

File No. 110512

Committee Item No. \_\_\_\_\_

Board Item No. 42

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee \_\_\_\_\_

Date \_\_\_\_\_

Board of Supervisors Meeting

Date May 17, 2011

### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget Analyst Report
- Legislative Analyst Report
- Introduction Form (for hearings)
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Joy Lamug

Date May 12, 2011

Completed by: \_\_\_\_\_

Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

1 [Purchase and Sale Agreement - Redevelopment Agency for the Revitalization of the Alice  
2 Griffith Public Housing Site - East Side of Arelious Walker Drive at Gilman Avenue]

3  
4 **Resolution approving and authorizing the Redevelopment Agency of the City and**  
5 **County of San Francisco to sell land on the east side of Arelious Walker Drive, at**  
6 **Gilman Avenue, adjacent to the Alice Griffith Public Housing Site, Assessor's Block No.**  
7 **4884, Lot No. 27, to McCormack Baron Salazar, Inc., a Missouri corporation, for the sole**  
8 **purpose of performing predevelopment and development work at the property for the**  
9 **revitalization of the Alice Griffith Public Housing Site, a HOPE SF development program**  
10 **that will provide one-for-one replacement of all Alice Griffith public housing units**  
11 **within a larger mixed-income community.**

12  
13 WHEREAS, The Redevelopment Agency of the City and County of San Francisco  
14 ("Agency") and the City desire to increase the City's supply of affordable housing, encourage  
15 affordable housing development through financial and other forms of assistance, and promote  
16 the redevelopment of the City's most distressed public housing sites consistent with the  
17 principles of HOPE SF, as directed by Board of Supervisors Resolution No. 556-07; and,

18 WHEREAS, The transformation of severely distressed public housing developments,  
19 such as the Alice Griffith Public Housing Site ("Alice Griffith"), into thriving, mixed-income  
20 communities is one of five priority goals of the City and County of San Francisco's 2010-2014  
21 Five Year Consolidated Plan ("Consolidated Plan"); and,

22 WHEREAS, The Agency owns certain vacant land on the east side of Arelious Walker  
23 Drive, at Gilman Avenue, known as Assessor's Block 4884, Lot 27 (the "Property"), consisting  
24 of approximately 2.348 acres and immediately adjacent to Alice Griffith; and,  
25

1           WHEREAS, The Property forms a section of the approximately 27 acres of Candlestick  
2 Point land that is to be assembled for the redevelopment of Alice Griffith into a new, mixed-  
3 income community, including the one-for-one replacement of all 256 existing Alice Griffith  
4 public housing units and the creation of 248 new affordable family rental units, as well as  
5 additional market-rate and below market-rate housing, a new park and open space, and other  
6 community facilities ("Alice Griffith Plan"); and,

7           WHEREAS, The Alice Griffith Plan is further described in the Below Market-Rate  
8 Housing Plan ("Housing Plan") attached to the Disposition and Development Agreement for  
9 Candlestick Point – Hunters Point Shipyard Phase 2 Project ("CP-HPS2 DDA") between the  
10 Agency and CP Development Co., LP ("CP Development"), as approved by the Agency  
11 Commission on June 3, 2010 by Resolution No. 69-2010; and,

12           WHEREAS, CP Development, in order to implement its responsibilities related to the  
13 Housing Plan and Alice Griffith Plan, entered into a joint-venture development agreement with  
14 McCormack Baron Salazar, Inc. ("MBS"), in recognition of MBS's demonstrated expertise and  
15 experience in public housing replacement projects; and,

16           WHEREAS, On July 8, 2010 the Agency, the San Francisco Housing Authority  
17 ("Housing Authority"), the Mayor's Office of Housing, and the Mayor's Office of Economic and  
18 Workforce Development executed a Memorandum of Understanding ("MOU") memorializing  
19 the parties' interests, roles, and responsibilities in revitalizing Alice Griffith in conformance with  
20 the principles and goals of HOPE SF; and,

21           WHEREAS, On October 14, 2010, the Housing Authority authorized an Exclusive  
22 Negotiating Rights Agreement for the Alice Griffith Plan with CP Development and MBS,  
23 setting forth the procedures and standards by which the parties shall proceed with the Alice  
24 Griffith Plan; and,

1           WHEREAS, In addition to requiring the conveyance of adjacent parcels,  
2 implementation of the Alice Griffith Plan requires significant financial investment, a portion of  
3 which the Agency has previously committed to in the Housing Plan, and a portion of which  
4 must be secured from non-City sources of funding, such as tax credit equity and federal  
5 funding opportunities like the Choice Neighborhoods Initiative Grant program ("Choice  
6 Neighborhoods") created by the U.S. Department of Housing and Urban Development  
7 ("HUD"); and,

8           WHEREAS, The Alice Griffith transformation plan was selected by HUD among 42  
9 entries nationwide to compete as a Choice Neighborhoods finalist for approximately \$30  
10 million in construction, services and community facilities grant monies, funding which would  
11 substantially assist the Alice Griffith revitalization effort; and,

12           WHEREAS, In order to meet the threshold requirements of Choice Neighborhoods and  
13 to implement the Alice Griffith Plan detailed in the Housing Plan, the Agency wishes to enter  
14 into a purchase and sale agreement with MBS for the Property, a copy of which is on file with  
15 the Clerk of the Board of Supervisors in File No. 110512 (the "Agreement"); and,

16           WHEREAS, If the Choice Neighborhoods award is made, further conditions to closing  
17 the purchase and sale transaction will apply, principally that certain portions, or, potentially,  
18 all, of the Property has been designated as a lot specifically devoted to Alice Griffith  
19 replacement units and new affordable family rental units ("Alice Griffith Replacement Lot");  
20 and,

21           WHEREAS, The Alice Griffith Replacement Lot will ultimately transfer to MBS (or its  
22 Agency-approved affiliate) or the Housing Authority in connection with a future disposition and  
23 development agreement and master development agreement approved by HUD and the  
24 Housing Authority ("Alice Griffith DDA"), which further conforms with the Alice Griffith Plan and  
25 CP-HPS2 DDA; and,

1           WHEREAS, If the Choice Neighborhoods award is not made, the Agreement between  
2 the Agency and MBS will be terminable by the Agency; and,

3           WHEREAS, Ownership of any portion of the Property not designated as an Alice  
4 Griffith Lot will be retained by the Agency for use and disposition in accordance with the CP-  
5 HPS2 DDA; and,

6           WHEREAS, Though the Agency is currently undergoing an appraisal to determine the  
7 value of the Property , the Agency will not require a cash payment as part of the Agreement  
8 because (i) the Alice Griffith Lot must eventually be deeded to the Housing Authority as  
9 required by the CP-HPS2 DDA and the Alice Griffith Lot will not be transferred until such time  
10 as there is an agreement with the Housing Authority for such transfer, or the Housing  
11 Authority agrees to accept the Alice Griffith Lot in place of MBS; (ii) the Alice Griffith Lot will be  
12 reappraised at the time of the Alice Griffith DDA execution, and (iii) the value of the Alice  
13 Griffith Lot will be assigned as an Agency contribution to the Alice Griffith Plan, as part of a  
14 larger financing program that will include low-income housing tax credits, developer subsidy,  
15 and Housing Authority and private land transfers at the time it is transferred to the Housing  
16 Authority; and,

17           WHEREAS, Because the Property was purchased with tax increment, Section 33433 of  
18 the California Community Redevelopment Law, Health and Safety Code Sections 33000 et  
19 seq. ("Community Redevelopment Law") requires the Board of Supervisors to conduct a  
20 public hearing and approve of the Agency's sale or lease of the Property; and,

21           WHEREAS, Pursuant to Section 33433 of the Community Redevelopment Law, on  
22 May 17, 2011, the Board of Supervisors held a duly noticed public hearing on the Agreement.  
23 The hearing has been closed. Notice of such hearing was published in accordance with  
24 Sections 33433 of the Community Redevelopment Law; and,

1           WHEREAS, The Agency has prepared and submitted a report in accordance with the  
2 requirements of Section 33433 of the Community Redevelopment Law, including a copy of the  
3 Agreement, and a summary of the transaction describing the cost of the Agreement to the  
4 Agency, the value of the property interest to be conveyed, and other information. This report  
5 was made available for public inspection and is on file with the Clerk of the Board of  
6 Supervisors in File No. 110512 and incorporated herein by reference as though fully set forth;  
7 and,

8           WHEREAS, On July 27, 2010 the Board of Supervisors adopted Resolution No. 347-  
9 10, adopting findings under the California Environmental Quality Act (California Public  
10 Resources Code Sections 21000 et seq.), including the adoption of a mitigation monitoring  
11 and reporting program and a statement of overriding considerations in connection with the  
12 development of the Candlestick Point-Hunters Point Shipyard Phase 2 Project, of which the  
13 revitalization of Alice Griffith is a key component, which resolution is on file with the Clerk of  
14 the Board of Supervisors in File No. 100572; now, therefore, be it

15           RESOLVED, That the Board of Supervisors finds that since the adoption of Resolution  
16 No. 347-10; there have been no substantial project changes or changes in circumstances that  
17 would require revisions to the environmental analysis or findings, and no new information of  
18 substantial importance that would change the conclusions set forth in the environmental  
19 analysis; and be it

20           RESOLVED, That the Board of Supervisors does hereby find and determine that the  
21 Agreement between the Agency and MBS: (1) will provide housing for very low-income  
22 households; (2) is consistent with the Agency's citywide Tax Increment Affordable Housing  
23 Program, pursuant to Section 33342.2 et. seq. of the Community Redevelopment Law; (3) is  
24 consistent with the Bayview Hunters Point Redevelopment Plan; (4) carries terms and  
25 conditions to closing that are necessary to alleviate the severe distress and functional

1 obsolescence of Alice Griffith Public Housing, pursuant to the Consolidated Plan and the  
2 principles and objectives of HOPE SF; and (5) the consideration to be received by the Agency  
3 is not less than the fair reuse value at the use and with the covenants and conditions and  
4 development costs authorized by the Agreement; and, be it

5       FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
6 authorizes the Agency to execute the Agreement between the Agency and MBS, substantially  
7 in the form on file with the Clerk of the Board of Supervisors in File No. 110512, and make  
8 such revisions to the Agreement as do not materially increase the obligations or liabilities of  
9 the agency or materially decrease the benefits to the Agency, as determined by the Agency's  
10 Executive Director, and to take any such further actions as may be necessary or appropriate  
11 to implement the Agreement.

