-fbi-agent/), James Brosnahan, suggests the agent who posed as "King" was pulled from the investigation amid allegations of financial misconduct. Brosnahan also disputes the claim that Jackson promised favors in exchange for political contributions.

Mayor Lee Met with "King"

According to multiple media reports, the $20,000 "King" contributed to Lee's operatives was broken up illegally (http://www.sfexaminer.com/in-shrimp-boy-drama-connection-to-earlier-fbi-probe-of-pay-to-play-in-city-hall/) and funneled to the campaign (http://www.sfexaminer.com/lee-allegedly-knew-of-illegal-money-exchanges/)

"The FBI alleged in discovery that Ed Lee took substantial bribes in exchange for favors and that ... Nazly Mohajer and Zula Jones, hustled in these bribes for the mayor," Chow's attorneys wrote in an explosive brief that generated headlines in August 2015. "Lee, Mohajer and Jones remain unindicted."

Lee has denied any wrongdoing, telling reporters that the federal government was unresponsive to his request for more information about the agent's activities and whether improper donations were sent to his campaign.

Jones discussed breaking up campaign contributions to Lee in an April 17 telephone conversation with "King," two days after King sent a $5,000 check to Mohajer, according to an FBI transcript. "Ed knows that you gave the $10,000," Jones allegedly told "King." And, "He also knows that we had to break the $10,000 up."

Chow's attorneys also highlighted an April 6, 2012, meeting between Lee and "King" at Mohajer's Front Street office, to discuss "business opportunities in San Francisco."

When pressed about that meeting, Lee told the San Francisco Chronicle's Phil Matier (http://sanfrancisco.cbslocal.com/2015/08/05/mayor-ed-lee-san-francisco-allegations-corruption-fbi-sting-shrimp-boy-chow-phil-matier/): "I recall a lot of meetings, a lot of people three years ago. I do not recall any specific meetings with folks...Meeting people is one thing, doing something that is inappropriate is completely different, and we have always been very thorough on that."

Lee has since purged $1,500 in donations that came directly from Jones and Mohajer from his 2011 and 2015 campaign funds and has donated the money (http://www.sfchronicle.com/bayarea/matier-ross/article/Shrimp-Boy-case-leads-S-F-mayor-s-6432444.php) to the city's general fund.

A KQED analysis of campaign donation records also found $1,000 in donations from Pamela Gilmore and Rex Tabora in spring 2012, both of whom listed Jackson Consulting as their employer. It is unclear if those donations were returned.

According to a report in the San Francisco Chronicle, Gascón and City Attorney Dennis Herrera opened investigations into campaign donations involving Jackson last summer, after court documents in the Chow case revealed the donations from "King."

Jackson and Yee are currently scheduled to be sentenced on Feb. 24. Chow is scheduled to be sentenced on March 23.

Alex Emslie contributed reporting and editing to this report.

EXPLORE: LAW AND JUSTICE (HTTP://WW2.KQED.ORG/NEWS/CATEGORY/LAW-AND-JUSTICE), NEWS (HTTP://WW2.KQED.ORG/NEWS/CATEGORY/NEWS), POLITICS AND GOVERNMENT (HTTP://WW2.KQED.ORG/NEWS/CATEGORY/POLITICS-AND-GOVERNMENT), ED LEE (HTTP://WW2.KQED.ORG/NEWS/TAG/ED-LEE), KEITH JACKSON (HTTP://WW2.KQED.ORG/NEWS/TAG/KEITH-JACKSON), SHRIMP BOY TRIAL (HTTP://WW2.KQED.ORG/NEWS/TAG/SHRIMP-BOY-TRIAL)

"[illegible] illegal to discourage that Ed Lee's [illegible] unauthorized bribes in exchange for favors and cash," Avenatti said [illegible] "[illegible] bribes in those bribes for the mayor. Chow's attorneys wrote in an aggressive brief that prosecutors [illegible] "[illegible] Lee, Mahoney and Jones committed misdeeds."

Lee's defense team was arguing, calling reporters that the federal prosecutor was unprepared to [illegible] for [illegible] information about the agent's activities and whether improper donations were sent to his campaign.

[illegible] based in building up campaign contributions to use in an April 17 telephone conversation with "King." [illegible] King sent a figure to check to Mahoney according to an FBI transcript. "Ed knows that you gave the [illegible]," Jones allegedly told "King." And, "He also knows that we had to break the [illegible] up."

("King's accomplice also highlighted an April [illegible] meeting between Lee and "King" at Mahoney's [illegible] office to discuss "business opportunities in San Francisco."

[illegible] pressed about that meeting, Lee told the San Francisco Chronicle's Phil Matier [illegible] "I recall a lot of meetings, a lot of people down years ago. I do not recall any specific meetings with [illegible] for people is one thing, doing something that is inappropriate is completely different. [illegible] have always been very thorough on that."

Lee's campaign paused $1,500 in donations that came directly from Jones and Mahoney from his 2009 and 2011 campaign funds and has asserted the money [illegible] was eventually returned. [illegible] donations in question [illegible] to the city's general fund.

A 1000 audit also of campaign donation records also found $1,000 in donations from Francis Chinese and Ken [illegible] in spring 2011, both of whom made [illegible] contributing as their employer. It is unclear if those donations were returned.

According to a report in the San Francisco Chronicle, Gascón and City Attorney Dennis Herrera opened investigations into campaign donations involving Jackson last summer, after some discrepancies in the Chow case revealed the donations from "King."

Jackson and Lee are currently scheduled to be sentenced on Feb. 24. Chow is scheduled to be sentenced on March 29.

Alex Ebele contributed reporting and editing to this report.

[illegible]

SFGATE http://www.sfgate.com/bayarea/article/San-Francisco-D-A-Gasc-n-FBI-launch-6834341.php

San Francisco D.A. Gascón, FBI launch corruption task force

By Vivian Ho Updated 5:35 pm, Tuesday, February 16, 2016

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San Francisco District Attorney George Gascón, left, and FBI Special Agent in Charge David J. Johnson speak at a news conference in San Francisco, Tuesday, Feb. 16, 2016. less

The San Francisco district attorney's office is teaming up with the FBI to investigate public corruption in the wake of the sprawling, multiyear federal probe that snared former state Sen. Leland Yee, Chinatown crime boss Raymond "Shrimp Boy" Chow and others.

The new task force, announced Tuesday by District Attorney George Gascón and David J. Johnson, the leader of the FBI's office in San Francisco, seeks to tap federal resources and investigators to look further into possible wrongdoing by the city's public servants.

"We as San Franciscans can no longer blame the lack of resources for systemic problems that cause the public to lose faith in local government," Gascón said at a news conference. "This today is the beginning of a process to try to short-circuit that. The good old boys, the pay-to-play system that has worked in San Francisco so well for so long, has to end."

San Francisco prosecutors filed corruption-related charges last month against former Human Rights Commissioner Nazly Mohajer, former commission staffer Zula Jones, and political consultant and former San Francisco school board President Keith Jackson.

The bribery and money-laundering allegations emerged during a federal racketeering investigation into Chow, in which Mohajer

in exchange for access to Mayor Ed Lee during his 2011 campaign.

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"We filed cases on three individuals," Gascón said Tuesday. "We do not believe that is the end of the road, and that is why we are continuing to see where that takes us."

The FBI has launched scores of public corruption probes in San Francisco, Oakland, Richmond and other Bay Area cities in recent decades. In 2014, six plainclothes San Francisco police officers were indicted following an FBI investigation into allegations they entered single-room occupancy hotel residences without warrants and stole money.

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Special Agent in Charge Johnson said the task force will allow for "prompt decisions" on whether cases should be filed locally or in federal court. "This type of criminal activity erodes public confidence, undermines the strength of our democracy and, if left unchecked, threatens our government," Johnson said.

Lee has said he did nothing wrong during his 2011 campaign, and there's no evidence he was aware that anyone had promised access to him in exchange for illegal campaign contributions. His spokeswoman, Christine Falvey, said Tuesday that he would work with new Ethics Commission Director LeeAnn Pelham and every city department to "ensure that all employees are in full compliance."

"San Francisco has some of the strongest ethics and open government laws in the nation, and the mayor expects every public servant to fully comply with those laws," Falvey said. "There is absolutely zero tolerance and no place in city government for anything less."

According to campaign finance disclosures, Lee between July and December spent $7,297 of his 2015 mayoral campaign funding on legal representation from the San Francisco law firm Swanson & McNamara, which specializes in criminal defense and complex civil litigation.

Falvey said the firm "was retained by Mayor Lee in 2015 to ensure full cooperation and appropriate communication with the government."

Supervisors react

The creation of the task force prompted a mix of reactions at City Hall. Supervisor Scott Wiener said he believed accusations of corruption "can get overstated."

"I know all of the elected officials at City Hall, and my experience is these are all dedicated, earnest people who are in (politics) for the right reasons," he said.

Supervisor David Campos said he welcomes "any extra scrutiny."

"I think that given some of the developments in the last few weeks, there are a lot of questions about what actually happens in

City Hall," Campos said. "We want our public to have complete trust in their elected officials, and I personally think there has to be a very clear message that corruption has no place in San Francisco politics."

San Francisco Public Defender Jeff Adachi, whose office is representing Keith Jackson, said he worries that the corruption task force won't be transparent.

When Jackson and his co-defendants appeared in court in January, the district attorney's office requested a protective order that would prohibit defense attorneys from disclosing any evidence they obtained from prosecutors.

"If you're talking about bringing in federal wiretaps and other things," Adachi said, "then people have a right to know from their elected district attorney exactly what they're doing and how it's being done."

San Francisco Chronicle

staff writer Emily Green contributed to this report.

Vivian Ho is a San Francisco Chronicle staff writer. E-mail: vho@sfchronicle.com Twitter: @VivianHo

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HEARST

From: Richard J. Eber [mailto:richeber@amerasa.net]
Sent: Monday, April 04, 2016 3:43 PM
To: Barone, Valerie
Subject: FW: Lennar - FDIC Complaint - Ft. Myers Florida

Lennar Fort Meyers documents 3-6

Richard J. Eber

Amerasa Rapid Transit USA Inc
DBA Focus 21 Forwarding Group
2520 Stanwell Drive, Suite 130
Concord, CA 94520 USA
Ph: 925-602-1280 Fax: 925-602-1599 Cell 925-518-5852
Email: richeber@amerasa.net

This is one of the most egregious cases of fraud in the country. Here is the overview:

As real estate markets were collapsing starting in late 2006, Lennar had a big inventory position in Ft. Myers, Fl. In order to unload unsold condominiums, Lennar organized a group of sham buyers, paid huge kickbacks ((28%) of the purchase price, conspired to fraudulently obtain loans from two federally-insured lenders, and used their wholly-owned title company, North American Title, to implement the fraud.

Fraudulent appraisals and false HUD 1 documents were some of the tools Lennar used.

Sound farfetched? Attached is the amended complaint filed by the FDIC that tells the story very well. Also attached is a document called "FDIC Ft. Myers Case Summary" that is helpful in analyzing the complaint.

Lennar tried to outspend and outwait the government in this suit (as usual), but that's not easy. Lennar settled on the court house steps in a sealed settlement

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Lennar accused of fraud

FDIC lawsuit claims builder misled lenders.

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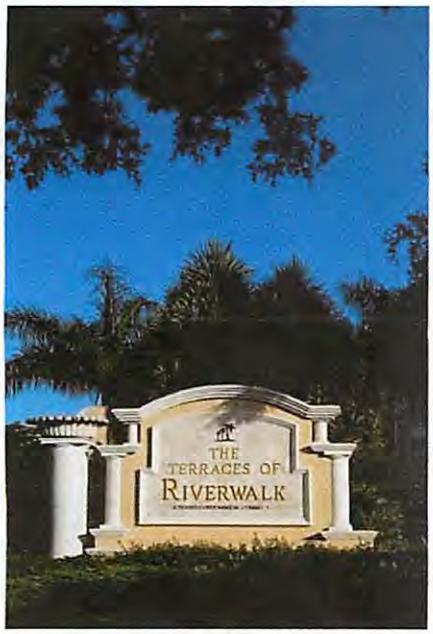

The entrance to the Terraces of Riverwalk off College Parkway in Fort Myers. / ANDREW WEST/THE NEWS-PRESS

The FDIC claims in a lawsuit that national builder Lennar Homes — faced with a collapsing housing market in 2006 — defrauded lenders by getting straw buyers to overpay for 66 units in the Terraces of Riverwalk condominium.

Lennar officials faked records to get appraisers and lenders to think that a majority of the units already sold in Riverwalk were owner occupied, and that they were much more valuable than they actually were, according to the lawsuit, originally filed in Lee County circuit court but transferred last year to federal court in Fort Myers.

"While we do not comment on pending litigation, we deny the allegations in this case and will mount a vigorous defense," Lennar general counsel Mark Sustana said in a written statement Wednesday.

Written by
Dick Hogan

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Some defendants said in a motion filed April 15 that the suit should be thrown out because it doesn't allege specific acts by specific defendants.

"The complaint is wrought with allegations that fail to distinguish allegations of fraud and misrepresentation between the multiple defendants," according to the motion, which hasn't been acted on yet by U.S. District Judge Sheri Chappell, according to court records.

According to the lawsuit, this is how events unfolded:

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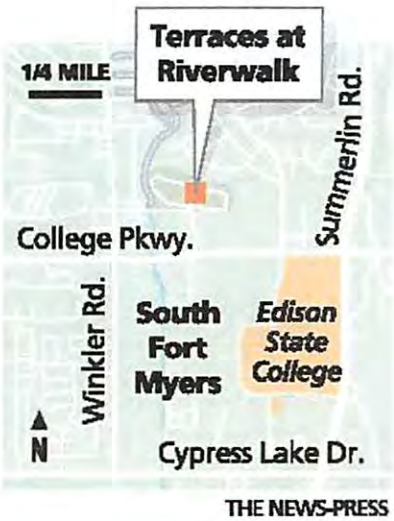

In November 2006, Lennar officials reached an agreement with a group that would recruit "passive investors" — people who would lend their identities and high credit ratings to be used for sham purchases of Riverwalk units. The passive investors would be paid $2,000 to $2,500 per unit to buy on the pretense that they wanted a second home or investment property.

Utah Exchange Group, based in American Fork, Utah, obtained access to Taylor, Bean & Whitaker's automated loan application and approval process through a licensed Florida mortgage broker, American Fork-based Aspen Home Loans LLC. In exchange for a fee paid to Aspen, Utah Exchange used the process to make Taylor Bean think the loans were being submitted by Aspen. Taylor Bean has been shut down by federal regulators.

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FDIC FORT MYERS CASE SUMMARY

<u>Amended complaint – 11/05-12 – Doc 22</u>

TBW and FDIC sue Lennar, U.S. Home, and North American Title, and other co-conspirators. U.S. Home and Lennar are one and the same. North American Title is owned and controlled by Lennar.

Page 5 – Mathew Devereaux was employed by Lennar and acted with the scope of his employment with Lennar.
Page 6 – James Sorenson was employed by Lennar and acted within the scope of his employment by Lennar.
Page 7 – TBW was a victim of the defendants.
Page 7 – The Terraces at Riverwalk was a 292 unit Lennar project in Ft. Myers constructed in 2005 and 2006. Price range: $259 – 292,000.
Page 9/10 – In 2006 Lennar realized that the market was slowing and that they could not liquidate inventory anywhere near asking prices. Lennar also was developing Osprey Cove nearby and was having the same experiences there. Miller quote on deteriorating markets, scaled back land purchases.
Page 11/2/3 – Fraudulent bulk sale deal to Utah group in November of 2006, Lennar fully aware of the actual terms and economics of the transaction, and obtained inflated appraisals. NA Title would act as closing agent. Lennar further agreed to conspire to provide false and incomplete information to prospective lenders. Lennar's own lending division would not participate in the sham mortgages (but it was ok to defraud an outside lender).
Page 12 – lennar paid huge (28% or more) kickbacks to the straw buyers.
Page 17 – "scheme originally hatched by Lennar ……."
Page 18/19 – False appraisals a key factor in the scheme. Devereaux (Lennar) arranged the fabricated appraisals by providing misleading statements to the appraiser.
Page 22/23 – Lennar defendants Devereaux and Sorenson provided false statements to the lender regarding the percentage of "owner occupied" units in the project. They also withheld key information from the lender to illegally obtain funds. Lennar needed the funds by their year-end – November 30, 2006. Lennar Defendants knew that the lender would not have approved the loans had they been provided truthful and accurate information by Lennar.
Page 24- For the scheme to be successful, "the sales and loans had to be managed by a closing agent willing to close the transactions despite illegal and dishonest nature of the scheme". All parties agreed North American would act as closing agent. North American issued a "closing protection letter" to TBW, the lender. NA acted as TBW's agent.

Page 27/8 – Lennar, NA, and the other co-conspirators falsely prepared and signed fraudulent HUD-1 forms to close the sham transactions, knowing TBW relied on the falsified forms to close and fund the transactions.
Page 28 – 39 additional sham transactions were closed AFTER November 30, 2006.
Page 30 – A total of 132 sham loans were issued, and the majority sold to Freddie Mac.
Page 31- The FDIC holds all claims against defendants.

Count 1 – Fraud in the Inducement
Count 2 – Constructive Fraud
Count 3 – Conspiracy
Count 4 – Negligent Misrepresentation
Count 5 – Breach of Contract (Aspen Loans only)
Count 6 – Breach of Contract - North American
Count 7 – Negligence (Gizzi and Sawyer only)
Count 8 – Breach of Fiduciary Duty – North American

<u>Order filed 1/17/14 – Doc 154</u>

This is an order following a Lennar Motion to Dismiss.
Page 9/10 – Excellent definitions of fraud in the inducement and negligent misrepresentation as applied to Lennar.
Page 15 – Analysis about Lennar supplying false information creates liability of loss because of reliance on those statements.
Motion denied in its entirety.

<u>Witness Statements filed 1/20/15 – Docs 185. 185 – 192. Doc 195</u>.

Lennar top execs – Miller, Gross, Marlin, knew about the fraud in 2007.
Lennar employees were prepared to testify that Lennar committed fraud.
One of the conspirators, Ayla Burnett, was in direct contact with Miller and Gross
North American Title (Lennar) was integral to the fraud.

FILED

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FT. MYERS, FLORIDA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION

Plaintiff(s), Taylor Bean and Whitaker
FDIC in Receivership for ColonialCase No. 2:12-cv-595-FtM-99SPC

Case No:

v.

