

FINAL

COMMUNITY BENEFITS PROGRAMS

Third Quarterly Report – January 2006

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COMMUNITY BENEFITS PROGRAMS QUARTERLY REPORT
January 29, 2006

Lennar/BVHP is required to submit to the Agency and the CAC, on a quarterly basis, a written status report. This Quarterly Report provides a status update on all of the community benefits programs, set forth in the Community Benefits Agreement dated April 4, 2005. The Community Benefit Agreement was entered into by and between the Redevelopment Agency of the City and County of San Francisco (the "Agency") and Lennar/BVHP, LLC, a California limited liability company doing business as Lennar/BVHP Partners ("Lennar/BVHP").

CONSTRUCTION ASSISTANCE PROGRAM

Introduction

As set forth by the Disposition and Development Agreement for the Hunters Point Shipyard, Lennar/BVHP must ensure that BVHP Area Contractors are given the opportunity to obtain needed insurance, technical and financial assistance. In addition, BVHP Area Contractors are not required to provide payment or performance bonds in order to fully participate in the demolition and renovation of existing buildings, and construction of infrastructure and new residential, cultural, commercial and community facilities at the Shipyard.

Construction Assistance Program Contact

John Scott, of Business Development, Inc. (BDI) serves as the Lennar/BVHP Contractor Liaison and Financial Assistance Program Liaison. Please contact Mr. Scott with any questions regarding all components of the Construction Assistance Program, with the exception of the Mentorship Program. John Scott can be reached at his office at 415-671-2184 or by email at: eunlimited@comcast.net

Additional Information

Pursuant to the terms of the Community Benefits Agreement, Lennar/BVHP is required to provide general liability insurance through the Lennar/BVHP OCIP to all Lennar Contractors (defined below) who are not Excluded Parties (defined below).

"Lennar Contractors" means all contractors and subcontractors who contract with Lennar/BVHP, any of its Affiliates, developers in which Lennar/BVHP or any of its Affiliates own an ownership interest and the contractors or subcontractors of any of the foregoing who work at the Shipyard during Phase 1.

"Excluded Parties" means architects, surveyors, engineers, hazardous waste removal and/or transport companies, vendors, consultants, suppliers, fabricators, materials dealers, truckers, haulers, drivers and others who merely transport, pick up, deliver or carry

materials, personnel, parts, equipment or other items to and from the Shipyard and any other trade or profession designated by Lennar/BVHP in accordance with the terms of the Community Benefits Agreement.

Pursuant to the Community Benefits Agreement, Lennar/BVHP is required to inform Lennar Contractors about significant provisions of the OCIP in bid packages, workshops and contracts for construction work on the Shipyard.

- Each bid package currently contains clear instructions regarding required completion and submission of the OCIP Enrollment Application.
- Lennar/BVHP is including the OCIP addendum and the OCIP Enrollment Application in each deconstruction and demolition, and construction bid package issued for work on the Shipyard.
- The administrator of the OCIP is forwarding certificates of insurance to each enrolled Lennar Contractor to confirm the Lennar Contractor as a named insured for the Shipyard progress. This is an ongoing process.
- Lennar explains and emphasizes the OCIP program in workshops and presentations. The Owner's Consolidated Insurance Program coverage is explained in general terms at the contractor outreach workshops and Lennar/BVHP explains that the OCIP coverage will apply to every contractor with a Lennar contract. A more detailed insurance explanation is given to every successful contractor and their insurance carriers, upon execution of their contract with Lennar.

Ferma and all its subcontractors have completed all tasks under their original contract. Currently, local minority subcontractor, RSI is working under a Ferma change order to perform soil remediation of lead based paint within the soil. These deposits are the results of earlier deconstruction in which very small chips of lead based paint surrounding wooden structures reached the soil. These areas are referred to as "hot spots" and were identified by Lennar/BVHP consultant Smith-Emery.

In the process of removing the contaminated soil RSI has managed a local workforce of as many as 17 workers at a given time. RSI is responsible for moving this contaminated soil off site to the appropriate dumpsite. During the course of this process, RSI will use the Bayview Hunters Point Truckers to transport the soil.

Local minority contractors Yerba Buena, RSI, Oliver Transbay, along with Spencer Masonry are subcontractors to the Grading and Retaining Wall contractor, Gordon Ball. As yet, work has not started under this contract.

Oliver Transbay has entered into a contract with LNR Property to perform work on the sewer system for the Artist buildings. That work should start shortly and Oliver will use local truckers for its transportation needs. RSI remains under contract to perform Storm Water Pollution Prevention Plan (SWPPP) services for the project.

Ferma, under a change order continues to remove rubble, debris and telephone poles and employs the services of the BVHP Truckers.

Technical Assistance Program

As part of the Technical Assistance Program, Lennar/BVHP is required to establish, fund and maintain a Contractor Liaison position. The Contractor Liaison Office is located at the Shipyard Project Office. Additionally, workshops are being hosted by the Contractor Liaison throughout the year covering a range of contractor related opportunities on the Shipyard.

Contractor Liaison: The Contractor Liaison's main responsibility is to assist contractors with navigating through the construction process. The Contractor Liaison Office is located at Lennar Project Trailers, 690 Hudson Avenue, San Francisco, CA 94124. Hours of business are 8 a.m. until 5 p.m. Monday through Friday except holidays. The Contractor Liaison's phone number is (415) 671-2184 or (415) 671-0829 and the fax is (415) 671-0827. Lennar also has an emergency construction hotline number that is available 24 hours a day at 1-866-5-LENNAR. Since the Contractor Liaison entered into its contract with Lennar/BVHP on February 1, 2005, the Contractor Liaison has performed or has assisted with the following services and events:

Trucking Program

Trucking opportunities remain sparse and are expected to remain as such until the eventual acceleration of work under the Gordon Ball contract. Meanwhile, there continues to be periodic days of one and possibly two truckers hauling rubble or debris, or transporting material to the site.

Workshops

The General Construction Industry Matter Quarterly Workshop was held on January 28, 2006 at Earl P. Mills Community Center, 10 A.M.-12 P.M. Attendance was low, however, the participants found the format and the topics to be informative and timely. The topics of discussion were Human Resources, Business Finance and Business Organization. The panel consisted of professionals from the Bayview Resource Center. A different panel member led the discussion for each topic. A local contractor from the audience volunteered to summarize the information given in the workshop. The next quarterly workshop is scheduled for April of 2006.

A Financial Assistance Program workshop will be held on Saturday February 18, 2006 at Dago Mary's between 10 A.M. and 12:30 P.M. The workshop will include a panel discussion, Q&A and financial institutions on site. We will build on the October 8, 2005 workshop by building on the material presented at that workshop. Advertisements, flyers and targeted impact area outreach have started. Workshop dates for the calendar year 2006 have been submitted to the Community Benefits Coordinator, Clem Clarke.

Grading and Retaining Wall Contractor Award

Construction companies Yerba Buena Engineering, headquartered in the Bayview Hunters Point community, and Gordon Ball, headquartered in Alamo, Calif., have created a joint venture to begin the grading and retaining work on the first phase of Hunters Point Shipyard.

A significant amount of local Bayview Hunters Point-based companies will also be used in this phase of construction, including: Oliver Transbay Construction and Remediation Services, Inc., which will perform grading work on the project. In addition, masonry firm Spencer Masonry headquartered in the Bayview will construct the retaining wall on the Hilltop and Hillside of Parcel A.

Next Steps

- Continue dialogue with local contractors and assist in their preparation to bid on Lennar/BVHP contracts.
- Prepare for the next round of workshops. Further, ascertain what technical or financial assistance the local contractors need.
- Continue providing progress reports and other documentation, as required by the CBA.

FINANCIAL ASSISTANCE PROGRAM

Introduction

A requirement of the Financial Assistance Program is that Lennar/BVHP initiate outreach to financial institutions with which it currently has relationships to introduce them to the Shipyard development, explain the general financial needs of the BVHP Area Contractors and assist BVHP Area Contractors in accessing necessary financing, such as lines of credit, loans or other financial assistance based on conventional underwriting practices. Lennar/BVHP is also required to host informational events for and provide BVHP Area Contractors with technical and financial assistance resources. The foregoing is required to occur within no less than sixty (60) days prior to the advertisement of the first contract for each of the Deconstruction and Demolition, Infrastructure Improvements and Vertical Development phases and at least one (1) more time during each phase.