## RESOLUTION NO. 55-2011

*Adopted May 3, 2011*

**AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH MCCORMACK BARON SALAZAR, INC., A MISSOURI CORPORATION, FOR THE SALE OF REAL PROPERTY LOCATED AT THE EAST SIDE OF ARELIOS WALKER DRIVE AT GILMAN AVENUE, ASSESSOR'S PARCEL NUMBER 4884/27, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM**

**BASIS FOR RESOLUTION**

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas and for the purpose of increasing, improving, and preserving San Francisco's supply of affordable housing.
2. On March 23, 2007, the HOPE SF Task Force recommended to the Mayor and Board of Supervisors of the City and County of San Francisco (the "City") that the City pursue the rebuilding of San Francisco's most distressed public housing sites, including the Alice Griffith Housing Development ("Alice Griffith"), while increasing affordable housing and ownership opportunities, improving the quality of life for existing residents, and bringing together in one community new housing units of different income levels and building types.
3. On June 3, 2008, the voters of the City and County of San Francisco adopted Proposition G, the Jobs Parks and Housing Initiative ("Proposition G"), for revitalization of Candlestick Point and Phase II of Hunters Point Shipyard through the development of a mixed-use project (the "Project"). Proposition G encouraged the rebuilding of Alice Griffith as part of the Project, consistent with the objectives set forth in Proposition G and subject to consultation with the residents of Alice Griffith and approval by all applicable governmental agencies. The voters also encouraged the City, the Agency, and other public agencies with applicable jurisdiction to proceed as expeditiously as possible to implement Proposition G.
4. On June 3, 2010, the Agency Commission and the San Francisco Planning Commission, acting together as co-lead agencies for conducting environmental review for the Project, adopted Resolution No. 58-2010 and Motion No. 18096, respectively. Resolution No. 58-2010 and Motion No. 18096 certified a Final Environmental Impact Report (the "Phase II Final EIR") for development of Phase II of the Shipyard and Candlestick Point as adequate, accurate, and



objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA") and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.). Also on June 3, 2010, by Resolution No. 59-2010, the Agency Commission adopted CEQA findings, a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the Project.

5. The Phase II Final EIR is a project EIR under CEQA Guidelines Section 15161 and a redevelopment plan EIR under CEQA Guidelines Section 15180.
6. The Agency Commission then adopted Resolution No. 69-2010 on June 3, 2010, and authorized the Agency Executive Director to execute a Disposition and Development Agreement (the "DDA") with CP Development Co., LP ("CP Development"), for the Project. The Agency Commission based its action on the CEQA findings set forth in Resolution No. 59-2010.
7. The DDA includes a Below Market-Rate Housing Plan ("Housing Plan") that describes the planned revitalization of Alice Griffith, including the one-for-one replacement of all 256 existing Alice Griffith units, 248 new affordable family rental units, another 700 market-rate and below market-rate housing units, a new park and open space, and new community facilities ("Alice Griffith Plan").
8. On July 6, 2010, by Resolution No. 93-2010, the Agency Commission authorized the Agency Executive Director to execute a Memorandum of Understanding between the Agency, the San Francisco Housing Authority ("Housing Authority"), the Mayor's Office of Housing, and the San Francisco Office of Economic and Workforce Development, which memorializes the parties' interest in revitalizing Alice Griffith and sets forth their roles and responsibilities required to advance this goal, in conformance with the principles and goals of HOPE SF, Proposition G, and the DDA.
9. In order to implement its responsibilities regarding Alice Griffith under the DDA, CP Development entered into a joint venture development agreement with McCormack Baron Salazar, Inc. ("MBS"), in recognition of MBS's experience and expertise in public housing replacement projects. On October 14, 2010, the Housing Authority Commissioners authorized the Housing Authority's Executive Director to execute an Exclusive Negotiating Rights Agreement for the Alice Griffith Plan ("ENRA") with CP Development and MBS that sets forth the procedures and standards by which the Housing Authority and the developers shall proceed with the revitalization program.
10. The Alice Griffith Plan requires substantial financial resources. The Agency has committed in the DDA to providing a portion of this funding, but non-Agency and non-City funds are required. On October 5, 2010, staff provided the Commission with an Informational Memorandum advising that the Agency, the Housing Authority, and MBS, as well as other Alice Griffith stakeholders, would be submitting a first round application to the United States Department of Housing and Urban Development ("HUD") for approximately \$30 million in Choice

Neighborhoods Initiative Grant funding ("Choice Neighborhoods") for the Alice Griffith Plan. On March 18, 2011, HUD notified the Alice Griffith development team that it had selected the Alice Griffith Plan submission among 42 applicants as a "Round 2" finalist.

11. A threshold requirement of the Choice Neighborhoods Round 2 application is that the submission's "Applicants," as that term is defined by HUD, have site control of all property required for constructing replacement units for the distressed public or assisted housing site at the center of the application's transformation plan. For Alice Griffith, MBS and the Housing Authority are Applicants.
12. Assessor's Block 4884, Lot 27 is an Agency-owned site located along the eastern side of Arelious Walker Drive, at Gilman Avenue ("Property"). It abuts Alice Griffith, and, at approximately 2.348 acres, forms a portion of the approximately 27 acres that must be assembled as Alice Griffith Plan parcels. In order to secure the opportunity to apply for Choice Neighborhoods funds, and to implement the Alice Griffith Plan, the Agency has agreed to enter into a purchase and sale agreement ("Agreement") with MBS, as the lead Alice Griffith developer, in order to establish the site control required by HUD.
13. If HUD does not award Choice Neighborhoods funds for the Alice Griffith Plan, the proposed Agreement is terminable by the Agency. If the Alice Griffith Plan receives a Choice Neighborhoods award, closing conditions will apply, principally that certain portions, or potentially all, of the Property has been designated as a lot specifically for the development of Alice Griffith replacement units and new affordable family rental units ("Alice Griffith Lot"). The subdivided Alice Griffith Lot will ultimately transfer to MBS (or its Agency-approved affiliate) or the Housing Authority in connection with a future disposition and development and master development agreement approved by HUD and the Authority ("Alice Griffith DDA") and in conformance with the Alice Griffith Plan. The Agency will retain ownership of any portion of the Property not ultimately designated as an Alice Griffith Lot, and it will remain subject to the DDA.
14. The proposed Agreement does not require a cash payment because the Alice Griffith Lot will be reappraised at the time of the Alice Griffith DDA execution, and factored into a larger financing program that will include low-income housing tax credits, developer subsidy, and Housing Authority land transfers. The total value of the Property attributable to the Alice Griffith Lot will be counted as an Agency contribution to the Alice Griffith replacement projects.

15. Agency staff, in reviewing the Agreement, has considered and reviewed the Phase II Final EIR and has determined that the land transfer under the Agreement would be an Implementing Action for the Candlestick Shipyard Phase II Project. As a result, no further environmental review will be required for the Commission to authorize the Agreement.
16. The Agreement itself is an Agency fiscal activity that will not cause any change in the physical environment.
17. At the federal level, HUD will not disburse Choice Neighborhoods funds until it has approved the Project's environmental certification required under 24 CFR Part 58.
18. No substantial changes have occurred with respect to the Project analyzed in the Phase II Final EIR that would require a new EIR or amendment to the Phase II Final EIR.
19. The environmental findings adopted in accordance with CEQA by the Agency Commission in Resolution No. 59-2010 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the current Implementing Action.

#### FINDINGS

The Agency finds and determines that the Purchase and Sale Agreement between the Agency and McCormack Baron Salazar, Inc.: (i) is an Implementing Action within the scope of both the DDA and the Project analyzed in the Phase II Final EIR and (ii) requires no additional environmental review pursuant to Sections 15180, 15161, 15162 and 15163 of State CEQA Guidelines. The Agency makes the above findings based on the following:

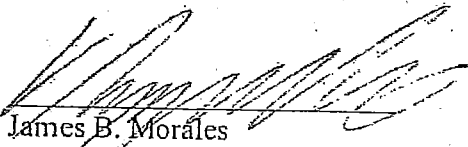
- A. The Implementing Action does not incorporate substantial changes into the Project analyzed in the Phase II Final EIR, and will not require any further revisions to the Phase II Final EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- B. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the Phase II Final EIR was or will be undertaken that would require further revisions to the Phase II Final EIR due to the involvement of new significant environmental effects; or a substantial increase in the severity of effects identified in the Phase II Final EIR.