X____ Evidentiary
X____ Trial
X____ Other

Defendant(s), Lennar and et al
Ayla Burnett, Charles Burnett, Jenifer White, Julie White, Peggy Ferguson, Michael Moore, Utah Exchange Group aka Ayla Burnett, Riverwalk Property Ventures LLC aka Ayla Burnett

WITNESS LIST

No.	Date Identified	Date Admitted	Witness	Description
1			Hilarie Bass	Ayla Burnett Negotiated the purchase back of these properties with Lennar relieving Plaintiffs of any damages in 2008, This case interrupted that settlement
2			Mathew Devereaux	Knows how he deceived defendants and manipulated values
3			Andrew Sorensen	Knows how he deceived defendants and manipulated values

4			Mary Orme	Knows how deceived defendants were deceived and manipulated by TBW, TBW FRaud
5			Denise Faye	Knows how deceived defendants were deceived and manipulated by TBW, TBW Fraud
6			Stuart Miller	CEO of Lennar knows how defendants were deceived and manipulated by Lennar, and Lennars settlement and cooperation to make TBW and Buyers Whole.

Defendants Joint Witness List

_____

Defendant Jenifer White
Print

WITNESS LIST -- CONTINUATION SHEET

No.	Date Identified	Date Admitted	Witness	Description
			Dennis McLaughlin	Former employee of lennar knows of Lennar fraud and Knows how deceived defendants were deceived and manipulated
			Comfort Friddle	Knows how deceived defendants and others were deceived and manipulated by TBW Plaintiffs
			Ryan Chiodo	Realtor that heard fraud from Lennar how they committed fraud with these properties
			Jeffrey Cavender	Received information about TBW and Lennars fraud and refused to assist in settleing and making TBW and Borrowers whole
			Angela Cooley	Knows how deceived defendants were deceived and manipulated by TBW, TBW FRaud
			Melody Davis	Knows how deceived defendants were deceived and manipulated by TBW, TBW Fraud

			Lori Young	Knows how deceived defendants and others were deceived and manipulated by Lennar
			Ron Agin	Knows how deceived defendants and others were deceived and manipulated by Lennars Fraud
			Stephanie Kennedy	Knows how deceived defendants were deceived and manipulated by TBW, TBW Fraud

10/30/2012 3:05 PM Filed Lee County Clerk of Court

IN THE CIRCUIT COURT OF THE TWENTIETH JUDICIAL CIRCUIT
IN AND FOR LEE COUNTY, FLORIDA
CIVIL ACTION

TAYLOR, BEAN & WHITAKER MORTGAGE CORP., and FEDERAL DEPOSIT INSURANCE CORPORATION, AS RECEIVER OF COLONIAL BANK, in its own capacity and as assignee of certain claims of TAYLOR, BEAN & WHITAKER MORTGAGE CORP., Plaintiffs, v. LENNAR CORPORATION, a Delaware Corporation; U.S. HOME CORPORATION, a Delaware Corporation; NORTH AMERICAN TITLE COMPANY, a Florida Corporation; AYLA D. BURNETT, Individually; CHARLES M. BURNETT, Individually; PEGGY FERGUSON, Individually; JENIFER WHITE, Individually; JULIE WHITE, Individually; UTAH EXCHANGE GROUP, an unincorporated business association; ASPEN HOME LOANS LLC, a Utah Limited Liability Company; KELLY HATCH, Individually; PAUL ANDREW GULBRONSON, Individually; MICHAEL RILEY MOORE, SR., Individually; RIVERWALK PROPERTY VENTURES, LLC, an Utah Limited Liability Company; MATTHEW DEVEREAUX, Individually; ANDREW JAMES SORENSEN, Individually; ANTHONY GIZZI REAL ESTATE APPRAISAL, INC., a Florida Corporation; AND DAVID SAWYER, Individually, Defendants.	CASE NO. 08-CA-021081

FIRST AMENDED COMPLAINT
AND DEMAND FOR JURY TRIAL

Plaintiffs, Taylor, Bean & Whitaker Mortgage Corp. ("TBW") and the Federal Deposit Insurance Corporation as Receiver of Colonial Bank ("FDIC-R"), in its own capacity and as assignee of certain claims of TBW, file this Amended Complaint against Defendants Lennar Corporation, U.S. Home Corporation, North American Title Company, Ayla D. Burnett, Charles M. Burnett, Peggy Ferguson, Jenifer White, Julie White, Utah Exchange Group, LLC, Aspen Home Loans LLC, Kelly Hatch, Paul Gulbronson, Michael Riley Moore, Sr., Riverwalk Property Ventures, LLC, Matthew Devereaux, Andrew James Sorensen, Anthony Gizzi Real Estate Appraisal, Inc. and David Sawyer showing this Court the following:

PARTIES

1. Plaintiff TBW is a Florida corporation headquartered in Ocala, Florida. On August 24, 2009, TBW filed a voluntary petition under chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Middle District of Florida. On July 21, 2011, the Bankruptcy Court approved the Third Amended Plan of Liquidation ("the Plan") and appointed Neil F. Luria as the Plan Trustee.

2. Plaintiff FDIC-R is a corporation organized and existing under the laws of the United States. 12 U.S.C. § 1811, et seq.

3. Colonial Bank ("Colonial") was a state chartered savings bank with its principal place of business in Montgomery, Alabama. Colonial was in the business of, among other things, funding and acquiring mortgage loans. On August 14, 2009, Colonial was closed by the Alabama State Banking Department and Plaintiff, the FDIC-R, was appointed as Receiver for Colonial pursuant to 12 U.S.C. § 1821.

4. Defendant Lennar Corporation ("Lennar") is a Florida corporation headquartered

in Miami, Florida. Lennar may be served with process by service upon its registered agent, CT Corporation System, 1200 South Pine Island Road, Plantation, Florida 33324.

5. Defendant U.S. Home Corporation ("U.S. Home"), a wholly owned subsidiary of Lennar, is a Delaware corporation headquartered in Houston, Texas. The business operation of U.S. Home is ultimately directed and controlled by Lennar. U.S. Home may be served with process by service upon its registered agent in Florida, CT Corporation System, 1200 South Pine Island Road, Plantation, Florida 33324.

6. Defendant North American Title Company ("North American") is a Florida corporation headquartered in Miami, Florida. North American is a part of North American Title Group, Inc., a subsidiary of Lennar. The business operation of North American is ultimately directed and controlled by Lennar. North American may be served with process by service upon its registered agent, CT Corporation System, 1200 South Pine Island Road, Plantation, Florida 33324.

7. Defendant Ayla D. Burnett ("Ayla Burnett") is a Utah resident, who may be served with process at her principal residence located at 8189 Fort Hill Road, Eagle Mountain, Utah 84005. Defendant Ayla Burnett is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

8. Defendant Charles M. Burnett ("Charles Burnett") is a Utah resident, who may be served with process at his principal residence located at 8189 Fort Hill Road, Eagle Mountain, Utah 84005. Defendant Charles Burnett is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and

carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

9. Defendant Peggy Ferguson ("Ferguson") is a Utah resident, who may be served with process at her principal residence located at 9229 Mount Airey Drive, Eagle Mountain, Utah 84005. Defendant Ferguson is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

10. Defendant Jenifer White is a Utah resident, who may be served with process at her principal residence located at 1486 Raptor Road, Eagle Mountain, Utah 84005. Defendant Jenifer White is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

11. Defendant Julie White is a Utah resident, who may be served with process at her principal residence located at 372 Stamford Drive, North Salt Lake, Utah 84054. Defendant Julie White is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

12. Upon information and belief, Defendant Utah Exchange Group ("UEG") is an unincorporated business association controlled by Defendants Ayla and Charles Burnett having its principal place of business in American Fork, Utah. UEG may be served with process by

service upon either of the Burnetts at 8189 Fort Hill Road, Eagle Mountain, Utah 84005. Defendant UEG is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

13. Defendant Aspen Home Loans LLC ("Aspen") is a Utah limited liability company located in American Fork, Utah. Aspen is licensed as a Correspondent Mortgage Lender in the state of Florida. Aspen may be served with process by service upon its managing member, Kelly Hatch, at 826 East State Road, Suite 150, American Fork, Utah 84003. Defendant Aspen is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

14. Defendant Kelly Hatch ("Hatch") is a Utah resident, who may be served with process at his principal residence located at 734 West 2100 North, Pleasant Grove, Utah 84062. Defendant Hatch is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

15. Defendant Paul Gulbronson ("Gulbronson") is a Florida resident, who may be served with process at his principal residence located at 10117 Northgolden Elm Drive, Estero, Florida 33928. Defendant Gulbronson is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and

carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

16. Defendant Michael Riley Moore, Sr. ("Moore") is a Utah resident, who may be served with process at his principal residence located at 268 West Hidden Hollow Drive, Orem, Utah 84058. Defendant Moore is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

17. Defendant Riverwalk Property Ventures, LLC ("RPV"), is a Utah limited liability company. RPV may be served with process by service upon its registered agent, Charles M. Burnett, at 8189 Fort Hill Road, Eagle Mountain, Utah 84005. At all times relevant to this action, the members of RPV were Ayla Burnett, Charles Burnett, Gulbronson and Moore. Defendant RPV is subject to the jurisdiction of the Florida courts in that Defendant committed a tortious act within this state and operated, conducted, engaged in and carried on a business and/or business venture in the State of Florida within the contemplation of F.S. 48.193(1)(a) and (b).

18. Defendant Matthew Patrick Devereaux ("Devereaux") is a Florida resident, who may be served with process at his principal residence located at 10241 Bellavista Circle, Apartment 101, Fort Myers, Florida. At all times relevant to this action, Devereaux was employed by Lennar and/or U.S. Home as Director of Operations/Sales. Moreover, each of Devereaux's acts and omissions as described below were done by him within the scope of his employment by and as an agent of Lennar/U.S. Home.

19. Defendant Andrew James Sorensen ("Sorensen") is a Florida resident, who may

be served with process at his principal residence located at 6586 Waters Edge Way, Bradenton, Florida 34202. At all times relevant to this action, Sorensen was employed by Lennar and/or U.S. Home as Division President. Moreover, each of Sorensen's acts and omissions as described below were done by him within the scope of his employment by and as an agent of Lennar/U.S. Home.

20. Defendant Anthony Gizzi Real Estate Appraisal, Inc. ("Gizzi") is a Florida corporation headquartered in Fort Myers, Florida. Gizzi may be served with process by service upon its registered agent, Anthony Gizzi, at 4415 Metro Parkway, Suite 110, Fort Myers, Florida 33916.

21. Defendant David Sawyer ("Sawyer") is a Florida resident, who may be served with process at his principal residence located at 837 SE 41 St Street, Cape Coral, Florida 33904. At all times relevant to this action, Sawyer was employed by and acting on behalf of Gizzi. Moreover, each of Sawyer's acts and omissions as described below were done by him within the scope of his employment by and as an agent of Gizzi.

JURISDICTION AND VENUE

22. This Court has personal jurisdiction over each of the Defendants.

23. Venue is proper in Lee County, Florida inasmuch as several of the Defendants reside in Lee County, Florida; activities related to the conspiracy and other wrongful conduct alleged herein occurred in Lee County, Florida; and, Plaintiffs TBW and the FDIC-R sustained damages in Lee County, Florida.

FACTUAL ALLEGATIONS

24. TBW was a national wholesale mortgage lender that originated and purchased mortgage loans of various types, most of which were then sold to institutional investors such as Freddie Mac, GNMA and large financial institutions.

25. As more fully set forth below, TBW is the victim of a fraudulent scheme designed and/or participated in by the Defendants, which resulted in TBW originating first and second mortgage loans in late 2006 in connection with sham sales transactions involving 66 condominium units at a Lennar/U.S. Home development in Ft. Myers, Florida known as the Terraces at Riverwalk ("Riverwalk"). The cumulative amount of the Riverwalk loans exceeds $17 million.

26. Colonial was one of the primary funding sources for mortgage loans originated by TBW. Through the credit facilities provided to TBW, Colonial provided funding to TBW in exchange for an interest in the underlying mortgage loans.

27. FDIC-R was directly injured by the Defendants because Colonial provided funding to TBW for the majority of the fraudulent mortgage loans at Riverwalk and incurred substantial damages as a result of the defects in the loans and the defaults that ensued.

The Terraces at Riverwalk

28. The Terraces at Riverwalk ("Riverwalk") is a multi-family condominium community in Ft. Myers that was developed and constructed by Lennar/U.S. Home in or around 2005 and 2006.

29. Riverwalk is one of several multi-family developments built by Lennar/U.S. Home as part of a residential building boom in the Ft. Myers area during this same time period.

30. As constructed, Riverwalk consisted of eight buildings containing a total of 292 separate condominium units.

31. The final phase of Riverwalk, completed in or about early to mid-2006, included Buildings 7 and 8. Lennar/U.S. Home's "asking price" for the units in those two buildings ranged from $259,990 to $292,990.

32. Defendants Sorensen and Devereaux, along with others employed by Lennar/U.S.

Home, were responsible for completing the construction and sale of Riverwalk in 2006.

The Passive Investor Program

33. During 2006, Defendant Ayla Burnett, in conjunction with Defendant Charles Burnett and Defendant UEG, operated a mortgage fraud scheme, known as the "Passive Investor Program," which was based in Utah. As more specifically described below, Defendants used this scheme to conduct the fraudulent real estate transactions in Florida that are the subject of this action.

34. In sum, the Passive Investor Program scheme was operated by the Burnetts and UEG as follows:

a. Individuals were recruited to participate as "Passive Investors" by allowing their identity and their credit rating to be used to purchase residential properties.

b. Passive Investors were not required to make any monetary investment in or financial contribution to the property purchases.

c. Passive Investors were paid a fee — either $2000 or $2500 — each time their identity and credit rating were used to make a purchase. In addition, each Passive Investor was paid $200 or $300 per month so long as the property remained titled in the name of the "Passive Investor."

d. "Active Investors" — *i.e.,* Defendants Ayla Burnett and Charles Burnett and others affiliated with UEG —located the properties, negotiated the terms of purchase and arranged financing for purchases made in the name of "Passive Investors." The property purchases and financing were accomplished pursuant to the terms of a power of attorney executed by Passive Investors in favor of individuals affiliated with Defendants Ayla

Burnett and Charles Burnett and UEG.

e. Upon information and belief, Defendants Ayla Burnett and Charles Burnett targeted builders and developers who were liquidating multi-family residential projects and who would be willing to pay extraordinary fees in connection with selling a large number of units. These fees were used by the Burnetts to make the required payments to Passive Investors and to fund mortgage payments for a number of months after the purchase closed.

f. Using various ploys and deceptions, Defendants Ayla Burnett and Charles Burnett, UEG and others fraudulently obtained mortgage loans in the names of "Passive Investors."

35. Defendants Gulbronson and Moore were also involved in the "Passive Investor Program" and worked in active concert with the Burnetts and UEG in recruiting Passive Investors, as well other aspects of the fraudulent scheme.

36. Defendants Ferguson, Jenifer White and Julie White were also active participants in the "Passive Investor Program," and, in particular, were involved in: the preparation and submission of false loan applications; the closing of mortgage loans; and making mortgage loan payments from loan proceeds.

The Collapse of the Ft. Myers Residential Real Estate Market

37. By late 2005 or early 2006, there was significant softening of the residential real estate market in Ft. Myers, especially with respect to multi-family developments.

38. Upon information and belief, by early 2006, sales at Riverwalk had slowed, and it was evident to Defendants Sorensen and Devereaux, as well as others at Lennar/U.S. Home, that it would be extremely difficult, if not impossible, to sell the remaining units at Riverwalk for

amounts anywhere near the listed "asking price."

39. Lennar/U.S. Home had already experienced a similar slow-down at, at least, one other condominium development in the Ft. Myers area known as Osprey Cove.

40. This downward trend in Ft. Myers was consistent with an overall deterioration in the housing market in Florida, as well as Lennar/U.S. Home's other market areas.

41. By August 31, 2006, which was the end of Lennar's third quarter for fiscal year 2006, the decline in the housing market was adversely affecting Lennar's financial performance. In connection with reporting its third quarter financial performance, Stuart Miller, Lennar's President and CEO stated:

> The U.S. housing market has continued to deteriorate, trailing down further and faster than anticipated. Under these difficult conditions, we remain focused on our strategy of carefully managing inventory, reducing construction costs and overhead, methodically tapering back production and emphasizing cash generation. We have limited our land purchases and reduced standing inventory through strategic asset management. Additionally, we have emphasized salesmanship and simplicity in the field which help control costs in the management of our business. We believe our strategy will continue to improve our cash flow and balance sheet from already excellent positions.

42. During Lennar's fourth quarter in fiscal 2006, there was a heightened emphasis within the company and its subsidiaries (including U.S. Home and North American) on:

a. Managing and reducing standing inventory (i.e., completed housing units, including those at Riverwalk);

b. Cash generation;

c. "Strategic asset management;" and,

d. Salesmanship.

Defendants Sorensen and Devereaux, as well as other Lennar/U.S. Home employees in the Ft. Myers area, knew or should have known of the importance of each of these issues to Lennar, as well as Lennar's declining financial performance.

43. By October 2006, Defendants Sorensen and Devereaux, along with others, were exploring ways to sell all of the unsold units at Riverwalk, which at the time numbered approximately 103.

44. In or about late September or early October 2006, Lennar/U.S. Home received an offer to purchase all of the unsold units at Riverwalk in a bulk transaction for $15,300,000. Lennar/U.S. Home rejected this offer and made a counter-offer on or about October 9, 2006 to sell these units for $20,909,000 (which, on average, was approximately $203,000 per unit and far below the "asking price" for the subject units). This bulk transaction did not materialize.

The Sham Riverwalk Sales

45. Consistent with Lennar's heightened focus on "strategic asset management," the generation of cash and reducing its "standing inventory," Defendants Sorensen and Devereaux, along with others employed by Lennar/U.S. Home, were highly motivated to liquidate the unsold Riverwalk condominium units by the end of Lennar's fiscal year on November 30, 2006.

46. In or about early November 2006, Lennar/U.S. Home, acting through Sorensen and Devereaux, entered into an agreement with Defendants Ayla Burnett, Charles Burnett, Gulbronson and Moore to sell a large portion of the remaining Riverwalk condominium units in bulk to Passive Investors using the mortgage fraud scheme operated by the Burnetts, UEG, Gulbronson and Moore.

47. At or about that time, the Burnetts, Gulbronson and Moore formed Defendant Riverwalk Property Ventures, LLC ("RPV"), which was used by them to receive money from Lennar/U.S. Home in connection with the purchase transactions and to disguise and conceal the

source and use of those monies.