Financial Assistance Program Contact

John Scott, of Business Development, Inc. (BDI) serves as the Lennar/BVHP Contractor Liaison and Financial Assistance Program Liaison. Please contact Mr. Scott with any questions regarding all components of the Construction Assistance Program, with the

exception of the Mentorship Program. John Scott can be reached at his office at 415-671-2184 or by email at: eunlimited@comcast.net

Workshop

A second (2) Financial Assistance Program CBA required quarterly workshop was held Saturday, October 8, 2005 from 10:00am to 12:00pm at Dago Mary's.

As a part of the initial steps, the Contractor Liaison, John Scott, met with Deilia Jackson of Singer Associates to identify logistical concerns. A survey was developed and forwarded to contractors requesting feedback on what financial information they thought would be most useful to their business, as well as other small business owners in the BVHP Area.

Based on the survey's feedback, it was determined by the Contractor Liaison to have a panel discussion followed by questions and answers. The panel was comprised of distinguished local professionals from various disciplines that directly promote the financial well being of local contractors and businesses. The panel consisted of Fred Williamson, Jr. of Wells Fargo Bank; David Suarez of ADP Small Business Services; Ulysses Cozart of City College of San Francisco Small Business Development Center; Edwin K. Stephens of The Stephens Group; Eddie Epps of A-H-E Insurance Agency; CeCelia Philips of Northern California Minority Business Development Center; Ingrid Merriwether of Merriwether and Williams Insurance Services and John Scott Lennar Contractor Liaison.

Banks and Credit Unions, with a local area presence, were invited to participate in the workshop by displaying a booth and presenting their products and services to the attendees. The four financial institutions that displayed booths were Wells Fargo Bank, Union Bank, Washington Mutual Bank and Northeast Community Federal Credit Union.

Additional information (October workshop)

The financial institutions set up their booths and greeted attendees after sign-in. Banks were not allowed to make formal presentations to the audience; however, bank personnel were able to present their products and services before and after the panel discussion.

John Scott began the thirty-minute interactive discussion by introducing a hypothetical contractor with a profile that represented some of the more common issues of local contractors.

The Profile: Minority contractor, in business 10 years, three permanent full-time employees, prior work as a subcontractor, gets work by bidding on mostly public contracts, does not have bonding capacity to bid as a prime contractor for jobs over \$250,000, all business finances are under the personal profile of the owner, the owner has poor and/or unknown credit rating, consistent cash flow problems with payroll and would like to compete for larger more viable contracts.

The Goal: Substantially increase bonding capacity, able to competitively bid on jobs up to \$2 million, separate business finances from personal finances, eliminate cash flow concerns, expand their client list and remain successful in business until retirement.

The panel members exchanged ideas and insights on the path such a company might take to reach its goal. A forty-five minute question and answer session with the audience followed the panel discussion.

Workshop Outreach Efforts

A flyer was created and distributed to the local BVHP Area banks and Southeast Community College campuses. John Scott attended the BVHP Rotary Club's meeting held at Dago Mary's. John was not only able to distribute flyers at the Rotary Club meeting, but John was allowed to formally speak and invite members to the Financial Assistance workshop.

Advertisements for the October 8, 2005 Financial Assistance Program workshop were sent to the Visitation Valley Grapevine via email and the Potrero View via mail on September 29. A one-time ad was published in the Thursday, September 30 issue of the Sun Reporter. In addition, the San Francisco Examiner wrote a brief summary on the Financial Assistance workshop on Thursday, September 30.

Additional workshops

The third of four Financial Assistance Program Workshops required by the CBA will be held on Saturday, February 18, 2006 from 10:00am to 12:30pm at Dago Mary's restaurant on the Hunters Point Shipyard. The panel, financial institutions and specific topics have not yet been confirmed.

It is the intent to invite the previous panel to return and elevate the discussion using our hypothetical company. The make believe company has a profile that emulates the profile of many of our local based contractors. We will again have on-hand financial institutions to talk one-on-one with workshop participants.

Update(s)

Lennar representatives met with Richard Chacon, Vice President of Supplier Diversity Office for Union Bank of California. Richard provided us with other contacts within his organization that could help develop a relationship with Lennar to assist business in the impact area. We agreed to elevate the discussion and initiate a dialogue among Lennar executives and Union Bank executives.

LL Capital is a factoring company that would like to establish a relationship with Lennar/BVHP and provide factoring services to contractors and businesses on the

Hunters Point Shipyard Project. The Liaison's intent is to open discussions between Lennar/BVHP and LL Capital.

Challenges

- Wells Fargo, Bayview Branch Vice President Fred Williamson, Jr. and Lennar/BVHP have not resolved their differences regarding a targeted lending program for contractors on the Lennar/BVHP project. Fred maintains that Lennar has not fully lived-up to an earlier agreement and the overtures made by Lennar to resolve this issue have not been accepted by Wells Fargo. Meanwhile, contractors that applied for loans or lines of credit with Wells Fargo based on their involvement with the Lennar/BVHP project remain in the pipeline and unfunded.
- There is a need to encourage more financial institutions to tailor their product line to meet the needs of BVHP Area contractors and businesses

Next Steps

- Continue to outreach to financial institutions and seek their involvement.
- Follow-up with Lennar/BVHP and Richard Chacon of Union Bank of California
- Continue to meet the requirements of the CBA
- Persist toward an amicable resolution to Wells Fargo
- Establish a dialogue between LL Capital and Lennar/BVHP

Technical Assistance Resources: The Financial Assistance Liaison prepared a list of financial assistance and technical assistance resources that are available at the Lennar/BVHP trailers and on the Lennar/BVHP website.

MBE/WBE MENTORSHIP PROGRAM

Introduction

The MBE/WBE Mentorship Program is designed to support emerging MBE/WBE Protégés (defined below). The two main goals of the Mentorship Program are (i) to increase the volume of work that Protégés are capable of winning in open competition and (ii) to broaden the base of activity of, increase the long-term stability of and expand the construction-industry service provided by the Protégés. The program is also designed to improve the Protégés' ability to successfully perform under contracts and/or subcontracts, to foster the establishment of long-term business relationships between Lennar/BVHP Contractors and Protégés and to increase subcontracting opportunities with Lennar/BVHP Contractors.

The contact for the Mentorship Program is Alton Byrd of Project Complete. Alton is the Mentorship Program Sponsor and he is responsible for organizing, coordinating and administering the Mentorship Program. The public can contact Mr. Byrd with any questions or comments about the MBE/WBE Mentorship Program Monday through Friday between the hours of 9am to 5pm, or by calling 1-888-381-7731 ext. 1 and Anne Ferguson, Mr. Byrd's assistant may be reached at ext. 4. Mr. Byrd can also be reached on his cell phone at 1-916-600-9968. The Project Complete offices are located at 41 Dorman Street, San Francisco, CA 94124.

Definitions

- (a) "MBE/WBE" has the same definition as used in the Development and Disposition Agreement, or the successor definition used in any successor program to the Agency's Equal Opportunity Program that the Agency may adopt.
- (b) "Mentor," as used in the Mentorship Program, means a large business concern that demonstrates the commitment and capability to assist in the development of a Protégé. The concern must have at least 7 years experience within the construction industry.
- (c) "Professional Services Provider," as used in the Mentorship Program, means a reputable and successful organization or individual that will use its knowledge of construction business issues to educate Protégés and provide them with professional services, including, without limitation, financial administration, insurance and bonding, business management and other services that Protégés and Mentors may identify as beneficial to Protégés.
- (c) "Protégé," as used in the Mentor-Protégé Program, means a construction-related small business enterprise that is independently owned and operated, not dominant in its field and is doing business in and with a primary business address in the BVHP Area, or with an owner who provides satisfactory evidence to Lennar/BVHP that such owner lives in the BVHP Area.

