

**FIRST AMENDMENT TO
HUNTERS POINT SHIPYARD PHASE 1
PUBLIC IMPROVEMENT AGREEMENT**

This FIRST AMENDMENT TO HUNTERS POINT SHIPYARD PHASE 1 PUBLIC IMPROVEMENT AGREEMENT (this “**First Amendment**”) is entered into as of October 14, 2011 (the “**Effective Date**”), by and among the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation of the State of California (the “**City**”), the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, exercising its functions and powers and organized and existing under the Community Redevelopment Law of the State of California (together with any successor public agency designated by or pursuant to law, the “**Agency**”), and HPS DEVELOPMENT CO., LP, a Delaware limited partnership (“**Subdivider**”).

RECITALS

A. The City, the Agency and Subdivider entered into that certain Hunters Point Shipyard Phase 1 Public Improvement Agreement, dated as of July 21, 2009, with respect to the subdivision of the Property described therein (the “**Original Agreement**”). Except as specifically defined herein, capitalized terms shall have the meanings given in the Original Agreement.

B. Under the Original Agreement, Subdivider agreed, among other things, to complete construction of the Phase 1 Required Infrastructure and provide certain security therefor, all as more particularly described in the Original Agreement.

C. Paragraph 3 of Exhibit A-3 to the Original Agreement included within the Phase 1 Required Infrastructure construction of “S-Curve roadway and utility improvements pursuant to that certain KCA Engineers plan dated as of February 19, 2008” (the “**S-Curve**”). In accordance with the Original Agreement, for the completion of the S-Curve Subdivider posted Security for the benefit of the City and Reversionary Security for the benefit of the Agency, each in the sum of \$3,370,000 (the “**S-Curve Security**” and the “**S-Curve Reversionary Security**”, respectively).

D. CP Development Co., LP, a Delaware limited partnership and the Agency entered into that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated for reference purposes as of June 3, 2010 (as amended and supplemented from time to time, the “**CP/HPS2 DDA**”), which provides for the elimination from the Phase 1 Required Infrastructure of the S-Curve and instead provides for, among other things, construction to widen Innes Avenue and Donahue Street.

E. In lieu of constructing the S-Curve, Subdivider is willing to provide the land for the widening of Innes Avenue and Donahue Street.

F. On or about the Effective Date, the City, the Agency and Subdivider will execute and deliver a Notice of Special Restrictions (the “**NSR**”), under which Subdivider is anticipated to provide the City with an Irrevocable Offer (as defined in the NSR) for the Offered Property (as defined in the NSR), all as more particularly set forth therein.

G. The City, the Agency and Subdivider now desire to amend the Original Agreement on the terms set forth herein to provide for the removal of the S-Curve from the Phase 1 Required Infrastructure and to accordingly release the S-Curve Security and the S-Curve Reversionary Security.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the amount and sufficiency of which are hereby acknowledged, Subdivider, the Agency and the City agree as follows:

1. Removal of S-Curve. Paragraph 3 of Exhibit A-3 to the Original Agreement is hereby deleted in its entirety and "Intentionally Deleted." shall be inserted in lieu thereof.

2. Release of Security and Reversionary Security. Notwithstanding Section 4 of the Original Agreement, the Director, on behalf of the City, agrees to immediately release the S-Curve Security and provide Subdivider with written confirmation thereof and the Agency hereby directs the Director to release the S-Curve Reversionary Security and provide Subdivider with written confirmation thereof.

3. Failure to Record Irrevocable Offer. The Parties acknowledge and agree that the Agency and/or the City shall be permitted to withhold any Site Improvement Permit for all or any portion of Lot 1 and Lot B as shown on that certain map entitled "Final Map 4231" recorded in the Official Records of the City and County of San Francisco on August 12, 2009 as Document No. I815396 and in Book CC of Survey Maps at pages 165 through 175, inclusive, until such time as Subdivider has provided the Irrevocable Offer in accordance with the NSR.

4. Miscellaneous.

(a) Counterparts. This First Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery of this First Amendment may be effectuated by hand delivery, mail, overnight courier or electronic communication (including by PDF sent by electronic mail, facsimile or similar means of electronic communication). Any signatures delivered by electronic communication shall have the same legal effect as manual signatures.

(b) Confirmation of Original Agreement; Conflicts with Original Agreement. As modified hereby, the Original Agreement remains in full force and effect. In the event of any conflict between the provisions of this First Amendment and the Original Agreement, the provisions of this First Amendment shall prevail.

(c) Governing Law. This First Amendment shall be construed and governed in accordance with the laws of the State of California, without regard to the laws pertaining to conflicts of laws.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Subdivider, the City and Agency have executed this First Amendment as of the Effective Date.

Subdivider:

HPS DEVELOPMENT CO., LP,
a Delaware limited partnership


By: CP/HPS Development Co. GP, LLC,
a Delaware limited liability company,
its General Partner

By: 
Name: Kofi Bonner
Its: Authorized Representative

City:

Approved as to Form:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation of the State of California

By: 
Name: John D. Melamant
Title: Deputy City Attorney

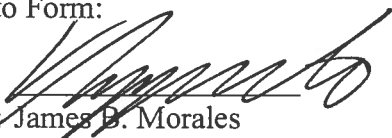
By: 
Name: Mohammed Wars
Title: Director of Public Works

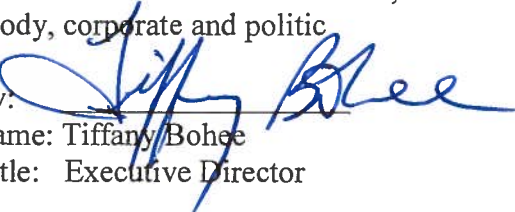
Agency:

Authorized by Agency Resolution No. 86-2008 adopted August 19, 2008

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

Approved as to Form:

By: 
Name: James B. Morales
Title: Agency General Counsel

By: 
Name: Tiffany Bohee
Title: Executive Director