48. The Burnetts, Gulbronson, Moore and/or RPV were not licensed realtors.

49. Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla Burnett, Charles Burnett, Gulbronson and Moore agreed to sell and purchase certain Riverwalk condominium units on the following terms among others:

a. Each of the sales would close by Lennar's fiscal year end or by, November 30, 2006.

b. The Burnetts, Gulbronson, Moore and UEG would provide the purchasers for the transaction(s).

c. Lennar/U.S. Home would pay RPV a commission or "fee" equal to 28% (or more) of the purchase price for each unit sold, even though RPV was not a licensed realtor.

d. The purchase price would be the "asking price" for each unit, which was well above the actual fair market value of the units in November 2006.

e. Devereaux would be responsible for obtaining appraisals that supported the inflated value of the units being sold.

f. Defendant Ayla Burnett would be responsible for arranging for mortgage financing for each purchase.

g. Lennar's subsidiary, Defendant North American Title Company, would act as closing agent for the sales and related financing.

50. At the time that they entered into this agreement, Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla Burnett, Charles Burnett, Gulbronson and Moore each knew or should have known that in order for this plan to be successful, a mortgage lender, such as TBW,

would have to be willing to make loans equal to 100% of the purchase price. Moreover, each of these Defendants knew or should have known that a mortgage lender would not make these loans if the actual terms and circumstances of these sales were fully disclosed to the lender. Accordingly, these Defendants agreed to cooperate with each other in providing false and incomplete information to the prospective mortgage lender.

51. At the time that they entered into this agreement, Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla Burnett, Charles Burnett, Gulbronson and Moore each knew or had reason to expect and intended that their representations would reach and influence a class of third parties financial institutions, including Colonial, that subsequently financed these loan transactions or purchased the loans.

52. Upon information and belief, Lennar/U.S. Home made clear to the other participants in these sham sales transactions that Lennar's mortgage lending subsidiary would not be willing to make mortgage loans on any of the sham purchase transactions.

53. Upon information and belief, Defendants Lennar/U.S. Home was familiar with TBW's lending processes, including the fact that TBW's funding was provided through third party financial institutions such as Colonial, as properties in other Lennar/U.S.Home projects had been funded with loans originated by TBW.

54. Consistent with the Defendants' agreement described above, Defendants Ayla Burnett, Charles Burnett, Gulbronson, Moore and UEG recruited individual Passive Investors to act as purchasers in the sham Riverwalk sales.

55. Consistent with the "Passive Investor Program" scheme, the Passive Investors executed powers of attorney authorizing another individual affiliated with the Burnetts and/or UEG to act on behalf of the Passive Investor in purchasing the Riverwalk condominium units

and obtaining the related mortgage financing to fund the purchases.

56. The Passive Investors invested no money in any aspect of the subject transactions. In effect, the Passive Investors authorized the use of their identity and creditworthiness to be used in the purchases of the Riverwalk condominium units.

57. A "US Home Corporation Condominium Sales Agreement," along with various addenda, was purportedly executed by each "Passive Investor" for one or more of the Riverwalk condominium units being sold pursuant to the agreement between Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla and Charles Burnett, Gulbronson and Moore.

58. Defendant Charles Burnett signed a number of the sales contracts both as agent for the seller (*i.e.*, Defendants Lennar/U.S. Home) and on behalf of Defendant RPV.

TBW Identified As The Mortgage Lender

59. Neither Ayla Burnett nor anyone else affiliated with UEG or RPV is or was a licensed mortgage broker.

60. Defendant Aspen is a licensed mortgage broker, which, pursuant to the terms of a written agreement with TBW, originated mortgage loans on behalf of TBW. Among other things, this relationship provided Aspen with access to TBW's automated loan application and approval systems. A true and accurate copy of the written contract is attached hereto as Exhibit "A."

61. All Defendants knew or had reason to expect and intended that the information contained in TBW's loan applications would be relied upon not only by TBW in determining whether to make the initial loans, but by TBW's funding sources, including Colonial, and all subsequent purchasers and owners of the loans who justifiably relied upon the credit worthiness of the buyer, as evidenced in the original loan application, to determine the value of the loan product.

62. Defendant Hatch is the manager of Aspen.

63. Ayla Burnett and UEG entered into an agreement with Aspen and Hatch pursuant to which Aspen provided Ayla Burnett and UEG with direct, unauthorized access to TBW's computer systems so that they could use its automated loan application and approval process. In exchange, Aspen was to be paid a fee for each loan obtained and closed.

64. The arrangement between Ayla Burnett, UEG, Aspen and Hatch was in breach of the written agreement between Aspen and TBW.

65. Hatch knew that such an agreement was illegal and in breach of Aspen's contract with TBW.

66. Hatch also allowed Ayla Burnett and others associated with UEG to use Aspen's offices and provided one or more Aspen employees to assist in processing the loans that are the subject of this action.

False Loan Applications Submitted To TBW

67. In November 2006, TBW had a very small office in Utah from which sales and underwriting activities were conducted.

68. Shortly before Thanksgiving (*i.e.*, mid to late November) 2006, Defendant Ayla Burnett, representing herself to be from Aspen, contacted Steve Zabriskie, an account executive — *i.e.*, sales representative — in TBW's Utah office. Ayla Burnett told Zabriskie that she had a relatively large number of first and second mortgage loans that needed to be reviewed, processed and closed by November 30, 2006. Moreover, she indicated that she would be willing to pay an additional fee to an underwriter to get these loans closed quickly.

69. Angela Cooley, a TBW underwriter located in the Utah office, volunteered to handle the subject loans.

70. Defendant Ayla Burnett agreed to pay Cooley, personally (as opposed to TBW), a

"bonus" for each loan that closed, purportedly for the extra work required to get the loans closed in such a short time frame. The amount of the bonus was $100 per closed loan (which would result in a $200 fee being paid on each Riverwalk closing — $100 each for both the first and second mortgage). This "bonus" payment arrangement was in violation of TBW's underwriting and employment policies, but it did result in Cooley working over the Thanksgiving holiday weekend processing Burnett's loan applications.

71. Using Aspen's access to TBW's automated loan processing systems, loan applications were submitted electronically. Aspen, not Ayla Burnett and UEG, appeared to be the loan originator. At all times, Cooley believed that Burnett was affiliated with and acting on behalf of Aspen.

72. Defendants knew and intended that TBW would rely on the false information contained in the mortgage loan applications in order for TBW to be able to sell the loans to investors such as Freddie Mac that required that the mortgage loans comply with specific lending guidelines.

73. Defendants knew or should have known that TBW used credit facilities from third-party financial institutions, including Colonial, to fund the loans at closing. Further, Defendants knew or had reason to expect and intended that third party financial institutions, including Colonial, would reasonably rely upon the information contained in the loan applications to determine whether funding should be advanced for the origination and/or acquisition of the loans.

74. Defendant Ayla Burnett and/or others working with her (e.g., Jenifer White, Julie White, Peggy Ferguson) submitted the initial applications for "second home" loans, which are loans for homes used and occupied by the owner (i.e., loan applicant) as a second home (e.g.,

vacation home). Among other things, if structured as "second home" loans, TBW would lend 100% of the purchase price — an 80% first mortgage coupled with a 20% second mortgage — at lower interest rates and paying higher commissions to Aspen than if the condominium units were treated as investment properties.

75. Realizing that multiple condominium units were being purchased in the name of the same borrower, Cooley was unwilling to approve the loans as "second home" loans. In fact, Ayla Burnett represented to Cooley that the purchasers/borrowers were members of an "investment club." Consequently, Cooley determined that the Riverwalk condominium units should be treated as investment properties and that the applicable underwriting guidelines and conditions should be used in the underwriting process.

76. Rather than approving these loans for 100% financing, Cooley imposed a 95% loan to value ratio in establishing the maximum amount that TBW would lend on each unit — *i.e.*, a first mortgage loan equal to 80% of the purchase price and a second mortgage loan equal to 15% of the purchase price. Importantly, this required that purchasers pay 5% of the purchase price and imposed this as a condition for virtually every purchase financed by TBW. (A very few loans may have been approved as "second home" loans with 100% financing before Cooley realized that this was not appropriate.)

77. The requirement that 5% of the purchase price be paid by the purchaser/borrower was different from the terms of the agreed upon scheme as originally hatched by Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla Burnett, Charles Burnett, Gulbronson and Moore.

78. Cooley determined that funding the Riverwalk sales could be accomplished using "stated income/stated asset" loans, which required limited documentation supporting the loan.

The key underwriting criteria for these loans were: (a) the appraisal of the subject property; and, (b) the borrower's employment and income had to be "stated" (i.e., provided without extensive supporting documentation).

79. Because of the limited documentation, "stated/stated" loans could be processed and conditions could be satisfied relatively quickly.

80. If the required information was provided and a "stated/stated" loan was approved, then TBW could and would fund up to 80% of the value of the subject property in the form of a first mortgage loan. These "stated/stated" loans could then be sold to Freddie Mac and other financial institutions (provided that the loan complied with such financial institution's underwriting criteria).

81. Using the same criteria, TBW could and would make second mortgage loans to fund the remaining 15% of the purchase price on a "stated/stated" basis.

82. Once funded, these second mortgages also could be sold to financial institutions.

83. The net result was that if the appraisal, along with information regarding the purchaser/borrower's employment and income, met the underwriting criteria of TBW and its customers (such as Freddie Mac), then TBW could and would make a first and second mortgage loan that, together, totaled 95% of the purchase price.

The Inflated Appraisals

84. As noted above, a key component in the loan approval and re-sale process was the appraisal of the property being sold.

85. Defendant Devereaux arranged for Sawyer, a real estate appraiser in Ft. Myers, to perform an appraisal of each of the Riverwalk units that were being sold by Lennar/U.S. Home pursuant to the agreement with the Burnetts, Gulbronson, Moore and RPV.

86. At all relevant times, Sawyer was acting as an authorized agent of Gizzi.

87. Though Aspen was purportedly Gizzi's customer, much of the information relied upon by Sawyer was provided by Devereaux acting on behalf of the seller.

88. Devereaux knew or should have known that if the appraisals did not indicate property values equal to or greater than the sales prices being used in the sham Riverwalk sales, it would not be possible to obtain the financing required to make the scheme work.

89. In order to obtain appraisals that would support the inflated prices of the sham Riverwalk sales, Devereaux provided Sawyer with false and misleading information and failed to provide him with other information that was material to the appraisal process.

90. In particular, Devereaux provided Sawyer with the following false and misleading information:

a. The subject Riverwalk units were being sold pursuant to purchase contracts negotiated at "arms length" with the purchasers of the units.

b. The purchase prices, which happened to be Lennar/U.S. Home's "asking price," were the result of "arms length" negotiations.

c. The purchase prices were consistent with Riverwalk sales activity, generally.

d. There were continuing sales at Riverwalk.

e. 99% (and, later, 77%) of the condominium units at Riverwalk were lived in by the owner.

91. In particular, Devereaux specifically withheld and did not disclose the following material information to the appraiser:

a. The sales of the Riverwalk units were being made pursuant to an agreement with the Burnetts, Gulbronson, Moore and RPV.

b. RPV was being paid a commission or fee equal to 28% (or more) of the purchase price.

c. The purchasers were Passive Investors in the scheme operated by the Burnetts and UEG.

d. The Riverwalk units were being sold at prices well above any recent sales or offers made to purchase comparable units.

e. Sales activity at Riverwalk had declined throughout 2006.

f. The Riverwalk units were being sold as a part of Lennar's plan to unload standing inventory and generate cash prior to the end of its fiscal year on November 30, 2006.

92. Devereaux knew or should have known that providing false and incomplete information to Sawyer would likely result in appraisals that would support the inflated values of the Riverwalk units that were the subject of the sham sales.

93. Devereaux and Sawyer knew or should have known that prospective mortgage originators, such as TBW, would rely on the appraisals in deciding whether to approve mortgage financing for the sham sales.

94. Defendants Devereaux and Sawyer knew or had reason to expect and intended that the appraisals would also reach and influence a class of persons made up of third-party financial institutions, including Colonial, that provided funding for the mortgage loans originated by TBW.

95. Sawyer failed to discover that the information provided by Devereaux was inaccurate and incomplete and, therefore, relied upon this information in preparing the appraisals of the Riverwalk condominium units.

96. As a result, the appraisals were flawed and overstated the value of each of the Riverwalk condominium units.

97. The inflated appraisals were provided to TBW.

98. TBW and Cooley, in particular, relied on the inflated appraisals in making the underwriting decisions to approve the mortgage loans that financed the sham sales of the Riverwalk condominium units.

99. Colonial relied upon the inflated appraisals in providing funding to TBW in the amounts requested for the majority of the first and second mortgage loans issued by TBW for the Riverwalk condominium units.

Other False Information Provided to TBW

100. Because these were "stated/stated" loans, credible evidence of the borrowers' (i.e., purchasers') employment and income must be "stated" in the application process in order to satisfy TBW's and its customers' (such as Freddie Mac) underwriting requirements.

101. As part of the loan application process, Defendants Ayla Burnett, Moore and others working with them prepared or caused to be prepared certifications of self-employment for each of the "Passive Investors," who were the nominal purchasers of the Riverwalk condominium units.

102. These certifications were in the form of letters from income tax preparers stating that they had prepared or reviewed income tax returns for the subject purchaser, who was purportedly self-employed.

103. Upon information and belief, each of the certifications of employment and statements of income was false. The majority of borrower's were not self-employed, and the income level of each was significantly overstated.

104. As a part of the loan application process, Defendants Ayla Burnett, Ferguson,

Jenifer White, Julie White and others working with UEG submitted, or caused to be submitted the letters from tax preparers certifying that the purchaser/borrowers were each self-employed.

105. As a part of the loan application process, Defendants Ayla Burnett, Ferguson, Jenifer White, Julie White and others working with UEG submitted, or caused to be submitted, "statements" of income regarding each borrower. In effect, this was done by simply providing a monthly income for each purchaser/borrower in the appropriate section of the loan application.

106. Defendants Ferguson, Jenifer White and Julie White were also involved in the preparation and submission to TBW of the false and misleading loan applications, generally.

107. Defendant Ayla Burnett knew and intended, and Defendants Jenifer White, Julie White and Ferguson knew or should have known, that TBW would rely on this false information in making decisions to originate each of the mortgage loans, and knew or had reason to expect and intended that third-party financial institutions, including Colonial, would rely upon the accuracy of the underlying loan application in funding the loans.

108. In addition to the false information regarding the purchasers'/borrowers' employment and income, TBW was provided with false information regarding the nature of the Riverwalk community.

109. Specifically, Defendants Sorensen and Devereaux each provided TBW with written certifications indicating that the significant majority of the units in Riverwalk were "owner occupied" (as opposed to being rental units).

110. From a loan underwriting perspective, "owner occupied" units are more likely to retain their value than rental units, especially, in a multi-family community such as Riverwalk.

111. Defendants Sorensen and Devereaux knew that the "owner occupied" certifications were false.

112. In addition to providing false information to TBW, Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, Devereaux and Sorensen intentionally withheld and did not disclose the following material information to TBW:

a. The sales of the Riverwalk units were being made pursuant to an agreement with the Burnetts, Gulbronson, Moore and RPV.

b. The purchasers were Passive Investors in the scheme operated by the Burnetts and UEG.

c. The subject Riverwalk units were being sold at prices well above any recent sales or offers made to purchase comparable units.

d. Despite TBW's requirement that the purchaser/borrower pay 5% of the purchase price, no purchaser/borrower (or anyone else) was paying any portion of the purchase.

e. Devereaux had provided false and incomplete information to Sawyer, the appraiser, which resulted in inflated values for each of the Riverwalk units.

f. Sales activity at Riverwalk had declined throughout 2006.

g. The subject Riverwalk units were being sold as a part of Lennar's plan to unload standing inventory and generate cash prior to the end of its fiscal year on November 30, 2006.

113. Defendants Charles Burnett, Gulbronson and Moore were aware that false information was being provided to TBW and that material information was being withheld from TBW as a part of the loan application and approval process.

114. Defendants Lennar/U.S. Home, Ayla Burnett, Charles Burnett, Gulbronson,

Moore, Jenifer White, Julie White, Ferguson, Devereaux and Sorensen knew or should have known that if TBW knew the truth about the Riverwalk sales transactions, it would not have approved the loans.

115. Defendants Lennar/U.S. Home, Ayla Burnett, Charles Burnett, Gulbronson, Moore, Jenifer White, Julie White, Ferguson, Devereaux and Sorensen knew or had reason to expect and intended that third-party financial institutions, including Colonial, would not have funded and/or purchased the mortgage loans if they knew the true facts regarding the Riverwalk sales transactions.

Sales Close/Loans Funded

116. In order for the original plan to be successful, the Riverwalk condominium sales and related loans had to be managed by a closing agent willing to close the transactions despite the illegal and dishonest nature of the scheme.

117. Defendants Lennar/U.S. Home, Sorensen, Devereaux, Ayla Burnett, Charles Burnett, Gulbronson and Moore agreed that Defendant North American, another Lennar subsidiary, would act as closing agent.

118. In 2005 (i.e., prior and unrelated to the subject scheme), TBW approved Defendant North American as a closing agent authorized to act on its behalf. In connection with this approval, TBW entered into a written agreement dated March 7, 2005, which included, among other things, a set of closing instructions and a "closing protection letter" issued by North American to TBW. A true and accurate copy of the contract and "closing protection letter" is attached hereto as Exhibit "B."

119. Pursuant to the terms of the sales contract for each Riverwalk unit (and as a necessary component of the mortgage fraud scheme), Defendant North American was designated as the closing agent. In light of the 2005 agreement with North American, TBW did not object

to this arrangement.

120. At all relevant times, Defendant North American was (or should have been) TBW's agent with respect to the Riverwalk sales and related loan transactions. North American was not the agent for the seller or the purchasers or any other party.

121. As TBW's agent, Defendant North American was in a confidential relationship with TBW and owed a fiduciary duty to TBW.

122. Upon information and belief, North American had previously acted as the closing agent for hundreds of mortgage loans originated by TBW, and thus was familiar with the TBW's loan origination procedures, including TBW's use of Colonial credit lines to fund the loans.

123. Prior to closing any of the sales and loan transactions, Defendant North American knew or should have known of the fraudulent scheme being perpetrated by the other Defendants and agreed to participate by closing the sham sales of the Riverwalk units and related loans being funded by TBW.