Mentorship Program Sponsor

The Community Benefits Agreement requires that the Mentorship Program Sponsor be under contract with Lennar/BVHP before the commencement of the deconstruction and demolition work. The Mentorship Program Sponsor entered into its contract with Lennar/BVHP on March 1, 2005.

Mentorship Program Updates

1. Monthly GROW Newsletter outlining benefits for becoming involved with local businesses. The newsletter debuted in November 2005 and is being sent monthly to 200 businesses and leaders in San Francisco. The January 2006 issue is attached.

2. Met with Richard Chacon of Union Bank of California January 26. The purpose of this meeting was to investigate how we can add a loan program to the financial resources of the Community Benefits Agreement. Clem Clarke and John Scott also attended this meeting.
3. Determined that all future protégé applicants be required to meet with either the San Francisco Small Business Development Center or the Bayview Business Resource Center to determine their eligibility as a protégé. If the prospective protégé is not in a position to be a viable participant in the Program, the Centers will work with the applicant to become qualified. Al Dixon, Director of the SF Small Business Development Center is a member of the Advisory Board; Ulysses J. Cozart, Jr., Assistant Director, is a consultant to the CB Program. Monika Hudson, Director of the Bayview Business Resource Center, is also a member of the Advisory Board. Due to their active contributions and participation in the Program, both Centers are familiar with the Program's objectives and will work closely with PC.
4. Met by telephone with Karen Woo of Asian, Inc. and discussed how best to connect with Asian Contractors in the target areas. Response was lukewarm as Asian Inc. already has a mentor protégé program and it is functioning successfully. Karen said she would get back to me with thoughts on how best to connect with her database by the end of October. Asian Inc has not been back in touch.
5. Met with Ms. Ginny Smith of Construction Employers Association to discuss how we can send information to general contractors throughout the State of California to entice firms to join the program. Ginny said she would like to talk to management to see how best to disseminate information to her members and get back to us by mid-November. Ginny Smith has not responded to follow-up calls.

Program Status

1. Advisory Board

The Advisory Board is now composed of eight members representing a broad spectrum of expertise. The Advisory Board's last meeting was held in December 2005. Its next meeting is scheduled for February 13, 2006.

Advisory Board members are:

1. Al Dixon, Director, San Francisco Small Business Development Center;
2. Manny Flores, Field Rep/Organizer, Carpenters Union Local 22;
3. Monika Hudson, Director, Bayview Business Resource Center;
4. Laura Luster, Principal, L. Luster Associates;
5. Ingrid Merriwether, Principal, Merriwether & Williams Insurance;
6. Rick Moore, Vice President, Swinerton Incorporated;

7. Paul Washington, Esq.; and
8. Fred Williamson, Vice President Wells Fargo Bank

2. Status of Current Mentor/Protégé Participants

1. Sterling Environmental//Remediation Services, Inc.: As mentioned in our previous report, this mentor-protégé team has been a very successful match. RSI goals are: 1) Equipment maintenance and repair; 2) Air sampling techniques and 3) Power washing techniques.
2. Ranger Pipelines/Oliver Transbay Construction: Frank Oliver of Oliver Transbay goals are: Frank Oliver has obtained completed CPUC certification and is undertaking work on an awarded contract. Action items are: work on a line of credit; prepare a bid on upcoming water line at Hunters Point; check PG&E website for subcontractor work.
3. ASF Electric/Southeast Electric: James Richards of Southeast Electric goals are to: pursue more work; work on the information sheet about SE Electric; work on the training program for ABU and BVHP project.
4. Peak Engineering/Space Saver Designs: Linda Hunter of Space Savers Design is working towards completing her work towards her Contractors "A" license under the mentorship of Peak Engineering. Linda has also recently become a member of Carpenters Union 22. Linda's main challenges are funding support, budgeting and marketing planning. Peak Engineering is working closely with Linda to provide further guidance on proper bidding processes and profit margins.

Update on Prospective Protégés:

Next Arts Foundation: Next Arts Foundation is a non-profit organization that provides construction-related services to construction companies. Tony Imperial has been very keen to be involved with our program, and is currently looking to build his business plan before entering the program.

Rhonda Harris, R&M Building, will be entering the program and working with San Francisco Small Business Development Center to build a business plan and marketing plan. Rhonda will then be paired with Rubecon General Contractors within the next two to three weeks.

We are currently seeking a suitable match for Mentor Lennar Communities.

Update on Prospective Mentors:

The Program recruited two mentors in early January 2006.

Ruben Santana. President, Rubecon Construction
Rubecon General Contracting
3450 3rd Street, Bldg. 1B
San Francisco, CA 94124

Rubecon is a general contractor and construction manager (GC/CM) providing construction services in the immediate San Francisco Bay Area.

www.rubecon.com/

Miguel Guzman, Senior Project Manager, Cahill Construction
Cahill Construction, Inc.
415 California Street
San Francisco, CA 94104

Cahill Construction is recognized as a leader in the Bay Area construction industry for over 90 years, Cahill's construction experience includes a wide range of commercial and residential structures.

www.cahill-sf.com

We are very pleased to add two such highly-regarded contractors to our Program and intend to match them appropriately very quickly to two protégés that have not yet been matched: Rhonda Harris, R&M Building and Darryl Bishop, Let's Get Busy Construction, respectively.

We are working diligently to add new mentors and protégés. The success of any community is based on self-sustainability, and by growing businesses, a community grows jobs and then fiscal opportunities become available.

Challenges: The challenges remain the same. The acceptance rate for both Mentors and Protégés is low because a number of potential Mentors and Protégés informed the Mentorship Program Sponsor that they believe that the program will benefit them more during the Vertical Development phase, rather than during the Horizontal Development phase. The Mentorship Program will attempt to convince more people to sign-up as Mentors and Protégés by continuous e-mail campaigns, direct mail marketing and by e-mail newsletters.

Thus far, the Horizontal phase yields the least amount of interest due to the limited contract work. The expectation is that as soon as the Vertical Development phase begins, there will be a significant uptake on program response and inclusion. Lennar has been encouraging contractors daily to be involved.

Lennar is contemplating that all pre-qualified partnerships entered into the bidding process would see up to 5 added value points for inclusion in the program. Such an incentive could be a determining factor in the success of a bid at the Shipyard if bids

were close. A deciding factor could be the involvement in the community, as well as involvement in the Mentorship-Protégé Program.

Next Steps

- Continue mentor and protégé recruitment process, as well as monitor existing mentor/protégé relationships. We plan to conduct 30-minute monthly conference calls with each Mentor-Protégé Partnership.
- Continue hosting Mentorship Advisory Board meetings, as well as developing the GROW E-Newsletter.
- The Mentorship Program Liaison will submit a calendar in January 2006 that will provide a yearlong forecast of CBA-required Mentorship Program workshops, Advisory Board meetings and reports.
- Continue providing progress reports and other documentation, as required by the CBA.

COMMUNITY BUILDER PROGRAM

Introduction

The Community Builder Program is a requirement under the Hunters Point Shipyard Phase I Community Benefits Agreement (the “CBA”) and the Hunters Point Shipyard Phase I Disposition and Development Agreement (the “DDA”). Under the CBA and the DDA, with respect to Parcel A’, Lennar-BVHP, LLC (“Developer”) agreed that thirty percent (30%) of the Phase I lots designated for private housing development would be developed either (1) by a joint venture arrangement between Developer (or affiliate(s) thereof) and a “BVHP Area Builder” selected by Developer from the Joint Venture Community Builders Pool or (2) in the event a Developer (or affiliate(s) thereof) and a Joint Venture Community Builder did not timely enter into a joint venture or other arrangement consistent with the DDA for the vertical development of a particular Community Builder Lot, potentially by a “BVHP Area Builder” included in the Independent Community Builders Pool by the Selection Panel (comprised of representatives of Developer and The Redevelopment Agency of the City and County of San Francisco (the “Agency”).

Community Builder Program Contact

The Community Builder Program Liaison for Lennar is Clem Clarke. Ms. Clarke’s contact information is below and she is available to answer questions regarding all components of the Community Builder Program Monday – Friday, 9:00 a.m. – 5:00 p.m.

