

File No. 250803

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: October 6, 2025

Board of Supervisors Meeting:

Date: _____

Cmte Board

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Prepared by: Monique Crayton

Date: October 2, 2025

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

[Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street]

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to \$86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: **Unchanged Code text and uncoded text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

1 The Board of Supervisors makes the following findings:

2 (a) The City and EQX Jackson SQ Holdco LLC, a Delaware limited liability company
3 (“Developer”) are entering into a Development Agreement (the “Development Agreement”) for
4 the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the “Project”),
5 contingent upon the Board of Supervisors’ approval of the companion ordinance on file with
6 the Clerk of the Board of Supervisors in File No. 250698. The Project will develop four parcels
7 of real property that comprise the majority of a city block bounded by Sansome Street to the
8 west, Washington Street to the north, Battery Street to the east, and Merchant Street to the
9 south.

10 (b) Development of the Project entails an exchange of City-owned property
11 commonly known as 530 Sansome Street (the “City Parcel”) for property commonly known as
12 447 Battery Street (the “447 Battery Parcel”), demolition on the City Parcel of the existing Fire
13 Station No. 13, construction of a new fire station on the 447 Battery Parcel, and development
14 and construction of a mixed-use tower that will be comprised of up to 41 stories (the “Tower”)
15 and include between approximately 128,000 and 189,000 square feet of hotel space that
16 would accommodate between approximately 100 and 200 guest rooms (the “Hotel”). The
17 Tower would be located on the City Parcel and Developer’s adjacent property, which is
18 commonly known as 425 Washington Street and 439-445 Washington Street (together, the
19 “Developer Parcels”).

20 (c) The City and Developer previously entered into a Conditional Property
21 Exchange Agreement dated July 30, 2020, which was amended on July 27, 2022, and
22 March 27, 2023 (as amended “Original CPEA”), for the exchange property and Developer’s
23 construction of a replacement fire station. The Original CPEA was approved by the Board of
24 Supervisors under Resolution No. 220-19, Resolution No. 242-20, Resolution No. 543-21, and
25 Resolution No. 96-24. Copies of those resolutions and the Original CPEA are on file with the

1 Clerk of the Board of Supervisors in File Nos. 190419, 200425, 211087, and 240064. As part
2 of the Project and to facilitate the exchange of property and construction of the new fire station
3 on the 447 Battery Parcel, the City and Developer will enter into an Amended and Restated
4 Conditional Property Exchange Agreement (the “Amended CPEA”) if approved by the Board
5 of Supervisors. A copy of the Amended CPEA and the ordinance for its approval are on file
6 with the Clerk of the Board of Supervisors in File No. 250804. The Project is contingent upon
7 the Board of Supervisors’ authorization of the Development Agreement and the Amended
8 CPEA.

9 (d) In addition to the significant public benefit of providing the City with a newly
10 constructed fire station, the Project is anticipated to create an annual average of
11 approximately 388 jobs during the construction period and, upon completion, support
12 approximately 1,608 net new permanent on-site jobs. The Project would also generate
13 development impact fees including approximately \$8 million in transportation funding, and
14 approximately \$13.5 million in annual net new General Fund revenue to the City. The Project
15 will stimulate economic development and activity benefiting the downtown community and
16 San Francisco as a whole. The Project’s mix of uses will generate both daytime and nighttime
17 activity in the Financial District, with new office space, a new hotel catering to tourists and
18 businesses, and new restaurant, café, and meeting space.

19 (e) On December 10, 2024, the Board of Supervisors adopted Resolution No.
20 629-24, generally endorsing key terms (the “Key Terms”) for (1) a development agreement
21 and (2) a proposed amendment to the Original CPEA, with any final development agreement
22 and amendment to the Original CPEA to be negotiated by City and Developer staff and
23 subject to subsequent approval of the Board of Supervisors. Among the Key Terms was
24 identification of available forms of public investment necessary to enhance the feasibility of
25 the Project, including post-construction payments to Developer equivalent to a percentage

1 amount of Transient Occupancy Tax revenue from the Project. A copy of Resolution No. 629-
2 24 is on file with the Clerk of the Board of Supervisors in File No. 241141.

3 (f) The Office of Economic and Workforce Development ("OEWD") retained, at
4 Developer's expense, an independent and experienced development and financial analyst
5 (the "Financial Analyst") to evaluate the Project and advise the City with regard to the financial
6 feasibility of the Project and the net fiscal impact of the Project on City's revenues and
7 expenditures. Based on a detailed review of the Project's pro forma, the Financial Analyst
8 estimated that the Project would not be feasible to develop without financial assistance.
9 OEWD and the Financial Analyst evaluated varying levels and durations of financial
10 assistance to measure their impact on the Project's feasibility and determined that providing
11 the financial assistance detailed in the Hotel and Fire Station Development Incentive
12 Agreement (the "Agreement") that is the subject of this ordinance and is on file with the Clerk
13 of the Board of Supervisors in File No. 250803 would allow the Project to reach financial
14 feasibility based upon an industry-acceptable rate of return.

15 (g) Pursuant to the Agreement, after completion of the Hotel and construction and
16 delivery of the new fire station, the City will make quarterly payments to Developer for a period
17 of 25 years. The measurement of the quarterly payments will be 89.285% of the Transient
18 Occupancy Taxes the City actually receives from occupancy of guest rooms in the Hotel
19 pursuant to Article 7 of the Business and Tax Regulations Code (the "Transient Occupancy
20 Tax") up to a financial assistance amount of \$68,871,356 in net present value (the "Threshold
21 Amount"), and 44.6425% of the Transient Occupancy Tax the City receives between the
22 Threshold Amount and up to 1.25 times the Threshold Amount. The Transient Occupancy Tax
23 revenues will be used solely to measure the quarterly payments and the Agreement will not
24 designate any Transient Occupancy Tax revenues for any purpose, such that the Transient
25

1 Occupancy Tax revenues will continue to be deposited and used in accordance with Article 7
2 of the San Francisco Business and Tax Regulations Code.

3 (h) In addition to the public purposes described in subsection (d) above, major
4 additional public benefits accruing to the City from development of the Project include:

5 (i) Developer's construction of a new state-of-the-art fire station built to modern seismic
6 standards, and demolition of existing Fire Station No. 13, at Developer's sole cost subject to
7 the terms and conditions of the Amended CPEA, (ii) Developer's construction and
8 maintenance of certain Merchant Street improvements for the life of the Tower at its sole cost,
9 (iii) Developer's affordable housing payments, with \$2.16 million of the total amount paid
10 significantly earlier than otherwise due and regardless of whether the Project is built, and
11 (iv) the requirements of the Workforce Agreement.

12 (i) Concurrently with this ordinance, the Board of Supervisors is taking a number of
13 actions in furtherance of the Project, including approval of the Development Agreement, the
14 Amended CPEA, a Planning Code amendment, amendments to the General Plan, and a
15 major encroachment permit. Copies of the ordinances for those approvals are on file with the
16 Clerk of the Board of Supervisors in File Nos. 250698, 250804, 250697, 250764, and 250802,
17 respectively. The rights and obligations of the Developer and the City pursuant to the
18 Development Agreement and Amended CPEA are additional consideration for the Agreement.

19 Section 2. Planning and Environmental Findings.

20 (a) In companion legislation adopting the Development Agreement, the Board of
21 Supervisors will consider environmental findings pursuant to the California Environmental
22 Quality Act (CEQA) (California Public Resources Code Sections 21000 et seq.), the CEQA
23 Guidelines (14 Cal. 22 Code Reg. Sections 15000 et seq.), and Chapter 31 of the
24 Administrative Code. The Board of Supervisors adopts these environmental findings as
25 though fully set forth herein in relation to this ordinance. A copy of said companion legislation

1 is in Board of Supervisors File No. 250698 and it and its environmental findings are
2 incorporated herein by reference.

3 (b) In companion legislation adopting General Plan amendments associated with the
4 Project, the Board of Supervisors adopted findings that the actions contemplated in this
5 ordinance are consistent, on balance, with the City's General Plan and eight priority policies of
6 Planning Code Section 101.1. The Board of Supervisors incorporates these findings by
7 reference and adopts these findings as though fully set forth herein in relation to this
8 ordinance. A copy of said companion legislation is in Board of Supervisors File No. 250764.

9 Section 3. Hotel and Fire Station Development Incentive Agreement.

10 (a) The Board of Supervisors approves all of the terms and conditions of the
11 Agreement in substantially the form on file with the Clerk of the Board of Supervisors in File
12 No. 250803.

13 (b) The Executive Director of the Office of Economic and Workforce Development
14 ("Director") is authorized to execute and deliver Agreement, and the Treasurer and Tax
15 Collector and other applicable City officials are authorized to take all actions reasonably
16 necessary or prudent to perform the City's obligations under the Agreement in accordance
17 with the terms of the Agreement. The Director, at their discretion and in consultation with
18 Treasurer and Tax Collector and the City Attorney, is authorized to enter into any additions,
19 amendments, or other modifications to the Agreement that the Director determines are in the
20 best interests of the City and that do not materially increase the obligations or liabilities of the
21 City or materially decrease the benefits to the City under Agreement.

22 Section 4. Administrative Code Waiver.

23 The Board of Supervisors finds that the public financial assistance provided by the
24 Agreement is not a "Grant" within the intent of Administrative Code Section 21G.2, and
25

1 waives, to the extent applicable to the Agreement, the provisions of Chapter 21G of the
2 Administrative Code.

3 Section 5. Ratification of Past City Officials' Actions and Authorization of Future
4 Actions.

5 All actions taken by City officials in preparing and submitting the Agreement to the
6 Board of Supervisors for review and consideration are hereby ratified and confirmed, and the
7 Board of Supervisors hereby authorizes all subsequent action to be taken by City officials
8 consistent with this ordinance.

9 Section 6. Effective and Operative Dates.

10 (a) This ordinance shall become effective 30 days after enactment. Enactment
11 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
12 does not sign the ordinance within 10 days of receiving it, or the Board of Supervisors
13 overrides the Mayor's veto of the ordinance.

14 (b) This ordinance shall only become operative (and no rights or duties are affected)
15 until the later of (i) the effective date of this ordinance and (ii) the date Ordinance Nos.
16 _____, _____, _____, and _____, _____, and _____ have all become effective,
17 copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 250697,
18 250698, 250764, 250802, 250803, and 250804.

19
20
21 APPROVED AS TO FORM:
22 DAVID CHIU, City Attorney

23 By: /s/
24 ELIZABETH A. DIETRICH
Deputy City Attorney

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REVISED LEGISLATIVE DIGEST

(Substituted, 9/9/2025)

[Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street]

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to \$86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Purpose

The proposed ordinance, if adopted, would approve the proposed Hotel and Fire Station Development Incentive Agreement (the "Agreement") between the City and EQX Jackson SQ Holdco LLC, a Delaware limited liability company ("Developer"). The Agreement would provide Developer with City financial assistance in the form of incentive payments to develop and operate the Project as described in the Project documents. Approval of the proposed ordinance would adopt certain environmental findings, authorize City staff to enter into the Agreement, and waive Chapter 21G of the Administrative Code as it may apply to the Agreement.

Existing and Amended Law

There is no existing law requiring that the City enter into the Agreement. There are no proposed amendments to current law.

Background Information

Developer has proposed a mixed-use development project ("Project") for real property comprised of 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street and bounded by Sansome Street to the west, Washington Street to the

north, Battery Street to the east, and Merchant Street to the south (collectively, the “Project Site”). Developer currently owns 425 Washington Street and 439-445 Washington Street (together, the “Developer Property”) and City currently owns 530 Sansome Street. Developer also has the right to acquire or cause 447 Battery Street to be transferred to City.

The Project includes demolishing the existing buildings on the Project Site, building a mixed-use high-rise building up to 41-stories tall with three below-grade levels and approximately 7,405 square feet of retail/restaurant space, approximately 10,135 square feet of event space, between approximately 372,035 and 417,230 square feet of office space, and between approximately 127,710 and 188,820 square feet of hotel space that would accommodate between approximately 100 and 200 guest rooms on the Developer Property and 530 Sansome Street. Public benefits from the Project include construction and delivery of a new three-story fire station with one below-grade level on 447 Battery Street, improving Merchant Street between Sansome Street and Battery Street with non-standard streetscape improvements built and maintained by Developer at its sole cost for the life of the new mixed-use building, Developer’s affordable housing payments, with \$2.16 million of the total amount paid significantly earlier than otherwise due and regardless of whether the Project is built, workforce commitments, \$8 million in transportation funding, an anticipated \$13.5 million in annual net new General Fund revenue to the City, and the creation of significant construction and permanent employment.

The City’s Office of Economic and Workforce Development (“OEWD”) consulted with an independent and experienced development and financial analyst to evaluate the Project’s financial feasibility and net fiscal impact on the City’s revenues and expenditures. OEWD and the financial analyst determined that the Project is not feasible to develop without City financial assistance, and that the significant public benefits from the Project accruing to the City will exceed the value of the City financial assistance under the Agreement.

Pursuant to the Agreement, after completion of the hotel and construction and delivery of the new fire station, the City will make quarterly payments to Developer for a period of up to 25 years. The measurement of the quarterly payments will be 89.285% of the Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in the hotel pursuant to Article 7 of the Business and Tax Regulations Code (the “Transient Occupancy Tax”) up to a financial assistance amount of \$68,871,356 in net present value (the “Threshold Amount”), and 44.6425% of the Transient Occupancy Tax the City receives between the Threshold Amount and up to 1.25 times the Threshold Amount. The Transient Occupancy Tax revenues will be used solely to measure the quarterly payments and the Agreement will not designate any Transient Occupancy Tax revenues for any purpose, such that the Transient Occupancy Tax revenues will continue to be deposited and used in accordance with Article 7 of the San Francisco Business and Tax Regulations Code.

By separate legislation, the Board is considering a number of other actions in furtherance of the Project, including the approval of a development agreement, a Planning Code amendment, amendments to the General Plan, a major encroachment permit for the

FILE NO. 250803

installation and maintenance of the Merchant Street Improvements, and an amended and restated conditional property exchange agreement for the exchange of 530 Sansome Street for 447 Battery Street.

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CITY AND COUNTY OF SAN FRANCISCO


BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

September 26, 2025

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst 

SUBJECT: October 2, 2025 Government Audit and Oversight Committee Meeting

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Item 1
File 25-0775

Department:
Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a Memorandum of Agreement (MOA) between Daly City and the San Francisco Public Utilities Commission (SFPUC) to formally establish the partnership, delineate responsibilities, and commit up to \$35 million for funding, construction, and operation of the Vista Grande Drainage Basin Improvement Project. The agreement has a five-year term and is effective upon approval of the proposed resolution.

Key Points

- The Vista Grande Project is a joint effort between Daly City and the SFPUC focused on improving the Vista Grande watershed, canal, and tunnel system which is currently undersized to handle peak storm flows. The systems run from Daly City to Fort Funston.
- Due to increased urban development, ground absorption rates in the area have decreased, resulting in excess runoff entering the canal and tunnel system, causing storm-related flooding and property damage in Daly City and around Lake Merced. This diversion has also contributed to the decreasing Lake Merced water levels and water quality.
- The Vista Grande Drainage Basin Improvement Project will upgrade the canal and tunnel system to improve stormwater flow and potentially divert it to Lake Merced instead of the ocean. The project is currently in pre-construction.

Fiscal Impact

- The proposed MOA would approve SFPUC's contribution of up to \$35 million for the \$172 million project with Daly City. Daly City is responsible for the remaining project costs.
- No funds have been spent to date toward the \$35 million, but the SFPUC did previously contribute \$205,500 for planning and design.
- In addition to the \$35 million commitment, the SFPUC will spend \$3 million to manage required mitigation plantings within the Lake Merced area for five years.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND**Vista Grande Drainage Basin Improvement Project**

The Vista Grande Project is a joint effort between Daly City and the San Francisco Public Utilities Commission (SFPUC) focused on improving the Vista Grande watershed, canal, and tunnel system. The watershed is located primarily in Daly City and unincorporated San Mateo County,¹ with a portion in southern San Francisco around Lake Merced.² The canal and tunnel system, built in the 1890s and now operated by Daly City, collects, treats, and diverts stormwater from the watershed to the Pacific Ocean. However, due to increased urban development, ground absorption rates have decreased, resulting in excess runoff entering the system. During storms, this causes storm-related flooding and property damage in adjacent low-lying residential areas in Daly City, as well as uncontrolled overflows from the canal across John Muir Drive into Lake Merced. Exhibit 1 below shows a map of the area.

¹ A watershed is a land area that channels rainfall and snowmelt to creeks, streams, and rivers, and eventually to outflow points such as reservoirs, bays, and the ocean.

² The SFPUC maintains Lake Merced for recreation and as a wildlife habitat, while retaining the capability to use the lake as a non-potable emergency water supply.

Exhibit 1: Vista Grande Drainage Basin Improvement Project Area

Source: SFPUC

Additionally, Lake Merced has experienced a decline in water levels. These declines are generally attributed to the diversion of stormwater away from the lake following the construction of the Vista Grande canal and tunnel in 1897, as well as 20th-century urban development, drought conditions, and regional groundwater pumping. Lake Merced is owned and maintained by the SFPUC.

The existing Vista Grande canal serves as the only stormwater outlet for northwestern Daly City. The existing canal and tunnel do not have adequate hydraulic capacity to convey peak storm flows to the Pacific Ocean.³ Furthermore, at the Pacific Ocean outlet (Fort Funston), coastal erosion has highlighted the existing tunnel structure, necessitating its replacement.

According to SFPUC, concerns over low lake levels led to stakeholder complaints filed with the State Water Resources Control Board in approximately 2009, naming Daly City and the SFPUC, which culminated in the Vista Grande Project.

The Vista Grande Drainage Basin Improvement Project aims to improve stormwater flows in the Vista Grande watershed by upgrading the capacity of the canal and tunnel system and enabling the potential to divert stormwater from the canal to Lake Merced rather than into the ocean. The project is currently in the pre-construction phase.

³ Currently, the canal can handle 500 Cubic Feet Per Second (CFPS). However, the tunnel can only handle 275 CFPS, leading to overflow during storms.

Environmental Review

On December 11, 2017, Daly City (serving as the lead agency) certified a Final Environmental Impact Report (EIR) for the Vista Grande Drainage Basin Improvement Project under the California Environmental Quality Act (CEQA).

On June 9, 2025, Daly City adopted an Addendum to the Final EIR. The Addendum addressed Project modifications, permit conditions, and construction staging changes, including canal staging, water recirculation, Lake Merced habitat restoration (required by the California Coastal Commission), using the Pacific Rod and Gun Club, and revising Fort Funston as work areas, updating power to diesel generators, using ventilation fans, and removing Ocean Outlet wing walls. Daly City adopted and implemented CEQA findings and mitigation measures.

The EIR/EIS identified significant and unavoidable impacts related to the loss of historic structures (tunnel and canal) and the alteration of coastal landforms. According to SFPUC staff, concerns regarding these impacts have primarily been raised by the California Coastal Commission; however, stakeholders are generally supportive of the project as it addresses long-standing flooding issues and the challenges of managing lake levels. The California Coastal Commission required habit restoration as part of its approval of the project.

On July 8, 2025, the SFPUC Commission approved and authorized the General Manager of the SFPUC to execute a Memorandum of Agreement (MOA) with Daly City.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a Memorandum of Agreement (MOA) between Daly City and the San Francisco Public Utilities Commission (SFPUC) to formally establish the partnership, delineate responsibilities, and commit up to \$35 million for funding, construction, and operation of the Vista Grande Drainage Basin Improvement Project. The agreement has a five-year term and is effective upon approval of the proposed resolution.

This is in addition to the \$205,500 that the SFPUC previously provided for planning and design, and the \$3 million estimate of internal SFPUC costs for managing the required mitigation plantings within the Lake Merced area in the five years after construction is complete.⁴

Scope of Project

The project will upgrade the drainage system capacity to handle a 25-year storm (a large storm event with a 4 percent chance of occurring in any given year) by upgrading the tunnel capacity to match the canal's and replacing approximately 1,500 feet (42 percent) of the canal's 3,600-foot length with new structures, including a collection box and debris screening device, creating a new

⁴ The mitigation plantings include 10 acres of native plant habitat restoration (including arroyo willow riparian, freshwater marsh, and coastal scrub species) mandated by the California Coastal Commission to compensate for the loss of environmentally sensitive habitat areas and coastal wetlands caused by the increase in Lake Merced's water elevation to its former level.

connection to divert treated stormwater into Lake Merced, and restoring 10 acres of habitat (including constructing 2.6 acres of treatment wetland).

The project aims to reduce uncontrolled overflows, enhance stormwater quality, and increase Lake Merced levels to mitigate the impacts of the SFPUC's implementation of the Regional Groundwater Storage and Recovery and San Francisco Groundwater Projects.

Duration and Timeline

Construction for the Project is scheduled to last for five years, from August 4, 2025, to August 31, 2030. This initiative is Phase 1 of the SFPUC's broader "Lake Merced Water Level Restoration Project". Phase 2 was a component of the broader restoration project, which entailed the design and installation of a device to add oxygen to Lake Merced to improve water quality, at a cost of approximately \$800,000. Phase 2 construction was completed in 2017 and is not part of the current scope of work. Phase 3 is a future, SFPUC-led initiative that will install a new pipeline to divert highly treated recycled water into Lake Merced to improve water levels and water quality. For five years after the project, SFPUC is responsible for maintaining the mitigation plantings required by the California Coastal Commission.

Memorandum of Agreement Terms

The purpose of the MOA is to identify the Parties' respective obligations for implementing the Project.

Roles and Responsibilities

Daly City

Daly City is responsible for all project capital costs exceeding the SFPUC's \$35 million contribution, including real estate acquisition, permits, and California Coastal Commission mitigation measures (design, installation, and the initial five years of a ten-year monitoring and maintenance period for plantings). They will also cover wastewater treatment costs for temporary stormwater diversion during construction, as well as an estimated \$200,000 for temporary relocation and support of SFPUC utility infrastructure.

As the lead CEQA agency, Daly City will manage all project contracts and solicit bids for a general contractor upon receipt of the permits. Responsibilities include constructing and operating key infrastructure, managing stormwater diversion to Lake Merced, and implementing water quality monitoring and mitigation measures required by federal and state environmental acts.

SFPUC

The SFPUC will provide up to \$35 million (approximately 27 percent of the total estimated project cost) and continue monitoring Lake Merced's water quality. After Daly City's initial five-year management, the SFPUC will manage mitigation planting maintenance for years six through ten, with an estimated cost of \$3 million for plant/infrastructure repair, replacement, and staffing. However, Daly City will remain responsible for all required monitoring and reporting to the California Coastal Commission throughout the entire 10-year monitoring and reporting period.

The SFPUC also must share data with Daly City on Lake Merced water levels/quality, groundwater pumping, emergency notices, and lake connection changes.

Consultants

No general contractor is currently in place. Daly City anticipates issuing an open bid in the fall of 2025. The MOA specifies that the selected contractor will be an independent contractor of Daly City, not an agent or employee of the SFPUC. However, Daly City must provide the SFPUC with ten business days to review any proposed modifications or change orders to construction contracts.

FISCAL IMPACT

The proposed MOA would approve SFPUC's contribution of up to \$35 million for the \$172 million project with Daly City.⁵ Daly City is responsible for the remaining project capital. Exhibit 2 below details the project budget.

No funds have been spent to date toward the \$35 million, but the SFPUC did previously contribute \$205,500 for planning and design. In addition to the \$35 million commitment, the SFPUC estimates an internal cost of \$3 million for management of the required mitigation plantings within the Lake Merced Tract in years six through ten.

Exhibit 2: Project Budget

Category	Amount
Design	\$11,600,000
Environmental	4,700,000
Permitting	2,000,000
Bid and Award	200,000
Construction	141,300,000
Construction Management and Engineering Support	12,200,000
Total	\$172,000,000

Source: SFPUC

Rationale

The SFPUC determined the \$35 million amount based on the estimated volume of water benefit (including diversions to Lake Merced and recharge to the underlying aquifer),⁶ evaluated against

⁵ The initial construction cost was \$130 million. However, on September 18, the SFPUC informed us that Daly City's increased the projected cost to approximately \$141 million. The San Francisco Public Utilities Commission's contribution will remain \$35 million.

⁶ The Vista Grande project is expected to provide an additional 210 acre-feet per year (AFY) of water supply, with approximately 94 AFY flowing into the lake and 116 AFY into the aquifer. The existing water treatment facilities in

the average cost of existing groundwater and recycled water projects over a 30-year capitalization period with escalation.

Ongoing Expenditures

The SFPUC project will spend \$3 million for maintaining mitigation plantings for five years, as shown below in Exhibit 3. SFPUC staff indicate that these funds cover internal costs for plant and infrastructure repair/replacement, as well as expenses for SFPUC, Recreation and Park Department staff, and consultants.

Exhibit 3: SFPUC Maintenance Costs

Category	Annual Cost	5-Year Total
Staff Costs (Field World & Project Management)	\$400,000	\$2,000,000
Equipment, Irrigation & Plant Replacement	\$200,000	\$1,000,000
Total	\$600,000	\$3,000,000

Source: SFPUC

In addition to all project capital costs in excess of SFPUC's contribution amount, Daly City is responsible for other costs, including acquiring Project-related real estate, permits, wastewater treatment costs for the temporary diversion of stormwater during construction, and temporary relocation of SFPUC utility infrastructure, and maintenance of mitigation plantings (years one through five).

Funding Source

Funding is allocated from the Water Enterprise capital revenues, which include customer revenues, revenue bonds, and other government loans and grants.

RECOMMENDATION

Approve the proposed resolution.

San Francisco collectively produce about 9,050 AFY. Over a 30-year capitalization period, the combined cost per acre-foot is estimated at \$5,508. This suggests a potential capital cost value of approximately \$35 million for the project.

Items 2 & 3 Files 25-0698 & 25-0803	Department: Office of Economic and Workforce Development (OEWD), Real Estate Division (RED)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 25-0698 is a proposed ordinance that would approve a Development Agreement between the City and EQX Jackson SQ Holdco LLC (Developer) for development of property at 425 and 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street. • File 25-0803 is a proposed ordinance that would approve a Hotel and Fire Station Development Incentive Agreement between the City and the Developer, providing an estimated \$68,871,356 in net present value of incentive payments, based on the Transient Occupancy Tax (TOT) generated by the hotel, to the Developer for up to 25 years. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • OEWD and the Developer have negotiated a Development Agreement to construct a 41-story tower containing approximately 200 hotel rooms, 400,000 square feet of office space, 10,135 square feet of event space, and 7,400 square feet of restaurant space, a new fire station, and improvements to Merchant Alley. The Developer would deliver the fire station and Merchant Alley improvements before the tower is occupied. The Developer would also be required to make an affordable housing payment of \$2.15 million to the City within six months of ordinance approval. • To help finance construction of the fire station, estimated at approximately \$44.2 million, the City would provide incentive payments equal to the General Fund TOT generated by the new hotel, up to \$68.9 million in net present value, for up to 25 years. If \$68.9 million is paid within the 25-year term of the agreement, the City would make payments equal to half of TOT revenues, up to \$86.1 million. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The City would receive a new fire station, valued at approximately \$44.2 million. According to a fiscal analysis of the project, the proposed development would provide net General Fund revenues of approximately \$8 million per year compared to the existing land use, after accounting for the TOT incentive payments to the Developer. • The City would receive approximately \$24.1 million in development impact fees, which is \$6.2 million less than what would be paid without a Development Agreement. The purpose of the fee reduction is to ensure the project is financially feasible. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The maximum value of the incentive payments and impact fee reductions is greater than the cost of the fire station and Merchant Alley improvements, not including the new ongoing General Fund revenue. The City could finance the construction of the fire station using general obligation bonds, with total debt service of \$72.3 million in nominal dollars. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Because the agreements are consistent with a resolution endorsing the keys of this project approved by the Board of Supervisors in 2024, we recommend approval of both ordinances. 	

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

Administrative Code Chapter 56 provides for the City to enter into development agreements with private developers for housing and mixed-use developments to reduce the risk of large developments for the developer while requiring public benefits as part of the development that exceed those required by existing ordinances and regulations. Section 56.14 provides for Board of Supervisors approval of such development agreements.

BACKGROUND

Fire Station 13 is located on City-owned property at 530 Sansome Street. In 2019, the Real Estate Division (RED) issued a competitive solicitation to develop market rate housing and a new fire station on the property. The revenues were intended to be used to construct affordable housing in a separate development at 772 Pacific Avenue. RED received four proposals, and Related California was deemed the highest scoring proposer. RED could not provide documentation of the competitive process due to staff turnover and poor record keeping.

In April 2019, the Board of Supervisors approved a Conditional Property Exchange Agreement (CPEA) between the City and EQX Jackson SQ Holdco LLC (the Developer, an affiliate of Related California), in which the City would convey 530 Sansome Street to the Developer in exchange for a portion of 425-439 Washington Street (File 19-0419). At the time, the Developer planned to build a 19-story tower with condominiums, a hotel, and a health club. In June 2020, the Board of Supervisors approved an updated CPEA which increased the estimated maximum cost for the new fire station from \$25,000,000 to \$32,128,429, incorporated design changes requested by the Fire Department, and stipulated that the property exchange would occur after the fire station is completed (File 20-0425). In November 2021, the Board of Supervisors approved an architectural contract, ground lease, construction contract, construction management agreement, completion guaranty, reciprocal easement agreement, and the First Amendment to the CPEA, which extended the deadlines to approve these documents (File 21-1087). In March 2024, the Board of Supervisors retroactively approved the Second Amendment to the CPEA, extending the anticipated initial closing date by three years to December 15, 2026 (File 24-0064).

Due to changing market conditions, the Developer and the City determined that the original project is no longer viable. In 2024, the Developer obtained the right to purchase property at 447 Battery Street to expand the footprint of the project. The developer submitted an application to the Planning Department to revise the project to construct a 41-story tower on the original three parcels and a new fire station at 447 Battery Street, rather than on a portion of 425-439 Washington Street. The tower would include approximately 200 hotel rooms, 400,000 square feet of office space, 10,135 square feet of event space, 7,400 square feet of retail/restaurant space, and three levels of below-grade parking. The new fire station would include three stories and one story of below-grade parking. In November 2024, the Board of Supervisors approved a resolution generally endorsing the key terms for an amended CPEA and new development agreement reflecting the revised project application (File 24-1141).

DETAILS OF PROPOSED LEGISLATION

File 25-0698 is a proposed ordinance that would approve a Development Agreement between the City and the Developer for the development of property at 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street. The ordinance would also:

1. Approve certain impact fees and accept and appropriate a \$4,310,710 additional affordable housing payment;
2. Confirm compliance with or waive certain provisions of the Administrative Code, Planning Code, Public Works Code, Labor and Employment Code, and Health Code;
3. Ratify past actions and authorize future actions in furtherance of the ordinance;
4. Adopt findings under the California Environmental Quality Act (CEQA); and
5. Make findings of conformity and public necessity with the General Plan and Planning Code.

File 25-0803 is a proposed ordinance that would approve a Hotel and Fire Station Development Incentive Agreement, providing incentive payments equal to a percentage of Transient Occupancy Tax (TOT) revenues from the new hotel to the developer to help finance the cost of the new fire station and support the feasibility of the new hotel.

To support the proposed Development Agreement, the Office of Economic and Workforce Development (OEWD) has also introduced the following legislation:

- A Planning Code ordinance creating a Special Use District (SUD) for the project, approving zoning map changes, and rescinding landmark designation for the building at 447 Battery Street (File 25-0697);
- A General Plan amendment ordinance revising maps to reflect the SUD and adopting the Planning Commission's CEQA findings and findings of consistency with the General Plan and Planning Code (File 25-0764);
- A Major Encroachment Permit ordinance establishing the Developer's maintenance obligations for the Merchant Street improvements (File 25-0802); and
- An ordinance that would approve an amended and restated conditional property exchange agreement between the City and the Developer for the exchange of 530 Sansome Street and 447 Battery Street and waive appraisal requirements of Chapter 23 of the Administrative Code. The revised CPEA includes a requirement that the fire station be completed within 2.5 years of the start of construction of the tower project. (File 25-0804)

These items will be heard by the Land Use and Transportation Committee.

Development Agreement

The proposed Development Agreement between the City and the developer grants the developer entitlement to develop the project in exchange for providing public benefits that exceed those required under existing City policies and regulations, consistent with Chapter 56 of the City's

Administrative Code. According to the proposed agreement, these benefits include: (a) construction of the new fire station (at the sole cost of the Developer); (b) construction and maintenance of Merchant Street improvements; (c) earlier payment of a portion (\$2.15 million) of the project's affordable housing fees compared to what would be required without a development agreement; and (d) workforce requirements.