124. Among other things, Defendant North American knew or should have known:

a. The other Defendants were working in concert with each other to arrange for purchasers and obtain appraisals and financing.

b. The subject Riverwalk condominium units were being purchased by a relatively small group of individuals, most of whom were located in Utah.

c. The group of purchasers was controlled and managed by Defendant Ayla Burnett.

d. TBW was the mortgage originator for each transaction.

e. Each of the purchases, along with related loan applications being submitted to TBW, was being accomplished pursuant to powers of

attorney.

f. Though it was not a licensed realtor, RPV was being paid a commission from the loan proceeds equal to 28% or more of the purchase price.

g. Despite TBW's requirement that each purchaser pay 5% of the purchase price, purchasers were paying nothing; rather, the 5% was, in most instances, falsely represented to be a deposit made with Defendant RPV.

h. Defendant Charles Burnett (who was Ayla Burnett's husband) signed many of the purchase contracts on behalf of Defendants Lennar/U.S. Home and on behalf of Defendant RPV.

These facts, in isolation and/or combination with each other, should have served as "red flags" to alert Defendant North American that something was amiss with respect to these purchase and loan transactions.

The Closings

125. Because Lennar/U.S. Home required that the sales close by November 30, 2006, Defendant North American immediately began to work directly with Defendants Lennar/U.S. Home, Sorensen, Ayla Burnett and others at UEG to process the loans. As a part of this process, Defendant North American became aware of the following:

a. Defendant Ayla Burnett was directing the overall process.

b. Lennar/U.S. Homes (i.e., the seller) was dealing directly with the appraisers (and that TBW, the lender, was not).

c. Critical terms of the transactions — e.g., the identity of the purchaser/borrower and the purchase price — continued to change even after purchase contracts were signed.

126. With respect to each loan (i.e., two per sales transaction), Defendant North

American prepared a Settlement Statement on form HUD-1 (which is required by federal law). Among other things, those signing the HUD-1 — the seller, the purchaser/borrower and the closing agent — certify its accuracy.

127. Defendants Ayla Burnett, Charles Burnett, Jenifer White, Moore and others affiliated with UEG traveled from Utah to Ft. Myers on or about November 28, 2008 for the purpose of closing the loans by November 30, 2008. These Defendants "set up shop" in offices provided by Defendants Lennar, U.S. Home and/or North American. As a result, these Defendants, along with Gulbronson (who lived in Florida), were in close contact with Lennar, U.S. Home, Sorensen, Devereaux and North American throughout the closing process. Some or all of these Defendants collaborated with each other in the preparation of the final HUD-1 forms for each closing.

128. Each of the HUD-1 forms for the first mortgage loan transactions expressly indicates that a substantial deposit approximating 5% of the purchase price was paid by the purchaser/borrower.

129. Each HUD-1 was signed by Defendants Jenifer White, Gulbronson, Moore or someone else acting on behalf of UEG (as attorney-in-fact for the borrower), and by authorized representatives of U.S. Home (as seller) and North American (as closing agent).

130. Defendants Ayla Burnett, Jenifer White, UEG, Gulbronson, Moore, Sorensen, Devereaux, U.S. Home and North American knew or should have known that no deposit had been made by any purchaser/borrower.

131. The HUD-1 forms were false and misleading.

132. Defendants Ayla Burnett, UEG, Jenifer White, Gulbronson, Moore, Sorensen, Devereaux, U.S. Home and North American knew that TBW would rely on the accuracy of the

HUD-1 forms in making the loans, and knew or had reason to expect and intended that Colonial and other financial institutions that provided funding to TBW and/or otherwise acquired the loans would, in turn, rely upon the truth of the information in the HUD-1 as provided to TBW in assuming such credit risk.

133. The HUD-1s were provided to TBW as a part of the closing process.

134. TBW relied on the HUD-1 forms and, more specifically, the purported compliance with the requirement that each purchaser/borrower pay 5% of the purchase price in releasing money to fund the purchase and loan transactions.

135. Despite its knowledge of the fact that purchasers had not paid 5% of the purchase price and the other "red flags," Defendant North American closed at least twenty-seven sham purchase transactions along with the related first and second mortgage loans associated with each on or about November 30, 2006.

136. Shortly before November 30, 2006, Defendant Ayla Burnett indicated to Cooley that additional Riverwalk units would be sold and financed in the same manner as the twenty-seven transactions that closed on or before November 30th. TBW and Cooley agreed to process loan applications for these purchases. Accordingly, the same course of conduct continued for several weeks and an additional thirty-nine sham purchase transactions, along with the first and second mortgage loans associated with each, were closed between December 5, 2006 and December 12, 2006.

137. In approving, processing, closing and, ultimately, selling the subject mortgage loans, TBW relied upon North American's affirmative representations, its contractual obligations to TBW, as well as its obligation to faithfully discharge its fiduciary duty to TBW.

138. Despite being TBW's agent, Defendant North American did not inform or notify

TBW of the "red flags" or other irregularities and misrepresentations surrounding the sham purchase and related mortgage loan transactions.

139. Had TBW and Colonial been aware that purchasers were not paying 5% of the purchase price or of the other "red flags" and irregularities surrounding the sham purchase and mortgage loan transactions, TBW would not have approved the loans, and neither TBW nor Colonial would have extended funding for the origination and/or purchase of these loans.

140. While Defendant North American obtained title insurance, it did not obtain such insurance through North American Title Insurance Company, which would have included the protections afforded by the "closing protection letter" executed in favor of TBW as a part of the 2005 written agreement between TBW and North American. As a result, the standing "closing protection letter" issued by North American, which provided TBW with protection against North American's fraud, was inapplicable to these transactions. Plaintiffs continue to investigate whether North American actually had a closing protection letter issued by the title insurer in connection with each Riverwalk loan as required by the written agreement between TBW and North American.

141. As a result of the conduct described herein, TBW issued loans in excess of $17 million to the 21 purchasers/borrowers in connection with the 66 sham purchase transactions and took a first and second mortgage lien with respect to each of the subject Riverwalk units (hereinafter referred to as the "Riverwalk loans"). TBW obtained funding for the majority of these loans from Colonial.

142. Upon information and belief, all of the money paid to Defendant RPV was deposited into a bank account controlled and administered by Defendant Ferguson.

Post-Closing

143. TBW sold all 132 loans made in connection with the sham sales transactions to several of its customers. The majority of the first mortgage loans were sold to Freddie Mac and the majority of the second mortgage loans were sold to a single financial institution.

144. Most, if not all, of the loan sales were made by TBW "with recourse" — i.e., under certain circumstances, the purchasers can require TBW to repurchase the loans. Accordingly, TBW was financially responsible for the first and second mortgage loans made in connection with the 66 sham Riverwalk sales.

145. In or about October 2007, TBW repurchased the Riverwalk loans sold to Freddie Mac as a direct result of the facts and circumstances described herein. Colonial provided TBW with the funding used to repurchase the majority of the loans from Freddie Mac. In connection with this repurchase, TBW paid Freddie Mac in excess of $11 million.

146. All of the Riverwalk loans were paid in accordance with their terms until late 2007. TBW has now determined that the loan payments were made from a single bank account directed and controlled by Defendants Ayla Burnett and Ferguson or others acting in concert with them.

147. By December 31, 2007, virtually all of the Riverwalk loans were in default and payments had ceased to be made.

148. At the time this action was filed, the vast majority of the 66 Riverwalk units were vacant and had never been occupied.

149. The real estate market in Ft. Myers has continued to decline. Upon information and belief, the cumulative value of the 66 Riverwalk units is less than $10 million.

150. At the filing of the original Complaint, TBW was in the process of foreclosing the mortgage loans that it controls and taking control of the related condominium units.

The FDIC-R

151. As set forth of above, Colonial funded the origination and/or repurchase of ninety-four (94) of the Riverwalk loans.

152. On August 11, 2010, TBW and the FDIC-R, reached a settlement agreement which set forth the rights and interests of each party with respect to the mortgage loans that had been placed on TBW's credit facilities at Colonial.

153. The rights and interests of each party with respect to the mortgage loans that had been placed on TBW's credit facilities at Colonial are set forth in the Settlement Agreement. The Settlement Agreement recognizes that the FDIC-R retains any and all "causes of action of every nature, character and description . . . based in tort or contract" that Colonial has or might have against any person, entity or party relating in any way to the loans made from Colonial's Assignment of Trade ("AOT") or Overline credit lines to the FDIC-R.

154. TBW and the FDIC-R have entered into a separate claims agreement which confirms that the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have that relate to the Riverwalk loans remaining on Colonial's credit lines, which comprise 94 of the 132 Riverwalk loans.

155. As the majority of the Riverwalk loans as described in this Amended Complaint were funded using the AOT facility at Colonial, the FDIC-R has suffered substantial losses as a result of the defaults on these loans.

COUNT I
(Fraud In the Inducement —
Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorenson, and North American)

156. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

157. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

158. As set forth above, Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American each made material misrepresentations of fact to and/or withheld material factual information from TBW in connection with their business transactions in which Defendants had a pecuniary interest, namely obtaining the Riverwalk loans.

159. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew that false and misleading information was being furnished to TBW and that material facts and information was being intentionally withheld from TBW in connection with the Riverwalk loans.

160. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American each intended that the information provided by them would be relied upon by TBW in connection with the Riverwalk loans.

161. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew or should have known that TBW was relying on the information provided by each of them (or at their direction) in making the Riverwalk loans.

162. TBW reasonably relied upon information provided by Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American (or at their direction) in making the Riverwalk loans.

163. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has

been transferred and assigned all claims and causes of action that TBW may have relating the ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

164. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew or had reason to expect and intended that the false and misleading information that was furnished to TBW and the material facts and information that was intentionally withheld from TBW in connection with the making of the Riverwalk loans would, in turn, reach third party financial institutions, including Colonial, who provided funding for the mortgage loans involved or who otherwise acquired an interest in the mortgage loans from TBW.

165. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew or had reason to expect and intended the false and misleading information that was furnished to TBW would induce third party financial institutions, such as Colonial, to rely upon this information in making its decisions to fund, purchase or otherwise acquire the mortgage loans.

166. Colonial reasonably relied upon the integrity of the loan origination process including the accuracy of the information provided by Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American to TBW to fund, purchase, and otherwise acquire an interest in ninety-four (94) of the Riverwalk loans.

167. TBW and the FDIC-R have been damaged as a result of the fraud perpetrated by Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American

168. TBW and the FDIC-R are entitled to recover from Defendants Ayla Burnett,

Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally, its actual damages in an amount to be established and proven at trial.

169. TBW is entitled to recover punitive and exemplary damages from Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally. Accordingly, Plaintiff TBW reserves the right to amend its Complaint to assert a claim for punitive damages upon making the requisite evidentiary showing required by Section 768.72, Florida Statutes.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally, as follows:

1. That Plaintiffs have and recover damages from Defendants;
2. That Plaintiffs have and recover prejudgment interest from Defendants;
3. That Plaintiffs have and recover its costs from the Defendants;
4. That TBW has and recovers punitive damages from Defendants upon leave of Court being granted to permit the assertion of punitive damage claims in accordance with Section 768.72, Florida Statutes; and
5. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT II
(Constructive Fraud — North American)

170. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

171. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

172. Defendant North American owed a fiduciary to duty to and/or was in a confidential relationship with TBW with respect to obtaining the Riverwalk loans.

173. Defendant North American was obligated to deal with TBW honestly and to disclose all material information regarding the Riverwalk loans.

174. As set forth above, Defendant North American made material misrepresentations of facts to and withheld material factual information from TBW in connection with their business transactions in which Defendants had a pecuniary interest, namely obtaining the Riverwalk loans.

175. Defendant North American knew and intended that TBW was rely on the information it provided in approving and originating the Riverwalk loans.

176. TBW reasonably relied upon information provided by Defendant North American in approving the Riverwalk loans for funding.

177. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating to ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

178. Defendant North American, likewise, owed a duty to Colonial to exercise reasonable care in obtaining and communicating information for the guidance of others in its business transactions, as North American had a pecuniary interest in the transactions at issue and Colonial was within a group of persons that could reasonably be expected to receive and to rely upon this information.

179. Defendant North American knew or had reason to expect and intended that the false and misleading information being furnished to TBW and the material facts and information being intentionally withheld from TBW in connection with the making of the Riverwalk loans

would, in turn, reach third party financial institutions, including Colonial, who provided funding for the Riverwalk loans or otherwise purchased or acquired an interest in the mortgage loans from TBW.

180. Defendant North American knew or had reason to expect and intended the false and misleading information furnished to TBW would induce third party financial institutions, such as Colonial, to rely upon this information in making its decisions to fund, purchase or otherwise acquire the Riverwalk loans.

181. Colonial reasonably relied upon the information provided by Defendant North American in reaching its decision to fund, purchase, and otherwise acquire interest in ninety-four (94) of the Riverwalk loans.

182. TBW and the FDIC-R have been damaged as a result of the fraud perpetrated by Defendant North American.

183. TBW and the FDIC-R are entitled to recover from Defendant North American its actual damages in an amount to be established and proven at trial.

184. Plaintiff TBW further seeks to recover punitive and exemplary damages from Defendant North American. Accordingly, Plaintiff TBW reserves the right to amend this Complaint to assert a claim for punitive damages upon making the requisite evidentiary showing required by Section 768.72, Florida Statutes.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendant North American as follows:

1. That Plaintiffs have and recover damages from Defendant;
2. That Plaintiffs have and recover prejudgment interest from Defendant;
3. That Plaintiffs have and recover its costs from the Defendant;

4. That TBW has and recovers punitive damages from Defendant upon leave of Court being granted to permit the assertion of punitive damage claims in accordance with Section 768.72, Florida Statutes; and

5. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT III
(Conspiracy — Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen)

185. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

186. Defendants, Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen, conspired to defraud TBW.

187. Each of these parties knew or had reason to expect that third party financial institutions, such as Colonial, would be involved in funding or otherwise purchasing and/or acquiring an interest in the mortgage loans from TBW, and therefore that the fraud perpetrated against TBW would cause harm to any subsequent lenders or purchasers dealing with the fraudulent loans, such as Colonial.

188. As co-conspirators, each Defendant, charged with this conspiracy is liable for the conduct of the other members of the conspiracy.

189. TBW and the FDIC-R have been damaged as a result of the fraudulent conduct described above.

190. TBW and the FDIC-R are entitled to recover from the Defendants, Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen, jointly and severally,

its actual damages in an amount to be established and proven at trial.

191. Plaintiff TBW further seeks to recover punitive and exemplary damages from the Defendants, Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, TJEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen, jointly and severally. Accordingly, Plaintiff TBW reserves the right to amend its Complaint to assert a claim for punitive damages upon making the requisite evidentiary showing required by Section 768.72, Florida Statutes.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendants Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen, as follows:

1. That Plaintiffs have and recover damages from Defendants Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen;

2. That Plaintiffs have and recover prejudgment interest from Defendants Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen;

3. That Plaintiffs have and recover its costs from the Defendants Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen;

4. That TBW has and recovers punitive damages from Defendants Lennar, U.S. Home, North American, Ayla Burnett, Charles Burnett, Ferguson, Jenifer White, Julie White, UEG, Aspen, Hatch, Gulbronson, Moore, RPV, Devereaux, and Sorensen, upon leave of Court being granted to permit the assertion of punitive damage claims in accordance with Section 768.72, Florida Statutes; and

5. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT IV

(Negligent Misrepresentation — Ayla Burnett, Jenifer White,

Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American)

192. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

193. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

194. As set forth above, Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American each made material misrepresentations to and withheld material information from TBW in connection with their business transactions in which Defendants had a pecuniary interest, namely obtaining the Riverwalk loans.

195. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew or should have known that TBW was relying on the information provided by each of them (or at their direction) in making the Riverwalk loans.

196. Each of Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American was negligent in making material misrepresentations to and withholding material information from TBW in connection with the Riverwalk loans.

197. TBW reasonably relied upon information provided by Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American (or at their direction) in approving the Riverwalk loans for funding.

198. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating to

ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

199. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, likewise, owed a duty to Colonial to exercise reasonable care in obtaining and communicating information for the guidance of others in its business transactions, as Defendants had a pecuniary interest in the transactions at issue and Colonial was within a group of persons that could reasonably be expected to receive and to rely upon this information.

200. Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American knew or had reason to expect and intended that the false and misleading information being furnished to TBW and the material facts and information being intentionally withheld from TBW in connection with the making the Riverwalk loans would, in turn, reach third party financial institutions, including Colonial, who provided funding for the Riverwalk loans or otherwise purchased or acquired an interest in the mortgage loans from TBW.

201. Defendant North American knew or had reason to expect and intended the false and misleading information furnished to TBW would induce third party financial institutions, such as Colonial, to rely upon this information in making its decisions to fund, purchase or otherwise acquire the Riverwalk loans.

202. Colonial reasonably relied upon the information provided by Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American in reaching its decision to fund, purchase, and otherwise acquire interest in 94 of the Riverwalk loans.

203. TBW and the FDIC-R have been damaged as a result of the negligence of

Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American.

204. TBW and the FDIC-R are entitled to recover from Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally, its actual damages in an amount to be established and proven at trial.

205. TBW and the FDIC-R are entitled to recover from Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally, expenses incurred in this litigation, including reasonable attorneys' fees.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendants Ayla Burnett, Jenifer White, Julie White, Ferguson, UEG, Aspen, Lennar, U.S. Home, Devereaux, Sorensen and North American, jointly and severally, as follows:

1. That Plaintiffs have and recover damages from said Defendants;
2. That Plaintiffs have and recover prejudgment interest from said Defendants;
3. That Plaintiffs have and recover its costs from the said Defendants; and
4. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT V
(Breach of Contract - Aspen)

206. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

207. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

208. TBW has performed all conditions precedent on its part to be performed under its contract with Aspen or all such conditions precedent have been waived or otherwise legally excused.

209. Defendant Aspen materially breached its contract by failing to perform and/or negligently performing its obligations under the contract.

210. Defendant Aspen's participation in obtaining mortgage financing from TBW for the sham Riverwalk sales transactions, including the acts and omissions set forth herein, were in breach of its written contract with TBW.

211. In addition, Defendant Aspen has agreed to indemnify TBW against any and all damages, including attorneys' fees and costs, resulting from and related to Aspen's breach of its contract with TBW.

212. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating the ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

213. TBW and the FDIC-R have been damaged as a result of Defendant Aspen's breach of its contract with TBW.

214. TBW and the FDIC-R have retained the undersigned attorneys to represent them in this action and have agreed to pay said attorneys a reasonable fee for their services. TBW and the FDIC-R are entitled to recover their attorneys' fees under the provisions of the contract with Aspen.