Lennar Office
49 Stevenson, Suite #600

San Francisco, CA 94105
415.995.1770 (P)
415.995-1778 (f)
clem.clarke@lennar.com e-mail

Community Builders Lots

Exhibit “E” attached to the CBA shows the current location of the Community Builder Lots. You should note, however, that Section 4.1(b) of the CBA expressly contemplates that, upon mutual agreement between Developer and Agency, such locations may be changed to create more flexibility based on the housing types most suitable for such designated locations. Developer currently suspects market conditions will dictate future changes in housing types, which may lead to future changes in Community Builder Lot locations.

Selection Process

In accordance with the CBA, Clem Clarke of Developer led a community outreach process in the early summer of 2005 aimed at informing potential community builders of the Community Builder Program. This was done by advertising in community newspapers, creating a link on Developer’s website, direct mail and conducting workshops, all of which were targeted at BVHP Area Builders, including faith-based organizations.

In June 2005, Developer, with the Agency’s input, circulated a Request for Qualifications (the “RFQ”) for the Community Builder Program, consistent with the form attached to the CBA. Although the RFQ specified a deadline of August 3, 2005 for submission of applications, the deadline was later extended to ensure greater participation. Such an extension was done in accordance with Section 4.2(c) of the CBA which requires Developer to accept community builder applications until a Vertical DDA has been executed for the last Community Builder Lot.

As of September 16, 2005, Developer received 13 community builder applications. Interviews with each applicant were conducted at the Shipyard during September 28-30, 2005. The interview panel consisted of Anthony Flanagan, Gary McIntyre, Clem Clarke and Victor Ogu, representing Developer, and Sylvester McGuire and Nicole Franklin, representing the Agency. Although members of the Citizen Action Committee (CAC) were invited, they declined to participate in the interview process. To ensure fairness, all applicants were asked the same pre-determined questions (based on the selection criteria below) and given equal time to present their qualifications.

Selection Pool Criteria

The selection criteria for community builders are set forth in the RFQ. The selection criteria for the Joint Venture Community Builders Pool and the Independent Community Builders Pool are identical with one exception: applicants for the Independent Community Builders Pool need to demonstrate the ability to access capital sources

needed to purchase a Community Builder Lot at its fair market value, but in no event less than the Minimum Purchase Price, in accordance with the terms set forth in the DDA.

Analysis of Applicant Qualifications

After the September 2005 community builder interviews, Developer's Clem Clarke and Victor Ogu prepared a matrix of applicant responses. A summary of some of their findings is as follows:

- The applicants had varying levels of expertise in developing and/or building apartments, condominiums and single-family homes. Such experience levels ranged from fair to extensive.
- All 13 applicants had more than 2 years experience as a builder.
- The financial capacity of the 13 applicants ranged from \$2M to \$20M.
- 12 out of 13 applicants had a business location in the impact area – 94107, 94124 and 94134.
- All applicants acknowledged the CBA as an existing and relevant document.

Selection Pool

Based on the CBA selection criteria, eleven (11) firms met the selection criteria for both the Joint Venture Community Builders Pool and the Independent Community Builders Pool, and letters to that effect were sent on behalf of the Selection Panel in October 2005.

Developer's Selection of Joint Venture Community Builders

In December 2005, Developer conducted additional reviews of the community builder applications in order to finalize Joint Venture Community Builder selections. In January 2006, five (5) applicants received letters from Developer indicating that they had been selected by Developer as a Joint Venture Community Builder for the vertical development of Parcel A' Hilltop Community Builder Lots.

The remaining six (6) qualifying applicants were informed in a January 2006 letter sent by Developer that they had been selected as one of the Joint Venture Community Builders to be considered for Parcel A' Hillside development, and Developer would be in touch with them within approximately 60 days after the date of such letters for further discussions.

Next Steps

- Set-up meetings with the five (5) Joint Venture Community Builders selected by Developer for the vertical development of Parcel A' Hilltop Community Builder Lots.
- Set-up meetings with the six (6) qualified applicants who are being considered for Parcel A' Hillside development.

INTERIM AFRICAN MARKETPLACE

Introduction

Lennar/BVHP must establish an Interim African Marketplace to serve as an African-themed temporary festive, outdoor setting for the display and sale of arts, crafts, sculptures, fabrics, clothing, books and fresh and healthy foods as commonly found in a farmer's market. Additionally, the Interim African Marketplace will serve as a venue for the presentation of musical performances such as gospel, jazz and blues and world music. The Interim African Marketplace will establish the Shipyard as a music entertainment, cultural and tourist destination, as well as provide economic opportunities for local artists.

Interim African Marketplace Contacts

James Burks, Director of the Los Angeles African Marketplace, Inc. (LAAM) serves as the operator of the Interim African Marketplace. Please contact Mr. Burks with any questions regarding the vision and business plan for the IAM at his office at (213) 847-1540 or e-mail at jvburks@earthlink.net.

The Bayview Opera House serves as the local, community-based arts and cultural development organization (Local Arts and Cultural Development Organization "LACDO"). The LACDO is responsible for outreach to the arts and cultural communities for participation in the development of the Interim African Marketplace (IAM) business plan and overall implementation. Additionally, the LACDO is to assist the Operator with the planning efforts for the Interim African Marketplace. Please contact Shelley Bradford Bell with any questions or comments regarding the outreach for the IAM at her office at 415-824-0386, fax 415-824-7124 or e-mail at sbb@bayviewoperahouse.org

Alton Byrd of Project Complete is the Developer's newly appointed San Francisco Coordinator for the Interim African Marketplace (IAM). James Burks, the Operator, is working closely with Alton Byrd by providing valuable insight, recommendations, ideas and the necessary guidance needed to make the IAM a success. Mr. Byrd can be reached on his cell phone at 1-916-600-9968 or by e-mail at jaltonbyrd@sbcglobal.net. The Project Complete offices are located at 41 Dorman Street, San Francisco, CA 94124.

Updates

Lennar has restructured the IAM consulting team. The newly assembled consultants are currently working through the contractual process with Lennar's contract division. Once contracts are actually signed, the new assembled team of consultants will provide the CAC with a written update on the status of the IAM.

Next Steps

- Complete the contractual process with the newly assembled IAM consultant team

- Request permission to present at the next full CAC meeting, as well as subsequent CAC subcommittee meetings
- Set-up meetings with Sup. Maxwell's office, SFRA and others to update them on the status of the IAM

CULTURAL/HISTORICAL RECOGNITION PROGRAM

Introduction

Pursuant to Section 5.1 of DDA Attachment 24B, Lennar/BVHP shall develop a design program that (a) through the urban design process identifies opportunities for recognizing and enhancing the cultural and historical context of the Shipyard and its surrounding community in both the development and design of the Shipyard; (b) integrates cultural features and facilities throughout the Shipyard, starting with Phase 1 through the Interim African Marketplace; and (c) provides opportunities for local artists (both at the Shipyard and from the surrounding community) to participate in creating public art for the Shipyard, working with the community to identify appropriate locations and art forms for the public art program.

Cultural/Historical Recognition Program (CHRP) Contact

Ilona McGriff of LSM Legacy is the fundraising consultant for the Cultural Historical Recognition Program (CHRP). Please contact Ms. McGriff with any questions or comments about the CHRP at 510-238-8428, and also at 510-238-8493 or e-mail her at LSMLegacies@sbcglobal.net

Additional Information

(a) Open Space Master Plan. Lennar/BVHP agrees to include in the Open Space Master Plan required by the DDA, the location for the installation of 500 square feet of tiles designed by youth participants at a San Francisco Bayview Opera House program, and the creation of a walkway connecting Galvez Steps to the site of the Interim African Marketplace. The walkway shall incorporate the following three (3) elements identified in the design process:

- (i) A timeline of events to recognize all the inhabitants of the Shipyard from the earliest settlers to today;
- (ii) Anecdotal narratives to preserve the stories of the people who worked at the former Shipyard Naval base through oral, written and illustrative works; and
- (iii) Physical markers to incorporate into the Shipyard certain

artifacts, representations or symbols of its early Native American inhabitants, the shipbuilding era, the African Diaspora and more.