- C. No new information of substantial importance to the Project analyzed in the Phase II Final EIR has become available, which would indicate any of the following: (i) the Implementing Action will have significant effects not discussed in the Phase II Final EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible that would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives that are considerably different from those in the Phase II Final EIR will substantially reduce one or more significant effects on the environment.

### RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco (1) that it has reviewed and considered the Phase II Final EIR and any additional environmental documentation in the Agency's files and hereby adopts the CEQA findings set forth in Resolution No. 59-2010 and those findings set forth above; (2) that the Executive Director is authorized to execute, substantially in the form lodged with the Agency General Counsel, the Purchase and Sale Agreement for the transfer of Assessor's Block 4884, Lot 27 for the purpose of revitalizing the Alice Griffith Public Housing site, and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

**APPROVED AS TO FORM:**

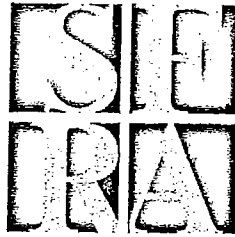
  
James B. Morales  
Agency General Counsel



San Francisco  
Redevelopment Agency

One South Van Ness Avenue  
San Francisco, CA 94103

415.749.2400



File 512

EDWIN M. LEE, Mayor

Rick Swig, President  
Darshan Singh, Vice President  
Rosario M. Anaya  
Miguel M. Bustos  
Francee Covington  
Leroy King  
Agnes Briones Ubalde

Fred Blackwell, Executive Director

May 2, 2011

### 33433 Report

This report is submitted pursuant to Section 33433 of the California Community Redevelopment Law. Specifically, the Section states that before any property that was acquired, in whole or in part, with tax increment is sold or leased for development, the sale or lease shall first be approved by the legislative body by a resolution after a public hearing. The Board of Supervisors is the legislative body for purposes of Section 33433.

The San Francisco Redevelopment Agency ("Agency") administers a Citywide Affordable Housing Program ("Program") for the purposes of funding the development of affordable housing, pursuant to the Community Redevelopment Law of the State of California, the California Constitution, and all applicable local codes and ordinances. The Program, in place since 1989, has facilitated the acquisition, construction, and/or rehabilitation of affordable housing throughout the City and County of San Francisco through the use of the Agency's tax increment funds and its authority as a tax-exempt mortgage revenue bond issuer.

Assessor's Parcel Block 4884, Lot 27 ("Property") is a vacant lot adjacent to the Alice Griffith Public Housing site ("Alice Griffith"), located along the east side of Arelious Walker Drive, at Gilman Avenue, San Francisco. The Property was a portion of the Alice Griffith Public Housing site that was undeveloped and underutilized, serving primarily as a sporadic overflow parking lot. The Agency commissioned an appraisal for the Property in 2008; the appraisal indicated a fair market value of \$6,725,000 for the Property. The Agency acquired the Property from the San Francisco Housing Authority ("Authority") in 2008 for \$5,840,000, as authorized on May 20, 2008, by Agency Commission Resolution No. 48-2008. The purchase price was set pursuant to an appraisal and a purchase and sales agreement between the Housing Authority and Agency. The Property re-appraised at \$6,750,000 on April 29, 2011. The Agency's express purpose in acquiring the site was to facilitate its development as affordable housing consistent with the Bayview Hunters Point Redevelopment Plan and to specifically target more comprehensive housing redevelopment at Alice Griffith. Alice Griffith tenants supported the transfer and provided a confirming letter to the Authority.

In 2008, San Francisco voters passed Proposition G, the Mixed-Use Development Project for Candlestick Point and Hunters Point Shipyard, which encouraged the one-for-one rebuilding of Alice Griffith units at existing affordability levels. This legislation paved the way for Agency Commission approval on June 3, 2010, by Resolution No. 69-2010, of the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement between the Agency and CP Development Co., LP ("CP-HPS2 DDA"). Included in the CP-HPS2 DDA is a Below Market-Rate Housing Plan ("Housing Plan"), which sets forth the goals of Alice Griffith's revitalization and the rights and responsibilities of the Agency and CP Development in that

effort. The Alice Griffith transformation plan described in the Housing Plan includes the one-for-one replacement of all 256 existing Alice Griffith public housing units, 248 new affordable family rental units ("Alice Griffith Lots"), another 700 units of market-rate and below market-rate housing ("Market-Rate Lots" and "Workforce Lots"), a new community park and open space, and new community facilities ("Alice Griffith Plan"). The Property is a small portion of the approximately 27 acres of land required to develop the Alice Griffith Lots in accordance with the Alice Griffith Plan. To assist in carrying out its responsibilities under the Housing Plan, CP Development Co. entered into a joint-venture development agreement with McCormack Baron Salazar, Inc. ("MBS"). MBS has extensive experience and demonstrated expertise in public housing replacement projects.

The implementation of the Alice Griffith Plan requires, in addition to the conveyance of adjacent sites, a significant financial investment. The Agency has committed to a portion of the needed funds through the CP-HPS2 DDA, but additional funding must be secured from non-City sources, such as tax credit equity and federal funding opportunities like the Choice Neighborhoods Initiative Grant program ("Choice Neighborhoods") created by the U.S. Department of Housing and Urban Development ("HUD").

MBS, as the "lead applicant," along with the Agency, Authority, CP Development Co. and other stake-holders, have the opportunity to compete as a finalist for over \$30 million in Choice Neighborhoods funds for Alice Griffith. To meet the Choice Neighborhoods threshold requirements, MBS must have site control of the Property. Through a Purchase and Sale Agreement ("Agreement"), the Agency seeks to accelerate the transfer of the Property described in the Housing Plan to MBS in order to secure the federal funding opportunity. If HUD does not award Choice Neighborhood funds for Alice Griffith, the Agreement is terminable. Assuming the award is made, further conditions to closing the Agreement will apply, principally that MBS has designated certain portions, or, potentially, all, of the Property as an Alice Griffith Replacement Lot. The subdivided Property will transfer to MBS (or its Agency-approved affiliate) or the Authority in conjunction with a future disposition and development and master development agreement approved by HUD and the Authority ("Alice Griffith DDA"), and in conformance with the Alice Griffith Plan.

The Agency will not require a cash payment as part of the Agreement because the Alice Griffith Lot will be reappraised at the time of the Alice Griffith DDA execution, and factored into a larger financing program that will include low-income housing tax credits, developer subsidy, and Authority land transfers. The value of the Property attributable to the Alice Griffith Lot will be assigned as an Agency contribution to the Alice Griffith Replacement Projects as part of that larger financing structure. In addition, the Agency will retain ownership of any portion of the Property not identified as an Alice Griffith Lot, and this land will remain subject to the CP-HPS2 DDA.

The Agency's transfer of the Property to MBS will enable the revitalization of Alice Griffith for very-low income households within a new, mixed-income community. The transfer will also make possible the opportunity to secure over \$30 million in federal funds for Alice Griffith's

reconstruction, services directly benefitting Alice Griffith residents, as well as a new early learning childhood development center and a community center at the Alice Griffith site.

The following summarizes the project in accordance with Section 33433 requirements:

- A. "A copy of the proposed sale or lease." Please refer to the attached Purchase and Sale Agreement (Attachment 1).
- B. "A summary which describes and specifies all of the following:"
- (i) "The cost of the agreement to the agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the Agency, plus the expected interest on any loans or bonds to finance the agreements."

The Agency acquired the property in 2008 for \$5,840,000, and has not incurred clearance, relocation, or improvement costs. No interest on loans or bonds is expected to finance the Purchase and Sale Agreement.

- (ii) "The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan." (The "plan", for purposes of this report, is defined as the Citywide Tax Increment Housing Program [the "Program].)

The value of the subject Property determined at the highest and best use permitted under the Program is \$6,750,000.

- (iii) "The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments that the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation of the reasons for the difference."

As compensation for the transfer of the Property, the Purchase and Sale Agreement requires the buyer to perform certain obligations prior to transfer of the Property, including the following:

1. Buyer shall, with the cooperation of the Agency, have completed subdivision of the Property in a manner suitable for development of the Alice Griffith replacement housing as required under the Alice Griffith Plan.



2. Buyer shall be ready, willing and able to transfer ground lease rights to subdivided lots to housing developers for development according to the Alice Griffith Plan.
3. Buyer shall have entered into an Agreement to transfer fee title to the Property to the Housing Authority or its designee for development as required under the Alice Griffith Plan, unless Buyer has already assigned its rights under the Purchase Agreement to the Authority. Such agreements shall require as compensation that the fair market value of the subdivided lots be credited toward the Agency obligations to the Housing Authority, pursuant to the CP-HPS2 DDA.

Any portion of the Property not designated for Alice Griffith replacement housing will be retained by the Agency.

The buyer will not make purchase payments to the Agency because:

- 1) The buyer, as part of its compensation to the Agency, will agree to enter into an agreement with the Housing Authority requiring that the then-current fair market value of the subdivided lots be credited toward the Agency obligations to the Housing Authority for the Alice Griffith Replacement Projects pursuant to the CP-HPS2 DDA;
- 2) The Buyer will have undertaken predevelopment work required for the subdivision of the property and worked with the Agency to accomplish such subdivision; and
- 3) In addition, any portion of the Property not used for affordable housing and Alice Griffith replacement units will not be transferred to Buyer at close and instead shall be retained by the Agency.

Based on the foregoing, as a condition for the transfer of this Property to the Buyer, the Agency will ultimately receive fair market value for the land in the form of a credit against Agency existing obligations to the Housing Authority. In addition the Agency's compensation will include predevelopment work required to subdivide the property appropriately for development of the Alice Griffith Project.