215. TBW and the FDIC-R are entitled to recover from Defendant Aspen actual damages in an amount to be established and proven at trial, including reasonable attorneys' fees and costs incurred as a result of Defendant Aspen's breach of contract.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendant Aspen, as follows:

1. That Plaintiffs have and recover damages from Defendant Aspen;

2. That Plaintiffs have and recover prejudgment interest from Defendant Aspen;

3. That Plaintiffs have and recover its costs, including attorneys' fees, from the Defendant Aspen; and

4. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT VI
(Breach of Contract — North American)

216. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

217. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

218. TBW has performed all conditions precedent on its part to be performed under its contract with North American or all such conditions precedent have been waived or otherwise legally excused.

219. Defendant North American's participation in closing mortgage financing from TBW for the sham Riverwalk sales transactions, including the acts and omissions set forth herein, were in breach of its written contract with TBW.

220. Defendant North American materially breached its contract by failing to perform and/or negligently performing its obligations under the contract.

221. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating the ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

222. TBW and the FDIC-R have been damaged as a result of Defendant North American's breach of its contract with TBW.

223. TBW and the FDIC-R are entitled to recover from Defendant North American actual damages as a result of Defendant North American's breach of contract in an amount to be established and proven at trial.

224. TBW and the FDIC-R have retained the undersigned attorneys to represent it in this action and has agreed to pay said attorneys a reasonable fee for their services. TBW and the FDIC-R are entitled to recover their attorneys' fees under the provisions of the contract with North American.

WHEREFORE, Plaintiff Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendant North American, as follows:

1. That Plaintiffs have and recover damages from Defendant American;
2. That Plaintiffs have and recover prejudgment interest from Defendant North American;
3. That Plaintiffs have and recover its costs, including attorneys' fees, from the Defendant North American; and
4. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT VII
(Negligence — Gizzi and Sawyer)

225. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

226. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

227. Defendants Gizzi and Sawyer were negligent in performing the appraisals used in

the sham Riverwalk sales transactions, in which they had a pecuniary interest.

228. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating the ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

229. Defendants Gizzi and Sawyer knew or had reason to expect and intended that the negligent appraisals being furnished to TBW in connection with the making of the Riverwalk loans would, reach third party financial institutions, including Colonial, who provided funding for the Riverwalk loans or otherwise purchased or acquired an interest in the mortgage loans from TBW. Indeed, the appraiser's certification attached to each of the appraisals prepared by Gizzi and Sawyer expressly provides, in part, as follows:

> 23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves one or more of these parties.

230. Defendants Gizzi and Sawyer knew or had reason to expect and intended the false and misleading information furnished to TBW would induce third party financial institutions, such as Colonial, to rely upon this information in making its decisions to fund, purchase or otherwise acquire the Riverwalk loans.

231. Colonial reasonably relied upon the integrity of the loan origination process including the accuracy of the appraisals provided by Defendants Gizzi and Sawyer in reaching its decision to fund, purchase, and otherwise acquire interest in the Riverwalk loans.

232. TBW and the FDIC-R have been damaged as a direct and proximate result of the negligence of Defendants Gizzi and Sawyer.

233. TBW and the FDIC-R are entitled to recover from Defendants Gizzi and Sawyer

actual damages in an amount to be established and proven at trial.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against Defendants Gizzi and Sawyer, jointly and severally, as follows:

1. That Plaintiffs have and recover damages from Defendants, Gizzi and Sawyer;

2. That Plaintiffs have and recover prejudgment interest from Defendants, Gizzi and Sawyer;

3. That Plaintiffs have and recover its costs, including attorneys' fees, from the Defendants, Gizzi and Sawyer; and

4. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

COUNT VIII
(Breach of Fiduciary Duty - North American)

234. The allegations set forth in Paragraphs 1 through 155 above are incorporated into this Count as if fully set forth herein.

235. This is an action for damages in excess of $15,000, exclusive of interest, costs and attorneys' fees.

236. As TBW's agent, Defendant North American owed TBW a fiduciary duty in connection with closing the mortgage financing for the 66 Riverwalk loans.

237. Among other duties, Defendant North American was obligated to act with fidelity and loyalty and in good faith in connection with closing the mortgage financing for the 66 Riverwalk loans.

238. Defendant North American breached its duties to TBW in connection with closing the Riverwalk loans.

239. Pursuant to the claims agreement between TBW and the FDIC-R, the FDIC-R has been transferred and assigned all claims and causes of action that TBW may have relating the

ninety-four (94) of the 132 Riverwalk loans that Colonial originally funded and/or repurchased.

240. TBW and the FDIC-R have been damaged as a result of Defendant North American's breach of its duties as TBW's agent.

241. TBW and the FDIC-R are entitled to recover from Defendant North American actual damages in an amount to be established and proven at trial.

242. TBW is entitled to recover punitive and exemplary damages from Defendant North American. Accordingly, TBW reserves the right to amend this Complaint to asset a claim for punitive damages upon making the requisite evidentiary showing required by Section 768.72, Florida Statutes.

WHEREFORE, Plaintiffs Taylor, Bean & Whitaker Mortgage Corp. and the FDIC-R request and demand the entry of a judgment in their favor against North American as follows:

1. That Plaintiffs have and recover damages from Defendant North American;

2. That Plaintiffs have and recover prejudgment interest from Defendant North American;

3. That Plaintiffs have and recover its costs, including attorneys' fees, from the Defendant North American;

4. That TBW has and recovers punitive damages from Defendant North American upon leave of Court being granted to permit the assertion of punitive damage claims in accordance with Section 768.72, Florida Statutes; and

5. That Plaintiffs have and recover such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury on all issues triable by a jury.

Dated: October 30, 2012.

Respectfully Submitted,

GERAGHTY, DOUGHERTY & EDWARDS, P.A
Counsel for the Federal Deposit Insurance Corporation as Receiver of Colonial Bank and Co-Counsel for Taylor, Bean & Whitaker Corp.
Post Office Box 1605
1531 Hendry Street
Fort Myers, Florida 33902-1605
Telephone: (239) 334-9500
Facsimile : (239) 334-8930

By: _____
Patrick Geraghty
pat@7-litagators.com
Florida Bar No. 114920

BERGER SINGERMAN, LLP
Sharon Kegerreis, Esq.
James D. Gassenheimer, Esq.
Co-Counsel for For Neil Luria as Plan Trustee of the Taylor Bean &Whitaker Plan Trust
1450 Brickell Avenue, Suite 1900
Miami, Florida 33131
Telephone: (305) 755-9500
Facsimile : (305) 714-4340
drt@bergersingerman.com
skegerreis@bergersingerman.com
lmartinez@bergersingerman.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished, via e-mail and U.S. mail, this 30th day of October, 2012, to the parties listed on the attached Service List.

By: _____
Patrick Geraghty

SERVICE LIST

Civil Case Manager
Lee County Justice Center
1700 Monroe Street
Third Floor, Room 3402
Fort Myers, FL 33901
Facsimile: (239) 485-2948
CivilCM@ca.cjis20.org

Theodore L. Tripp, Jr.
Justin B. Mazzara
Han Loeser & Parks LLP
2532 East First Street
Fort Myers, FL 33901
Telephone: (239) 337-6700
ttripp@hahnlaw.com;
jmazzara@hahnlaw.com;
roliver@hahnlaw.com;
afontaine@hahnlaw.com;
miennings@hahnlaw.com

Counsel for Defendant Matthew Devereaux

Edward J. Peterson, III
Stichter, Riedel, Blain & Prosser, PA
110 East Madison Street, Suite 200
Tampa, FL 33602
Telephone: (813) 229-0144
Facsimile: (813) 229-1811
epeterson@srbp.com
Counsel for Plaintiff, Taylor, Bean & Whitaker Mortgage Corp.

David A. Wallace
Williams Parker Harrison
Dietz & Getzen, P.A.
200 S. Orange Avenue
Sarasota, FL 34236
Telephone: (941) 366-4800
Facsimile: (941) 954-3172
dwallace@williamsparker.com
dfernandez@williamsparker.com
Counsel for Defendant Andrew L. Sorensen

Ayla Burnett
Charles Burnett
Riverwalk Property Ventures, LLC
8189 Fort Hill Road
Eagle Mountain, UT 84005
peace.courage@gmail.com
Defendants

Onier Llopiz
Joan Carlos Wizel
Lydecker, Diaz
1221 Brickell Avenue, 19th Floor
Miami, FL 33131
Telephone: (305) 416-3180
Facsimile: (305) 416-3190
ol@lydeckerdiaz.com
jcw@lydeckerdiaz.com
marlene@lydeckerlaw.com
Counsel for Defendants Anthony Gizzi Real Estate Appraisals, Inc. and David Sawyer

Hilarie Bass
Adam M. Foslid
Timothy A. Kolaya
Greenberg Traurig PA
333 Avenue of the Americas
333 SE 2nd Avenue, Suite 4400
Miami, FL 33131
Telephone: (305) 579-0500
Facsimile: (305) 579-0717
bassh@gtlaw.com
boylanp@gtlaw.com
foslida@gtlaw.com
belloy@gtlaw.com
kolayat@gtlaw.com
FLService@gtlaw.com
Counsel for Defendants Lennar Corporation, U.S. Home Corporation, and North American Title Company

Hollis Hunt
392 East 12300 South
Draper, UT 84020
Defendant

Kelly Hatch, individually and
Manager for Aspen Home Loans, LLC
734 West 2100 North
Pleasant Grove, UT 84062
Defendants

Paul Andrew Gulbronson
10117 Northgolden Elm Drive
Estero, FL 33928
Defendant

4626184-1

COPY

Agreement

This agreement (this "Agreement") is made this 11 day of September, 20 06 between Taylor, Bean & Whitaker Mortgage Corp., with offices at 101 NE 2nd Street, Ocala, FL 34470-6642, ("Lender"), and Aspen Home Loans dba Alpine Funding LLC with offices at 826 E. State Rd Ste 100 American Fork, UT 84003 ("Broker").

Broker is engaged in the business of taking applications for residential mortgage loans, aiding and assisting borrowers in the pre-qualification for mortgage loans, choosing a mortgage product and completing an application and processing those applications on behalf of others in exchange for a fee or other consideration and Lender extends credit to borrowers for first or second residential mortgage loans (the "Mortgage Loans").

In consideration of the promises and mutual undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Broker and Lender, intending to be legally bound, agrees as follows:

Article 1

Definitions

"Borrower" means the person or persons who submit an application to Broker, receive a Mortgage loan, and are liable on a Note to Lender.

"Mortgage Loan Program" means a type of Mortgage Loan, the terms and conditions of which are may from time to time be described on the rate sheets, and which can be offered to prospective Borrowers as an eligible Mortgage Loan under the terms of this Agreement.

"Underwrite" or "Underwriting" means the examination of a Borrower's application, credit history, income and financial resources for the purposes of determining whether to extend credit to a Borrower.

Article 2

Duties of the Broker

2.1 Broker shall take applications for mortgage loans at its offices in its own name through its employees and agents.

2.2 Broker shall comply with the procedures established by Lender from

EXHIBIT "A"

time to time for the registration of mortgage loan applications for residential first or second mortgages under programs made available to the Broker. The Broker shall be responsible for determining whether an application meets the terms and requirements of the programs provided and Lender shall have no obligation to register a loan which does not comply with those terms and requirements.

2.3 Broker shall submit to Lender for each registered loan the application signed by the applicant and such credit, financial and other information necessary for Lender to investigate, underwrite and fully review the application. Broker shall assist Lender in obtaining any additional information needed by Lender or to otherwise facilitate the closing of the loan transaction.

2.4 In addition to taking the information from the Borrower and filling out the application, the Institution shall perform all of the following services:

- Analyzing the prospective Borrower's income and debt and pre-qualifying the prospective Borrower to determine the maximum mortgage that the prospective Borrower can afford;
- Educating the prospective Borrower in the home buying and financing process, advising the Borrower about the different types of loan products available, and demonstrating how closing costs and monthly payments would vary under each product;
- Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process;
- Initiating/ordering VOEs (verifications of employment) and VODs (verifications of deposits);
- Initiating/ordering requests for mortgage and other loan verifications;
- Initiating/ordering appraisals;
- Initiating/ordering inspections or engineering reports;
- Providing disclosures (truth in lending, good faith estimates, others) to the Borrower;
- Assisting the Borrower in understanding and clearing credit problems;
- Maintaining regular contact with the Borrower, realtors, lender, between application and closing to apprise them of the status of the application and to gather any additional information as needed;
- Ordering legal documents;
- Determining whether the property was located in a flood zone or ordering such service; and

- Participating in the loan closing

2.5 Broker shall, both in the conduct of its business generally, and, in particular, in its handling of each application, comply fully, completely and in a timely manner with every requirement of all applicable federal and state laws dealing with the origination of mortgage loans, including, without limitation upon the generality of the foregoing, the Equal Credit Opportunity Act (ECOA) and Regulations B, including nondiscrimination, the Truth-in Lending Act (RESPA), and Regulation X and state laws and regulations governing mortgage banks and brokers. In connections with ECOA and Regulation B, Broker agrees that it will not discourage or pre-screen any applicant or in any other manner violate the Act and Regulation. Broker shall maintain, available for Lender's inspection, and shall deliver to Lender upon demand, evidence of compliance with all such requirements.

Article 3

Duties of Lender

3.1 Lender shall underwrite every Mortgage Loan submitted pursuant to this Agreement. Lender shall have no obligation to issue a commitment for or close a Mortgage Loan which in its sole discretion does not meet Lender's underwriting requirements. In making its determination, Lender expressly disclaims any inference Broker may draw as to the general quality of or acceptability of the Mortgage Loan application. Lender, in its sole discretion, may reject any mortgage loan which does not comply with the terms and conditions of this Agreement. Lender shall notify Broker promptly of such rejection.

3.2 If Lender determines that the application meets its underwriting standards, it shall issue a commitment in its name to the Borrower setting forth the terms and conditions under which it will close the loan and advance its funds. If Lender determines that the Mortgage Loan does not meet its underwriting conditions, it will issue a notice of rejection to the Borrower in compliance with applicable laws and regulations.

3.3 Lender shall proceed to the closing of the Mortgage Loan under the terms and conditions of its commitment letter to the Borrower and Broker shall provide such assistance in this regard as required by Lender to close the loan in a timely and efficient manner.

Article 4

Rates and Lock INS

4.1 Broker shall be required to comply with the guidelines which may be

distributed from time to time concerning rates and lock ins which apply to the particular mortgage loan programs offered by Lender.

Article 5

Representations, Warranties, and Covenants of Associate

5.1 Broker has all requisite power and authority to execute and enter into this Agreement and to perform the obligations required of it hereunder. The execution and delivery of this Agreement and all documents, instruments and agreements required to be executed by Broker pursuant hereto, and the consummation of the transactions contemplated hereby, have each been duly and validly authorized by all necessary action of Broker. This Agreement constitutes a valid, legal and binding agreement of Broker enforceable by Lender in accordance with its terms subject to bankruptcy, insolvency, reorganization, receivership or other laws affecting rights of creditors generally, and general equity principles.

5.2 Broker is: a) a _____duly organized, validly existing and in good standing under the laws of _____; b)qualified to do business in _____and in any other jurisdiction in which such qualification is required or where Broker maintains an office or does substantial business; and c) is in compliance with any and all licensing requirements of the laws of all such states.

5.3 The execution, delivery and performance of this Agreement by Broker, its compliance with the terms hereof and consummation of the transactions contemplated hereby will not violate, conflict with, result in a breach of, give rise to any right of termination, cancellation or acceleration under, constitute a default under, be prohibited by or require any additional approval under (a) Brokers' charter, by-laws, or other organizational documents, or any other material instrument or agreement to which Broker is a party or by which Broker is bound or which affects this Agreement, or (b) any and all Laws, orders, injunctions or decrees applicable to Broker.

5.4 All information submitted by Broker to Lender with regard to the loan applications, including all written materials, are represented and warranted by the Broker to be true, correct, currently valid and genuine. The closing of a mortgage loan by Lender shall in no way relieve Broker from or constitute a waiver of any of the requirements of this Agreement for any Mortgage Loan or from the representations and warranties made as to every Mortgage Loan under the terms of this Agreement.

Article 6

Fees

Any and all fees, commissions, and other consideration to be received by Broker with regard to any approved loan application registered with Lender will be paid by Lender after deducting all fees and charges due Lender as specified in its price and fee schedules, and Broker shall accept no compensation of an type from any other source. No consideration of any kind shall be due or payable on any loan transaction unless and until funded and closed by Lender.

Article 7

Books and Records; Access

7.1 During the term of this Agreement and upon twenty-four (24) hours notice, Broker shall give Lender, its employees, and its representatives full access, during normal business hours, to audit and inspect the files of Mortgage Loan documents, and the books, records, reports, statistics and other documents of Broker relating to the Mortgage Loans and to Broker's closing procedures, and its communications with Lender.

7.2 Broker and Lender shall keep and maintain a complete and accurate account, satisfactory to Lender, of all funds collected and paid relating to the Mortgage Loans.

Article 8

Termination

8.1 This Agreement may be terminated with or without cause by Lender or Broker upon sixty (60) days written notice to the other party, but such termination shall not in any respect change or modify the obligations of the parties with respect to (a) loan applications which have been registered with Lender prior to the date of termination or (b) Broker's obligations under Article 2 hereof accruing prior to the date of termination.

8.2 Notwithstanding anything to the contrary herein, Lender may terminate this Agreement immediately, upon written notice to Broker, if Broker fails to maintain any license required by any Law, or if any Law makes it unlawful for Lender and Broker to do business in accordance with the terms of this Agreement.

Article 9

Relationship of the Parties

Nothing herein contained shall be deemed or construed to create a partnership

or joint venture between the parties.

Article 10

Indemnification

Broker shall indemnify and hold Lender harmless against and in respect of, and shall reimburse Lender for any and all losses, liabilities, claims, damages, costs including without limitation attorney's fees and costs, and actions suffered or incurred by Lender which arise out of, result from or relate to the breach by Broker of any covenant, condition, term, obligation, representations or warranty contained in this Agreement or in any written statement, certificate or Mortgage Loan document furnished by Broker pursuant to this Agreement. In all actions with third parties in which Lender shall have the complete and exclusive right to determine the conduct and defense of such legal proceeding or investigation with such third party including, without limitation, the right to compromise, settle, defend or continue any such action. Broker shall indemnify Lender in the event any loan is refinanced within 180 days immediately following loan closing if Broker initiates the refinance. The indemnification will affect all loans defined above whereby Lender paid a price above par (yield spread premium) to Broker. Said Broker will refund to Lender the amount of yield spread premium paid within 15 days of receiving notice of loan pre-payment according to the following schedule:

- If paid within 90 days after closing, then 100% of the yield spread premium to be refunded to Lender by Broker
- If paid off 91 through 180 days after closing, then 50% of the yield spread premium to be refunded to Lender by Broker.
- If paid off more than 180 days after closing, no re-payment is required

Article 11

Miscellaneous

11.1 **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida.