(b) Interim African Marketplace. Lennar/BVHP shall develop the Interim African Marketplace as described in Section 5 in a manner that will integrate cultural features and facilities on the Shipyard in Phase 1. Lennar/BVHP recognizes that its obligation to integrate cultural features and facilities throughout the Shipyard shall be a continuing obligation during all other Phases of Shipyard development in which Lennar/BVHP or an Affiliate obtains any development rights.

(c) Art Program and Implementation. Within one hundred and twenty (120) days after the Close of Escrow, Lennar/BVHP shall form an exploratory committee with representatives of BVHP Area arts organizations and artists, BVHP Area residents and the CAC to (i) design an arts program that provides opportunities for local artists (both at the Shipyard and from the surrounding community) to participate in creating public art for the Shipyard and identify appropriate locations and art forms for such arts program; and (ii) develop a strategy for implementing the Cultural/Historical Recognition Program. Lennar/BVHP shall provide the Agency and the CAC with a written report (“Progress Report”) that describes in detail the arts program and the implementation strategy within two hundred and ten (210) days after the Close of Escrow, and shall revise such strategy as requested by the Agency and the CAC.

(d) Fundraising Consultant. As part of its commitment to the success of the Cultural/Historical Recognition Program, within sixty (60) days after the Close of Escrow, Lennar/BVHP shall engage and maintain a fundraising consultant to pursue government, foundation and private funding to underwrite the creation of the arts program, the public art and the implementation of the Cultural/Historical Recognition Program.

Report Purpose

The purpose of this report is to meet the requirement outlined in Section 6.2 paragraph C, of the Community Benefits Agreement. “Lennar/BVHP shall provide the Agency and the CAC with a written report (“Progress Report”) that describes in detail the arts program and the implementation strategy within two hundred and ten (210) days after the Close of Escrow, and shall revise such strategy as requested by the Agency and the CAC.”

This requirement was written prior to actual program development and because of that, it is a guideline to ensure developer compliance. Now that the Cultural/Historical Recognition Program has started, the 210 days allotted to develop the arts program and implementation strategy has proven to not be enough time to develop a realistic and comprehensive implementation strategy. Therefore, I have elected to provide implementation rationale and the process by which the implementation strategy will, over time, be developed. This report will include the following sections:

1. Project Status
2. Proposed Arts Program
3. Implementation Strategy
4. Timeline
5. Construction schedule
6. Next Steps
7. Challenges

Project Status

The consultant has met with various community groups and city agency representatives, recruited members to the Exploratory Committee, met with funders, developed relationships with potential partner organizations, provided monthly reports to the CAC Planning Subcommittee, met with the design team, provided tours of the Shipyard to potential funding sources and provided required reports to the San Francisco Redevelopment Agency. The consultant has also engaged in research and toured other sites for ideas on art integration into open space design for the program.

The committee directives from the September 2005 meeting included the following:

In response to the question: "Who else should be on this committee?" The following list of people, organizations and sectors was developed:

- Oscar James, Long time BVHP resident and former Shipyard Worker
- A school teacher from a local school
- A student (University level)

In response to the question: "Who should be on the Honorary Committee?" The following list was generated (order of list does not denote importance of participant):

- Welton Flynn
- San Francisco 49ers Representative
- San Francisco Giants Representative
- Retired Military (Navy)
- Longshoremen-Union
- CAC/PAC designated member
- Supervisor Maxwell
- Mayor Newsom
- Senator Dianne Feinstein
- Congresswoman Nancy Pelosi
- Kaiser Permanente
- Local Business Representative
- Sheppard Mullin
- Insurance company representing the Shipyard

- Banks/UAMC
- Walter Hood of UC Berkeley

The Committee decided that it was too early to look at the program development; rather, they are interested in directing the focus to the Hilltop Park development and to compiling sources of information. The Committee would like the consultant to:

- Look for an archivist;
- Speak with a representative at the Bayview Library; and
- Check with SFRA on availability of a building to store art and archived items.

The Committee's next steps include:

1. Hosting an artists' workshop that will discuss Open Space Art opportunities and generate an additional list of potential Art opportunities (benches, streets, parks, overlooks, signage lamps, etc. The target focus group will be artists.
2. Consultant to generate a list of Potential Open Space Art Opportunities in preparation for the artist workshop.
3. Identify Student Involvement Opportunities
4. Find models of Art Programming & how public art can be preserved (at the site)
5. Identify other projects where Artists and Design teams have worked together (possible source for this information in San Francisco is the SFRA)
6. Identify a way and funding for process preservation (Exploratory Committee process)

In preparation for the artist workshop, the following information must be obtained and presented to the committee:

1. What is the size of the Hilltop Park?
2. What are the Design Restraints?
3. What is the weather impact on public art projects?
4. What is planned for the Hilltop Park?
5. What is the expected level of participation of the Exploratory Committee?
6. Need a clear timeline for design and construction of the Hilltop Park
7. Need a footprint of the park
8. What will be the first art opportunity? When?
9. What (if any) opportunities exist for streetscape in Phase 1?

Milestone One: Convene Exploratory Committee

The Cultural/Historical Recognition Program (CHRP) has met several important milestones. A primary requirement of the CBA was to identify and recruit

community members to participate in developing the CHRP Program. This goal was met and the committee convened in September 2005. This committee proved to be comprised of wonderfully eclectic, attentive, smart, creative and hardworking people. Due to the way that the meeting was planned, the amount of information provided and the input received from the committee, a monthly meeting is not required. Rather, implementation of the committee's directives has proven to be the logical course of action. After certain primary committee suggestions have been implemented, investigated and/or resolved, the committee will reconvene to discuss outcomes and develop next steps.

Milestone Two: Secure Project Funding

A second milestone for CHRP is to secure project funding. In an effort to meet that milestone, CHRP conducted a site visit for the San Francisco Foundation (SFF). Following the site visit, the SFF requested that we submit a Letter of Intent to apply and indicated the level at which they are most likely to fund. Generating interest in the project from the foundation community is a very important component of the fund development process. To obtain interest at this early stage without a concrete program in place is very significant and will ultimately lead to additional funding. Additionally, the consultant, along with the San Francisco Redevelopment Agency, is pursuing funding from ABAG (Association of Bay Area Governments). This funding will be used to link an art and history walk from the Galvez steps to the Shoreline. This ABAG grant application is due in February. The consultant and the San Francisco Redevelopment Agency's representative have developed a plan and approach to the grant application. Other potential funding sources have been identified and are being pursued. By March of 2006, the consultant will have applied to five funding sources.

Milestone Three: Program Development/Artist Participation Opportunities

A third milestone is to develop an avenue through which artists can participate in the open space design of the program. This milestone is an essential component of the program development process. To ensure program manageability, the Exploratory Committee prefers to pilot a section of the project, the Hilltop Park, as the initial planning space. The collective brainstorming of design team members, Kevin Conger, Patrick Vaucheret and Myles Stevens with the exploratory committee members resulted in wonderful ideas that can be easily integrated into the open space design plans. The first step in the process is to host an artist workshop. The purpose of the workshop is to get input from the artist community on open space art opportunities based upon the Hilltop Park; secondly, to reserve areas within the open space design specifically for art opportunities (an artists walk); and thirdly to issue a Request for Qualifications and select an artist(s) to work directly with the design team to ensure artist participation (hopefully using the ideas generated at the workshop). The committee would like to establish a precedent in Phase 1 of artists working collaboratively with the design team.

1. Proposed Arts Program

The CHRP Exploratory Committee, as discussed in the previous section, has suggested several avenues for local artist participation. An actual comprehensive arts program has not been developed. The artist workshop is the first step in developing the program. While initially we are focusing on the Open Space design opportunities for artists, the program will include avenues for performing artists too. Currently, the consultant is making linkages with existing arts festivals to include a component that will be linked to the Cultural Historical Recognition Program. These types of linkages can provide opportunities under the umbrella of CHIRP for performing artists. I only mention the performing artist specifically due to community feedback around lack of opportunity for area performing artists. I suspect that when the artist program is developed, it will be dynamic. The initial draft of an Artist Program will be presented no later than February of 2006.

2. Implementation

Implementation will be phased. For the purposes of this document, I have focused on Phase I. Phase two will be largely dependent upon the outcomes of Phase I.