- (iv) "An explanation of why the sales or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation."

The sale of the Property will (1) transform a vacant, underutilized lot into housing for very low-income households; (2) implement one of five priority goals of the

City and County of San Francisco's 2010-2014 Consolidated Plan, which calls for the transformation of severely distressed public housing developments, such as Alice Griffith, into thriving, mixed-income communities; (3) provide for economic opportunity and supportive tenant services in a physical setting that removes the burden faced by residents of dilapidated and functionally obsolescent structures. Such substandard living conditions create severe, systemic effects that adversely affect individuals and entire communities.

- (v) "The report shall be made available to the public no later than the time of publication of the first notice of the hearing mandated by [Health and Safety Code Section 33433]."

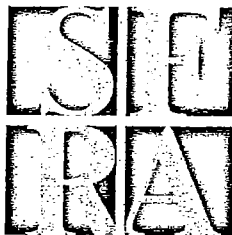
This report has been made available to the public at the offices of the San Francisco Redevelopment Agency, 1 South Van Ness Avenue, 5<sup>th</sup> Floor, San Francisco, California, no later than the time of publication of the first notice of hearing as mandated by California Health and Safety Code Section 33433.



San Francisco  
Redevelopment Agency

One South Van Ness Avenue  
San Francisco, CA 94103

415.749.2400



File # 112

EDWIN M. LEE, Mayor

Rick Swig, President  
Darshan Singh, Vice President  
Rosario M. Anaya  
Miguel M. Bustos  
Francee Covington  
Leroy King  
Agnes Briones Ubalde

Fred Blackwell, Executive Director

May 9, 2011

**SUMMARY OF PURCHASE AND SALE AGREEMENT BETWEEN AGENCY AND MCCORMACK BARON SALAZAR, INC., FOR ASSESSOR'S BLOCK 4884, LOT 27**

**Action Requested:**

Approving the Redevelopment Agency of the City and County of San Francisco's Purchase and Sale Agreement for the land at the east side of Arelious Walker Drive, at Gilman, Assessor's Block 4884, Lot 27 ("Property"), to McCormack Baron Salazar, Inc., a Missouri corporation ("MBS"), for the purpose of creating new affordable housing for Alice Griffith tenants and new affordable family rental housing as part of a larger mixed-use, mixed-income development at Candlestick Point and Phase 2 of Hunters Point Shipyard.

**Project Summary:**

The Property, currently valued at \$6,750,000 forms a small section of approximately 27 acres that are to be assembled as part of a revitalization plan for Alice Griffith Public Housing ("Alice Griffith Plan"). The Alice Griffith Plan is included in the larger, mixed-use development program set forth in the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement ("CP-HPS2 DDA") between the Redevelopment Agency of the City and County of San Francisco ("Agency") and CP Development Co., LP ("CP Development). Included in the CP-HPS2 DDA is a Below Market-Rate Housing Plan ("Housing Plan"), which memorializes the goals of Alice Griffith's revitalization and the rights and responsibilities of the Agency and CP Development in that effort. The Alice Griffith Plan described in the Housing Plan includes the one-for-one replacement of all 256 existing Alice Griffith public housing units, 248 new affordable family rental units, another 700 units of market-rate and below market-rate housing, a new community park and open space, and new community facilities. To assist in carrying out its responsibilities under the Housing Plan, CP Development entered into a joint-venture development agreement with McCormack Baron Salazar, Inc. ("MBS"), in recognition of MBS's extensive experience and demonstrated expertise in public housing replacement projects.

To implement the Housing Plan and to revitalize Alice Griffith, which is severely distressed and functionally obsolescent, the Agency seeks to transfer the Property to MBS, in accordance with Housing Plan Section 5.2. The timely transfer of the Property will also enable MBS, the San Francisco Housing Authority ("Authority") and other Alice Griffith stakeholders to compete as finalists for \$30,500,000 in Choice Neighborhoods Initiative Grant funds made available by the U.S. Department of Housing and Urban Development ("HUD").

If HUD does not make a Choice Neighborhoods award for Alice Griffith, the Agreement is terminable. If an award is made, certain conditions to closing the Agreement will apply, principally that MBS has designated certain portions, or, potentially, all, of the Property as a lot

specifically for the construction of Alice Griffith replacement units and new affordable family rental units ("Alice Griffith Lot"). The subdivided Alice Griffith Lot will transfer to MBS (or its Agency-approved affiliate) or the Authority in connection with a future disposition and development and master development agreement approved by HUD and the Authority ("Alice Griffith DDA"), and in conformance with the Alice Griffith Plan. The Agency will not require a cash payment as part of the Agreement because the Alice Griffith Lot will be reappraised at the time of the Alice Griffith DDA execution, and factored into a larger financing program that will include low-income housing tax credits, developer subsidy, and Authority and private land transfers. The then-current value of the Property attributable to the Alice Griffith Lot will be assigned as an Agency contribution to the Alice Griffith replacement projects. The Agency will retain ownership of any portion of the Property not identified as an Alice Griffith Lot, and this land will remain subject to the CP-HPS2 DDA.

Because the Agency acquired the Property with tax increment, the Board of Supervisors must approve the proposed Agreement.

Property: Assessor's Block 4884, Lot 27

Land Owner/Seller: Redevelopment Agency of the City and County of San Francisco

Proposed Buyer: McCormack Baron Salazar, Inc., a Missouri corporation

Purchase Price: The Property is valued at \$6,750,000. Because the Property is a critical element of the revitalization of Alice Griffith Public Housing, a cash transaction would fail to achieve the Agency's stated goal under Community Redevelopment Law of promoting and advancing the development of affordable housing. In exchange for the transfer of the Property, the Buyer agrees to conduct predevelopment and development work related solely to the replacement of Alice Griffith Public Housing units and the construction of new affordable family rental units, as part of a larger, mixed-income revitalization plan for the Alice Griffith site.

At the time the Property is subdivided for transfer as a lot specifically designated as Alice Griffith replacement housing and new affordable family rental housing, it will be appraised and its value will be factored into a larger financing plan for Alice Griffith's revitalization that will include low-income housing tax credits, developer subsidy, and Authority and private land transfers.

If Buyer does not receive an award of Choice Neighborhoods Initiative Grant funds from the U.S. Department of Housing and Urban Development, the Agreement is terminable.

Any portion of the Property that Buyer does not designate for Alice Griffith replacement units and new affordable family rental units shall not transfer to Buyer and the Agency shall retain ownership of such land.

Use of Property: Affordable housing for very low-income households.



## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "**Agreement**") is dated for reference purposes as of May 3, 2011 (the "**Reference Date**") by and between the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, organized and existing pursuant to the Community Redevelopment Law of the State of California (as more particularly defined below, the "**Agency**"), and MCCORMACK BARON SALAZAR, INC., a Missouri Corporation (as more particularly defined below, "**Buyer**").

### RECITALS

A. This Agreement is for the purchase and sale of real property located on Arelious Walker Drive (formerly Fitch Street) north of Gilman Avenue in the Bayview Hunters Point Redevelopment Project Area, San Francisco, California, as generally depicted in the Site Plan attached as Exhibit A and as more particularly described in Exhibit B (the "**Site**").

B. The Site is currently improved with a parking lot of about two hundred fifty (250) marked spaces (the "**Improvements**") and has recently been used as overflow parking during San Francisco 49ers' football games.

C. The Site is located within Candlestick Point and is adjacent to the Alice Griffith Public Housing site, which is owned and operated by the Housing Authority (as defined below).

D. CP Development Co., LP, a Delaware limited partnership (as more particularly defined below, "**Master Developer**"), and the Agency have rights and responsibilities regarding the redevelopment of Alice Griffith that are set forth in that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated for reference purposes as of June 3, 2010, between the Agency and Master Developer (as amended from time to time, the "**Phase 2 DDA**"). Under section 5.2 of that certain Below Market-Rate Housing Plan attached to the Phase 2 DDA (as amended from time to time, the "**Housing Plan**"), the Agency is required to contribute certain properties, including a portion of the Site, for construction of portions of the Alice Griffith Replacement Projects (as defined below).

E. Buyer and Master Developer have entered into a joint venture agreement for the purpose of developing the Alice Griffith Replacement Projects upon the occurrence of certain conditions further detailed herein, and according to the terms of the Phase 2 DDA and any applicable disposition and development agreements or master development agreements with the Housing Authority (each, and collectively as applicable, the "**Alice Griffith DDA**").

F. This Agreement is intended to satisfy the Agency's obligation to transfer the Alice Griffith Lots as set forth in section 5.2 of the Housing Plan.

G. As a result, the Agency desires to sell, and Buyer agrees to purchase, the Property for development as replacement housing for the existing Alice Griffith Public Housing Project on the terms and conditions hereinafter set forth.

### AGREEMENT



NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Definitions.**

“Agency” is defined in the introductory paragraph hereof. For purposes of this Agreement, “Agency” may also refer to any successor public agency designated by or under law.

“Agency Closing Obligations” is defined in Section 7.a.

“Agency Commission” means the Commission of the Agency, or any successor governing body of the Agency designated by or under law.

“Agency Demand Notice” is defined in Section 8.b.

“Agency’s Event of Default” is defined in Section 8.a.

“Agency Executive Director” means the Executive Director of the Agency, or any successor executive officer of the Agency designated by or under law, and/or his or her designee as further set forth in Section 28.

“Agreement” is defined in the introductory paragraph hereof.