11.2 **Entire Agreement.** This Agreement and any agreement, document or instrument attached hereto or referred to herein integrates all the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations or prior writings in respect to the subject matter hereof and thereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail.

11.3 **Survival of Warranties.** The representations, warranties, covenants, agreements and every other obligation contained in this Agreement shall survive the transactions provided for herein and shall be fully applicable whether or not Lender relies thereon or has knowledge of any facts at variance therewith.

11.4 **Notices.** All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand, by overnight courier or by registered or certified mail, return recipe requested, postage prepaid, addressed to the parties at the following addresses (or at such other addresses as shall be specified by like notice) :

If to Lender, to:

Taylor, Bean & Whitaker Mortgage Corp.
101 NE 2nd Street
Ocala, FL 34470

If to Broker, to:

Aspen Home Loans LC dba Alpine Funding LLC
826 E. State Rd. Ste 100
American Fork, Utah 84003

IN WITNESS WHEREOF, each of the undersigned parties has caused this Agreement to be duly executed under seal and delivered by its duly authorized officer, all as of the date first above written.

ATTEST:

(Broker)

By: _____ By: _____

Taylor, Bean & Whitaker Mortgage Corp.

By: _____ By: _____

State Licenses

Alaska

Alaska Department of Commerce
Community and Economic Development
PO Box 110806
Juneau, AK 99811-0806 (907) 465-2550 (907) 269-8173

Aspen Home Loans LC
Residential Mortgage Loans
Business License # 725376 Expires 12/31/06

Delaware

State of Delaware
Office of the State Bank Commissioner
555 East Loockerman Street, Suite 210
Dover, DE 19901 (3020 739-4235 (302) 739-2356

Aspen Home Loans LC
Residential Mortgage Loans
Licensed Lender License #149570 Expires 12/31/06

Florida

FL Department of Financial Services
200 East Gaines St
Tallahassee, FL 32399 (850) 410-9895

Aspen Home Loans LC
Residential Mortgage Loans
Correspondent Mortgage Lender License # 358070 Expires 8/31/06

Illinois

Illinois Department of Financial and Professional Regulation
Division of Banks and Real Estate
310 South Michigan Ave, Suite 2130
Chicago, IL 60604 (312) 793-1409

Aspen Home Loans, LC
Residential Mortgage Loans
Residential Mortgage License # MB.6759492 Expires 10/29/06

Iowa	Iowa Division of Banking 200 East Grand Avenue, Suite 300 Des Moines, IA 50309-1827 (515) 281-4014 Aspen Home Loans, LC Residential Mortgage Loans Mortgage Banker License #MBK-2005-0223 Expires 6/30/06
Maryland	Department of Labor, Licensing, and Regulation 500 North Calvert Street, Suite 402 Baltimore, MD 21202-3651 Aspen Home Loans, LC Residential Mortgage Loans Mortgage Lenders License # 12678 Expires 5/9/07
Minnesota	Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026 Aspen Home Loans LLC Residential Mortgage Loans Residential Mortgage Originator # MO 20543610 Expires 7/31/07
Mississippi	Department of Banking and Consumer Finance Mortgage Division 9001 Woolfolk Bldg, Suite A 501 North West Street Jackson, MS 39201 Aspen Home Loans, LC Residential Mortgage Loans Mortgage Company License # 282/2005 Expires 9/30/06
New Mexico	Regulation and Licensing Department Financial Institutions Division 2550 Cerrillos Road, 3rd Floor Santa Fe, NM 87505 phone (505) 476-4885 Fax (505) 476-4670 Aspen Home Loans, LC Residential Mortgage Loans Mortgage Loan Company License # 02069 Expires 4/16/07
Oregon	State of Oregon Department of Consumer & Business Services Division of Finance & Corporate Securities 350 Winter St, NE, Suite 410

Salem, OR 97301 (503) 378-4387

Aspen Home Loans, LC
Residential Mortgage Loans
Mortgage Lender License #ML-3212 Expires 4/28/2008

Pennsylvania Pennsylvania Department of Banking
Licensing Division
333 Market St. 16th Floor
Harrisburg, PA 17101 (717) 787-3717 fax (717) 787-8773

Aspen Home Loans LC
Residential Mortgage Loans
First Mortgage Banker License # 12529.001

Tennessee Tennessee Department of Financial Institutions
511 Union St, Ste 400
Nashville, TN 37219 (615) 741-2236

Aspen Home Loans, LC
Residential Mortgage Loans
Residential Lending and Broker License # 2640 Expires 12/31/06

Texas Texas Department of Savings and Mortgage Lending
Mortgage Banker Registration
2601 N. Lamar, Suite 201
Austin, TX 78705 (512) 475-1350 fax 512-475-1360

Linden Kelly Hatch
Aspen Home Loans dba Alpine Funding LLC
Mortgage Broker License #61080 expires 3/30/08

Utah Utah Division of Real Estate
PO Box 146711
Salt Lake City, UT 84114 (801) 530-6747 fax (801) 530-6749

Aspen Home Loans, LC
Residential Mortgage Loans
Mortgage Lender Company # 5495894-MLCO Expires 5/31/06

Virginia Commonwealth of Virginia
State Corporation Commission
Bureau of Financial Institutions
PO Box 640
Richmond, VA 23218-0640

Aspen Home Loans, LC
Residential Mortgage Loans
Mortgage Lender and Broker License # MLB-1184 No Expiration

Washington

Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200

Aspen Home Loans LC
Residential Mortgage Loans
Mortgage Broker License # 510-MB-26399

Wyoming

Wyoming Department of Audit-Division of Banking
Herschler Building 3 rd Floor East
122 W 25th Street
Cheyenne, WY 82002 (307) 777-3497 fax (307) 777-3555

Aspen Home Loans, LC
Residential Mortgage Loans
Wyoming Residential Mortgage Practices Act License #MBL 983

COPY

1007229

GENERAL LOAN CLOSING INSTRUCTIONS
"AGREEMENT"

TITLE COMPANY: North American Title Corp.
(OR)
ATTORNEY'S OFFICE:
ADDRESS: 1051 Cypress Terrace Suite 201
CITY: Ft Myers STATE: Fl ZIP CODE: 33907.
PHONE #: 239-489-4555 FAX#: 239-489-1596.
COMPANY E-MAIL ADDRESS: Fla.Ftmyers@nafbas.com.
TITLE INSURANCE UNDERWRITER(S): North American Title Insurance.

These General Loan Closing instructions have been prepared for Closing Agents who will close loans in the name of Taylor, Bean & Whitaker or any of its approved correspondents (herein after referred to as TBW).

These instructions are to be fully complied with by you and your staff. **The attached Certification (Pg. 11) must be signed by all individuals in your firm who will be involved in any loan closings.**

GENERAL INSTRUCTIONS:

1. Loans must be closed in a timely manner and by all the standards and requirements as set forth in these General Loan Closing Instructions and as set forth in the Specific Conventional or FHA/VA Loan Closing Instructions and Addendums issued by TBW with each set of final closing documents.

2. TBW will provide you with Specific Loan Closing Instructions on each loan, along with a complete and correct set of documents necessary to close our loans. The Note, Mortgage, and Mortgage Riders, if applicable, will be prepared on approved *FNMA/FHLMC* or FHA/VA forms. If the closing agent/attorney determines that a loan cannot be closed in accordance with our final closing instructions, do not proceed to close without further instruction from TBW.

3. Incomplete and/or incorrect closings will result in your firm being added to TBW's published suspension list and your firm will no longer be permitted to close loans for TBW.

4. TBW must have a "Closing Protection Letter" (Indemnification Letter) in ALTA form from the title insurance company which will be issuing the final mortgage title insurance policy, which indemnifies TBW and/or their assigns, and includes, but is not limited to, misappropriation or misuse of funds, negligence, or failure to comply with our loan closing instructions. If a party other than the above named closing agent has been secured to write the mortgage title insurance policy, it is the responsibility of the closing agent/attorney to notify TBW of the issuing title agent's name and to provide us with an acceptable ALTA "Closing Protection Letter" (Indemnification Letter) for that Issuing title insurance company prior to the closing of the loan.

5. The secured mortgage, deed of trust, or security deed must be a valid first lien. ALL mortgage loans must also be readily marketable to prudent investors in the Secondary Mortgage market or to governmental agencies (i.e., FHA/VA).

6. No typographical errors, (including those made with correctable typewriters), initials or corrections of any kind whatsoever will be accepted on the Note. All corrections to the mortgage and remaining documents in the closing package must be initialed by the borrowers.

7. All notes, mortgages, and assignments of mortgage should be executed just as the mortgagor's name appears in type. Names and marital status should be identical in the commitments, policy, and loan closing papers.

8. TBW will provide a list of specific Closing Instructions and a copy of the most recent sales contract. You are responsible for preparing the HUD-1 Uniform Settlement Statement in accordance with the contents and conditions of the Sales Contract and/or TBW's Closing Instructions and all Addendums attached thereto.

9. The HUD-1 or HUD-1A Uniform Settlement Statement must be used on all transactions. The recipient and purpose of each charge must be indicated. Settlement Statements are to be signed by all borrowers and sellers. All corrections and/or additional charges are to be initialed by the appropriate parties. SELLER MAY NOT PAY PREPAID ITEMS ON CONVENTIONAL LOANS. Fees and charges paid prior to closing are to be indicated as "P.O.C.".

10. You hereby acknowledge that adjustments and/or changes will not be made to any loan document or loan terms, including: sales price, loan amount, seller contributions toward closing costs, seller financing, etc. without prior written approval from TBW. You also acknowledge that, should the mortgagor's cash-to-close exceed the designated amount as set forth in TBW's closing instructions, you will contact TBW prior to loan closing for written verification that the mortgagor has sufficient cash-to-close.

11. You will be responsible for full compliance with the Real Estate Settlement Procedures Act (RESPA), Federal Truth-In-Lending Law, and supplying us with the correct information to comply with the Home Mortgage Disclosure Act.

12. All post-closing documentation (i.e., recorded mortgage, assignment of mortgage, title policy and all applicable endorsements, corrected documents as requested by TBW, etc.) must be received by TBW within 45 days of closing. Failure to comply will result in the closing agent/attorney reimbursing TBW for late fees as follows:

Loans 60-90 days old -	$50.00
Loans 90-120 days old -	$75.00
Loans over 120 days old -	$100.00
For each additional month over 120 days -	$100.00 per month

Failure to deliver documentation within 45 days or failure to pay the late fees in a timely manner, will result in your firm being added to TBW's published suspension list and your firm will no longer be permitted to close loans for TBW.

FUNDING PROCEDURES:

1. All loans will be net funded with the exception of the prepaid interest and the escrows in some cases. Funds will be sent via check or wire. The Closing Agent/Attorney is responsible for calling the Closing Department for funding authorization. Funds will not be wired and checks are not to be deposited prior to authorization from your closer.

2. Closing funds are not to be disbursed by the closing agent/attorney until the closing is completed in accordance with all general and specific closing instructions and addendums as provided by TBW, and the Closing Agent/Attorney has obtained a Funding Authorization Number from the TBW Closing Department.

When the loan being closed is a refinance of an existing lien on the mortgagor's primary residence, three full business days, including Saturdays, must be counted in the Rescission period. All borrowers must sign the Right of Rescission notice. The Agent/Attorney is to disburse after the borrowers have signed the Notice indicating they do not want to cancel.

3. Upon disbursement, all closing documents are to be forwarded by express mail or courier, within 1 BUSINESS DAY, to TBW at TAYLOR, BEAN & WHITAKER MORTGAGE CORP., CENTRAL DOCUMENT FACILITY, 1417 NORTH MAGNOLIA AVENUE, OCALA, FL 34475-6642.

All checks for interest, escrows, PMI, tax fee, etc., must be returned with the closed loan package.

PACKAGES NOT RETURNED WITHIN 1 BUSINESS DAY WILL BE SUBJECT TO A LATE FEE OF $50.00 PER DAY.

REQUIREMENTS PRIOR TO CLOSING:

1. Prior to giving clearance for closing, the closing agent/attorney is responsible for providing TBW a current hazard insurance policy, a current termite report, if applicable, a completed HUD-1 or HUD-1A Settlement Statement, a survey of the mortgaged property **if required in our specific instructions**, and any other requirements as set forth in the specific closing instructions and addendums that need to be received prior to closing. These documents will be reviewed for accuracy and compliance with TBW's guidelines as outlined in this Agreement.

2. It is the responsibility of the closing agent/attorney to confirm with TBW that all pre-closing requirements are satisfactorily met and approved by TBW prior to closing the loan.

3. IF YOU ARE CLOSING A LOAN IN THE NAME OF ANOTHER LENDER ON BEHALF OF TBW'S CORRESPONDENT LOAN DEPARTMENT, IT IS YOUR RESPONSIBILITY TO HAVE THE ORIGINAL NOTE ENDORSED AND THE ASSIGNMENT OF MORTGAGE SIGNED AND COMPLETED BY AN AUTHORIZED REPRESENTATIVE OF THE LENDING INSTITUTION. This is to be **done prior to or immediately following the closing.** If you are not able to make arrangements to have these documents signed in the given time frame, you may not close the loan as scheduled.

TITLE INSURANCE:

1. Your examination of the title must reveal a good and marketable title without conditions which might adversely affect the security of the proposed loan. In addition, the title policy must comply with the following guidelines.

2. Title policy must be written on current ALTA policy forms. Short form policies are acceptable to TBW. Any whiteouts or corrections on the binder or policy must be initialed by authorized personnel.

3. Title policies must be written from TBW's approved list of Title Insurance Companies and must comply with the following loan amount limitations as set forth on Exhibit "A" attached hereto.

4. The insured amount of the policy must be at least the original amount of the mortgage.

5. For Negative Amortization loans or loans with the potential for negative amortization, the policy must be written for an amount equal to the highest outstanding balance and must have a variable rate endorsement (ALTA 6.2) for negatively amortizing loans.

6. The effective date of the policy must be on or after the date and time of the recorded mortgage. If the mortgage must be re-recorded, for any reason, then the effective date and time must be updated to reflect the latest date and time of the re-recorded mortgage.

7. The name of the insured on the policy must read as follows:

CONVENTIONAL LOANS:

Taylor, Bean & Whitaker Mortgage Corp.
Its Successors and/or Assigns

VA LOANS:

Taylor, Bean & Whitaker Mortgage Corp., and/or the Secretary of Veterans Affairs, their Successors and/or Assigns, as their interests may appear

FHA LOANS:

Taylor, Bean & Whitaker Mortgage Corp., and/or the Secretary of Housing and Urban Development, their Successors And/or Assigns as their interests may appear

8. The following endorsements will be required on all title policies, as applicable:

a.) All Florida property must have a Florida Form 9 Endorsement. Any alterations to Form 9 must be shown on Schedule B and must be approved for acceptability by TRW prior to closing the loan.

b.) The ALTA 8.1 Environmental Protection Lien Endorsement should be included with every policy issued to TBW.

c.) For all Adjustable Rate loans, the appropriate ALTA Endorsement must be attached to the title policy — ALTA 6.0 Endorsement for Renegotiable Rate loans or ALTA 6.1 Endorsement for standard Variable Rate loans.

d.) For all loans classified as Condominium projects, the ALTA 4.0 Condominium Endorsement must be attached to the title policy.

e.) For all loans classified as a Planned Unit Development, the ALTA 5.0 Planned Unit Development Endorsement must be attached to the title policy.

f.) For all loans that have manufactured housing (mobile home) on the mortgaged premises, the ALTA 7 Manufactured Housing Endorsement must be attached to the title policy. Refer to "General 'At Closing' Instructions" for additional information relating to the closing of manufactured housing (mobile home) loans.

g.) For all loans that have a Balloon feature, the ALTA Balloon Mortgage Endorsement must be attached to the policy.

h.) For all loans that take any exception to navigable waters or rights associated with said navigable waters, the ALTA Navigational Servitude Endorsement must be attached to the title policy.

9. **Title Policy Exceptions/Provisions:**

a.) All title policy exceptions are to be of a factual and pertinent nature; general, vague, and disclaiming exceptions will not be acceptable to TBW and are not acceptable to prudent secondary mortgage market investors.

b.) Copies of easements, restrictions, rights of ways, or any other title policy exceptions will be requested by us dependent on the secondary mortgage market investor's requirements. Legible copies of any items listed on Schedule B of the title policy or (Bll of the Commitment) shall, upon request, be provided to TBW at no additional cost.

c.) All "standard" exceptions (except for the survey exception on vertical condos and any current taxes not due or payable) must be deleted. The "gap" exception must be deleted in advance of closing.

d.) Terms, conditions, declarations, covenants, and restrictions of record must not have been violated and a future violation thereof shall not cause forfeiture or reversion of title. You must also affirmatively omit covenants or restrictions based on race, color, religion, sex, or national origin as to all exceptions for covenants, restrictions, or similar instruments.

e.) Minimum building restriction lines must not have been violated and a future violation thereof shall not cause forfeiture or reversion of title.

f.) The lien of any assessments for maintenance and operation imposed in accordance with the by-laws of the Declaration will be subordinate to the lien of the mortgage. For Florida condominium projects, we will accept exclusion from coverage for this item as mandated by Florida Statutes subsection 718.1 16(f)(a).

g.) Taxes, water, and sewer charges or other assessments must be shown as current as of the date of settlement or the settlement statement must show funds withheld for all sums due. (The binder must show the dollar amount of last year's paid taxes.)

h.) There are to be no exceptions for mechanic's or material man's liens, any unrecorded easements or right(s) of way, or any matter which would be disclosed by a current survey of the premises.

i.) There are to be no exceptions for any rights of tenants in possession of any other matter which would be disclosed by an inspection of the premises.

j.) If the mortgaged property consists of more than one parcel of property, there must be affirmative language that states that the parcels are contiguous and that there are not hiatuses, gaps, or gorges between the respective parcels.

k.) Any mortgaged property affected by an easement of record for ingress or egress for access shall be treated as follows:

i.) A copy of the easement shall be provided together with the commitment and the policy.

ii.) If the easement for ingress and egress is for the benefit of the mortgaged property (i.e., its access depends upon the easement), the easement should be included as part of the legal description and should be insured, proceeded by substantially the following language:

"Together with an easement for ingress and egress described as follows:"

l.) Legal and enforceable ingress/egress to the subject property must be insured.

m.) In reference to construction loans, the "pending disbursements" clause must be deleted at the time of completion of construction.

n.) In reference to construction loans, upon receipt of an acceptable survey, you must acknowledge, in writing, that the survey will be acceptable for issuance of a clear Form 9 Endorsement. At the end of the construction term, you agree to provide an endorsement deleting the general exceptions for survey, unrecorded easements and to grant affirmative coverage over any encroachments as outlined by said survey. This is to be done at no additional charge.

o.) After closing, the title policy must be issued within 30 days according to Florida State Rule 4.21.003(9). Any closing documents in your office must be returned immediately after closing and should not be retained by you to await the issuance of the final loan policy. If final title policy, recorded documents, and any other documents requested are not delivered to TBW within 45 days of closing, TBW will charge you late fees as outlined in the general instructions portion of this Agreement and your firm will be added to our published suspension list and will not be permitted to close loans for TBW.

p.) Mortgages scheduled in the commitments should not appear in the final title policy if paid off at the TBW closing. You must assure yourself of the delivery of the satisfaction at recording.

q.) Any documents recorded subsequent to TBW's mortgage (i.e., Notice of Commencement, approved second mortgages or subordinations, etc.) must be affirmatively insured as subordinate, junior and inferior to the TBW mortgage interest.