Project Description

Under the proposed Development Agreement, the Developer would construct a new four-story fire station at 447 Battery Street and a 41-story commercial tower at 530 Sansome Street (both on the same block). The new fire station would include a four-door apparatus bay, day rooms, dormitories, officer suites, locker rooms, a kitchen and dining area, a fitness room, a library, and outdoor terraces. It would also include one level of below-grade parking with 18 parking spaces. The commercial tower would include approximately 345,000-390,000 square feet of office space, 27,000 square feet of office amenity space, 128,000-189,000 square feet of hotel space (approximately 100-200 hotel rooms), 10,100 square feet of event space, and 7,400 square feet of restaurant/retail space. The tower would also include three levels of below-grade parking with approximately 74 parking spaces, 77 bicycle spaces, and utility rooms. Merchant Alley, between Sansome and Battery Streets, would be converted into a pedestrian-oriented alley with widened sidewalks, special paving, raised crosswalks, and street trees and would be maintained by the Developer for the life of the tower.

According to Jonathan Cherry, OEWD Project Manager, if the proposed Development Agreement is approved, the Developer intends to seek building permits in 2026 and potentially break ground in Spring 2027, with a targeted completion date of Spring 2030. The Developer has not secured financing for the project.

Community Benefits Sequencing

The Developer is required to obtain a Temporary Certificate of Occupancy for the new fire station before the tower receives a Temporary Certificate of Occupancy. The tower cannot receive a Final Certificate of Occupancy until the new fire station and Merchant Street improvements are complete.

The Developer would pay half of an additional affordable housing payment (\$2.15 million) to the city within six months of approval of the Development Agreement, regardless of whether the project proceeds, and the remaining half (\$2.15 million) on or before the issuance of the first construction document for the tower.

City Code Waivers

Exhibit F to the Development Agreement contains a Workforce Agreement, which includes a first source hiring program for construction and operations of the tower, local hiring requirements for the new fire station, a Local Business Enterprise (LBE) utilization program for the tower and fire station and prevailing wages and working conditions for construction. This agreement supersedes Administrative Code sections 14B.20 (LBE requirements in development agreements) and 56.7(c) (non-discrimination/affirmative action requirements in development agreements). In addition, the proposed ordinance waives the following sections related to the construction of the

new fire station and construction and maintenance of the Merchant Alley improvements: Administrative Code Sections 1.51 (procedures for public works improvements), 6 (public works contracting policies and procedures), 82 (local hiring policy for construction), and 83 (first source hiring program), Labor and Employment Code Sections 103.1, 103.3(a)-(d), 103.3 (f), 104.1, 104.2, 104.3, 106.1, 106.2, 106.4, and 106.6 (prevailing wage and apprenticeship requirements), Health Code Article 12C (alternative water sources for non-potable applications), Planning Code Section 138 (privately-owned public open space requirements), and Public Works Code Section 724.1 (fees for temporary occupancy of streets).

Hotel and Fire Station Development Incentive Agreement

According to Jonathan Cherry, OEWD Project Manager, the estimated cost for the new fire station is approximately \$44.2 million and subject to further escalation. To help finance the construction, the City has agreed to calculate actual General Fund Transient Occupancy Tax (TOT) revenues from the proposed new hotel and provide quarterly incentive payments to the Developer for a period of up to 25 years, equal to 12.5 percent of hotel room revenues, or approximately 89.3 percent of actual collected TOT revenues (the remaining 10.7 percent of TOT revenues dedicated to arts and culture programming would be unaffected by the agreement).¹ Once the City has paid the Developer a total of \$68,871,356 in net present value of incentive payments (using a nine percent annual discount rate), the payment would be reduced in half, or to an amount equal to 6.25 percent of hotel room revenues (44.6 percent of TOT revenues), until the total incentive payments equal a maximum of \$86,089,195 in net present value. After paying that amount, or after 25 years, the City would no longer pay the developer incentive payments.

The \$86.1 million cap on total payments to the Developer is based on the anticipated project design of between 10 and 12 floors of hotel rooms, for between 100 and 200 rooms. If the number of floors is reduced to be less than 10, the cap would be reduced proportionally.

Conditional Property Exchange Agreement

The proposed amended and restated CPEA allows for the construction of the new fire station on 447 Battery Street, rather than a portion of 425-439 Washington Street. The amended agreement also removes maximum cost provisions which capped the Developer's contribution to the cost of constructing the new fire station at \$25.5 million. The 447 Battery Street will be solely owned and controlled by the City and used for the fire station.

Due to the size of the two properties, the 530 Sansome property (8,939 square feet) is of greater value than the 447 Battery Street property (7,178 square feet), as confirmed by appraisals conducted by R. Blum and Associates in April 2025. According to OEWD staff, the ordinance in File 25-0804 waives the appraisal requirements of Chapter 23 of the Administrative Code to avoid costs for appraisal reviews. In addition, the property exchange was negotiated in the context of the proposed development agreement and other project approvals, and RED did not consider a direct comparison of the property values to be necessary.

¹ Per Article 7 of the Business Tax & Regulations Code, the City's transient occupancy tax rate is 14%, including 12.5% for the General Fund and 1.5% for arts and cultural programming.

FISCAL IMPACT**New Fire Station**

One of the primary benefits to the City is the construction of a new fire station. According to Mark Corso, Fire Department Deputy Director, the existing Fire Station 13 is over 50 years old and seismically unsafe in the event of an earthquake. Additionally, the floor is inadequate for current apparatus weights, and certain building systems (such as HVAC and electrical) are in need of upgrade or replacement. The new station, which is valued at approximately \$44.2 million to construct, would be built to modern safety and energy efficiency standards and provide infrastructure for modern fire service tools and equipment.

General Fund Fiscal Impact

According to a May 2025 fiscal impact report conducted by Economic & Planning Systems, Inc. (EPS) on behalf of the Developer, the proposed development is projected to provide net General Fund revenues of approximately \$8 million per year compared to the existing land use. This projection excludes TOT revenues, since incentive payments calculated based on those revenues would be paid to the Developer for up to 25 years to finance the fire station construction and support the feasibility of the new hotel. An overview of General Fund revenues and expenditures is shown in Exhibit 1 below.

Exhibit 1: Annual General Fund Fiscal Impact Estimates, EPS Report

Projected General Fund Revenues	Existing Development	Proposed Project	Net Revenues
Gross Receipts Tax	\$0	\$6,238,000	\$6,238,000
Property Tax	309,000	4,347,000	4,037,000
Property Transfer Tax ²	144,000	2,019,000	1,875,000
Property Tax in Lieu of VLF	51,000	717,000	666,000
Commercial Rents Tax	12,000	279,000	267,000
Gas, Electric, and Steam Users Tax	14,000	144,000	130,000
Other Taxes ³	91,000	344,000	253,000
<i>General Fund Revenue Subtotal</i>	<i>\$621,000</i>	<i>\$14,088,000</i>	<i>\$13,468,000</i>
General Fund Baseline Requirements	(178,000)	(4,039,000)	(3,861,000)
General Fund Revenue After Baseline Requirements	\$443,000	\$10,049,000	\$9,606,000

Projected General Fund Expenditures	Existing Development	Proposed Project	Net Expenditures
Police	\$52,000	\$521,000	\$470,000
Fire	35,000	348,000	314,000
Human Welfare & Neighborhood Development	30,000	299,000	270,000
Community Health	21,000	209,000	188,000
Public Works, Transportation, & Commerce	15,000	153,000	138,000
Other Public Protection	12,000	118,000	106,000
Other Expenditures ⁴	13,000	135,000	121,000
Total General Fund Expenditures	\$177,000	\$1,782,000	\$1,606,000

Net Annual General Fund Revenues	\$266,000	\$8,267,000	\$8,001,000
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Source: EPS fiscal impact report. Some totals may not add due to rounding.

In addition to the General Fund impact, the EPS report estimates that the project would annually generate approximately \$881,000 in net revenue to the Municipal Transportation Agency (MTA) Fund and \$609,778 in TOT for arts and culture purposes.

TOT Revenue Incentive Payments

The report also estimates that the hotel would generate approximately \$5.1 million annually in General Fund TOT, and that incentive payments in an equal amount would be provided to the Developer for 25 years after hotel occupancy to finance the fire station and support the feasibility of the new hotel. This estimate assumes 198 hotel rooms with an average daily room rate of \$750 and 75 percent average occupancy. Once the incentive payments expire, the development would

² Property Transfer Tax estimates assume that the properties would be sold every 20 years. Annual estimates are equal to five percent of the estimated one-time revenue from the properties being sold at the current and projected assessed valuations.

³ Other Taxes include Sales Tax, Telephone Users Tax, Water Users Tax, Access Line Tax, Parking Tax, and Business Registration fees.

⁴ Other Expenditures include Culture and Recreation, General Administration and Finance, and General City Responsibilities.

provide \$11.6 million in net General Fund revenues, including the \$5.1 million in annual TOT revenues net of General Fund baseline requirements, plus an additional \$1.4 million in net revenue to the MTA Fund.

The report estimates that the resulting incentive payments would total a net present value of \$68.9 million at the end of 25 years. If the hotel generates more TOT revenue than projected in the report, then subsequent incentive payments would be reduced by half and net General Fund revenues would increase. The incentive payments calculated based on TOT revenue would expire early if the total cap on the payments (net present value of \$86.1 million) is reached. If the hotel generates less than \$68.9 million in TOT revenue, the incentive payments would expire 25 years after hotel occupancy, regardless of the amount of incentive payments.

Peer Review

The City contracted with BAE Urban Economics, Inc. to conduct a peer review of the EPS report. BAE found that the EPS report was generally reasonable, but that the Gross Receipts Tax and TOT revenue estimates were speculative. Specifically, the Developer is proposing to target the top end of the office market with Class AA office space, and the Gross Receipts Tax is sensitive to the tenants' industry categories, sizes, and percentage of gross receipts generated in San Francisco. EPS reduced its Gross Receipts Tax estimates from an earlier draft report that BAE had reviewed and provided comments. BAE noted that TOT projections were at the high end of the five-star market and dependent on continued tourism recovery. BAE also found that the project would not be feasible without the TOT incentive, as it would not generate an acceptable rate of return.

Impact Fees

Under the proposed Development Agreement, the Developer would pay required City impact fees, including the Transportation Sustainability Fee, Downtown Park Fee, Jobs-Housing Linkage Fee, and Childcare Impact Fee. The Developer would also pay affordable housing fees that were negotiated with the City, consisting of a negotiated Jobs-Housing Linkage fee that is reduced by 50 percent plus an additional affordable housing payment of \$4,310,710, half of which (\$2,155,355) would be paid to the City within six months of the effective date of the ordinance approving the development agreement, regardless of whether the project proceeds. Assuming the project creates a net increase of approximately 373,500 square feet of office space compared to the existing land use, the estimated impact fees are shown in Exhibit 2 below.⁵

⁵ Under Planning Code Section 406(h), impact fees are temporarily waived for hotel and restaurant developments in certain downtown commercial districts, so the impact fees only apply to the office component of the proposed development.

Exhibit 2: Estimated Development Impact Fees Paid to City

Fee	Amount without DA	Amount under DA	Difference under DA
Transportation Sustainability Fee	\$7,679,160	\$7,679,160	\$0
Downtown Parks Fee	959,895	959,895	0
Jobs-Housing Linkage Fee	21,072,870	10,536,435	(10,536,435)
Child Care Impact Fee	593,865	593,865	0
Additional Affordable Housing Payment	0	4,310,710	4,310,710
Total	\$30,305,790	\$24,080,065	(\$6,225,725)

Source: OEWD and BLA estimates using Development Agreement fee schedule.

The amount of the impact fees noted above that would apply without the development agreement includes the 33 percent temporary, three-year fee reduction program approved by the Board of Supervisors in 2023 (File 23-0769). The Development Agreement reduces the Jobs-Housing Linkage Fee, which supports affordable housing production, by an additional 50 percent due to negotiations with the City. In addition to the impact fees, the Developer is required to dedicate 0.67 percent of its construction cost on public art. Assuming an estimated project budget of \$700 million, the Developer would contribute approximately \$4.7 million to public art.

As shown above, the Developer will pay the City \$6.2 million less in fees under the Development Agreement than what would be paid without a Development Agreement. However, \$2,155,355 in affordable housing fees would be paid to the City regardless of whether the project proceeds. The Developer would also pay the City more fees (including a \$10 million increase in affordable housing fees) under the Development Agreement that would be collected from the 19-story tower that the Developer already has entitled on the site.

General Economic Impact

In addition to the fiscal impact report, EPS conducted an economic impact report in May 2025 on behalf of the developer. The report estimated that the project, when fully built out, would create approximately 1,608 jobs (including part-time) on an ongoing basis and generate \$816 million annually in economic output compared to the existing land use. When including indirect effects, such as increased spending at local businesses, the project would create approximately 2,440 jobs and generate \$1.12 billion in annual economic output. The report also estimated that development of the project would create approximately 390 jobs annually over a four-year period and generate approximately \$520 million in economic output, including multiplier effects. The City did not commission a peer review of this report.

POLICY CONSIDERATION

The terms of the proposed agreements are consistent with the term sheet approved by the Board of Supervisors in November 2024. As provided by the proposed ordinances, the benefits of the project to the City include: (a) construction of a new fire station for the City at an estimated cost of \$44.2 million; (b) \$2.15 million of the project's affordable housing fees paid to the City within six months of the effective date of the legislation, regardless of whether the project proceeds;

(c) improvements to Merchant Alley, between Sansome and Battery Streets, and ongoing maintenance at an estimated value of \$2 million; (d) compliance with City workforce requirements and prevailing wages for all project construction; and (e) \$8 million in annual net new General Fund revenue (after accounting for the TOT incentive payments to the Developer). In exchange, the City would: (a) reduce the overall affordable housing fees assessed to the project by \$6.2 million; (b) transfer an estimated \$68.9 million, and up to a total of \$86.1 million, equal to TOT revenues generated by the project to the Developer to finance the project; and (c) exchange a City owned parcel with a Developer owned parcel to facilitate the project.

We note that the maximum value of the TOT incentive payments (up to \$86.1 million) and the reduction in the affordable housing fees (\$6.2 million) is greater than the cost of the new fire station (\$44.2 million), the value of receiving \$2.15 million in affordable housing fees in advance regardless of project construction, and the estimated value of the Merchant Street improvements and maintenance (\$2 million). Therefore, up to approximately \$46 million of the incentive payments will finance a portion of the hotel and office market rate development. However, no TOT revenues will accrue to the City from the project if it is not developed, and the project is not feasible without the revenue transfer (according to the peer review by BAE Urban Economics). The project will generate additional net revenue to the General Fund of \$8 million annually, or approximately \$200 million⁶ over the 25-year period of the incentive payments (in current dollars). In addition, the somewhat smaller 447 Battery Street property the City is receiving in exchange for 530 Sansome is not of equal value to 530 Sansome, as originally intended. Instead, the 447 Battery Street property has a lower appraised value than the 530 Sansome.

Uncertainty of Market Conditions

The proposed ordinances contemplate incentive payments calculated based on actual TOT revenues to ensure delivery of the proposed project, including a commercial tower of office space, hotel space, and other commercial uses. According to the peer review of the project pro forma, the project is financially feasible with the TOT incentive payments and impact fee adjustments and is not financially feasible with private sources alone under current market conditions. However, current market conditions may be temporary. For example, interest rates could decrease to such an extent that the project is feasible without TOT incentive payments. On the other hand, the General Fund impact may be overstated if the project does not attract and retain commercial office tenants and the City's hotel sector does not continue to recover.

Alternative

We estimate that the City could finance the construction of the \$44.2 million fire station using general obligation bonds, with total debt service of \$72.3 million in nominal dollars (or \$53.8 million in 2025 dollars). This is less than the up to \$86.1 million the City would pay for the station in TOT incentive payments. However, the City would need to adjust its capital plan to make room for the construction of the new fire station and would not have the other fiscal benefits of the

⁶ Approximately \$237 million including the estimated additional net MTA revenue and TOT revenue dedicated to arts and culture purposes.

tower projects, such as increased General Fund revenues of \$8 million per year and the \$24 million development impact fee payments.

Prior Board of Supervisors Actions

In December 2024, the Board of Supervisors approved a resolution that endorsed the key terms of the proposed project, including an incentive payment to the developer based on transit occupancy tax revenues (File 24-1141). Because the agreements and deal terms are consistent with this endorsement from the Board, we recommend approval of both ordinances.

RECOMMENDATION

Approve the proposed ordinances.

HOTEL AND FIRE STATION DEVELOPMENT INCENTIVE AGREEMENT

This Hotel and Fire Station Development Incentive Agreement ("Agreement"), dated for reference purposes only as of this _____ day of _____, 2025, is by and between THE CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California ("**City**") and EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company, its permitted successors and assigns ("**Developer**"). City and Developer are also sometimes referred to individually as a "Party" and together as the "Parties".

RECITALS

This Agreement is made with reference to the following facts:

A. Developer and City are entering into a Development Agreement for the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the "**Project**"), dated for reference purposes as of _____, 2025 (the "**DA**") for the development of four parcels of real property that comprise the majority of a city block in San Francisco bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south. The DA is recorded in the Official Records of the City and County of San Francisco as Document No. _____. Unless otherwise specified in this Agreement, definitions and rules of interpretation are as provided in the DA.

B. Developer is the owner of those certain real properties known as 425 Washington Street and 439-445 Washington Street and APN Nos. 0206-013 and 0206-014 (together, the "**Developer Parcels**"). Related California Residential, LLC, a Delaware limited liability company that is an Affiliate of Developer's sole member, is also party to an Option and Purchase Agreement for Real Property with Escrow Instructions ("**Option Agreement**") with Battery Street Holdings, LLC, a Delaware limited liability company, to purchase that certain real property known as 447 Battery Street and APN No. 0206-002 (the "**447 Battery Parcel**").

C. Development of the Project entails an exchange of City-owned property commonly known as 530 Sansome Street and APN No. 0206-017 (the "**City Parcel**") for the 447 Battery Parcel, demolition of the existing Fire Station No. 13 on the City Parcel, construction and delivery of a new fire station on the 447 Battery Parcel (the "**New Fire Station**"), and development and construction of a mixed-use tower that will be comprised of up to 41 stories (the "**Tower**") and include between approximately 128,000 and 189,000 square feet of hotel space that would accommodate between approximately 100 and 200 guest rooms (the "**Hotel**"). The Hotel is anticipated to occupy a future vertical condominium parcel or parcels within the Tower (the "**Hotel Site**"), which will be located on the current Developer Parcels and City Parcel (collectively, the "**Tower Development Site**"). To facilitate the exchange of property and construction of the New Fire Station, City and Developer are entering into an Amended and Restated Conditional Property Exchange Agreement (the "**Amended CPEA**"). The effectiveness of this Agreement is contingent upon the effectiveness of the DA and the Amended CPEA. The City Parcel, the Developer Parcels and the 447 Battery Parcel are collectively referred to in this Agreement as the "**Project Site**".

D. In addition to the significant public benefit of providing City with a newly constructed fire station, the Project is anticipated to create an annual average of approximately 388

jobs during the construction period and, upon completion, support approximately 1,608 net new permanent on-site jobs. The Project would also generate development impact fees, including approximately \$8 million in transportation funding, and approximately \$13.5 million in annual net new General Fund revenue to City. The Project will also support further economic development and activity benefiting the downtown community and San Francisco as a whole. The Project's mix of uses will generate both daytime and nighttime activity in the Financial District, with new office space, a new hotel catering to tourists and businesses, and new restaurant, café, and meeting space.

E. On December 10, 2024, the Board of Supervisors adopted Resolution No. 629-24, generally endorsing key terms (the “**Key Terms**”) for (1) a development agreement and (2) a proposed amendment to the Original CPEA, with any final development agreement and amendment to the Original CPEA to be negotiated by City and Developer staff and subject to subsequent approval of the Board of Supervisors. Among the Key Terms was identification of available forms of public investment necessary to enhance the feasibility of the Project including post-construction payments to Developer equivalent to a percentage amount of Transient Occupancy Tax revenue from the Project.

F. City's Office of Economic and Workforce Development (“**OEWD**”) retained, at Developer's expense, an independent and experienced development and financial analyst (the “**Financial Analyst**”) to evaluate the Project and advise City with regard to the financial feasibility of the Project and the net fiscal impact of the Project on City's revenues and expenditures. Based on a detailed review of the Project's pro forma, the Financial Analyst estimated that the Project would not be feasible to develop without financial assistance. OEWD and the Financial Analyst evaluated varying levels and durations of financial assistance to measure their impact on the Project's feasibility and determined that providing financial assistance in the amount of Sixty-Eight Million Eight Hundred Seventy-One Thousand Three Hundred Fifty-Six Dollars (\$68,871,356) in net present value (the “**Incentive Payment Threshold**”) should allow the Project to reach financial feasibility based upon an industry-acceptable rate of return, and would serve numerous public purposes, as described in Recitals D and H of this Agreement. In consultation with the Financial Analyst, City has made the reasoned determination that the public benefits to be accrued to City under this Agreement, the DA, and the Amended CPEA (including but not limited to the New Fire Station, the Merchant Street Improvements, and significant job generation) exceed the value of the Incentive Payment Cap (as defined below).

G. Pursuant to this Agreement, after completion of the Hotel and construction and delivery of the New Fire Station, City will make quarterly payments to Developer for a period of 25 years. The measurement of the quarterly payments will be 89.285% of the Transient Occupancy Taxes City actually receives from occupancy of guest rooms in the Hotel pursuant to Article 7 of the Business and Tax Regulations Code up to the Incentive Payment Threshold, and 44.6425% of the Transient Occupancy Tax City receives between the Incentive Payment Threshold and up to 1.25 times the Incentive Payment Threshold (the “**Incentive Payment Cap**”).

H. Providing City financial assistance to support the feasibility of developing the Project serves many public purposes by promoting economic development and significantly contributing to City's economy and downtown recovery, alleviating physical and economic blight within City, and by creating well-paying construction and permanent jobs through the development of the Project on underutilized parcels. Major additional public benefits to City from development

of the Project include: (i) Developer's construction of a new state-of-the-art fire station built to modern seismic standards, and demolition of existing Fire Station No. 13, at Developer's cost subject to the terms and conditions of the Amended CPEA, (ii) Developer's construction and maintenance of certain Merchant Street improvements for the life of the Tower at its sole cost, (iii) Developer's affordable housing payments, with \$2.16 million of the total amount paid significantly earlier than otherwise due and regardless of whether the Project is built, and (iv) the requirements of the Workforce Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants, promises and agreements set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and City incorporate the above Recitals and agree as follows:

ARTICLE 1 PURPOSE OF AGREEMENT AND DEFINITIONS

1.1 Purpose of Agreement

This Agreement is entered into for the public purposes and benefits derived from the construction and delivery to City of the New Fire Station, the economic and fiscal benefits the Hotel and the Tower will provide to City, and the Community Benefits derived from the DA and development of the Project. This Agreement is not intended for land speculation or to provide an undue benefit to Developer, and is a material part of the consideration to Developer for entering the DA. The provision of City Financial Assistance is subject to all applicable laws and Developer's compliance with this Agreement.

Developer would not enter into this Agreement, the Amended CPEA, or the DA (including any and all obligations to construct the New Fire Station for City's benefit) but for City's obligations under this Agreement to disburse the Incentive Payments to Developer on the Disbursement Dates. City agrees that Developer's reliance is reasonable and that City's disbursement obligation is valuable consideration for this Agreement. City acknowledges and agrees that (i) construction of the Project (including the New Fire Station for the benefit of City) would not be financially feasible but for the City Financial Assistance, (ii) the construction of the New Fire Station is an important and proper municipal purpose, and (iii) the construction and successful long-term operation of the Tower will significantly contribute to San Francisco's economy and downtown recovery. City will take all steps necessary to seek the timely appropriation of the Incentive Payments, and will timely submit sufficient budget requests each year as described in Section 2.1. City's obligations under this Agreement to disburse appropriated Incentive Payments to Developer shall survive the expiration or termination of this Agreement (except if the Agreement is terminated as a result of a Developer Event of Default) until the expiration of the applicable statute of limitation or statute of repose (and all relevant and applicable provisions of this Agreement will remain effective as reasonably necessary in the construction, interpretation, or enforcement of this Agreement as to any such surviving obligations). As described in Article 6 and without limiting City's rights under the City Charter or the State Constitution, the Parties agree that monetary damages are an appropriate remedy for a City Event of Default resulting from City's failure to pay sums to Developer as and when due under this Agreement.

1.2 Definitions

As used in this Agreement, the following terms have the following meanings:

“447 Battery Parcel” is defined in Recital B.

"Affiliate" means any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common Control with Developer, which, in the case of a partnership, includes each of the constituent general partners thereof and, in the case of a limited liability company, includes each of the constituent members thereof.

"Agreement" means this Hotel and Fire Station Development Incentive Agreement.

“Amended CPEA” is defined in Recital C.

“Assignment and Assumption Agreement” is defined in Section 4.2(a).

"Board of Supervisors" means the San Francisco Board of Supervisors.

"Business Day" means a calendar day which is not a weekend day or a federal or State holiday in which City is open for business.

"City" is defined in the preamble.

"City Deposit" is defined in Section 2.1(a).

"City Event of Default" means any Event of Default by City pursuant to Section 6.2.

"City Financial Assistance" means the Incentive Payments to be made by City to Developer to assist the financial feasibility to develop the Hotel and the New Fire Station over the City Financial Assistance Term.

"City Financial Assistance Term" means the period commencing on the Hotel Completion Date and ending on the earlier of (a) the twenty-fifth (25th) anniversary of the Hotel Completion Date, and (b) the date on which this Agreement terminates pursuant to the terms of this Agreement.

“City Parcel” is defined in Recital C.

“City Parties” is defined in Section 8.3.

"Control" and “Controlling” means with respect to a corporation, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person, whether through the ability to exercise voting power, by contract or otherwise, which power may be subject to approval of customary major decisions by one or more other parties.

“Cumulative Incentive Payment Amount” is defined in Section 2.2(b).

“DA” is defined in Recital A.

"Developer" is defined in the preamble.

"Developer Event of Default" means any Event of Default by Developer pursuant to Section 6.2.

“Developer Parcel” is defined in Recital A.

“Disbursement Date” is defined in Section 2.2(a).

"Disbursement Payment Period" means a period of three (3) consecutive calendar months commencing on January 1, April 1, July 1, and October 1 of each year of the City Financial Assistance Term, except that (a) the first Disbursement Payment Period will commence on the Hotel Completion Date and may be fewer than three (3) months, and (b) the last Disbursement Payment Period will end on the last day of the last calendar month of the City Financial Assistance Term and may be fewer than three (3) months.

"Effective Date" means the date on which (i) this Agreement is executed and delivered, and (ii) the DA and Amended CPEA are effective.

“Estoppel Outside Date” is defined in Section 8.5.

“Financial Analyst” is defined in Recital F.

“Foreclosed Property” is defined in Section 5.4.

"Government Code Disclosure Requirements" means the public hearing and disclosure requirements applicable to economic development subsidy payments set forth in Section 53083 of the California Government Code, as may be amended from time to time and which are applicable to the City Financial Assistance.

"Hotel" is defined in the DA, as further refined in this Agreement, the Hotel Operating Covenant, the specifications and plans and any other matter approved by City for the Hotel and all other documents required to be executed by Developer in favor or in conjunction with City or any other documents imposing governmental conditions upon Developer in connection with the transactions contemplated by this Agreement.

"Hotel Completion Date" means the first day of the calendar month following the calendar month in which the Hotel opens for business to the general public.

"Hotel Operating Covenant" means a hotel operating covenant substantially in the form attached as Exhibit C.

"Hotel Operator" means any “Operator,” as defined in Section 501(a) of the San Francisco Business and Tax Regulations Code, that operates any portion of the Hotel.

"Hotel Site" is defined in Recital C.

"Incentive Account" means a designated account established by City into which City will make City Deposits for the exclusive use of Incentive Payments.

"Incentive Account Schedule" is defined in Section 2.1(a).

"Incentive Payment" is defined in Section 2.1(a).

"Incentive Payment Cap" is defined in Recital G.

"Incentive Payment Threshold" is defined in Recital F.

"Key Terms" is defined in Recital E.

"Lender" means any party or parties who are beneficiaries of a Security Instrument, or any designee or affiliate of the foregoing.

"Material Change" means any modification to this Agreement that would (i) materially alter the rights, benefits or obligations of City or Developer under this Agreement, , or (ii) extend the term of this Agreement.

"New Fire Station" is defined in Recital C.

"OEWD" is defined in Recital F.

"OEWD Director" means City's Executive Director of the Office of Economic and Workforce Development.

"Option Agreement" is defined in Recital B.

"Parties" is defined in the preamble.

"Person" means an individual, corporation, partnership, limited liability company, joint venture, association, firm, joint stock company, trust, unincorporated association, or other entity.

"Project" is defined in Recital A.

"Required Certifications" is defined in Section 8.5.

"Schedule of Milestones" means the Schedule of Milestones attached as Exhibit C.

"Security Instrument" means any of the following: (i) a mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits, that constitutes a lien on all or a part of the Project Site to secure an obligation made by the applicable property owner, and/or (ii) any pledge of a direct or indirect equity interest in Developer (including mezzanine loans and preferred equity investments), to secure repayment of any loan or investment to, and associated obligations of, a direct or indirect equity-interest holder in Developer.

"Tax Confidentiality Waiver" means a limited confidentiality waiver, in substantially the form attached as Exhibit E to be executed by each Hotel Operator and authorizing City to review and report tax data for purposes of compliance with the Government Code Disclosure Requirements, to calculate the Incentive Payments, or as otherwise may be required by City for compliance with the terms of this Agreement.

"Tower" is defined in Recital C.

"Tower Development Site" is defined in Recital C.

"Transfer" is defined in Section 4.1.

"Transferred Property" is defined in Section 4.2.

"Transferee" is defined in Section 4.2.

"Transient Occupancy Tax" or "TOT" means the transient occupancy taxes that are imposed pursuant to Article 7 of the San Francisco Business and Tax Regulations Code or successor provision, excluding any penalties, interest, or fees imposed with respect to such taxes.

"TOT Received" is defined in Section 2.2(b).

ARTICLE 2 CITY FINANCIAL ASSISTANCE

2.1 Establishment and Payments to Incentive Account by City.

(a) Incentive Account and Schedule. City will establish the Incentive Account prior to the Hotel Completion Date from which to disburse payments to Developer (“**Incentive Payments**”) pursuant to this Agreement. Subject to the terms and conditions of this Agreement, at least once per City fiscal year, City will make a deposit from City’s General Fund into the Incentive Account (each, a “**City Deposit**”). The amount of City Deposit will be a reasonable estimate of the amount of the Incentive Payments payable for that fiscal year as calculated under Section 2.2(a) and based on the Schedule of Projected Incentive Payments attached as Exhibit D (the “**Incentive Account Schedule**”); provided that (1) at least once per year Developer and City shall meet and confer to discuss reasonable adjustments to the Incentive Account Schedule based upon the historical, anticipated and actual occupancy of the Hotel and the then-current balance of the Incentive Account; and (2) in any given year City will retain the flexibility to adjust the amount of the City Deposit pursuant to the California Constitution and City’s Charter requirements and Administrative Code Chapter 3 budgetary process. If the amount of City Deposit for any fiscal year exceeds the amount of the Incentive Payments paid by City to Developer during such fiscal year, the excess amount will remain in the Incentive Account and will be carried over and used to make the Incentive Payments in City’s next fiscal year, and the amount of the City Deposit for the next fiscal year will be commensurately reduced. If the Incentive Account does not have adequate funds for City to make the full amount of the Incentive Payments due in any given fiscal year pursuant to Section 2.2, City will adjust the proposed budgeted amount of the City Deposit to include any shortfall for the following fiscal year as necessary to ensure full payment of the Incentive Payments due.

(b) TOT as Measurement Only. Developer acknowledges that Transient Occupancy Tax revenues that City actually receives from occupancy of guest rooms in the Hotel will be used solely to measure the amount of the Incentive Payments and that no provision of this Agreement is intended to or will be deemed to be a designation of any Transient Occupancy Tax revenue for any purpose other than the deposit of such tax revenue in accordance with Article 7 of the San Francisco Business and Tax Regulations Code. The Transient Occupancy Tax revenues will continue to be deposited and used in accordance with Article 7 of the San Francisco Business and Tax Regulations Code.

(c) City Obligation. Each fiscal year, City’s Mayor will include a request for budget appropriations in its proposed budget sufficient to make the City Deposits shown on the Incentive Account Schedule, as may have been adjusted pursuant to Section 2.1(a). After City has paid all Incentive Payments for the City Financial Assistance Term, the Incentive Account will expire and any surplus funds will be deposited in the General Fund.

(d) Change in Hotel Size. The Incentive Account Schedule is based on a Project design with 11 floors of hotel guest rooms (approximately 100-200 rooms); however, City and Developer agree that a Project design with between 10 and 12 floors of hotel guest rooms (approximately 100-200 rooms) would not be anticipated to materially change the Incentive Account Schedule. If (1) Developer utilizes the flexibility provided by the Project entitlements to construct fewer than

10 hotel guest room floors, or if (2) the number of hotel guest room floors is later reduced to fewer than 10 after the initial construction of the Project, but prior to the end of the City Financial Assistance Term, then Developer and City will agree on an amended Incentive Account Schedule so that the amount of each future City Deposit is reduced proportionally to account for the reduced number of hotel guest room floors. For example, if there are only 8 hotel room floors, then each future City Deposit will be calculated by multiplying the figures in the original Incentive Account Schedule by $8/11$ (i.e., $8 \text{ floors} \div 11 \text{ floors} = 72.727\%$). The calculation of each Incentive Payment will remain the same as described in Section 2.2. Developer and City will also agree on a reduced Incentive Payment Threshold, using the same calculation method as the original Incentive Account Schedule, and utilizing the updated City Deposit amounts. If the number of hotel guest room floors is increased to exceed 12 guest room floors, neither the Incentive Account Schedule nor the Incentive Payment Threshold will be increased and the amount of Incentive Payments will be adjusted in accordance with Section 2.2(c).