“Alice Griffith DDA” is defined in Recital E.

“Alice Griffith Lots” is defined in section 1 of the Housing Plan.

“Alice Griffith Replacement Project” is defined in section 1 of the Housing Plan.

“Amendment” is defined in Section 17.

“Applicable City Regulations” is defined in the BVHP Redevelopment Plan.

“Business Day” is defined in Section 26.

“Buyer” is defined in the introductory paragraph hereof or, to the extent permitted under this Agreement, means the successors and assigns thereof.

“Buyer-Authority Agreement” is defined in Section 7.b(2).

“Buyer Closing Obligations” is defined in Section 7.b.

“Buyer Demand Notice” is defined in Section 8.a.

“Buyer’s Event of Default” is defined in Section 8.b.

“BVHP Redevelopment Plan” means that certain Redevelopment Plan for the Bayview Hunters Point Redevelopment Project, approved and adopted by the Board of Supervisors by ordinance number 25-69 on January 20, 1969, as amended by the Board of Supervisors by

ordinance numbers 280-70 on August 24, 1970, 475-86 on December 1, 1986, 417-94 on December 12, 1994 and 113-06 on June 1, 2006, and 2010-10 on August 3, 2010, and as the same may be further amended from time to time consistent with the Phase 2 DDA.

“**Choice Grant**” means the Choice Neighborhoods Initiative-Implementation Grant funds for the Easter Bayview/Alice Griffith Project, for which Buyer and the Housing Authority are each an “Applicant” (as defined by HUD).

“**City Party**” is defined in Section 32.

“**Close of Escrow**” is defined in Section 10.a.

“**Code**” is defined in Section 12.j.

“**Consideration**” is defined in Section 3.

“**Deed**” is defined in Section 9.c(1)a.

“**Development Restriction**” shall be a recorded restriction on the Property requiring the Property to be developed as one or more Alice Griffith Replacement Projects, which Development Restriction shall be approved by the Agency in the Agency’s reasonable discretion.

“**Effective Date**” is defined in Section 2.

“**Environmental Laws**” is defined in section 11.3.4 of the Phase 2 DDA.

“**Escrow**” is defined in Section 9.a.

“**Hazardous Substance**” is defined in section 11.3.2 of the Phase 2 DDA.

“**Housing Authority**” means the Housing Authority of the City and County of San Francisco, a public body, corporate and politic, or any successor body designated by or under law.

“**Housing Plan**” is defined in Recital D.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Improvements**” is defined in Recital B.

“**Losses**” is defined in Section 32.a.

“**Master Developer**” means CP Development Co., LP, a Delaware limited partnership, or, to the extent permitted under the Phase 2 DDA and provided by written notice to the Agency, its successors and assigns.

“**MOU**” means that certain Memorandum of Understanding for the Proposed Redevelopment of Alice Griffith Public Housing by and among the Agency, the Authority, the

Mayor's Office of Housing and the San Francisco Office of Economic and Workforce Development dated as of July 8, 2010.

"**Non-Foreign Certification**" is defined in Section 9.c(1)c.

"**Permitted Title Exceptions**" is defined in Section 4.

"**Phase 2 DDA**" is defined in Recital D.

"**Permit to Enter**" means a permit allowing Buyer a right to enter on the Property, which permit shall be substantially in the form attached as Exhibit C with only such changes as may be reasonably approved by both the Agency and Buyer.

"**Property**" means those portions of the Site designated for development of the Alice Griffith Replacement Projects, any improvements thereon (including the Improvements), and all hereditaments, privileges, tenements and appurtenances belonging thereto.

"**Reference Date**" is defined in the introductory paragraph hereof.

"**Release**" is defined in section 11.3.5 of the Phase 2 DDA.

"**Site**" is defined in Recital A.

"**Title Company**" means Chicago Title Company.

"**Title Policy**" is defined in Section 7.a(4).

"**Title Report**" means the preliminary title report for the Property to be issued by the Title Company in accordance with Section 4.

"**Transfer**" is defined in Section 34.

2. **Agreement; Effective Date.** This Agreement (including the escrow instructions contained herein), together with any further escrow instructions or subsequent addenda signed by Buyer and the Agency, shall constitute a binding contract on the part of the Agency to sell and Buyer to purchase the Property on the terms set forth in this Agreement.

The "**Effective Date**" of this Agreement will be the date on which the Agency Commission approves this Agreement, provided that Agency has executed this Agreement by or on such date. If Buyer has not executed this Agreement by such date, the Effective Date shall be the date of actual execution of this Agreement by the Agency and Buyer.

3. **Consideration.** The consideration for transfer of the Property (the "**Consideration**") shall be Buyer's completion of Buyer's obligations under this Agreement, including completion of Buyer Closing Obligations, and completion of the Alice Griffith Replacement Projects to be developed thereon in accordance with, and subject to, the Phase 2 DDA and any Alice Griffith DDA applicable thereto.

4. **Condition of Title.** Buyer shall secure the Title Report at least sixty (60) days before the date proposed for the Close of Escrow, which shall disclose matters of record and other matters of which the Title Company has knowledge that relate to the title to the Property, together with a legible copy of each of the instruments and documents referred to in schedule B of the Title Report. Buyer shall have until the date that is fifteen (15) days before the date proposed for the Close of Escrow to object to any title exceptions. If Buyer timely objects to an exception, the Agency shall notify Buyer whether the Agency is willing to remove or otherwise satisfy Buyer with respect to such exception within ten (10) days of Buyer's objection. If the Agency notifies Buyer that the Agency is unable or unwilling to remove or otherwise satisfy Buyer with respect to any such exception, then Buyer may terminate this Agreement in its sole discretion. The matters affecting title as approved by Buyer pursuant to this Section 4 shall be referred to collectively as the "**Permitted Title Exceptions**".

5. **Books and Records.** The Agency agrees to exercise its best efforts to make available to Buyer the following items no later than ten (10) days following the Effective Date:

- a. All rental agreements, leases, service contracts, insurance policies, latest tax bill(s) and other written agreements or notices which affect the Site.
- b. A schedule of deposits made by any lessee on of the Site, if any.
- c. A written inventory of any items of personal property to be conveyed to Buyer at the Close of Escrow, if any.
- d. Any citations for building code or other violations received by the Agency (or of which the Agency is aware).
- e. Buyer shall have ten (10) days from the receipt of the items provided under subsections a. through d. above to review such items. If Buyer objects to the condition of such items, Buyer shall notify the Agency in writing within such ten (10) day period, and the Agency shall have ten (10) days from receipt of Buyer's notice to satisfy Buyer's objections. If the Agency fails to satisfy Buyer's objections within that ten (10) day period, then this Agreement may terminate at Buyer's option, in its sole discretion.

6. **Termination.**

a. **Early Termination.** Notwithstanding any other provision of this Agreement, Buyer, the Agency or Master Developer may terminate this Agreement, in their respective sole discretion, on ten (10) days' prior written notice to Buyer, the Agency and Master Developer; provided, that such termination may only occur after the later of: (i) Buyer's receipt, and transmittal to the Agency, of written notice from HUD that it has not been successful in its application for the Choice Grant; or (ii) January 2, 2012.

b. **Release; Return of Funds and Documents.** Upon any termination of this Agreement as permitted herein: (i) the parties shall be released from further obligations under this Agreement, except for those provisions that expressly survive expiration or earlier termination of this Agreement; (ii) the funds deposited into Escrow by each party shall be returned to the depositing party or otherwise paid as provided under the provisions of this

Agreement; and (iii) all documents deposited into Escrow or delivered by Buyer or the Agency shall be returned immediately to that respective party.

7. Conditions of Close.

a. Agency Closing Obligations. In addition to all other conditions to the completion of the transaction described in this Agreement, the obligation of Buyer to purchase the Property pursuant to this Agreement is subject to the satisfaction, or written waiver by Buyer, at or before the Close of Escrow at the times specified below, of each of the following "Agency Closing Obligations":

(1) Agency shall have provided reasonable access to the Site and allowed adequate time for Buyer's inspection and approval of the operational, economic, legal, and physical condition and use of the Property, including the environmental risks, engineering matters and condition of the Improvements;

(2) The Agency shall have timely provided to Buyer for Buyer's review the Agency's disclosure documentation pertaining to ownership and operation of the Property, including all leases, contracts or agreements, financial statements, permits, notices, reports, inspections and litigation matters, to the extent not previously produced in accordance with Section 5. The Agency shall, in Buyer's discretion, terminate or assign to Buyer upon the Close of Escrow all service and/or property contracts or agreements related to the Property;

(3) The Agency shall have performed each of the covenants and obligations contained in this Agreement required to be performed by the Agency on or before the Close of Escrow, and the Agency's representations and warranties contained in this Agreement shall be true and correct as of the Close of Escrow; and

(4) The Title Company shall be ready, willing and able to issue to Buyer an ALTA Extended Coverage Owner's Policy of Title Insurance (Form 2006 or its equivalent) (the "Title Policy") insuring that the Property is free and clear of lender liens and monetary liens and title to the Property has vested in Buyer with liability in the amount reasonably determined by Buyer and subject only to the Permitted Title Exceptions.

b. Buyer Closing Obligations. In addition to all other conditions to the completion of the transaction described in this Agreement, the obligation of the Agency to transfer the Property to Buyer pursuant to this Agreement is subject to the satisfaction, or written waiver by the Agency, at or before the Close of Escrow at the times specified below, of each of the following "Buyer Closing Obligations":

(1) Buyer shall have been awarded the Choice Grant;

(2) Buyer shall have designated all or a portion of the Site as one or more Alice Griffith Lots for the development of the Alice Griffith Replacement Projects; Buyer shall have subdivided those portions of the Site constituting the Property accordingly and, at the Close of Escrow, shall be ready, willing and able to utilize such Alice Griffith Lots in accordance with the Phase 2 DDA, any applicable Alice Griffith DDA and, if applicable, the Choice Grant or the Buyer-Authority Agreement (as defined below). ;

(3) Buyer shall have entered into an Agreement with the Housing Authority ("**Buyer-Authority Agreement**") requiring the Housing Authority to assign the Agency the then-current fair market value of the Property as a contribution from the Agency toward the Alice Griffith Replacement Projects as described in the MOU, unless Buyer has previously assigned its rights to acquire the Property under this Agreement to the Authority. The terms required herein for the Buyer-Authority Agreement may be incorporated within an Alice Griffith DDA;

(4) Buyer shall have performed each of its covenants and obligations contained in this Agreement required to be performed on or before the Close of Escrow, and Buyer's representations and warranties contained in this Agreement shall be true and correct as of Close of Escrow; and

(5) Buyer and Master Developer shall have taken no other action that violates the terms and conditions of the Phase 2 DDA with respect to the Property (including the receipt by Buyer of consents or approvals from Master Developer as applicable).