SURVEYS:

1. For purchase transactions, the survey must be dated within 90 days of the closing date. Three (3) original sealed surveys must be sent to TBW with the closed loan package. For refinance transactions, an older, existing survey may be used as long as it meets all other requirements as outlined below and is satisfactory to the closing agent/attorney so that the survey exceptions will be removed from the final title policy. In addition, the borrowers must sign the Survey Affidavit at closing to certify that no changes have been made, whatsoever, to the improvements as shown on the survey and that the survey is a current and accurate representation of the property and improvements. This original affidavit must be provided to TBW with the closed loan package. In addition to said survey affidavit from the closing agent/attorney, the closing agent/attorney must provide TBW an original copy of the survey or provide a legible photocopy of the survey along with the certification stating that the closing agent/attorney has reviewed the original survey and has the original survey in their possession.

2. The survey must be prepared by a Civil Engineer or registered surveyor and should show location and dimensions of buildings, driveways, fences, wells, septic tanks, easements, encroachments, building lines, relation to adjacent properties and street intersections, northern directional arrow, surveyor's original seal, complete legal description, and indicate property abuts public street with permanent access. The beginning point must be established, calls and distances must be shown, and all improvements must be located on the survey.

3. The survey should also indicate exact lot size dimensions, the location and identification of street names, boundary streets or other such details as might be referred to in the legal description.

4. The survey must be certified to the current mortgagors, closing agent/attorney, and TBW. If an older, existing survey is being used in a refinance transaction, then at least the current mortgagor's names must appear on the survey.

5. Survey must contain a certification by the surveyor as to whether the property is located in a flood hazard area. If the surveyor designates two separate flood zones (i.e. Zone A and Zone C) or if he says, "A portion of the property lies within a flood prone area", it will be necessary for a line to be drawn on the survey, by the surveyor, to best indicate the boundary lines of the different flood zones. If any portion of the dwelling improvements lie within a flood hazard area (Flood Zone A or V), then TBW requires Flood insurance to be obtained. Refer to the section in this Agreement on Flood Insurance for specific requirements.

6. Surveys are not required on vertical condominium units.

7. Surveys are not required prior to closing on new construction loans unless the property's legal description is a metes and bounds description.

8. For permanent construction loans, TBW will require the closing agent/attorney to review and approve the foundation survey and the final survey at no additional cost.

HAZARD/FLOOD INSURANCE:

1. Hazard insurance coverage must be for the amount of coverage as requested on the specific loan closing instructions and/or addendums. The insurance company must have a minimum rating of B/VI or better according to the Best's Rating Guide. TBW requires a 1-year policy at time of closing. On a refinance loan, we can use current in force policy.

2. Flood insurance coverage must be for the amount of coverage as requested on the specific loan closing instructions and/or addendums, or the maximum amount obtainable, if less. A copy of the application with a paid receipt for the first year's premium is acceptable in lieu of a policy.

3. Hazard and Flood policies must be submitted for review by TBW prior to funding the loan. Policies will be reviewed for the following items:
   a.) Correct names of mortgagors
   b.) Correct property address, including zip code
   c.) Agent's signature
   d.) Paid receipt for first year's premium
   e.) Inception date on or before date of closing
   f.) Policy term for one year or longer
   g.) Correct mortgagee clause as follows:

   Taylor, Bean & Whitaker Mortgage Corp.
   and/or Assigns
   1417 N. Magnolia Avenue
   Ocala, Florida 34475

4. If property is a condominium, the closing agent/attorney must provide us with a copy of an acceptable "master" or "blanket" policy of property insurance equal to full replacement value of the condominium project affording coverage for loss or damage by fire or other hazards. We require that you provide TBW with a Certificate of Insurance from the insurance carrier as to the insured unit, mortgagor, and evidence of TBW as mortgagee.

5. For new construction loans, evidence of hazard insurance is not required prior to closing. Builder's risk coverage is required.

TERMITE REPORT:

1. For existing properties, a termite report must be completed on the standard MRS 1145 form and must be dated within 30 days from the date of closing. A termite report is required on all purchase transactions, including renovation loans. FHA/VA refinance loans also require a termite report, unless it's a streamline refinance. For FHA/VA new construction, the soil treatment must be done on new form NPCA-99a and NPCA-99b.

2. A copy of the termite report must be faxed over to TBW for review and approval prior to the loan closing package being released. The original report can be sent with the closed loan package after closing.

3. For VA loans, the borrowers must sign and date the termite report at closing. We can have a lender's Certification for any repairs.

4. For new construction loans, a termite report is not required prior to closing.

5. For vertical condominium loans, a termite report is not required.

6. For FHA loans, any notations of infestation or damage, no matter how minor, must be repaired prior to the closing of the loan.

FHA/VA LOANS:

1. The closing agent/attorney is aware of the regulations on the borrower's allowable closing costs for FHA/VA, and the maximum percentage of seller's concessions for all loan types. Prepaid items include initial escrow deposits for all taxes and insurances as well as prepaid interest. All other charges incident to the loan closing, unless otherwise specified, are considered closing costs. FHA considers up-front MIP and monthly MIP prepaid items.

2. All charges itemized on the HUD-1 or HUD-1A Settlement Statement must agree with the sales contract and must be allowable charges for the borrower's to pay under FHA/VA guidelines.

3. The HUD-1 or HUD-1A Settlement Statement will be included in the closed loan package and must be signed and dated by the borrowers, sellers, and closing agent/attorney at closing.

4. For VA loans, the title must be vested in the name of the veteran (as the Certificate of Eligibility reads) or the veteran and spouse. If title is to be vested in any other manner different from the Certificate of Eligibility, then a name affidavit must be executed at closing.

5. For VA loans, VA For 26-1820 (Report of Home Loan Processed on Automatic Basis) must be completed and signed and dated by the veteran and spouse, if applicable, at closing. On the second page, Section 3, "Veteran's Certification" as to occupancy must be completed. Also, if the value in "c" is less than the sales price on the contract, the veteran must execute either box "d" or "e".

   If the veteran is to provide evidence of active duty, then the box above the government monitoring information section needs to be marked and initialed by the veteran at closing.

6. For VA loans, VA Form 26-1902 (a) (Addendum to Uniform Loan Application) must be signed and dated by the borrowers at closing.

7. For FHA loans, FHA Form 92900-A (Addendum to Uniform Loan Application) must be signed and dated by the borrowers at closing.

GENERAL "AT CLOSING" INSTRUCTIONS:

1. Remind mortgagors that all payments are due at the first of each month as established in the Payment Letter included in the loan closing package.

2. If the mortgagor's spouse is not an obligor on the loan, his/her signature will be required on the mortgage in order to mortgagor verbiage perfect the lien with regard to homestead rights as set forth by the State of Florida. The on the first page of the mortgage must read "Borrower, joined by his/her husband/wife.

3. The complete legal description by lot, block, and subdivision name with reference to recorded plat needs to be added to the mortgage by the closing agent/attorney. It is the responsibility of the closing agent/attorney to verify that this complete legal description exactly matches the title commitment, and final title policy as well as the survey and all other documents where the legal description appears.

   - If a metes and bounds description is used, it must be identical to that shown on the survey, closing documents, and identical with the description appearing in the title commitment and final title policy.

   If the subject property involves manufactured housing (mobile homes), the make, model, and ID numbers for the units attached to the property must be included in the legal description on the first page of the mortgage, and on the final title policy.

4. All current bills must be paid at closing.

5. The specific loan closing instructions are to be followed with regard to the collection of escrow reserves including the number of months to collect, the dollar amount per month, and the appropriate aggregate escrow analysis adjustment, if any. Typically, escrows will be collected on taxes, hazard/flood insurances, and mortgage insurance. Escrow accounts are required on all loan transactions unless TBW has approved the waiver of escrows in advance of closing. It is the closing agent's responsibility to verify all escrow waivers with TBW prior to closing.

6. No loan should be closed with funds escrowed for any reason, unless TBW has given prior approval.

7. A Power of Attorney may be used, but must be approved by TBW and it must be specific and reference the legal description and the property address.

EXHIBIT A

APPROVED TITLE INSURANCE UNDERWRITERS AND LOAN LIMITS

LOANS UP TO $250,000.00:	Guaranty Title and Trust
LOANS UP TO $500,000.00:	American Title Insurance Co. Transnation Title Insurance Co.
ALL LOANS — NO LIMIT:	American Pioneer Title Insurance Co. Atlantic Title Insurance Company Attorney's Title Insurance Fund, Inc. Chicago Title Insurance Co. Commonwealth Land Title Insurance Co. Connecticut Attorneys Title Insurance Co. (CATIC) Fidelity National Title Insurance Co. of New York First American Title Insurance Co. Investors Title Insurance Company Lawyers Title Insurance Old Republic Title Insurance Co. Security Title Guarantee Company Southern Title Insurance Corp. Stewart Title Guaranty Co. of Galveston, Texas Ticor Title Insurance Co. United General Title Insurance Co.

(Approved by TBW as of April 2003)

ACKNOWLEDGMENT OF THE GENERAL LOAN CLOSING INSTRUCTIONS AND AGREEMENT

I acknowledge receipt and understanding of the contents of the General Closing Instructions issued by Taylor, Bean & Whitaker. In addition, I agree to abide by those instructions and the Specific Closing Instructions and Addendums attached to each loan closing package, when closing for Taylor, Bean & Whitaker

I agree to return the complete closed loan package and all necessary checks to Taylor, Bean & Whitaker within 1 business day after closing. I further agree to deliver all final documentation, as outlined in this Agreement and as requested by Taylor, Bean & Whitaker within 45 days after closing. I understand that failure to comply with this requirement will result in my payment of penalty fees as outlined in this Agreement as well as having my firm added to the published suspension list and I will no longer be permitted to close loans for Taylor, Bean & Whitaker.

Specific instructions will be provided for you at the time of closing.

TITLE COMPANY/ ATTORNEY'S OFFICE: North American Title Company
(Typed name of Company/Firm)

SIGNED FOR THE COMPANY BY: _____
(Authorized Representative's Signature)

_____
(Typed name of Authorized Representative)

March 7, 2005
(Date signed)

UPON REVIEW AND EXECUTION, PLEASE FORWARD THIS ENTIRE DOCUMENT, WITH ORIGINAL SIGNATURES, TO, TAYLOR, BEAN & WHITAKER MORTGAGE CORP. 1417 N. MAGNOLIA AVENUE, OCALA, FLORIDA 34475.

7 March 2005

Taylor, Bean & Whitaker Mortgage Corp.
1417 N. Magnolia Ave.
Ocala, FL, 34475

SENT TO: Settlement Agent Admin. Dept. @ 352-690-0756

Re: Closing Protection Letter
Our Issuing Agent:
North American Title Company
Ft. Myers
7051 Cypress Terr.
#201
Ft. Myers, FL 33907

Dear Sir or Madam:

When title insurance of North American Title Insurance Corporation (hereinafter called "NATIC"), is specified for your protection in connection with closings of real estate transactions in which you are to be the lessee or purchaser of an interest in land or a lender secured by a mortgage (including any other security instrument) of an interest in land, NATIC, subject to the Conditions and Exclusions set forth below, hereby agrees to reimburse you for actual loss incurred by you in connection with such closings when conducted by said Issuing Agent or Approved Attorney when such loss arises out of:

1. Failure of said Issuing Agent or Approved Attorney to comply with your written closing instructions to the extent that they relate to (a) the status of the title to said interest in land or the validity, enforceability and priority of the lien of said mortgage on said interest in land, including the obtaining of documents and the disbursement of funds necessary to establish such status of title or lien, or (b) the obtaining of any other document, specifically required by you, but not to the extent that said instructions require a determination of the validity, enforceability or effectiveness of such other document, or (c) the collection and payment of funds due you, or
2. Fraud or dishonesty of said Issuing Agent or Approved Attorney in handling your funds or documents in connection with such closings.

If you are a lender protected under the foregoing paragraph, your borrower in connection with a loan secured by a mortgage on a one-to-four family dwelling shall be protected as if this letter were addressed to your borrower.

Conditions and Exclusions

A. North American Title Insurance Corporation will not be liable to you for loss arising out of:

1. Failure of said Issuing Agent or Approved Attorney to comply with your closing instructions which require title insurance protection inconsistent with that set forth in the title insurance binder or commitment issued by NATIC. Instructions which require the removal of specific exceptions to title or compliance with the requirements contained in said binder or commitment shall not be deemed to be inconsistent. This paragraph shall not be applicable when such binder or commitment has not been required by the lender prior to closing.
2. Loss or impairment of your funds in the course of collection or while on deposit with a bank due to bank failure, insolvency or suspension, except such as shall result from failure of said Issuing Agent or Approved Attorney to comply with your written closing instructions to deposit the funds in a bank which you designated by name.
3. Mechanics' and materialmen's liens in connection with your purchase or lease or construction loan transactions, except to the extent that protection against such liens is afforded by a title insurance binder, commitment or policy of NATIC.
4. The periodic disbursement of construction loan proceeds or funds furnished by the owner to pay for construction costs during the construction of improvements on the land to be insured, unless an officer of NATIC has specifically accepted the responsibility to you for such disbursement program in writing.

B. When NATIC shall have reimbursed you pursuant to this letter, it shall be subrogated to all rights and remedies which you would have had against any person or property had you not been so reimbursed. Liability of NATIC for such reimbursement shall be reduced to the extent that you have knowingly and voluntarily impaired the value of such right of subrogation.

C. Any liability of NATIC for loss incurred by you in connection with closings of real estate transactions by said Issuing Agent or Approved Attorney shall be limited to the protection provided by this letter. However, this letter shall not affect the protection afforded by a title insurance binder, commitment or policy of NATIC. The dollar amount of liability hereby incurred shall not be greater than the amount of the title insurance binder, commitment or policy of title insurance to be issued, and liability hereunder as to any particular loan transaction shall be coextensive with liability under the policy issued to you in connection with such transaction. Payment in accordance with the terms of this letter shall reduce by the same amount the liability under such policy and payment under such policy shall reduce by the same amount NATIC's liability under the terms of this letter.

D. Claims of loss shall be made promptly to NATIC at its principal office at 790 N.W. 107 Avenue, Suite 117, Miami, Florida 33172. When the failure to give prompt notice shall prejudice NATIC then the liability of NATIC hereunder shall be reduced to the extent of such prejudice. NATIC shall not be liable hereunder unless notice of loss in writing is received by NATIC within ninety (90) days from the date of discovery of such loss.

E. Nothing contained herein shall be construed as authorizing compliance by an Issuing Agent or Approved Attorney with any such closing instructions, compliance with which would constitute a violation of any applicable law, rule or regulation relating to the activity of title insurers, their issuing agents or approved attorneys, and their failure to comply with any such closing instructions shall not create any liability under the terms of this letter.

F. The protection herein offered will be effective until cancelled by written notice from NATIC. Any previous closing protection letter or similar agreement is hereby cancelled, except as to closings of your real estate transactions regarding which you have previously sent (or within thirty [30] days hereafter send) written closing instructions to said Issuing Agent or Approved Attorney.

G. The protection herein offered does not extend to real property transactions in the State of Texas. An Insured Closing Service Letter has been promulgated under the laws of the State of Texas.

Yours very truly,

North American Title Insurance Corporation

Beverly S. Akins

Beverly S. Akins
Vice President

From: Richard J. Eber [mailto:richeber@amerasa.net]
Sent: Monday, April 04, 2016 3:51 PM
To: Barone, Valerie
Subject: FW: Mare Island - Vallejo

18 Mare Island bankruptcy

Richard J. Eber

Amerasa Rapid Transit USA Inc
DBA Focus 21 Forwarding Group
2520 Stanwell Drive, Suite 130
Concord, CA 94520 USA
Ph: 925-602-1280 Fax: 925-602-1599 Cell 925-518-5852
Email: richeber@amerasa.net

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Lennar files for bankruptcy at Mare Island

By *admin*
Created *06/13/2008 - 2:05pm*

mareisland.htm

Just as folks in San Francisco are beginning to wonder if Lennar is planning to mothball [1]the Hunters Point Shipyard in face of a $25 million funding gap [2](reportedly related to lowered land prices), comes word that folks in Vallejo are beginning to wonder what Lennar Mare Island's June 8 bankruptcy will means for their city's already strained finances.

On Sunday June 8, Lennar Mare Island LLC [3], which has been involved in redeveloping the former naval station at Mare Island for eleven years. petitioned for a Chapter 11 bankruptcy, along with its parent company LandSource and 19 other Lennar-related subsidiaries.

The move came several couple of months after LandSource defaulted on a $1.24 billion loan--and five days after the June 3 election, in which Lennar Homes of California spent $5 million to pass Prop. G, which gives it the right to develop luxury condos at Candlestick Point, as well as at Hunters Point Shipyard.

The potential consequences of Lennar and LandSource's bankruptcy are noted at Lennar's website.
[4]
As Lennar's Vice President and Chief Financial Officer Bruce E. Gross wrote, June 12, "We own a 16% limited partnership interest in LandSource. We also have a management agreement with LandSource and options to purchase land and other assets from LandSource. The bankruptcy filing could result in a substantial reduction (or total elimination) of our interest in LandSource, loss by LandSource of some or all of the properties it owns, termination of our management agreement with LandSource and land purchase options we have been granted by LandSource and loss of amounts owed to us by LandSource, and could expose us to claims."

