

CP Development Company, LLC
One Sansome Street, Suite 3200
San Francisco, CA 94104

June 11, 2021

Barbara Ockel
Shipyard Trust for The Artists
P.O. Box 880083
San Francisco, CA 94188-0083

Dear Barbara:

Thank you for your letter of April 27, 2021. We fully understand, and share, your frustration with the fact that construction of the new artist building has not been able to recommence since. We regret that this work stoppage has had an adverse effect on the artist community, as well as on our overall development plans for the Shipyard. The circumstances related to the Navy's cleanup program causing the work stoppage are outside of our control, so we cannot address all of the adverse effects that you have identified in your letter. However, we are committed to taking the following measures to address your concerns:

- 1) Implement renewed and upgraded erosion and dust control measures on the soil piles in the construction area, including: application of a new bonded fiber matrix to replace the one applied in 2019; new erosion control hydroseeding; and application of new soil stabilizer.
- 2) Pump-out accumulated ponded water and associated algae in the two areas identified in your letter: the area where the foundation was removed; and the low area near the Eclectic Cookery where water has collected from higher surfaces. We will also conduct ongoing monitoring and future pumping of ponded water and algae that may accumulate in the future.
- 3) Repair the walkway through the construction area to Building 101 as necessary to ensure continued pedestrian access.
- 4) Repair existing security and safety fencing as necessary, understanding that the construction area must remain secured to prevent unauthorized access, which has been a problem, as evidenced by the signs that have been placed on the dirt piles.
- 5) Improve overall security for the site by creating a single, staffed relocated access point at the corner of Jerrold and Coleman requiring IDs for entry, and by establishing a mechanism to ensure close coordination among the different entities overseeing security measures at the Shipyard, including CP Development Co., LLC, Lennar, the City and the Navy and to address site wide issues such as the RV parking issue you identified.

6) Evaluate whether the current programs and efforts currently implemented by CP Development Co., LLC and its contractors in compliance with the regulatory requirements for stormwater management prevention, dust control, and operation and maintenance of the remedial measures can be enhanced beyond what is necessary for compliance to address some of the general property maintenance issues you have identified, such as trash and debris removal.

We believe these measures will significantly reduce the effects of the construction work stoppage, and substantially improve the physical appearance of the area, although we understand that they do not address the issues you have raised that are beyond our control, like removal of the two piles of dirt and installation of blacktop. We have no reason to believe the dirt piles or any of the surface areas in and around the construction area are contaminated, but we cannot conduct physical work like these activities you requested or recommencement of the new artist building construction until the Navy has completed, and the regulators have approved, the radiological re-evaluation of the parcel necessitated by the fraudulent activities of its contractor, Tetra Tech. We have no control over when the Navy's re-evaluation will be complete and when it will be approved by regulators.

Some of the concerns raised in your letter, such as those related to rent, are more appropriately addressed to the master landlords who lease the buildings to the artists, whom we have copied on this letter. We do not collect rents from the individual artists, but rather our arrangements are with the artists' landlords. In fact, for the most part, the rent we collect is simply a percentage of what the artists' landlords collect. We have not received any requests for rent reductions from the artists' landlords. We have in fact reduced the rent for the Eclectic Cookery to address impacts on its business from the pandemic caused by reduced rents collected from their users, and we have subsidized the rent for the Bayview Bistro at the Shipyard to support several local small businesses. In addition, we continue to support the community during the pandemic and donated 250,000 masks to the Bayview community through five different anchor non-profits, as well as a substantial quantity of hand sanitizers to the Covid command center at the Moscone Center.

With respect to maintenance of the buildings, we have honored our obligations under the subleases with the master landlords and will continue to do so. Some of these maintenance obligations fall on the master landlords. We will address any issues that are brought to our attention by the master landlords that we are required to repair under the terms of our lease agreement with them. We also recently worked with OCII and the City on their efforts to provide \$5 Million dollars of upgrades to Building 101 with a federal grant they obtained which is currently underway.

We all would like to see development proceeding at the Shipyard and are equally frustrated by the lack of progress. We encourage you all to make your voices heard (alongside ours) by the Navy and state and federal regulators to get these matters resolved so development may re-commence at Phase 2 of the Shipyard.

We are happy to answer any questions you have regarding this matter. Additionally, going forward, please contact David Rooney regarding site management matters at the following email or phone: David.rooney@fivepoint.com/415-393-5332; or Jim Werkmeister regarding dust control/stormwater management matters at the following email or phone: jim.werkmeister@fivepoint.com/949-349-1084.

Best regards,

CP Development Company, LLC,
a Delaware limited liability company

By: *Suheil Totah*

Name: Suheil Totah

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