(e) Schedule of Milestones; Notice Obligations. For the convenience of the Parties, certain notable dates and milestones for the Project are listed in Exhibit C. On or before the first anniversary of the Effective Date, City will designate the City Agency administering and serving as the primary point of contact for this Agreement. At least eighteen (18) months prior to the Hotel Completion Date, Developer will provide written notice to City of the anticipated Hotel Completion Date. City will establish the Incentive Account prior to the Hotel Completion Date.

2.2 Incentive Payments

(a) Disbursement of Incentive Payments. Subject to the terms and conditions of this Agreement, commencing on the Disbursement Date for the first Disbursement Payment Period and continuing until the Disbursement Date for the final Disbursement Payment Period, City will disburse Incentive Payments to Developer from the Incentive Account on a quarterly basis as follows: (i) once on March 1 for the preceding three-month Disbursement Payment Period of October 1 through December 31, (ii) once on June 1 for the preceding three-month Disbursement Payment Period of January 1 through March 31, (iii) once on September 1 for the preceding three-month Disbursement Payment Period of April 1 through June 30, and (iv) once on December 1 for the preceding three-month Disbursement Payment Period of July 1 through September 30 (March 1, June 1, September 1 and December 1 each being a “**Disbursement Date**”), except that the first and last Disbursement Dates may include Disbursement Payment Periods that include fewer than three months. The payments to Developer will be made in arrears solely from amounts on deposit in the Incentive Account and City’s liability or obligation during any given fiscal year for any Incentive Payment will not exceed the City Deposit for such fiscal year. So long as City is only required to make payments to a single entity, Developer may assign its right to receive disbursements of Incentive Payments, or direct the payment of Incentive Payments, to a Hotel Operator in connection with the operation of the Hotel.

(b) Amount of Incentive Payments. The amount of the Incentive Payment for a given Disbursement Payment Period during the City Financial Assistance Term will equal eighty-nine and two hundred eighty-five thousandths’ percent (89.285%) of the Transient Occupancy Tax City actually receives during the applicable Disbursement Payment Period with respect to the occupancy of guest rooms in the Hotel, regardless of the actual date of such occupancy (“**TOT Received**”). For purposes of determining the Incentive Payment, the TOT Received during any

Disbursement Payment Period will not include any amounts City receives as a result of any audit, deficiency determination, or other demand for payment by City outside of the standard return filing process, and will not be offset by any refunds of Transient Occupancy Tax City pays to the operator or occupant of the Hotel. Within thirty (30) days after each Disbursement Date, Developer will provide City a schedule demonstrating the cumulative net present value of all Incentive Payments received by Developer showing the total amount of the Incentive Payments received by Developer for each Disbursement Payment Period during the City Financial Assistance Term, with each Incentive Payment discounted from the date paid at an annual rate of nine percent (9%) to the first day of the first month after the Hotel Completion Date (the sum of such discounted values being the “**Cumulative Incentive Payment Amount**”).

For the avoidance of doubt, if the City Financial Assistance Term ends prior to the completion of any applicable three (3) month period, City will disburse to Developer an Incentive Payment on the immediately following Disbursement Date in an amount that is a pro rata reflection of the TOT Received for the number of days of the Disbursement Payment Period during the City Financial Assistance Term but excludes the TOT Received for the number of days of the Disbursement Payment Period after the expiration of the City Financial Assistance Term. City reserves the right to retain the services of a trustee (which will be a trust department of a national bank with a branch in City) to make the disbursements from the Incentive Account. If City retains a trustee to make disbursements, all references in this Agreement to City making the payment or disbursements of the Incentive Account will include the trustee making the payment or disbursement. For the avoidance of doubt, if City retains a trustee it will not be released from City's obligations under this Agreement. The provisions of this Section 2.2(b) will survive the expiration or earlier termination of this Agreement.

(c) Increase in Hotel Size. As described in Section 2.1(d), if the number of hotel guest room floors is increased to exceed 12 guest room floors, neither the Incentive Account Schedule nor the Incentive Payment Threshold will be increased. In such event, each future Incentive Payment will be calculated using the method in Section 2.2(b), with the resulting amount then reduced proportionally to account for the increased number of hotel guest room floors. For example, if there are 15 hotel room floors, then each future Incentive Payment will be calculated using the method in Section 2.2(b), and then multiplying the result by 11/15 (73.333%).

(d) Cooperation. Developer will cooperate with City in calculating the Incentive Payment amounts by making available to City any information and/or waivers, whether from Developer or a Hotel Operator, which City determines in its reasonable discretion are necessary to calculate the Incentive Payment amounts. Developer will ensure that each Hotel Operator is aware of the need to waive confidentiality. Further, Developer will require that each Hotel Operator provide tax or financial information to the extent reasonably necessary to calculate the Incentive Payment amounts. Not more than once per calendar year, Developer has the right at all reasonable times during normal business hours and upon ten (10) Business Days' prior written notice to inspect on a confidential basis the books, records and all other documentation of City pertaining to the City Deposit, funds in the Incentive Account, and calculation of the Incentive Payments under this Agreement, except that Developer will not have the right to inspect any records of the Office of the Treasurer and Tax Collector that are confidential under Section 6.22-1 of the San Francisco Business and Tax Regulations Code or otherwise, other than information specifically subject to the confidentiality waivers provided pursuant to this Agreement.

2.3 Incentive Payment Cap

(a) Incentive Payment Threshold. In light of the significant public benefits derived from the construction of the Project, including construction of the New Fire Station subject to the schedule of performance under the DA and the Amended CPEA, and the other elements of the Community Benefits Program to City pursuant to the DA, Developer will receive Incentive Payments pursuant to Section 2.2 up to the Incentive Payment Threshold.

(b) Incentive Payments Above Incentive Payment Threshold. Once the Cumulative Incentive Payment Amount has reached the Incentive Payment Threshold, then commencing on the next Disbursement Date, the amount of each subsequent Incentive Payment will equal forty-four and six thousand four hundred twenty-five ten-thousandths percent (44.6425%) (rather than eighty-nine and two hundred eighty-five thousandths' percent (89.285%)) of the TOT Received, up to the Incentive Payment Cap. After the Cumulative Incentive Payment Amount exceeds the Incentive Payment Threshold, the process for determining the amount of subsequent City Deposits in accordance with Section 2.1(a) will be adjusted accordingly. Once the Cumulative Incentive Payment Amount has reached the Incentive Payment Cap, the City Financial Assistance Term will be deemed expired, this Agreement terminated, and no further Incentive Payments will be made. In entering this Agreement, City expressly acknowledges and agrees that it has made the reasoned determination that the public benefits to be accrued to City under this Agreement, the DA, and the Amended CPEA (including but not limited to the New Fire Station, the Merchant Street Improvements, and significant job generation) exceed the value of the Incentive Payment Cap.

2.4 Conditions to City Obligation. City's obligation to make Incentive Payments to Developer will be tolled without the accrual of interest for any time period during which (i) a notice of default of this Agreement has been given to Developer by City and remains uncured, (ii) the Hotel Operator is not in substantial compliance with the Hotel Operating Covenant, (iii) Developer has not completed construction of the New Fire Station as required by Sections 3.2.1 and 3.2.2 of the DA, (iv) the Hotel Operator has not executed and delivered to City a valid Tax Confidentiality Waiver, or (v) the Hotel Operator is not in substantial compliance with the Workforce Agreement.

ARTICLE 3 OBLIGATIONS WHICH CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION

3.1 Maintenance. Developer agrees that prior to completion of construction of the Hotel, the Hotel Site will be maintained in a neat and orderly condition to the extent practicable and in accordance with applicable industry health and safety standards.

3.2 Limited Tax Confidentiality Waiver.

(a) Waiver Required. Developer will ensure that each Hotel Operator executes and submits a Tax Confidentiality Waiver to City's Office of the Treasurer and Tax Collector, which provides for the release of tax information to the extent reasonably necessary to comply with the Government Code Disclosure Requirements, to calculate the Incentive Payments, and to otherwise comply with the terms of this Agreement.

(b) Review of Waiver. Developer will meet with the appropriate City departments, including City's Office of the Treasurer and Tax Collector and the Office of Economic and Workforce Development (or such other office designated as the department to administer the Incentive Payments) not less than three (3) months prior to the Hotel Completion Date to review the Tax Confidentiality Waiver so as to ensure that the appropriate parties responsible for executing the Tax Confidentiality Waiver are identified and notified of their requirement to execute the Tax Confidentiality Waiver and review the administrative steps required to implement the Government Code Disclosure Requirements and calculate the Incentive Payments.

(c) Authority. All Tax Confidentiality Waivers will be executed by an individual with authority to execute such waiver on behalf of the Hotel Operator.

3.3 Government Code Disclosures. Developer acknowledges that Section 53083 of the California Government Code requires City to hold periodic public hearings and to provide certain information in written form to the public and through its internet website for each recipient of an economic development subsidy. Developer agrees that it will cause any Hotel Operator with respect to the Hotel to provide information or written report to City which will include all information within Hotel Operator's reasonable control that City determines is reasonably necessary to comply with the Government Code Disclosure Requirements, as such may be amended from time to time. Developer will cooperate with City in complying with the Government Code Disclosure Requirements by providing information and/or written reports to City which includes all information within Developer's reasonable control that City determines is reasonably necessary to comply with the Government Code Disclosure Requirements, as such may be amended from time to time.

3.4 Other Agreements. Each Party represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Agreement. Neither Party will enter into any agreement that is inconsistent with the terms of this Agreement without an express written waiver by the other Party.

ARTICLE 4 ASSIGNMENTS AND TRANSFERS

4.1 Purpose of Restrictions on Transfer. This Agreement is entered into for the purpose of the development and operation of the Hotel, the Project, and the construction of the New Fire Station, in accordance with the terms of this Agreement, the Amended CPEA, and the DA. It is because of the qualifications and identity of Developer that City is entering into this Agreement with Developer and that Transfers of all or any portion of the Project Site are permitted only as provided in this Agreement, in view of (i) the importance of the development of the Project, including the New Fire Station, to the general welfare of the community, (ii) the financial resources, reputation, and experience of Developer in development of similar development projects, and (iii) the fact that a Transfer is for practical purposes a transfer or disposition of the Hotel.

4.2 Permitted Transfer of this Agreement. At any time and from time to time, Developer may convey, assign or transfer (each, a "**Transfer**") all or any portion of its right, title and interest in this Agreement or the Project Site (the "**Transferred Property**") to any Person (each, a

“**Transferee**”). A Transfer will require City’s prior written consent, not to be unreasonably withheld, conditioned or delayed, taking into consideration whether the proposed Transferee has (i) experience completing an essential services building on a build to suit basis for a governmental agency in an urban setting, (ii) experience developing and operating complex urban mixed use projects involving a luxury hotel similar in scope to the Tower, (iii) a minimum net worth of \$300 million and minimum liquidity of \$75 million, and (iv) other relevant factors. For purposes of this Agreement, a “Transfer” includes a long-term ground lease of some or all of the Project Site and excludes those transactions specified in Section 4.2(b). Notwithstanding anything to the contrary, a Transfer of Developer’s indemnity obligations under this Agreement will require City’s prior consent, not to be unreasonably withheld, conditioned or delayed, and may not be made unless the proposed Transferee has a minimum net worth of \$300 million and minimum liquidity of \$75 million.

(a) Assignment and Assumption Agreement. No Transfer may be permitted unless at the time of the Transfer the Transferee expressly agrees to perform and observe, from and after the date of such Transfer, all or a portion of the obligations, terms, and conditions of this Agreement Transferred by an agreement reasonably satisfactory to City (an “**Assignment and Assumption Agreement**”). A Transferee will be deemed “Developer” under this Agreement to the extent of the rights, interests and obligations assigned to and assumed by such Transferee under the applicable Assignment and Assumption Agreement. Upon execution and delivery of any Assignment and Assumption Agreement, the assignor thereunder will be automatically released from any prospective obligation or liability under this Agreement to the extent the Transferee assumes such obligations. The Transferee under an Assignment and Assumption Agreement will not have any liability or obligation under this Agreement prior to the time of the Transfer, and the Assignor will remain liable for such obligations until such Transfer. City may terminate this Agreement, upon thirty (30) days prior written notice, if any Transferee (other than City) elects not to assume this Agreement.

(b) Exclusions from Transfers. Provided that Developer’s indemnity obligations hereunder are not transferred, a “Transfer” under this Section 4 does not include any of the following types of transactions: (i) granting easements or permits affecting the Project Site (to the extent Developer is fee owner) to facilitate the development of the Project Site; (ii) entering into occupancy leases, subleases, licenses or permits for portions of the Tower for occupancy upon Completion of the Tower, and that are not for portions of the Hotel or Hotel Site; (iii) encumbering the Project Site or any portion of the improvements thereon with any Security Instrument; (iv) entering into agreements with third parties to fulfill Developer’s obligations under this Agreement (so long as Developer is not released from such obligations); (v) transferring all or any portion of the Project Site to a Lender pursuant to a conveyance in lieu of foreclosure or other remedial action in connection with a Security Instrument; (vi) transferring any obligations to maintain the Merchant Street Improvements as permitted by the Approvals; (vii) selling or transferring any membership or ownership interest (direct or indirect) in the entity that is Developer; or (viii) the transfer of all or a portion of any interest in the Project Site pursuant to a foreclosure (judicial or pursuant to the power of sale). Developer must give written notice to City of any conveyance of all or any portion of the Project Site to a Lender pursuant to a conveyance in lieu of foreclosure or other remedial action in connection with a Security Instrument within thirty (30) days of such conveyance.

ARTICLE 5 LENDER PROTECTIONS

5.1 Developer Right to Finance. Nothing in this Agreement limits the right of Developer (or any direct or indirect interest holder therein) to mortgage, pledge, or otherwise encumber all or any portion of the Project Site (or interest therein) for the benefit of any Lender as security for one or more loans.

5.2 Copy of Notice of Default and Notice of Failure to Cure to Lender. Whenever City delivers any notice or demand to Developer with respect to any Developer Event of Default, City will at the same time forward a copy of such notice or demand to each Lender having a Security Instrument on (directly or indirectly) the Project Site who has previously made a written request to City therefor, at the last address of such Lender specified by that Lender in such notice. In addition, if such breach or default remains uncured for the period permitted under this Agreement, City will deliver a notice of such failure to cure such breach or default to each such Lender at such applicable address. If City delays or fails to provide such notice required by this Section, the time allowed for a Lender to cure shall be extended by the number of days until such notice is given. In accordance with Section 2924b of the California Civil Code, City requests that a copy of any notice of default and a copy of any notice of sale under any Security Instrument be mailed to City at the address for notices under this Agreement. Any Lender relying on the protections set forth in this Article 5 will send to City a copy of any notice of default and notice of sale.

5.3 Lender's Option to Cure Defaults. After receiving any notice of failure to cure referred to in Section 5.2, each Lender will have the right, at its option, to commence within the same period as Developer to remedy or cause to be remedied any Developer Event of Default, plus an additional period of: (a) sixty (60) days to cure a monetary Event of Default; and (b) one hundred twenty (120) days to cure a non-monetary Event of Default which is susceptible of cure by the Lender without obtaining title to the applicable property. If a Developer Event of Default is not cured within the applicable cure period, City nonetheless will refrain from exercising any of its remedies with respect to the event of default if, within the Lender's applicable cure period: (i) the Lender notifies City that it intends to proceed with due diligence to foreclose the Security Instrument or otherwise obtain title to the subject property; and (ii) the Lender commences foreclosure proceedings within sixty (60) days after giving such notice, and thereafter diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Lender diligently proceeds to cure those events of default: (A) which are required to be cured by the Lender and are susceptible of cure by the Lender, and (B) of which the Lender has been given notice by City.

5.4 Lender Benefits and Obligations with Respect to the Project Site. Notwithstanding anything to the contrary in this Agreement, no Lender will have any obligations or other liabilities under this Agreement unless and until it acquires fee title by any method to all (and not just a portion) of real property comprising the Project Site (referred to hereafter as "**Foreclosed Property**"). A Lender that, by foreclosure under a Security Instrument, acquires title to the Foreclosed Property will take title subject to all of the terms and conditions of this Agreement, to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations which are due as a condition to enjoying the benefits of this Agreement and will have all of the rights and obligations of Developer under this Agreement as to the Foreclosed Property. In no event will City have an obligation to make Incentive Payments to more than one

Lender. Upon the occurrence and continuation of an uncured Developer Event of Default by a Lender or Transferee in the performance of any of the obligations to be performed by such Lender or Transferee pursuant to this Agreement, City will be afforded all its remedies for such uncured Developer Event of Default as provided in this Agreement.

5.5 No Impairment of Security Instrument. No Developer Event of Default will invalidate or defeat the lien of any Security Instrument. No foreclosure of any Security Instrument or other lien will defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations under this Agreement or constitute a default under this Agreement.

5.6 Cured Defaults. Upon the curing of any Developer Event of Default by any Lender within the time provided in this Article 5, City's right to pursue any remedies with respect to the cured Developer Event of Default will terminate.

5.7 Collateral Assignment of Agreement. Developer will have the right to collaterally assign to any Lender all of its rights under this Agreement, and within twenty (20) days following Developer's written request, City will execute such documents (to the extent such documents are reasonably acceptable to City) as may be reasonably required by such Lender to perfect such collateral assignment and to allow such Lender to enforce the terms and conditions of this Agreement applicable to the Project Site, subject to such Lender acquiring fee ownership in the Project Site, and delivering to City an executed Assignment and Assumption Agreement reasonably acceptable to City that assumes Developer's obligations under this Agreement as they relate to the Project Site.

ARTICLE 6 DEFAULT AND REMEDIES

6.1 Impossibility of Performance. The lack of performance by either Party shall not be deemed a default where performance is prevented due to a court order or final judgment is rendered in a lawsuit and all applicable appeal periods have expired.

6.2 Event of Default. For purposes of this Agreement, the following will constitute an event of default (an **"Event of Default"**) under this Agreement: (i) the failure to make any payment within ninety (90) calendar days of when due, and (ii) the failure to perform or fulfill any other material term, provision, obligation, or covenant hereunder, and the continuation of such failure for a period of thirty (30) or more calendar days following a written notice of default that specifies the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured (if at all), and a demand for compliance (a **"Notice of Default"**); provided that if a cure of a non-monetary default cannot reasonably be completed within thirty (30) calendar days, then it will not be considered an Event of Default if a cure is commenced within that thirty (30) calendar day period and diligently prosecuted to completion thereafter. If before the end of the applicable cure period the failure that was the subject of a Notice of Default is cured to the reasonable satisfaction of the Party that delivered such notice, such Party will issue a written acknowledgement to the other Party of the cure of such failure.

6.3 Remedies Upon Default; Specific Performance. Subject to, and as limited by, the provisions of Sections 6.3(a), upon the occurrence of an Event of Default, the non-defaulting

party may seek any remedy available at law or in equity, including specific performance of this Agreement.

(a) Limited Damages. Developer agrees that City will not be liable to Developer for damages under this Agreement, and City agrees that Developer will not be liable to City for damages under this Agreement, and each covenants not to sue the other for or claim any damages under this Agreement and expressly waives its right to recover damages under this Agreement, except as follows: (1) either Party will have the right to recover actual damages only (and not consequential, punitive or special damages, each of which is hereby expressly waived) for a Party's failure to pay sums to the other Party when due under this Agreement, and (2) City will have the right to recover actual damages for Developer's failure to make any payment due under any indemnity in this Agreement. In no event shall any remedy include recovery of attorneys' fees.

(b) No Waiver; Rights and Remedies Cumulative. Failure by a Party to insist upon the strict or timely performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, will not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any condition or failure of performance, including an Event of Default, will be effective or binding upon such Party unless made in writing by such Party, and no such waiver will be implied from any omission by a Party to take any action with respect to such failure. Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default. If either Party fails to pay any amount due hereunder or commences (or becomes the subject of) any insolvency, liquidation, receivership, or any similar action, case or proceeding, the other Party shall have the right to exercise any remedies available to it at law or in equity (including, without limitation, the right of Developer to apply amounts in the Incentive Account to any such payments or any damages incurred by Developer as a result of such default or failure).

(c) Complementary Remedies. The remedies available for an event of default in the Project Documents (including an Event of Default under this Agreement) are complementary, meaning the Parties' remedies for an Event of Default under this Agreement will be governed by the terms and conditions of this Agreement, and the Parties remedies for an event of default under the (i) DA will be governed by the terms and conditions of the DA, (ii) Amended CPEA will be governed by the terms and conditions of the Amended CPEA, and (iii) Construction Management Agreement will be governed by the terms and conditions of the Construction Management Agreement..

(d) Joint and Several Liability. If there is more than one Person that comprises any Person that is Developer (i.e., if more than one Person executes an Assignment and Assumption Agreement as Developer), the obligations and liabilities under this Agreement imposed on each such Person will be joint and several.

ARTICLE 7 REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Interest of Developer; Due Organization and Standing. Developer represents and warrants that (i) Developer or its Affiliate is the legal owner of the Developer Parcels, (ii) Developer is a Delaware limited liability company, (iii) Developer has all requisite power and authority to conduct its business as presently conducted, and (iv) Developer has made all required state filings required to conduct business in the State of California and is in good standing in the State of California, and (v) Developer has extensive experience in developing commercial real estate projects.

7.2. No Conflict with Other Agreements; No Further Approvals; No Suits. Developer warrants and represents that it is not a party to any other agreement that would conflict with Developer's obligations under this Agreement. Neither Developer's articles of organization, bylaws, or operating agreement, as applicable, nor any other agreement or Law in any way prohibits, limits, or otherwise affects the right or power of Developer to enter into and perform all of the terms and covenants of this Agreement. No consent, authorization, or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person is required for the due execution, delivery, and performance by Developer of this Agreement or any of the terms and covenants contained in this Agreement. To Developer's knowledge, there are no pending or threatened suits or proceedings or undischarged judgments affecting Developer or any of its members before any court, governmental agency, or arbitrator which might materially adversely affect Developer's business, operations, or assets or Developer's ability to perform under this Agreement.

7.3. No Inability to Perform; Valid Execution. Developer warrants and represents that it has no knowledge of any inability to perform its obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by Developer have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid, and binding obligation of Developer, enforceable against Developer in accordance with its terms.

7.4. Conflict of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify City if it becomes aware of any such fact during the Term.

7.5. Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. San Francisco Ethics Commission Regulation 1.126-1 provides

that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by City and the contractor. Negotiations are terminated when City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract. Developer acknowledges that (i) the prohibition on contributions applies to Developer, each member of Developer's board of directors, Developer's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Developer, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Developer, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Developer certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

7.6. Other Documents. No document furnished or to be furnished by Developer to City in connection with this Agreement contains or will contain to Developer's actual knowledge any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading under the circumstances under which any such statement will have been made.

7.7. No Suspension or Debarment. Neither Developer, nor any of its officers, have been suspended, disciplined, or debarred by, or prohibited from contracting with, the U.S. General Services Administration or any federal, state, or local governmental agency.

7.8. No Bankruptcy. Developer represents and warrants to City that Developer has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Developer's knowledge, no such filing is threatened.

ARTICLE 8 GENERAL PROVISIONS

8.1 Notices Demands and Communications. Any notice or communication required or authorized by this Agreement will be in writing and may be delivered personally or by registered mail, with return receipt requested. Notice, whether given by personal delivery or registered mail, will be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon written notice to the other Party, designate any other person or address in substitution of the person or address which such notice or communication will be given. Such notices or communications will be given to the Parties at their addresses or email addresses set forth below:

To City:

[_____]

Director of Planning
San Francisco Planning Department
49 South Van Ness, Suite 1400
San Francisco, California 94103
Re: 530 Sansome Street and Fire Station 13 DA

with a copy to:

David Chiu, Esq.
City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: RE/Finance Team
Re: 530 Sansome Street and Fire Station DA

To Developer:

EQX Jackson Sq Holdco LLC
c/o Related California
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attention: Gino Canori

with a copy to:

The Related Companies, L.P.
30 Hudson Yards, 72nd Floor
New York, New York 10001
Attention: Richard O'Toole

Jim Abrams, Esq.
J. Abrams Law, P.C.
538 Hayes Street
San Francisco, California, 94102

8.2 Nondiscrimination. In the performance of this Agreement, Developer agrees not to discriminate against any employee, City employee working with Developer's contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, Acquired Immune

Deficiency Syndrome or HIV status (AIDS/HIV status), association with members of such protected classes, or in retaliation for opposition to discrimination against such classes. Developer will include the foregoing nondiscrimination obligation in any agreement Developer enters into the Hotel, and with any Hotel Operator.

8.3 Non-Liability of Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, commissioner, officer, employee, official or agent of City (collectively, the “**City Parties**”) will be personally liable to Developer, its successors and assigns, in the event of any City Event of Default, or for any amount which may become due to Developer, its successors and assigns, under this Agreement.

8.4 Excusable Delay. In the event of changes in State or Federal Laws or regulations, inclement weather, delays due to strikes, inability to obtain materials, civil commotion, war, acts of terrorism, fire, acts of God, litigation, epidemics, pandemics, or quarantine restrictions, or other circumstances that are beyond the reasonable control of a Party, not proximately caused by the acts or omissions of that Party, and substantially interfere with that Party’s performance of any of its obligations under this Agreement (each, an “**Excusable Delay**”), then the delayed Party shall notify the other Party in writing of such occurrence as soon as possible after becoming aware that it may result in an Excusable Delay, describing the manner in which it substantially interferes with the delayed Party’s ability to perform under this Agreement. Commencing upon such notice, the time or times for performance of the delayed obligation described in that notice will be extended for the remaining period of the Excusable Delay.

8.5 Estoppel Certificates. Either Party to this Agreement will, promptly upon the written request of the other Party, execute, acknowledge, and deliver to or for the benefit of the other party a certificate certifying: (i) that this Agreement is in full force and effect, (ii) that this Agreement has not been amended or modified either orally or in writing, or if so amended or modified, identifying the amendments or modifications and stating their date and, if applicable, recording information, and (iii) whether there is any existing City Event of Default or Developer Event of Default in the performance of its obligations under this Agreement on the part of the Party requesting the certificate, or if there is such an event of default, a description of the nature and amount of that event of default, and (iii) such other matters as may be reasonably requested. The OEWD Director shall issue any estoppel on behalf of City. If Developer requests that City certify as to any additional matters, City will confer and work expeditiously and in good faith with Developer to provide such certification that is reasonably satisfactory to Developer and any Lender, provided that the OEWD Director shall certify only as to their actual knowledge, and City shall not have any obligation to certify as to any such matters that are unreasonable, overly broad, inconsistent with this Agreement, involve legal conclusions, or are subjective in nature. The OEWD Director, acting on behalf of City, shall execute and return a certificate addressing items (i)-(iii) (the “**Required Certifications**”) within thirty (30) days following receipt of the request (the “**Estoppel Outside Date**”). If the OEWD Director fails to execute and return such certificate on or before the Estoppel Outside Date, the OEWD Director, acting on behalf of City, shall be deemed to have certified to Developer and any Lender that the Required Certifications as stated in the submitted certificate are true and correct as of the Estoppel Outside Date. Each Party acknowledges that any Lender, acting in good faith, may rely upon such a certificate. A certificate provided by City under this Section shall, at the Lender’s request, be in recordable form and may

be recorded with respect to the affected portion of the Project Site subject to that Lender's security interest by the requesting Lender at its expense.

8.7 Applicable Law and Venue. This Agreement has been executed and delivered in and will be interpreted, construed, and enforced in accordance with the laws of the State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco. The City and County of San Francisco will be the venue for any legal action or proceeding that may be brought, arise out of, in connection with, or by reason of, this Agreement.

8.8 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, or if any such term, provision, covenant, or condition does not become effective until the approval of any non-City Agency, the remaining provisions of this Agreement will continue in full force and effect unless enforcement of the remaining portions of the Agreement would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purposes of this Agreement.

8.9 Binding Upon Successors; Covenants to Run With Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to Article 4 above, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Tower Development Site or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All provisions of this Agreement shall be enforceable during the term of this Agreement as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable Law, including but not limited to California Civil Code Section 1468.

8.10 Relationship of Parties. City has no interest in, responsibility for, or duty to third persons concerning the Project. Developer will exercise full dominion and control over the Project Site, subject only to the limitations and obligations of Developer contained in this Agreement and the Amended CPEA. Nothing contained in this Agreement, or in any document executed in connection with this Agreement, will be construed as creating a joint venture or partnership between City and Developer. Neither Party is acting as the agent of the other Party in any respect hereunder. Developer is not a state or governmental actor with respect to any activity conducted by Developer hereunder. There are no third -party beneficiaries to this Agreement.

8.11 Entire Understanding of the Parties. This Agreement, including the ancillary agreements attached to this Agreement, constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof. There are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein.

8.12 Discretion Retained By City. City's approval in its proprietary capacity under this Agreement in no way limits the regulatory discretion of City in the permit and approval process in connection with the Hotel.

8.13 Counterparts. This Agreement may be executed in counterparts and multiple originals.

8.14 Survival. Following expiration of the term of this Agreement, this Agreement will be deemed terminated and of no further force and effect, except for any provision that, by its express terms, survives the expiration or termination of this Agreement.

8.15 Amendments. This Agreement may only be amended in writing and signed by both Parties. Any amendment to this Agreement that does not constitute a Material Change may be agreed to by the OEWD Director, after consultation with City's Controller and the City Attorney. Any amendment that is a Material Change will require the approval of the OEWD Director, City's Controller, and the Board of Supervisors. The determination of whether a proposed change constitutes a Material Change shall be made, on City's behalf, by the OEWD Director following consultation with the City Attorney's Office. Any amendments, modifications, or supplements to this Agreement required as a matter of tax law compliance for City or Developer will be made as a matter of the Parties performing a ministerial duty, and is subject to any approval that may be required from the City's Board of Supervisors.

8.16 Recordation of Hotel Operating Covenant. Developer consents to the recordation of the Hotel Operating Covenant against the fee interest of the Hotel Site (or, if the Hotel Site is not a legal parcel, the Tower Development Site) in the Official Records of City and County of San Francisco, in the form of Exhibit B attached hereto and incorporated herein by this reference. The Hotel Operating Covenant shall be recorded prior to the Hotel Completion Date.

8.17 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement, and its terms and provisions have been reviewed and revised by legal counsel for both City and Developer. Accordingly, no presumption or rule that ambiguities will be construed against the drafting Party will apply to the interpretation or enforcement of this Agreement and the Parties waive the effect of Section 1654 of the California Civil Code. Language in this Agreement will be construed as a whole and in accordance with its true meaning. Wherever in this Agreement the context requires, references to the masculine will be deemed to include the feminine and the neuter and vice-versa, and references to the singular will be deemed to include the plural and vice versa. Unless otherwise specified, whenever in this Agreement, including its Exhibits, reference is made to any Recital, Article, Section, Exhibit, Schedule or defined term, the reference will be deemed to refer to the Recital, Article, Section, Exhibit, Schedule or defined term of this Agreement. Any reference in this Agreement to a Recital, an Article or a Section includes all subsections and subparagraphs of that Recital, Article or Section. Article, Section and other headings and the names of defined terms in this Agreement are for the purpose of convenience of reference only and are not intended to, nor will they, modify or be used to interpret the provisions of this Agreement. Each Exhibit to this Agreement is incorporated in this Agreement and made a part hereof as if set forth in full. Each reference to an Exhibit in this Agreement will mean that Exhibit as it may be updated or amended from time to time in accordance with the terms of this Agreement. Except as otherwise explicitly provided herein, the use in this Agreement of the words "including", "such as" or words of similar import when accompanying any general term, statement or matter will not be construed to limit such term, statement or matter to such specific terms, statements or matters. In the event of a conflict between the Recitals and the remaining provisions of this Agreement, the remaining provisions will prevail. Statements and calculations in this

Agreement beginning with the words “for example” or words of similar import are included for the convenience of the Parties only, and in the event of a conflict between such statements or calculations and the remaining provisions of this Agreement, the remaining provisions will prevail. Words such as “herein”, “hereinafter”, “hereof,” “hereby” and “hereunder” and the words of like import refer to this Agreement, unless the context requires otherwise.

8.18 Indemnity.

(a) Developer will, to the maximum extent permitted by law, indemnify, defend, reimburse, and hold harmless City and the City Parties from and, if requested, will defend them against any and all actual losses, out-of-pocket costs (including but not limited to City staff time), damages (excluding punitive damages), injury, liability, and claims (collectively, “**Losses**”) arising or resulting directly or indirectly from (i) any challenge to any portion of this Agreement, including but not limited to any challenge to City's action regarding the approval of this Agreement or the funding under this Agreement, including the Tax Confidentiality Waivers and Government Code Disclosure Requirements; (ii) any third-party claim arising from a Developer Event of Default under this Agreement; (iii) injury to or death of a person, including members of the public, at the Hotel; and (iv) any dispute between Developer and any Lender, Transferee, Hotel Operator, or any subsequent owner of any of the Tower Development Site relating to any assignment of this Agreement, the obligations that run with the land, or any dispute between Developer and any Transferee or other person relating to which party is responsible for performing certain obligations under this Agreement, each regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on City or any of City Parties, except to the extent that (1) any of the foregoing indemnification obligations is void or otherwise unenforceable under applicable Law, (2) such Loss is the result of the sole negligence, willful misconduct, or fraud of any City Party, or (3) such Loss is the result of a City Event of Default to the extent Developer is the prevailing party in any legal action brought by Developer against City for that City Event of Default.

(b) All indemnifications set forth in this Agreement will survive for a period lasting the later of two (2) years after the expiration or termination of this Agreement or the expiration of the statute of limitations or statute of repose applicable to a particular third-party claim, to the extent such indemnification obligation arose from an event occurring before the expiration or termination of this Agreement. To the extent the indemnifications relate to Developer’s obligations that survive the expiration or termination of this Agreement, the indemnifications will survive for the term of the applicable obligation plus two (2) years.

(c) In the event of any action or proceeding subject to indemnification, reimbursement, hold harmless or defense under this Agreement, the Parties shall cooperate in defending against such action or proceeding. The City shall promptly notify Developer of any such action or proceeding instituted against City.

(d) The indemnity in Section 8.18(a) shall include reasonable attorneys’ fees and costs and the City’s reasonable cost of investigating any claims against the City or the City Parties.

8.19 MacBride Principles. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride

Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of City concerning doing business in Northern Ireland.

8.20 Tropical Hardwood and Virgin Redwood. City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

8.21 Effectiveness of this Agreement. This Agreement is dated for convenience only and will only become effective on complete execution and delivery by the Parties and the effectiveness of the DA and the Amended CPEA.

8.22 Controller's Certification of Funds. The terms of this Agreement are governed by and subject to Article XVI, section 18 of the California Constitution and the budgetary and fiscal provisions of City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there will be no obligation for the payment or expenditure of money by City under this Agreement unless the Controller of the City and County of San Francisco first certifies, under Section 3.105 of City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure.

8.24 Further Assurances. Each Party will execute and deliver such further documents, papers and instruments and take such further action as is necessary, appropriate or helpful as the other Party may reasonably request in order to carry out the purposes, effect and intent of this Agreement.

8.25 Time of the Essence. Time is of the essence for each provision of this Agreement of which time is an element.

8.26 Effect on Other Party's Obligation. If Developer's or City's performance is excused or the time for its performance is extended under any extension of time permitted in this Agreement, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

CITY

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Name: _____

Title: _____

Approved on _____

Board of Supervisors Ordinance No. _____

Approved as to form:

David Chiu, City Attorney

By: _____

Elizabeth A. Dietrich

Deputy City Attorney

DEVELOPER

EQX JACKSON SQ HOLDCO LLC, a Delaware limited
liability company

By: _____

Name: _____

Title: _____

Exhibits

<u>Exhibit A</u>	Legal Description of Project Site
<u>Exhibit B</u>	Form of Hotel Operating Covenant
<u>Exhibit C</u>	Schedule of Milestones
<u>Exhibit D</u>	Schedule of Projected Incentive Payments
<u>Exhibit E</u>	Form of Tax Confidentiality Waiver

EXHIBIT A
LEGAL DESCRIPTION OF PROJECT SITE

EXHIBIT A-1
Developer Parcels Legal Description

LEGAL DESCRIPTION

APN 0206-013

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND WHICH IS SITUATED AS AFORESAID, AND WHICH IS BOUNDED BY A LINE COMMENCING AT A POINT IN THE SOUTHERLY LINE OF WASHINGTON STREET (AS EXISTED PRIOR TO THE WIDENING THEREOF), DISTANT THEREON 90 FEET AND 3-1/2 INCHES EASTERLY FROM THE POINT OF INTERSECTION OF SAID LINE OF WASHINGTON STREET WITH THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE EASTERLY ON AND ALONG SAID SOUTHERLY LINE OF WASHINGTON STREET 47 FEET 5-1/2 INCHES; THENCE SOUTHERLY 122 FEET, MORE OR LESS, AND TO A POINT IN THE NORTHERLY LINE OF MERCHANT STREET WHICH IS DISTANT THEREON 137 FEET 9-1/2 INCHES EASTERLY FROM THE POINT OF INTERSECTION OF SAID LINE OF MERCHANT STREET WITH THE EASTERLY LINE OF SANSOME STREET; THENCE WESTERLY, ON AND ALONG SAID LINE OF MERCHANT STREET, 47 FEET AND 6-3/8 INCHES; AND THENCE NORTHERLY 122 FEET TO THE SAID SOUTHERLY LINE OF WASHINGTON STREET AND SAID POINT OF COMMENCEMENT. THE SAME BEING A PORTION OF BEACH AND WATER LOTS NUMBERS 133, 134 AND 135, AS THE SAME ARE NUMBERED, DELINEATED AND SHOWN ON THE OFFICIAL MAP OF SAID CITY AND COUNTY OF SAN FRANCISCO.

EXCEPTING THEREFROM SUCH PORTION OF THE SAME AS IS DESCRIBED IN THAT CERTAIN GRANT DEED TO THE CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, DATED MAY 14, 1967 AND RECORDED AUGUST 9, 1967 IN BOOK B167, OF OFFICIAL RECORDS, PAGES 723 AND 724.

CONTAINING 4,703± SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

B. B. Ron

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



LEGAL DESCRIPTION

APN 0206-014

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 137 FEET AND 9 INCHES EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE EASTERLY ALONG SAID LINE OF WASHINGTON STREET 40 FEET AND 6 INCHES, MORE OR LESS, TO A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 97 FEET WESTERLY FROM THE WESTERLY LINE OF BATTERY STREET; THENCE AT A RIGHT ANGLE SOUTHERLY 122 FEET TO THE NORTHERLY LINE OF MERCHANT STREET; THENCE WESTERLY ALONG SAID LINE OF MERCHANT STREET 40 FEET AND 6 INCHES, MORE OR LESS, TO A POINT ON THE SAID LINE OF MERCHANT STREET, DISTANT THEREON 137 FEET AND 9-1/2 INCHES EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE NORTHERLY 122 FEET TO THE SOUTHERLY LINE OF WASHINGTON STREET AND THE POINT OF BEGINNING.

BEING PART OF 50 VARA BLOCK NO. 35

EXCEPTING THEREFROM, THAT PORTION OF SAID LAND CONVEYED TO THE CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, BY DEED RECORDED MAY 26, 1967, IN BOOK B146, PAGE 875 OF OFFICIAL RECORDS, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 137.750 FEET EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET, AND THENCE RUNNING EASTERLY ALONG SAID LINE OF WASHINGTON STREET 40.50 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 97 FEET WESTERLY FROM THE WESTERLY LINE OF BATTERY STREET; THENCE AT A RIGHT ANGLE SOUTHERLY 23 FEET; THENCE AT A RIGHT ANGLE WESTERLY 40.50 FEET, MORE OR LESS, TO A LINE DRAWN FROM THE POINT OF BEGINNING TO A POINT ON THE NORTHERLY LINE OF MERCHANT STREET, DISTANT THEREON 137.792 FEET EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; THENCE RUNNING NORTHERLY ALONG SAID LINE SO DRAWN 23 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

BEING A PORTION OF 50 VARA BLOCK NO. 35

CONTAINING 4,094± SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

Bj-B.R.

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



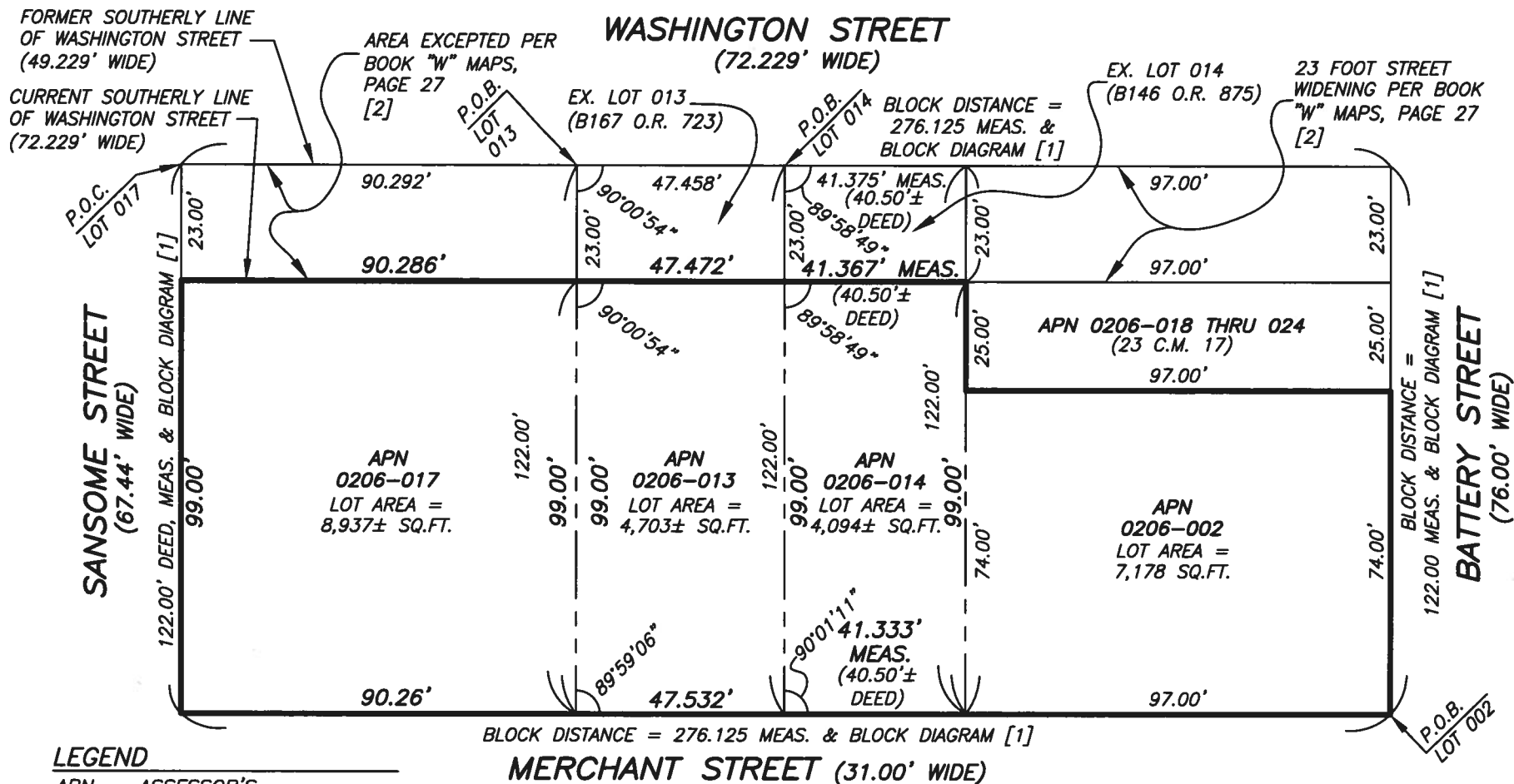


EXHIBIT A-2
447 Battery Parcel Legal Description

LEGAL DESCRIPTION

APN 0206-002

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF MERCHANT STREET AND THE WESTERLY LINE OF BATTERY STREET; RUNNING THENCE NORTHERLY ALONG SAID LINE OF BATTERY STREET 74 FEET; THENCE AT A RIGHT ANGLE WESTERLY 97 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 74 FEET TO THE NORTHERLY LINE OF MERCHANT STREET; AND THENCE AT A RIGHT ANGLE EASTERLY ALONG SAID LINE OF MERCHANT STREET 97 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 35.

CONTAINING 7,178 SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

B. B. Ron

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



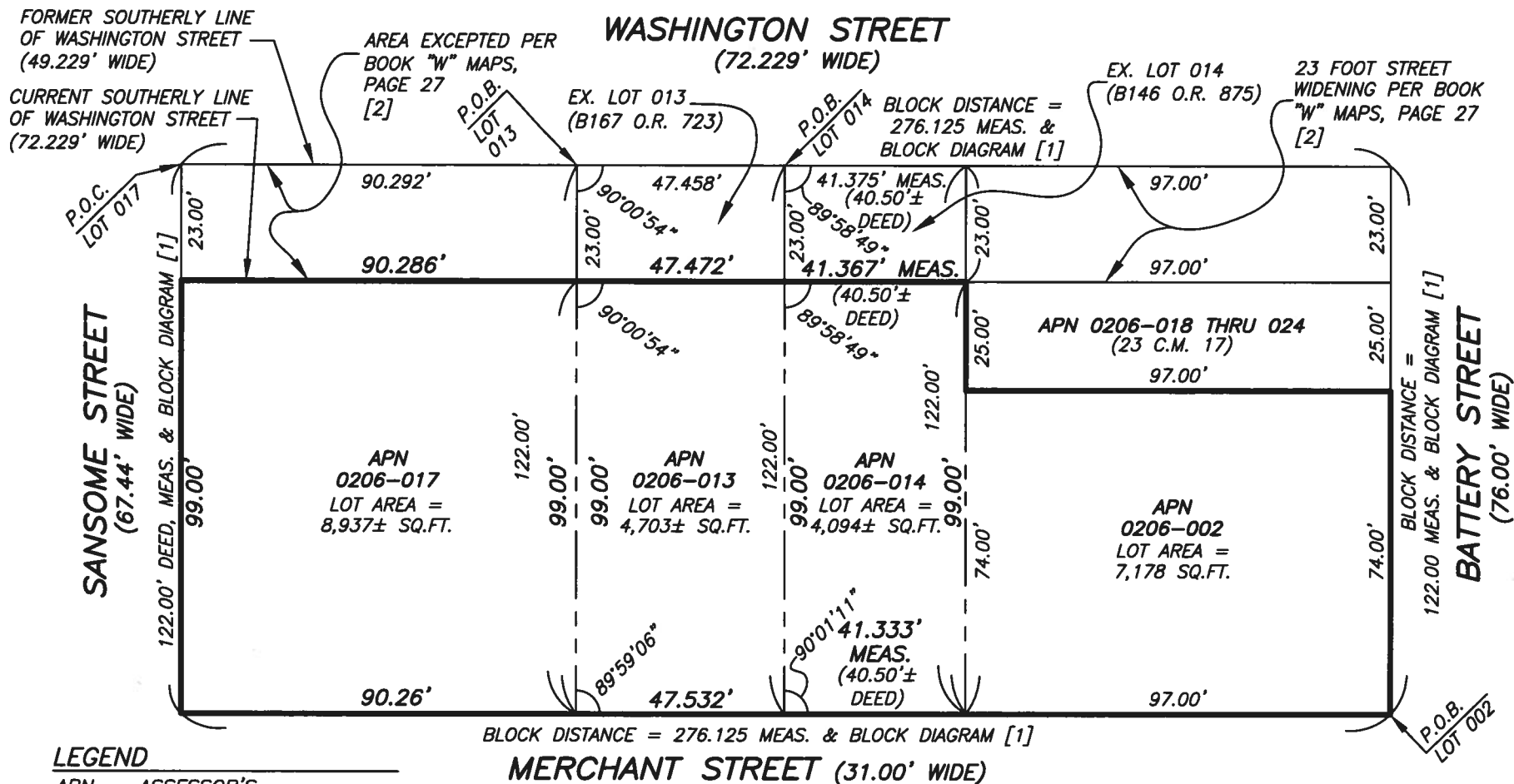


EXHIBIT A-3
City Parcel Legal Description

LEGAL DESCRIPTION

530 SANSOME STREET (APN 0206-017)

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING A PORTION OF THE LANDS DESCRIBED IN THAT CERTAIN DEED RECORDED OCTOBER 4, 1967 IN BOOK B182, PAGE 400, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF WASHINGTON STREET (49.229 FEET WIDE) AND THE EASTERLY LINE OF SANSOME STREET (67.44 FEET WIDE); RUNNING THENCE SOUTHERLY AND ALONG SAID LINE OF SANSOME STREET 122 FEET TO THE NORTHERLY LINE OF MERCHANT STREET (31.00 FEET WIDE); THENCE AT A RIGHT ANGLE EASTERLY ALONG SAID LINE OF MERCHANT STREET 90.26 FEET; THENCE NORTHERLY 122 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 90.292 FEET EASTERLY FROM SAID EASTERLY LINE OF SANSOME STREET; THENCE WESTERLY ALONG SAID LINE OF WASHINGTON STREET 90.292 FEET TO THE POINT OF COMMENCEMENT.

BEING A PART OF BEACH AND WATER LOTS 133, 134, AND 135

EXCEPTING THEREFROM THAT PORTION OF WASHINGTON STREET THAT WAS DEDICATED PER RESOLUTION NO. 403-74 DATED JUNE 3, 1974 AND SHOWN AS PARCEL 1 ON THAT CERTAIN MAP ENTITLED "MAP SHOWING THE WIDENING OF WASHINGTON STREET FROM BATTERY ST. TO SANSOME ST." FILED FOR RECORD SEPTEMBER 11, 1974, IN BOOK "W" OF MAPS, AT PAGE 27, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE FORMER SOUTHERLY LINE OF WASHINGTON STREET (49.229 FEET WIDE) PRIOR TO THE DEDICATION THEREOF PER SAID RESOLUTION NO. 403-74 WITH THE EASTERLY LINE OF SANSOME STREET (67.44 FEET WIDE); THENCE EASTERLY ALONG SAID LINE OF FORMER WASHINGTON STREET 90.292 FEET; THENCE ON A DEFLECTION ANGLE OF 90°00'54" TO THE RIGHT, ALONG A LINE WHOSE END POINT IS ON THE NORTHERLY LINE OF MERCHANT STREET (31.00 FEET WIDE), DISTANT THEREON 90.26 FEET EASTERLY FROM SAID EASTERLY LINE OF SANSOME STREET, 23.00 FEET TO A POINT ON THE CURRENT SOUTHERLY LINE OF WASHINGTON STREET (72.229 FEET WIDE) AFTER THE DEDICATION THEREOF PER SAID RESOLUTION NO. 403-74, SAID SOUTHERLY LINE OF WASHINGTON STREET BEING ON A LINE THAT IS PARALLEL WITH AND PERPENDICULARLY DISTANT SOUTHERLY 23.00 FEET FROM SAID FORMER LINE OF WASHINGTON STREET; THENCE ON A DEFLECTION ANGLE OF 89°59'06" TO THE RIGHT, ALONG SAID CURRENT SOUTHERLY LINE OF WASHINGTON STREET 90.286 FEET TO SAID EASTERLY LINE OF SANSOME STREET; THENCE AT A RIGHT ANGLE NORTHERLY, ALONG SAID LINE OF SANSOME STREET 23.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 8,937± SQ.FT.

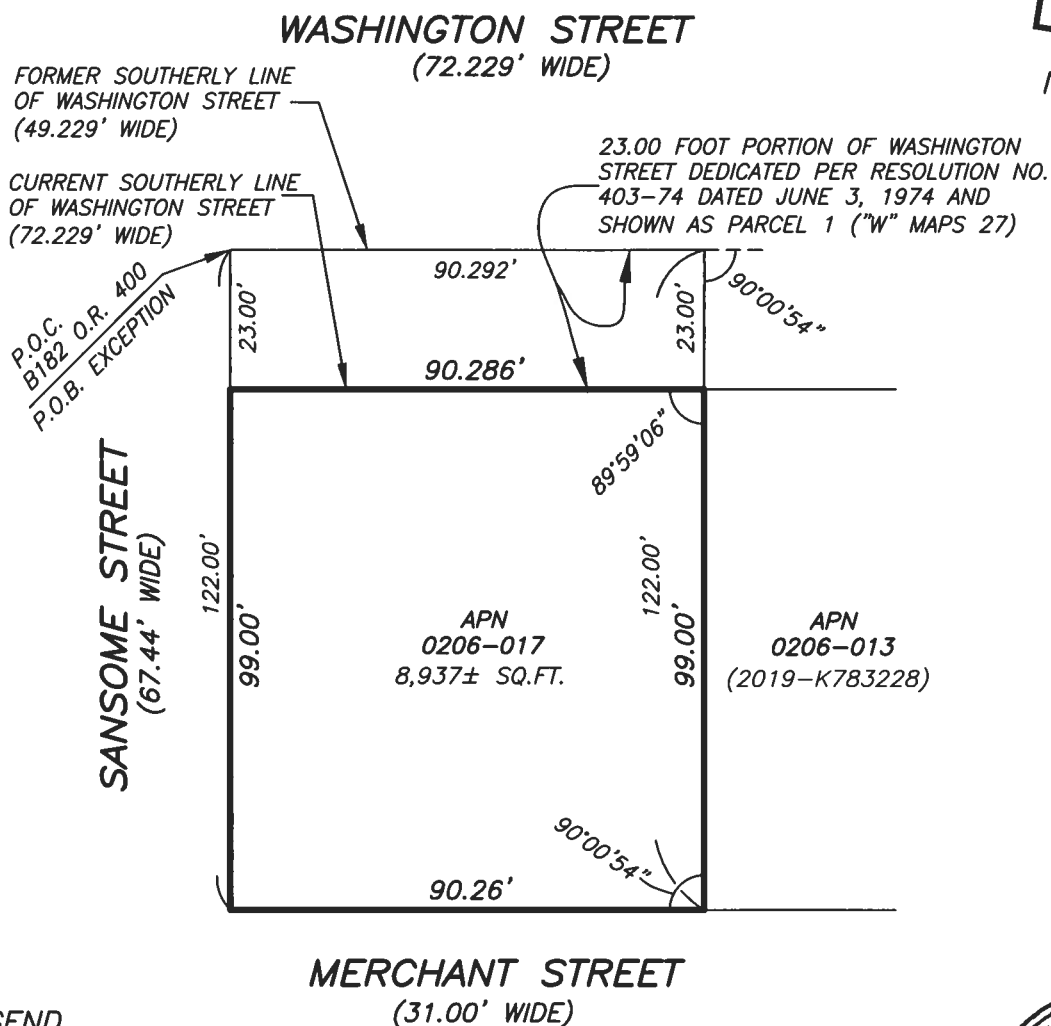
THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.



JUNE 3, 2025

BENJAMIN B. RON, PLS 5015





LEGEND

APN ASSESSOR'S
PARCEL NUMBER
P.O.C. POINT OF COMMENCEMENT
P.O.B. POINT OF BEGINNING
O.R. OFFICIAL RECORDS

MAP REFERENCE

"MAP SHOWING THE WIDENING OF WASHINGTON STREET FROM BATTERY ST. TO SANSOME ST.", WHICH MAP WAS FILED FOR RECORD SEPTEMBER 11, 1974, IN BOOK "W" OF MAPS, AT PAGE 27.

GENERAL NOTES

1. ALL PROPERTY LINE ANGLES ARE 90 DEGREES UNLESS NOTED OTHERWISE.
2. DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.



ASSESSOR'S
BLOCK 0206
SAN FRANCISCO,
CALIFORNIA

PLAT TO ACCOMPANY LEGAL DESCRIPTION

BY JP CHKD. BR DATE 5-29-25 SCALE NONE SHEET 1 OF 1 JOB NO. S-9745

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500
S-9745 BNDY PLAT_LOT 17.dwg

EXHIBIT B
FORM OF HOTEL OPERATING COVENANT

RECORDING REQUESTED BY
CLERK OF THE BOARD OF SUPERVISORS OF
THE CITY AND COUNTY OF SAN FRANCISCO

(Exempt from Recording Fees Pursuant to
Government Code Section 27383)

AND WHEN RECORDED MAIL TO:

Angela Calvillo, Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Assessor's Parcel Numbers:

HOTEL OPERATING COVENANT

This HOTEL OPERATING COVENANT (this "**Covenant**") is made as of this ____ day of _____, 202_, by and between THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**") and _____, a _____ ("**Owner**"), pursuant to that certain Hotel and Fire Station Development Incentive Agreement dated as of _____, 202_ (the "**Agreement**") by and between the City and EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company ("**Developer**"). The Agreement is a component of a development project in San Francisco that is the subject of a Development Agreement for the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the "**Project**"), dated for reference purposes as of _____, 202_ (the "**DA**"). Unless otherwise specified in this Covenant, definitions and rules of interpretation are as provided in the Agreement.

Owner is the fee owner of the real property described in the attached Exhibit A (the "**Hotel Site**"). The Agreement provides monetary incentives to Developer from City in connection with development of the Project, and requires that this Covenant be recorded against the fee interest in the Hotel Site prior to the Hotel Completion Date. In consideration of the rights and obligations pursuant to the Agreement, the monetary incentives provided pursuant to the Agreement, and for other good and valuable consideration, Owner hereby covenants and agrees that the Hotel Site shall be used for the construction, operation and maintenance of a hotel (the "**Hotel**") and associated permitted ancillary uses (i.e., without limitation, restaurants and other food and beverage outlets, meeting and pre-function space, retail, spa, fitness center, business center, parking and other similar uses) for a period of twenty-five (25) years after the date City issues a temporary certificate of occupancy for the Hotel (the "**Hotel Use Period**"). Owner shall cause each

person operating the Hotel, including without limitation the owner or proprietor of such premises, lessee, sublessee, mortgagee in possession, licensee or any other person otherwise operating such hotel (collectively, the “**Hotel Operator**”), to maintain the Hotel in good and clean condition, repair and working order, including its walkways, driveways, parking areas, and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements commensurate with a high quality hotel.

Owner covenants to comply in all material respects with the Workforce Agreement attached to the DA as such agreement applies to the Hotel, (ii) the obligations of Developer relating to Tax Confidentiality Waivers and Government Code Disclosures pursuant to Section 3.4, and (iii) the nondiscrimination obligations pursuant to Section 8.2 of the Agreement, and to incorporate the provisions of this Covenant into any agreement with a Hotel Operator.

Notwithstanding the foregoing, Owner shall not be in breach of this Covenant if the Hotel is damaged or destroyed or there occurs an event of Excusable Delay as described in the Agreement (including, without limitation, a condemnation event) that precludes the operation of the Hotel and Owner takes commercially reasonable steps to repair and restore the Hotel (to the extent that insurance proceeds are available for such restoration) or to address the force majeure event within a reasonable period of time.

Owner shall not discriminate against any employee, City employee working with Hotel Operator’s contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person’s race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

All provisions of this Covenant shall be enforceable against Owner and any Hotel Operator during the Hotel Use Period as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable law, including but not limited to California Civil Code Section 1468. This Covenant shall be binding upon and inure to Owner’s successors and assigns, including any Hotel Operator. Upon Owner’s or Hotel Operator’s assignment of its right, title, or interest in the Hotel Site, Owner or Hotel Operator shall be automatically released from any prospective obligation or liability under this Covenant to the extent the transferee assumes such obligations. Upon the termination of the Hotel Use Period, this Covenant shall terminate and be of no further force or effect.

This Covenant may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

(signature page follows)

IN WITNESS WHEREOF, City and Owner have caused this Covenant to be executed by their duly authorized representatives.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Anne Taupier
Executive Director, Office of
Economic and Workforce Development

Approved as to form:
David Chiu, City Attorney

Approved on _____
Board of Supervisors Ordinance No. _____

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

OWNER:

[_____] , a [_____]

By: _____
Name: _____
Title: _____

[EXHIBIT A TO HOTEL OPERATING COVENANT]

Exhibit A

Legal Description of Hotel Site

EXHIBIT C

SCHEDULE OF MILESTONES

Milestone	Reference	Timing
Effective Date of Incentive Agreement		_____, 20__
Effective Date of DA	DA Section 1.3	_____, 20__
City designates administrating department for Incentive Agreement		One (1) year anniversary of Incentive Agreement Effective Date
City right to terminate DA and Incentive Agreement, if CPEA Closing Date has not occurred	DA Section 9.2.1	Six (6) year anniversary of DA Effective Date
Developer provides notice to City of anticipated Hotel opening		At least eighteen (18) months prior to Hotel opening to the general public
Temporary Certificate of Occupancy for Fire Station	DA Section 3.2.1	On or before the issuance of a Temporary Certificate of Occupancy for the Tower
Final Certificate of Occupancy for Fire Station	DA Section 3.2.1	On or before the issuance of any Final Certificate of Occupancy for the Tower (subject to DA Section 3.2.2)
Hotel Completion Date	DA Section 1.4	Within eight (8) years of DA Effective Date, unless extended
City Financial Assistance Term		Begins on the Hotel Completion Date and continues for a period of 25 years
Hotel opens to the general public		
First Disbursement Payment Period		Begins on the Hotel Completion Date, and ends on the next occurring December 31 st , March 31 st , June 30 th , or September 30 th

EXHIBIT D
SCHEDULE OF PROJECTED INCENTIVE PAYMENTS

Year After Hotel Completion Date	Projected Incentive Payments *
1	\$4,414,183
2	\$4,884,961
3	\$5,390,904
4-25 **	Escalate 3% each year from Year 3 projected payment
Incentive Payment Threshold (NPV @ 9%)	\$68,871,356

* City Deposit and Incentive Payment Amounts to be adjusted as described in Article 2.

** City Financial Assistance Term will expire prior to 25 years if Incentive Payment Cap is reached as described in Section 2.3.

EXHIBIT E
FORM OF TAX CONFIDENTIALITY WAIVER

WAIVER OF CONFIDENTIALITY

Taxpayer Name: [Hotel Operator]

Business Account Number: [Business Account Number]

Location Identification Number: [Identification Number]

Hotel Address: [Address]

The taxpayer identified above hereby waives confidentiality under San Francisco Business and Tax Regulations Code Section 6.22-1 and any other law of the amount of Transient Occupancy Taxes remitted to the Office of the Treasurer and Tax Collector between [DATE] and [DATE], for the purposes described in the Hotel and Fire Station Development Incentive Agreement ("Agreement"), attached as Exhibit A, including without limitation, for the purpose of calculating the Incentive Payments under the Agreement and the purpose of satisfying the requirements applicable to economic development subsidy payments set forth in Section 53083 of the California Government Code. The Office of the Treasurer and Tax Collector may disclose such information to any individual or entity that City and County of San Francisco determines requires the information to satisfy the purposes in the Agreement.

I certify under penalty of perjury that I have the authority to execute this form on behalf of the taxpayer.

Date

Name of Taxpayer

Signature

Printed Name

Title

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street
DATE: July 29, 2025

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 250803

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Jonathan Cherry	415-554-6937
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
021 Office of Economic and Workforce Develo	jonathan.cherry@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR EQX Jackson SQ Holdco LLC	TELEPHONE NUMBER 415-677-9000
STREET ADDRESS (including City, State and Zip Code) 44 Montgomery St, Suite 1310, San Francisco CA 94104	EMAIL nwitte@related.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) 	ORIGINAL BID/RFP NUMBER 	FILE NUMBER (If applicable) 250803
DESCRIPTION OF AMOUNT OF CONTRACT \$68,871,356		
NATURE OF THE CONTRACT (Please describe) Hotel and Fire Station Development Incentive Agreement with City and County of San Francisco.		

7. COMMENTS
Amount of Contract represents estimated net present value of quarterly payments (the "Threshold Amount") equal to a percentage of the Transient Occupancy Taxes the City receives from occupancy of guest rooms in the new hotel.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	EQX Jackson Sq Holdco Memb	Sole member of contractor	Shareholder
2	The Related Companies, LP	Sole member of EQX Jackson	Shareholder
3	Ross	Stephen	Other Principal Officer
4	Blau	Jeff	Other Principal Officer
5	Beal	Bruce	Other Principal Officer
6	Wong	Kenneth	Other Principal Officer
7	Zussman	David	Other Principal Officer
8	Canori	Gino	Other Principal Officer
9	Vanderbloom	Nicholas	Other Principal Officer
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			

☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board

President, District 8
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date: 9/4/25

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☐ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

☒ Transferring (Board Rule No 3.3)

File No. 250803

Mayor

(Primary Sponsor)

Title.

Hotel and Fire Station Development Incentive Agreement - EQX
Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire

+

From: Land Use & Transportation Committee

To: Government Audit & Oversight Committee

☐ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____ Replacing Supervisor: _____

For: _____ Meeting
(Date) (Committee)

Start Time: _____ End Time: _____

Temporary Assignment: ☒ Partial ☐ Full Meeting


Rafael Mandelman, President
Board of Supervisors

HOTEL AND FIRE STATION DEVELOPMENT INCENTIVE AGREEMENT

This Hotel and Fire Station Development Incentive Agreement ("**Agreement**"), dated for reference purposes only as of this _____ day of _____, 2025, is by and between THE CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California ("**City**"), and EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company, its permitted successors and assigns ("**Developer**"). City and Developer are also sometimes referred to individually as a "**Party**" and together as the "**Parties**".

RECITALS

This Agreement is made with reference to the following facts:

A. Developer and City are entering into a Development Agreement for the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the "**Project**"), dated for reference purposes as of _____, 2025 (the "**DA**") for the development of four parcels of real property that comprise the majority of a city block in San Francisco bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south. The DA is recorded in the Official Records of the City and County of San Francisco as Document No. _____. Unless otherwise specified in this Agreement, definitions and rules of interpretation are as provided in the DA.

B. Developer is the owner of those certain real properties known as 425 Washington Street and 439-445 Washington Street and APN Nos. 0206-013 and 0206-014 (together, the "**Developer Parcels**"). Related California Residential, LLC, a Delaware limited liability company that is an Affiliate of Developer's sole member, is also party to an Option and Purchase Agreement for Real Property with Escrow Instructions with Battery Street Holdings, LLC, a Delaware limited liability company, to purchase that certain real property known as 447 Battery Street and APN No. 0206-002 (the "**447 Battery Parcel**").

C. Development of the Project entails an exchange of City-owned property commonly known as 530 Sansome Street and APN No. 0206-017 (the "**City Parcel**") for the 447 Battery Parcel, demolition of the existing Fire Station No. 13 on the City Parcel, construction and delivery of a new fire station on the 447 Battery Parcel (the "**New Fire Station**"), and development and construction of a mixed-use tower that will be comprised of up to 41 stories (the "**Tower**") and include between approximately 128,000 and 189,000 square feet of hotel space that would accommodate between approximately 100 and 200 guest rooms (the "**Hotel**"). The Hotel is anticipated to occupy a future vertical condominium parcel or parcels within the Tower (the "**Hotel Site**"), which will be located on the current Developer Parcels and City Parcel (collectively, the "**Tower Development Site**"). To facilitate the exchange of property and construction of the New Fire Station, City and Developer are entering into an Amended and Restated Conditional Property Exchange Agreement (the "**Amended CPEA**"). The effectiveness of this Agreement is contingent upon the effectiveness of the DA and the Amended CPEA. The City Parcel, the Developer Parcels and the 447 Battery Parcel are collectively referred to in this Agreement as the "**Project Site**", as further described on Exhibit A attached hereto.

D. In addition to the significant public benefit of providing City with a newly constructed fire station, the Project is anticipated to create an annual average of approximately 388 jobs during the construction period and, upon completion, support approximately 1,608 net new permanent on-site jobs. The Project would also generate development impact fees, including approximately \$8 million in transportation funding, and approximately \$13.5 million in annual net new General Fund revenue to City. The Project will also support further economic development and activity benefiting the downtown community and San Francisco as a whole. The Project's mix of uses will generate both daytime and nighttime activity in the Financial District, with new office space, a new hotel catering to tourists and businesses, and new restaurant, café, and meeting space.

E. On December 10, 2024, the Board of Supervisors adopted Resolution No. 629-24, generally endorsing key terms (the "**Key Terms**") for (1) a development agreement and (2) a proposed amendment to the Original CPEA, with any final development agreement and amendment to the Original CPEA to be negotiated by City and Developer and subject to subsequent approval of the Board of Supervisors. Among the Key Terms was identification of available forms of public investment necessary to enhance the feasibility of the Project including post-construction payments to Developer equivalent to a percentage amount of Transient Occupancy Tax revenue from the Project.

F. City's Office of Economic and Workforce Development ("**OEWD**") retained, at Developer's expense, an independent and experienced development and financial analyst (the "**Financial Analyst**") to evaluate the Project and advise City with regard to the financial feasibility of the Project and the net fiscal impact of the Project on City's revenues and expenditures. Based on a detailed review of the Project's pro forma, the Financial Analyst estimated that the Project would not be feasible to develop without financial assistance. OEWD and the Financial Analyst evaluated varying levels and durations of financial assistance to measure their impact on the Project's feasibility and determined that providing financial assistance in the amount of Sixty-Eight Million Eight Hundred Seventy-One Thousand Three Hundred Fifty-Six Dollars (\$68,871,356) in net present value (the "**Incentive Payment Threshold**") should allow the Project to reach financial feasibility based upon an industry-acceptable rate of return, and would serve numerous public purposes, as described in Recitals D and H of this Agreement. In consultation with the Financial Analyst, City has made the reasoned determination that the public benefits to be accrued to City under this Agreement, the DA, and the Amended CPEA (including but not limited to the New Fire Station, the Merchant Street Improvements, and significant job generation) exceed the value of the Incentive Payment Cap (as defined below).

G. Pursuant to this Agreement, after completion of the Hotel and construction and delivery of the New Fire Station, City will make quarterly payments to Developer for a period of 25 years. The measurement of the quarterly payments will be 89.285% of the Transient Occupancy Taxes City actually receives from occupancy of guest rooms in the Hotel pursuant to Article 7 of the Business and Tax Regulations Code up to the Incentive Payment Threshold, and 44.6425% of the Transient Occupancy Tax City receives between the Incentive Payment Threshold and up to 1.25 times the Incentive Payment Threshold (the "**Incentive Payment Cap**").

H. Providing City financial assistance to support the feasibility of developing the Project serves many public purposes by promoting economic development and significantly contributing to City's economy and downtown recovery, alleviating physical and economic blight

within San Francisco, and by creating well-paying construction and permanent jobs through the development of the Project on underutilized parcels. Major additional public benefits to City from development of the Project include: (i) Developer's construction of a new state-of-the-art fire station built to modern seismic standards, and demolition of existing Fire Station No. 13, at Developer's cost subject to the terms and conditions of the Amended CPEA, (ii) Developer's construction and maintenance of certain Merchant Street improvements for the life of the Tower at its sole cost, (iii) Developer's affordable housing payments, with \$2.16 million of the total amount paid significantly earlier than otherwise due and regardless of whether the Project is built, and (iv) the requirements of the Workforce Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants, promises and agreements set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and City incorporate the above Recitals and agree as follows:

ARTICLE 1 PURPOSE OF AGREEMENT AND DEFINITIONS

1.1 Purpose of Agreement

This Agreement is entered into for the public purposes and benefits derived from the construction and delivery to City of the New Fire Station, the economic and fiscal benefits the Hotel and the Tower will provide to City, and the Community Benefits derived from the DA and development of the Project. This Agreement is not intended for land speculation or to provide an undue benefit to Developer, and is a material part of the consideration to Developer for entering the DA. The provision of City Financial Assistance is subject to all applicable laws and Developer's compliance with this Agreement.

Developer would not enter into this Agreement, the Amended CPEA, or the DA (including any and all obligations to construct the New Fire Station for City's benefit) but for City's obligations under this Agreement to disburse the Incentive Payments to Developer on the Disbursement Dates. City agrees that Developer's reliance is reasonable and that City's disbursement obligation is valuable consideration for this Agreement. City acknowledges and agrees that (i) construction of the Project (including the New Fire Station for the benefit of City) would not be financially feasible but for the City Financial Assistance, (ii) the construction of the New Fire Station is an important and proper municipal purpose, and (iii) the construction and successful long-term operation of the Tower will significantly contribute to San Francisco's economy and downtown recovery. City will take all steps necessary to seek the timely appropriation of the Incentive Payments, and will timely submit sufficient budget requests each year as described in Section 2.1. City's obligations under this Agreement to disburse appropriated Incentive Payments to Developer shall survive the expiration or termination of this Agreement (except if the Agreement is terminated as a result of a Developer Event of Default) until the expiration of the applicable statute of limitation or statute of repose (and all relevant and applicable provisions of this Agreement will remain effective as reasonably necessary in the construction, interpretation, or enforcement of this Agreement as to any such surviving obligations). As described in Article 6 and without limiting City's rights under the City Charter or the State Constitution, the Parties agree that monetary damages are an appropriate remedy for a City Event

of Default resulting from City's failure to pay sums to Developer as and when due under this Agreement.

1.2 Definitions

As used in this Agreement, the following terms have the following meanings:

"447 Battery Parcel" is defined in Recital B.

"Affiliate" means any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common Control with Developer, which, in the case of a partnership, includes each of the constituent general partners thereof and, in the case of a limited liability company, includes each of the constituent members thereof.

"Agreement" means this Hotel and Fire Station Development Incentive Agreement.

"Amended CPEA" is defined in Recital C.

"Assignment and Assumption Agreement" is defined in Section 4.2(a).

"Board of Supervisors" means the San Francisco Board of Supervisors.

"Business Day" means a calendar day which is not a weekend day or a federal or State holiday in which City is open for business.

"City" is defined in the preamble.

"City Deposit" is defined in Section 2.1(a).

"City Event of Default" means any Event of Default by City pursuant to Section 6.2.

"City Financial Assistance" means the Incentive Payments to be made by City to Developer to assist the financial feasibility to develop the Hotel and the New Fire Station over the City Financial Assistance Term.

"City Financial Assistance Term" means the period commencing on the Hotel Completion Date and ending on the earlier of (a) the twenty-fifth (25th) anniversary of the Hotel Completion Date, and (b) the date on which this Agreement terminates pursuant to the terms of this Agreement.

"City Parcel" is defined in Recital C.

"City Parties" is defined in Section 8.3.

"Control" and "Controlling" means with respect to a corporation, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person, whether through the ability to exercise voting power, by contract or

otherwise, which power may be subject to approval of customary major decisions by one or more other parties.

“Cumulative Incentive Payment Amount” is defined in Section 2.2(b).

“DA” is defined in Recital A.

"Developer" is defined in the preamble.

"Developer Event of Default" means any Event of Default by Developer pursuant to Section 6.2.

“Developer Parcel” is defined in Recital A.

“Disbursement Date” is defined in Section 2.2(a).

"Disbursement Payment Period" means a period of three (3) consecutive calendar months commencing on January 1, April 1, July 1, and October 1 of each year of the City Financial Assistance Term, except that (a) the first Disbursement Payment Period will commence on the Hotel Completion Date and may be fewer than three (3) months, and (b) the last Disbursement Payment Period will end on the last day of the last calendar month of the City Financial Assistance Term and may be fewer than three (3) months.

"Effective Date" is defined in Section 8.21.

“Estoppel Outside Date” is defined in Section 8.5.

“Excusable Delay” is defined in Section 8.4.

“Financial Analyst” is defined in Recital F.

“Foreclosed Property” is defined in Section 5.4.

"Government Code Disclosure Requirements" means the public hearing and disclosure requirements applicable to economic development subsidy payments set forth in Section 53083 of the California Government Code, as may be amended from time to time and which are applicable to the City Financial Assistance.

"Hotel" is defined in the DA, as further refined in this Agreement, the Hotel Operating Covenant, the specifications and plans and any other matter approved by City for the Hotel and all other documents required to be executed by Developer in favor or in conjunction with City or any other documents imposing governmental conditions upon Developer in connection with the transactions contemplated by this Agreement.

"Hotel Completion Date" means the first day of the calendar month following the calendar month in which the Hotel opens for business to the general public.

"Hotel Operating Covenant" means a hotel operating covenant substantially in the form attached as Exhibit B.

"Hotel Operator" means any "Operator," as defined in Section 501(a) of the San Francisco Business and Tax Regulations Code, that operates any portion of the Hotel.

"Hotel Site" is defined in Recital C.

"Incentive Account" means a designated account established by City into which City will make City Deposits for the exclusive use of Incentive Payments.

"Incentive Account Schedule" is defined in Section 2.1(a).

"Incentive Payment" is defined in Section 2.1(a).

"Incentive Payment Cap" is defined in Recital G.

"Incentive Payment Threshold" is defined in Recital F.

"Key Terms" is defined in Recital E.

"Lender" means any party or parties who are beneficiaries of a Security Instrument, or any designee or affiliate of the foregoing.

"Losses" is defined in Section 8.18.

"Material Change" means any modification to this Agreement that would (i) materially alter the rights, benefits or obligations of City or Developer under this Agreement, or (ii) extend the term of this Agreement.

"New Fire Station" is defined in Recital C.

"Notice of Default" is defined in Section 6.2.

"OEWD" is defined in Recital F.

"OEWD Director" means City's Executive Director of the Office of Economic and Workforce Development.

"Parties" is defined in the preamble.

"Person" means an individual, corporation, partnership, limited liability company, joint venture, association, firm, joint stock company, trust, unincorporated association, or other entity.

"Project" is defined in Recital A.

"Required Certifications" is defined in Section 8.5.

"Schedule of Milestones" means the Schedule of Milestones attached as Exhibit C.

"Security Instrument" means any of the following: (i) a mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and

profits, that constitutes a lien on all or a part of the Project Site to secure an obligation made by the applicable property owner, and/or (ii) any pledge of a direct or indirect equity interest in Developer (including mezzanine loans and preferred equity investments), to secure repayment of any loan or investment to, and associated obligations of, a direct or indirect equity-interest holder in Developer.

"Tax Confidentiality Waiver" means a limited confidentiality waiver, in substantially the form attached as Exhibit E to be executed by each Hotel Operator and authorizing City to review and report tax data for purposes of compliance with the Government Code Disclosure Requirements, to calculate the Incentive Payments, or as otherwise may be required by City for compliance with the terms of this Agreement.

"Tower" is defined in Recital C.

"Tower Development Site" is defined in Recital C.

"Transfer" is defined in Section 4.2.

"Transferred Property" is defined in Section 4.2.

"Transferee" is defined in Section 4.2.

"Transient Occupancy Tax" or "TOT" means the transient occupancy taxes that are imposed pursuant to Article 7 of the San Francisco Business and Tax Regulations Code or successor provision, excluding any penalties, interest, or fees imposed with respect to such taxes.

"TOT Received" is defined in Section 2.2(b).

ARTICLE 2 CITY FINANCIAL ASSISTANCE

2.1 Establishment and Payments to Incentive Account by City.

(a) Incentive Account and Schedule. City will establish the Incentive Account prior to the Hotel Completion Date from which to disburse payments to Developer (“**Incentive Payments**”) pursuant to this Agreement. Subject to the terms and conditions of this Agreement, at least once per City fiscal year, City will make a deposit from City’s General Fund into the Incentive Account (each, a “**City Deposit**”). The amount of each City Deposit will be a reasonable estimate of the amount of the Incentive Payments payable for that fiscal year as calculated under Section 2.2(b) and based on the Schedule of Projected Incentive Payments attached as Exhibit D (the “**Incentive Account Schedule**”); provided that (1) at least once per year Developer and City shall meet and confer to discuss reasonable adjustments to the Incentive Account Schedule based upon the historical, anticipated and actual occupancy of the Hotel and the then-current balance of the Incentive Account; and (2) in any given year City will retain the flexibility to adjust the amount of the City Deposit pursuant to the California Constitution, City’s Charter requirements, and City’s Administrative Code Chapter 3 budgetary process. If the amount of the City Deposit for any fiscal year exceeds the amount of the Incentive Payments paid by City to Developer during such fiscal year, the excess amount will remain in the Incentive Account and will be carried over and used to make the Incentive Payments in City’s next fiscal year, and the amount of the City Deposit for the next fiscal year will be commensurately reduced. If the Incentive Account does not have adequate funds for City to make the full amount of the Incentive Payments due in any given fiscal year pursuant to Section 2.2, City will adjust the proposed budgeted amount of the City Deposit to include any shortfall for the following fiscal year as necessary to ensure full payment of the Incentive Payments due.

(b) TOT as Measurement Only. Developer acknowledges that this Agreement uses Transient Occupancy Tax revenues that City actually receives from occupancy of guest rooms in the Hotel solely to measure the amount of the Incentive Payments and that no provision of this Agreement is intended to or will be deemed to be a designation of any Transient Occupancy Tax revenue for any purpose other than the deposit of such tax revenue in accordance with Article 7 of the San Francisco Business and Tax Regulations Code. The Transient Occupancy Tax revenues will continue to be deposited and used in accordance with Article 7 of the San Francisco Business and Tax Regulations Code.

(c) City Obligation. Each fiscal year, City’s Mayor will include a request for budget appropriations in its proposed budget sufficient to make the City Deposits shown on the Incentive Account Schedule, as may have been adjusted pursuant to Section 2.1(a). After City has paid all Incentive Payments for the City Financial Assistance Term, the Incentive Account will expire and any surplus funds will be deposited in the General Fund.

(d) Change in Hotel Size. The Incentive Account Schedule is based on a Project design with 11 floors of hotel guest rooms (approximately 100-200 rooms); however, City and Developer agree that a Project design with between 10 and 12 floors of hotel guest rooms (approximately 100-200 rooms) would not be anticipated to materially change the Incentive Account Schedule. If (1) Developer utilizes the flexibility provided by the Project entitlements to construct fewer than

10 hotel guest room floors, or if (2) the number of hotel guest room floors is later reduced to fewer than 10 after the initial construction of the Project, but prior to the end of the City Financial Assistance Term, then Developer and City will agree on an amended Incentive Account Schedule so that the amount of each future City Deposit is reduced proportionally to account for the reduced number of hotel guest room floors. For example, if there are only 8 hotel room floors, then each future City Deposit will be calculated by multiplying the figures in the original Incentive Account Schedule by $8/11$ (i.e., $8 \text{ floors} \div 11 \text{ floors} = 72.727\%$). The calculation of each Incentive Payment will remain the same as described in Section 2.2. Developer and City will also agree on a reduced Incentive Payment Threshold, using the same calculation method as the original Incentive Account Schedule, and utilizing the updated City Deposit amounts. If the number of hotel guest room floors is increased to exceed 12 guest room floors, neither the Incentive Account Schedule nor the Incentive Payment Threshold will be increased and the amount of Incentive Payments will be adjusted in accordance with Section 2.2(c).

(e) Schedule of Milestones; Notice Obligations. For the convenience of the Parties, certain notable dates and milestones for the Project are listed in Exhibit C. On or before the first anniversary of the Effective Date, City will designate the City Agency administering and serving as the primary point of contact for this Agreement. At least eighteen (18) months prior to the Hotel Completion Date, Developer will provide written notice to City of the anticipated Hotel Completion Date. City will establish the Incentive Account prior to the Hotel Completion Date.

2.2 Incentive Payments

(a) Disbursement of Incentive Payments. Subject to the terms and conditions of this Agreement, commencing on the Disbursement Date for the first Disbursement Payment Period and continuing until the Disbursement Date for the final Disbursement Payment Period, City will disburse Incentive Payments to Developer from the Incentive Account on a quarterly basis as follows: (i) once on March 1 for the preceding three-month Disbursement Payment Period of October 1 through December 31, (ii) once on June 1 for the preceding three-month Disbursement Payment Period of January 1 through March 31, (iii) once on September 1 for the preceding three-month Disbursement Payment Period of April 1 through June 30, and (iv) once on December 1 for the preceding three-month Disbursement Payment Period of July 1 through September 30 (March 1, June 1, September 1 and December 1 each being a “**Disbursement Date**”), except that the first and last Disbursement Dates may include Disbursement Payment Periods that include fewer than three months. The payments to Developer will be made in arrears solely from amounts on deposit in the Incentive Account and City’s liability or obligation during any given fiscal year for any Incentive Payment will not exceed the City Deposit for such fiscal year or the amount on deposit in the Incentive Account (whichever is greater). So long as City is only required to make payments to a single entity, Developer may assign its right to receive disbursements of Incentive Payments, or direct the payment of Incentive Payments, to a Hotel Operator in connection with the operation of the Hotel.

(b) Amount of Incentive Payments. The amount of the Incentive Payment for a given Disbursement Payment Period during the City Financial Assistance Term will equal eighty-nine and two hundred eighty-five thousandths’ percent (89.285%) of the Transient Occupancy Tax City actually receives during the applicable Disbursement Payment Period with respect to the occupancy of guest rooms in the Hotel, regardless of the actual date of such occupancy (“**TOT**

Received”). For purposes of determining the Incentive Payment, the TOT Received during any Disbursement Payment Period will not include any amounts City receives as a result of any audit, deficiency determination, or other demand for payment by City outside of the standard return filing process, and will not be offset by any refunds of Transient Occupancy Tax City pays to the operator or occupant of the Hotel. Within thirty (30) days after each Disbursement Date, Developer will provide City a schedule demonstrating the cumulative net present value of all Incentive Payments received by Developer showing the total amount of the Incentive Payments received by Developer for each Disbursement Payment Period during the City Financial Assistance Term, with each Incentive Payment discounted from the date paid at an annual rate of nine percent (9%) to the Hotel Completion Date (the sum of such discounted values being the “**Cumulative Incentive Payment Amount**”).

For the avoidance of doubt, if the City Financial Assistance Term ends prior to the completion of any applicable three (3) month period, City will disburse to Developer an Incentive Payment on the immediately following Disbursement Date in an amount that includes only the calendar months within the City Financial Assistance Term. City reserves the right to retain the services of a trustee (which will be a trust department of a national bank with a branch in City) to make the disbursements from the Incentive Account. If City retains a trustee to make disbursements, all references in this Agreement to City making the payment or disbursements of the Incentive Account will include the trustee making the payment or disbursement. For the avoidance of doubt, if City retains a trustee it will not be released from City’s obligations under this Agreement. The provisions of this Section 2.2(b) will survive the expiration or earlier termination of this Agreement.

(c) Increase in Hotel Size. As described in Section 2.1(d), if the number of hotel guest room floors is increased to exceed 12 guest room floors, neither the Incentive Account Schedule nor the Incentive Payment Threshold will be increased. In such event, each future Incentive Payment will be calculated using the method in Section 2.2(b), with the resulting amount then reduced proportionally to account for the increased number of hotel guest room floors. For example, if there are 15 hotel room floors, then each future Incentive Payment will be calculated using the method in Section 2.2(b), and then multiplying the result by 11/15 (73.333%).

(d) Cooperation. Developer will cooperate with City in calculating the Incentive Payment amounts by making available to City any information and/or waivers, whether from Developer or a Hotel Operator, which City determines in its reasonable discretion are necessary to calculate the Incentive Payment amounts. Developer will ensure that each Hotel Operator is aware of the need to waive confidentiality. Further, Developer will require that each Hotel Operator provide tax or financial information to the extent reasonably necessary to calculate the Incentive Payment amounts. Not more than once per calendar year, Developer has the right at all reasonable times during normal business hours and upon ten (10) Business Days' prior written notice to inspect on a confidential basis the books, records and all other documentation of City pertaining to the City Deposit, funds in the Incentive Account, and calculation of the Incentive Payments under this Agreement, except that Developer will not have the right to inspect any records of the Office of the Treasurer and Tax Collector that are confidential under Section 6.22-1 of the San Francisco Business and Tax Regulations Code or otherwise, other than information specifically subject to the confidentiality waivers provided pursuant to this Agreement.

2.3 Incentive Payment Cap

(a) Incentive Payment Threshold. In light of the significant public benefits derived from the construction of the Project, including construction of the New Fire Station subject to the schedule of performance under the DA and the Amended CPEA, and the other elements of the Community Benefits Program to City pursuant to the DA, Developer will receive Incentive Payments pursuant to Section 2.2 up to the Incentive Payment Threshold.

(b) Incentive Payments Above Incentive Payment Threshold. Once the Cumulative Incentive Payment Amount has reached the Incentive Payment Threshold, then commencing on the next Disbursement Date, the amount of each subsequent Incentive Payment will equal forty-four and six thousand four hundred twenty-five ten-thousandths percent (44.6425%) (rather than eighty-nine and two hundred eighty-five thousandths' percent (89.285%)) of the TOT Received, up to the Incentive Payment Cap. After the Cumulative Incentive Payment Amount exceeds the Incentive Payment Threshold, the process for determining the amount of subsequent City Deposits in accordance with Section 2.1(a) will be adjusted accordingly. Once the Cumulative Incentive Payment Amount has reached the Incentive Payment Cap, the City Financial Assistance Term will be deemed expired, this Agreement terminated, and no further Incentive Payments will be made (except that City will disburse to Developer an Incentive Payment on the immediately following Disbursement Date in an amount that includes only the calendar months within the City Financial Assistance Term). In entering this Agreement, City expressly acknowledges and agrees that it has made the reasoned determination that the public benefits to be accrued to City under this Agreement, the DA, and the Amended CPEA (including but not limited to the New Fire Station, the Merchant Street Improvements, and significant job generation) exceed the value of the Incentive Payment Cap.

2.4 Conditions to City Obligation. City's obligation to make Incentive Payments to Developer will be tolled without the accrual of interest for any time period during which (i) a notice of default of this Agreement has been given to Developer by City and remains uncured, (ii) a Hotel Operator is not in substantial compliance with the Hotel Operating Covenant, (iii) Developer has not completed construction of the New Fire Station as required by Sections 3.2.1 and 3.2.2 of the DA, (iv) a Hotel Operator has not executed and delivered to City a valid Tax Confidentiality Waiver, or (v) a Hotel Operator is not in substantial compliance with the Workforce Agreement.

ARTICLE 3 OBLIGATIONS WHICH CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION

3.1 Maintenance. Developer agrees that prior to completion of construction of the Hotel, the Hotel Site will be maintained in a neat and orderly condition to the extent practicable and in accordance with applicable industry health and safety standards.

3.2 Limited Tax Confidentiality Waiver.

(a) Waiver Required. Developer will ensure that each Hotel Operator executes and submits a Tax Confidentiality Waiver to City's Office of the Treasurer and Tax Collector, which provides for the release of tax information to the extent reasonably necessary to comply with the

Government Code Disclosure Requirements, to calculate the Incentive Payments, and to otherwise comply with the terms of this Agreement.

(b) Review of Waiver. Developer will meet with the appropriate City departments, including City's Office of the Treasurer and Tax Collector and OEWD (or such other office designated as the department to administer the Incentive Payments) not less than three (3) months prior to the Hotel Completion Date to review the Tax Confidentiality Waiver so as to ensure that the appropriate parties responsible for executing the Tax Confidentiality Waiver are identified and notified of their requirement to execute the Tax Confidentiality Waiver and review the administrative steps required to implement the Government Code Disclosure Requirements and calculate the Incentive Payments.

(c) Authority. All Tax Confidentiality Waivers will be executed by an individual with authority to execute such waiver on behalf of the Hotel Operator.

3.3 Government Code Disclosures. Developer acknowledges that Section 53083 of the California Government Code requires City to hold periodic public hearings and to provide certain information in written form to the public and through its internet website for each recipient of an economic development subsidy. Developer agrees that it will cause any Hotel Operator with respect to the Hotel to provide information or written reports to City which will include all information within Hotel Operator's reasonable control that City determines is reasonably necessary to comply with the Government Code Disclosure Requirements, as such may be amended from time to time. Developer will cooperate with City in complying with the Government Code Disclosure Requirements by providing information and/or written reports to City which includes all information within Developer's reasonable control that City determines is reasonably necessary to comply with the Government Code Disclosure Requirements, as such may be amended from time to time.

3.4 Other Agreements. Each Party represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Agreement. Neither Party will enter into any agreement that is inconsistent with the terms of this Agreement without an express written waiver by the other Party.

ARTICLE 4 ASSIGNMENTS AND TRANSFERS

4.1 Purpose of Restrictions on Transfer. This Agreement is entered into for the purpose of the development and operation of the Hotel, the Project, and the construction of the New Fire Station, in accordance with the terms of this Agreement, the Amended CPEA, and the DA. It is because of the qualifications and identity of Developer that City is entering into this Agreement with Developer and that Transfers of all or any portion of the Project Site are permitted only as provided in this Agreement, in view of (i) the importance of the development of the Project, including the New Fire Station, to the general welfare of the community, (ii) the financial resources, reputation, and experience of Developer in development of similar development projects, and (iii) the fact that a Transfer is for practical purposes a transfer or disposition of the Hotel.

4.2 Permitted Transfer of this Agreement. At any time and from time to time, Developer may convey, assign or transfer (each, a “**Transfer**”) all or any portion of its right, title and interest in this Agreement or the Project Site (the “**Transferred Property**”) to any Person (each, a “**Transferee**”). Prior to the Hotel Completion Date, a Transfer will require City’s prior written consent, not to be unreasonably withheld, conditioned or delayed, taking into consideration whether the proposed Transferee has (i) experience completing an essential services building on a build to suit basis for a governmental agency in an urban setting, (ii) experience developing and operating complex urban mixed use projects involving a luxury hotel similar in scope to the Tower, (iii) a minimum net worth of \$300 million and minimum liquidity of \$75 million, and (iv) other relevant factors. Subsequent to the Hotel Completion Date, only Transfers of Developer’s indemnity obligations under this Agreement will require City’s prior consent, not to be unreasonably withheld, conditioned or delayed, and such indemnity obligations may not be Transferred unless the proposed Transferee has a minimum net worth of \$300 million and minimum liquidity of \$75 million.

(a) Assignment and Assumption Agreement. No Transfer may be permitted unless at the time of the Transfer the Transferee expressly agrees to perform and observe, from and after the date of such Transfer, all or a portion of the obligations, terms, and conditions of this Agreement Transferred by an agreement reasonably satisfactory to City (an “**Assignment and Assumption Agreement**”). A Transferee will be deemed “Developer” under this Agreement to the extent of the rights, interests and obligations assigned to and assumed by such Transferee under the applicable Assignment and Assumption Agreement. Upon execution and delivery of any Assignment and Assumption Agreement, the assignor thereunder will be automatically released from any prospective obligation or liability under this Agreement to the extent the Transferee assumes such obligations. The Transferee under an Assignment and Assumption Agreement will not have any liability or obligation under this Agreement prior to the time of the Transfer, and the assignor will remain liable for such obligations until such Transfer. City may terminate this Agreement, upon thirty (30) days prior written notice, if any Transferee (other than City) elects not to assume this Agreement. Developer must deliver to City notice of any Transfer, together with the final Assignment and Assumption Agreement, within thirty (30) days of each Transfer.

(b) Exclusions from Transfers. Provided that Developer’s indemnity obligations hereunder are not transferred, a “Transfer” under this Section 4 does not include any of the following types of transactions: (i) granting easements or permits affecting the Project Site (to the extent Developer is fee owner) to facilitate the development of the Project Site; (ii) entering into occupancy leases, subleases, licenses or permits for portions of the Tower for occupancy upon Completion of the Tower; (iii) encumbering the Project Site or any portion of the improvements thereon with any Security Instrument; (iv) entering into agreements with third parties to fulfill Developer’s obligations under this Agreement (so long as Developer is not released from such obligations); (v) transferring all or any portion of the Project Site to a Lender pursuant to a conveyance in lieu of foreclosure or other remedial action in connection with a Security Instrument; (vi) transferring any obligations to maintain the Merchant Street Improvements as permitted by the Approvals; (vii) selling or transferring any membership or ownership interest (direct or indirect) in the entity that is Developer; or (viii) the transfer of all or a portion of any interest in the Project Site pursuant to a foreclosure (judicial or pursuant to the power of sale). Developer must give written notice to City of any conveyance of all or any portion of the Project

Site to a Lender pursuant to a conveyance in lieu of foreclosure or other remedial action in connection with a Security Instrument within thirty (30) days of such conveyance.

ARTICLE 5 LENDER PROTECTIONS

5.1 Developer Right to Finance. Nothing in this Agreement limits the right of Developer (or any direct or indirect interest holder of Developer) to mortgage, pledge, or otherwise encumber all or any portion of the Project Site (or interest therein) for the benefit of any Lender as security for one or more loans.

5.2 Copy of Notice of Default and Notice of Failure to Cure to Lender. Whenever City delivers any notice or demand to Developer with respect to any Developer Event of Default, City will at the same time forward a copy of such notice or demand to each Lender having a Security Instrument on (directly or indirectly) the Project Site who has previously made a written request to City therefor, at the last address of such Lender specified by that Lender in such notice. In addition, if such breach or default remains uncured for the period permitted under this Agreement, City will deliver a notice of such failure to cure such breach or default to each such Lender at such applicable address. If City delays or fails to provide such notice required by this Section, the time allowed for a Lender to cure shall be extended by the number of days until such notice is given. In accordance with Section 2924b of the California Civil Code, City requests that a copy of any notice of default and a copy of any notice of sale under any Security Instrument be mailed to City at the address for notices under this Agreement. Any Lender relying on the protections set forth in this Article 5 will send to City a copy of any notice of default and notice of sale.

5.3 Lender's Option to Cure Defaults. After receiving any notice of failure to cure referred to in Section 5.2, each Lender will have the right, at its option, to commence within the same period as Developer to remedy or cause to be remedied any Developer Event of Default, plus an additional period of: (a) sixty (60) days to cure a monetary Event of Default; and (b) one hundred twenty (120) days to cure a non-monetary Event of Default which is susceptible of cure by the Lender without obtaining title to the applicable property. If a Developer Event of Default is not cured within the applicable cure period, City nonetheless will refrain from exercising any of its remedies with respect to the event of default if, within the Lender's applicable cure period: (i) the Lender notifies City that it intends to proceed with due diligence to foreclose the Security Instrument or otherwise obtain title to the subject property; and (ii) the Lender commences foreclosure proceedings within sixty (60) days after giving such notice, and thereafter diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Lender diligently proceeds to cure those events of default: (A) which are required to be cured by the Lender and are susceptible of cure by the Lender, and (B) of which the Lender has been given notice by City.

5.4 Lender Benefits and Obligations with Respect to the Project Site. Notwithstanding anything to the contrary in this Agreement, no Lender will have any obligations or other liabilities under this Agreement unless and until it acquires fee title by any method to all (and not just a portion) of real property comprising the Project Site (referred to hereafter as "**Foreclosed Property**"). A Lender that, by foreclosure under a Security Instrument, acquires title to the Foreclosed Property will take title subject to all of the terms and conditions of this Agreement, to the extent applicable to the Foreclosed Property, including any claims for payment or performance

of obligations which are due as a condition to enjoying the benefits of this Agreement and will have all of the rights and obligations of Developer under this Agreement as to the Foreclosed Property. In no event will City have an obligation to make Incentive Payments to more than one Lender. Upon the occurrence and continuation of an uncured Developer Event of Default by a Lender or Transferee in the performance of any of the obligations to be performed by such Lender or Transferee pursuant to this Agreement, City will be afforded all its remedies for such uncured Developer Event of Default as provided in this Agreement.

5.5 No Impairment of Security Instrument. No Developer Event of Default will invalidate or defeat the lien of any Security Instrument. No foreclosure of any Security Instrument or other lien will defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations under this Agreement or constitute a default under this Agreement.

5.6 Cured Defaults. Upon the curing of any Developer Event of Default by any Lender within the time provided in this Article 5, City's right to pursue any remedies with respect to the cured Developer Event of Default will terminate.

5.7 Collateral Assignment of Agreement. Developer will have the right to collaterally assign to any Lender all of its rights under this Agreement, and within twenty (20) days following Developer's written request, City will execute such documents (to the extent such documents are reasonably acceptable to City) as may be reasonably required by such Lender to perfect such collateral assignment and to allow such Lender to enforce the terms and conditions of this Agreement applicable to the Project Site, subject to such Lender acquiring fee ownership in the Project Site, and delivering to City an executed Assignment and Assumption Agreement reasonably acceptable to City that assumes Developer's obligations under this Agreement as they relate to the Project Site.

ARTICLE 6 DEFAULT AND REMEDIES

6.1 Impossibility of Performance. The lack of performance by either Party shall not be deemed a default where performance is prevented due to a court order or final judgment is rendered in a lawsuit and all applicable appeal periods have expired.

6.2 Event of Default. For purposes of this Agreement, the following will constitute an event of default (an **"Event of Default"**) under this Agreement: (i) the failure to make any payment within ninety (90) calendar days of when due, and (ii) the failure to perform or fulfill any other material term, provision, obligation, or covenant hereunder, and the continuation of such failure for a period of thirty (30) or more calendar days following a written notice of default that specifies the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured (if at all), and a demand for compliance (a **"Notice of Default"**); provided that if a cure of a non-monetary default cannot reasonably be completed within thirty (30) calendar days, then it will not be considered an Event of Default if a cure is commenced within that thirty (30) calendar day period and diligently prosecuted to completion thereafter. If before the end of the applicable cure period the failure that was the subject of a Notice of Default is cured to the reasonable satisfaction of the Party that delivered such notice, such Party will issue a written acknowledgement to the other Party of the cure of such failure.

6.3 Remedies Upon Default; Specific Performance. Subject to, and as limited by, the provisions of Sections 6.3(a), upon the occurrence of an Event of Default, the non-defaulting party may seek any remedy available at law or in equity, including specific performance of this Agreement.

(a) Limited Damages. Developer agrees that City will not be liable to Developer for damages under this Agreement, and City agrees that Developer will not be liable to City for damages under this Agreement, and each covenants not to sue the other for or claim any damages under this Agreement and expressly waives its right to recover damages under this Agreement, except as follows: (1) either Party will have the right to recover actual damages only (and not consequential, punitive or special damages, each of which is hereby expressly waived) for a Party's failure to pay sums to the other Party when due under this Agreement, and (2) City will have the right to recover actual damages for Developer's failure to make any payment due under any indemnity in this Agreement. In no event shall any remedy include recovery of attorneys' fees.

(b) No Waiver; Rights and Remedies Cumulative. Failure by a Party to insist upon the strict or timely performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, will not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any condition or failure of performance, including an Event of Default, will be effective or binding upon such Party unless made in writing by such Party, and no such waiver will be implied from any omission by a Party to take any action with respect to such failure. Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default. If either Party fails to pay any amount due hereunder or commences (or becomes the subject of) any insolvency, liquidation, receivership, or any similar action, case or proceeding, the other Party shall have the right to exercise any remedies available to it at law or in equity (including, without limitation, the right of Developer to apply amounts in the Incentive Account to any such payments or any damages incurred by Developer as a result of such default or failure).

(c) Complementary Remedies. The remedies available for an event of default in the Project Documents (including an Event of Default under this Agreement) are complementary, meaning the Parties' remedies for an Event of Default under this Agreement will be governed by the terms and conditions of this Agreement, and the Parties remedies for an event of default under the (i) DA will be governed by the terms and conditions of the DA, (ii) Amended CPEA will be governed by the terms and conditions of the Amended CPEA, and (iii) Construction Management Agreement will be governed by the terms and conditions of the Construction Management Agreement.

(d) Joint and Several Liability. If there is more than one Person that comprises any Person that is Developer (i.e., if more than one Person executes an Assignment and Assumption Agreement as Developer), the obligations and liabilities under this Agreement imposed on each such Person will be joint and several.

ARTICLE 7

REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Interest of Developer; Due Organization and Standing. Developer represents and warrants that (i) Developer or its Affiliate is the legal owner of the Developer Parcels, (ii) Developer is a Delaware limited liability company, (iii) Developer has all requisite power and authority to conduct its business as presently conducted, (iv) Developer has made all required state filings required to conduct business in the State of California and is in good standing in the State of California, and (v) Developer has extensive experience in developing commercial real estate projects.

7.2. No Conflict with Other Agreements; No Further Approvals; No Suits. Developer warrants and represents that it is not a party to any other agreement that would conflict with Developer's obligations under this Agreement. Neither Developer's articles of organization, bylaws, or operating agreement, as applicable, nor any other agreement or Law in any way prohibits, limits, or otherwise affects the right or power of Developer to enter into and perform all of the terms and covenants of this Agreement. No consent, authorization, or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person is required for the due execution, delivery, and performance by Developer of this Agreement or any of the terms and covenants contained in this Agreement. To Developer's knowledge, there are no pending or threatened suits or proceedings or undischarged judgments affecting Developer or any of its members before any court, governmental agency, or arbitrator which might materially adversely affect Developer's business, operations, or assets or Developer's ability to perform under this Agreement.

7.3. No Inability to Perform; Valid Execution. Developer warrants and represents that it has no knowledge of any inability to perform its obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by Developer have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid, and binding obligation of Developer, enforceable against Developer in accordance with its terms.

7.4. Conflict of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify City if it becomes aware of any such fact during the Term.

7.5. Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. San Francisco Ethics Commission Regulation 1.126-1 provides that

negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by City and the contractor. Negotiations are terminated when City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract. Developer acknowledges that (i) the prohibition on contributions applies to Developer, each member of Developer's board of directors, Developer's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Developer, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Developer, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Developer certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

7.6. Other Documents. No document furnished or to be furnished by Developer to City in connection with this Agreement contains or will contain to Developer's actual knowledge any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading under the circumstances under which any such statement will have been made.

7.7. No Suspension or Debarment. Neither Developer, nor any of its officers, have been suspended, disciplined, or debarred by, or prohibited from contracting with, the U.S. General Services Administration or any federal, state, or local governmental agency.

7.8. No Bankruptcy. Developer represents and warrants to City that Developer has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Developer's knowledge, no such filing is threatened.

ARTICLE 8 GENERAL PROVISIONS

8.1 Notices Demands and Communications. Any notice or communication required or authorized by this Agreement will be in writing and may be delivered personally or by registered mail, with return receipt requested. Notice, whether given by personal delivery or registered mail, will be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon written notice to the other Party, designate any other person or address in substitution of the person or address which such notice or communication will be given. Such notices or communications will be given to the Parties at their addresses or email addresses set forth below:

To City:

Anne Taupier
Executive Director
Office of Economic and Workforce Development
1 Dr. Carlton B. Goodlett Place, Room 448
San Francisco, California 94102
Re: 530 Sansome Street and Fire Station 13 DA

with a copy to:

David Chiu, Esq.
City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: RE/Finance Team
Re: 530 Sansome Street and Fire Station DA

To Developer:

EQX Jackson Sq Holdco LLC
c/o Related California
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attention: Gino Canori

with a copy to:

The Related Companies, L.P.
30 Hudson Yards, 72nd Floor
New York, New York 10001
Attention: Richard O'Toole

Jim Abrams, Esq.
J. Abrams Law, P.C.
538 Hayes Street
San Francisco, California, 94102

8.2 Nondiscrimination. In the performance of this Agreement, Developer agrees not to discriminate against any employee, City employee working with Developer's contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, Acquired Immune

Deficiency Syndrome or HIV status (AIDS/HIV status), association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

8.3 Non-Liability of Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, commissioner, officer, employee, official or agent of City (collectively, the “**City Parties**”) will be personally liable to Developer, its successors and assigns, in the event of any City Event of Default, or for any amount which may become due to Developer, its successors and assigns, under this Agreement.

8.4 Excusable Delay. In the event of changes in State or Federal Laws or regulations, inclement weather, delays due to strikes, inability to obtain materials, civil commotion, war, acts of terrorism, fire, acts of God, litigation, epidemics, pandemics, or quarantine restrictions, or other circumstances that are beyond the reasonable control of a Party, not proximately caused by the acts or omissions of that Party, and substantially interfere with that Party’s performance of any of its obligations under this Agreement (each, an “**Excusable Delay**”), then the delayed Party shall notify the other Party in writing of such occurrence as soon as possible after becoming aware that it may result in an Excusable Delay, describing the manner in which it substantially interferes with the delayed Party’s ability to perform under this Agreement. Commencing upon such notice, the time or times for performance of the delayed obligation described in that notice will be extended for the remaining period of the Excusable Delay.

8.5 Estoppel Certificates. Either Party to this Agreement will, promptly upon the written request of the other Party, execute, acknowledge, and deliver to or for the benefit of the other party a certificate certifying: (i) that this Agreement is in full force and effect, (ii) that this Agreement has not been amended or modified either orally or in writing, or if so amended or modified, identifying the amendments or modifications and stating their date and, if applicable, recording information, (iii) whether there is any existing City Event of Default or Developer Event of Default in the performance of its obligations under this Agreement on the part of the Party requesting the certificate, or if there is such an event of default, a description of the nature and amount of that event of default, and (iv) such other matters as may be reasonably requested. The OEWD Director shall issue any estoppel on behalf of City. If Developer requests that City certify as to any additional matters, City will confer and work expeditiously and in good faith with Developer to provide such certification that is reasonably satisfactory to Developer and any Lender, provided that the OEWD Director shall certify only as to their actual knowledge, and City shall not have any obligation to certify as to any such matters that are unreasonable, overly broad, inconsistent with this Agreement, involve legal conclusions, or are subjective in nature. The OEWD Director, acting on behalf of City, shall execute and return a certificate addressing items (i)-(iii) (the “**Required Certifications**”) within thirty (30) days following receipt of the request (the “**Estoppel Outside Date**”). If the OEWD Director fails to execute and return such certificate on or before the Estoppel Outside Date, the OEWD Director, acting on behalf of City, shall be deemed to have certified to Developer and any Lender that the Required Certifications as stated in the submitted certificate are true and correct as of the Estoppel Outside Date. Each Party acknowledges that any Lender, acting in good faith, may rely upon such a certificate. A certificate provided by City under this Section shall, at the Lender’s request, be in recordable form and may be recorded with respect to the affected portion of the Project Site subject to that Lender’s security interest by the requesting Lender at its expense.

8.7 Applicable Law and Venue. This Agreement has been executed and delivered in and will be interpreted, construed, and enforced in accordance with the laws of the State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco. The City and County of San Francisco will be the venue for any legal action or proceeding that may be brought, arise out of, in connection with, or by reason of, this Agreement.

8.8 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, or if any such term, provision, covenant, or condition does not become effective until the approval of any non-City Agency, the remaining provisions of this Agreement will continue in full force and effect unless enforcement of the remaining portions of the Agreement would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

8.9 Binding Upon Successors; Covenants to Run With Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to Article 4 above, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Tower Development Site or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All provisions of this Agreement shall be enforceable during the term of this Agreement as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable Law, including but not limited to California Civil Code Section 1468.

8.10 Relationship of Parties. City has no interest in, responsibility for, or duty to third persons concerning the Project. Developer will exercise full dominion and control over the Project Site, subject only to the limitations and obligations of Developer contained in this Agreement and the Amended CPEA. Nothing contained in this Agreement, or in any document executed in connection with this Agreement, will be construed as creating a joint venture or partnership between City and Developer. Neither Party is acting as the agent of the other Party in any respect hereunder. Developer is not a state or governmental actor with respect to any activity conducted by Developer hereunder. There are no third -party beneficiaries to this Agreement.

8.11 Entire Understanding of the Parties. This Agreement, including the ancillary agreements attached to this Agreement, constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof. There are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein.

8.12 Discretion Retained By City. City's approval in its proprietary capacity under this Agreement in no way limits the regulatory discretion of City in the permit and approval process in connection with the Hotel.

8.13 Counterparts. This Agreement may be executed in counterparts and multiple originals.

8.14 Survival. Following expiration of the term of this Agreement, this Agreement will be deemed terminated and of no further force and effect, except for any provision that, by its express terms, survives the expiration or termination of this Agreement.

8.15 Amendments. This Agreement may only be amended in writing and signed by both Parties. Any amendment to this Agreement that does not constitute a Material Change may be agreed to by the OEWD Director, after consultation with City's Controller and the City Attorney. Any amendment that is a Material Change will require the approval of the OEWD Director, City's Controller, and the Board of Supervisors. The determination of whether a proposed change constitutes a Material Change shall be made, on City's behalf, by the OEWD Director following consultation with the City Attorney's Office. Any amendments, modifications, or supplements to this Agreement required as a matter of tax law compliance for City or Developer will be made as a matter of the Parties performing a ministerial duty, and is subject to any approval that may be required from the City's Board of Supervisors.

8.16 Recordation of Hotel Operating Covenant. Developer consents to the recordation of the Hotel Operating Covenant against the Hotel Site (or, if the Hotel Site is not a legal parcel, the Tower Development Site) in the Official Records of City and County of San Francisco, in the form of Exhibit B attached hereto and incorporated herein by this reference. The Hotel Operating Covenant shall be recorded prior to the Hotel Completion Date.

8.17 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement, and its terms and provisions have been reviewed and revised by legal counsel for both City and Developer. Accordingly, no presumption or rule that ambiguities will be construed against the drafting Party will apply to the interpretation or enforcement of this Agreement and the Parties waive the effect of Section 1654 of the California Civil Code. Language in this Agreement will be construed as a whole and in accordance with its true meaning. Wherever in this Agreement the context requires, references to the masculine will be deemed to include the feminine and the neuter and vice-versa, and references to the singular will be deemed to include the plural and vice versa. Unless otherwise specified, whenever in this Agreement, including its Exhibits, reference is made to any Recital, Article, Section, Exhibit, Schedule or defined term, the reference will be deemed to refer to the Recital, Article, Section, Exhibit, Schedule or defined term of this Agreement. Any reference in this Agreement to a Recital, an Article or a Section includes all subsections and subparagraphs of that Recital, Article or Section. Article, Section and other headings and the names of defined terms in this Agreement are for the purpose of convenience of reference only and are not intended to, nor will they, modify or be used to interpret the provisions of this Agreement. Each Exhibit to this Agreement is incorporated in this Agreement and made a part hereof as if set forth in full. Each reference to an Exhibit in this Agreement will mean that Exhibit as it may be updated or amended from time to time in accordance with the terms of this Agreement. Except as otherwise explicitly provided herein, the use in this Agreement of the words "including", "such as" or words of similar import when accompanying any general term, statement or matter will not be construed to limit such term, statement or matter to such specific terms, statements or matters. In the event of a conflict between the Recitals and the remaining provisions of this Agreement, the remaining provisions will prevail. Statements and calculations in this Agreement beginning with the words "for example" or words of similar import are included for the convenience of the Parties only, and in the event of a conflict between such statements or calculations and the remaining provisions of this Agreement, the remaining provisions will prevail.

Words such as “herein”, “hereinafter”, “hereof,” “hereby” and “hereunder” and the words of like import refer to this Agreement, unless the context requires otherwise.

8.18 Indemnity.

(a) Developer will, to the maximum extent permitted by law, indemnify, defend, reimburse, and hold harmless City and the City Parties from and, if requested, will defend them against any and all actual losses, out-of-pocket costs (including but not limited to City staff time), damages (excluding punitive damages), injury, liability, and claims (collectively, “**Losses**”) arising or resulting directly or indirectly from (i) any challenge to any portion of this Agreement, including but not limited to any challenge to City's action regarding the approval of this Agreement or the funding under this Agreement, including the Tax Confidentiality Waivers and Government Code Disclosure Requirements; (ii) any third-party claim arising from a Developer Event of Default under this Agreement; (iii) injury to or death of a person, including members of the public, at the Hotel; and (iv) any dispute between Developer and any Lender, Transferee, Hotel Operator, or any subsequent owner of any of the Tower Development Site relating to any assignment of this Agreement, the obligations that run with the land, or any dispute between Developer and any Transferee or other person relating to which party is responsible for performing certain obligations under this Agreement, each regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on City or any of City Parties, except to the extent that (1) any of the foregoing indemnification obligations is void or otherwise unenforceable under applicable Law, (2) such Loss is the result of the sole negligence, willful misconduct, or fraud of any City Party, or (3) such Loss is the result of a City Event of Default to the extent Developer is the prevailing party in any legal action brought by Developer against City for that City Event of Default.

(b) All indemnifications set forth in this Agreement will survive for a period lasting the later of two (2) years after the expiration or termination of this Agreement or the expiration of the statute of limitations or statute of repose applicable to a particular third-party claim, to the extent such indemnification obligation arose from an event occurring before the expiration or termination of this Agreement. To the extent the indemnifications relate to Developer’s obligations that survive the expiration or termination of this Agreement, the indemnifications will survive for the term of the applicable obligation plus two (2) years.

(c) In the event of any action or proceeding subject to indemnification, reimbursement, hold harmless or defense under this Agreement, the Parties shall cooperate in defending against such action or proceeding. The City shall promptly notify Developer of any such action or proceeding instituted against City.

(d) The indemnity in Section 8.18(a) shall include reasonable attorneys’ fees and costs and the City’s reasonable cost of investigating any claims against the City or the City Parties.

8.19 MacBride Principles. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

Developer acknowledges that it has read and understands the above statement of City concerning doing business in Northern Ireland.

8.20 Tropical Hardwood and Virgin Redwood. City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

8.21 Effectiveness of this Agreement. This Agreement is dated for convenience only and will only become effective on the date on which (i) this Agreement is executed and delivered, and (ii) the DA and Amended CPEA are effective (the “**Effective Date**”).

8.22 Controller’s Certification of Funds. The terms of this Agreement are governed by and subject to Article XVI, section 18 of the California Constitution and the budgetary and fiscal provisions of City’s Charter. City’s obligations for the payment or expenditure of money by City under this Agreement are subject to the requirement under Section 3.105 of the City’s Charter that the Controller of the City and County of San Francisco first certifies that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure.

8.24 Further Assurances. Each Party will execute and deliver such further documents, papers and instruments and take such further action as is necessary, appropriate or helpful as the other Party may reasonably request in order to carry out the purposes, effect and intent of this Agreement.

8.25 Time of the Essence. Time is of the essence for each provision of this Agreement of which time is an element.

8.26 Effect on Other Party’s Obligation. If Developer’s or City’s performance is excused or the time for its performance is extended under any extension of time permitted in this Agreement, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

CITY

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Anne Taupier
Executive Director,
Office of Economic and Workforce Development
Approved on _____
Board of Supervisors Ordinance No. _____

Approved as to form:

David Chiu, City Attorney

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

DEVELOPER

EQX JACKSON SQ HOLDCO LLC, a Delaware limited
liability company

By: _____
Name: _____
Title: _____

Exhibits

<u>Exhibit A</u>	Legal Description of Project Site
<u>Exhibit B</u>	Form of Hotel Operating Covenant
<u>Exhibit C</u>	Schedule of Milestones
<u>Exhibit D</u>	Schedule of Projected Incentive Payments
<u>Exhibit E</u>	Form of Tax Confidentiality Waiver

September 9, 2025 Draft

EXHIBIT A

LEGAL DESCRIPTION OF PROJECT SITE

EXHIBIT A-1
Developer Parcels Legal Description

LEGAL DESCRIPTION

APN 0206-013

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND WHICH IS SITUATED AS AFORESAID, AND WHICH IS BOUNDED BY A LINE COMMENCING AT A POINT IN THE SOUTHERLY LINE OF WASHINGTON STREET (AS EXISTED PRIOR TO THE WIDENING THEREOF), DISTANT THEREON 90 FEET AND 3-1/2 INCHES EASTERLY FROM THE POINT OF INTERSECTION OF SAID LINE OF WASHINGTON STREET WITH THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE EASTERLY ON AND ALONG SAID SOUTHERLY LINE OF WASHINGTON STREET 47 FEET 5-1/2 INCHES; THENCE SOUTHERLY 122 FEET, MORE OR LESS, AND TO A POINT IN THE NORTHERLY LINE OF MERCHANT STREET WHICH IS DISTANT THEREON 137 FEET 9-1/2 INCHES EASTERLY FROM THE POINT OF INTERSECTION OF SAID LINE OF MERCHANT STREET WITH THE EASTERLY LINE OF SANSOME STREET; THENCE WESTERLY, ON AND ALONG SAID LINE OF MERCHANT STREET, 47 FEET AND 6-3/8 INCHES; AND THENCE NORTHERLY 122 FEET TO THE SAID SOUTHERLY LINE OF WASHINGTON STREET AND SAID POINT OF COMMENCEMENT. THE SAME BEING A PORTION OF BEACH AND WATER LOTS NUMBERS 133, 134 AND 135, AS THE SAME ARE NUMBERED, DELINEATED AND SHOWN ON THE OFFICIAL MAP OF SAID CITY AND COUNTY OF SAN FRANCISCO.

EXCEPTING THEREFROM SUCH PORTION OF THE SAME AS IS DESCRIBED IN THAT CERTAIN GRANT DEED TO THE CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, DATED MAY 14, 1967 AND RECORDED AUGUST 9, 1967 IN BOOK B167, OF OFFICIAL RECORDS, PAGES 723 AND 724.

CONTAINING 4,703± SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

B.B. Ron

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



LEGAL DESCRIPTION

APN 0206-014

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 137 FEET AND 9 INCHES EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE EASTERLY ALONG SAID LINE OF WASHINGTON STREET 40 FEET AND 6 INCHES, MORE OR LESS, TO A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 97 FEET WESTERLY FROM THE WESTERLY LINE OF BATTERY STREET; THENCE AT A RIGHT ANGLE SOUTHERLY 122 FEET TO THE NORTHERLY LINE OF MERCHANT STREET; THENCE WESTERLY ALONG SAID LINE OF MERCHANT STREET 40 FEET AND 6 INCHES, MORE OR LESS, TO A POINT ON THE SAID LINE OF MERCHANT STREET, DISTANT THEREON 137 FEET AND 9-1/2 INCHES EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; RUNNING THENCE NORTHERLY 122 FEET TO THE SOUTHERLY LINE OF WASHINGTON STREET AND THE POINT OF BEGINNING.

BEING PART OF 50 VARA BLOCK NO. 35

EXCEPTING THEREFROM, THAT PORTION OF SAID LAND CONVEYED TO THE CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, BY DEED RECORDED MAY 26, 1967, IN BOOK B146, PAGE 875 OF OFFICIAL RECORDS, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 137.750 FEET EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET, AND THENCE RUNNING EASTERLY ALONG SAID LINE OF WASHINGTON STREET 40.50 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 97 FEET WESTERLY FROM THE WESTERLY LINE OF BATTERY STREET; THENCE AT A RIGHT ANGLE SOUTHERLY 23 FEET; THENCE AT A RIGHT ANGLE WESTERLY 40.50 FEET, MORE OR LESS, TO A LINE DRAWN FROM THE POINT OF BEGINNING TO A POINT ON THE NORTHERLY LINE OF MERCHANT STREET, DISTANT THEREON 137.792 FEET EASTERLY FROM THE EASTERLY LINE OF SANSOME STREET; THENCE RUNNING NORTHERLY ALONG SAID LINE SO DRAWN 23 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

BEING A PORTION OF 50 VARA BLOCK NO. 35

CONTAINING 4,094± SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

Bj-B.R.

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



WIDENING PER BOOK
"W" MAPS, PAGE 27

BATTERY STREET
(76.00' WIDE)

74.00'

BLOCK DISTANCE = 276.125 MEAS. & BLOCK DIAGRAM [1]

GENERAL NOTES

447 BATTERY AND 530 SANSOME PROJECT

ASSESSOR'S
BLOCK 0206
SAN FRANCISCO,
CALIFORNIA

BY <u>JP</u>	CHKD. <u>BR</u>	DATE <u>6-3-25</u>	SCALE <u>NONE</u>	SHEET <u>1 OF 1</u>	JOB NO. <u>S-9745</u>
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MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500
S-9745 BNDY PLAT_LOTS 2-13-14-17.dwg



EXHIBIT A-2
447 Battery Parcel Legal Description

LEGAL DESCRIPTION

APN 0206-002

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF MERCHANT STREET AND THE WESTERLY LINE OF BATTERY STREET; RUNNING THENCE NORTHERLY ALONG SAID LINE OF BATTERY STREET 74 FEET; THENCE AT A RIGHT ANGLE WESTERLY 97 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 74 FEET TO THE NORTHERLY LINE OF MERCHANT STREET; AND THENCE AT A RIGHT ANGLE EASTERLY ALONG SAID LINE OF MERCHANT STREET 97 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 35.

CONTAINING 7,178 SQ.FT.

THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

B. B. Ron

JUNE 3, 2025

BENJAMIN B. RON, PLS 5015



FORMER SOUTHERLY LINE
OF WASHINGTON STREET
(49.229' WIDE)

AREA EXCEPTED PER
BOOK "W" MAPS,
PAGE 27

WASHINGTON STREET
(72.229' WIDE)

EX. LOT 014
(B146 O.R. 875)

CURRENT SOUTHERLY LINE
OF WASHINGTON STREET
(72.229' WIDE)

[2]

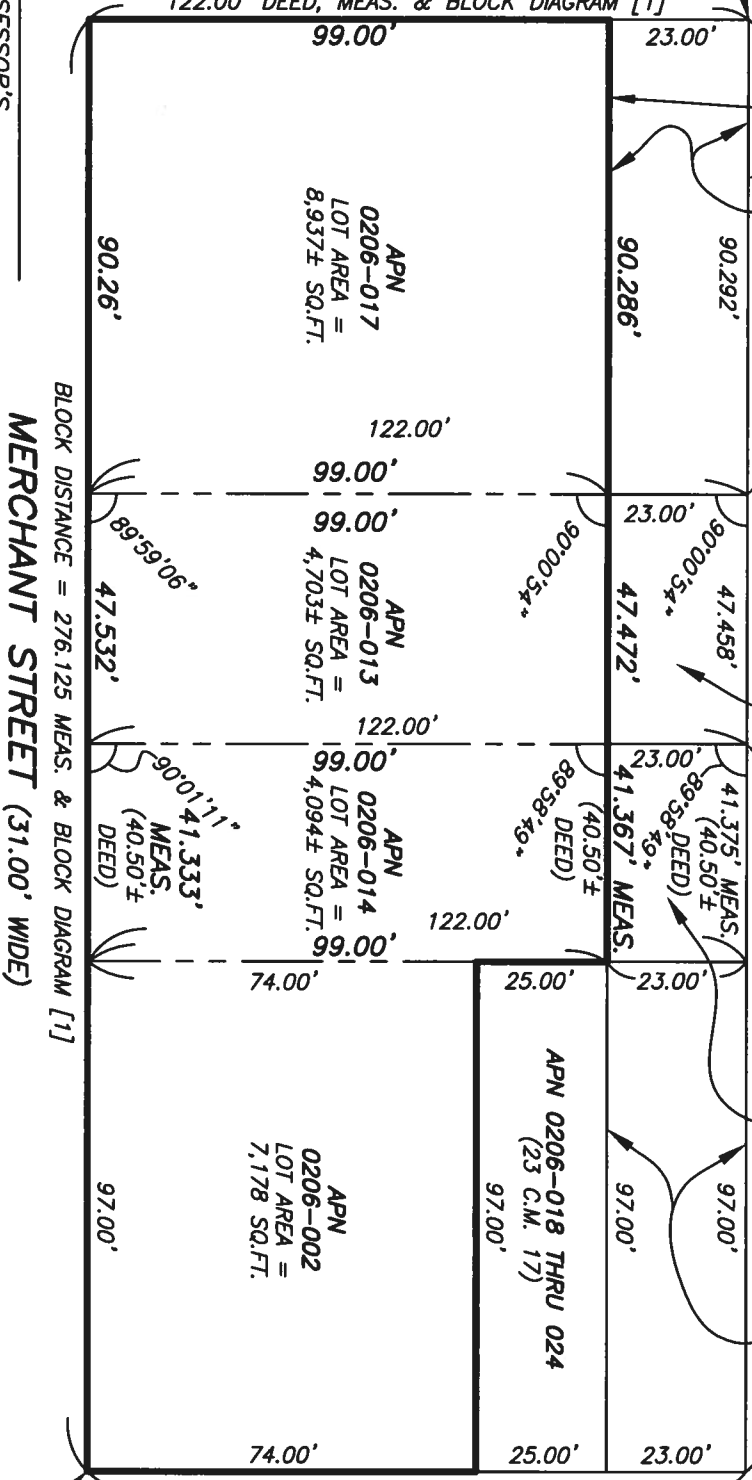
EX. LOT 013
(B167 O.R. 723)

BLOCK DISTANCE =
276.125 MEAS. &
BLOCK DIAGRAM [1]

23 FOOT STREET
WIDENING PER BOOK
"W" MAPS, PAGE 27
[2]

SANSOME STREET
(67.44' WIDE)

122.00' DEED, MEAS. & BLOCK DIAGRAM [1]



BLOCK DISTANCE = 276.125 MEAS. & BLOCK DIAGRAM [1]
MERCHANT STREET (31.00' WIDE)

BLOCK DISTANCE =
122.00 MEAS. & BLOCK DIAGRAM [1]

BATTERY STREET
(76.00' WIDE)

LEGEND

- APN ASSESSOR'S
- PARCEL NUMBER
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- EX. EXCEPTION
- MEAS. MEASURED
- O.R. OFFICIAL RECORDS
- C.M. CONDOMINIUM MAPS
- PERIMETER PROPERTY LINE
- LOT LINE

MAP REFERENCE

- [1] BLOCK DIAGRAM OF 50 VARA BLOCK 35 DATED APRIL 24, 1908 ON FILE IN THE OFFICE OF THE CITY AND COUNTY SURVEYOR.
- [2] "MAP SHOWING THE WIDENING OF WASHINGTON STREET FROM BATTERY ST. TO SANSOME ST.", WHICH MAP WAS FILED FOR RECORD SEPTEMBER 11, 1974, IN BOOK "W" OF MAPS, AT PAGE 27.

GENERAL NOTES

- 1. ALL PROPERTY LINE ANGLES ARE 90 DEGREES UNLESS NOTED OTHERWISE.
- 2. DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.

447 BATTERY AND 530 SANSOME PROJECT

ASSESSOR'S
BLOCK 0206
SAN FRANCISCO,
CALIFORNIA

BY JP CHKD. BR DATE 6-3-25 SCALE NONE SHEET 1 OF 1 JOB NO. S-9745

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS



859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500
S-9745 BNDY PLAT_LOTS 2-13-14-17.dwg

EXHIBIT A-3
City Parcel Legal Description

LEGAL DESCRIPTION

530 SANSOME STREET (APN 0206-017)

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING A PORTION OF THE LANDS DESCRIBED IN THAT CERTAIN DEED RECORDED OCTOBER 4, 1967 IN BOOK B182, PAGE 400, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF WASHINGTON STREET (49.229 FEET WIDE) AND THE EASTERLY LINE OF SANSOME STREET (67.44 FEET WIDE); RUNNING THENCE SOUTHERLY AND ALONG SAID LINE OF SANSOME STREET 122 FEET TO THE NORTHERLY LINE OF MERCHANT STREET (31.00 FEET WIDE); THENCE AT A RIGHT ANGLE EASTERLY ALONG SAID LINE OF MERCHANT STREET 90.26 FEET; THENCE NORTHERLY 122 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY LINE OF WASHINGTON STREET, DISTANT THEREON 90.292 FEET EASTERLY FROM SAID EASTERLY LINE OF SANSOME STREET; THENCE WESTERLY ALONG SAID LINE OF WASHINGTON STREET 90.292 FEET TO THE POINT OF COMMENCEMENT.

BEING A PART OF BEACH AND WATER LOTS 133, 134, AND 135

EXCEPTING THEREFROM THAT PORTION OF WASHINGTON STREET THAT WAS DEDICATED PER RESOLUTION NO. 403-74 DATED JUNE 3, 1974 AND SHOWN AS PARCEL 1 ON THAT CERTAIN MAP ENTITLED "MAP SHOWING THE WIDENING OF WASHINGTON STREET FROM BATTERY ST. TO SANSOME ST." FILED FOR RECORD SEPTEMBER 11, 1974, IN BOOK "W" OF MAPS, AT PAGE 27, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE FORMER SOUTHERLY LINE OF WASHINGTON STREET (49.229 FEET WIDE) PRIOR TO THE DEDICATION THEREOF PER SAID RESOLUTION NO. 403-74 WITH THE EASTERLY LINE OF SANSOME STREET (67.44 FEET WIDE); THENCE EASTERLY ALONG SAID LINE OF FORMER WASHINGTON STREET 90.292 FEET; THENCE ON A DEFLECTION ANGLE OF 90°00'54" TO THE RIGHT, ALONG A LINE WHOSE END POINT IS ON THE NORTHERLY LINE OF MERCHANT STREET (31.00 FEET WIDE), DISTANT THEREON 90.26 FEET EASTERLY FROM SAID EASTERLY LINE OF SANSOME STREET, 23.00 FEET TO A POINT ON THE CURRENT SOUTHERLY LINE OF WASHINGTON STREET (72.229 FEET WIDE) AFTER THE DEDICATION THEREOF PER SAID RESOLUTION NO. 403-74, SAID SOUTHERLY LINE OF WASHINGTON STREET BEING ON A LINE THAT IS PARALLEL WITH AND PERPENDICULARLY DISTANT SOUTHERLY 23.00 FEET FROM SAID FORMER LINE OF WASHINGTON STREET; THENCE ON A DEFLECTION ANGLE OF 89°59'06" TO THE RIGHT, ALONG SAID CURRENT SOUTHERLY LINE OF WASHINGTON STREET 90.286 FEET TO SAID EASTERLY LINE OF SANSOME STREET; THENCE AT A RIGHT ANGLE NORTHERLY, ALONG SAID LINE OF SANSOME STREET 23.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 8,937± SQ.FT.

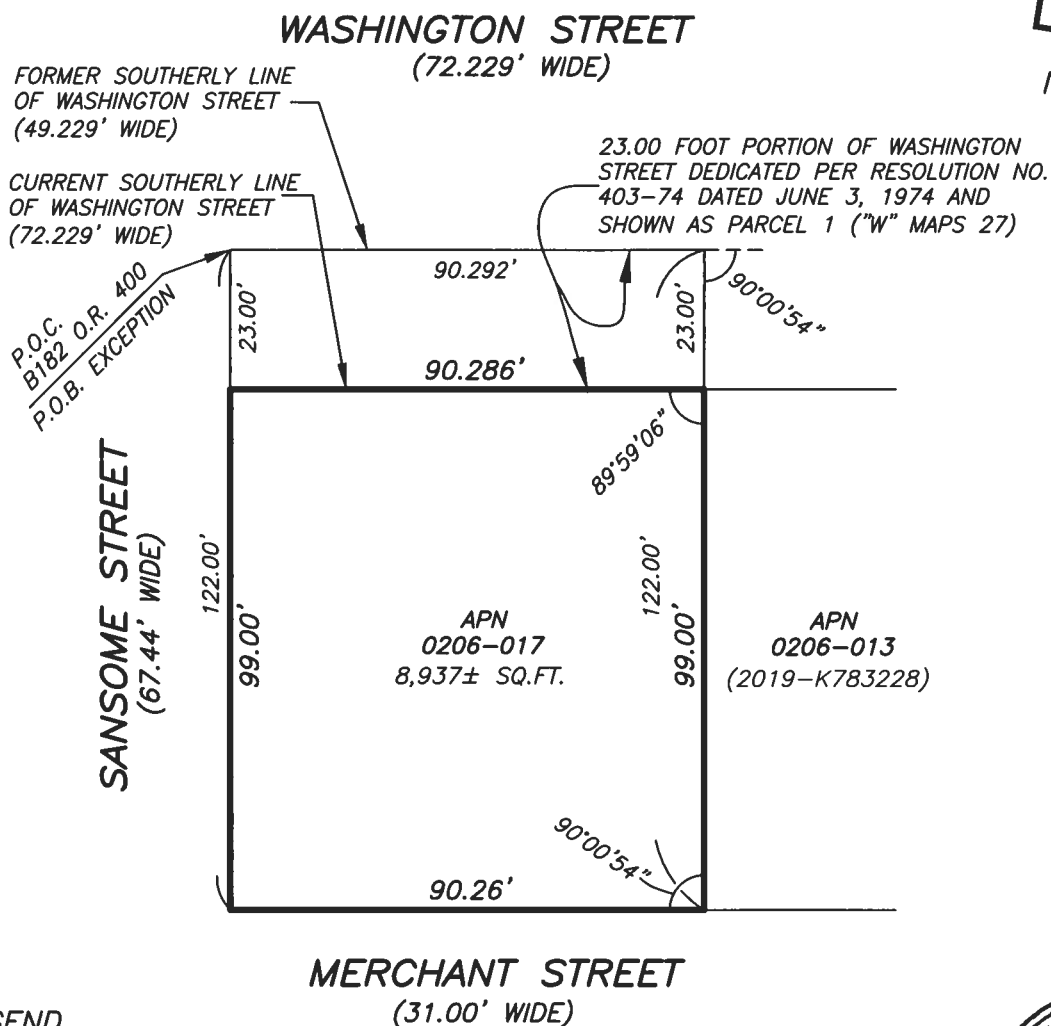
THIS DESCRIPTION WAS PREPARED BY ME IN ACCORDANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.



JUNE 3, 2025

BENJAMIN B. RON, PLS 5015





LEGEND

APN ASSESSOR'S
PARCEL NUMBER
P.O.C. POINT OF COMMENCEMENT
P.O.B. POINT OF BEGINNING
O.R. OFFICIAL RECORDS

MAP REFERENCE

"MAP SHOWING THE WIDENING OF WASHINGTON STREET FROM BATTERY ST. TO SANSOME ST.", WHICH MAP WAS FILED FOR RECORD SEPTEMBER 11, 1974, IN BOOK "W" OF MAPS, AT PAGE 27.

GENERAL NOTES

1. ALL PROPERTY LINE ANGLES ARE 90 DEGREES UNLESS NOTED OTHERWISE.
2. DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.



ASSESSOR'S
BLOCK 0206
SAN FRANCISCO,
CALIFORNIA

PLAT TO ACCOMPANY LEGAL DESCRIPTION

BY JP CHKD. BR DATE 5-29-25 SCALE NONE SHEET 1 OF 1 JOB NO. S-9745

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500
S-9745 BNDY PLAT_LOT 17.dwg

EXHIBIT B

FORM OF HOTEL OPERATING COVENANT

RECORDING REQUESTED BY
CLERK OF THE BOARD OF SUPERVISORS OF
THE CITY AND COUNTY OF SAN FRANCISCO

(Exempt from Recording Fees Pursuant to
Government Code Section 27383)

AND WHEN RECORDED MAIL TO:

Angela Calvillo, Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Assessor's Parcel Numbers:

HOTEL OPERATING COVENANT

This HOTEL OPERATING COVENANT (this "**Covenant**") is made as of this ____ day of _____, 202_, by and between THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**") and _____, a _____ ("**Developer**"), pursuant to that certain Hotel and Fire Station Development Incentive Agreement dated as of _____, 202_ (the "**Agreement**") by and between the City and EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company. The Agreement is a component of a development project in San Francisco that is the subject of a Development Agreement for the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the "**Project**"), dated for reference purposes as of _____, 202_ (the "**DA**"). Unless otherwise specified in this Covenant, definitions and rules of interpretation are as provided in the Agreement.

Developer is the fee owner of the real property described in the attached Exhibit A (the "**Hotel Site**"). The Agreement provides monetary incentives to Developer from City in connection with development of the Project, including the Hotel, and requires that this Covenant be recorded against the Hotel Site prior to the Hotel Completion Date. In consideration of the rights and obligations pursuant to the Agreement, the monetary incentives provided pursuant to the Agreement, and for other good and valuable consideration, Developer hereby enters this Covenant to restrict the use and operation of the Hotel Site and to provide notice to interested parties of the following restrictions:

- Any Hotel Operator, as defined in Section 501(a) of the San Francisco Business and Tax Regulations Code (each, a “**Hotel Operator**”), that operates any portion of a Hotel on the Hotel Site shall maintain the Hotel in good and clean condition, repair and working order, including any walkways, driveways, parking areas, and landscaping that are within the Hotel Site or within the reasonable control of the Hotel Operator, and from time to time make all necessary and proper repairs, renewals, and replacements commensurate with a high-quality hotel.
- Any Hotel Operator shall comply in all material respects with the Workforce Agreement attached to the DA as such agreement applies to the Hotel and the obligations of Developer and Hotel Operator relating to Tax Confidentiality Waivers and Government Code Disclosures pursuant to Section 3.4 of the Agreement.
- Any Hotel Operator shall not discriminate against any employee, City employee working with Hotel Operator’s contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person’s race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

Notwithstanding the foregoing, the obligations of this Covenant shall not apply to Hotel Operator if the Hotel is damaged or destroyed or there occurs an event of Excusable Delay as described in the Agreement (including, without limitation, a condemnation event) that precludes the operation of the Hotel and Developer takes commercially reasonable steps to repair and restore the Hotel (to the extent that insurance proceeds are available for such restoration) or to address the force majeure event within a reasonable period of time.

All provisions of this Covenant shall be enforceable against the applicable Hotel Operator during the City Financial Assistance Term as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable law, including but not limited to California Civil Code Section 1468. This Covenant shall be binding upon and inure to any successor or assigns of Developer that is a Hotel Operator. This Covenant may not be modified by Developer (including any Hotel Operator) without the express written consent of City pursuant to Section 8.15 of the Agreement. Upon Hotel Operator’s assignment of its right, title, or interest in the Hotel Site, such Hotel Operator shall be automatically released from any prospective obligation or liability under this Covenant to the extent the transferee assumes such obligations. Upon the termination of the City Financial Assistance Term, this Covenant shall terminate and be of no further force or effect. Upon Developer’s written request and following the expiration of the City Financial Assistance Term, City shall execute and deliver a notice of termination of this Covenant, in recordable form and substance reasonably acceptable to Developer and City.

September 9, 2025 Draft

This Covenant may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

IN WITNESS WHEREOF, City and Developer have caused this Covenant to be executed by their duly authorized representatives.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Anne Taupier
Executive Director, Office of
Economic and Workforce Development

Approved as to form:
David Chiu, City Attorney

Approved on _____
Board of Supervisors Ordinance No. _____

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

DEVELOPER:

[_____] , a [_____]

By: _____
Name: _____
Title: _____

September 9, 2025 Draft

EXHIBIT A TO HOTEL OPERATING COVENANT

LEGAL DESCRIPTION OF HOTEL SITE

EXHIBIT C

SCHEDULE OF MILESTONES

Milestone	Reference	Timing
Effective Date of Incentive Agreement		_____, 20__
Effective Date of DA	DA Section 1.3	_____, 20__
City designates administrating department for Incentive Agreement		One (1) year anniversary of Incentive Agreement Effective Date
City right to terminate DA and Incentive Agreement, if CPEA Closing Date has not occurred	DA Section 9.2.1	Six (6) year anniversary of DA Effective Date
Developer provides notice to City of anticipated Hotel opening		At least eighteen (18) months prior to Hotel opening to the general public
Temporary Certificate of Occupancy for Fire Station	DA Section 3.2.1	On or before the issuance of a Temporary Certificate of Occupancy for the Tower
Final Certificate of Occupancy for Fire Station	DA Section 3.2.1	On or before the issuance of any Final Certificate of Occupancy for the Tower (subject to DA Section 3.2.2)
Hotel Completion Date	DA Section 1.4	Within eight (8) years of DA Effective Date, unless extended
City Financial Assistance Term		Begins on the Hotel Completion Date and continues for a period of 25 years
Hotel opens to the general public		
First Disbursement Payment Period		Begins on the Hotel Completion Date, and ends on the next occurring December 31 st , March 31 st , June 30 th , or September 30 th

EXHIBIT D
SCHEDULE OF PROJECTED INCENTIVE PAYMENTS

Year After Hotel Completion Date	Projected Incentive Payments *
1	\$4,414,183
2	\$4,884,961
3	\$5,390,904
4-25 **	Escalate 3% each year from Year 3 projected payment
Incentive Payment Threshold (NPV @ 9%)	\$68,871,356

* City Deposit and Incentive Payment Amounts to be adjusted as described in Article 2.

** City Financial Assistance Term will expire prior to 25 years if Incentive Payment Cap is reached as described in Section 2.3.

EXHIBIT E
FORM OF TAX CONFIDENTIALITY WAIVER

WAIVER OF CONFIDENTIALITY

Taxpayer Name: [Hotel Operator]

Business Account Number: [Business Account Number]

Location Identification Number: [Identification Number]

Hotel Address: [Address]

The taxpayer identified above hereby waives confidentiality under San Francisco Business and Tax Regulations Code Section 6.22-1 and any other law of the amount of Transient Occupancy Taxes remitted to the Office of the Treasurer and Tax Collector between [DATE] and [DATE], for the purposes described in the Hotel and Fire Station Development Incentive Agreement ("Agreement"), attached as Exhibit A, including without limitation, for the purpose of calculating the Incentive Payments under the Agreement and the purpose of satisfying the requirements applicable to economic development subsidy payments set forth in Section 53083 of the California Government Code. The Office of the Treasurer and Tax Collector may disclose such information to any individual or entity that City and County of San Francisco determines requires the information to satisfy the purposes in the Agreement.

I certify under penalty of perjury that I have the authority to execute this form on behalf of the taxpayer.

Date

Name of Taxpayer

Signature

Printed Name

Title



MEMORANDUM

To: EQX JACKSON SQ HOLDCO LLC

From: Benjamin C. Sigman and Megan Gregory, Economic & Planning Systems, Inc.

Subject: 447 Battery & 530 Sansome:
Economic Impact Analysis; EPS #241058

Date: May 7, 2025

This memorandum describes the results and methodology of an Economic Impact Analysis (EIA) for the 447 Battery & 530 Sansome Development Project (Project). Economic & Planning Systems, Inc. (EPS) prepared this EIA for EQX JACKSON SQ HOLDCO LLC (Project Sponsor).

The Project would replace an existing fire station, offices, and restaurant space with a 41-story mixed-use tower housing a new fire station, up to 200 hotel rooms, over 350,000 square feet of office, and approximately 7,500 square feet of restaurant space. **Table 1** details the proposed development program. The EIA evaluates both one-time development impacts and ongoing operational impacts.

The following **Key Findings** highlight key aspects of the Project's projected economic impact within the City and County of San Francisco. The analysis presents impact estimates in constant 2025 dollars. Actual economic impacts will depend on a variety of factors that cannot be predicted with certainty, including market performance of the project, final tenanting of the project, local and regional economic conditions, and other factors.

Key Findings

- 1. Development of the Project will support over 1,800 job years in San Francisco, including directly supporting more than 1,500 job years and stimulating additional multiplier effects in the city economy.**

The EIA estimates that development of the proposed Project will directly support San Francisco-based jobs in construction, legal

services, and architectural and engineering services. Over approximately four years (including 3.25 years of construction), Project development would directly support approximately 390 jobs on average annually, and about 470 jobs total citywide including multiplier effects. Estimated employee compensation (including benefits) for the direct full-time and part-time positions attributable to the project is more than \$118,000 per job per year. With multiplier effects, this analysis finds that development of the Project would have a one-time economic impact of roughly \$520 million within the San Francisco economy.

2. Once fully built out, the Project will support approximately 2,600 jobs and have a recurring economic impact of nearly \$1.2 billion per year in San Francisco.

After completion of the development and full lease up, the Project is anticipated to directly support about 1,750 jobs through its office, restaurant, and hotel uses. Direct impacts attributable to the Project total more than \$850 million in economic activity, including on-site economic activities and hotel guest spending in the city.¹ With multiplier effects, the Project's impact grows to an estimated 2,600 jobs with a recurring economic impact of roughly \$1.2 billion per year in San Francisco, as spending ripples through the local economy. Considering baseline economic activity at the site, the Project's ongoing economic impact generates a net increase in citywide economic impact estimated at \$1.1 billion and roughly 2,400 jobs.

Table ES-1 provides a summary of economic impact estimates attributable to the 447 Battery & 530 Sansome Development Project on the City and County of San Francisco. The section that follows presents a summary of the analysis, including methodology, data sources, assumptions, and definitions of key economic impact terminology.

¹ Economic impact estimates exclude fire department activities on at the Project site.

Table ES-1 Project Economic Impact in San Francisco (2025\$ Estimates)

Item	Existing	Proposed	Net New
<u>Annual Recurring Economic Impact</u>			
Economic Output			
Direct Effect	\$40,311,000	\$856,151,000	\$815,840,000
Total Effect (w/ Multiplier)	\$54,025,000	\$1,174,383,000	\$1,120,358,000
Employment (Full-Time and Part-Time Jobs)			
Direct Effect	142	1,750	1,608
Total Effect (w/ Multiplier)	183	2,623	2,440
<u>One-Time Economic Impact from Project Development - Aggregate Estimates</u>			
Economic Output			
Direct Effect	N/A	\$417,900,000	\$417,900,000
Total Effect (w/ Multiplier)	N/A	\$520,416,000	\$520,416,000
Employment (Job Years)			
Direct Effect	N/A	1,551	1,551
Total Effect (w/ Multiplier)	N/A	1,859	1,859
<u>One-Time Economic Impact from Project Development - Annual Estimates (1)</u>			
Economic Output			
Direct Effect	N/A	\$104,475,000	\$104,475,000
Total Effect (w/ Multiplier)	N/A	\$86,722,000	\$86,722,000
Employment (Average Jobs)			
Direct Effect	N/A	388	388
Total Effect (w/ Multiplier)	N/A	465	465

(1) Assumes development occurs over 4 years, including pre-construction work.

Economic Impact Analysis

This section describes the methodology, data, and assumptions used to estimate economic impacts attributable to:

- (1) One-time Project development spending in San Francisco and
- (2) Ongoing annual Project-related economic activities in San Francisco.

This analysis evaluates the proposed Project's economic impact in the San Francisco economy using project data and the IMPLAN "Input/Output" (I/O) model of the local economy.² To inform economic impact modeling, EPS analyzed local development expenditures and Project tenancing assumptions to estimate economic impact metrics including direct employment, labor income, value added (a metric comparable to GDP), and economic output. Based on direct economic impact estimates, the IMPLAN model supports estimation of indirect and induced economic impacts, commonly referred to as "multiplier" or "ripple" effects in the local economy.

Developer spending in the local economy and on-site jobs attributable to the Project are referred to as the "direct effects." Based on these Project factors, the I/O model quantifies the additional multiplier effects that result as spending recirculates in the local economy. Multiplier effects are categorized as "indirect" and "induced." Indirect effects represent business spending while induced effects reflect the economic impact of employees' consumer spending. In this report, direct, indirect, and induced effects are defined as follows for Project impacts:

- **Direct Effect** is a measure of the economic value of the initial injection of spending into the economy, including one-time spending on development of the Project and recurring annual expenditures directly attributable to economic activities within the Project.
- **Indirect Effect** is a measure of the economic value of "upstream" industry-to-industry transactions that supply inputs to the production of goods and services consumed by the Project, including during Project development and from ongoing economic activity after the project is fully occupied.
- **Induced Effect** is a measure of the economic value of labor income that re-circulates in the economy because of consumer spending by employees attributable to the Project, both during the development period and after project completion.
- **Total Effect** is the sum of the direct, indirect, and induced effects. The total economic effect measures the full impact impact of economy activity in San Francisco.

² IMPLAN is an Input-Output modeling system (software and data) that is widely used in the U.S. for estimating economic impacts across a wide array of industries and economic settings. IMPLAN draws upon data collected from state and federal sources, including the Bureau of Economic Analysis, Bureau of Labor Statistics, and the Census Bureau. For the purposes of this economic impact analysis, the "local" economy is defined as the City and County of San Francisco.

Importantly, economic effects are calculated for the site's existing land uses as well as the proposed project, to estimate the net impact of the Project in San Francisco.³

This analysis measures economic significance using well accepted economic metrics, including employment, labor income, output, and value added, as defined below.

- **Employment** is equivalent to total jobs count, including both part-time and full-time workers. For "one-time" impacts, employment is reported in "job years." A job year is simply one job for one year, with total job years distributed over the time horizon of development.
- **Labor Income** represents payments to labor in the form of income and fringe benefits paid by the employer (e.g., health, retirement), as well as proprietor income.
- **Value Added** represents a contribution to gross regional product and equals the market value of the final goods and services produced within the local economy. Value added is equal to economic output, less the value of intermediate goods and services.
- **Economic Output** represents a measure of gross economic activity. Output includes spending on labor income as well as the value of intermediate inputs, such as equipment, supplies, insurance, rents, utilities, communication (i.e., the goods and services used in the production of final products).

One-Time Economic Impacts from Project Development

Development of the Project, including design, entitlement, and construction, supports local jobs and requires purchasing of materials and services which results in a one-time economic impact (i.e., this economic benefit concludes once the Project is delivered). Based on an estimate of local design and legal services spending along with the total construction cost estimate reported by the Project Sponsor, the EIA relies on an IMPLAN model data for San Francisco to derive the one-time economic impact from development. These local spending estimates inform the number of jobs and economic activity attributable to development of the Project.

- **Table 2** presents assumptions regarding development spending in San Francisco. These inputs to the EIA include a \$398 million construction budget for the Project and nearly \$20 million in local spending on architecture, engineering, legal, and other professional services. The analysis assumes that local spending on these Project "soft costs" is 5.0 percent of the total construction budget.
- **Table 3** presents estimated one-time economic impact attributable to development of the proposed Project. The findings reflect nearly \$418 million in local spending. The estimated total one-time economic impact, including direct effects and multiplier effects, is about \$520 million in San Francisco. The EIA estimates that development of the proposed Project will directly support over 1,500 job years of employment with average total estimated labor income (including benefits) of about \$118,000 per job per year. The average number of jobs supported by the Project at any time will depend on the development timeline, as discussed below.

³ The project site includes a San Francisco Fire Station now as well as within the proposed Project. Neither baseline nor projected economic impact estimates include Fire Department activities on the site.

- **Table 4** presents the economic impact from development on an annual basis by accounting for the anticipated development timeline. Given current development assumptions, the Project will take roughly 3.25 years to construct. The analysis assumes that pre-construction and construction is spread over four years, during which time one-time development spending will directly support over 465 jobs.⁴ This includes about 388 direct jobs and an additional 77 jobs that result from multiplier effects in the San Francisco Economy.

Recurring Economic Impacts from Project Operations

After development and lease up, the Project will support ongoing employment as future tenants engage in office, restaurant, and hospitality activities. In addition, the Project's hotel guests will spend at San Francisco retailers, restaurants, and other establishments. To estimate the recurring economic impact of the project, the EIA uses employment density assumptions consistent with the City's 2019 Jobs Housing Study (KMA 2019) and the Project's Fiscal Impact Analysis (EPS 2025).

- **Table 5** presents a summary of analytical inputs informing estimation of ongoing operational economic impacts. On-site economic activity is defined by anticipated employment across the land uses contained in the Project program, with office employment concentrated in finance and insurance (75% of office jobs) and professional services (25% of office jobs). Associated economic output is determined using IMPLAN data for corresponding industry sectors. In addition to on-site employment, the EIA also considers hotel guest spending in the city, which is conservatively estimated at \$79 per day per person, based on federal per diem spending allowances for San Francisco travel.
- **Table 6** presents estimated recurring annual economic impacts attributable to the proposed Project. These estimates are based on IMPLAN model data for the City of San Francisco. Direct employment on-site at the Project is anticipated to include over 1,700 jobs in the professional services, finance, restaurant, and hotel sectors. The on-site and off-site economic activity attributable to the project results in a total recurring economic impact of approximately 2,600 jobs and about \$1.2 billion per year in San Francisco.

Net New Economic Impact

The Project will replace existing commercial space, which currently employment and economic activity in San Francisco. By deducting current economic activity from the estimated economic impact of the proposed Project, the EIA provides an assessment of net new economic impact attributable to the Project.

- **Table 7** presents estimated recurring annual economic impacts from the proposed Project, capturing office, restaurant, and hotel impacts. These estimates reflect Project

⁴ Full project development is assumed to have 4-year development timeframe. A "job year" equals one job for one year. Total job years supported by project development spending divided by the anticipated time horizon for project development yields the average number of jobs supported by the project at any point during the development period ($9,700 \text{ job years} \div 8 \text{ years of development} = 1,200 \text{ jobs}$).

- data and IMPLAN data, like Table 6, though the analysis assumes current office employment is concentrated in professional services and that ground floor commercial is a mix of retail and restaurant uses.
- **Table 8** presents the net new recurring annual economic impacts to the City of San Francisco. After accounting for the impacts associated with the existing uses at the site, excluding Fire Department activities, the EIA estimates the Project will generate a net new recurring economic impact of approximately 2,400 jobs and \$1.1 billion in San Francisco.

Table 1
Project Program EIA Inputs
447 Battery & 530 Sansome Economic Impact Analysis

Item	Existing	Proposed (1)	Net New
Hotel Rooms	0	198	198
Office Square Footage	20,718	373,992	353,274
Restaurant Square Footage	20,154	7,406	-12,748
Fire Station Square Footage	18,626	26,589	7,963
Parking Spaces	21	74	53

(1) Square footages derived from the project program, including rentable office square footage, net hotel square footage, and net restaurant square footage. Excludes basement space and associated parking for SFFD.

Source: EQX JACKSON SQ HOLDCO LLC

Table 2

Project Development Budget EIA Inputs (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis

Spending	Buildout
<u>Construction Spending in San Francisco</u>	
Commercial Construction Spending	\$398,000,000
<u>Soft Cost Spending in San Francisco</u>	
Architecture & Engineering	\$18,900,000
Legal and other Professional Services	<u>\$1,000,000</u>
Soft Cost Subtotal	\$19,900,000
Total Development Spending in San Francisco	\$417,900,000

Source: EQX JACKSON SQ HOLDCO LLC

Table 3

**One-Time Economic Impact from Project Development - Total Impact (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis**

Impact	Job Years (1)	Labor Income	Value Added	Output
Direct (2)	1,551	\$183,665,000	\$273,837,000	\$417,900,000
Indirect	143	\$23,295,000	\$37,411,000	\$55,540,000
Induced	<u>165</u>	<u>\$19,431,000</u>	<u>\$35,638,000</u>	<u>\$46,976,000</u>
Total	1,859	\$226,390,000	\$346,886,000	\$520,416,000

(1) A "job year" is one job for one year. For example, 10 job years over 5 years indicates average employment of 2 for the 5-year period.

(2) Direct output based on construction costs and soft costs shown in **Table 2**.

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; and Economic & Planning Systems, Inc.

Table 4

One-Time Economic Impact from Project Development - Annual Impact (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis

Impact (1)	Jobs (2)	Labor Income	Value Added	Output
Direct (3)	388	\$45,916,000	\$68,459,000	\$104,475,000
Indirect	36	\$5,824,000	\$9,353,000	\$13,885,000
Induced	<u>41</u>	<u>\$4,858,000</u>	<u>\$8,910,000</u>	<u>\$11,744,000</u>
Total	465	\$56,598,000	\$86,722,000	\$130,104,000

(1) Assumes a 4-year development period, including pre-construction work.

(2) Jobs represents average employment during development and is calculated by dividing job years by the anticipated time horizon for project development.

(3) Direct output based on construction costs and soft costs shown in **Table 2**.

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; and Economic & Planning Systems, Inc.

Table 5
Project Operations Direct Economic Impacts
447 Battery & 530 Sansome Economic Impact Analysis

Economic Activity in San Francisco		At Project Buildout
<u>On-Site Economic Activity</u>		<u>Employment</u>
Office		1,571
Restaurant		20
Hotel		<u>149</u>
Subtotal		1,741
		<u>Annual Economic Output (Millions 2025\$)</u>
Office		\$821.5
Restaurant		\$3.2
Hotel		<u>\$30.1</u>
Subtotal		\$854.8
<u>Economic Activity from Visitor Spending</u>		
Retail Output (1)		\$0.1
Restaurant Output		<u>\$2.9</u>
Subtotal		\$3.0
<u>Ongoing Direct Economic Output (2)</u>		\$856.2

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; Economic & Planning Systems, Inc.

(1) Retail economic output reflects marginal value created by retail operations (vs. full retail sale value).

(2) Reflects adjustments for sales redistribution and to avoid double counting of visitor spending.

Table 6

**Recurring Annual Economic Impact from Stabilized Operations - Proposed Project (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis**

Impact	Jobs	Labor Income	Value Added	Output
Direct	1,750	\$491,584,000	\$662,813,000	\$856,151,000
Indirect	426	\$97,987,000	\$148,418,000	\$193,512,000
Induced	<u>446</u>	<u>\$54,873,000</u>	<u>\$94,886,000</u>	<u>\$124,720,000</u>
Total	2,623	\$644,444,000	\$906,117,000	\$1,174,383,000

(1) Direct jobs based on employment, spending, and direct output presented in **Table 5**.

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; Economic & Planning Systems, Inc.

Table 7

Recurring Annual Economic Impact - Baseline Existing Conditions (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis

Impact	Jobs	Labor Income	Value Added	Output
Direct	142	\$23,995,000	\$32,178,000	\$40,311,000
Indirect	19	\$3,472,000	\$5,807,000	\$7,632,000
Induced	<u>22</u>	<u>\$2,668,000</u>	<u>\$4,627,000</u>	<u>\$6,082,000</u>
Total	183	\$30,135,000	\$42,611,000	\$54,025,000

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; Economic & Planning Systems, Inc.

Table 8

Net New Recurring Annual Economic Impact from Stabilized Operations (2025\$)
447 Battery & 530 Sansome Economic Impact Analysis

Impact	Jobs	Labor Income	Value Added	Output
Direct	1,608	\$467,589,000	\$630,635,000	\$815,840,000
Indirect	407	\$94,515,000	\$142,611,000	\$185,880,000
Induced	<u>424</u>	<u>\$52,205,000</u>	<u>\$90,259,000</u>	<u>\$118,638,000</u>
Total	2,440	\$614,309,000	\$863,506,000	\$1,120,358,000

Source: EQX JACKSON SQ HOLDCO LLC; IMPLAN; Economic & Planning Systems, Inc.

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street
DATE: September 9, 2025

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to \$86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This is substitute legislation for File 250803.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

NOTICE OF PUBLIC HEARING
GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Government Audit and Oversight Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Thursday, October 2, 2025

Time: 10:00 a.m.

Location: Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

Subject: **File No. 250803.** Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to \$86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments. These comments will be added to the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (bos@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, September 26, 2025.

NOTICE OF PUBLIC HEARING

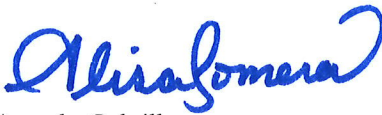
File No. 250803 (Hotel and Fire Station Development Incentive Agreement - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street)

Hearing Date: October 2, 2025

Page 2

For any questions about this hearing, please contact the Assistant Clerk for the Government Audit and Oversight Committee:

Monique Crayton (monique.crayton@sfgov.org) ~ (415) 554-7750)


for Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

mcc:jec:ams

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Notice Type: GPN GOVT PUBLIC NOTICE

Ad Description

MC - GAO HEARING - OCTOBER 2, 2025 - FILE NO. 250803

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09/21/2025

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Publication	\$711.90
Set aside for CCSF Outreach Fund	\$79.10
Total	\$791.00

EXM# 3969922

**NOTICE OF PUBLIC
HEARING
BOARD OF SUPERVISORS
OF THE CITY AND
COUNTY OF SAN FRAN-
CISCO
GOVERNMENT AUDIT AND
OVERSIGHT COMMITTEE
Thursday, October 2, 2025
10:00 a.m.
Legislative Chamber,
Room 250
City Hall
1 Dr. Carlton B. Goodlett
Place, San Francisco, CA
94102**

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Government Audit and Oversight Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard. File No. 250803. Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to \$86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21 G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1 in accordance with Administrative Code, Section 67.7-1. persons who are unable to attend the hearing on this matter may submit written comments. These comments will be added to the official public record in this matter and shall be brought to the attention of

the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (bos@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, September 26, 2025. For any questions about this hearing, please contact the Assistant Clerk for the Government Audit and Oversight Committee: Monique Crayton (monique.crayton@sfgov.org) - (415) 554-7750

EXM-3969922#



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September 23, 2025

RE: 530 Sansome Street Development

Dear Board President Mandelman and Supervisors,

On behalf of the Hotel Council of San Francisco, I am pleased to express our support for the development at 530 Sansome Street. We are a non-profit trade association established in 1987 to advocate for our hotel and allied members, ensuring the economic vitality of the hospitality community in San Francisco.

As the voice of San Francisco's hospitality community, we are excited about Related California's proposal for a 41-story premium office and luxury hotel tower in the city's North Financial District. This new project is set to boost the local economy and provide a variety of offerings for businesses, tourists, and residents. It will feature state-of-the-art office space, a five-star luxury hotel, a chef-driven restaurant, concierge services, and various amenities, including a spa and fitness center. Additionally, the proposal significantly improves Merchant Street, transforming the area in front of the project into a shared street and living alley to further enhance the burgeoning Jackson Square merchant corridor.

San Francisco's hospitality industry is showing promising signs of recovery, with increasing hotel occupancy rates and a resurgence in both international and domestic travel. However, the sector still faces challenges, including ongoing public safety concerns and the lasting effects of the pandemic.

We appreciate Related California's commitment to San Francisco. The proposed 530 Sansome Street will be the first new building in the Northern Financial District since 350 Bush Street opened in 2018, and it will mark the first new ground-up five-star hotel in 30 years. This development represents an exciting step forward for San Francisco's hospitality industry.

On behalf of the Hotel Council of San Francisco, we encourage your support of the hospitality industry and this important project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Bastian".

Alex Bastian

President & CEO

Hotel Council of San Francisco

235 Montgomery Street
Suite 828
San Francisco, CA 94104
415-634-2251

Robbie Silver
President & CEO

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Sent via email

September 24, 2025

Subject: Letter of Support - 530 Sansome Street

Dear Board President Mandelman and Supervisors,

Downtown Partnership SF (DSFP) supports the proposed 530 Sansome Street development. DSFP, a nonprofit community benefit district, provides placemaking, public realm improvements, clean and safe operations, marketing support, and economic development to the Financial District and historic Jackson Square.

The 530 Sansome project represents a significant positive investment in the City's economic recovery. The 19-story mixed-use project comprising state-of-the-art office space, a five-star luxury hotel, a "chef-driven" restaurant, including public realm improvements along a portion of Merchant Street.

Initially approved by the San Francisco Planning Commission in the summer of 2021, the COVID health pandemic, and its lingering impacts on financial and real estate markets, made the project infeasible at the time. Fortunately, Related California – the developer - reimagined the development with the delivery of a new standalone fire station at 447 Battery Street with a refined, view-oriented tower at 530 Sansome.

More than just a new building tower, the project promises significant public benefits. Millions generated from developer impact fees will pay for essential infrastructure improvements, including \$15 million in affordable housing payments to support an affordable housing development at 772 Pacific Avenue. Construction-related jobs will total 600, in addition to 149 permanent jobs once the hotel opens.

The 530 Sansome Street project blends hospitality, premier office spaces and essential public safety infrastructure, and signifies a vote of confidence in downtown's reemergence.

Sincerely,



Robbie Silver
CEO & President



San Francisco Travel Association

One Post Street, Suite 2700

San Francisco, CA 94104

415-974-6900

sftravel.com

September 22, 2025

Dear Board President Mandelman and Supervisors,

On behalf of the San Francisco Travel Association, I am pleased to submit our support for the proposed 530 Sansome Street development.

As a representative of San Francisco's travel industry, which includes businesses and community stakeholders benefiting from a vibrant tourism sector, we are excited about Related California's proposal for a \$750 million, 41-story premium office and luxury hotel tower development in the City's north Financial District. Our understanding is that this new project aims to create a destination appealing to tourists in San Francisco for business and leisure as a five-star luxury hotel with a chef-driven restaurant, concierge services, and various other amenities in the thriving Jackson Square area.

While tourism is rebounding strongly and the city is attracting new AI companies, challenges such as high office vacancy rates and a slower-than-expected return of downtown foot traffic remain. Reimagining an underutilized site with a new luxury five-star hotel, bespoke office space, a state-of-the-art firehouse, active ground-floor uses, and a significantly improved public realm is crucial for San Francisco's ongoing economic recovery.

The San Francisco Travel Association encourages your support for the proposed development at 530 Sansome Street.

Sincerely,

Christine Gaudenzi

Chief of Staff

SAN FRANCISCO CHAMBER OF COMMERCE

September 25, 2025

RE: 530 Sansome Street Proposal

Dear Board President Mandelman and Supervisors,

On behalf of the San Francisco Chamber of Commerce, I am pleased to express our support for the development of 530 Sansome Street. For more than 172 years, the San Francisco Chamber has led initiatives to attract, support, and grow businesses in San Francisco through advocacy, economic development, and business development efforts.

As the voice of San Francisco's business sector, we are excited about Related California's reimagined development for 447 Battery & 530 Sansome Street, a public-private partnership with the City & County of San Francisco and the San Francisco Fire Department (SFFD) to create a new \$40 million state-of-the-art fire station adjacent to a 41-story premium office-and luxury hotel tower development. The total investment for this project is an impressive \$750 million, marking a significant commitment to San Francisco's future.

The project will also deliver significant public benefits by contributing millions of dollars in development impact fees, which will be partially allocated for essential infrastructure improvements. Additionally, it will include \$15 million in affordable housing payments to support the development at 772 Pacific Avenue. The project will create hundreds of construction jobs annually and support more than 1,600 new permanent jobs once complete, including 150 net new hotel jobs.

The San Francisco Chamber of Commerce encourages your support of the 530 Sansome Street proposed development.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rodney Fong', with a stylized flourish at the end.

Rodney Fong
President and CEO
San Francisco Chamber of Commerce



September 26 2025

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Support for 530 Sansome Street

Dear Board President Mandelman and Supervisors,

Advance SF is an organization comprised of San Francisco's leading employers dedicated to supporting an equitable, resilient, and vibrant economy shared by all people working and living in San Francisco. We are writing to express our enthusiastic support for the proposed 530 Sansome Street development.

Over the past three years, our organization has collaborated closely with the City government, businesses, and community partners to advocate for solutions that will make the Downtown Economic Core a more economically diverse and vibrant neighborhood rich in experiences.

As an advocate for Downtown's revitalization, we are excited about 530 Sansome's proposal for a 41-story office and hotel tower, along with a new \$40 million fire station. The new office building – the first to be built in more than 50 years on the Northern Waterfront - will boost the local economy and offer various new uses, including state-of-the-art office space, a five-star luxury hotel, a "chef-driven" restaurant, concierge services, and various other amenities. The proposal also entails beneficial improvements to Merchant Street, reinventing the portion in front of the project into a shared street/living alley that will further enliven the Jackson Square corridor.

This view-centric office space is in high demand in Downtown San Francisco, particularly in the Jackson Square neighborhood, which has become a burgeoning hotspot for finance, real estate, and technology companies. This project promises to add to the City's general fund, provide much-needed affordable housing fees, and create many new union jobs.

This project is exactly the kind of vote of confidence our City needs. We encourage your support for this important project.

A handwritten signature in black ink, appearing to read "Wade Rose". The signature is fluid and cursive, with the first name "Wade" and the last name "Rose" clearly distinguishable.

Wade Rose
President
Advance SF



UNITE HERE!

September 26, 2025

VIA EMAIL

Dear Supervisors Melgar, Chen, and Mahmood,

We are pleased to write this letter in support of the proposed project at 530 Sansome Street/447 Washington Street.

As a union representing hospitality employees, we are concerned with whether new jobs created in this industry will serve to lift up the community by providing leading wages and working conditions for the hardworking people who work in our city's hotels.

Hotel developers have historically supported the creation of good quality jobs by agreeing to remain neutral and present no encumbrances to efforts by their employees to form a union. The developer of this project has worked with our union to sign such an agreement, and has also signed an agreement that will cover the building trades for the construction of the hotel.

This project will undertake to provide the city with a new and improved fire station, which we understand is sorely needed and will better meet the needs of the hardworking firefighters who protect our city and its residents.

We support this project for its various benefits, including, most crucially, its guarantees of good quality jobs in this critical industry for San Francisco.

Please feel free to contact me if you have further questions.

Cynthia Gómez
Senior Research Analyst

cgomez@unitehere2.org

opeiu-29-aft-cio(51)mds

Elizabeth Tapia
President

Tina Chen
Secretary-Treasurer

Yulisa Elenes
Vice-President

Chito Cuellar
Vice-President

209 Golden Gate Ave., San Francisco, CA 94102 • phone: 415.864.8770 • fax: 415.864.4158
209 Highland Ave. Burlingame, CA 94010 • phone: 650.344.6827 • fax: 650.344.9406
1025 3rd St., Oakland, CA 94607 • phone: 510.893.3181

Member, Board of Supervisors
District 9



City and County of San Francisco

JACKIE FIELDER

DATE:	September 25, 2025
TO:	Angela Calvillo Clerk of the Board of Supervisors
FROM:	Supervisor Jackie Fielder, Chair, Government Audit and Oversight Committee
RE:	Government Audit and Oversight Committee COMMITTEE REPORTS

Pursuant to Board Rule 4.20, as Chair of Government Audit and Oversight Committee, I have deemed the following matter is of an urgent nature and request that it be considered by the full Board on Tuesday, October 7, 2025, as a Committee Report:

1. File No. 250803 - Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street

This matter will be heard in the Government Audit and Oversight Committee at a Special Meeting on Monday, October 6, 2025, at 12:00 p.m.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jackie Fielder".

Jackie Fielder

530 SANSOME STREET AND FIRE STATION 13

Government Audit & Oversight Committee

October 2, 2025

**San Francisco
Planning**



Proposed Legislation

Government Audit & Oversight Committee

- 250698: Development Agreement
- 250803: Hotel and Fire Station Development Incentive Agreement

Land Use and Transportation Committee

- 250697: Planning Code Amendments; Special Use District
- 250764: General Plan Amendments
- 250802: Major Encroachment Permit
- 250804: Amended and Restated Conditional Property Exchange Agreement (CPEA)

PROJECT OVERVIEW





447 BATTERY & 530 SANSOME

Project Location

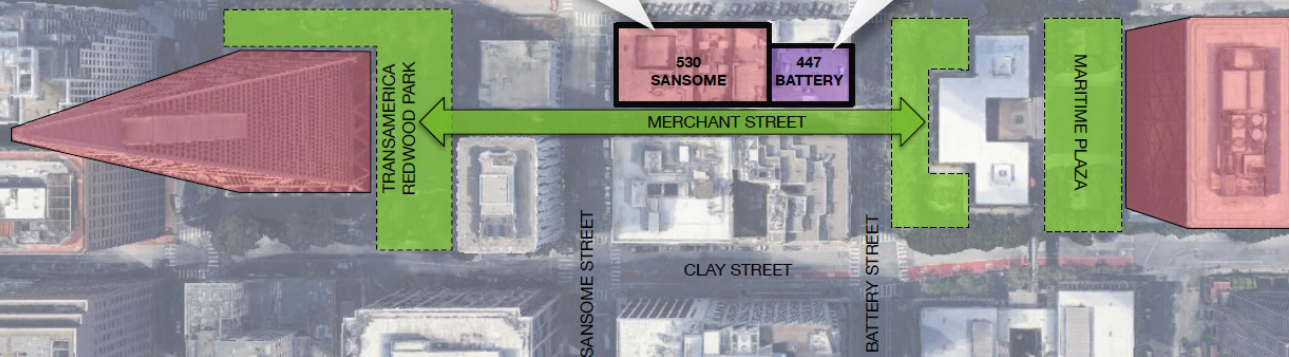
Context Diagram

530 SANSOME STREET

Mixed-Use Tower
±649,510 SF
Between ±344,840 SF and ±390,035 SF Office
Between ±127,710 SF and ±188,820 SF Hotel
(100-200 Keys)
±7,405 SF Retail & Restaurant

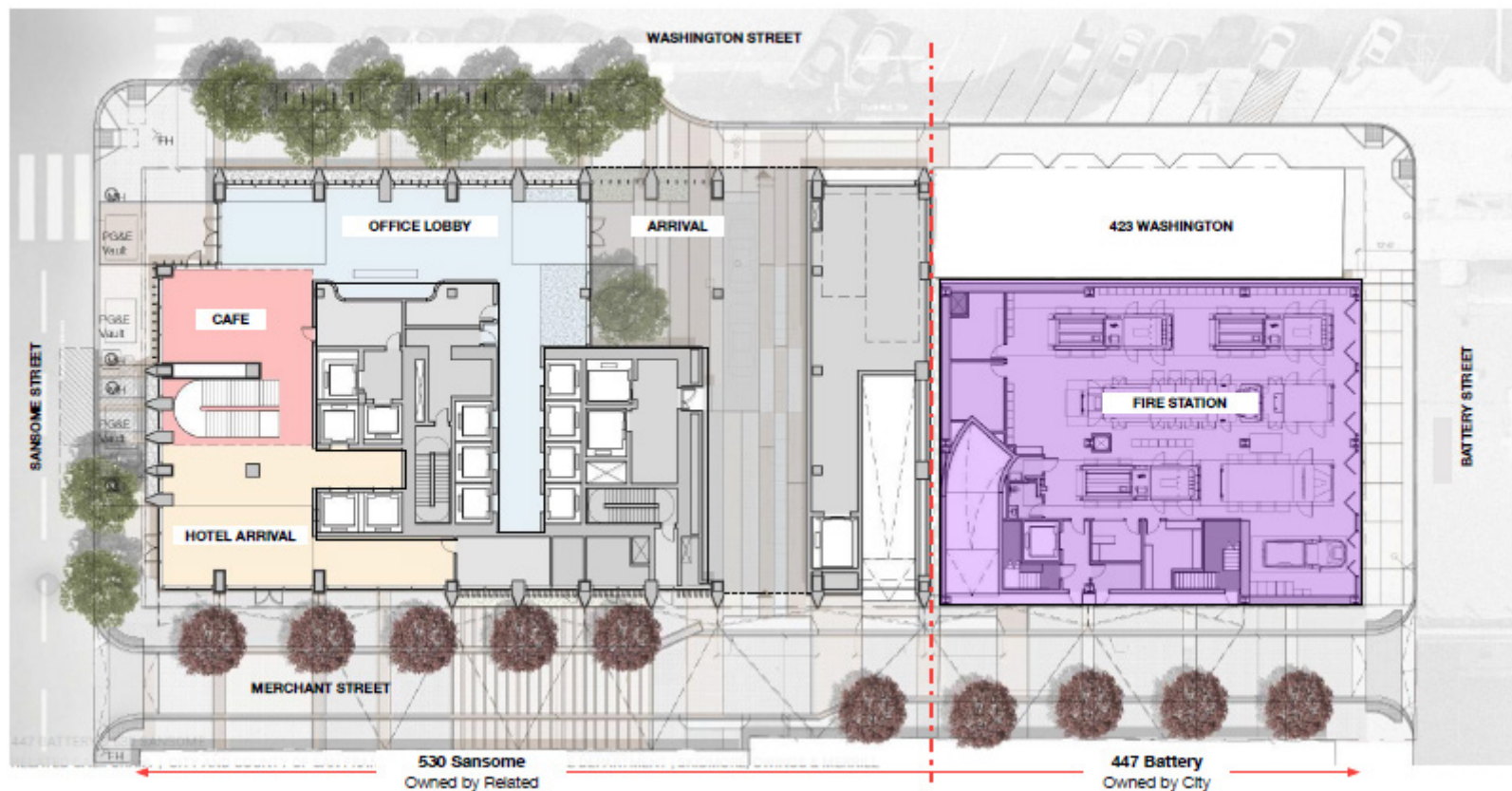
447 BATTERY STREET

New SFFD Fire Station 13
60' (4 Stories) Tall
±31,200 SF
4 Apparatus Bays



Proposed Site Plan

Public Realm Improvements





SHVO | Foster + Partners Plan for Mark Twain Alley



Proposed View of Merchant Street

Fire Station 13

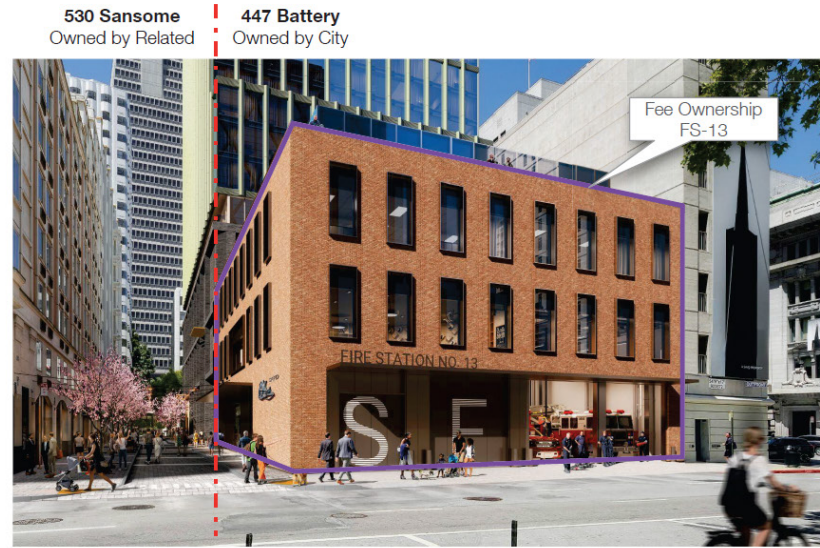
Existing and Proposed Locations



New Fire Station Concept



2020 proposed location (Washington Street)



2025 proposed location (Battery Street)

- Original property exchange agreement signed in July 2020 (with two subsequent amendments)
- Amended and Restated CPEA (File 250804) changes the parcel City would receive; City to own standalone building
- Removal of cost cap; Construction by developer at its sole cost to SFFD-approved design, other than any City-initiated design additions

Fire Station 13



SFFD FIRE STATION DESIGN STANDARDS

JULY 31, 2025

Prepared by
San Francisco Public Works
Bureau of Architecture
49 s Van Ness Ave -- 11th Floor
San Francisco CA 94103



Untitled 1976

Henri Marie-Rose Sculpture



Untitled
1976
48 x 60 in.

Henri Marie-Rose aka Henri Marie-Rose Dite Cetoute, French, (1922–2010)

Object Type: Sculpture

Medium and Support: Copper

Credit Line: Collection of the City and County of San Francisco; Purchased by the San Francisco Art Commission for Firehouse #13

Accession Number: 1976.93

Abstract image of fireman at their task, with "SFFD" copper lettering, on the exterior facade of Fire Station #13 at Washington and Sansome Streets.

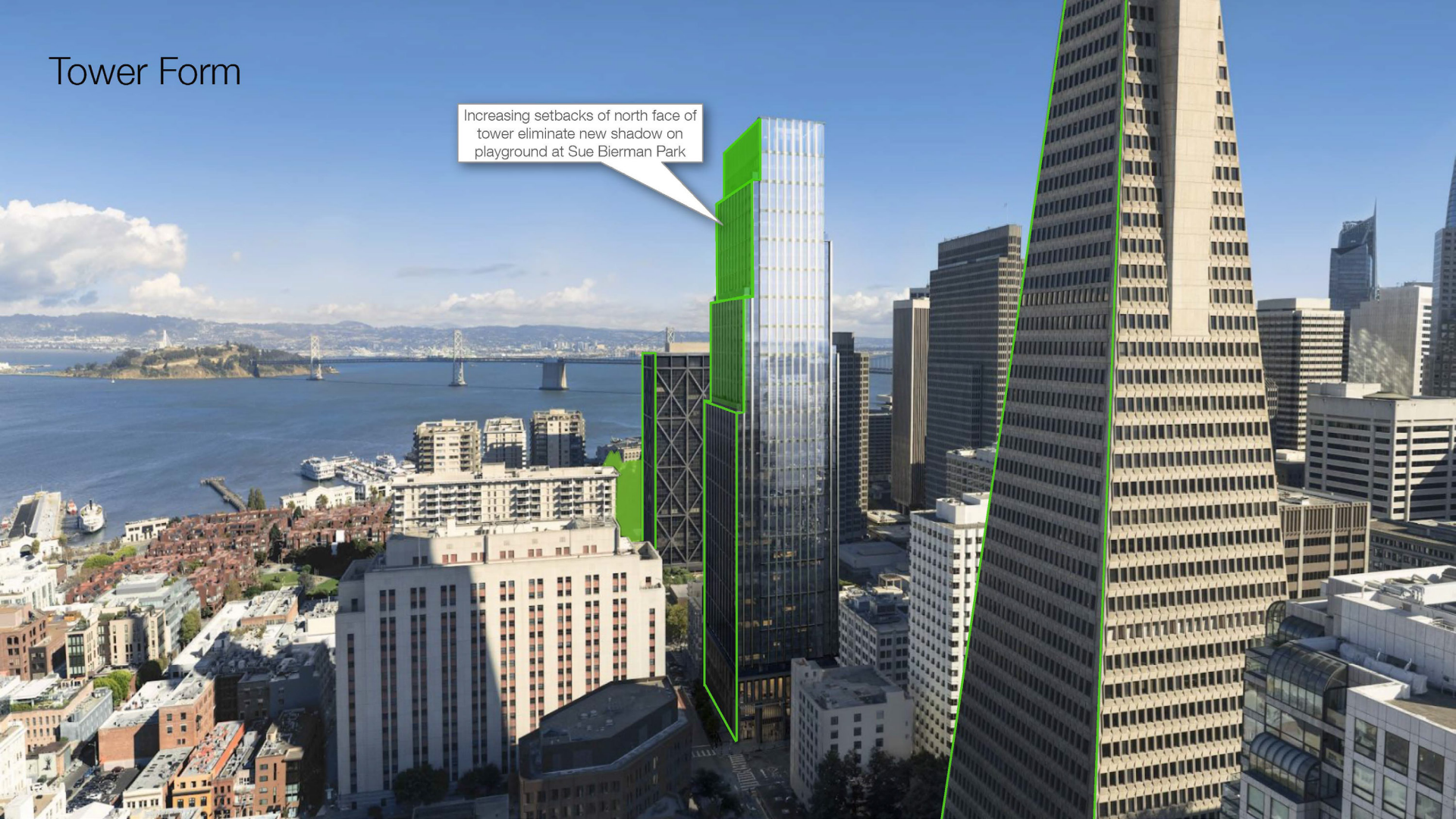
<https://kiosk.sfgartscollection.org/objects-1/info/2496?records=60&sort=0&objectName=Untitled>

Tower Form



Tower Form

Increasing setbacks of north face of tower eliminate new shadow on playground at Sue Bierman Park



Proposed Building is south of
Washington St, within the existing
downtown high-rise Financial District

Washington Street



DEVELOPMENT AGREEMENT KEY TERMS



Development Agreement

Community Benefits and Key Terms



- Contract between City and project sponsor, with 8-year term
- Vests permitted uses, zoning controls, impact fees
- Project subject to updates of building codes, fire code, public works code
- Integrates with other proposed ordinances, including property exchange agreement

Development Agreement

Fire Station 13

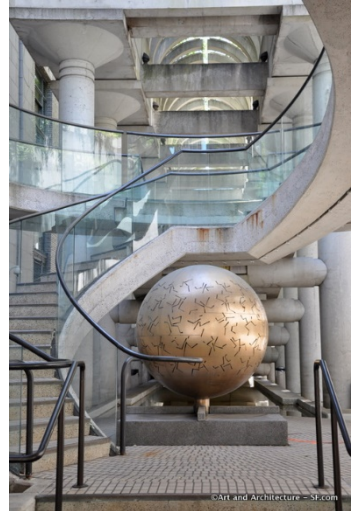
- Delivery of new state-of-the-art facility built to current operational, seismic (Risk Category IV), accessibility, and green building (LEED Gold) standards
- Standalone property to be transferred to City, in amended property exchange agreement
- Maximum 30-month fire station construction duration, with completion required before completion of tower



Development Agreement

Downtown Investment and Activation

- Significant new investment in the future of downtown, with a mix of uses that will generate daytime and nighttime activity
- Merchant Street pedestrian streetscape improvements, with ongoing private maintenance obligation
- Participation in “1% for Art” program (and relocation of existing *Untitled* sculpture to new Fire Station)
- Collection of approx. \$600,000 per year from hotel taxes to support Grants for the Arts, the Arts Commission, and Cultural Districts
- Payment of approx. \$1 million into Downtown Park Fund



Development Agreement Funding for 100% Affordable Housing; Impact Fees



- Affordable housing payments totaling nearly \$15 million
 - \$2.16 million paid to City six months after entitlements are effective
 - Prioritization of funds for senior housing at 772 Pacific Avenue in Chinatown, with second priority to other 100% affordable housing in District 3
- Other impact fees, including approximately \$7.6M in transportation funding

Development Agreement

Workforce Agreement

- **Prevailing wages** for tower and fire station construction
- **First Source Hiring** for Construction and Operations for tower
- **Local Hiring** for fire station construction
- **Local Business Enterprise** obligations, including Micro-LBE goal

Economic & Fiscal Impact

- **Construction period jobs:** 390 annually
- **Permanent jobs:** 1,600 on-site (full and part time)
- Ongoing **direct economic impact:** \$816M annually in San Francisco
- \$9.5 million annually (after expenditures) in net new **General Fund, SFMTA, and arts revenue**



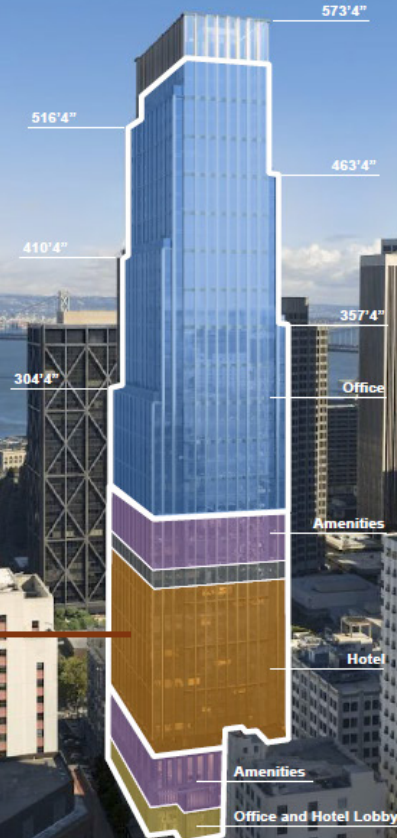
HOTEL AND FIRE STATION DEVELOPMENT INCENTIVE AGREEMENT



Fiscal Impact Analysis

Estimated net new GF revenue, annual (gross, in 2025\$)

- Gross Receipts Tax \$6.24m
- Transient Occupancy Tax (TOT) **\$5.08m**
- Property Tax \$4.04m
- Property Transfer Tax \$1.88m
- Other \$1.32m
- **Subtotal GF Revenue (net new) \$18.55m**



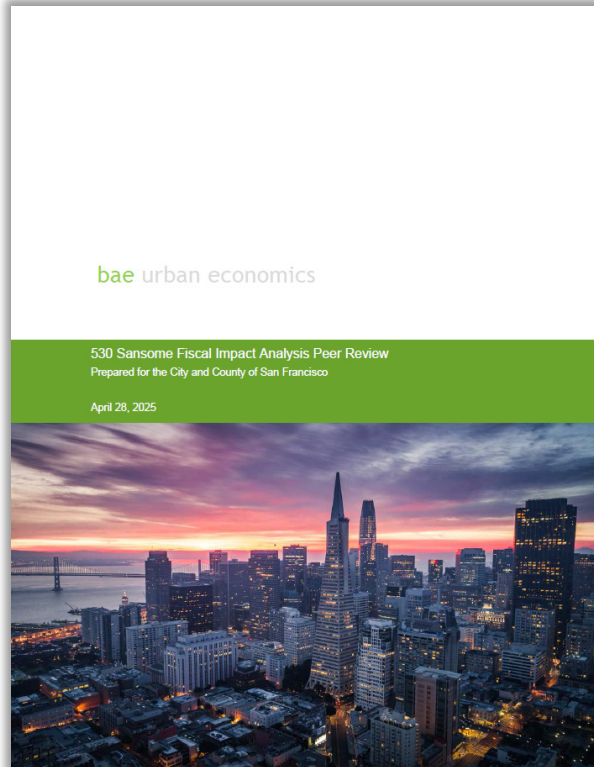
Hotel and Fire Station Development Incentive Agreement



- Incentive payments calculated based on a percentage of actual new hotel tax (TOT) generated by project, for up to 25-year period after hotel occupancy
- Offsets construction costs of fire station, with no upfront City capital dollars
- Supports feasibility of a new construction hotel
- Retains full 10.7% of TOT revenue that is dedicated to arts and culture (Prop E, 2018)
- Developer bears risk of fire station construction cost increases, hotel underperformance

Hotel and Fire Station Development Incentive Agreement

Fiscal Impact Analysis

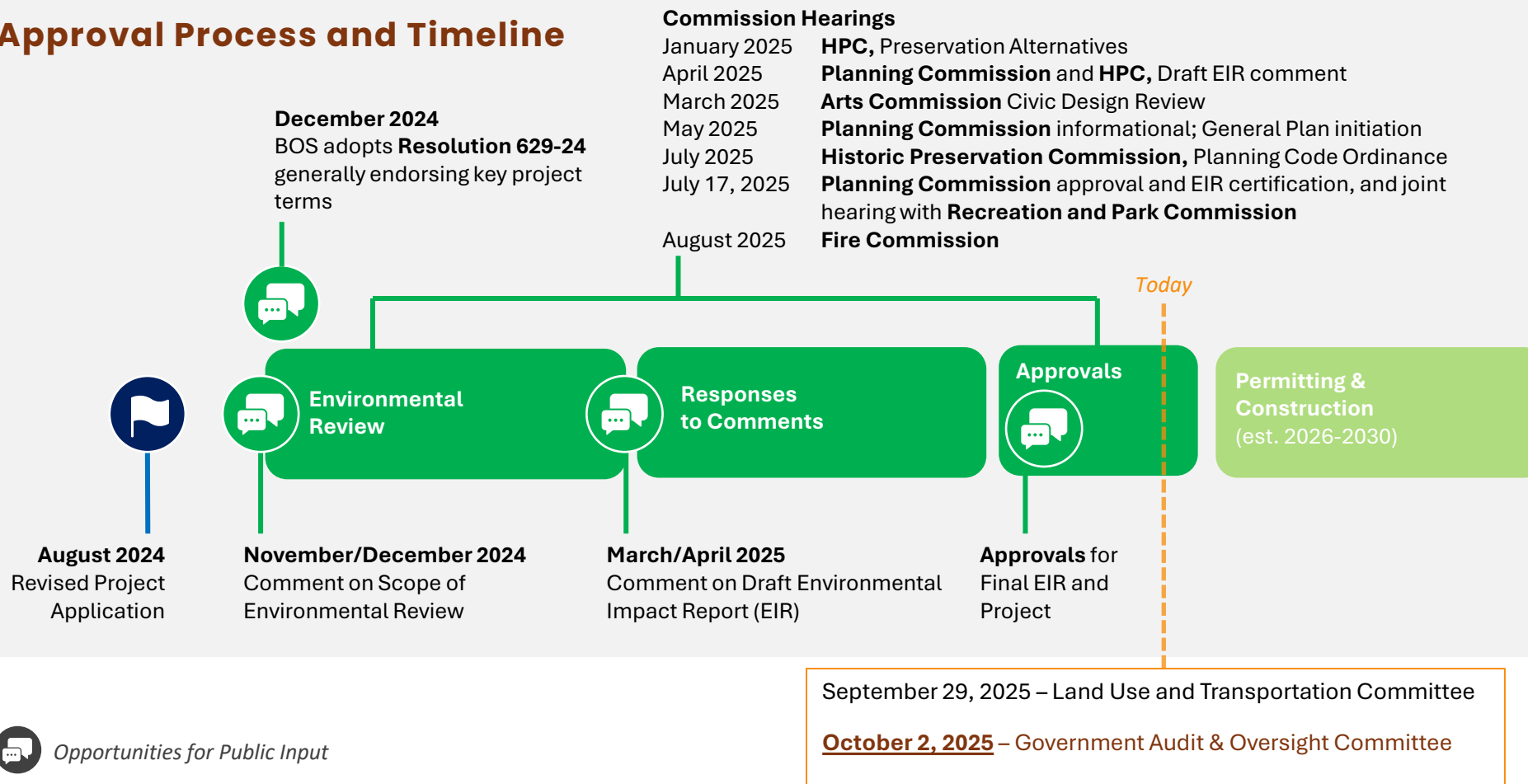


Net Revenues, annual (in 2025\$)

Annual General Fund Revenues (excluding TOT)	\$13,468,000
<u>(Less) General Fund Baseline Requirements</u>	<u>(\$3,861,000)</u>
Annual GF Revenues After Baseline Funding	\$9,606,000
<u>(Less) Annual General Fund Expenditures</u>	<u>(\$1,606,000)</u>
Net Impact on General Fund	\$8,001,000
<u>Plus Net Impact on SFMTA Fund</u>	<u>\$881,000</u>
<u>Plus TOT Arts and Culture Funding</u>	<u>\$610,000</u>
Net Impact, including SFMTA and Arts	\$9,492,000

- Peer review of pro forma, project feasibility gap, and fiscal impact by City's financial consultant
- Confirms net fiscal benefit

Approval Process and Timeline





San Francisco
Planning