Listed in the LandSource bankruptcy petition are LandSource Communities Development, LLC; the California Land Company; Friendswood Development Company,LLC; Lennar Land Partners 11; Kings Wood Development Company, LLC; LSC Associates, LLC; Lennar Mare Island; Lennar Moorpark, LLC; Lennar Stevenson Holdings, LLC; The Newhall Land and Farming Company; LandSource Holding Company, LLC; LNR-Lennar Washington Square, LLC; Lennar Bressi Ranch Venture, LLC; Tournament Players Club at Valencia, LLC; Southwest Communities Development, LLC; Valencia Corporation; Stevenson Ranch Venture, LLC; and the Valencia Realty Company.

LandSource reportedly received a default notice on April 22 after it missed a payment, following a decline in assessed value of a Southern California land holding triggered additional charges. The company took part in failed negotiations to restructure its debt, then filed for bankruptcy.
The Vallejo Times Herald quoted Vallejo's Vice Mayor Tom Bartee, as saying that Lennar Mare Island LLC has assured

Lennar files for bankruptcy at Mare Island

[illegible]

[illegible]

[illegible] Lennar is [illegible] [illegible] [illegible]

officials that environmental cleanup and infrastructure improvement projects will continue, but concerns exists.

"There is some optimism that they'll be able to work through it, but how long that may take, remains to be seen," Bartee told the Vallejo Times Herald. "I'm hopeful that they're able to continue to develop the island... I don't think people are looking at (a new developer) at this point... Looking at the economy right now, I wouldn't think you'd have too many other people who would be jumping at the chance for land acquisition."

Here in San Francisco, Lennar Urban executives insist that they are committed to moving ahead with a massive condominium project at Hunter's Point Shipyard in San Francisco, although public records suggest otherwise and cast serious doubts as to whether Lennar has the financial wherewithal to develop the Shipyard and Candlestick.

The Shipyard/Candlestick Point project encompasses 770 acres of land, and projects the development of 10,000 homes, 300 acres of open space and 8,000 new jobs.
Lennar Mare Island encompasses 650 acres of land and projects the development of 1,400 homes and 7 million sq. ft of commercial/ industrial space.

Barclays Bank has given Lennar Mare Island LLC a $135 million line of credit to help fund operations during its Chapter 11 process.

On June 10, Vallejo City Manager Rob Stout reportedly told the city council that a $6 million municipal service fund, which Mare Island taxpayers contribute toward and which LMI pays half of, could suffer. And Councilman Michael Wilson told the Vallejo Times Herald that the, "city's part in LandSource's bankruptcy process will include continuing to transfer the former U.S. Naval base land still held by the government to private ownership, and moving development permits along so that new businesses may locate in Vallejo. "

Sarah Phelan

Source URL: http://www.sfbg.com/politics/2008/06/13/lennar-files-bankruptcy-mare-island

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From: Richard J. Eber [mailto:richeber@amerasa.net]
Sent: Monday, April 04, 2016 3:47 PM
To: Barone, Valerie
Subject: FW: FW: Time to move on

Lennar bribery case from San Diego (docs 12-13)

Richard J. Eber

Amerasa Rapid Transit USA Inc
DBA Focus 21 Forwarding Group
2520 Stanwell Drive, Suite 130
Concord, CA 94520 USA
Ph: 925-602-1280 Fax: 925-602-1599 Cell 925-518-5852
Email: richeber@amerasa.net

BEFORE THE CITY OF SAN DIEGO

ETHICS COMMISSION

In re the Matter of:	)	Case No.: 2008-54
	)	
	)	**ADMINISTRATIVE ENFORCEMENT ORDER**
NANCY GRAHAM,	)	
	)	
Respondent.	)	[SDMC § 26.0439]
	)	
	)	**Date**: May 20, 2010
	)	**Time**: 9:00 a.m.
	)	**Location**: 202 C Street, 12th Floor
	)	San Diego, CA 92101

Pursuant to San Diego Municipal Code [SDMC] section 26.0436 *et seq.*, the City of San Diego Ethics Commission appointed an ad hoc subcommittee composed of Commissioners Lee Biddle, Clyde Fuller, and Larry Westfall to serve as the Presiding Authority in the matter of Nancy Graham [Respondent], Ethics Commission Case No. 2008-54. The Presiding Authority bifurcated the hearing into two parts. The first, concerning legal issues, was considered by the Presiding Authority following the submission of briefs submitted by the parties. In accordance with SDMC sections 26.0437 and 26.0438, the Presiding Authority issued a Recommendation concerning the bifurcated legal issues on May 12, 2010, and the Ethics Commission deliberated in open session on May 13, 2010. As reflected in the minutes from the Ethics Commission meeting on May 13, 2010, the Ethics Commission determined that, when a City Official has received income from a business entity, the City Official's economic interests for purposes of SDMC section 27.3561, include the business entity as well as any "affiliated entities" of the

business entity in accordance with the criteria delineated in FPPC Regulations 18703.1 and 18703.3.

The second portion of the Administrative hearing was held on May 20, 2010, at which time the Presiding Authority heard testimony and reviewed evidence relating to the allegations in the Final Administrative Complaint [Administrative Complaint] brought by Petitioner against Respondent. In accordance with SDMC sections 26.0437 and 26.0438, the Presiding Authority issued a Recommendation on July 20, 2010, and the Ethics Commission deliberated in open session on August 12, 2010.

The Administrative Complaint alleges that Respondent violated the conflict of interest provisions of the Ethics Ordinance (SDMC section 27.3561) as the former President and Chief Operating Officer of the Centre City Development Corporation [CCDC]. After deliberating pursuant to SDMC section 26.0438 with regard to each violation alleged by Petitioner in the Administrative Complaint, and based on findings of fact, conclusions of law, and the entire record of the proceedings, the Ethics Commission found by the concurring votes of at least four Commissioners as set forth in the Ethics Commission Resolution dated August 16, 2010, that Petitioner established by a preponderance of the evidence that Respondent violated the Ethics Ordinance as set forth below.

Further, for each finding of a violation of the Ethics Ordinance, the Ethics Commission voted on the penalty to be imposed in consideration of all of the relevant circumstances, including, but not limited to: (1) the severity of the violation; (2) the presence or absence of any intention to conceal, deceive, or mislead; (3) whether the violation was deliberate, negligent, or inadvertent; (4) whether the Respondent demonstrated good faith by consulting the Commission staff for written advice that does not constitute a complete defense; (5) whether the violation was an isolated incident or part of a pattern, (6) whether the violator has a prior record of violations of Governmental Ethics Laws; (7) the existence of any Mitigating Information; and (8) the degree to which the Respondent cooperated with Commission staff by providing full disclosure, remedying a violation, or assisting with the investigation. SDMC §26.0438(f). Based on the concurring votes of at least five Commissioners as set forth in the Ethics

Commission Resolution dated August 16, 2010, the Ethics Commission imposed the penalties on Respondent set forth below for her violations of the Ethics Ordinance.

Counts 7, 8, 9, 10, 12, 13, 14, 15, 24, and 25 – Violations of SDMC section 27.3561

SDMC section 27.3561 prohibits City Officials from participating in municipal decisions if it is reasonably foreseeable that the decision will have a material financial effect on the City Official or one of the City Official's economic interests, including sources of income of $500 or more within the prior twelve month period.

The Ethics Commission finds that Respondent committed ten violations of SDMC section 27.3561 by participating in meetings with CCDC staff and/or CCDC board members and/or other City Officials and/or representatives of Ballpark Village LLC, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of the developers of Ballpark Village and one of Respondent's economic interests. The Ethics Commission's specific findings and imposition of penalties on Counts 7, 8, 9, 10, 12, 13, 14, 15, 24, and 25 are as follows:

Count 7 – Respondent participated in a meeting on July 23, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 7.

Count 8 – Respondent participated in a meeting on August 2, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 8.

Count 9 – Respondent participated in a meeting on September 5, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar

Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 9.

Count 10 – Respondent participated in a meeting on September 17, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 10.

Count 12 – Respondent participated in a meeting on October 5, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 12.

Count 13 – Respondent participated in a meeting on October 17, 2007, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 13.

Count 14 – Respondent participated in a meeting on January 23, 2008, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 14.

Count 15 – Respondent participated in a meeting on January 31, 2008, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 15.

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Count 24 – Respondent participated in a meeting on May 16, 2008, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 24.

Count 25 – Respondent participated in a second meeting on May 16, 2008, during which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 25.

Counts 26 through 31 – Violations of SDMC section 27.3561

SDMC section 27.3561 prohibits City Officials from participating in municipal decisions if it is reasonably foreseeable that the decision will have a material financial effect on the City Official or one of the City Official's economic interests, including sources of income of $500 or more within the prior twelve month period.

The Ethics Commission finds that Respondent committed six violations of SDMC section 27.3561 by engaging in email communications with CCDC staff and/or other City Officials and/or representatives of Ballpark Village LLC in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of the developers of Ballpark Village and one of Respondent's economic interests. The Ethics Commission's specific findings and imposition of penalties on Counts 26 through 31 are as follows:

Count 26 – Respondent engaged in an email communication on April 23, 2007, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 26.

Count 27 – Respondent engaged in an email communication on April 24, 2007, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 27.

Count 28 – Respondent engaged in an email communication on June 26, 2007, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 28.

Count 29 – Respondent engaged in an email communication on August 28, 2007, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 29.

Count 30 – Respondent engaged in an email communication on October 10, 2007, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 30.

Count 31 – Respondent engaged in an email communication on May 15 and 16, 2008, in which she attempted to influence decisions concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $1,500.00 for Count 31.

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Counts 33 and 34 – Violations of SDMC section 27.3561

SDMC section 27.3561 prohibits City Officials from participating in municipal decisions if it is reasonably foreseeable that the decision will have a material financial effect on the City Official or one of the City Official's economic interests, including sources of income of $500 or more within the prior twelve month period.

The Ethics Commission finds that Respondent committed two violations of SDMC section 27.3561 by participating in CCDC meetings concerning the Ballpark Village project when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of the developers of Ballpark Village and one of Respondent's economic interests. The Ethics Commission's specific findings and imposition of penalties on Counts 33 and 34 are as follows:

Count 33 – Respondent participated in the discussion concerning the Ballpark Village project at the meeting of the CCDC board sitting as the Real Estate Committee on July 11, 2007. In so doing, Respondent attempted to influence CCDC decisions concerning Ballpark Village when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $4,000.00 for Count 33.

Count 34 – Respondent participated in the discussion concerning the Ballpark Village project at the meeting of the CCDC board sitting as the Real Estate Committee on May 14, 2008. In so doing, Respondent attempted to influence CCDC decisions concerning Ballpark Village when it was reasonably foreseeable that the decisions would have a material financial effect on Lennar Homes of California, one of her economic interests. Respondent is ordered to pay a penalty in the amount of $4,000.00 for Count 34.

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Based on the findings set forth above and pursuant to SDMC section 26.0438, the Ethics Commission orders that Respondent pay a monetary penalty in the amount of $32,000 to the General Fund of the City of San Diego in accordance with the provisions of SDMC sections 26.0439(b)(3) and 26.0440, within 30 days of the date this Order is served on Respondent.

IT IS SO ORDERED.

Dated: August 16, 2010

CITY OF SAN DIEGO ETHICS COMMISSION

By _____
Larry Westfall, Chair

Graham's 'Residual Damage' Dooms Ballpark Village

Posted By Voice of San Diego On December 23, 2008 @ 1:00 am In Government | No Comments

Tuesday, Dec. 23, 2008 | JMI Realty, Padres owner John Moores' development company, has terminated negotiations on the project to eliminate any threat of litigation stemming from the involvement of Nancy Graham [1], the former Centre City Development Corp. president who resigned in July.

While negotiating the development's details, Graham had an undisclosed financial relationship with Lennar Corp., a nationwide developer and part owner of the 7.1 acres upon which Ballpark Village would be built. Graham received at least $125,000 last year from a Florida development deal she struck with Lennar. She never reported the income in conflict disclosure forms she filed annually and did not recuse herself from negotiations. She has since been charged with committing five misdemeanor conflict-of-interest and ethics violations.

CCDC, the city's downtown redevelopment agency, has control over the design and specifications for what is built there. The agency has been in negotiations with JMI since mid-2007 about what form Ballpark Village will take. In 2005, the project was approved with a requirement to build offices. JMI subsequently decided to build a hotel and needed permission to make several changes because of that.

JMI spent the last year and a half working to secure CCDC approval to eliminate 300,000 square feet of office space and instead build a massive 1,929-room Marriott International hotel on the parking lot east of Petco. The progress from those negotiations will be tossed out, another casualty stemming from Graham's undisclosed business relationships. The company still intends to move forward with the project.

Marriott withdrew from the project in August, citing the country's economic turmoil. JMI planned to move forward without the hotel chain, but had concerns that the project could be invalidated in court because of Graham's involvement, said Steve Peace, an advisor for JMI Realty. "This is residual damage of the whole Nancy Graham debacle," he said.

State law prohibits public officials from negotiating contracts that can financially benefit themselves. Officials who violate the law can be charged criminally; their participation also allows any contract they've influenced to be invalidated. It's not necessary to prove that fraud took place — contracts can be invalidated even if the official wasn't purposely manipulating negotiations for their own gain.

CCDC initially tried to keep the development on track in the wake of Graham's resignation. After a voiceofsandiego.org [2] investigation [1] revealed Graham's undisclosed financial ties, CCDC hired an attorney to conduct an in-depth analysis of Graham's participation with Ballpark Village to determine whether the agency and developer needed to start fresh.

The agency's board decided in September to renegotiate only the deal points that Graham had influenced. Peace expressed frustration then that CCDC didn't start anew. That prevented JMI from talking to potential lenders, he said.

"Rather than say 'Start the process from scratch,' [CCDC] tried to go and halfway do it," Peace said. "That's what I was objecting to. If you go forward and they haven't done it right, then you're at risk, your entitlement's at risk."

If a final deal was struck, anyone who opposed the project could sue over Graham's involvement and potentially invalidate the agreement.

Graham's Residual Damage Dooms Ballpark Village

Posted By Jeff Ou-Yang On December 23, 2008 @ 1:00 am In Government | 5 Comments

Tuesday, Dec. 23, 2008 | 1:00 Really, it dries down to Vicente Development Company, Inc. continued negotiations on the project to eliminate any threat of litigation stemming from the [illegible], the former Centre City Development Corp. president who [illegible] in July.

While accelerating the development details, Graham had an undisclosed financial relationship with Kenneth Cory, a nationwide developer and part owner of the 7.1 acres upon which Ballpark Village would be built. Graham received at least $125,000 for year-long a [illegible] development deal and stock and [illegible] options. She never reported the income in conflict disclosures she filed annually and did not recuse herself from negotiations. She has since been charged with conspiracy, fraud, embezzlement and tax-related criminal and ethics violations.

CCDC, the city's downtown redevelopment agency, has sunk at least the design and specifications [illegible] in much more. The agency has been in negotiations with JMI since mid-2007 about what form Ballpark Village would take. In 2005, the project was approved with a requirement to build office [illegible] subsequently decided to build a hotel and needed permission to make several changes [illegible] of floor.

JMI spent the last year and a half working to secure CCDC approval to eliminate 300,000 square feet of office space and instead build a massive 1,[illegible]-room Marriott International hotel on the parking lot next to Petco. The progress from those negotiations will be focused on, another casualty stemming from Graham's undisclosed business relationships. The company still intends to move forward with the project.

Without another wrinkle from the project in August, citing the country's economic turmoil, JMI planned to move ahead without the hotel chain, but had concerns if at the project could be revalidated a [illegible] because of Graham's involvement, said Steve Peace, an adviser for Jeff Ragsy. "This is [illegible] of the whole history Graham debacle," he said.

Stories like [illegible] public officials from negotiating contracts that can financially [illegible] companies who violate the law can be charged criminally; their contributions also allow [illegible] they've influenced to be invalidated. It's not necessary to prove that "quid pro quo" [illegible] — [illegible] can be invalidated even if the official wasn't pursuing [illegible] actions for their own gain.

CCDC officially halted [illegible] the development on track in the wake of Graham's resignation. After a [illegible] revealed Graham's undisclosed financial [illegible] an attorney to conduct an in-depth analysis of Graham's partnership with Ballpark Village to determine the [illegible] agency and developer needed to start fresh.

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"[illegible] than any "start the process from scratch," [CCDC] chief to go and basically do it," Peace said. "[illegible] I was expecting to. If you go forward and they haven't done it right, then you're at risk, you [illegible] at risk."

If a [illegible] anyone who opposed the project could sue over Graham's involvement and [illegible] the agency.

If JMI and CCDC rekindle negotiations about Ballpark Village in the future, JMI will have to provide more justification for eliminating office space. After investigating Graham's involvement in the deal, CCDC analyzed downtown office space needs to see whether JMI was justified in eliminating the requirement — something Graham approved. The analysis showed that office space will be needed in the long-term, said Jeff Graham, a CCDC vice president. (He is not related to Nancy Graham.)

CCDC's investigation determined that Nancy Graham had approved the elimination "without apparently serious negotiations." The requirement was a key part of the development, the investigation found.

CCDC's board will discuss the termination Jan. 7 and would have to formally act to end negotiations. That action — forced by JMI's withdrawal, but endorsed by both sides — would acknowledge that CCDC didn't go far enough in September to correct the situation created by its former president's resignation.

"It wasn't the clearest thing we've done at CCDC, that's for sure," said CCDC chairman Fred Maas. "This is a step in the right direction."

After the board said negotiations should advance in September, CCDC and JMI had disagreed on one significant point about Ballpark Village: Whether JMI should indemnify CCDC — agree to pay its legal bills — if the agency were sued after finalizing an agreement. That became a sticking point for the redevelopment agency and the developers. In effect, CCDC attempted to lay the blame for Graham's lack of disclosure on Lennar, saying the company should have reported its financial relationship with Graham.

The developers in turn tried to lay the blame for the Graham fallout on CCDC, her employer, and said the redevelopment outfit should have to pay its own legal bills if a lawsuit was filed.

Maas said CCDC would use the break in negotiations to revisit the project and determine "whether and where we start over."

Building a tax-generating hotel downtown still makes sense, he said. But, "given the economic times we're in, it's a good time to take a deep breath and be deliberate and thorough."

Please contact Rob Davis [3] directly at rob.davis@voiceofsandiego.org [4] with your thoughts, ideas, personal stories or tips.

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URLs in this post:

[1] Nancy Graham: **http://www.voiceofsandiego.org/voice_special_reports/ccdc/**
[2] voiceofsandiego.org: **http://voiceofsandiego.org**
[3] Rob Davis: **http://www.voiceofsandiego.org/author_lookup/?byline=rob_davis**
[4] rob.davis@voiceofsandiego.org: **mailto:rob.davis@voiceofsandiego.org**

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[illegible] with your thoughts [illegible] or tips.

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