

EXHIBIT D

PRELIMINARY HAZARDOUS MATERIALS REMEDIATION PLAN

Background

The City and County of San Francisco and the San Francisco Redevelopment Agency (“City”) are working to transform the former Hunters Point Shipyard into a source of jobs and economic development, parks and affordable housing for the Bayview Hunters Point Community. While the City has had a programmatic redevelopment plan in place for the Shipyard since 1997 and a Phase 1 development agreement in place since 2003, actual reuse depends on the Navy completing the remediation and transfer of the land. Based on the progress that was made around the Conveyance Agreement in 2004, Parcel A was successfully transferred to the City in 2005 and construction of the first phase of development on the Shipyard started immediately thereafter.

The City is ready to move forward in earnest with the planning and redevelopment of the rest of the Shipyard, including the possibility of locating a new stadium for the San Francisco 49ers on portions of the Shipyard as part of a larger mixed-use development project that integrates both Candlestick Point and the Hunters Point Shipyard. Over the years, one of the greatest barriers to moving forward with the redevelopment of the Hunters Point Shipyard has been uncertainty regarding the nature, extent and timing of the Navy’s cleanup of the base. Fortunately, since the Conveyance Agreement was signed by the Navy and the City in 2004, the Shipyard has received unprecedented levels of cleanup funding. To date, the Navy has spent almost \$500,000,000 on the remediation of the Shipyard, far more than any other closed Navy base in the country. Of course, the Navy still has a long way to go and may need to spend at least that much money or more to finish the job.

In light of the work that has been completed to date and the work that remains, City staff, working with the Navy and federal and state environmental regulators, are working to formulate a specific strategy to expedite the cleanup and transfer of the Shipyard to both meet the 49ers timelines and to allow us to move forward with community benefits like parks, affordable housing and jobs for the Bayview. With or without the 49ers, there is an urgent need for the Navy to fulfill its obligations under the Conveyance Agreement and to remediate and convey this land to the City as quickly as possible in a condition that is consistent with the City’s reuse plans.

Summary of Remediation Strategy

In summary, the City's suggested approach is as follows:

- Phased Early Transfers. The City is willing to pursue a series of phased “early transfers” of the Shipyard. Under an early transfer, the City would assume responsibility for completing certain remaining environmental remediation, which would be financed by the Navy through an Environmental Services Cooperative Agreement (ESCA) grant. In the past, the City has not been willing to pursue early transfers at the Shipyard. However, because sufficient progress has been made over the last few years in characterizing and remediating large portions of the base, early transfer is now a feasible option, particularly for Parcels B and D. As noted further below, the assumption of environmental responsibility would not include the radiological program, which under the proposal must be completed before any early transfer. In exchange for assuming environmental responsibility, the Navy would pay the City, under the ESCA, an amount equal to what would have been the Navy's cost of completing that particular cleanup work. The City would then transfer the environmental cleanup obligation and the funds to a specialized remediation firm – either directly or through Lennar – who would, in turn, guaranty the work under a fixed-price or similar remediation contract and environmental insurance. The remediation work would be completed in conjunction with development work, including possibly preparing the stadium footprint area for the 49ers. In any event, completing the physical cleanup work in conjunction with the physical development work at the site will save significant time and is key to meeting the proposed schedule with the 49ers and expediting delivery of the community benefits associated with the project.
- Conditions to Early Transfer. The regulators, Navy technical staff and the City agree that the City should not consummate an early transfer on any parcel until the Navy's radiological work on that parcel is complete and approved by the regulators. The City is also suggesting that certain other major removal actions be completed prior to early transfer. As a result, unlike other early transfers, the remaining cleanup work that would be assumed under an early transfer at the Shipyard would be limited to implementing environmentally appropriate cover remedies like a “cap”, often in the form of streets, parks and building foundations. This approach avoids the inefficiencies caused by the Navy implementing a cap remedy, then transferring the land to the City, and then having our developers breach and rebuild the cap as part of redevelopment. It also significantly reduces the risks to the City and Lennar of an early transfer because most of the actual “removal actions” will have been completed by the Navy first.