Phase I

- Convene Exploratory Committee
- Artist Workshop
- Program development
- RFQ and selection of Open Space Design Artist (Hilltop Park Focus)
- Fund Development: \$150,000.00 goal (five grant applications)
- Documentation of the CHIRP Process. (We are in discussions with Kevin Epps, local BVHP resident and filmmaker, to capture the process).
- Event to showcase history of Shipyard (using existing material). This event will have a workshop to gain input on historical preservation (community focused)
- History focus group (area professors)
- Post integration of art and open space-community presentation of plan

Phase II

- History Program Implementation (next step following the history focus group's recommendations)

- Community input on developed program
- Designs of the Historical Preservation within the Open Space
- Timeline of History Events related to BVHP Area (this could include walking tours, discussions and lectures, video showings and collaborative events with the Bayview Historical Society)

3. Timeline

Phase one has started and will continue until at least December of 2006. However, for the purposes of an implementation plan, we anticipate development of a complete artist plan by the beginning of March 2006. Because the focus has been on artist involvement in the Open Space Design, the Historical Preservation component will be developed by March of 2006. This timeline allows the consultant an adequate amount of time to host one-time focus groups comprised of historians that can develop key plan components. We anticipate using area university professors and Naval Historians for this process.

To-date to Final Plan

January 24, 2006:	Exploratory Committee Convenes
January 25, 2006:	Meet with Retha Robinson of the SFF
February 1-2, 2006:	Meet with Diane Feinstein's Office
February 13-17, 2006:	Notification from San Francisco Foundation
February 17, 2006:	Application to ABAG Due
February 25, 2006:	Artist Input Opportunity Workshop
February 27- March 17, 2006:	Presentation of artist workshop outcomes (Best way of presenting to be determined)
	Write-up comprehensive program based upon outcomes of the workshop
	Get buy-in of Honorary Committee
	Continue to work with design team to ensure implementation
	Convene History Focus Group
	Provide report to include implementation steps for historical preservation component

4. Next Steps

The next steps (not necessarily in the following order) are:

1. To develop implementation plans for both components of the Cultural/Historical Recognition Program.
2. Continue with implementation of Exploratory Committee Recommendations
3. Obtain Funding (Three Grant Applications)
4. Convene focus groups to develop comprehensive plans
5. Bring artist into project in significant and meaningful roles
6. Host interest generating events
7. To develop one-page fact sheet and e-mail interest list

5. Construction Schedule

Per Gary McIntyre, the Shipyard Project Manager, the Hilltop Park is scheduled to be fully graded and on-line by April of 2007.

6. Challenges

- Design team's timeline
- Funds for artists to work with the design team
- Developing a realistic program without funding
- Ensuring that both local and shipyard artists are included in the program

BUSINESS INCUBATOR SPACE PROGRAM

Introduction

In an effort to facilitate the growth and development of a variety of businesses at the Shipyard, Lennar/BVHP must set aside space for a small business incubator program.

The Business Incubator Space Program will be implemented in connection with the vertical development phase. Lennar/BVHP must include in all of its purchase agreements for lots zoned to permit retail space, provisions that require the applicable Vertical Developers to (i) cooperate with Lennar/BVHP in drafting and revising, as required by the Agency, the Business Incubator Space Plan and submit such plan to the Agency for approval prior to awarding any vertical commercial contracts on an Affiliate Lot; and (ii) provide the lease for the Business Incubator Program Space to the Agency for prior approval. Additionally, prior to the awarding of the first vertical commercial construction contract, Lennar/BVHP must submit to the Agency for the Agency's review and approval, a proposed plan delineating the outline and square footage of the premises proposed for the Business Incubator Space Plan and a budget of the development costs

(including developer's overhead and cost of funds, but excluding profit) and resulting rent required to recover such costs (the "Business Incubator Space Plan"). Based on the current construction schedule, Lennar/BVHP expects to submit the Business Incubator Space Plan to the Agency by Spring 2007.

HOMEBUYERS' ASSISTANCE PROGRAM

Introduction

Lennar/BVHP must develop a program to provide assistance to qualified Shipyard homebuyers of affordable as well as market rate homes. The Homebuyers' Program will include down payment assistance, first time buyer financing programs and homeownership counseling services. Lennar/BVHP is required to (i) offer a zero-down payment option through its affiliate mortgage company, Universal American Mortgage Company (UAMC), to qualified buyers of market rate homes; (ii) provide buyers of affordable homes with a list of programs that could be a source of gift funds for 2% of the required 5% down payment required by the Agency's affordable housing program; (iii) provide qualified home buyers with a choice of financial lenders that provide 30 year fixed mortgage loans for low and moderate income home buyers; (iv) notify community-based homeownership counseling services, such as the Consumer Credit Counseling of San Francisco, of the opportunity for homeownership at the Shipyard in advance of marketing the homes for sale; (v) provide an orientation to the counseling services' staff; (vi) provide loan application information to prospective homeowners; and (vii) conduct certain outreach efforts.

Home Buyers' Assistance Program Contact Person

Lynn Bell, of Lennar/BVHP, serves as the Home Buyers' Assistance Program Liaison. Please direct any questions or comments regarding the Home Buyers' Assistance Program to Lynn Bell. Lynn Bell can be reached at her office at 415-995-1770, fax at 415-995-1778 or by email at lynn.bell@lennar.com.

Updates:

Our community outreach program is beginning to pick up some steam! We have completed as of January 2006 seven (7) workshops. As we complete a full three-session cycle we, the team, meet for a "review-do-review" and analyze the results of our outreach. In the initial three sessions we appeared to capture more attendance by holding the workshops on Saturdays. Since the initial three (3) workshops, we have seen higher numbers in attendance during the week day nights. We will continue to monitor our capture to ensure we are holding our workshop at the most desired times. We, also, initially made the decision to hold our workshops in each of the respective communities targeted. We will continue to hold the workshops on a monthly basis and rotate throughout the communities. We believe continued reinforcement and providing the opportunity for attendees to participate multiple times in the workshop motivate our potential homeowners to take action and solidify their financing sooner than later. The

SFHDC currently has 31 clients working in their program with one-on-one counseling. Of the 31, 15 are from the target zip codes, 15 are from surrounding city neighborhoods and 1 is from Pinole. In the month of November we conducted our 6th workshop in the Potrero Hill Neighborhood House for the target zip code 94107. We had 29 attendees at the workshop, which was significantly less than the first workshop conducted in the community on 6/14/05, which had an attendance of 40. The variation has initially supported our decision to conduct the workshops during the weeknights. The first workshop was held on a Tuesday. The advertising for the November 12, 2005 workshop and the January 18, 2006 workshop was mainly community-based flyer distribution.

In the case of the Saturday, November 12, 2005 workshop held in the Potrero Hill community (94107), 1500 flyers were distributed within the community starting on Wednesday, November 12 to Friday, November 14. These flyers were double-sided and bilingual (English/Spanish). For the Wednesday, January 18 workshop, 3000 copies of our Homebuyers Assistance flyer (English only) were distributed within the 94124 community. In the case of both workshops, a blast fax/email was sent to the majority of the community organizations listed in Exhibit L in the Community Benefits Agreement, with the exception of unions and schools.

We have set out a tentative schedule for the year of 2006; however, it is subject to adjustment depending on the on-going results. Our 7th workshop conducted mid week at the Ruth Williams Memorial Theater had 55 attendees. We delivered 3000 flyers to residents of the 94124 community; in addition, we did a fax blast to all the community organizations listed on the Exhibit L and our on-going list of interested buyers. At each workshop we are requesting our “future homebuyers” to complete a survey which provides feedback on how they heard about the presentation and how we performed. At each follow up team “review-do-review” we analyze potential changes to the presentation, etc. We will continue to up-date the presentation as we make progress in BVHP community.

Challenges:

The greatest challenge in the program at this point is getting the interested homebuyers to take the necessary steps to position themselves for home purchase. The workshop is the first step in the process. Motivating buyers to prepare well in advance of an actual home close is difficult. This, alone, reinforces our decision to keep the fire hot! Continuing the workshops on a monthly basis provides more opportunity to deliver the message of preparedness.