## 8. Default.

a. Agency's Event of Default. An "**Agency's Event of Default**" is a breach by the Agency of any of its obligations under this Agreement before the Close of Escrow, including the failure of any of the representations, warranties or covenants described in this Agreement, and the failure to cure such breach within ten (10) days after receipt of written notice (the "**Buyer Demand Notice**") from Buyer identifying the breach, requesting its cure and specifically stating Buyer's intention to exercise its rights under this Section 8.a. If an Agency's Event of Default is not timely cured on or before the tenth (10<sup>th</sup>) day following the Agency's receipt of the Buyer Demand Notice, then Buyer may terminate this Agreement by providing written notice of termination to the Agency. Buyer shall be entitled to a refund of all sums previously deposited into Escrow by Buyer. If Buyer elects not to terminate this Agreement after giving the Buyer Demand Notice, then Buyer may seek specific performance of this Agreement, but shall not be entitled to seek or recover damages or any other remedy (except for attorneys' fees as set forth in Section 19 and indemnification claims as set forth in Section 32).

b. Buyer's Event of Default. A "**Buyer's Event of Default**" is a breach by Buyer of any of its obligations under this Agreement before the Close of Escrow, including the failure of any of the representations, warranties or covenants described in this Agreement, and the failure to cure such breach within ten (10) days after receipt of written notice (the "**Agency Demand Notice**") from the Agency identifying the breach, requesting its cure and specifically stating the Agency's intention to exercise its rights under this Section 8.b. If Buyer's Event of Default is not timely cured on or before the tenth (10<sup>th</sup>) day following Buyer's receipt of the Agency Demand Notice, then the Agency may terminate this Agreement by providing written notice of termination to Buyer. Buyer shall be entitled to a refund of all sums previously deposited into Escrow by Buyer. If the Agency elects not to terminate this Agreement after giving the Agency Demand Notice, then the Agency may seek specific performance of this Agreement, but shall not be entitled to seek or recover damages or any other remedy (except for attorneys' fees as set forth in Section 19 and indemnification claims as set forth in Section 32). Before Close of Escrow, the Agency's remedies are limited to termination, specific performance

and money damages as set forth above. After Close of Escrow, the Agency shall have, in addition, all rights and remedies available at law or in equity if Buyer fails to transfer the Property to the Housing Authority in accordance with Section 7.b(2).

9. Escrow.

a. Not less than thirty (30) days before the date proposed for the Close of Escrow, Buyer shall establish an escrow account (the "**Escrow**") at the Title Company.

b. Escrow fees and closing costs, title insurance premiums and transfer taxes shall be paid by Buyer and the Agency as further set forth in Section 10.d.

c. Prior to the Close of Escrow, the parties shall deposit the funds and documents hereinafter described into Escrow.

(1) The Agency shall deposit the following into Escrow:

a) The quitclaim deed substantially in the recordable form of Exhibit D (the "**Deed**"), properly executed on behalf of the Agency, conveying to Buyer clean, insurable and marketable fee title to the Site, subject to the Development Restriction, with only such changes as may be approved by Buyer and the Agency Executive Director;

b) The Development Restriction;

c) An affidavit sworn by a person authorized and empowered by the Agency to the effect that the Agency is not a "foreign person" as that term is defined in section 1445(f)(3) of the Internal Revenue Code of 1996, as amended (the "**Non-Foreign Certification**");

d) Cash in the amount necessary to pay the Agency's share of closing costs and prorations, as hereinafter set forth;

e) To the extent required by the Title Company, certified copies of authorizing documentation approving the execution and delivery of this Agreement and the other documents delivered and to be delivered pursuant hereto by the Agency, the performance by the Agency of its obligations hereunder and under such other documents, and the consummation by the Agency of the transactions contemplated hereby, including, if required, certificates of incumbency;

f) Subject to the Agency's right to refuse to remove title exceptions as set forth in Section 4, such certificates as the Title Company may reasonably require to insure Buyer's title to the Property;

g) Executed Federal Form 1099 S, real estate reporting solicitation;

h) Executed California Form 590-RE, real estate withholding exemption certificate; and

i) A written release, in form reasonably satisfactory to Buyer, of any and all the Agency's rights to relocation assistance and benefits as a result of Buyer's acquisition of the Property, including any rights of the Agency's tenants, if any, and employees at the Property.

(2) Buyer shall deposit the following into Escrow:

a) Cash in the amount necessary to pay Buyer's share of closing costs and prorations, as hereinafter set forth;

b) To the extent required by the Title Company, certified copies of corporate resolutions or other authorizing documentation approving the execution and delivery of this Agreement and the other documents delivered and to be delivered pursuant hereto by Buyer, the performance by Buyer of its obligations hereunder and under such other documents, and the consummation by Buyer of the transactions contemplated hereby, including, if required, certificates of incumbency;

c) Such certificates as the Title Company may reasonably require to insure Buyer's title to the Property; and

d) Executed California change of ownership form.

#### 10. Close of Escrow.

a. Definition of Close of Escrow. "Close of Escrow" means the date on which escrow is closed on the Property, which shall occur (unless the parties agree otherwise, in writing): (i) after all of the conditions in Section 7 have been met (or waived) by the parties; and (ii) after Master Developer has provided its written approval of closing (which approval shall not be unreasonably withheld or delayed). In no event, however, shall Close of Escrow occur after September 30, 2016.

b. Transfer. The transfer of fee title from the Agency to Buyer shall occur at the Close of Escrow. Possession of the Property shall be delivered to Buyer as of the Close of Escrow.

c. Procedure for the Close of Escrow. The Title Company shall cause the Close of Escrow as follows:

(1) Record the Development Restriction;

(2) Record the Deed with instructions for the County Recorder to deliver the Deed to Buyer and attach tax information after recording;

(3) Deliver the Title Policy pertaining to the Property to Buyer;



(4) Forward to Buyer the Non-Foreign Certification; and

(5) Forward to Buyer and the Agency, in duplicate, a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date endorsed thereon.

d. Closing Cost and Prorations.

(1) Closing Costs. Subject to Section 19, Buyer and the Agency shall each pay their own attorneys' fees in connection with this Agreement. Buyer shall be responsible to pay any Escrow fees, recording costs, and title insurance premiums. The Agency shall pay all documentary transfer taxes. Except as otherwise provided in this Agreement, any other fees or charges shall be paid according to the custom in San Francisco County. The Agency shall be solely responsible for the costs of complying with all requirements of the Title Company to enable the Title Company to issue to Buyer title insurance reflecting that the Property is free and clear of the Lender Liens and Monetary Liens and any exceptions other than the Permitted Title Exceptions.

(2) Prorations. Real property taxes and general and special assessments for the Property shall be prorated through Escrow on the basis of the fiscal year for such assessment.

**11. Property Condition.**

a. As Is. Agency shall convey the Property to Buyer strictly in its "as is, where is" condition with all faults and defects. Buyer agrees to accept the Property in its condition at the Close of Escrow, acknowledges that the Agency makes no express or implied representation or warranty as to the condition or title of the Property under this Agreement and acknowledges that all necessary physical and title due diligence shall be performed by Buyer in accordance with this Agreement.

b. Permit to Enter. Buyer has been given the opportunity to investigate the Site fully, using experts of its own choosing, and the Agency shall continue to give Buyer such opportunity under a Permit to Enter.

c. No Representations or Warranties. Buyer acknowledges that Agency has made no representation or warranty, express or implied, with respect to the Property, and Buyer expressly releases the Agency from all Losses arising out of or relating to the condition of any improvements, the size, suitability or fitness of the land, the existence of Hazardous Substances, compliance with any Environmental Laws, or otherwise affecting or relating to the condition, development, use, value, occupancy or enjoyment of the Property, excluding any Losses arising from any Release of a Hazardous Substance to the extent that it is caused, contributed to or exacerbated by the Agency from and after the Reference Date. Buyer expressly understands that the portions of the Property conveyed by the Agency to Buyer are being conveyed strictly in their "as is, where is" condition with all faults and defects.

d. Release. Buyer acknowledges that it is familiar with section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Buyer waives and relinquishes any right or benefit that it has or may have under section 1542 of the California Civil Code or any similar or successor provision of law pertaining to the foregoing release.

e. The provisions of this Section 11 shall survive the Close of Escrow or any termination of this Agreement, and shall not merge with the Deed to be delivered at the Close of Escrow, with the mutual understanding that Buyer is accepting the Property "AS IS" including any unknown Hazardous Substances.