- Phasing. The key to this strategy from a timing perspective, both for the 49ers and for the larger development itself, is that the early transfers and the work that needs to be done prior to the early transfers must be phased strategically. If we simply wait for all of the radiological and regulatory work that needs to be done to transfer the whole base at once, it will take many, many years before we can even begin any development. But if we work cooperatively with the Navy to prioritize sites like Parcels B and D that are already well along in the remediation process, we can begin development much sooner – including on the stadium site. And we can design our development plans so that we are ready to develop parcels as soon as the Navy has the next phase of work ready for another early transfer, until all of the work is done.
- Funding. As always, our ability to implement cleanup plans for the Shipyard depends on the Navy providing adequate funding. We are working with the Navy and our Congressional delegation to ensure that the Shipyard continues to receive the robust levels of funding that are needed. But given the long timelines for redevelopment of the Shipyard, we do not need all of the money at once. Instead, we are focused on a phased funding strategy that allows us to prioritize the cleanup of certain areas as we are ready to develop them.
- Stadium Site. As a practical matter, early transfer is an especially important tool if we are to meet the 49ers' deadline for being in a new stadium by the beginning of the 2012 football season. Based on our preliminary discussions with the Navy, Federal Environmental Protection Agency (USEPA), California Department of Toxic Substances Control (DTSC), and Regional Water Quality Control Board (RWQCB), and the evaluation of the current status of cleanup activities by City staff and consultants, we believe it is feasible to coordinate construction of the new stadium with the cleanup activities to meet this deadline. However, for a number of financial and logistical reasons, title to the property must pass from the Navy to the City before commencement of physical site preparation work on the stadium site.

Discussion of Specific Issues and Needs

Top-Level Management Oversight of Project. To succeed, the City's approach will require regular, hands-on involvement from top-level management of all the parties including the Navy, USEPA, DTSC, the RWQCB, City, Lennar, community organizations and interested Congressional representatives. The City has already begun convening meetings of top-level management to monitor progress and resolve problems in real-time.

Phase 1 Area. The first-phase early transfer would occur by May 2009, and encompass the 27-acre stadium footprint –mainly on Parcel D - and related site preparation areas and roadway and utility corridors. If feasible from a resource perspective, Phase 1 should also include Parcel B. Inclusion of Parcel B in the Phase 1 early transfer would facilitate resolution of many of the problems that have arisen with the Navy's proposed institutional controls for that parcel and would help expedite the delivery of a number of important community benefits. Given the Navy's currently-defined schedules, we expect that much of the Parcel B remediation work has already been programmed into the Navy's plans and budgets to meet that timeline.

To meet these deadlines, we need to accomplish the following:

- The Navy needs to prioritize its radiological surveys and obtain a free release designation from the appropriate regulatory authorities of all impacted buildings and underground areas (primarily utilities) in the Phase 1 area so as to complete this work in early 2009 in time for completion of an early transfer before July 2009. Based on extensive conversations with technical staff, including the affected regulatory agencies, we believe that deadline is fully achievable.
- The Navy, City, USEPA, DTSC and RWQCB need to work together closely over the next four months to reach agreement on how remediation of groundwater contamination in the Phase 1 area can be accelerated to meet these deadlines. These discussions should focus on whether groundwater treatment in any form, such as an injection remedy, is needed at all given the intended reuse; if it is, whether it is best accomplished through focused remediation treatability studies conducted prior to transfer and commencement of construction or through integration of the installation of the remedy with construction after transfer.
- The Navy, City, USEPA, DTSC and RWQCB need to work together over the rest of this calendar year to confirm that the expected conceptual cleanup plan for all of the soil sites in Phase 1 will involve a combination of removal of hot spots and placement of cover, with conditions imposed on removal or disturbance of the cover. Further, we must concur on a process ensuring that the cover remedy can be implemented in conjunction with either construction

of the stadium and parking lots or other development activities as the final remedy or a component of the final remedy for these sites.

- The City, Navy, USEPA, DTSC, and RWQCB need to develop a risk management plan that sets forth specific site management and construction requirements which, if followed, do not require subsequent approvals by the regulators (except in special circumstances, e.g., discovery of unknown conditions in the subsurface) before engaging in grading and construction activities or allowing residential construction and occupancy.

Subsequent Phases. The next phase early transfer would occur by April 2011, and would encompass include as much of the remainder of Parcels B, D and E as resources allow, although the City has reservations about including Parcel E-2 (the landfill) in an early transfer, as discussed below. Depending upon which portions have been included in the first two transfers, and which portions may become suitable for a FOST transfer in the meantime, it may make sense to transfer the remaining Parcels in a third phase early transfer some time after 2011.

However configured, for each transfer, the City would assume responsibility for completing the remaining environmental remediation, which would be financed by the Navy through an Environmental Services Cooperative Agreement (ESCA) grant. As noted above, the assumption of environmental responsibility would not include the radiological program, which would be completed before the early transfer dates. And, as with the soil sites in Phase 1, the Navy, City, USEPA, DTSC, and RWQCB need to work together to confirm that any remedial actions covered by an early transfer can be effectively implemented during construction.

Parcel E-2. The City does not currently believe it is prudent to pursue an early transfer of the parcel E-2 landfill at this time. Nevertheless, the City may be willing to consider an early transfer of Parcel E-2 after the ROD has been issued and the remedy has been designed, if the Navy can assist in establishing a satisfactory financial assurance mechanism for the long-term operation and maintenance of the remedy, such as funding a conservation trust to hold and maintain the parcel as open space and parkland.

Phased Early Transfer Schedule

From now until 4/1/11: Navy and BCT Regulators aggressively continue to implement the current cleanup program and issue the Records of Decision for each parcel in accordance with the current schedule, re-prioritized to focus on sites identified by the City, including the stadium footprint, and to ensure completion of the radiological program within Phase 1 by 7/1/2009 and within Phase 2 by 4/1/11.

By 5/31/07: Reach conceptual agreement among City, Lennar, Navy, USEPA, DTSC, and RWQCB about process, schedule and structure of the Phase 1 early transfer, and in particular reach agreement on how to fast-track remedial decision making related to groundwater

contamination within the stadium footprint and associated areas, as described in more detail below.

(The rest of the schedule set forth below is rough, subject to agreement by 5/31/07 among all the parties, and assumes that Parcel B will be included in Phase 1)

6/1/07 to 12/31/07: Given the existing knowledge of the property, reach conceptual agreement (without a formal legal decision) with Navy and regulators about the nature of the remedies to be implemented after early transfer at each site where the City/Lennar would be assuming environmental responsibility to allow the Navy and the City/Lennar to negotiate a realistic ESCA grant. A conceptual agreement should also be reached about the manner in which the institutional controls for Parcel B will be structured under an early transfer to address issues with the currently proposed institutional controls discussed above.

1/1/08 to 6/30/08:

Negotiate the language of an ESCA for the Phase 1 early transfer between Navy and City and any pass-through agreement between City and Lennar and/or a specialized remediation contractor.

Negotiate the language of an Administrative Order on Consent (AOC) governing the cleanup for Phase 1 after transfer and the associated land use covenants (LUCs).

Negotiate term sheets for guaranteed fixed-price remediation contract and environmental insurance program.

Navy to prepare the administrative draft Finding of Suitability for Early Transfer (FOSET) for Phase 1.

7/1/08 – 10/1/08: Administrative Draft FOSET for Phase 1 circulated to City and regulators; comments are discussed and addressed.

10/1/08- 12/31/08:

Navy to Circulate Draft FOSET for Phase 1 for public comments and prepares responses to public comments.

Finalize language of ESCA and pass-through agreement, AOC, interim LUCs, deeds, remediation contract and environmental insurance program.

1/1/09-1/31/09: Responses to Public Comments on FOSET for Phase 1 issued; Navy headquarters final review of early transfer documents.

2/1/09: Navy's formal covenant deferral request for Phase 1 forwarded to EPA Regional Administrator and Governor.

2/1- 4/1/09: Governor and Regional Administrator review and approve covenant deferral request.

4/1 to 7/1/09: Title and conveyance paperwork for Phase 1 finalized. Execute ESCA and pass-through agreement, AOC, remediation contract, environmental insurance program, interim LUCs and deeds.

7/1/09 to 4/1/11: Commence construction on Phase 1 immediately after transfer, integrating remaining remediation activities and regulatory closure approvals with construction. Also, the ESCA/FOSET/AOC, *et al* process described above is repeated for Phase 2, and again if a third phase early transfer is deemed necessary and desirable at that time.