Additionally, at this point, we have not identified any sources of down payment assistance that could be used to cover the mandated 2% portion of the down payment required by the City. San Francisco Housing Development Corporation, The Department of Housing and Urban Development and Freddie Mac are not aware of any down payment assistance funding targeting the San Francisco Area. Although, UAMC, does have programs available to first time homebuyers that would require less than the City mandated five (5) percent.

Next Steps:

We will continue to refine our program and seek out ways to capture more audience. We will also encourage direct lenders, real estate brokers, and other city credit counseling services are abreast of the on-going workshops and encourage their attendance and, additionally, encourage their independent outreach to their immediate clientele base. Our next workshop (8th) for target zip code 94134 is scheduled on February 15th at the John W. King Senior Center. The following workshop in target zip code 94107 is scheduled for 3/15/06. The remaining 2006 calendar year has an identified “tentative” schedule of workshops for each zip code. At each workshop we will provide the next sequence of dates and times and continually encourage repeat attendance. At this point, we have not had repeat attendees but I imagine as we continue to make progress with construction our target audience will become more motivated to be a BVHP homeowner.

JOB TRAINING AND EMPLOYEE ASSISTANCE PROGRAM

Introduction

Lennar/BVHP is awarding \$225,000 in 2005 and 2006 for a total of \$450,000 to fund job training and employee assistance programs serving Bayview Hunters Point Area (BVHP Area) residents; that is residents of zip codes 94124, 94134 and 94107 within the boundaries of the City and County of San Francisco Supervisory District 10. The awards for 2005 and 2006 represent the first round of job training and employee assistance funding that Lennar/BVHP will make available during Phase 1 of the Hunters Point Shipyard development project. Based on a survey conducted by Lennar/BVHP, Lennar/BVHP determined that the types of training programs most in need of funding for BVHP Area residents are for occupational skills, youth development, construction skilled trades and professional services.

Job Training and Employee Assistance Program Contact Person

Laura Luster, of L. Luster & Associates (a sub consultant to Luster National, Inc.), serves as the Job Training and Employee Assistance Program Liaison. Please contact Dr. Luster with all questions and comments regarding the Job Training and Employee Assistance Program. Laura Luster can be reached at her office at 510-282-7769, fax at 510-238-8493 or by e-mail at llusterassociates@comcast.net.

Milestone One:

Job Training Solicitation Activities

- Prepared draft of solicitation process for team and SFRA review and approval that included a list and contact information for BVHP Area job training organizations, as well as the preparation of a Request for Proposals (RFP) notice for BVHP Area publications.

- Request for Proposals was revised, finalized and released in May 2005; all forms and attachments were prepared and included with the RFP.
- RFP was posted on Shipyard website.
- Job training organizations, vocational education institutions and youth serving agencies were notified through direct mail and e-mail of the availability of Lennar/BVHP funds for job training.
- Copies of the RFP were placed in Lennar/BVHP Shipyard trailers, Citizens' Advisory Committee office, Project Area Committee office, and other sites in the BVHP area.
- Funding availability and RFP release were advertised in BVHP Area newspapers.

Milestone Two:

Job Training Information and Selection Activities

- RFP Information meeting was planned and held in May 2005.
- Written responses to questions posed at the information meeting and received via email or telephone were prepared and posted to the Shipyard website.
- Proposal review panels were assembled for three main areas: Construction, Occupational Skills and Youth Development.
- The assessment protocol and rating sheets were prepared, submitted to the Lennar team and SFRA for review and approval.
- Panel review sessions were hosted for each of the three training areas and the job training providers were selected.
- Written notifications (letters) of the outcome of the selection process were prepared and mailed to all applicants.
- Assisted providers with Lennar/BVHP contracting process.

Job Training Grant Recipients:

- **Construction**
 - Grant recipient - Chinese for Affirmative Action @ 17 Walter Lum Place San Francisco, CA - Amount: \$25,000 for 2005 and \$25,000 for 2006; **Total Award=\$50,000**
 - Grant recipient – City College of San Francisco @ 1400 Evans Avenue San Francisco, CA – Amount: \$25,000 for 2005 and \$25,000 for 2006; **Total Award=\$50,000**
- **Professional Services**
 - Grant recipient – Visitacion Valley Jobs, Education & Training (VVJET) @ 1099 Sunnydale Avenue San Francisco, CA – Amount: \$25,000 for 2005 and \$25,000 for 2006; **Total Award=\$50,000**
- **Occupational Skills**

- Grant recipient – BAYCAT (Bayview Hunters Point Center for Arts & Technology) @ 2415 Third Street, Ste. #230 San Francisco, CA – Amount: \$75,000 for 2005 and \$75,000 for 2006; **Total Award=\$150,000**
- **Youth Development**
 - Grant recipient – City College of San Francisco Hekima Youth Program @ 1800 Oakdale Ave. Room 200 San Francisco, CA – Amount: \$37,500 for 2005 and \$37,500 for 2006; **Total Award=\$75,000**
 - Grant recipient – San Francisco Renaissance Parents for Success @ 1485 Bayshore Blvd. Ste. #348 San Francisco, CA – Amount: \$37,500 for 2005 and \$37,500 for 2006; **Total Award=\$75,000**

Milestone Three:

Additional Activities Completed

- At the request of Construction Review Panel, a partnership between City College of San Francisco-Evans Campus (CCSF), Chinese for Affirmative Action (CAA) and Young Community Developers (YCD) was facilitated to develop an expanded pilot electrical and plumbing pre-apprenticeship program for BVHP Area residents.
- Assisted the partnership in developing an expanded program and budget that includes outreach, recruitment, case management, retention and follow-up services that were not included in the original program proposal.
- Prepared and submitted a proposal and budget to Haas, Jr. Fund for Pilot Electrical and Plumbing Pre-Apprenticeship Program that includes Lennar/BVHP funds, in-kind contributions from CAA, YCD and CCSF, as well as a request for additional funding from the Haas, Jr. Fund.
- Haas, Jr. Fund awarded \$75,000 to the Electrical and Plumbing Pre-Apprenticeship Pilot Program in December.

Challenges:

1. The first challenge is getting job training providers through the Lennar/BVHP contracting process, particularly in attaining compliance with the organization's insurance requirements. Although we took pro-active steps to set-up meetings with Lennar's contracting staff and the job training providers, and Lennar staff assisted throughout, the process still took 90+ days to complete. At this time, Lennar's contracting processes and insurance requirements are set-up for contracting with large construction contractors, not for non-profit training and youth organizations. For job training future funding cycles, Lennar/BVHP may want to consider approaching the contracting process in another way; perhaps selecting an entity to serve as a fiscal agent for all the providers and entering into a single contract with that entity.

2. A second challenge is generating program goals, objectives and benchmarks that reflect changes in funding levels and real time conditions.
3. Lennar/BVHP did not fund all of the applicants at the levels for which the Community Based Organization (CBO) had requested funds. Therefore, in some cases the programs described in the original proposals had to be modified to reflect the reduced funding level. Obtaining the new program descriptions, goals and objectives has been challenging as both the providers and the Job Training Program consultant were caught-up in trying to get the organizations through the other parts of the contract process.
4. For one of the CBO's, there were staff changes that have impacted the organization's ability to deliver the program presented in the proposal. This is a situation that still has not been brought to resolution.

Next Steps:

- Complete contract process for CCSF Electrical and Plumbing Pre-Apprenticeship Pilot Program.
- Raise additional funds for Electrical and Plumbing Pre-Apprenticeship Pilot.
- Resolve issues with professional services training provider. Either the provider will be able to demonstrate the capacity to implement the proposed program or we will have to propose a means of re-awarding or re-assigning these funds so that this training area will be covered.
- Initiate the following program monitoring and reporting activities: monthly reporting, quarterly site visits and reporting.
- Work with other Lennar/BVHP Community Benefits Team Members to generate interest in the job training programs within the local philanthropic community; hopefully with the result of attracting additional funding for these efforts.