**12. The Agency's Representations, Warranties and Additional Covenants.** The Agency hereby represents, warrants and covenants that:

a. The Agency is a public agency duly organized, validly existing and in good standing under the laws of the State of California and has all requisite power and authority to enter into this Agreement and to carry out its obligations under this Agreement.

b. All administrative actions and other proceedings required to be taken by or on behalf of the Agency for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein shall have been taken before the Close of Escrow.

c. The Agency shall not sell, convey, assign, lease or otherwise transfer all or any of the Property, or cause or permit any new encumbrance or obligation to be placed or imposed upon all or any of the Property in a manner that will impact Buyer's rights under this Agreement, except as otherwise permitted under the provisions of this Agreement.

d. The individual executing this Agreement on behalf of the Agency is authorized to do so and, upon his or her execution of this Agreement, this Agreement shall be binding and enforceable upon the Agency in accordance with its terms.

e. Except as may be provided in any written materials and information provided by or made available to Buyer, the Agency, to the Agency's actual knowledge, has received no written notice of any violation of any applicable law, ordinance, rule, regulation or requirement of any governmental agency, body or subdivision affecting or relating to the Property, including any subdivision, building, use or environmental law, ordinance, rule, requirement or regulation. The Agency further warrants and represents that in the event it receives any such notice before the Close of Escrow, it will promptly and in no event more than five (5) days after receipt of such notice, provide to Buyer a copy of any such notice.

f. Except as may be provided in any written materials and information provided by the Agency to Buyer, the Agency, to the Agency's actual knowledge, has received no written notice of any pending or threatened actions, suits, proceedings, judgments, orders, decrees, defaults, delinquencies, deficiencies, condemnation, eminent domain, assessment or similar proceeding affecting the Property which would materially affect Buyer's use of the Property or the Agency's ability to perform its obligations under this Agreement.

g. Except as may be provided in any written materials and information provided by the Agency to Buyer, or in the Title Report, except as described in this Agreement, to the Agency's actual knowledge there are no material written agreements with governments, utilities or agencies regarding the Property.

h. To the Agency's actual knowledge, there are not now nor have there been any Hazardous Substances in, on, or under the Property in reportable quantities, other than materials customarily used in the normal course of construction or operation of similar property or except as otherwise disclosed to Buyer in materials provided or made available to the Agency pursuant to this Agreement.

i. Except for leases to current occupants of the Property, and as otherwise disclosed in the Title Report, to the Agency's actual knowledge, there are no leases, encumbrances or options to purchase affecting the Property.

j. The Agency is not a foreign person, as that term is defined, in section 1445(f)(3) of the Internal Revenue Code of 1996, as amended (the "Code"). At the Close of Escrow, the Agency shall furnish to Buyer and the Title Company the Agency's United States taxpayer identification number and such affidavit and other information as Buyer or the Title Company may determine to be necessary or reasonable under section 1445(b)(2) of the Code, or otherwise, to assure that Buyer shall not be subject to United States federal income tax withholding liability under section 1445 of the Code. The Agency shall in any event indemnify and hold harmless Buyer from and against any such cost, loss or liability that Buyer may incur under said section 1445 of the Code.

k. The Agency has not filed or been the subject of any filing of a petition under the Federal Bankruptcy Law or any insolvency laws; or any laws for composition of indebtedness or for the reorganization of debtors.

l. At or before Close of Escrow, the Agency shall cause the release of all financing or debt encumbering the Property, if any, at its own expense and without cost or expense to Buyer.

m. The Agency's representations, warranties and covenants shall be true as of the Reference Date and as of the Close of Escrow. The Agency shall promptly give written notice to Buyer of the occurrence of any event that materially affects the truth or accuracy of any representations or warranties made by the Agency under this Agreement. Buyer understands that all of the representations and warranties set forth herein are based on the actual knowledge of Agency staff, and that Agency has not performed any investigation or inquiry with respect to these matters. All information relative to the representations and warranties set forth herein shall

be contained in the Agency's files and made available to Buyer, except for any privileged or confidential information, for Buyer's review.

n. For purposes of this Agreement, written materials or other information provided to McCormack Baron Salazar, Inc. and/or Master Developer (and or any representative or affiliate of the aforementioned entities, including, with respect to Master Developer, Lennar Corporation) before the Close of Escrow shall be considered as having been provided to Buyer.

o. The provisions of this Section 12 shall survive the Close of Escrow or any termination of this Agreement, and shall not merge with the Deed to be delivered at the Close of Escrow.

**13. Buyer's Representations and Warranties.** Buyer hereby represents and warrants that:

a. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri and has all requisite power and authority to enter into this Agreement and to carry out its obligations under this Agreement.

b. All administrative action and other proceedings required to be taken by or on behalf of Buyer for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein shall have been taken before the Close of Escrow.

c. No consent, approval, or authorization of any third person to Buyer's execution and delivery of this Agreement is required, other than consents, approvals and authorizations that have already been given.

d. The execution and delivery of this Agreement by Buyer: (1) shall not violate any provision of the organizational documents of Buyer or any applicable laws, regulations or rules; and (2) shall not violate or constitute a breach of or default under any judicial or regulatory decree binding on Buyer, or any contract, agreement, or instrument to which Buyer is a party.

e. This Agreement and all documents to be delivered by Buyer pursuant to this Agreement, when executed and delivered, shall constitute the legal, valid, and binding obligation of Buyer, enforceable in accordance with their respective terms.

f. Buyer's representations, warranties and covenants shall be true as of the date of this Agreement and as of the Close of Escrow. Buyer shall promptly give written notice to the Agency of the occurrence of any event that materially affects the truth or accuracy of any representations or warranties made by Buyer under this Agreement. The foregoing representations, warranties and covenants shall also survive the Close of Escrow.

**14. The Agency's Accounts Receivable.** The Agency shall retain all accounts receivable relating to the Property accrued as of the Close of Escrow (including past due amounts), and shall have the right to collect and retain the receivables. The accounts receivable shall include all rentals, operating cost pass-thru, and all other sums and charges payable by

tenants under leases pertaining to premises within the Property, as well as and refunds, prepayments, and like returns attributable to the period before the Close of Escrow.

15. **Survival**. The terms, covenants and conditions contained in this Agreement required to be operative after delivery of the Deed to Buyer to be effective shall be so operative and shall not be deemed to have been merged in the Deed.

16. **No Partnership; Third Person**. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the Agency and Buyer. Except with respect to Master Developer as set forth in this Agreement, no term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, corporation or other entity not a party hereto (including any broker), and no such party shall have any right or cause of action hereunder.

17. **Amendments**. No amendment or other alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto and approved in writing by Master Developer. The Agency Executive Director shall be permitted (but shall not be required) to enter into any such amendment or other alteration or modification ("**Amendment**") if such Amendment is required to comply with written notice from HUD of a deficiency in this Agreement that must be cured in order to satisfy eligibility requirements for the Choice Grant or if such Amendment, in the reasonable judgment of the Agency Executive Director, does not materially increase the burdens and responsibilities of the Agency and does not materially decrease the overall benefits to the Agency, in each case in connection with the Alice Griffith Replacement Projects.

18. **Waiver**. The waiver by either party hereto of any right granted to it hereunder shall be in writing and signed by such waiving party and no such waiver shall be deemed to be a waiver of any other right granted in this Agreement, nor shall any such waiver be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

19. **Attorneys' Fees**. Should any Party institute any action or proceeding in court or other dispute resolution mechanism permitted or required under this Agreement, the prevailing party shall be entitled to receive from the losing party the prevailing party's reasonable costs and expenses incurred including expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as may be awarded to be reasonable attorneys' fees and costs for the services rendered the prevailing party in such action or proceeding. Attorneys' fees under this **Section 19** shall include attorneys' fees on any appeal.

20. **Notices**. Any notice or other communication given under this Agreement by a party must be in a writing given or delivered (i) by hand, (ii) by registered or certified mail, postage prepaid and return receipt requested, or (iii) by a recognized overnight carrier, such as Federal Express, in any case addressed as follows:

in the case of a notice or communication to the Agency:

San Francisco Redevelopment Agency  
One South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attn: Executive Director

with a copy to:

San Francisco Redevelopment Agency  
One South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attn: Legal Division

in the case of a notice or communication to Buyer:

McCormack Baron Salazar, Inc.  
720 Oliver Street, Suite 2500  
St. Louis, Missouri 63101  
Attn: Hillary Zimmerman

with copies to:

CP Development Co., LP  
c/o Lennar Urban  
One California Street, Suite 2700  
San Francisco, California 94111  
Attn: Kofi Bonner

Paul, Hastings, Janofsky & Walker LLP  
55 Second Street, 24th Floor  
San Francisco, California 94105  
Attn: Charles V. Thornton, Esq.  
Attn: David A. Hamsher, Esq.

Klein Hornig LLP  
145 Tremont Street, Suite 400  
Boston, Massachusetts 02111  
Attn: Daniel Rosen, Esq.

Any notice address may be changed by a party at any time by giving notice of such change in the manner provided above, and any such change shall be effective ten (10) days thereafter (or such later date as is set forth in such notice). All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed or delivered by overnight carrier, on the delivery date or attempted delivery date shown on the return receipt or in the records of the carrier, as applicable.