LOCAL COMMUNITY PRIORITY LEASING PROGRAM

Introduction

Lennar/BVHP and all Vertical Developers shall implement a local priority-leasing program for businesses that have a primary business address in the BVHP Area with an established, fixed office in a non-portable building where regular business is transacted and that is appropriately equipped for the business of the enterprise. Such businesses must be listed in the Permits and License Tax Paid File with the City and County of San Francisco with a business address in the BVHP Area, possess a current Business Tax Registration Certificate issued by the City and County of San Francisco and show a primary business address in the BVHP Area. If the primary business address is not in the

BVHP Area, then the business must include one or more owners of the business with at least a fifty-one percent (51%) ownership interest in the business and must provide Lennar/BVHP or the applicable Vertical Developer with satisfactory evidence that such owner(s) lives in the BVHP Area. The goals of the Priority Leasing Program are (i) to generate interest from BVHP Area Businesses so that a significant portion of the total prospective tenants who make inquiries, request brochures, attend tours and make offers on available lease space are BVHP Area Businesses; and (ii) to give priority consideration to displaced BVHP Area Businesses.

Local Community Priority Leasing Program Contact Person

Cliff Miller is the Local Community Priority Leasing Program Liaison. Please direct all questions and comments regarding this program to Cliff Miller at his office at 415-995-1770, fax at 415-995-1778 or e-mail at CMiller@lnrmail.lnrproperty.com.

Leasing Plan

Lennar/BVHP shall include in all Purchase Agreements for the Lots requirement that (i) within 90 days following the commencement of the Vertical Development on the particular Lot, the Vertical Developer shall provide to the Agency for the Agency's approval a leasing plan; (ii) all vertical construction shall cease if the leasing plan is not delivered to and approved by the Agency within such 90 day period; and that among other things, the BVHP Area businesses must be equitably distributed throughout the retail areas.

The Priority Leasing Program aspect of the project will not be implemented until the Vertical Development phase of the commercial building parcels is developed. In the case of Parcel A, that is the development of Block 1, with 70,000 square feet of commercial space on the lot at Donahue Street and Innes Avenue.

SMALL BUSINESS ASSISTANCE PROGRAM

Introduction

Lennar/BVHP must establish a Small Business Assistance Program that identifies opportunities to assist small businesses in the BVHP Area to obtain contracts for and participate in other business opportunities at the Shipyard. Lennar/BVHP shall require all of its contractors and consultants (other than legal and auditing) in connection with the Shipyard Project to use their best efforts to purchase no less than 20% of the dollar value of all of their Shipyard Project-related purchases from BVHP Area Small Businesses.

Small Business Assistance Program Contact Person

Cliff Miller of Lennar serves as the Small Business Assistance Program Liaison. Please contact Mr. Miller with any questions or comments regarding the Small Business Assistance Program. Cliff Miller can be reached at his office at 415-995-1770, fax at 415-995-1778 or e-mail at CMiller@lnrproperty.com.

Contractor and Consultant Participation

Lennar/BVHP has included in all contractors' and consultants' contracts (other than legal and auditing) the requirement to use their best efforts to purchase no less than twenty percent (20%) of the dollar value of all their Shipyard Project related purchases from BVHP Area Small Businesses.

Small Business Assistance Program Directory

Within 60 days after the Close of Escrow, Lennar/BVHP was required to develop a directory of BVHP Area Small Businesses (the "Directory"), post it on the Shipyard website and make it available at the Project Office and other outreach venues described in the Outreach Program. Lennar/BVHP has generated and maintains a small business database of BVHP Area Small Businesses including business contact information, a description of the business and how that business can provide products and services needed by Shipyard contractors, consultants and other parties doing business at the Shipyard or associated with the Shipyard project. The Directory was posted on the Shipyard on June 22, 2005 and made available at the Project Office on June 22, 2005 and made available at various outreach venues on June 22, 2005.

Lennar/BVHP is required to update the Directory no less than biannually. Lennar/BVHP has most recently updated the directory on December 1st 2005, and will continue to do so on a monthly basis, or as needed.

Lennar/BVHP shall supply each contractor and consultant with a current copy of the Directory prior to executing its contracts with them. The Directory was sent to all current consultants and it will be included with all future contracts.

Monthly Reports

Lennar/BVHP shall require each contractor and consultant to provide monthly progress reports on the dollars they spend with BVHP Area Small Businesses, (A) compared with the dollars they spend on their total Shipyard Project-related purchases; and (B) compared with the dollars they spend on their Shipyard Project-related purchases with non-BVHP Area businesses with less than 50 employees. All monthly reports were requested in a letter to all consultants. Dave Garland and Cliff Miller are discussing/explaining this requirement with each individual consultant and collecting their reports to provide to the Agency.

A letter was sent on October 1, 2005 outlining the reporting requirements as outlined in Rider 6 of the Lennar/BVHP contract. On October 7, 2005, this was followed-up with and additional letter, a pre-made reporting form and a copy of Rider 6 of their contract (which outlined their reporting requirements). On December 13, 2005, a third letter was sent, this time with a years worth of reporting forms. This was done to make the

reporting process as easy as possible for each of the consultants/contractors. Every letter that was sent included language that failure to report monthly purchases would be deemed a default under their contract. As of January 1, 2006, twenty (20) of our twenty-seven (27) consultants/contractors have provided reports of their monthly purchases.

Lennar/BVHP is required to encourage its contractors and consultants to exceed this 20% requirement and is required to evaluate the contractors' and consultants' efforts to do so in determining future contract opportunities. The Small Business Assistance Liaison is having frequent conversations with the contractors and consultants helping them to find other products or services to purchase in the BVHP Small Business Area.

Networking Workshops

At least once each quarter during Phase 1, or less if such lesser number is determined by the Agency and Lennar/BVHP to be warranted, Lennar/BVHP shall host a small business networking workshop for BVHP Area Small Businesses. The purpose of the workshops will be two-fold; (i) to inform BVHP Area Small Businesses of the upcoming needs of contractors, consultants and Shipyard businesses; and (ii) to provide BVHP Area Small Businesses with an opportunity to market their goods and services to Lennar/BVHP and its contractors and consultants.

Lennar/BVHP held its third Small Business Assistance Program Mixer on January 19, 2006 at Dago Mary's restaurant, on the Hunters Point shipyard. There were 32 people in attendance providing BVHP small businesses an opportunity to meet our consultants/contractors but also other local businesses. We added two new businesses to the BVHP Small Business Directory.

Outreach efforts included:

1. An ad was placed in the Sun Reporter, which ran from 1/12/06 to 1/18/06.
2. 171 invitations were mailed to BVHP small businesses.
3. 275 e-mail invitations were sent to BVHP small businesses on two separate occasions.
4. Invitations were sent to our 27 current consultants/contractors.
5. Other community organizations were notified and requested to please invite their membership (San Francisco Black Chamber of Commerce and Renaissance Entrepreneurship Center).

Items Discussed:

1. Program Goals
2. Components of the Program: directory of Small Businesses, purchasing goals for shipyard contractors and consultants, Networking events, survey of purchasing needs of the shipyard's contractors, consultants and tenants.
3. Directory of Small Businesses

Next step:

Due to a power outage during this third mixer, an additional mixer is being scheduled for mid February. Our fourth mixer will be scheduled for mid April.

Marketing and Outreach

Lennar/BVHP is required to outreach to various merchants and business associations in the BVHP Area (such as the Rotary), utilize the media and coordinate with organizations such as the San Francisco Mayor's Office and the Small Business Administration to keep them informed of opportunities for small businesses and vendors at the Shipyard, encourage their members to submit information to Lennar/BVHP for distribution to contractors and consultants, and to participate in the networking workshops.

Lennar/BVHP outreached to Mel Washington and Michael Penn of the San Francisco Black Chamber of Commerce, Marcus Clarke of the Renaissance Entrepreneurship Center and Ulysses Cozart of the San Francisco Small Business Development Center regarding the January 19, 2006 Small Business Assistance workshop. The above entities were contacted by telephone and e-mail and they were informed that Lennar was hosting a workshop to describe ways small businesses in the BVHP area can get involved in the Shipyard project. Additional outreach for the January 19, 2006 workshop was done through the Sun Reporter as well as being posted on the Shipyard website.