**21. Exhibits.** Exhibits A, B, C and D are incorporated in this Agreement by this reference.

22. **Time.** Time is of the essence of this Agreement, and Buyer and the Agency hereby agree to perform each and every obligation hereunder in a prompt and timely manner.

23. **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited hereunder, such provision shall be ineffective to the extent of such prohibition or invalidation which shall not invalidate the remainder of such provision or the remaining provisions of this Agreement.

24. **Successors.** Subject to Section 34, the terms, conditions, covenants and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto.

25. **Further Performance.** Each party shall, whenever and as often as it shall be requested by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents, including supplemental escrow instructions as may be reasonably necessary to complete the sale, conveyance and transfer contemplated by this Agreement and to do any and all things as may be reasonably requested to carry out the intent and purpose of this Agreement.

26. **Interpretation.** Where the context requires herein, the singular shall be construed as the plural, and neuter pronouns shall be construed as masculine and feminine pronouns, and vice versa. Unless otherwise specified, whenever in this Agreement, including its Exhibits, reference is made to any Recital, Article, Section, Exhibit, or any defined term, the reference shall be deemed to refer to the Recital, Article, Section, Exhibit or defined term of this Agreement. Any reference to a Recital, an Article or a Section includes all subsections and subparagraphs of that Recital, Article or Section. Section and other headings are for the purpose of convenience of reference only and are not intended to, nor shall they, modify or be used to interpret the provisions of this Agreement. References in this Agreement to days shall be to calendar days, unless otherwise specified; provided, that if the last day of any period to give notice, reply to a notice, meet a deadline or to undertake any other action occurs on a day that is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day. References in this Agreement to a "Business Day" shall mean a day other than a Saturday, Sunday or holiday recognized by the Agency. The use in this Agreement of the words "including", "such as" or words of similar import when used with reference to any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, unless language of limitation, such as "and limited to" or words of similar import are used with reference thereto. In the event of a conflict between the Recitals and the remaining provisions of this Agreement, the remaining provisions shall prevail.

27. **No Party Drafter.** Certain provisions of this Agreement were drawn by the Agency and certain provisions were drawn by Buyer and all provisions have been reviewed by the parties' respective counsel. As a result: (i) the provisions of this Agreement shall be construed as a whole, according to their common meaning and not strictly for or against any party in order to achieve the objectives and purposes of the parties, and (ii) no party nor its counsel shall be deemed the drafter of any provision of this Agreement.

28. **Actions by the Agency Executive Director.** Unless otherwise provided in this Agreement, the Phase 2 DDA, the BVHP Redevelopment Plan or California law, any consent, approval or other actions of the Agency (as opposed to the Agency Executive Director or the Agency Commission) will be given or undertaken, as applicable, by the Agency Executive Director in his or her reasonable discretion. However, nothing herein shall be deemed to prevent the Agency Executive Director from bringing any matter to the Agency Commission for its consideration, in his/her sole discretion.

29. **Counterparts, Facsimile Copies.** This Agreement may be executed in counterparts, each of which shall be considered an original, and all of which shall constitute one and the same instrument. Delivery of this Agreement may be effectuated by hand delivery, mail, overnight courier or electronic communication (including by PDF sent by electronic mail, facsimile or similar means of electronic communication). Any electronic signatures shall have the same legal effect as manual signatures.

30. **Agency Executive Director Authority.** Each delegation of authority to the Agency Executive Director to take any action pursuant to this Agreement shall also be considered a delegation of authority to any person designated by the Agency Executive Director to take such action in his/her stead.

31. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, California law. All references in this Agreement to California or federal laws, regulations and statutes shall mean such laws, regulations and statutes as they may be amended from time to time, except to the extent a contrary intent is stated. All references in this Agreement to local laws, statutes and regulations shall be to the Applicable City Regulations.

32. **Indemnification.**

- a. The Agency shall indemnify, defend, and hold harmless Buyer, Master Developer, and their respective owners and the members, directors, officers, partners, employees, agents, successors and assigns of each of them from and against all claims, demands, losses, liabilities, damage, liens, obligations, interest, injuries, penalties, fines, lawsuits or other proceedings, judgments and awards and costs and expenses (including reasonable attorneys' fees and costs, consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs of carrying out the terms of any judgment, settlement, consent, decree, stipulated judgment or other partial or complete termination of an action or procedure that requires any of the indemnified persons to take any action (collectively "**Losses**") that occur or accrue prior to the Close of Escrow arising from, or as a result of (except to the extent that such Losses are directly or indirectly caused by the act or omission of Buyer): (a) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur on the Property; (b) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Property to the extent caused by the act or omission of Buyer or its agents, servants, employees or contractor; and (c)



any mechanics' liens (whether insured against or not) that may be asserted against or asserted against or incurred or suffered by Buyer with respect to the Property.

- b. Buyer shall indemnify, defend, and hold harmless the Agency and the City and their respective commissioners, supervisors, officers, employees, attorneys, contractors and agents (each, a "City Party") from and against all Losses arising from or as a result of (except to the extent that such Losses are directly or indirectly caused by the act or omission of a City Party): (a) during the period of time that Buyer holds title to any portion of the Property, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Property; and (b) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Property to the extent caused by the act or omission of Buyer or its agents, servants, employees or contractors. The foregoing indemnification shall expire five (5) years after the Alice Griffith Replacement Projects constructed on the Property are completed.

33. **Entire Agreement.** This Agreement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements, arrangements and understandings between the parties, and no other agreement, statement or promise made by either party hereto that is not contained in this Agreement shall be binding or valid.

34. **Assignment.** No party shall assign or otherwise transfer ("Transfer") all or any part of or any interest in this Agreement without the prior written consent of the other parties. Notwithstanding the foregoing, with the prior written consent of Master Developer, Buyer shall have the right to Transfer all or any part of its interest in this Agreement to the Housing Authority or any entity responsible for developing an Alice Griffith Replacement Project under any Alice Griffith DDA and/or the Phase 2 DDA. The parties expressly acknowledge that a Transfer is intended to result in the Housing Authority holding fee interest in the portion of the Site designated as one or more Alice Griffith Lots and agreeing to enter into a long-term ground lease with one or more single-purpose entities designated to carry out the subject phase of the Alice Griffith Replacement Project in accordance with the Phase 2 DDA (as may be further specified in a Buyer-Authority Agreement). Upon any such Transfer, the transferring person or entity shall automatically and without the need for further documentation be released from all of its obligations under this Agreement (including any indemnification responsibilities) and thereafter such obligations shall be binding upon and enforceable against such transferee.

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Reference Date.

**AGENCY:**

Authorized by Agency Resolution  
No. \_\_\_-2011 adopted \_\_\_\_\_, 2011.

Approved as to Form:

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

**REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO,**

a public body, corporate and politic, organized and  
existing pursuant to the Community Redevelopment Law  
of the State of California

By: \_\_\_\_\_  
Name: Amy Lee  
Title: Deputy Executive Director  
Finance and Administration

**BUYER:**

**MCCORMACK BARON SALAZAR, INC.,**  
a Missouri corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVAL

The execution and delivery of the Purchase and Sale Agreement to which this Approval is attached is hereby approved.

**CP DEVELOPMENT CO., LP,**  
a Delaware limited partnership

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

By: \_\_\_\_\_  
Name: Kofi Bonner  
Its: Authorized Representative

**LIST OF EXHIBITS**

- Exhibit A Site Plan
- Exhibit B Legal Description
- Exhibit C Permit to Enter
- Exhibit D Form of Quitclaim Deed

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: McCormack Barron Salazar Inc.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<p>McCormack Barron Salazar, Inc a Missouri Corporation:  Chief executive officer - Richard D. Baron  Chief financial officer - Linda Heiney  Chief operating officer - Vincent R. Bennett  Members of the contractor's board of directors:  Officers:  Chairman of the Board – Richard D. Baron  President – Kevin J. McCormack  Vice President and Secretary – Hillary B. Zimmerman  Vice President, Assistant Secretary and Treasurer – Linda E. Heiney  Vice President – Barbara A. Freeland  Vice President – Daniel Falcon Jr.  Vice President – John P. Hambene  Vice President – Karl Schlachter  Vice President – Kim Hartmann  Vice President – Laurel J. Tinsley  Vice President – Michael C. Duffy  Vice President – Polly Kinslowe  Vice President – Tony M. Salazar  Vice President – Vincent R. Bennett  Directors:  Richard D. Barron, Kevin J. McCormack, Tony M. Salazar, Alan J. Ragan, Hillary B. Zimmerman, Barbara A. Freeland, Polly Kinslowe, Vincent R. Bennett</p> <p>Sole Shareholder – MBA Properties, Inc., a Delaware corporation</p>	
Contractor address: 720 Olive Street, Suite 2500, St Louis, MO 63101	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: More than \$50,000 (TBD via appraisal)
Describe the nature of the contract that was approved: Approved and authorized the execution of a purchase and sale agreement between the Redevelopment Agency and McCormack Baron Salazar Inc, a Missouri corporation, for property located on the east side of Arelious Walker Drive, at Gillman Avenue, adjacent to the Alice Griffith Public Housing Site (Assessor's Block 4884, Lot 27), for the sole purpose of performing predevelopment and development work for the revitalization of the Alice Griffith Public Housing Site, a HOPE SF development program that will provide for the replacement of all Alice Griffith public housing units within a larger mixed-income community.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: ( 415 ) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed